



According to the European Commission, Romania's gross domestic product will grow by 3.2% in 2023, an upward revision (from 2.5% in the Winter 2023 Economic Forecast).

MONTHLY MARKET REPORT

- During March and April 2023, the contagion between the stock markets (Austrian, Polish, Hungarian, and Bulgarian) has increased due to the increase in the financial stability risks mainly in the banking sector.
- The value of the total assets of the privately managed pension funds reached EUR 21,32 billion at the end of April 2023, with an annual increase of 19,29%, compared to April 2022.

World Macroeconomic Outlook

According to the Spring 2023 Economic Forecast, the European Commission expects the euro area economy to grow by 1.1%, an upward revision (+0.2 pp) compared to the previous forecast, and the EU economy to grow by 1% in 2023. According to the European Commission, Romania's gross domestic product will grow by 3.2% in 2023, an upward revision (from 2.5% in the Winter 2023 Economic Forecast).

According to the flash estimate published by Eurostat, in the first quarter of 2023, **the seasonally adjusted GDP** increased by 0.1% in the euro area and by 0.2% in the EU, compared to the previous quarter. Compared to the same quarter of the previous year, in the first quarter of 2023, the seasonally adjusted GDP grew by 1.3% in the euro area and by 1.2% in the EU, after displaying an increase of 1.8% in the euro area and 1.7% in the EU in the previous quarter.

According to the data published by the NIS, locally, **the gross domestic product** grew by 0.1% (in real terms) in Q1 2023 compared to Q4 2022. Compared to Q1 2022, in Q1 2023, Romania's gross domestic product increased by 2.3% on the gross series and by 2.8% on the seasonally adjusted series.

The National Commission for Strategy and Prognosis (NCSP) has maintained the economic forecast for the gross domestic product growth for 2023 at 2.8% according to the NCSP Spring 2023 Forecast.

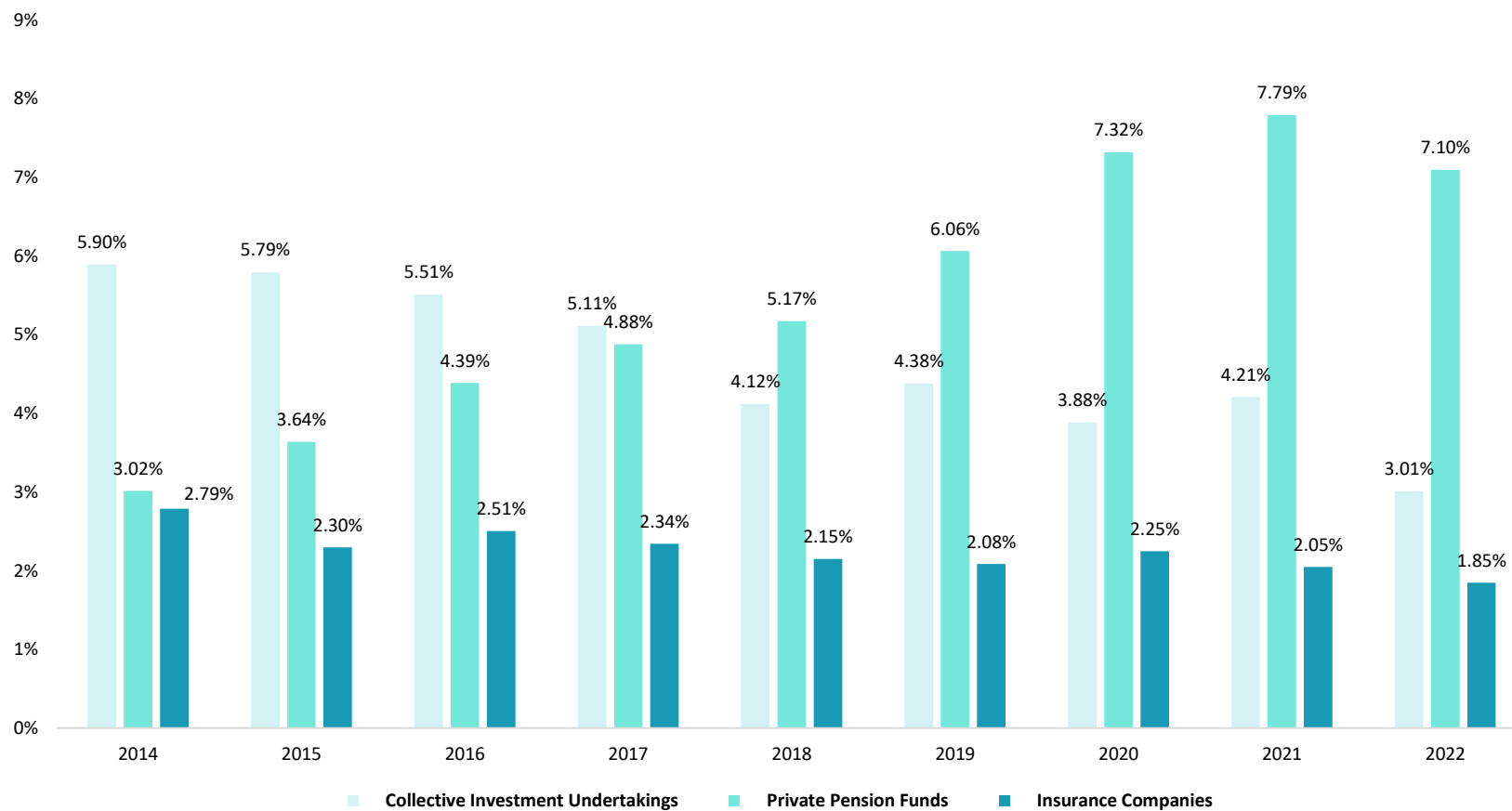
Evolution of GDP (%) and GDP forecast (%)

Country	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022	Q1 2023	European Commission		IMF	
								2023f	2024f	2023f	2024f
Euro area	5.4	5.5	4.4	2.5	1.8	3.5	1.3	1.1	1.6	0.8	1.4
Germany	2.6	3.8	1.7	1.4	0.8	1.8	-0.1	0.2	1.4	-0.1	1.1
Bulgaria	7.6	5.1	4.6	3.2	2.3	3.4		1.5	2.4	1.4	3.5
Hungary	7.2	7.9	6.1	3.8	0.9	4.6		0.5	2.8	0.5	3.2
Poland	6.9	10.7	5.9	4.8	0.6	5.1		0.7	2.7	0.3	2.4
Romania	5.8	4.9	3.8	3.9	4.3	4.7	2.8	3.2	3.5	2.4	3.7

Source: Eurostat, percentage change compared with the same quarter of the previous year - seasonally adjusted data, European Commission, Spring 2023 Economic Forecast, World Economic Outlook – April 2023, IMF

Dimension of the non-bank financial sector

Evolution of non-banking system's assets (% of GDP)



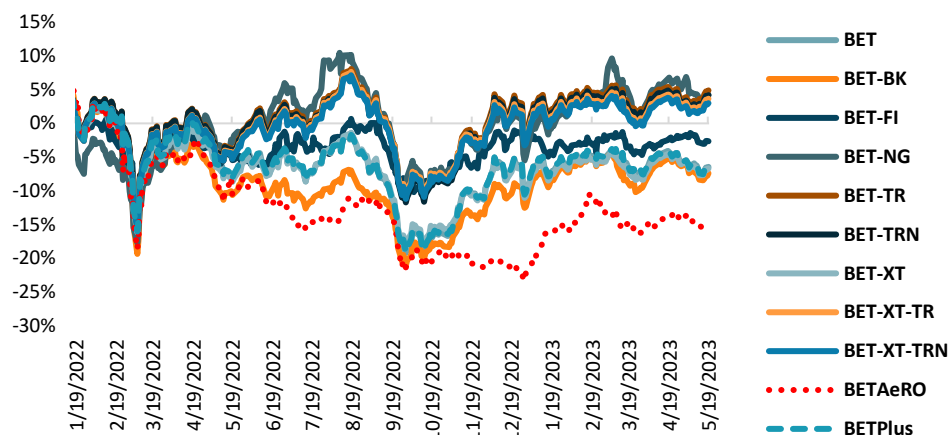
Source: NBR, NIS, FSA

Current trends in Romanian capital markets

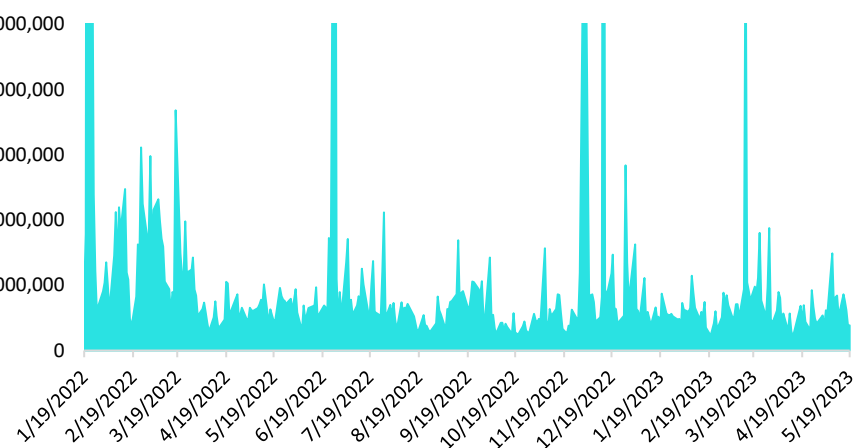
**Romanian stock indices evolution in 2023
(30.12.2022 = 100; EUR)**

Date	BET	BET-BK	BET-FI	BET-NG
	4.72%	5.68%	0.95%	9.67%
05/19/2023	BET-TR	BET-TRN	BET-XT	BET-XT-TR
	6.84%	6.66%	4.61%	6.37%
	BET-XT-TRN	BETAeRO	BETPlus	
	6.22%	8.29%	4.09%	

Evolution of local stock indices (EUR)



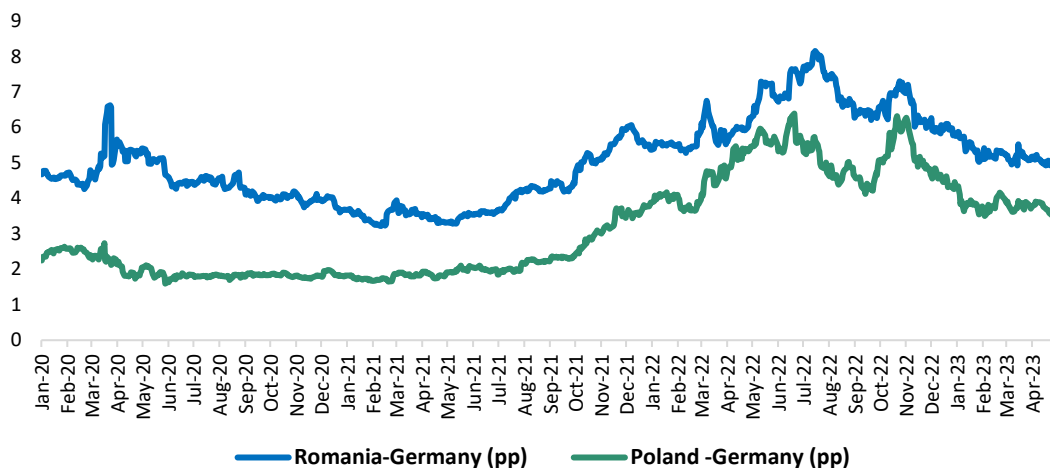
Equities traded value on BSE (EUR)



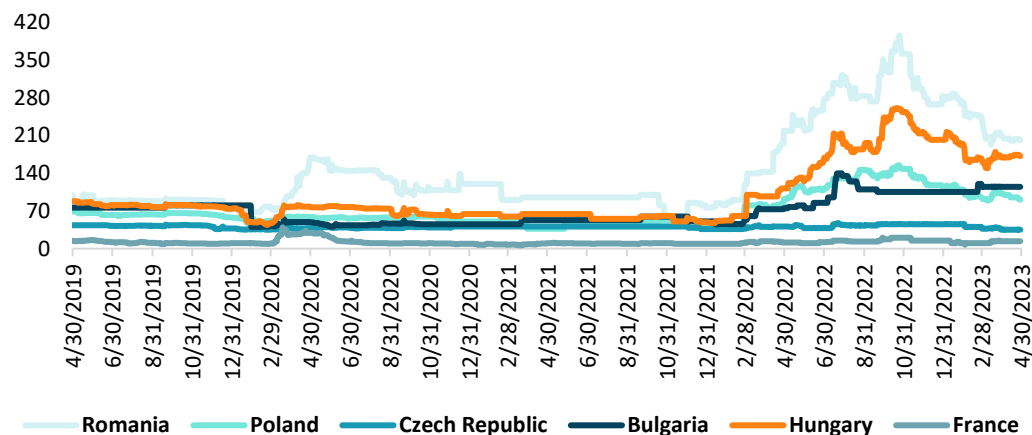
Source: BSE; FSA calculations

Macroeconomic risk in Romania: external position and market perception of sovereign risk

Government bond yields spread of Romania (10Y, LC)



Evolution of Credit Default Swaps quotations (5Y, USD)



Source: Refinitiv

The spread between Romania's euro-denominated 10-year sovereign bonds and Germany's similar ones decreased slightly in April 2023 compared to March 2023 and is below the values recorded during 2022. The decrease in the spread can be interpreted as a recovery of investors' confidence in Romania's country rating.

At the end of April 2023, the Romanian CDS quotations stood at a value of 201 bp, decreasing as compared to the end of March 2023 (208 bp).

Market risk: evolution of local and international stock indices at the end of April 2023

International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	0.89%	3.02%	17.21%
FR (CAC 40)	2.31%	5.78%	19.54%
DE (DAX)	1.88%	5.25%	20.13%
IT (FTSE MIB)	-0.13%	1.80%	19.54%
GR (ASE)	2.89%	6.09%	24.12%
IE (ISEQ)	1.09%	6.63%	20.82%
ES (IBEX)	0.09%	2.29%	16.14%
UK (FTSE 100)	3.13%	1.27%	10.94%
US (DJIA)	2.48%	0.04%	4.17%
IN (NIFTY 50)	4.06%	2.28%	0.29%
SHG (SSEA)	1.55%	2.08%	14.88%
JPN (N225)	2.91%	5.60%	4.60%

BSE indices	1 M	3 M	6 M
BET	1.29%	1.06%	13.56%
BET-BK	2.43%	1.33%	15.19%
BET-FI	1.28%	2.41%	6.96%
BET-NG	2.22%	4.00%	13.51%
BET-TR	1.29%	1.07%	13.60%
BET-TRN	1.29%	1.07%	13.60%
BET-XT	1.51%	1.17%	12.12%
BET-XT-TR	1.51%	1.19%	12.18%
BET-XT-TRN	1.51%	1.19%	12.18%
BETAeRO	2.47%	3.07%	8.17%
BETPlus	1.10%	0.83%	13.17%
ROTX	2.21%	1.75%	13.10%

Source: Refinitiv, BSE, FSA calculations

Note: 1M=04/28/2023 vs. 03/31/2023; 3M=04/28/2023 vs. 01/31/2023; 6M=04/28/2023 vs. 10/31/2022

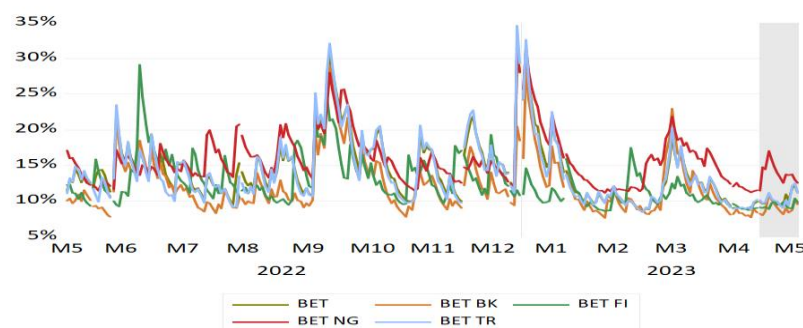
The European indices recorded positive developments (1M), except for the FTSE MIB index (IT: -0,13%). The strongest increase was recorded by the FTSE 100 index (UK: +3.13%), followed by the ASE index (GR: +2,89%).

The main American and Asian indices displayed positive developments. Therefore, the NIFTY 50 index manifested the most significant increase (IN: +4.06%), followed by the N225 index (JPN: +2.91%).

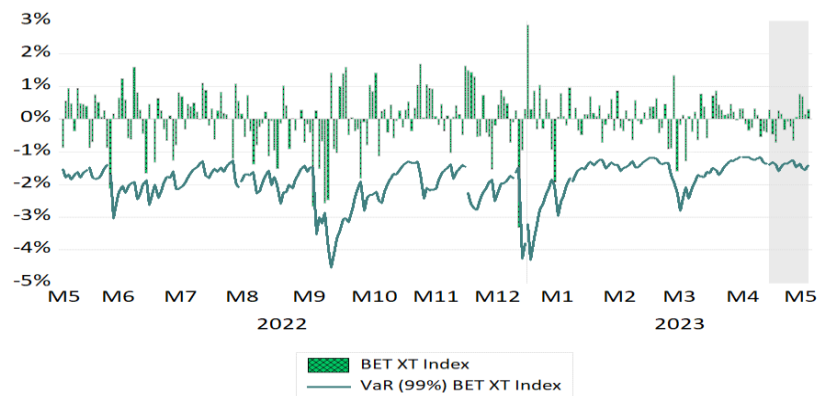
The BSE stock indices have recorded positive evolutions. The increases ranged from +1.10% (BETPlus index) to +2.47% (BETAeRO index).

Market risk: evolution of stock indices

Volatility of local stock market indices - GARCH (1,1)



BET-XT Index vs VaR (99%) BET-XT Index



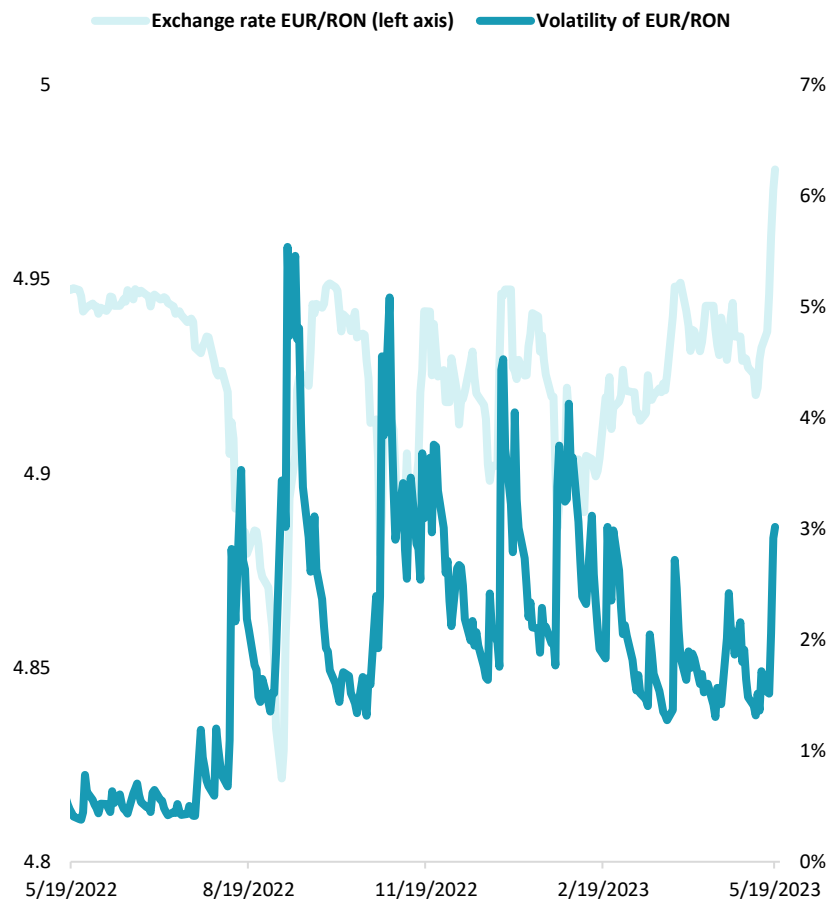
Source: BSE, FSA calculations

The volatilities of a selection of indices belonging to the Bucharest Stock Exchange generated with the help of the GARCH (1,1) model showed an upward trend during May, especially in its first week.

The adjacent graph shows the dynamics of the BET-XT index together with the evolution of the value at risk for a significance level of 1% (VaR at 99%), calculated under the assumption of normal distribution. The estimates conducted for May indicate that the VaR statistic gravitates in the range of 1.2-1.5%.

Market Risk: exchange rate volatility

EUR/RON Exchange Rate vs Volatility

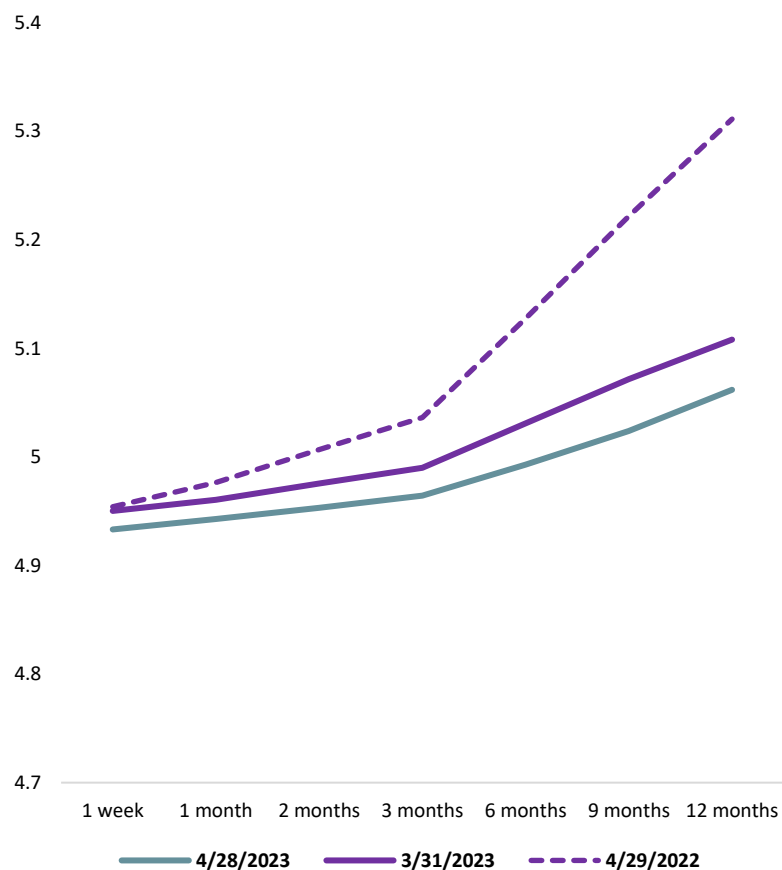


In March and April 2023, the volatility of the EUR/RON exchange rate fluctuated between 2-3% and the exchange rate level hovered close to the level of 4.94 EUR/RON. Due to the inflation difference between the eurozone inflation and the Romanian inflation, the EUR/RON exchange rate depreciated in May 2023.

Source: Refinitiv, FSA calculations

Market Risk: term structure of EUR-RON forward rate

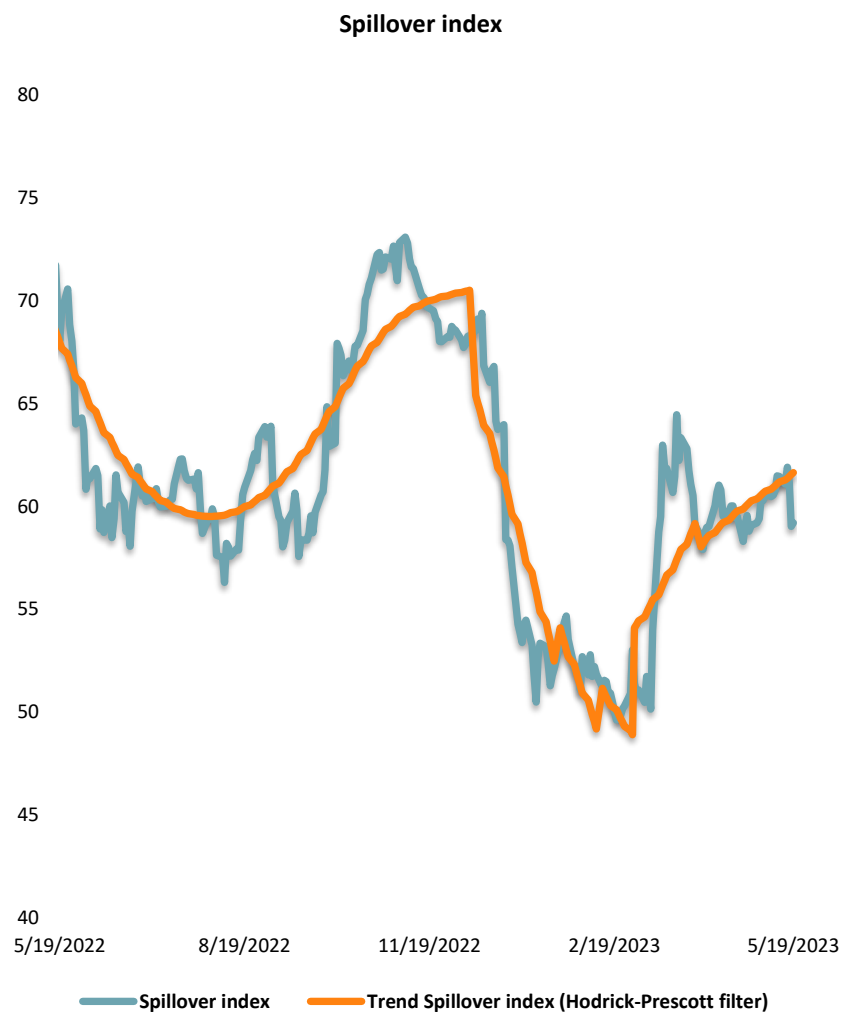
The term structure of EUR-RON forward rate



The term structure of the forward rate for the EURRON exchange rate with maturities between one week and twelve months shows the market expectations. There are expectations of EURRON depreciation for all maturities with respect to the previous month (RON appreciation).

Source: Refinitiv, FSA calculations

Market Risk: Spillover Index



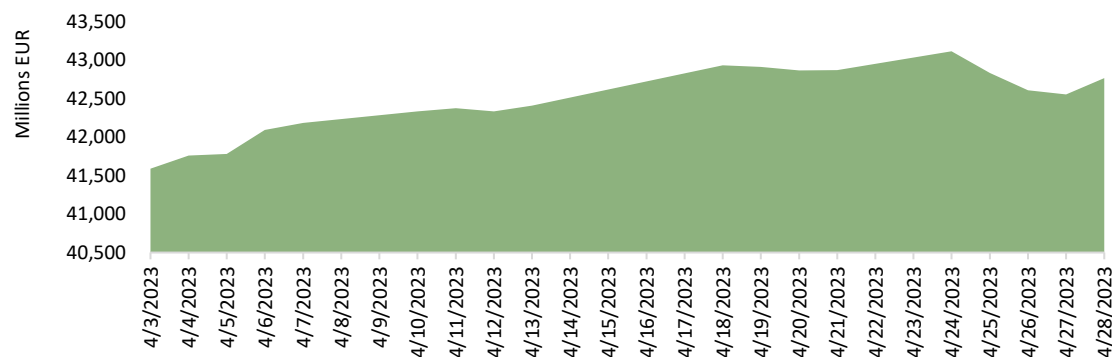
Source: Refinitiv, FSA calculations

The Spillover index measures the marginal contribution of the external capital markets on the Romanian stock exchange. The Romanian capital market is sensitive to the same regional risk factors that influence the Austrian, Polish, Hungarian, and Bulgarian stock market returns. There is a strong link between the spillover effect and the companies' returns, since the increase in the spillover tends to diminish the returns of the companies listed on the Bucharest Stock Exchange. The Bucharest Stock Exchange as well as the main European stock markets have recorded increases in the first quarter of 2023.

During March and April 2023, the contagion between the stock markets (Austrian, Polish, Hungarian, and Bulgarian) has increased due to the increase in the financial stability risks mainly in the banking sector.

Liquidity indicators on Romanian Stock Exchanges

Market capitalization



The market capitalization recorded a 7.3% increase at the end of April 2023 compared to the end of 2022.

In April 2023, the 3 most traded companies on BSE were Fondul Proprietatea with a share of 23.65% of the total value traded in that period, Banca Transilvania (TLV: 22.08%) and OMV Petrom (SNP: 13.62%).

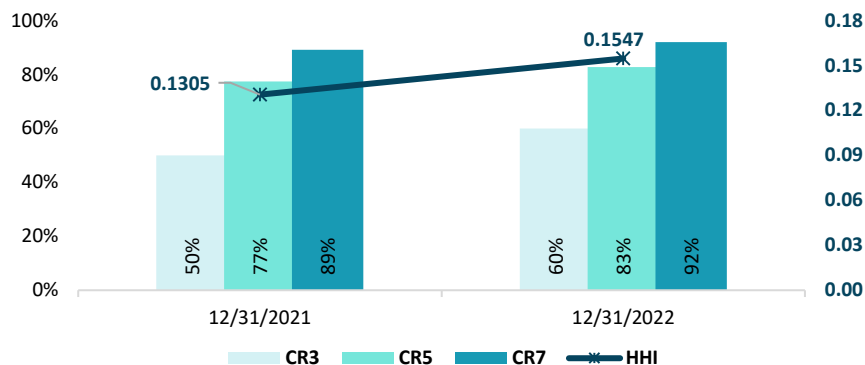
The BSE's Most Traded Companies during April 2023 (Only the Main Segment)

Symbol	Main Market		Deal		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
FP	21,775,925	24.52%	0	0.00%	21,775,925	23.65%
TLV	18,534,998	20.87%	1,793,551	56.18%	20,328,549	22.08%
SNP	12,534,819	14.11%	0	0.00%	12,534,819	13.62%
SNG	5,027,284	5.66%	0	0.00%	5,027,284	5.46%
TGN	4,147,984	4.67%	0	0.00%	4,147,984	4.51%
BRD	3,421,416	3.85%	259,298	8.12%	3,680,714	4.00%
SNN	3,289,816	3.70%	0	0.00%	3,289,816	3.57%
M	2,143,720	2.41%	0	0.00%	2,143,720	2.33%
EL	2,109,990	2.38%	0	0.00%	2,109,990	2.29%
TRP	2,108,119	2.37%	0	0.00%	2,108,119	2.29%
ONE	1,890,842	2.13%	0	0.00%	1,890,842	2.05%
DIGI	885,818	1.00%	709,019	22.21%	1,594,837	1.73%
WINE	1,146,681	1.29%	0	0.00%	1,146,681	1.25%
TTS	1,061,207	1.19%	0	0.00%	1,061,207	1.15%
TEL	911,091	1.03%	0	0.00%	911,091	0.99%
Top 15 Total						90.97%

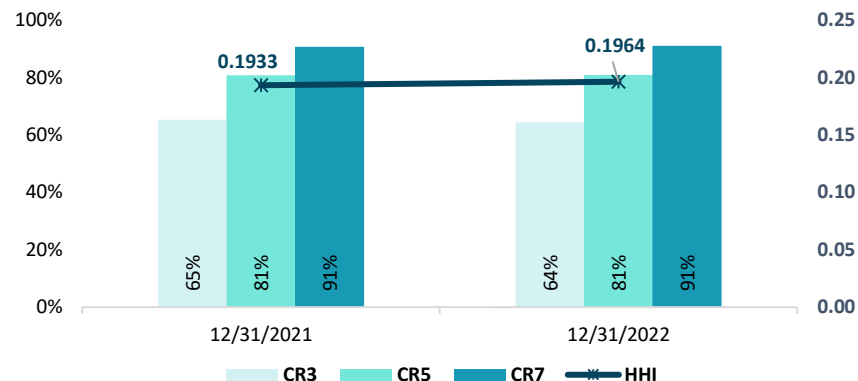
Source: BSE data, FSA calculations

Concentration risk

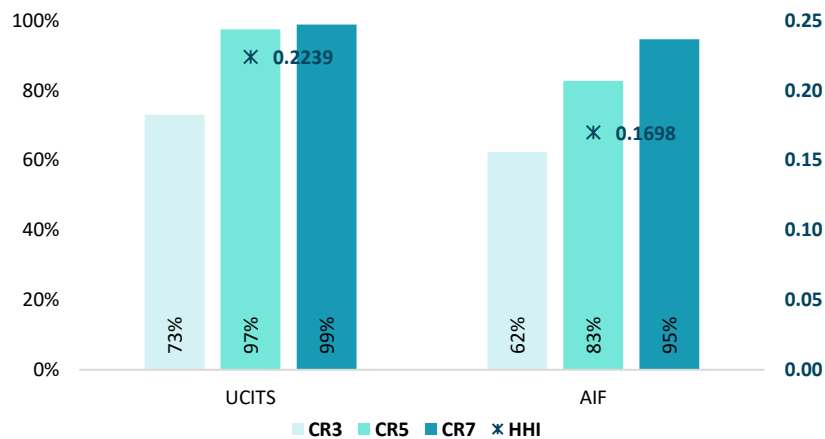
**Concentration risk of non-life insurance undertakings
(by the value of GWP at 31 December 2022)**



**Concentration risk of life insurance undertakings
(by the value of GWP at 31 December 2022)**

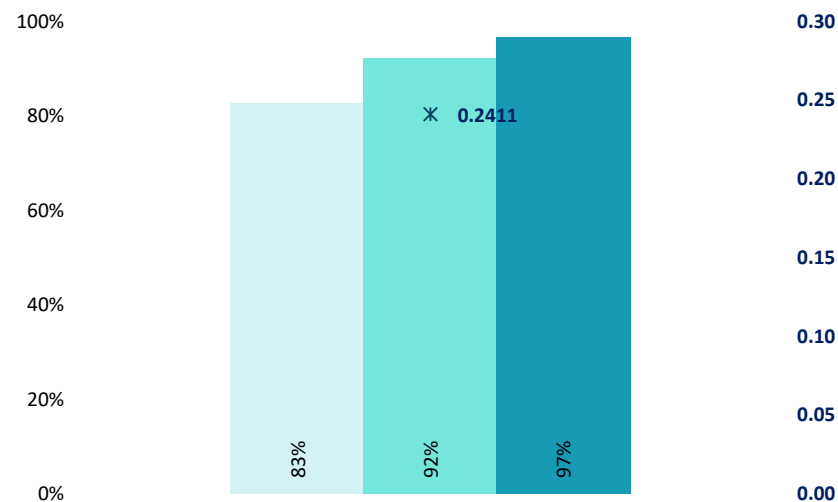


**Concentration risk of investment funds in Romania
(by net assets – 31 December 2022)**



Source: FSA

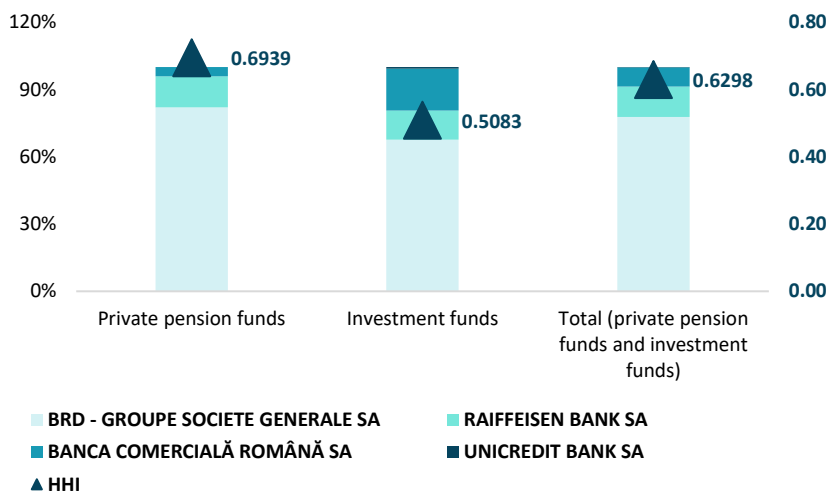
**Concentration risk of intermediaries on the BSE (by value of transactions
in April 2023 – Main segment & MTS, all spot and future instruments)**



Source: FSA

Concentration risk

Concentration risk of depositaries of private pension funds and investment funds (by total assets on 12/31/2022)

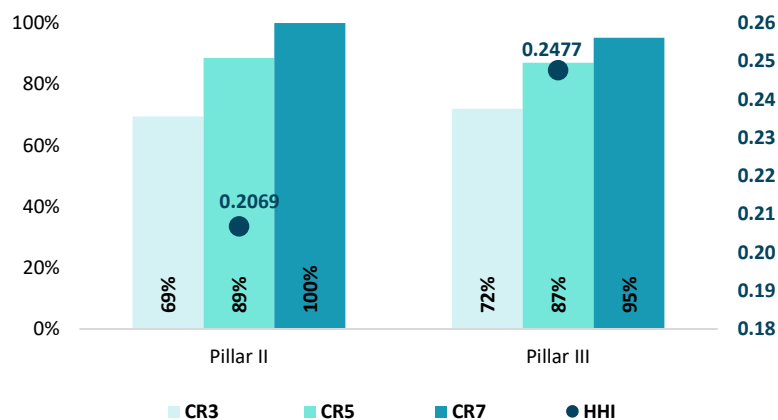


According to the main indicators used by the Competition Council, the concentration risk in the non-life insurance market is medium to high, while the life insurance market concentration degree is still high.

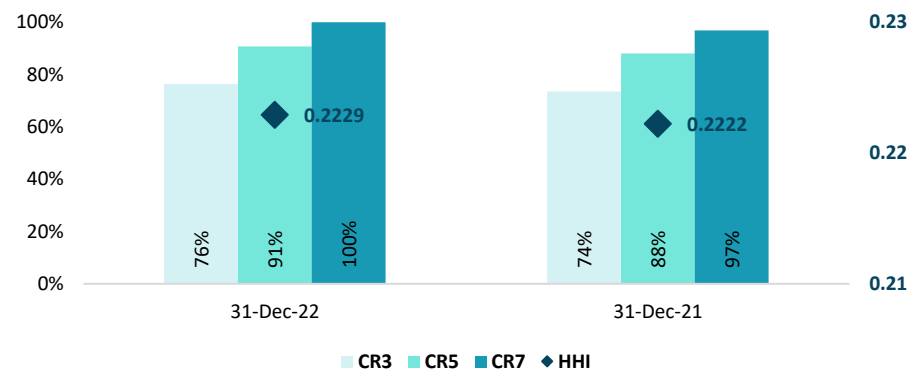
The situation is similar in the case of the private pension funds market (Pillar II and Pillar III) but explainable by objective reasons related to their operating mechanism and the current state of the market.

Regarding the capital market, the concentration risk is also medium to high for both the OEIFs (although the number of investment funds is high) and for the intermediaries on the BSE because top market participants sum up a significant share of the total assets.

Concentration risk of private pension funds (by total assets on 04/28/2023)

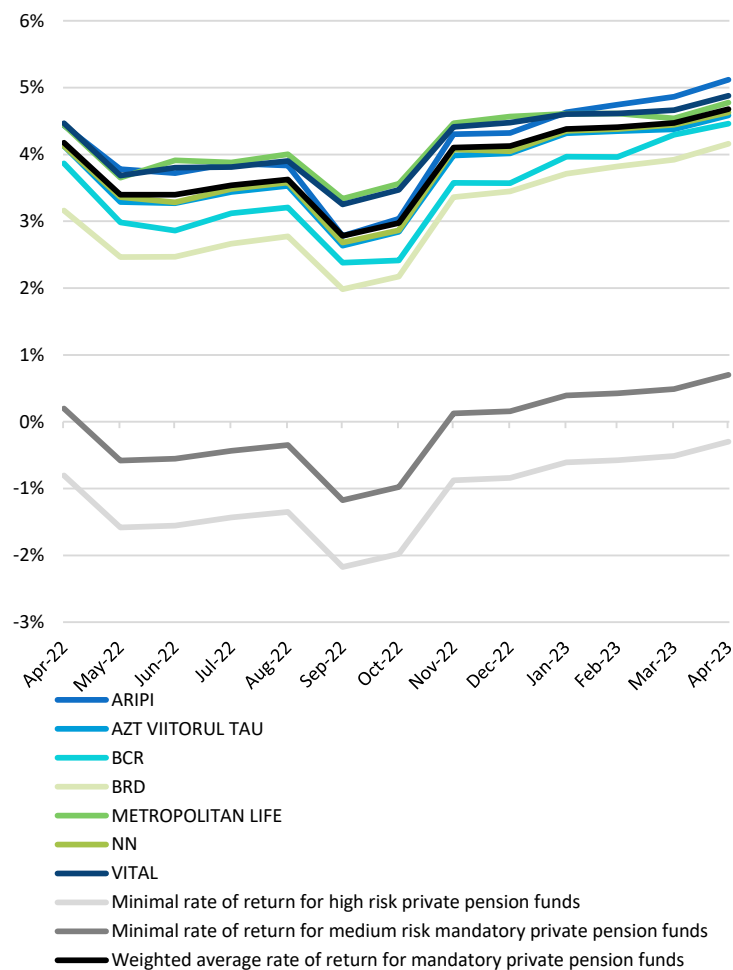


The concentration risk of insurance companies in the MTPL market (by gross written premiums on 12/31/2022)



Specific developments in the mandatory private pension funds sector (2nd Pillar):

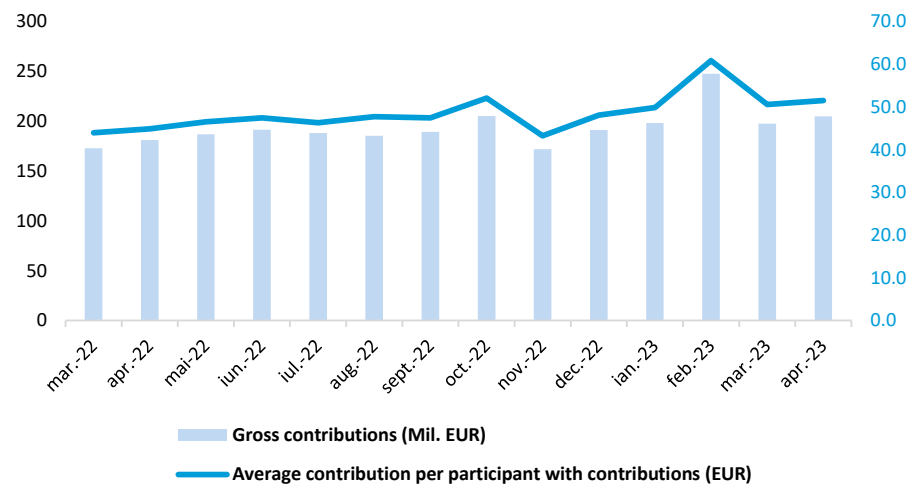
Rate of return for mandatory pension funds



Total assets (EUR), number of participants and return rates 30 April 2023

Mandatory pension fund	Total Assets (EUR)	Participants (persons)	Annualized 24 months return rate
ARIPI	1,931,107,677	853,703	5.1177%
AZT VIITORUL TAU	4,492,682,891	1,670,851	4.5839%
BCR	1,511,737,611	758,379	4.4606%
BRD	906,778,417	545,064	4.1594%
METROPOLITAN LIFE	3,009,810,401	1,109,547	4.7754%
NN	7,294,218,611	2,097,218	4.6281%
VITAL	2,169,999,468	1,018,669	4.8782%
Total	21,316,335,075	8,053,431	

Evolution of gross contributions (EUR)



Source: FSA

Specific developments in the mandatory private pension funds sector (2nd Pillar):

Mandatory pensions funds' aggregate portfolio

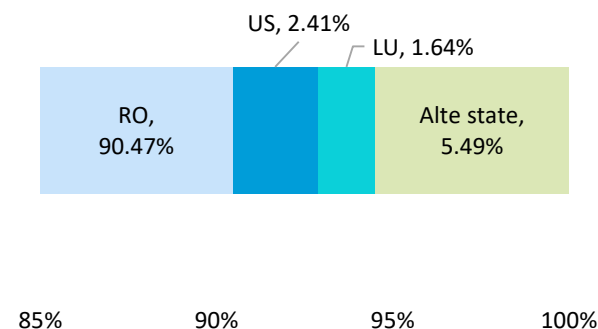
30 April 2023

Assets categories	Assets value (EUR)	% of Total assets
Government bonds	13,434,946,284	63.0%
Equity	4,513,871,898	21.2%
Corporate bonds	1,424,562,323	6.7%
Deposits	1,003,185,078	4.7%
Investment funds	595,318,843	2.8%
Supranational bonds	249,900,860	1.2%
Municipal bonds	71,085,580	0.3%
Commodities and precious metals fund	18,929,451	0.1%
Private equity	14,517,845	0.1%
Derivatives	2,156,372	0.0%
Other assets	(12,139,459)	-0.1%
Total	21,316,335,075	100.0%

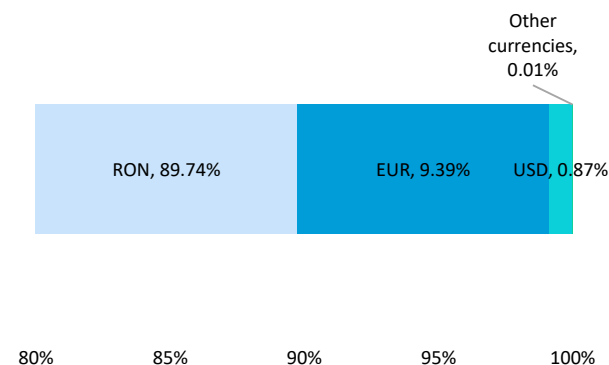
The value of the total assets of the privately managed pension funds reached EUR 21,32 billion at the end of April 2023, with an annual increase of 19,29%, compared to April 2022.

Approximately 90% of the assets were invested locally, the majority being denominated in RON. Most Romanian instruments are represented by government bonds and equities listed on the Bucharest Stock Exchange.

Country exposure

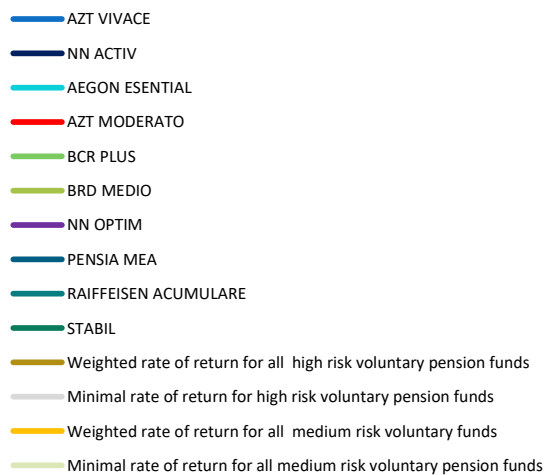
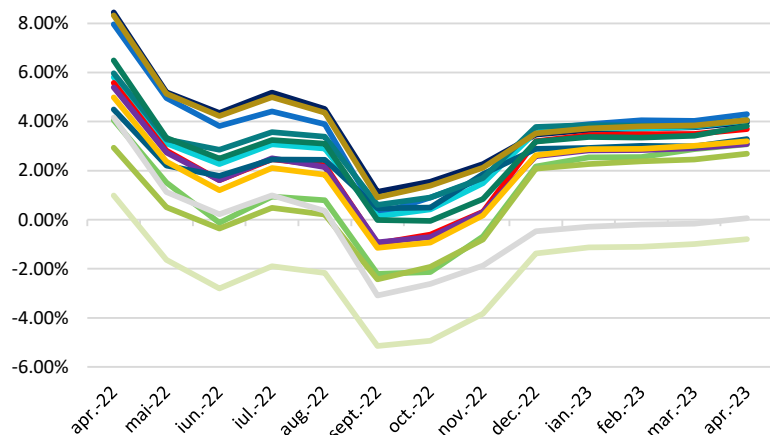


Currency exposure



Specific developments in the voluntary private pension funds sector (3rd Pillar):

Rate of return for voluntary pension funds

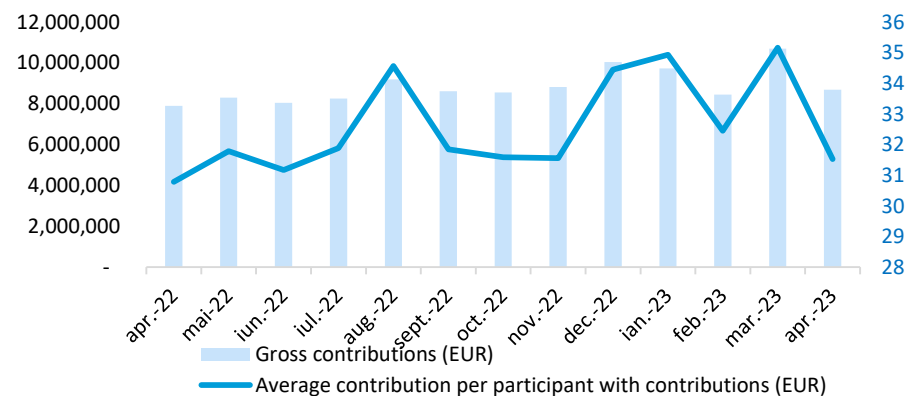


Total assets (EUR), number of participants and return rates

30 April 2023

Voluntary pension fund	Total assets (EUR)	Participants (persons)	Annualized 24 months return rate
AEGON ESENTIAL	2,601,062	4,039	4.3068%
AZT MODERATO	79,460,053	48,481	3.9677%
AZT VIVACE	27,949,060	21,702	4.0384%
BCR PLUS	131,218,091	146,711	3.6972%
BRD MEDIO	40,957,983	38,020	3.0692%
GENERALI STABIL	7,640,739	5,610	2.6947%
NN ACTIV	96,542,949	67,837	3.0895%
NN OPTIM	346,840,794	240,999	3.2804%
PENSIA MEA	34,607,251	40,609	4.0711%
RAIFFEISEN ACUMULARE	30,351,376	37,950	3.8189%
Total	798,169,357	651,958	

Evoluția of gross contributions (EUR)



Source: FSA

Specific developments in the voluntary private pension funds sector (3rd Pillar):

Voluntary pensions funds' aggregate portfolio

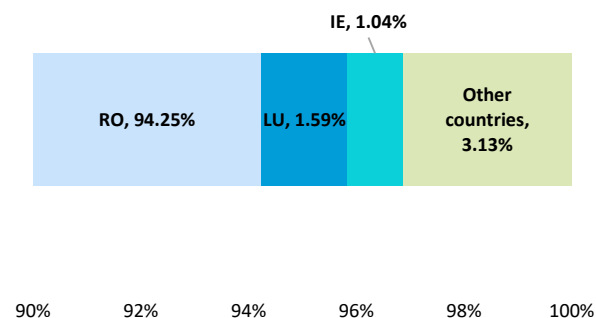
30 April 2023

Assets categories	Assets value (EUR)	% of Total assets
Government bonds	517,067,209	64.8%
Equity	188,244,859	23.6%
Corporate bonds	32,676,095	4.1%
Deposits	29,741,129	3.7%
Investment funds	17,615,354	2.2%
Municipal bonds	6,190,174	0.8%
Supranational bonds	4,650,613	0.6%
Commodities and precious metals fund	1,716,633	0.2%
Private equity	1,606,689	0.2%
Derivatives	261,322	0.0%
Other assets	(1,600,721)	-0.2%
Total	798,169,357	100.0%

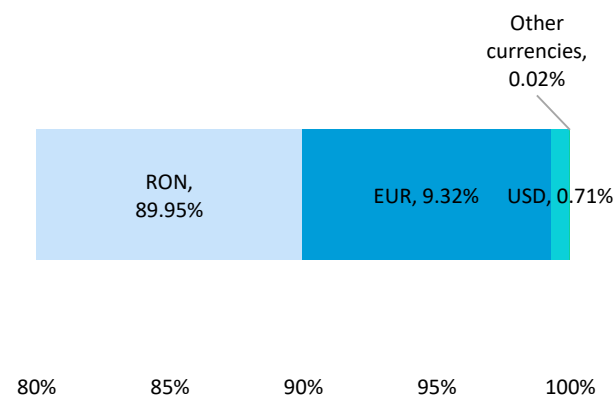
At the end of April 2023, the voluntary pension funds' total assets value was EUR 798 million, with an annual increase of 17,65%, compared to April 2022.

The fund portfolios were generally invested in local assets, in a percentage of 94%, the majority being denominated in RON (90%).

Country exposure

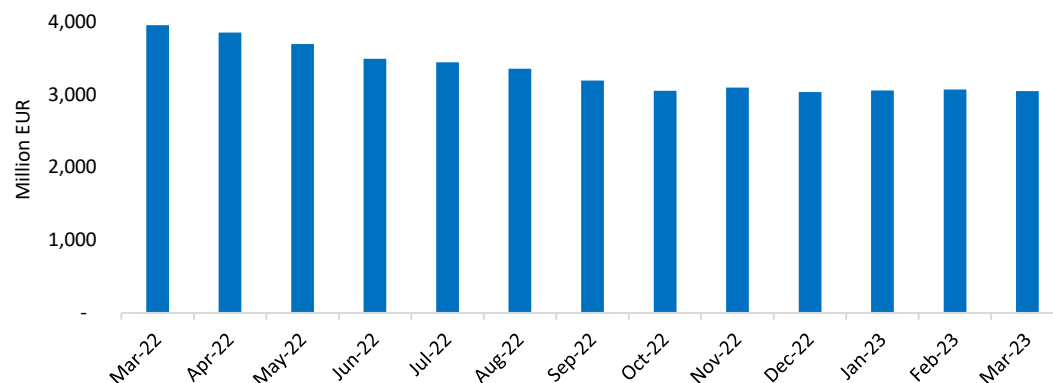


Currency exposure



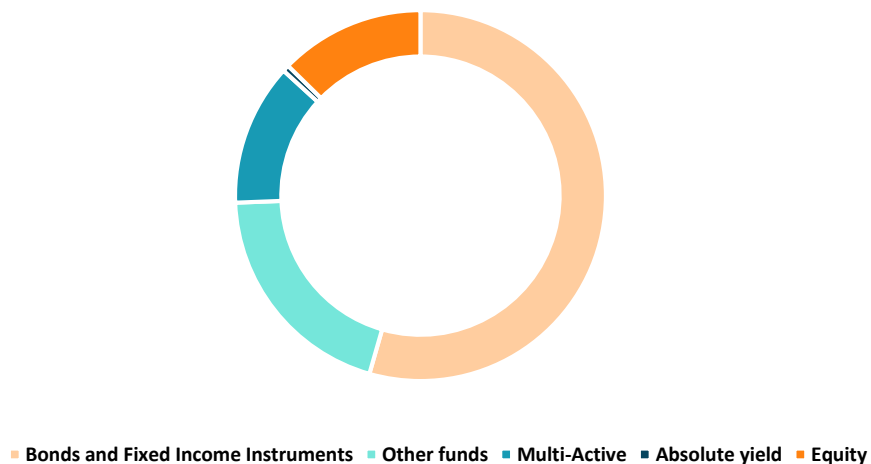
Specific developments in the investment funds sector

**Evolution of net assets of open-end investment funds
(March 2022 – March 2023)**



According to data published by AAF, the net assets of open-end investment funds (OeIF) stood at a value of approx. EUR 3.04 billion in March 2023, a decrease compared to the previous month (EUR 3.07 billion).

Open-end investment funds' market share by Fund Type and Net Asset (March 2023)

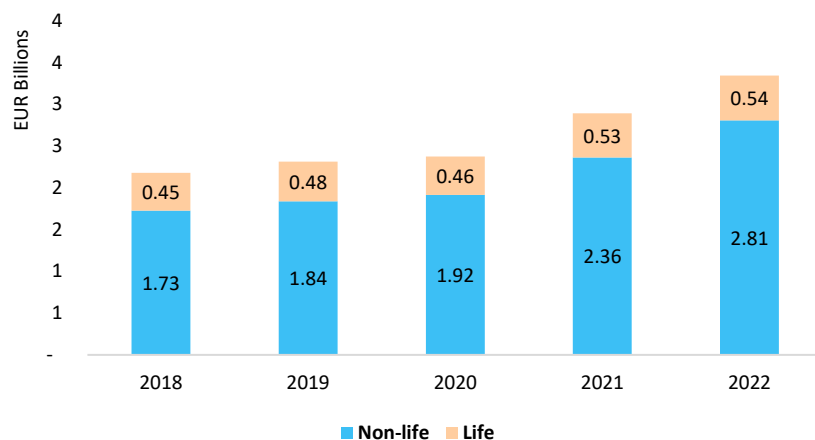


In March 2023, the open-end bond and fixed-income instruments funds held the largest share in total net assets of OeIF (around 54%), while the "other funds" category had a market share of approximately 20%.

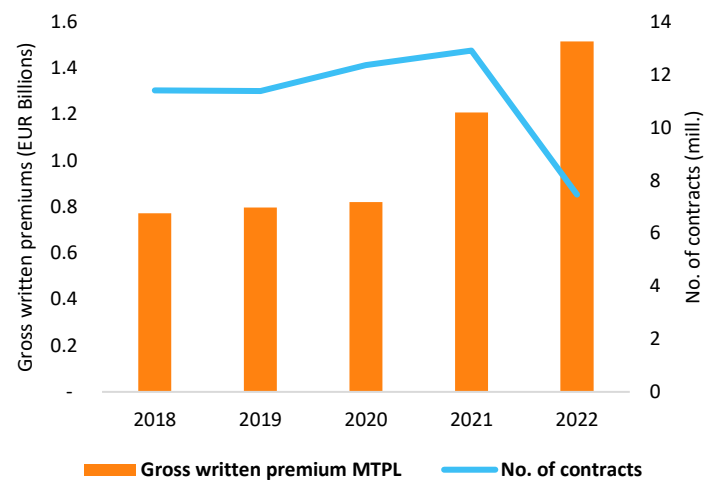
Source: AAF

Specific developments in the insurance market in Romania

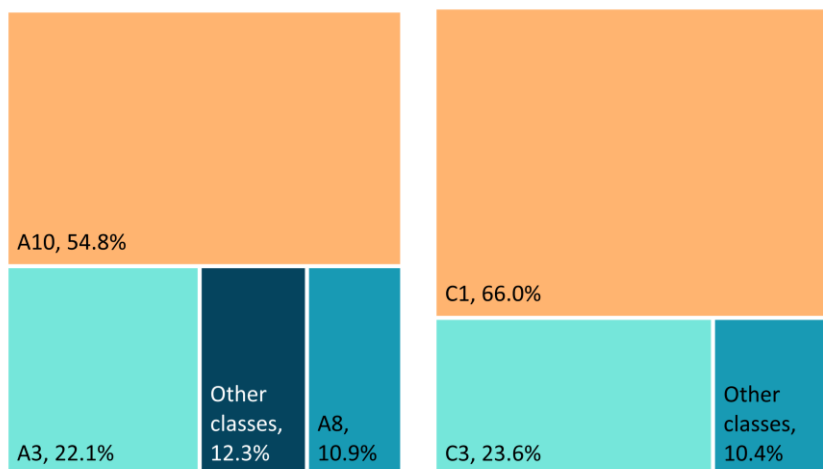
Gross written premiums (total)



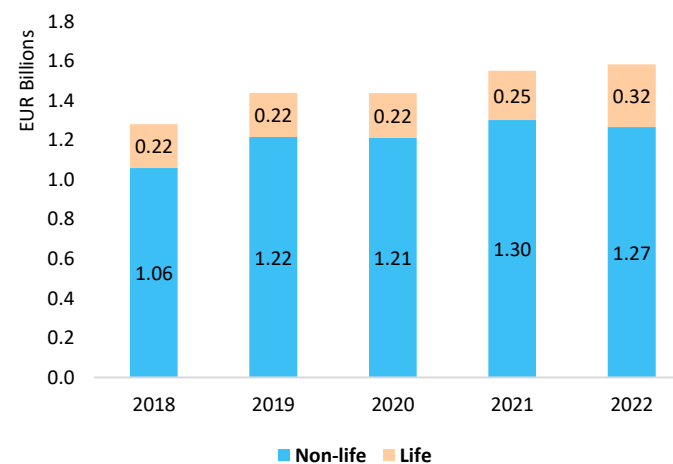
MTPL gross written premiums



Share of main insurance classes by GWP



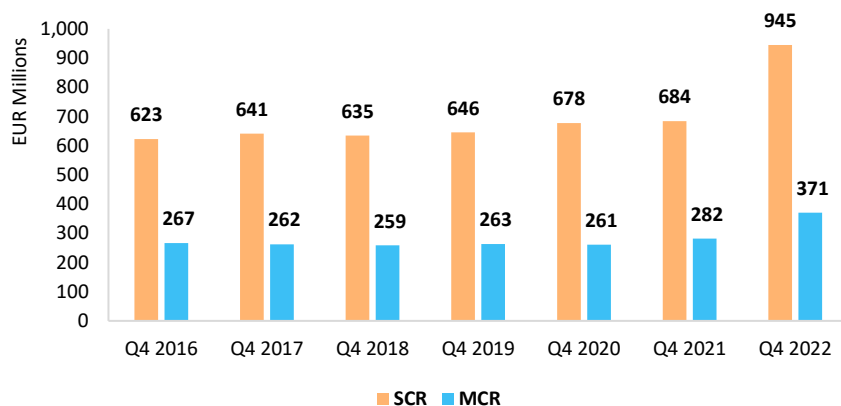
Gross claims paid



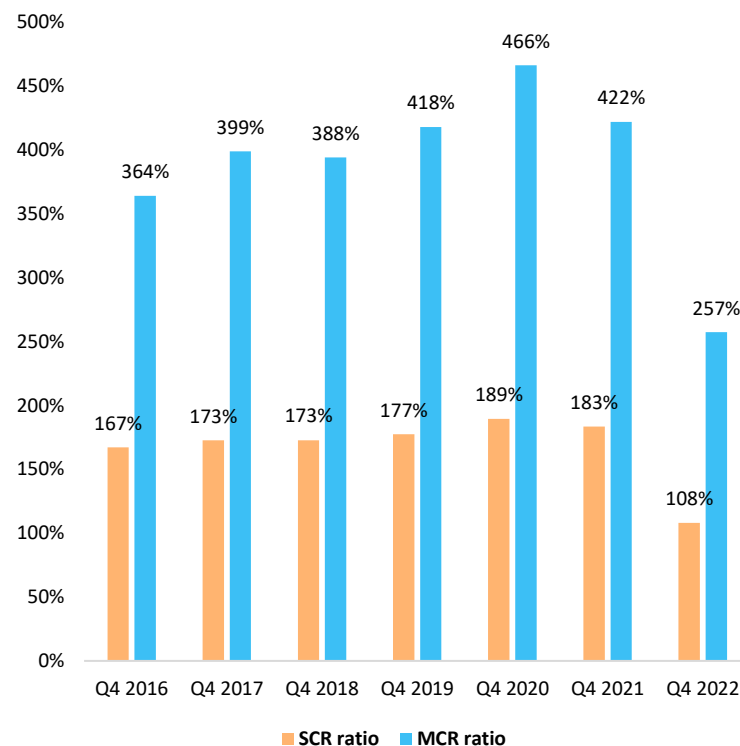
Source: FSA

Specific developments in the insurance market in Romania

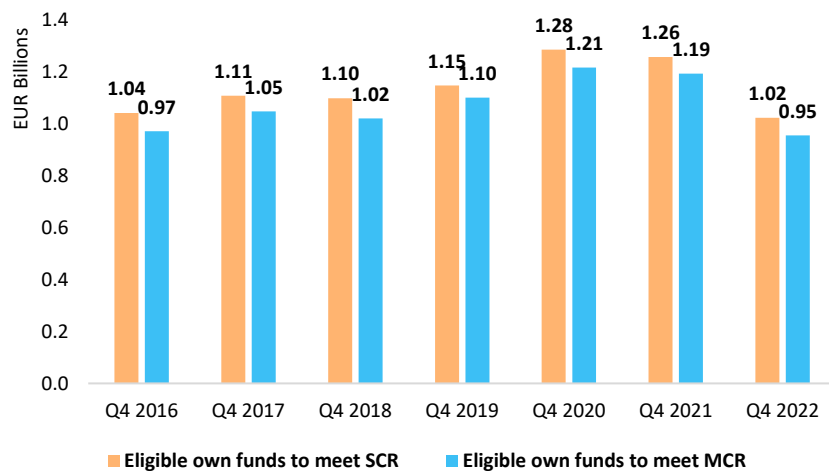
Evolution of capital requirements (SCR and MCR)



SCR and MCR ratio



Total eligible own funds to meet the SCR and total eligible own funds to meet the MCR



Q4 2022 - Excl. Euroins Romania
SCR ratio 165%
MCR ratio 395%

Source: FSA; For Q4 2022, Euroins Romania data are included according to FSA adjustments as of 09/30/2022

Press releases and publications of European financial institutions in April 2023

<p>ESMA</p>	<ul style="list-style-type: none"> • <u>ESMA published its latest edition of its Spotlight on Markets Newsletter.</u> • <u>The three European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs) published a Consultation Paper with amendments to the Delegated Regulation of the Sustainable Finance Disclosure Regulation (SFDR).</u> • <u>ESMA published the third edition of its Data Quality Report under the European Markets Infrastructure Regulation (EMIR) and the Securitised Financing Transactions Regulation (SFTR) reporting regimes.</u> • <u>ESMA published its report on the European Union (EU) Credit Ratings market, providing for the first time a cross-market view of credit ratings reported to the EU.</u> • <u>The three European Supervisory Authorities (EBA, EIOPA and ESMA - ESAs) issued their Spring 2023 Joint Committee Report on risks and vulnerabilities in the EU financial system.</u> • <u>ESMA published the results of the annual transparency calculations for non-equity instruments, new quarterly liquidity assessment of bonds and the quarterly systematic internaliser calculations under MiFID II and MiFIR.</u>
<p>EIOPA</p>	<ul style="list-style-type: none"> • <u>EIOPA published the results of its comparative study on the modelling of market and credit risk in internal models based on year-end 2021 data.</u> • <u>EIOPA published technical information on the relevant risk-free interest rate term structures (RFR) with reference to the end of March 2023.</u> • <u>EIOPA published the technical information on the symmetric adjustment of the equity capital charge for Solvency II with reference to the end of March 2023.</u> • <u>EIOPA and the European Central Bank published a joint discussion paper on how to better insure households and businesses in the European Union against climate-related natural catastrophes such as floods or wildfires.</u> • <u>EIOPA published the calculation of the Ultimate Forward Rate (UFR) for 2024.</u>

The report reflects the latest available statistical data, some of which are provisional and will be revised in future editions.

The frequency with which information in tables and graphs is updated is highest for stock market indicators, macroeconomic indicators and investment and pension fund indicators, with most updates occurring monthly, while insurance market indicators are usually updated quarterly.