

## Romanian capital market had its best year in history in 2021

**The Romanian capital market recorded in 2021 the best year in history and set a series of new records at the level of several development indicators, according to a report of the Bucharest Stock Exchange (BVB).**

"We are in a very good moment for the capital market, which recorded in 2021 multiple all-time highs on different levels, and we can say that the Romanian stock market had one of the best years in history. We are in a significant moment both in terms of performance and in terms of history because this year on December 1st we celebrate 140 years since the official opening of the stock exchange in Romania, an institution that had a role fundamental in the development of the country. The results of 2021 reconfirm that our development projects are going in the right direction and that the capital market is fulfilling its essential mission as a financing platform for the Romanian economy," said Radu Hanga, chair of the Board of Directors of the Bucharest Stock Exchange.

As far as BVB's Spot Regulated Market is concerned, new highs have been reached in terms of liquidity indicators. Thus, the cumulative value of transactions with all types of financial instruments exceeded, for the first time, the threshold of RON 20 billion, the equivalent of over EUR 4 billion. This level is 9.5% higher than that posted at the end of 2020, when total transactions reached RON 18.3 billion, the equivalent of EUR 3.77 billion. After one year with 252 trading sessions, the average daily liquidity for all types of financial instruments reached a new record of RON 79.4 million (EUR 16.1 million), increasing by 8.2% compared to the level of RON 73.4 million (EUR 15.1 million) achieved in 2020.

"We have managed, through a mix of measures started in previous years and continued in 2021, to put into operation the necessary mechanisms that created the right environment to heal an older wound of the Romanian market, that of liquidity. Together with the capital market stakeholders, we have created the necessary framework that allowed the triad of liquidity-companies-investors to gain much more prominence, we have responded to market demands, we have initiated and developed new projects and partnerships, and the outstanding results of 2021 show that the efforts of BVB and those of our partners have paid off," said Adrian Tanase, CEO of the Bucharest Stock Exchange.

The intensification of the investment activity on BVB made the Romanian capital market reach new highs in terms of the level registered by the BET-TR index, which also includes the dividends, after ending the year 2021 at 23,113 points, which corresponded to a 40% increase in one year. A new all-time high was also recorded for the BET index, which includes the 19 most traded companies, and which ended the year at a level of 13,061 points, up 33.2% compared to 2020.

New all-time highs for liquidity indicators were also recorded on the Multilateral Trading System (SMT). The total trading value with all types of financial instruments reached RON 1.63 billion (equivalent to EUR 330 million), increasing by 253% compared to the level of RON 460 million (equivalent to EUR 95 million) in 2020. The average value daily trading value for the 252 trading sessions last year was RON 6.5 million, up 249% compared to RON 1.83 million a year prior. In October last year, BVB launched the first index dedicated to the AeRO market. Called BET AeRO, this index started at 1,000 points and ended 2021 at 1,052 points.

The Romanian companies listed on BVB have reached the highest values in history. The capitalization of domestic companies on the Regulated Market exceeded RON 141 billion, or EUR 28.5 billion, increasing by 38% compared to the level at the end of 2020, of RON 102 billion. The market value of the companies listed on SMT was RON 19.8 billion, or EUR 4 billion, up by over 200% compared to the value in 2020, of RON 9.7 billion. Cumulatively, the Romanian companies listed on BVB reached a record market value of RON 161 billion, 44% above the capitalization reported in the last trading session of 2020.

In 2021, the Romanian stock market consolidated its fundamental role as a financing platform for the Romanian economy: 23 companies were listed on the stock exchange in a single year, another 27 companies issued bonds, and the Romanian state attracted through primary offers of Fidelis government bonds over EUR 875 million. In total, the financing rounds attracted by the 23 companies reached EUR 234 million in 2021, and the 45 fixed income issues listed on BVB attracted financing of over EUR 1.8 billion.

'The excellent collaboration that BVB has with the market participants and the investment community is an important element for increasing the access of local companies to the capital market. The very good dialogue we have with the state authorities, Government, Parliament, ASF, BNR is also essential for the present and future success of the Romanian capital market. It has become very clear that we can talk about a strong economy if we have a strong stock market. Our estimate is that many of the trends reported last year will manifest in 2022. We expect the listing trend to continue and it is possible to see state-owned companies, such as Hidroelectrica, go public because the experience of the Romanian state with the market capital has been a positive one. We encourage the Romanian state and companies to continue to use capital market mechanisms to finance themselves,' said Radu Hanga, President of the Bucharest Stock Exchange.

The effervescence of the financing rounds carried out on BVB also translated into an increased interest from investors. Thus, the number of direct investors on the stock exchange exceeded 74,000 participants, according to the data of the Investor Compensation Fund (FCI) at the level of the first 9 months of last year. The number of those who invest indirectly on the stock exchange, through investment funds, reached 540,000 investors at the end of November, according to the Romanian Association of Fund Managers (AAF).

An all-time high was reported in terms of the total value of the net assets of privately managed pension funds, where 8.1 million Romanians contribute to Pillar II and III pensions. This value exceeded RON 90 billion at the end of the first 9 months of 2021, according to APAPR data. The total Assets Under Management of privately managed pension funds and the number of participants are constantly growing, and the private pension system has evolved positively throughout its operation. Government bonds and equities are the main financial instruments in which privately managed pension funds have invested.

'The priorities for 2022 are to further expand the number of private or state-owned companies on the stock exchange, increase the number of investors, consolidate the status of Emerging Market, and launch the Central Counterparty. We want this year to materialize the approach already initiated in the Romanian Parliament on simplifying tax procedures for individual investors by introducing the withholding tax system for capital gains. An essential element for the BVB group and for the development of the market and liquidity will be the moment when the Central Counterparty will become operational, and we want to have the first transactions with derivatives in the second half of this year,' said Adrian Tanase, CEO of the Bucharest Stock Exchange.

Romanian companies have become more visible not only domestically but also internationally after Romania increased its presence in the indices of the global provider FTSE Russell to seven companies, starting from December 20, 2021: Banca Transilvania (TLV), Nuclearelectrica (SNN), OMV Petrom (SNP), TeraPlast (TRP) and One United Properties (ONE) in the FTSE Global All-Cap indices, and Bittnet (BNET) and Transport Trade Services (TTS) in the FTSE Global Micro-Cap index.