

# Monthly Market Report

**Net assets of open-end investment funds reached a value of EUR 3.93 billion in November 2020, an increase of 1.7% compared to the previous month.**

FSA No  
12/12.23.2020

- The annual inflation rate in the euro area remained at -0.3% in November 2020, a level similar to the previous month, while the annual inflation in the EU stood at 0.2%, down from 0.3% in the previous month.
- The BSE stock indices have recorded positive developments (1M). The best performer was ROTX index which increased by 15.24% in November, while the least performing was BET-FI index which increased only by 0.54%.
- In November 2020, local open-end investment funds recorded net inflows of EUR 12 million.

## World Macroeconomic Outlook

According to data published by Eurostat, in the third quarter of 2020, the **euro area economy** returned to a growth rate of 12.5% (seasonally adjusted series), and the **GDP of the European Union** increased by 11.5% compared to the previous quarter. According to Eurostat, these were the most significant increases observed since 1995, since the introduction of the data series. These developments indicate a recovery compared to the second quarter of 2020, when GDP fell by 11.7% in the euro area and by 11.3% in the EU. Romania's GDP increased by 5.6% in the third quarter of 2020 compared to the previous quarter, but compared to the same quarter of the previous year, it decreased by 6%.

According to the National Commission for Strategy and Prognosis, **the GDP growth forecast for Romania** has been revised downward from -3.8% (in the previous scenario) **to -4.2% in 2020**, due to the declining activity in industry (-9.1%), agriculture (-21.2%) and services (-2%) compared to 2019. According to the NCSP forecast, constructions will have a positive contribution to GDP this year, with an estimated growth of 9.5%. For the next year, NCSP estimates a recovery of the Romanian economy, with an advance of 4.5%.

According to the IMF (World Economic Outlook, October 2020), Romania's economy is expected to contract by -4.8% in 2020 (an upward revision since the previous forecast: -5.0%) and will increase by 4.6% in 2021. The unemployment rate is projected at 7.9%, 4 pp higher than in 2019, while in 2021 it is expected to decrease to 6%.

### GDP development in 2019-2020

Country	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020	Q2 2020	Q3 2020	European Commission		IMF	
									2020f	2021f	2020f	2021f
Euro area	1.5	1.3	1.4	1.0	1.3	-3.2	-14.7	-4.3	-7.8	4.2	-8.3	5.2
Germany	1.1	0.1	0.8	0.4	0.6	-2.1	-11.2	-4.0	-5.6	3.5	-6.0	4.2
Spain	2.2	2.1	1.8	1.7	2.0	-4.2	-21.5	-8.7	-12.4	5.4	-12.8	7.2
France	1.8	1.8	1.6	0.8	1.5	-5.7	-18.9	-3.9	-9.4	5.8	-9.8	6.0
Italy	0.3	0.4	0.5	0.1	0.3	-5.6	-18.0	-5.0	-9.9	4.1	-10.6	5.2
Bulgaria	4.2	3.8	3.3	3.1	3.7	2.3	-8.6	-5.2	-5.1	2.6	-4.0	4.1
Croatia	4.0	2.5	2.7	2.5	2.9	0.3	-15.5	-10.0	-9.6	5.7	-9.0	6.0
Hungary	5.1	4.7	4.4	4.0	4.6	2.0	-13.5	-4.6	-6.4	4.0	-6.1	3.9
Poland	5.3	4.7	4.4	3.9	4.5	1.9	-8.0	-1.8	-3.6	3.3	-3.6	4.6
<b>Romania</b>	<b>5.4</b>	<b>3.6</b>	<b>3.4</b>	<b>4.4</b>	<b>4.2</b>	<b>2.6</b>	<b>-10.3</b>	<b>-6.0</b>	<b>-5.2</b>	<b>3.3</b>	<b>-4.8</b>	<b>4.6</b>

Source: Eurostat, percentage change compared with the same quarter of the previous year - seasonally adjusted data, European Commission, Autumn 2020 Economic Forecast, World Economic Outlook – October 2020, IMF

**The annual inflation rate in the euro area** remained at -0.3% in November 2020, a level similar to the previous month, while the annual inflation in the EU stood at 0.2%, down from 0.3% in the previous month. Greece (-2.1%), Estonia (-1.2%), Slovenia and Cyprus (both -1.1%) recorded the lowest inflation rates, while Poland (3.7%), Hungary and the Czech Republic (both 2.8%) registered the highest inflation rates.

In October 2020, the construction sector in Romania continued to record positive developments, with an advance of 19.5% (gross series) of the **volume of construction works** compared to October 2019, respectively an increase of 3.4% compared to September 2020. By construction objects, there was a significant increase in the volume of residential buildings (+20.9%), followed by non-residential buildings (+19.7%) and engineering construction works (+19%) in October 2020 compared to October 2019.

**In Romania, the volume of retail trade turnover** increased in October 2020 by 4.1% as gross series, respectively by 5.7% as seasonally adjusted series compared to October 2019. The increase in the volume of retail trade turnover occurred as a result of the increases in the retail trade in non-food sales (+13.1%) and sales of food, beverages and tobacco (+4.8%). Retail sale of automotive fuel decreased by 12.0%.

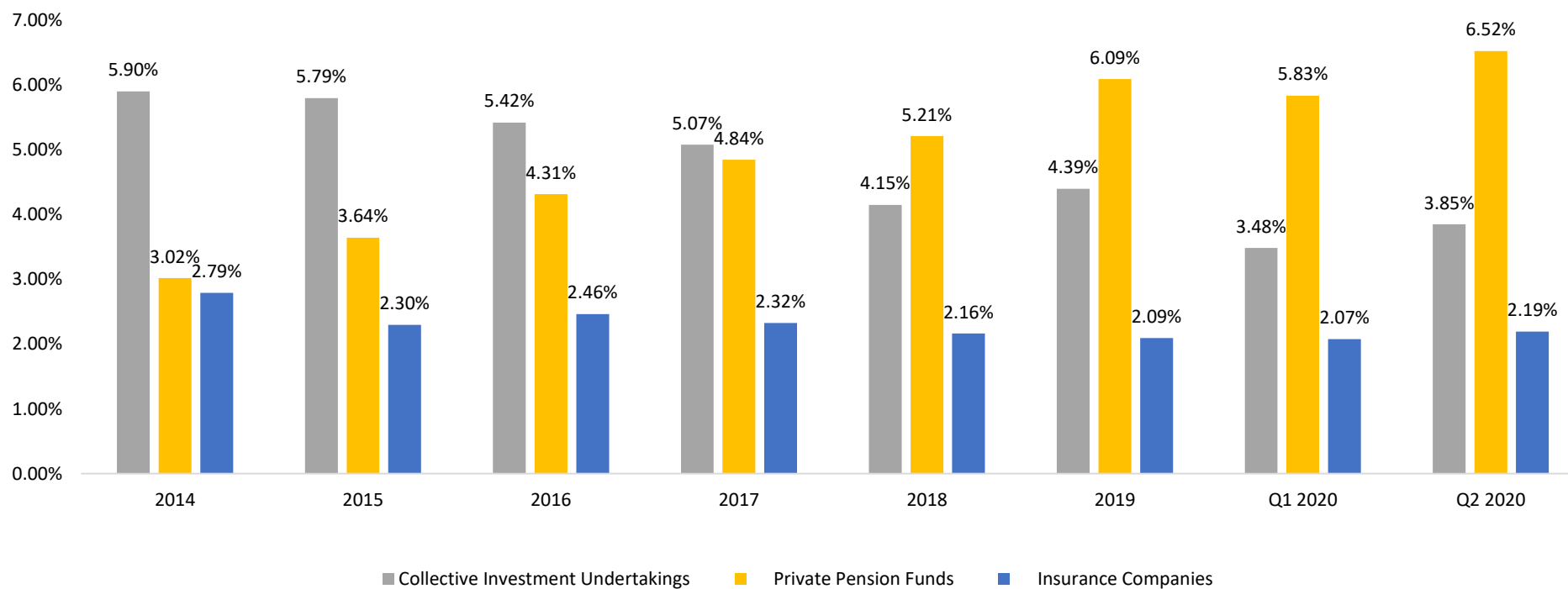
**Romania's industrial production** slowed its growth rate in October 2020 compared to the previous month, to +3.2% as gross series, being supported by the monthly growth of the 3 industrial sectors: extractive industry (+1.4%), manufacturing industry (+3.0%) and production and supply of electricity and heat, gas, hot water and air conditioning (+4.8%). However, compared to October 2019, the industrial production index remained in negative territory, with a decrease of 1.3%, the most affected of the industrial sectors being the extractive industry (-9%).

## The size of the banking vs. non-banking financial sector

The assets of the Romanian banking and non-banking financial markets (% of GDP)

	2014	2015	2016	2017	2018	2019	Q1 2020	Q2 2020
<b>Banking financial system (% GDP)</b>	<b>60.64%</b>	<b>58.54%</b>	<b>56.07%</b>	<b>53.62%</b>	<b>51.05%</b>	<b>50.34%</b>	<b>52.04%</b>	<b>53.31%</b>
<b>Non-banking financial system (% GDP)</b>	<b>11.71%</b>	<b>11.73%</b>	<b>12.19%</b>	<b>12.24%</b>	<b>11.52%</b>	<b>12.57%</b>	<b>11.39%</b>	<b>12.56%</b>
Collective Investment Undertakings	5.90%	5.79%	5.42%	5.07%	4.15%	4.39%	3.48%	3.85%
Private Pension Funds	3.02%	3.64%	4.31%	4.84%	5.21%	6.09%	5.83%	6.52%
Insurance Companies	2.79%	2.30%	2.46%	2.32%	2.16%	2.09%	2.07%	2.19%

Evolution of nonbanking system's assets (% of GDP)



Source: NBR, NIS, FSA

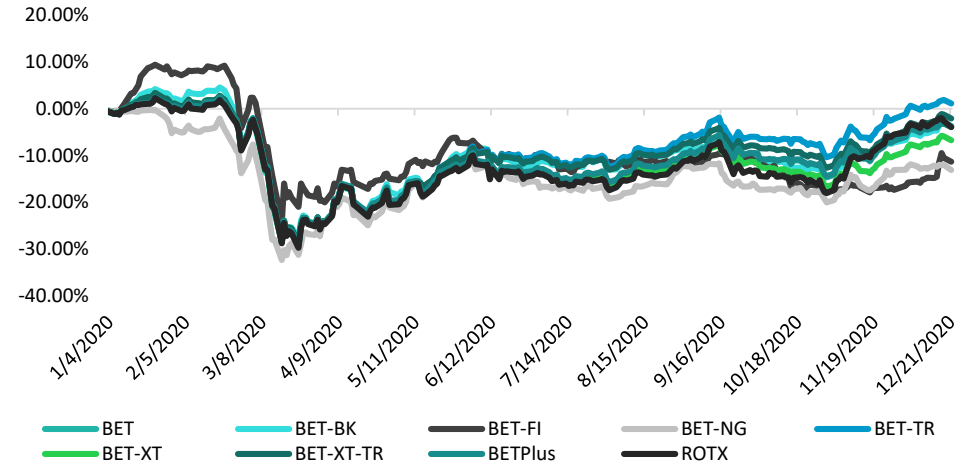
## Current trends and headlights on Romanian markets

### Romanian stock indices evolution in 2020 (31.12.2019 = 100)

Date	BET	BET-BK	BET-FI	BET-NG	BET-TR
12/21/2020	-3.91%	-3.70%	-11.33%	-13.10%	1.09%

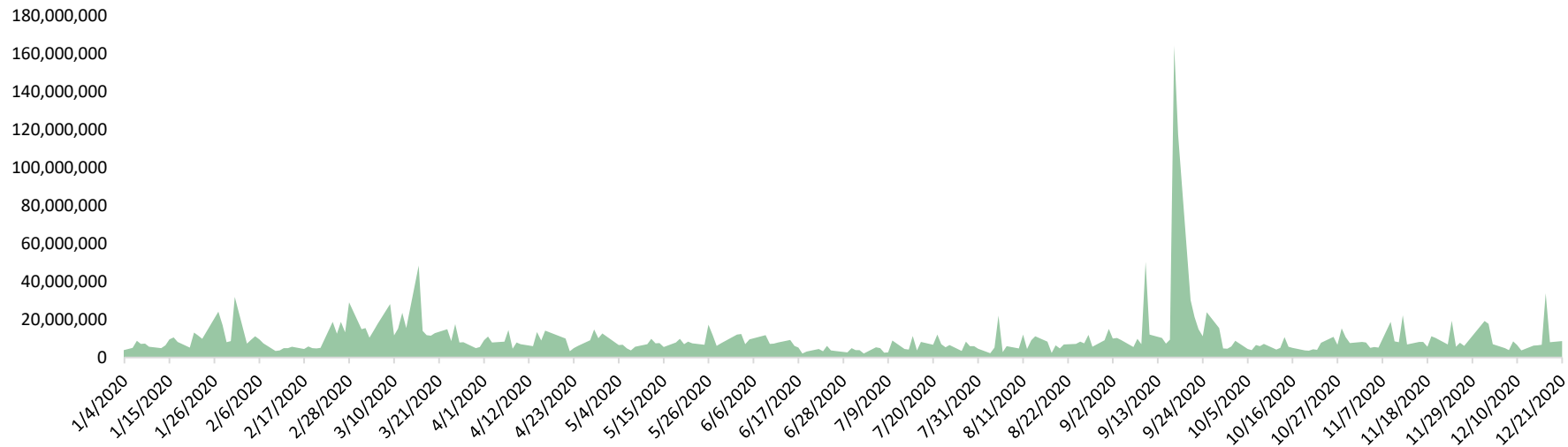
Date	BET-XT	BET-XT-TR	BETPlus	ROTX
12/21/2020	-6.73%	-2.09%	-3.86%	-3.96%

### Evolution of local stock indices



Source: BSE; FSA calculations

### Equities traded value on BSE (EUR)



### Evolution of government debt (% of GDP)

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Italy	135.5	135.9	135.8	134.4	136.0	137.5	136.8	134.7	137.6	149.4
France	98.8	98.8	99.0	98.1	99.3	99.2	100.1	98.1	101.3	114.1
Spain	99.1	98.6	98.7	97.4	98.4	98.4	97.5	95.5	99.0	110.1
Euro zone	87.7	87.2	87.0	85.8	86.3	86.2	85.8	84.0	86.3	95.1
EU	81.3	80.7	80.6	79.5	79.9	79.7	79.2	77.6	79.4	87.8
Hungary	72.3	72.5	71.0	69.1	68.3	67.1	67.0	65.4	65.7	70.3
Germany	64.0	62.9	62.6	61.8	61.6	61.1	61.0	59.6	61.1	67.4
Poland	51.2	50.5	49.4	48.8	49.1	47.9	47.3	46.0	47.9	55.1
Romania	34.5	34.1	33.9	34.7	33.8	33.9	35.2	35.3	37.5	41.1
Bulgaria	24.0	23.5	22.8	22.3	20.9	20.3	20.5	20.2	20.1	21.3

Source: Eurostat

The government debt-to-GDP ratio in the euro area increased from 86.3% to 95.1% in the second quarter of 2020. There is significant heterogeneity in debt level, the share of public debt in GDP ranging from 18.5% (Estonia) to 187.4% (Greece).

Romania is among the EU member states with a low level of indebtedness (41.1%), below the indebtedness of the EU member states of 87.8% of GDP.

According to the NBR, the direct investments of non-residents in Romania (FDI) recorded a value of EUR 1.8 billion in January-October 2020 (compared with EUR 4.7 billion in the same period of the previous year).

On the other hand, the current account of the balance of payments registered a deficit of EUR 8.8 billion, compared to EUR 9.1 billion in January-October 2019.

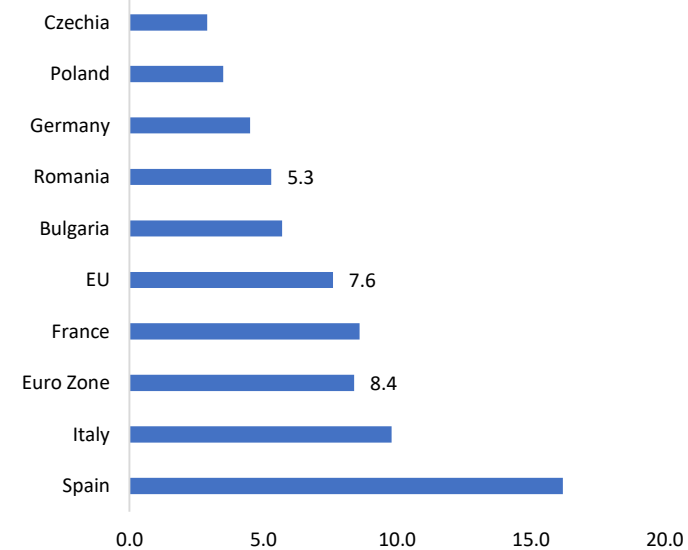
The evolution of the current account was accompanied by an increase in total external debt by EUR 9.21 billion in January-October 2020 to EUR 119 billion.

The seasonally adjusted unemployment rate in the euro area was 8.4%, while the EU unemployment rate was 7.6% in October 2020, both increasing by 0.1 pp compared with September 2020, according to the latest figures published by Eurostat.

The seasonally adjusted unemployment rate in Romania was 5.3% in October 2020, amid the effects of the crisis generated by COVID-19.

The unemployment rate of men (5.5%) is higher than the unemployment rate of women (5.0%).

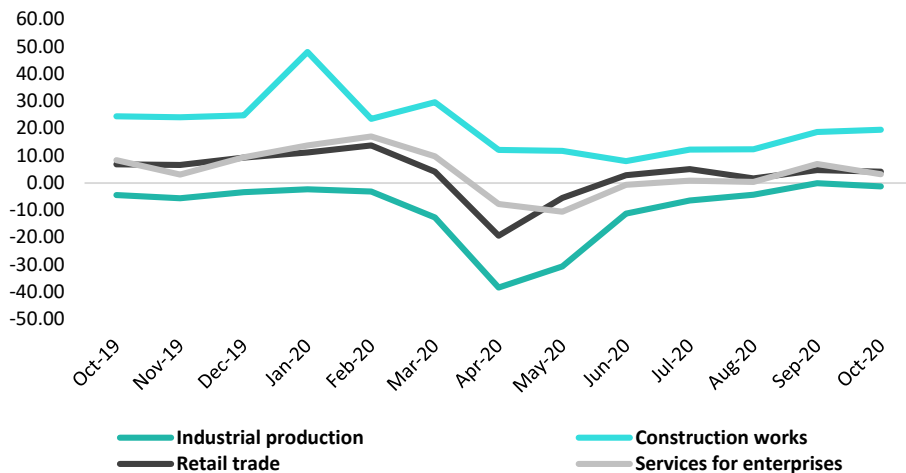
### Unemployment rate (October 2020)



Source: Eurostat

# Macroeconomic background in Romania: development of the real sector, inflation and labor market

**Main sector indicators (annual rate of change, %)**

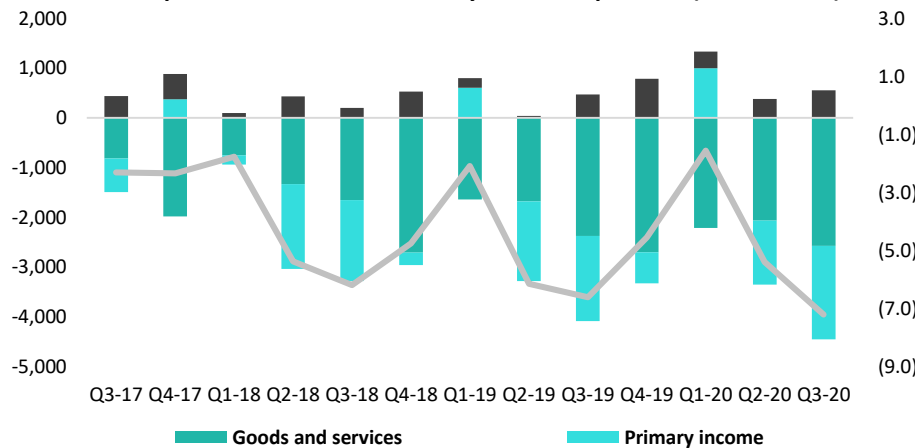


**Inflation, monthly data (annual rate of change)**



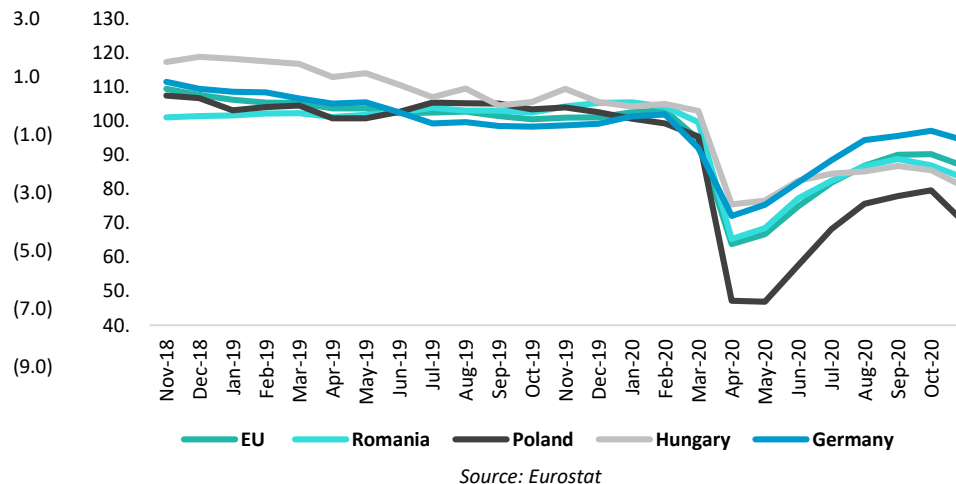
Source: National Institute of Statistics; FSA calculations

**Development of current account by main components (million euro)**



Source: NBR, FSA calculations

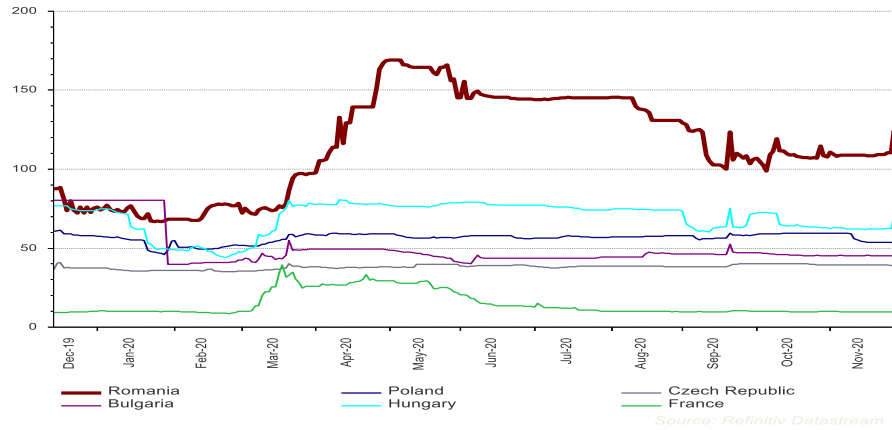
**The economic sentiment index in EU**



Source: Eurostat

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

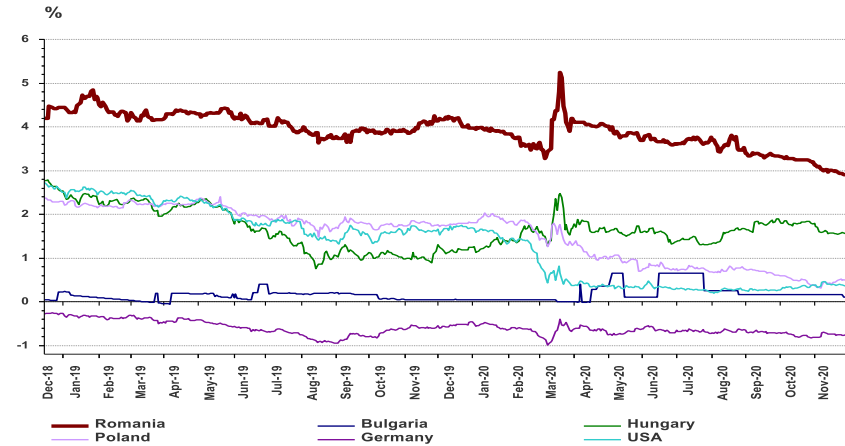
Evolution of Credit Default Swaps quotations (5Y, USD)



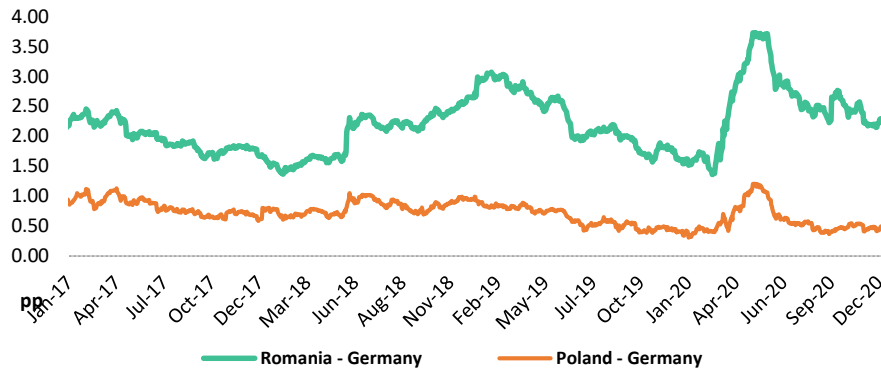
Source: Datastream

Romania 5 - year bond yields decreased by 8% in November 2020 as compared with the previous month, reaching an average value of 3%, while Bulgaria 5 – year bond yields continued to decrease to an average value of 0.15%. Germany 5 – year bond yields remained negative, at very low levels (average value of -0.76% in November).

Government bond yields (5Y, LC)



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



Source: Datastream, FSA's calculations

Romania CDS quotations increased by 1.3% in November 2020 compared with the previous month, reaching an average value of 109.89 bp. French CDS quotations decreased by 2.6% to an average value of 9.64 bp. During December, the spread between Romanian and German government bonds (10Y) has increased, which can also be interpreted as a deterioration of investors' confidence in Romania's country rating.

## Market risk: evolution of local and international stock indices at the end of November 2020

### International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	16.93%	8.08%	15.53%
FR (CAC 40)	20.12%	11.55%	17.53%
DE (DAX)	15.01%	2.67%	14.71%
IT (FTSE MIB)	22.95%	12.36%	21.23%
GR (ASE)	29.40%	16.24%	12.92%
IE (ISEQ)	11.78%	11.66%	22.01%
ES (IBEX)	25.18%	15.89%	13.82%
UK (FTSE 100)	12.35%	5.07%	3.12%
US (DJIA)	11.84%	4.25%	16.77%
IN (NIFTY 50)	11.39%	13.89%	35.37%
SHG (SSEA)	5.20%	-0.11%	18.91%
JPN (N225)	15.04%	14.23%	20.82%

The European indices have recorded positive developments (1M). The best performer was ASE index (GR) which increased by 29.40% in November, followed by IBEX index (ES: 25.18%).

The main American and Asian indices showed positive evolutions. Therefore, the most significant increase was registered by the N225 index (JPN: + 15.04%), followed by DJIA index (US: +11.84%)

BSE indices	1 M	3 M	6 M
BET	9.12%	3.21%	6.72%
BET-BK	8.32%	1.28%	3.55%
BET-FI	0.54%	-6.20%	-10.88%
BET-NG	8.60%	-1.24%	-0.60%
BET-TR	9.18%	4.18%	10.29%
BET-XT	7.97%	1.11%	2.89%
BET-XT-TR	8.01%	2.02%	6.12%
BETPlus	8.87%	3.02%	6.49%
ROTX	15.24%	6.43%	9.04%

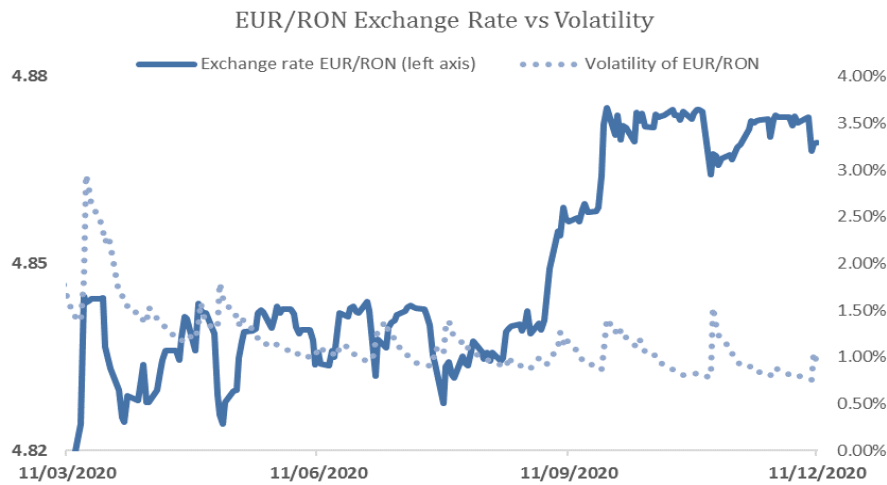
The BSE stock indices have recorded positive developments (1M). The best performer was ROTX index which increased by 15.24% in November, while the least performing was BET-FI index which increased only by 0.54%.

Source: Datastream, FSA's calculations

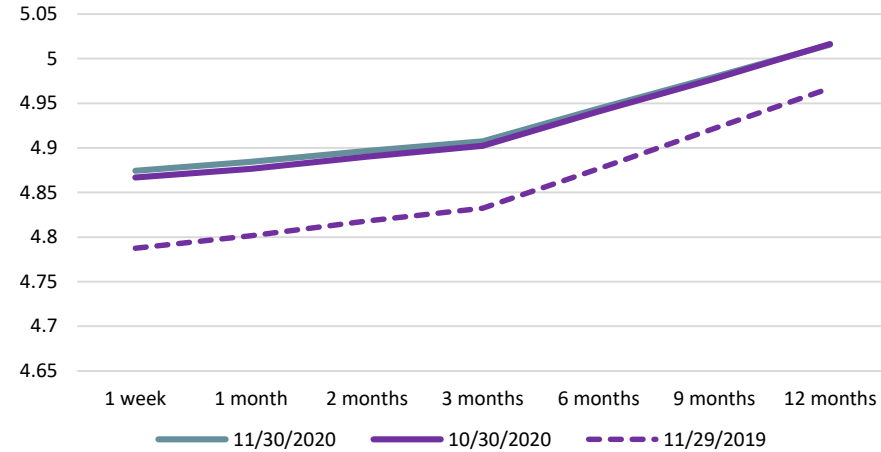
Note: 1M=11/30/2020 vs. 10/30/2020; 3M=11/30/2020 vs. 08/31/2020; 6M=11/30/2020 vs. 05/29/2020



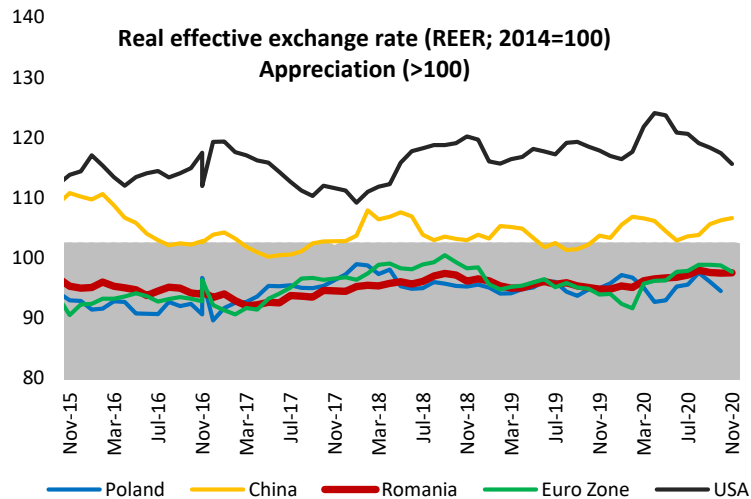
## Market risk: volatility of Romanian government bond yields and the EURRON currency rate



### Term structure of EUR/RON forward rate



Source: Refinitiv, FSA's calculations

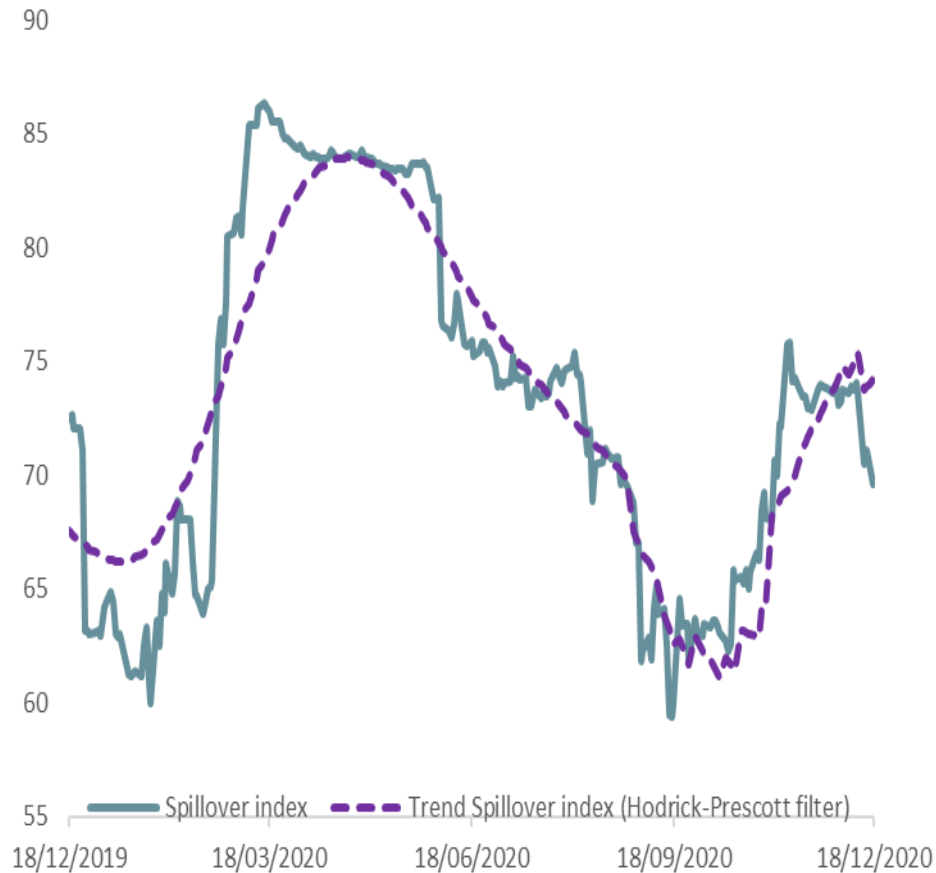


Source: BIS, FSA's calculations

Compared to last year (November 2019), the real exchange rate of the leu depreciated by 2.8% in real terms, the pound sterling appreciated by 1.1%, and the euro depreciated by 4%.

The empirical analysis shows that the Romanian capital market and the European market are not currently perturbed by external events and do not show unsustainable price reduction due to a spiral down of asset prices.

**Contagion risk**



Source: Refinitiv, FSA's 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 contagion has increased in February and March due to the outbreak of COVID-19 pandemic due to the uncertainty on the financial markets. In that period, **the speed of the contagion was the greatest in the last 10 years**, indicating how fast fear and uncertainty have impaired the financial stability of international markets.

The contagion has reached its peak point in March and then it has begun to decrease in April and May. Between June-September, the spillover has exhibited a downward trend with a mean-reverting behavior. Starting October, **the contagion resumed its upward trend signaling market distress for the next month**. In December, the contagion slowly retracted mainly due to seasonal factors.

According to IMF, the global economy is projected to contract sharply by 3% in 2020 reflecting a much deeper economic shock than during the financial crisis of 2009 when growth contracted by 0.7%. Because Romania's debt level has tripled since 2008, it will come out of the crisis with an even higher public debt level, thus impairing its economic growth. On September 22, the Romanian Parliament voted a bill to increase the public pension by 40%, which will lead to an 11% increase in the budget deficit.

## Liquidity risk on Romanian Stock Exchanges

### The BSE Trading Activity (all the Segments) during November 2020

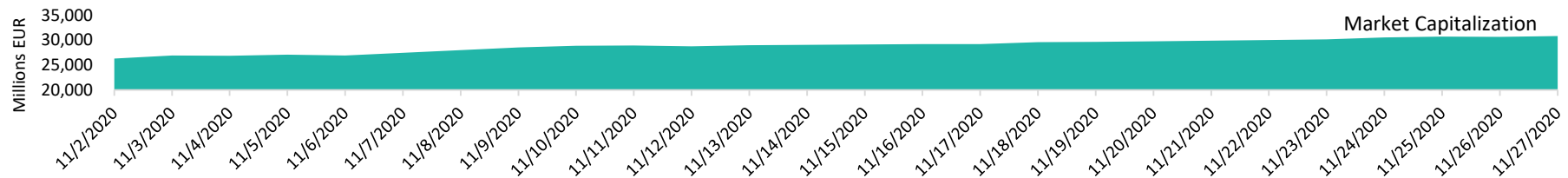
Week/month	No. of transactions	Volume	Value	
			EUR	%
<b>Total 02-06 November 2020</b>	12,592	126,855,398	31,763,993	17.17%
<b>Total 09-13 November 2020</b>	22,047	331,149,560	64,096,654	34.65%
<b>Total 16-20 November 2020</b>	14,784	162,337,999	43,557,791	23.55%
<b>Total 23-27 November 2020</b>	15,079	142,331,202	45,548,810	24.63%
<b>Total November 2020</b>	<b>64,502</b>	<b>762,674,159</b>	<b>184,967,248</b>	<b>100.00%</b>

Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for November 2020 = 4.8699 LEI/EUR

### The BSE's Most Traded Companies during November 2020 (Only the Main Segment)

Symbol	Main market		Deal		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
TLV	31,765,472	21.90%	909,487	4.56%	32,674,959	18.35%
TRP	9,527,579	6.57%	2,026,589	10.16%	23,258,720	13.06%
SNG	22,186,232	15.30%	125,876	0.63%	22,312,108	12.53%
EBS	15,340,694	10.58%	0	0.00%	15,340,694	8.62%
BRD	11,903,940	8.21%	2,865,730	14.37%	14,769,670	8.30%
SNP	12,574,269	8.67%	321,362	1.61%	12,895,630	7.24%
FP	9,693,653	6.68%	0	0.00%	9,693,653	5.44%
SIF1	489,226	0.34%	7,148,959	35.85%	7,638,186	4.29%
EL	5,571,544	3.84%	0	0.00%	5,571,544	3.13%
SFG	3,823,193	2.64%	1,208,469	6.06%	5,031,662	2.83%
SNN	4,689,359	3.23%	0	0.00%	4,689,359	2.63%
SIF2	697,088	0.48%	3,335,637	16.73%	4,032,726	2.27%
M	2,317,205	1.60%	0	0.00%	2,317,205	1.30%
TGN	2,039,132	1.41%	0	0.00%	2,039,132	1.15%
TEL	1,590,946	1.10%	0	0.00%	1,590,946	0.89%
<b>Top 15 Total</b>						<b>92.03%</b>

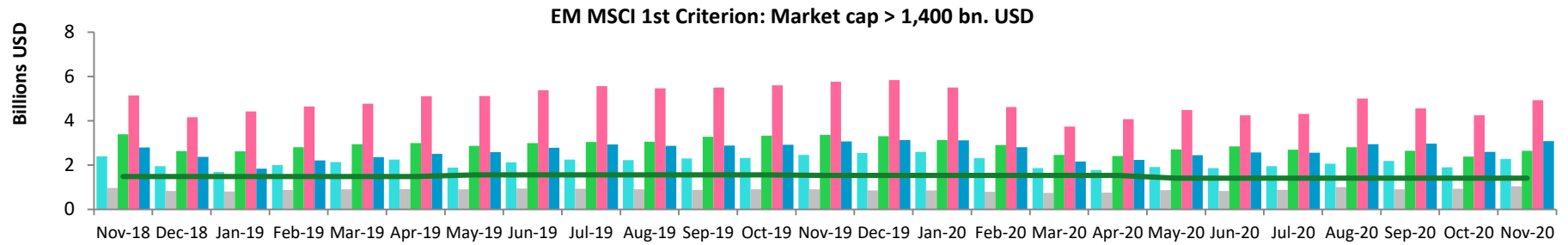
Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for November 2020 = 4.8699 LEI/EUR



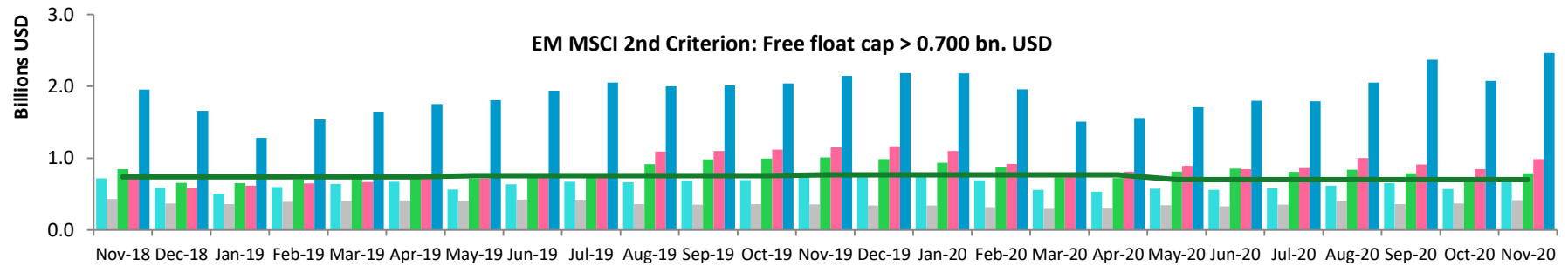
### Top of intermediaries during November 2020

Rank	Intermediary name	Traded Value EUR (month level)	% from Total Value (month level)
1	SWISS CAPITAL S.A.	102,286,501	28.65
2	BANCA COMERCIALA ROMANA	52,606,411	14.73
3	BT CAPITAL PARTNERS	49,757,367	13.94
4	WOOD & COMPANY FINANCIAL SERVICES, a.s. PRAGA	28,719,122	8.04
5	TRADEVILLE	28,170,452	7.89
6	SSIF BRK FINANCIAL GROUP S.A.	24,179,292	6.77
7	RAIFFEISEN CENTROBANK AG	20,005,504	5.6
8	PRIME TRANSACTION	9,225,384	2.58
9	GOLDRING	8,803,025	2.47
10	IFB FINWEST	8,295,951	2.32
11	BRD Groupe Societe Generale	5,991,318	1.68
12	ESTINVEST	5,541,240	1.55
13	Alpha Bank Romania SA	3,823,615	1.07
14	INTERFINBROK CORPORATION	3,066,526	0.86
15	MUNTENIA GLOBAL INVEST	2,663,092	0.75
<b>Top 15 Total</b>			<b>98.90</b>

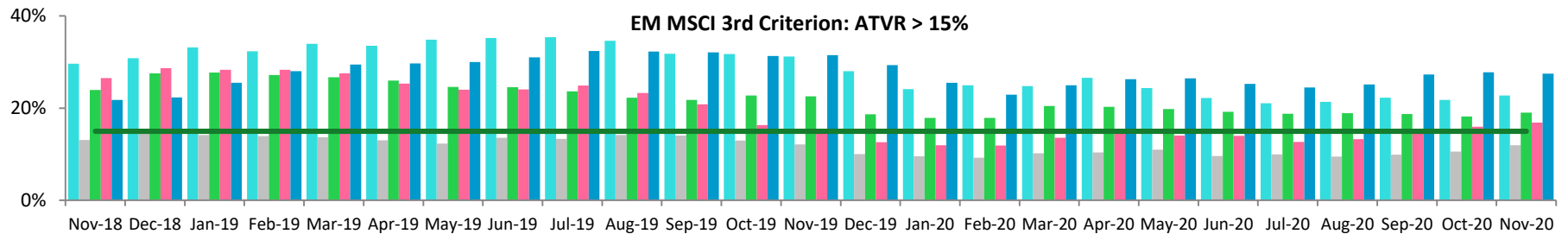
## MSCI: Quantitative Indicators for Emerging Market Status



BRD EL SNG SNP TLV MSCI Criterion



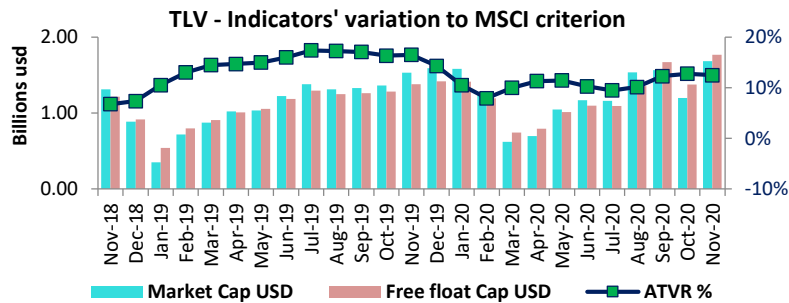
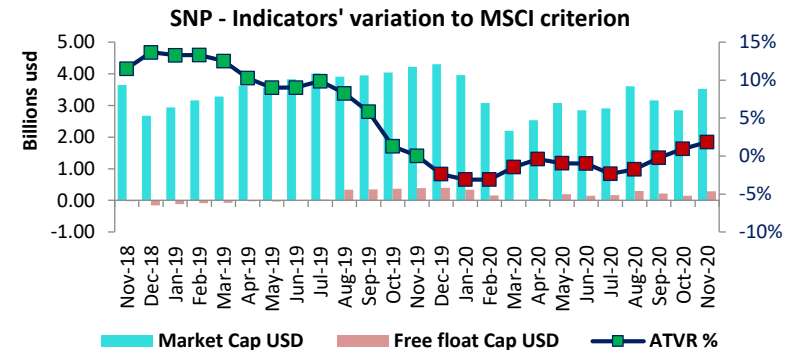
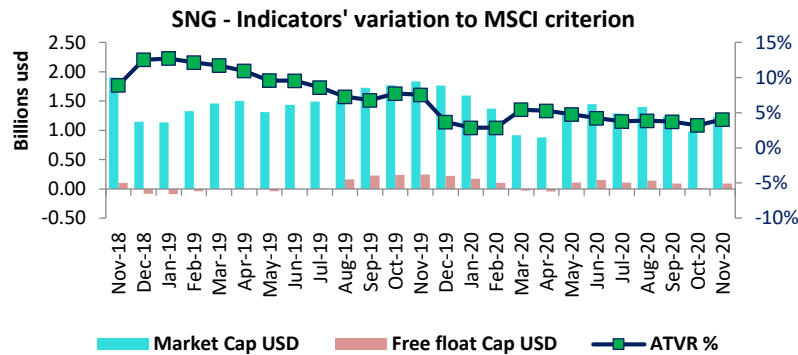
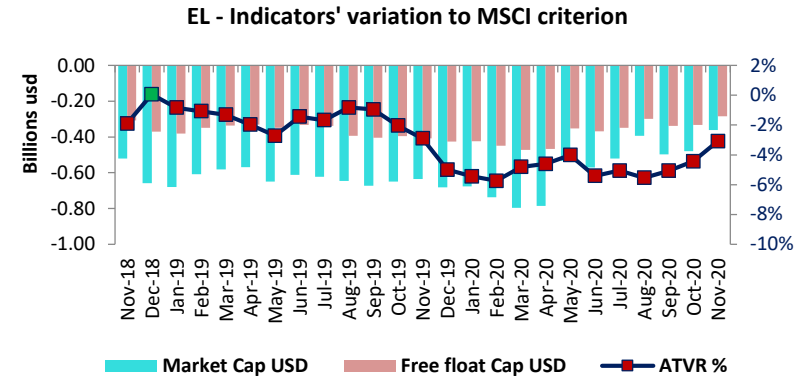
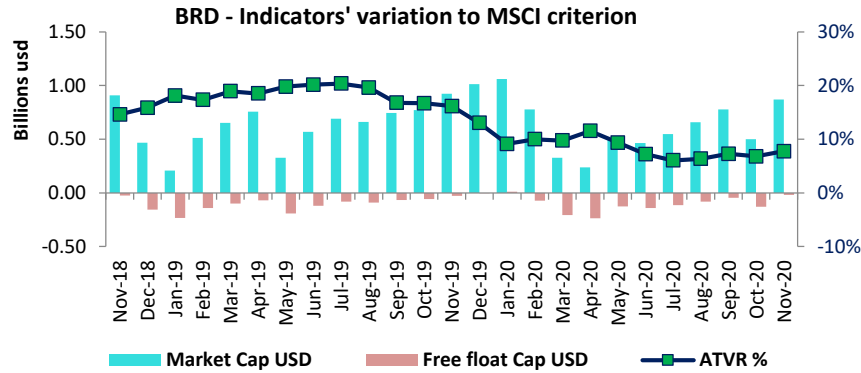
BRD EL SNG SNP TLV MSCI Criterion



BRD EL SNG SNP TLV MSCI Criterion

Source: ASF Calculations, November 2020

## MSCI: Quantitative Indicators for Emerging Market Status



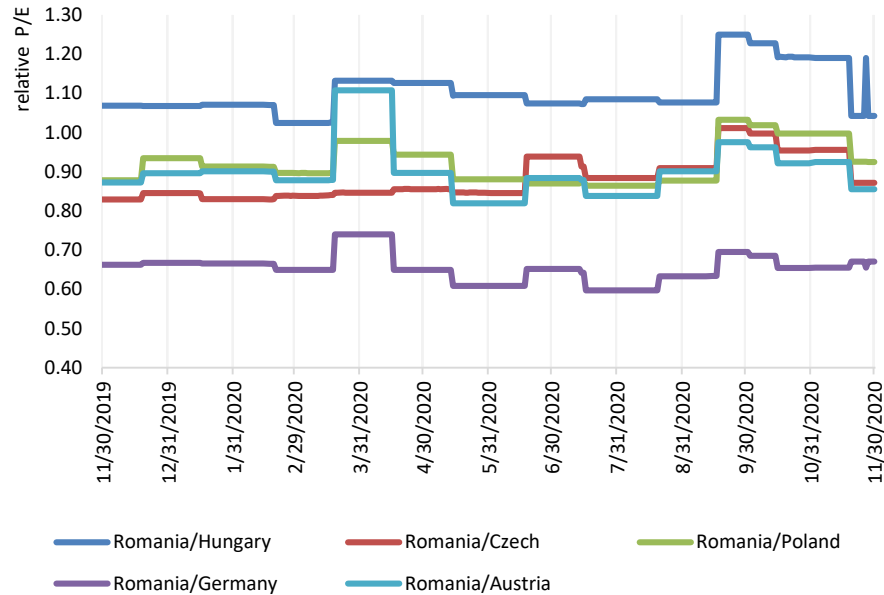
Indicators' variation to MSCI criterion (November 2020)

Company	Cap. bln. USD	Free float bln. USD	ATVR %
BRD	0.87	(0.02)	7.76%
EL	(0.36)	(0.28)	-3.08%
SNG	1.24	0.09	4.04%
SNP	3.53	0.29	1.85%
TLV	1.68	1.76	12.46%

Source: ASF Calculations, November 2020

## Risk assessment and the benefit of diversification

The degree of over or under-evaluation of Bucharest Stock Exchange compared with the region

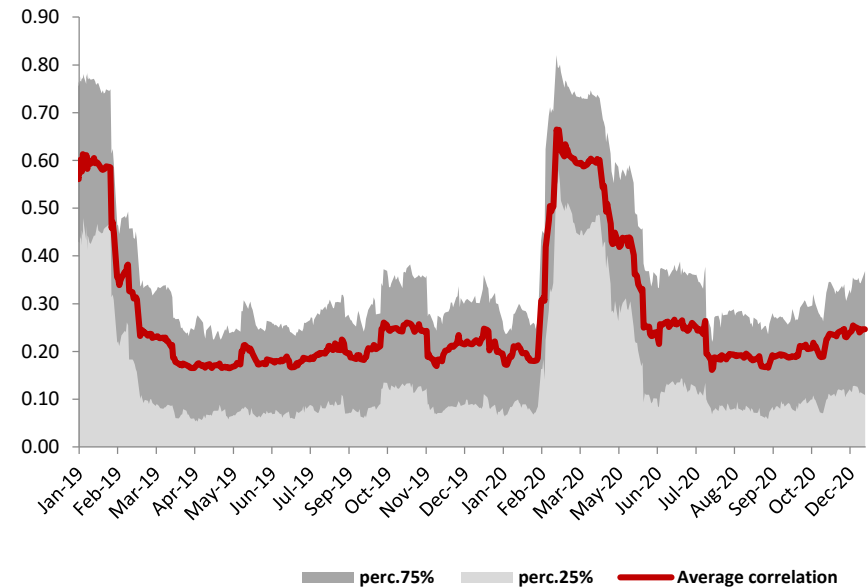


Source: Datastream, FSA's calculations

P/E forward ratio is calculated by dividing the share price to the net earnings per share and indicates how much investors pay for earnings forecasted for next year. The risk of re-evaluation is calculated by dividing the P/E forward ratios for different markets and indicates how much investors pay for the anticipated next year in comparison with another market.

In November 2020, the ratio was lower than 1 (except for Romania/Hungary) thus indicating that the Romanian capital market was more attractive in comparison with most of the analyzed countries.

The average correlation coefficient for the 25 most liquid companies traded on BSE

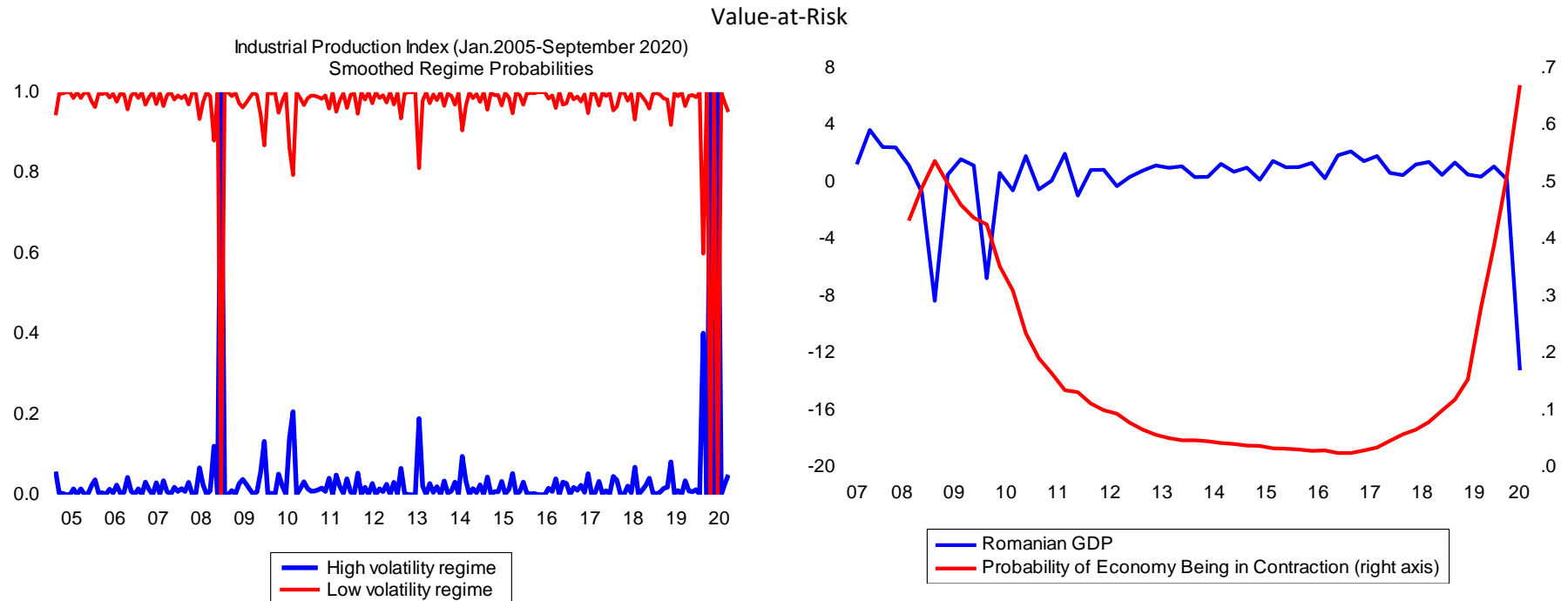


Source: Bloomberg, ASF

At the end of July, the correlations between the daily yields of the 25 most liquid companies from Bucharest Stock Exchange decreased and returned to the level recorded at the beginning of 2020. December is marked by a slightly decrease in the correlations between the shares.

## Risk assessment and the benefit of diversification

The industrial production index fell sharply in April and May and rebounded in June-September. The chart indicates that the expected duration of the likelihood of a high volatility regime is low, lasting about 2 months<sup>1</sup> and that the Industrial Production took a massive hit in the second quarter of the year. The decrease in the industrial production index shall have a direct impact on GDP, as can be seen in the signal data for GDP in the second quarter, which indicates a 70% chance of the Romanian economy sliding into recession<sup>2</sup>.



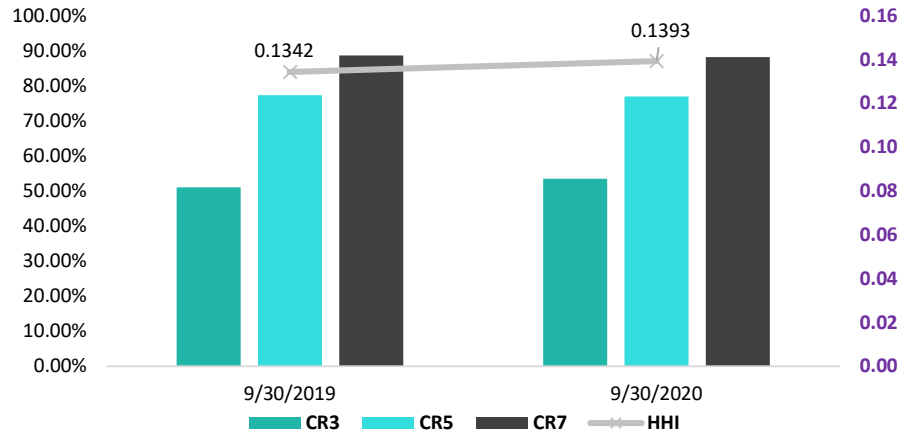
Source: National Institute of Statistics; FSA calculations

<sup>1</sup> For the monthly Industrial Production Index we have estimated a Hamilton-type Markov switching regression model with intercept and first AR lag changing between regimes.

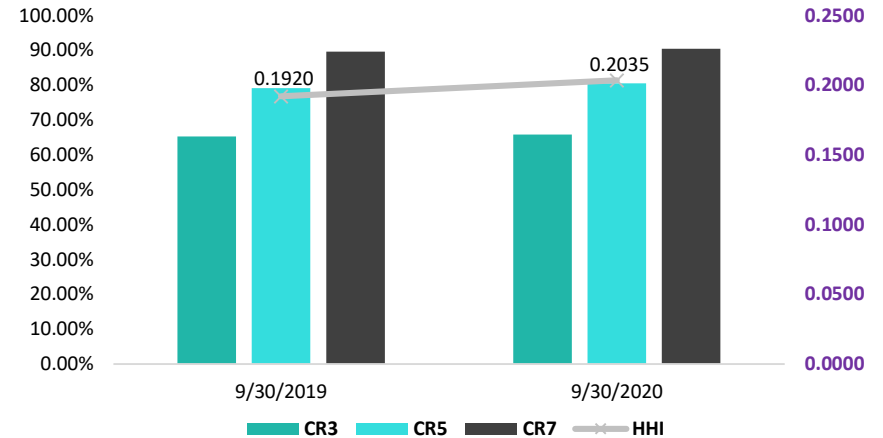
<sup>2</sup> For the quarterly GDP we have estimated a Hamilton-type Markov switching regression model with one variable and four lags.

## Concentration risk

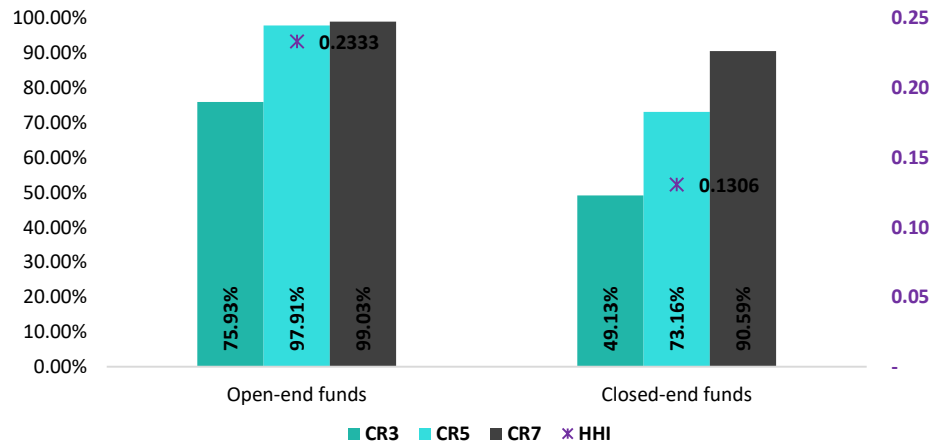
**Concentration risk of non-life insurance undertakings  
(by value of GWP at 30 September 2020)**



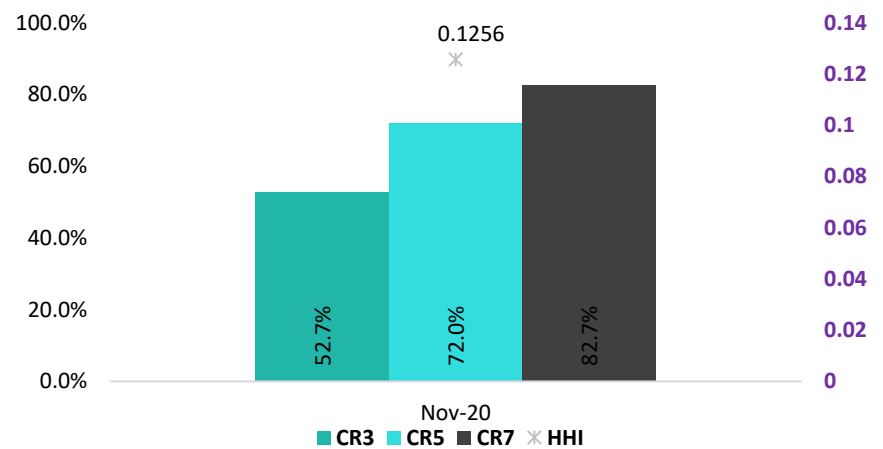
**Concentration risk of life insurance undertakings  
(by value of GWP at 30 September 2020)**



**Concentration risk of investment funds in Romania  
(by net assets – 30 June 2020)**



**Concentration risk of intermediaries on the BSE (by value of transactions  
during November 2020 – Main segment & MTS, all spot instruments)**



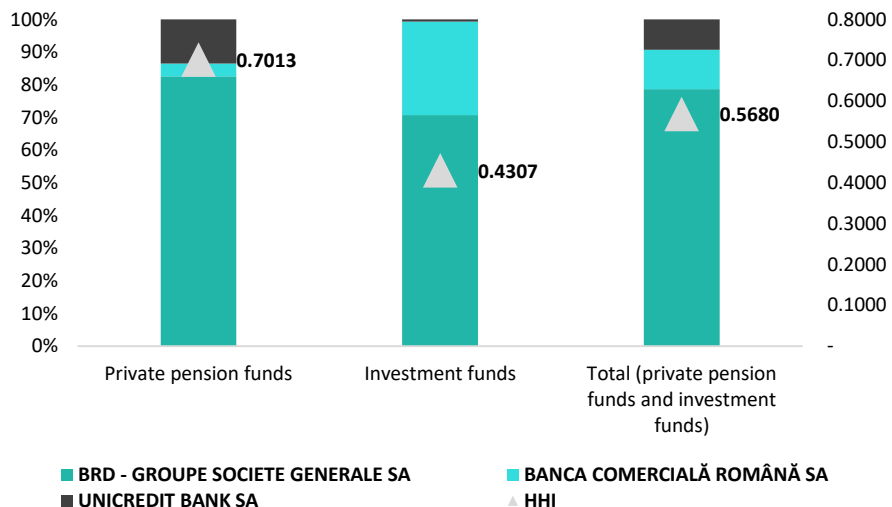
Source: FSA

Source: FSA

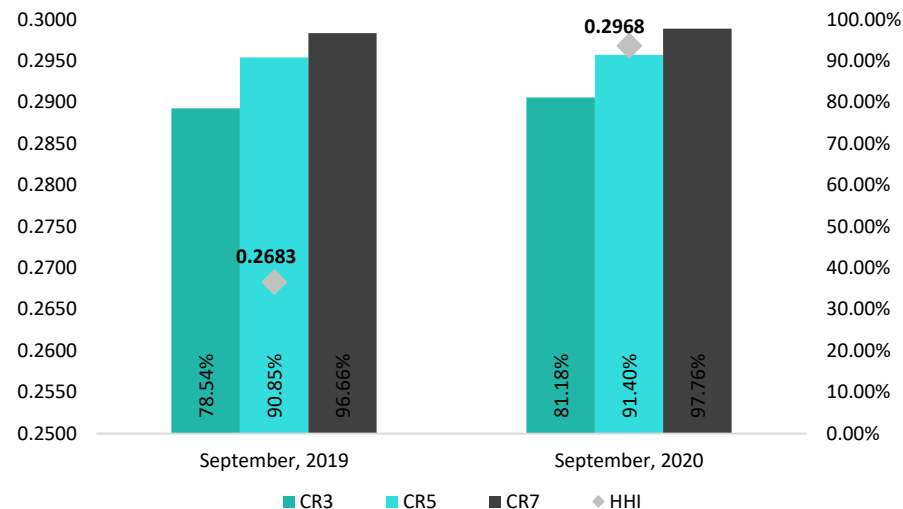


## Concentration risk

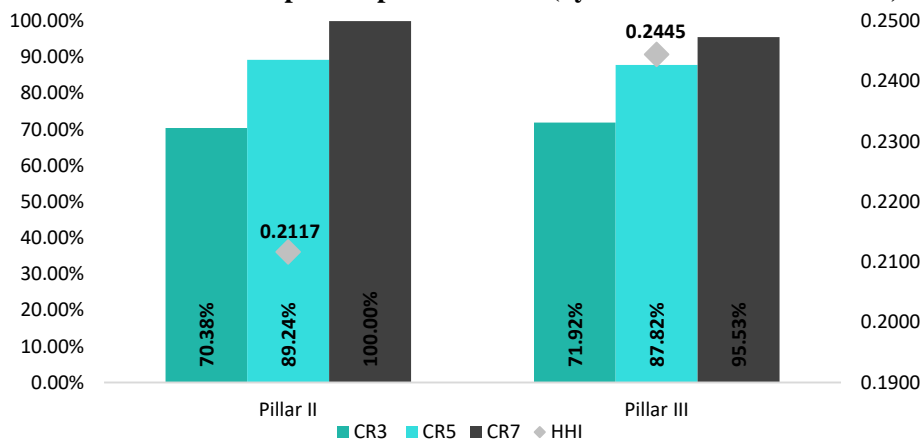
**Concentration risk of depositaries of private pension funds and investment funds (by total assets at 6/30/2020)**



**The degree of concentration of insurance companies in the MTPL market (by gross written premiums at 09/30/2020)**



**Concentration risk of private pension funds (by total assets at 11/27/2020)**



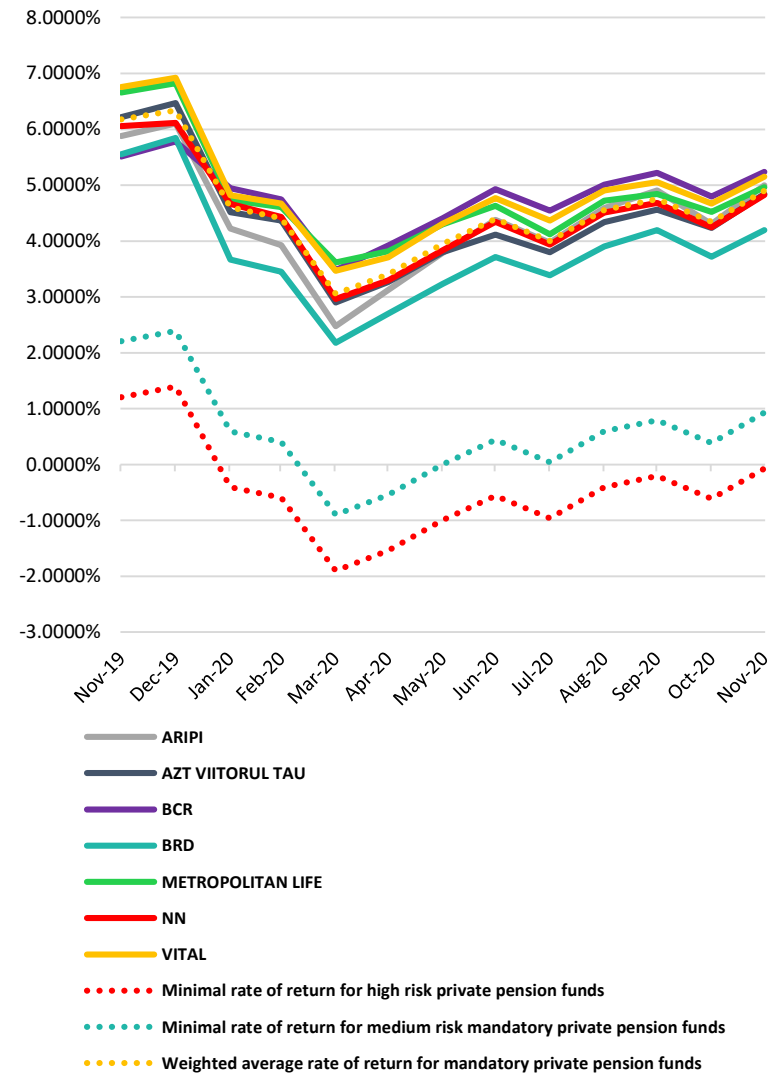
According to the main indicators used by the Competition Council, the concentration risk in the non-life insurance market is medium to high level, while the life insurance market concentration degree is still high. The situation is similar in the case of private pension funds market (Pillar II and Pillar III), but explainable by objective reasons related to their operating mechanism and the current state of the market. Also on the capital market, the concentration degree is medium to high for OEIFs (although the number of investment funds is high) and for the intermediaries on the BSE due to the fact that top market participants sum up a significant share of the total assets.

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

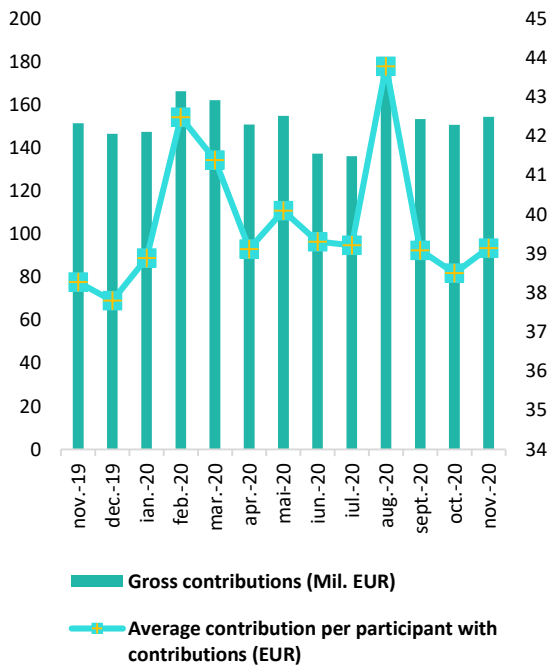
Total assets (EUR), number of participants and return rates

Mandatory pension fund	Total Assets 30 November 2020 (EUR)	Participants (persons) November 2020	Rate of return November 2020
ARIPI*	1,331,635,525	785,913	5.00%
AZT VIITORUL TAU	3,236,415,540	1,608,316	4.84%
BCR	1,029,176,317	688,579	5.24%
BRD	585,895,052	472,342	4.19%
METROPOLITAN LIFE	2,092,009,420	1,062,454	4.96%
NN	5,235,231,080	2,035,215	4.83%
VITAL	1,498,518,375	952,147	5.15%
<b>Total</b>	<b>15,008,881,310</b>	<b>7,604,966</b>	<b>n/a</b>

Rate of return for mandatory pension funds



Evolution of gross contributions



New participants (persons) in 2nd Pillar

**15,573**  
**persons**

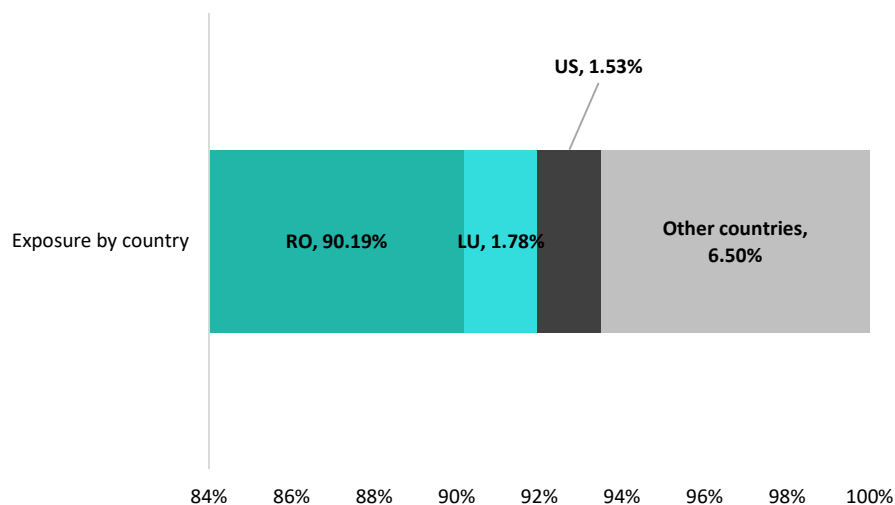
Source: FSA

## Specific developments in the private pension funds sector: Mandatory pension funds (2<sup>nd</sup> Pillar)

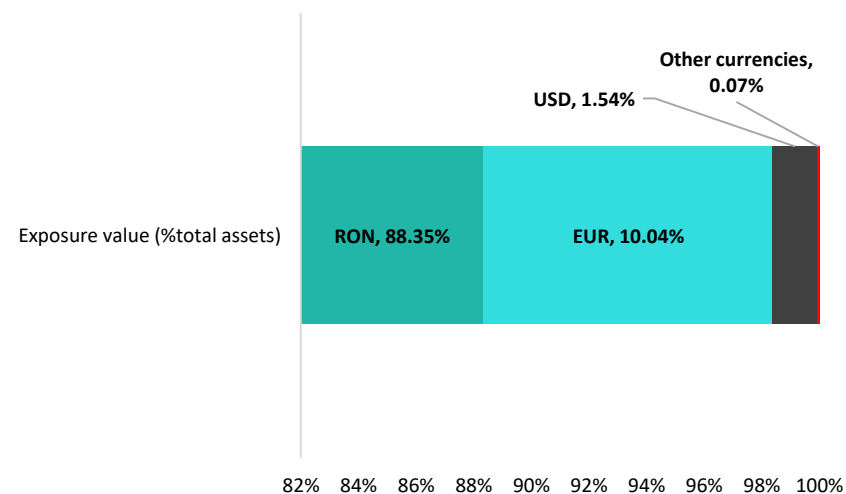
Mandatory pension fund's portfolio at 30 November 2020 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government bonds	10,205,674,108	68.00%
Equity	3,109,906,924	20.72%
Corporate bonds	611,566,339	4.07%
Investment funds	492,222,535	3.28%
Supranational bonds	318,420,719	2.12%
Bank deposits	317,753,228	2.12%
Municipal bonds	37,752,571	0.25%
Metal funds	22,358,506	0.15%
Derivatives	389,515	0.00%
Other assets	(107,163,135)	-0.714%

Country exposure of mandatory pension fund's assets



Currency exposure of mandatory pension fund's assets



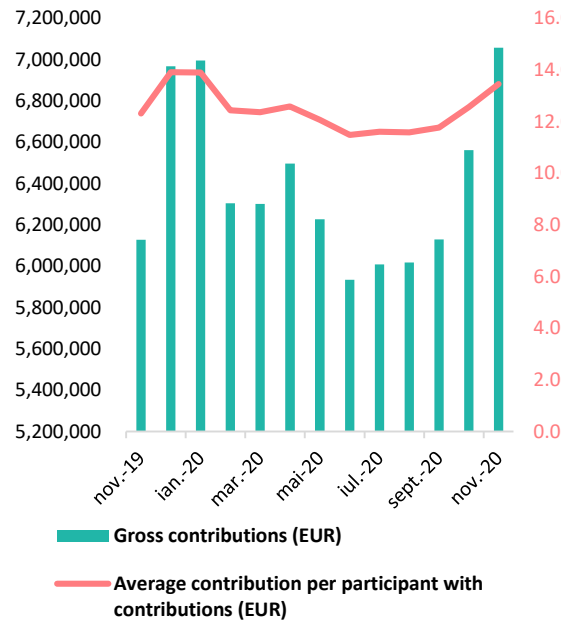
Source: FSA

## Current evolutions in optional private pension funds (3rd Pillar)

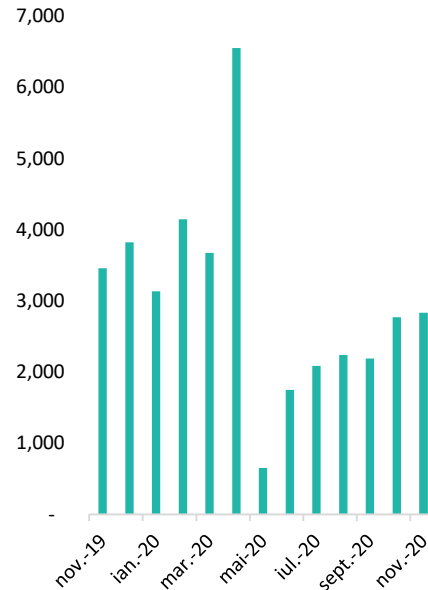
Total assets (EUR), number of participants and return rates

Voluntary pension fund	Total assets (EUR), 30 November 2020	Participants (persons) November 2020	Rate of return November 2020
AEGON ESENTIAL	1,902,854	3,861	5.9846%
AZT MODERATO	61,626,194	39,588	6.1262%
AZT VIVACE	22,773,385	20,245	6.1459%
BCR PLUS	104,793,251	138,980	6.0551%
BRD MEDIO	31,279,191	33,311	4.7016%
GENERALI STABIL	5,763,991	5,461	6.0349%
NN ACTIV	66,694,420	54,541	4.7984%
NN OPTIM	248,699,118	198,205	4.9660%
PENSIA MEA	18,475,376	16,043	3.7270%
RAIFFEISEN ACUMULARE	22,241,788	14,668	5.6230%
<b>Total</b>	<b>584,249,567</b>	<b>524,903</b>	<b>n/a</b>

Evolution of gross contributions

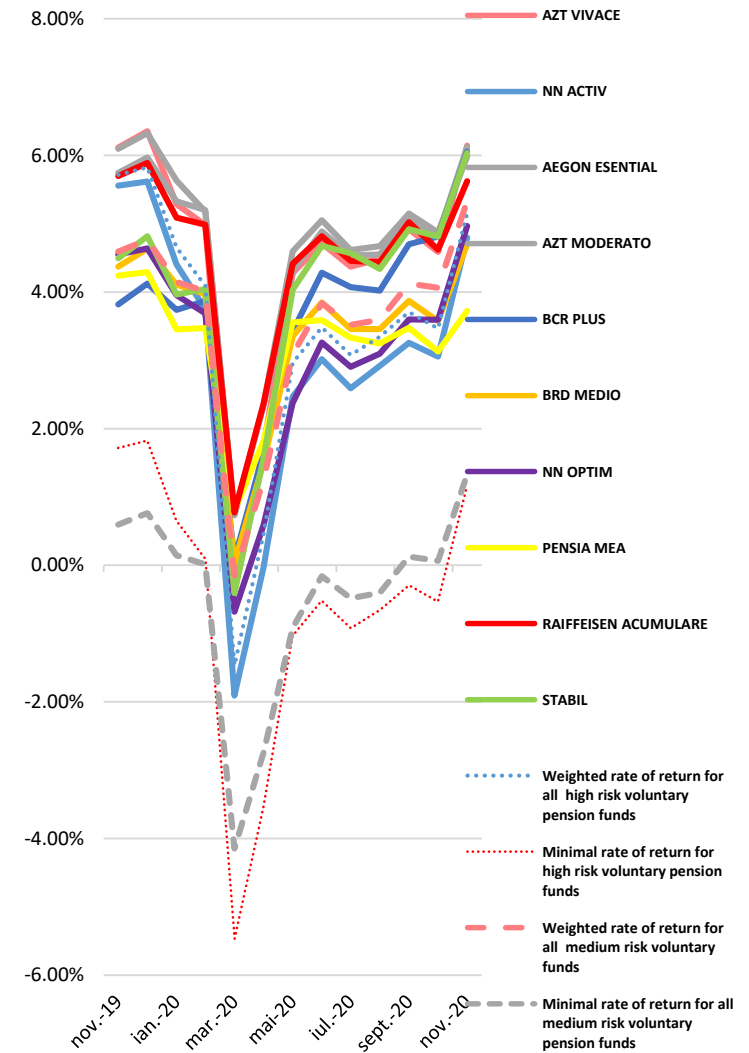


New participants in 3<sup>rd</sup> Pillar



Source: FSA

Evolution of total assets and net value of an individual account



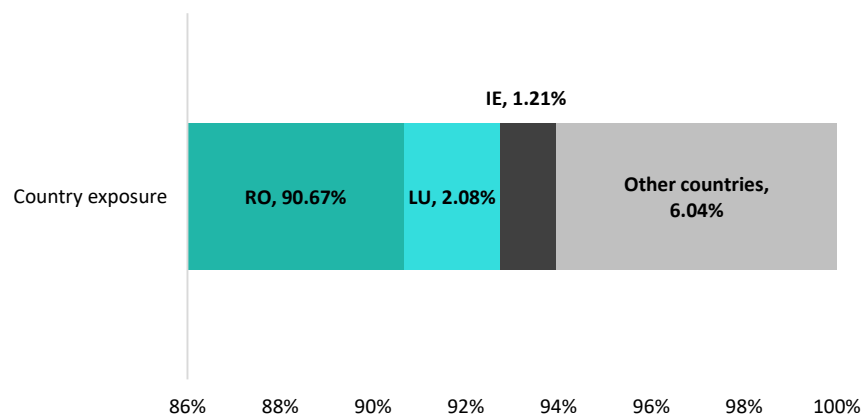
## Current evolutions in optional private pension funds (3rd Pillar)

### Optional pension fund's portfolio at 30 November 2020 (EUR)

Assets category	Assets value (EUR)	% Total assets
<b>Government Bonds</b>	374,486,979	64.10%
<b>Equity</b>	146,655,670	25.10%
<b>Investment Funds</b>	19,196,920	3.29%
<b>Corporate Bonds</b>	18,394,162	3.15%
<b>Supranational Bonds</b>	10,809,548	1.85%
<b>Bank Deposits</b>	10,072,722	1.72%
<b>Municipal Bonds</b>	4,705,485	0.81%
<b>Metal funds</b>	2,272,023	0.39%
<b>Oher assets</b>	(2,343,941)	-0.40%

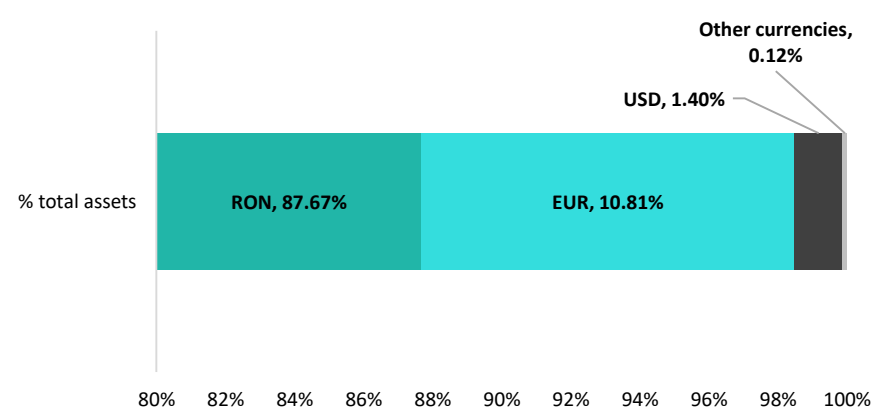
Source: FSA

#### Country exposure of optional fund's assets



Source: FSA

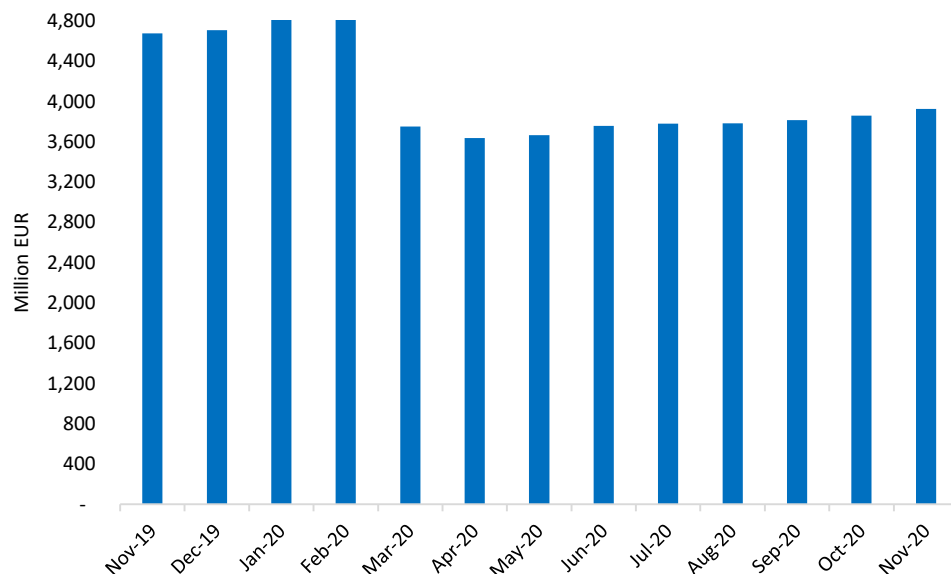
#### Currency exposure of optional fund's assets



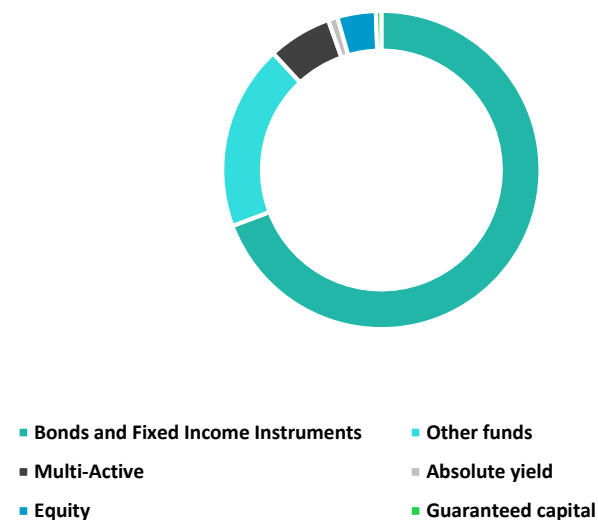
Source: FSA

## Specific developments in the investment funds sector

Evolution of net assets of open-end investment funds  
(November 2019 – November 2020)



Open-end investment funds' market share by Fund Type and Net Asset  
(November 2020)



Source: AAF

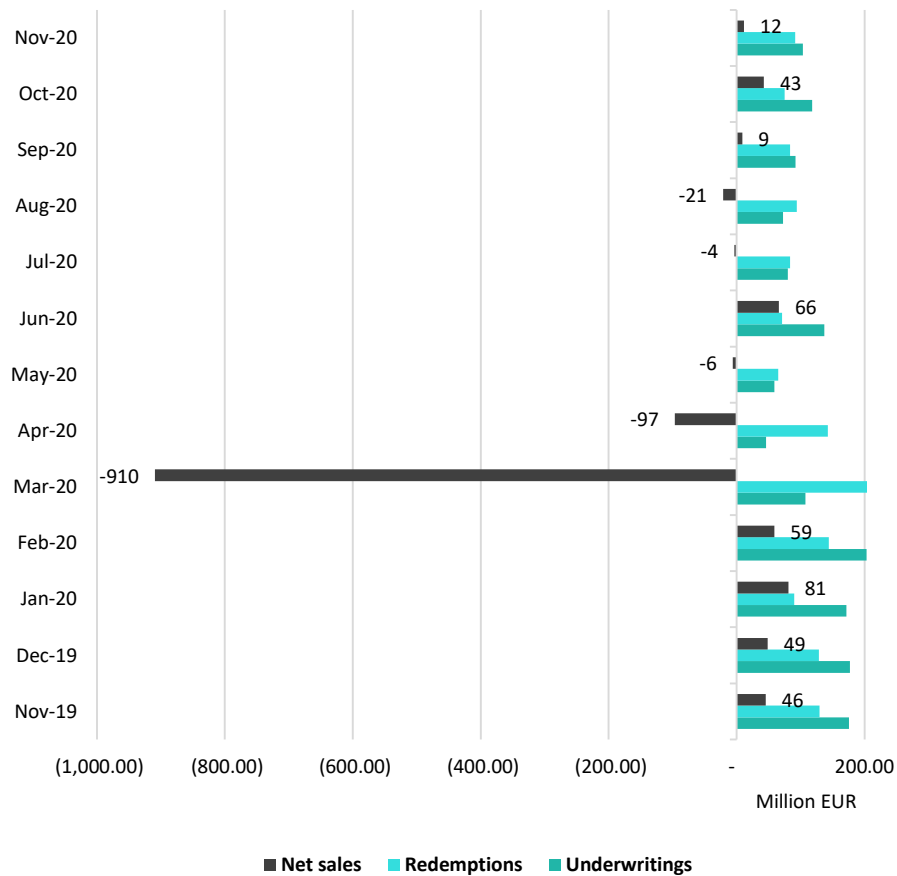
According to data published by AAF, the net assets of open-end investment funds (OeIF) reached a value of EUR 3.93 billion in November 2020, an increase of 1.7% compared to the previous month. Net assets of open-end bond and fixed income instruments funds and other funds, which account for about 88% of the local OeIF industry, increased compared to the previous month.

In November 2020, *open-end bond and fixed income instruments funds* hold the largest share in total net assets of OeIF (around 69%<sup>3</sup>), while the "*other funds*" category has a market share of approximately 19%.

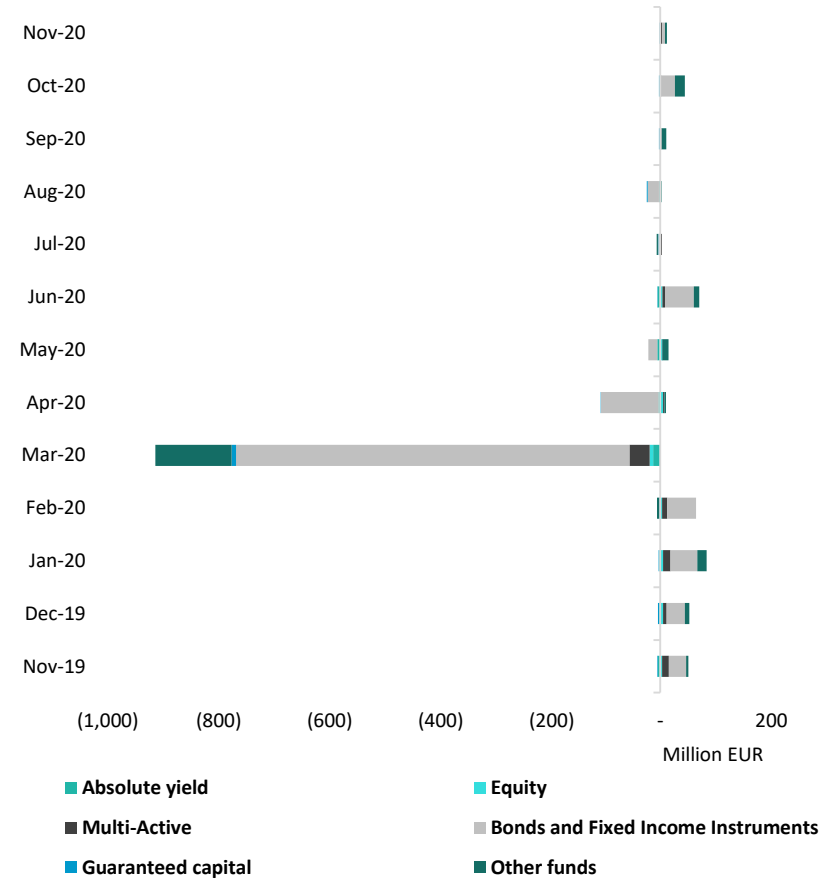
<sup>3</sup> There was a change in Open end investment funds' classification

## Specific developments in the investment funds sector

Evolution of underwritings and redemptions of Open-end Investment Funds (EUR)



Evolution of net capital flows of Open-end Investment Funds (million EUR)

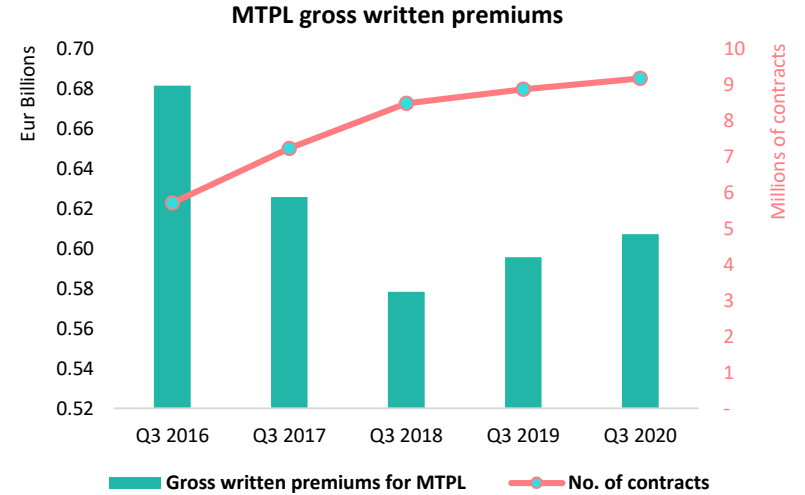
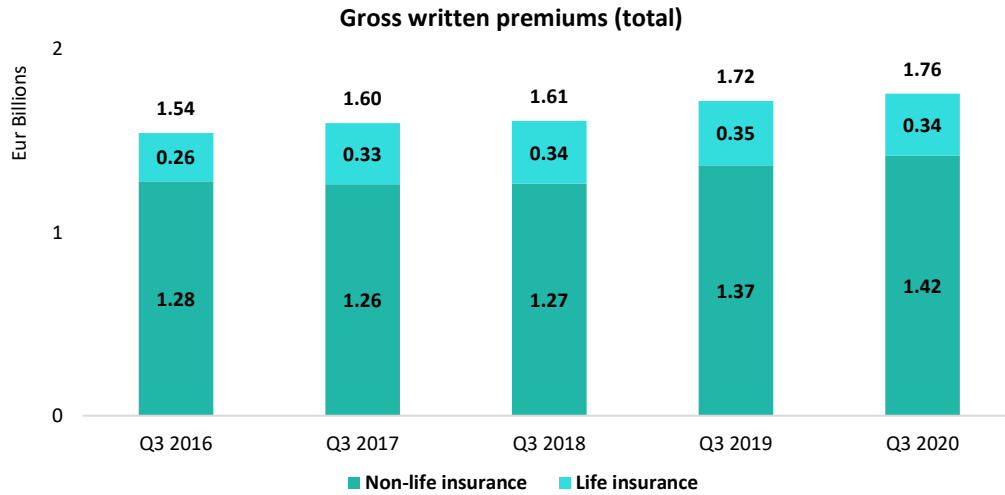


Source: AAF

In November 2020, local open-end investment funds recorded net inflows of EUR 12 million. Net inflows of bonds and fixed income instruments funds amounted to EUR 5 million, while the other funds category recorded net inflows of EUR 3 million.

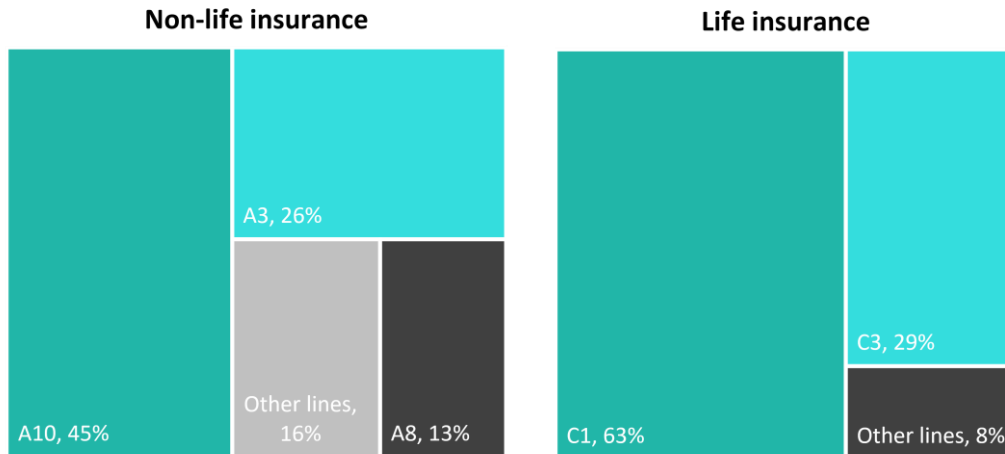
# Specific developments in the insurance market in Romania

## Evolution of the insurance market (30th of September 2020)



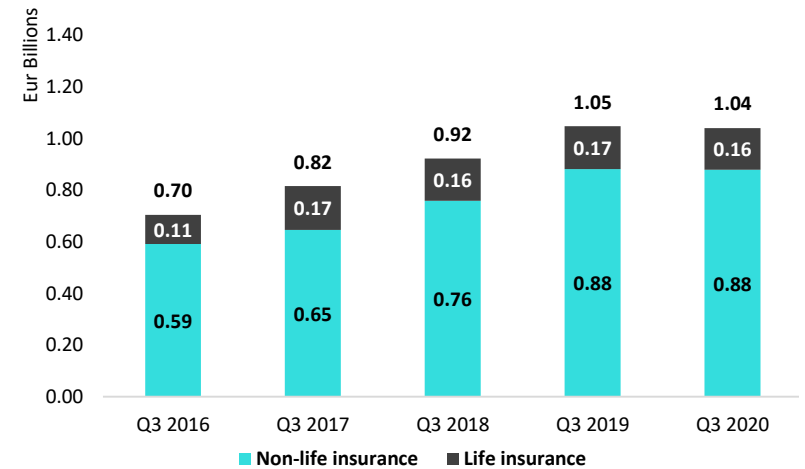
Source: FSA

### Share of main insurance classes by GWP



Source: FSA

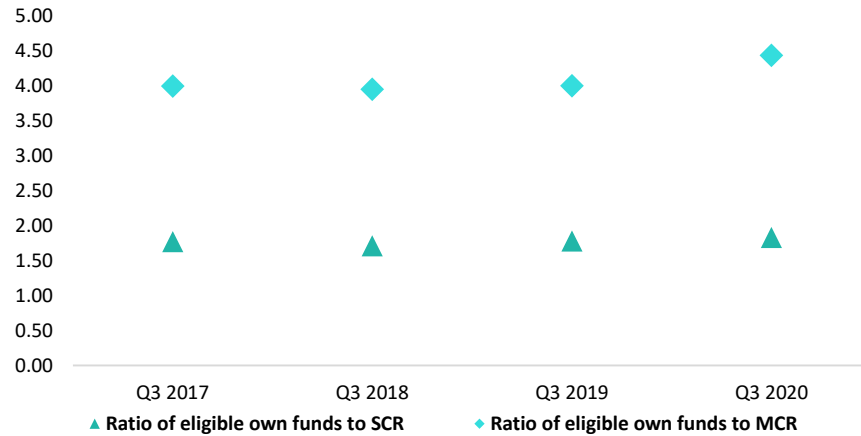
### Gross claims paid



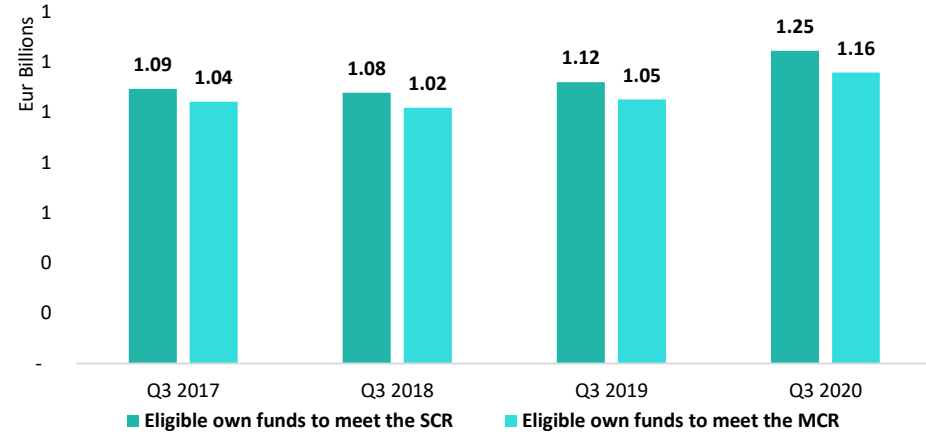


## Specific developments in the insurance market in Romania

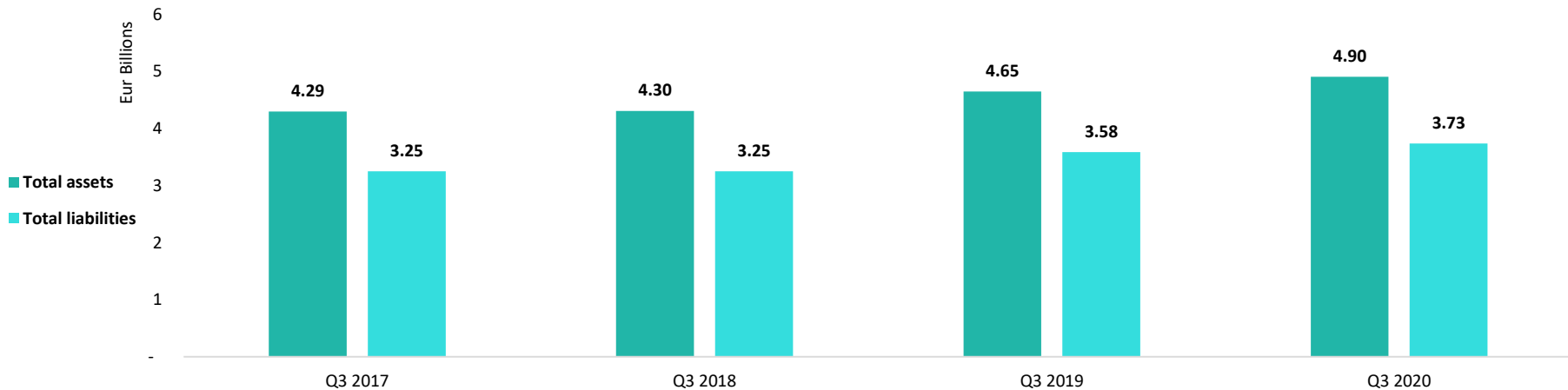
Ratio of eligible own funds to SCR and Ratio of eligible own funds to MCR



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



Total assets and total liabilities



Source: FSA, provisional data

On 30th of September 2020, eligible own funds to meet the SCR were mainly composed of unrestricted Tier 1 (90%). In terms of own fund items, there were no significant changes in the last five years.

## Press releases and publications of European and international financial institutions in November 2020

<b>EUROPEAN UNION</b>	<ul style="list-style-type: none"> <li>• 5 November: <a href="#">EC publishes Autumn 2020 Economic Forecast – Rebound interrupted as resurgence of pandemic deepens uncertainty.</a></li> </ul>
<b>ESMA</b>	<ul style="list-style-type: none"> <li>• 3 November: <a href="#">ESMA identifies deficiencies in German supervision of Wirecard’s financial reporting.</a></li> <li>• 10 November: <a href="#">ESMA releases Report on post-trade risk reduction services.</a></li> <li>• 11 November: <a href="#">ESMA updates Risk Dashboard- ESMA sees potential for sudden reversal in investors` risk assessment.</a></li> <li>• 12 November: <a href="#">ESMA publishes third annual report on use of sanctions for UCITS.</a></li> <li>• 13 November: <a href="#">ESMA identifies costs and performance and data quality as new Union Strategic Supervisory Priorities.</a></li> <li>• 13 November: <a href="#">ESMA tells fund managers to improve readiness for future adverse shocks.</a></li> <li>• 16 November: <a href="#">ESMA presents third Annual Statistical Report analysing the EU derivatives markets.</a></li> <li>• 18 November: <a href="#">ESMA publishes first overview of the size and structure of EU securities markets.</a></li> <li>• 25 November: <a href="#">ESMA sets out its final view on the derivatives trading obligations (DTO).</a></li> </ul>
<b>EIOPA</b>	<ul style="list-style-type: none"> <li>• 9 November: <a href="#">EIOPA releases updated Risk Dashboard based on the second quarter of 2020 Solvency II data.</a></li> <li>• 12 November: <a href="#">EIOPA calls for sound supervisory practices in registering or authorising IORPs to foster a level-playing field across the EU.</a></li> </ul>
<b>ECB</b>	<ul style="list-style-type: none"> <li>• 25 November: <a href="#">ECB publishes Financial Stability Review.</a></li> </ul>
<b>FSB</b>	<ul style="list-style-type: none"> <li>• 17 November: <a href="#">FSB presents a report on COVID-19 pandemic –financial stability impact and policy responses.</a></li> <li>• 17 November: <a href="#">FSB issues a holistic review of the March market turmoil.</a></li> <li>• 23 November: <a href="#">FSB analysis the implications of climate change for financial stability.</a></li> </ul>