



AUTORITATEA  
DE SUPRAVEGHERE  
FINANCIARĂ

# Financial Supervisory Authority

## Monthly Market Report

The National Commission for Strategy and Forecast revised down the economic growth forecast for 2020, to -3.8%, and for the next year, a recovery of the Romanian economy is estimated, with an advance of 4.9%

ASF nr.  
08/25.08.2020

- In June 2020, the debt of the Romanian public administration stood at a value of about LEI430.8 billion, increasing compared to the end of 2019, representing about 40.2% of GDP;
- According to the National Commission for Strategy and Forecast, the seasonally adjusted unemployment rate in Romania remained at 5.2% in June 2020, a level similar to that recorded in the first part of 2017, based on the effects of the crisis generated by COVID-19;
- The contagion began to decline sharply in July 2020 while the conditions of social isolation taken by all European economies relaxed.

According to Eurostat flash estimates, in the second quarter of 2020, still marked by measures imposed by states in order to prevent the spread of COVID-19, seasonally adjusted GDP fell by 12.1% in the euro area and by 11.9% in the EU compared to the previous quarter. However, compared to the same period of the previous year, the seasonally adjusted GDP decreased by 15.0% in the euro area and by 14.4% in the EU, respectively. Among the EU member states, for which data are available for the second quarter of 2020, Spain (-22.1%) recorded the largest decrease compared to the second quarter of 2019, followed by France (-19.0%) and Italy (-17.3%). The crisis generated by COVID-19 has also severely affected the UK economy, which registered a contraction of -21.7% in the second quarter of 2020 compared to the same period of the previous year.

Romania's GDP has registered, in the second quarter of 2020, a decrease of 10.5% on both the gross series and the seasonally adjusted series compared to the similar period of the previous year. Compared to the previous quarter, the decrease was more severe: 12.3% (seasonally adjusted series).

The National Commission for Strategy and Prognosis has revised downward the economic growth forecast from -1.9% (in the previous scenario) to -3.8% in 2020, due to the declining activity in industry (-8.6%), agriculture (-7.1%) and services (-2.7%) compared to 2019. According to the NCSP forecast, constructions will have a positive contribution to GDP this year, with an estimated growth of 5.8%. For the next year, NCSP estimates a recovery of the Romanian economy, with an advance of 4.9%.

### GDP development in 2019-2021

Country	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020	Q2 2020	European Commission		World Bank	
								2020f	2021f	2020f	2021f
Euro area	1.5	1.2	1.3	1.0	1.3	-3.1	-15.0	-8.7	6.1	-9.1	4.5
Germany	1.0	0.3	0.7	0.4	0.6	-2.3	-11.7	-6.3	5.3	-	-
Spain	2.2	2.0	1.9	1.8	2.0	-4.1	-22.1	-10.9	7.1	-	-
France	1.7	1.8	1.6	0.9	1.5	-5.0	-19.0	-10.6	7.6	-	-
Italy	0.3	0.4	0.5	0.1	0.3	-5.4	-17.3	-11.2	6.1	-	-
Bulgaria	3.8	3.5	3.2	3.1	3.4	2.4	-	-7.1	5.3	-6.2	4.3
Croatia	4.0	2.4	2.8	2.7	2.9	0.3	-	-10.8	7.5	-9.3	5.4
Hungary	5.5	5.2	4.7	4.4	4.9	2.0	-	-7.0	6.0	-5.0	4.5
Poland	4.8	4.2	4.1	3.5	4.1	1.7	-	-4.6	4.3	-4.2	2.8
<b>Romania</b>	<b>5.1</b>	<b>4.3</b>	<b>3.3</b>	<b>3.9</b>	<b>4.1</b>	<b>2.7</b>	<b>-10.5</b>	<b>-6.0</b>	<b>4.0</b>	<b>-5.7</b>	<b>5.4</b>

*Source: Eurostat, percentage change compared with the same quarter of the previous year - seasonally adjusted data, European Commission, Summer 2020 Economic Forecast, World Economic Prospects – June 2020, World Bank*

According to data published by the Romanian National Institute of Statistics, the volume of production in construction increased in June 2020 compared to June 2019 by 8.0% as gross series, respectively by 10.3% as seasonally adjusted series, compared to the similar period of the previous year. The most significant increases were in the volume of current maintenance and repair works (+ 24.5%), followed by that of capital repairs (+ 24.1%) and new construction works (+ 0.4%). By construction objects, the gross series highlights increases in the volume of residential buildings (+ 15.7%), non-residential buildings (+ 11.1%) and engineering construction works (+ 3.4%).

Turnover from market services provided mainly to enterprises decreased in June 2020 compared to the same period of the previous year by 0.6% as gross series and by 1.9% as seasonally adjusted series. The largest decrease was registered in transport activities (-7.1%) followed by activities in film production, video, television programs, broadcasting and transmission of programs (-6.9%), communications activities (-3%) and from other services provided mainly to enterprises (-1.0%). Informatics services and information technology activities increased by 24.6%.

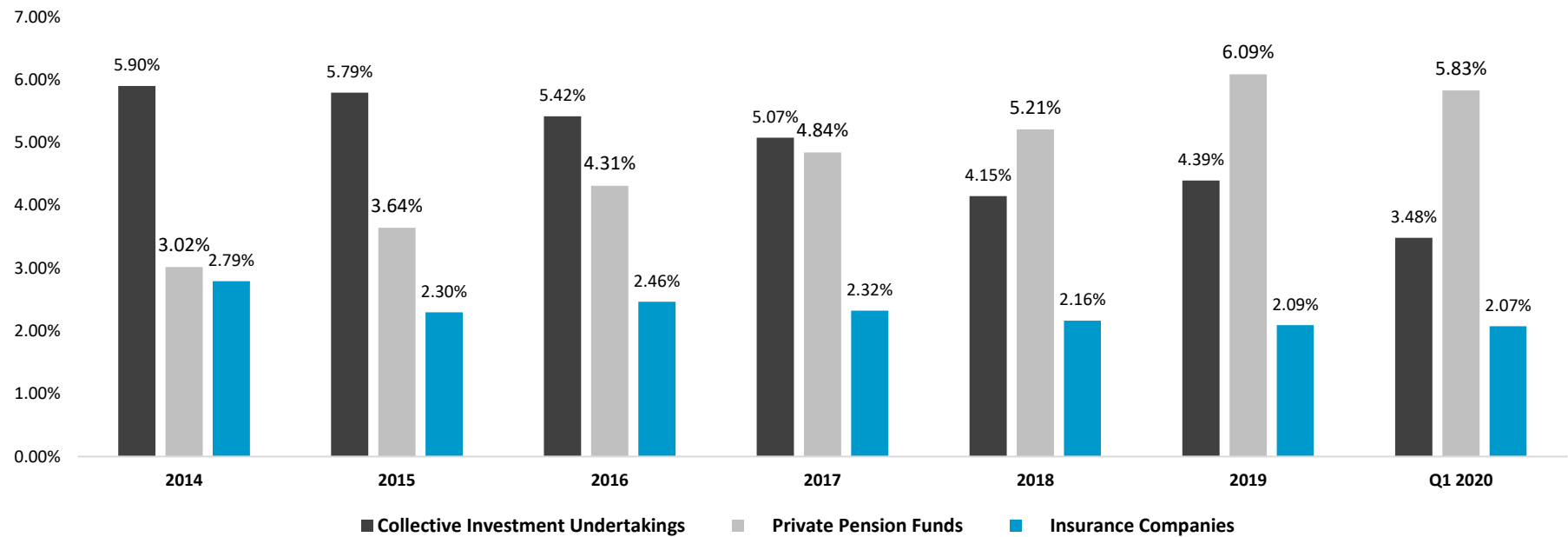
Industrial production decreased in June 2020 compared to June 2019 by 11.3% as gross series, respectively by 14.3% as seasonally adjusted series. The most affected industrial sector was the extractive industry (-17.8% gross series) followed by the production and supply of electricity and heat, gas, hot water and air conditioning (-11.2%) and the manufacturing industry (- 10.9%).

## 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
<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>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>
Collective Investment Undertakings	5.90%	5.79%	5.42%	5.07%	4.15%	4.39%	3.48%
Private Pension Funds	3.02%	3.64%	4.31%	4.84%	5.21%	6.09%	5.83%
Insurance Companies	2.79%	2.30%	2.46%	2.32%	2.16%	2.09%	2.07%

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



Source: NBR, NIS, FSA

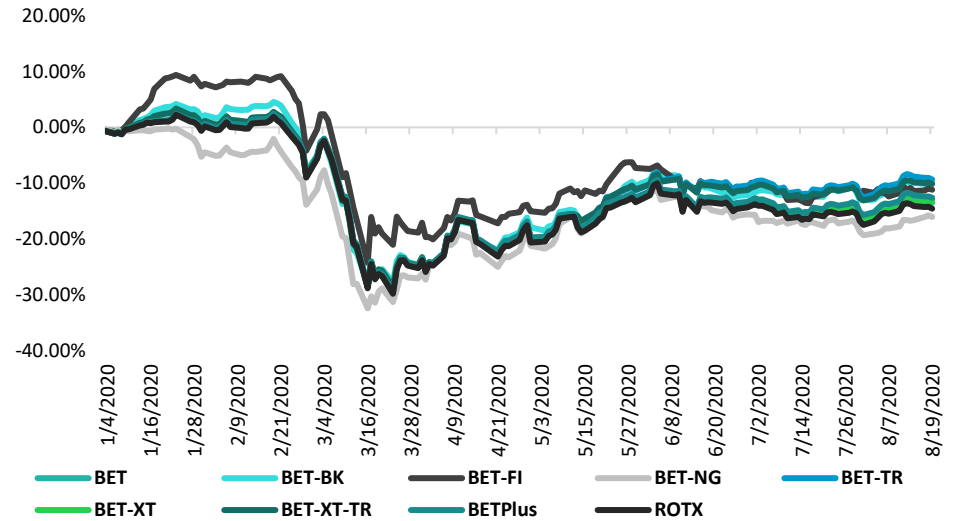
## Current trends and headlights on Romanian markets

Romanian stock indices evolution in 2020 (31.12.2019 = 100)

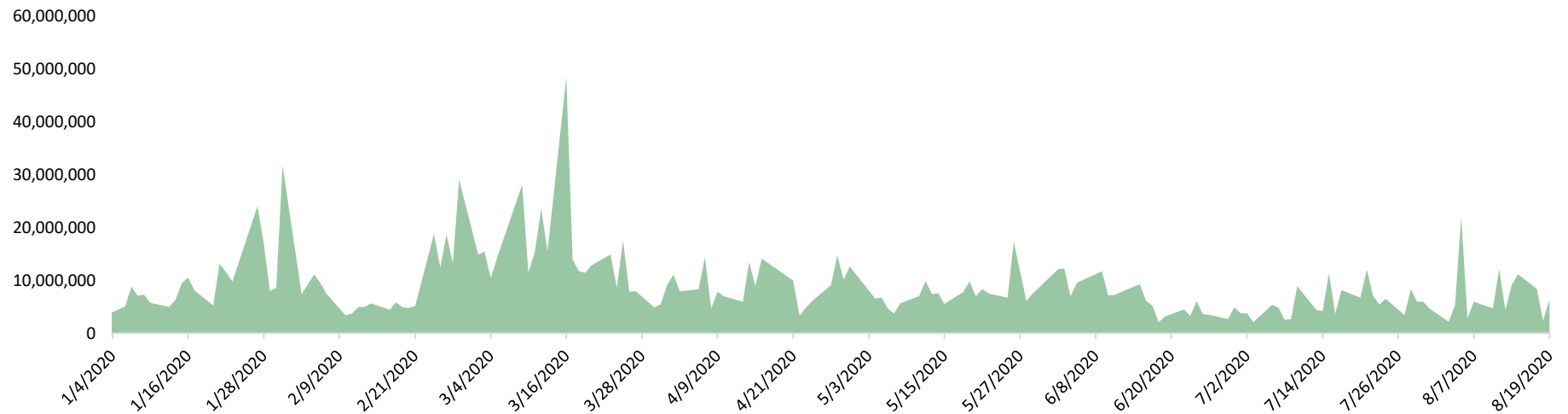
Date	BET	BET-BK	BET-FI	BET-NG	BET-TR
8/19/2020	-12.93%	-9.97%	-11.15%	-16.04%	-9.32%

Date	BET-XT	BET-XT-TR	BETPlus	ROTX
8/19/2020	-13.54%	-10.13%	-12.61%	-14.56%



Equities traded value on BSE (EUR)



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

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

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Italy	135.6	136.1	136.1	134.8	136.4	137.7	137	134.8	137.6
France	98.8	98.8	99	98.1	99.3	99.2	100.1	98.1	101.2
Spain	99.2	98.6	98.9	97.6	98.6	98.6	97.5	95.5	98.8
Euro zone	87.7	87.2	87.1	85.8	86.4	86.2	85.9	84.1	86.3
EU	81.3	80.8	80.7	79.6	80	79.7	79.3	77.7	79.5
Hungary	73.2	73.5	72	70.2	69.5	68.2	68.1	66.3	66.6
Germany	64.1	63	62.7	61.9	61.7	61.1	61.1	59.8	61.3
Poland	51.2	50.5	49.4	48.8	49.1	47.9	47.3	46	47.9
Romania	<b>34.5</b>	<b>34.1</b>	<b>33.9</b>	<b>34.7</b>	<b>33.8</b>	<b>33.8</b>	<b>35.2</b>	<b>35.2</b>	<b>37.4</b>
Bulgaria	24	23.5	22.8	22.3	20.9	20.4	20.6	20.4	20.3

Source: Eurostat

The government debt-to-GDP ratio in the euro area increased from 84.1% to 86.3% in the first quarter of 2020. There is a considerable heterogeneity in debt level, the share of public debt in GDP ranging from 8.9% (Estonia) to 176.7% (Greece).

Romania is among the EU member states with a low level of indebtedness (37.4%), below the indebtedness of the EU member states of 79.5% of GDP.

According to the NBR, the direct investments of non-residents in Romania (FDI) recorded a value of EUR 352 million in January-June 2020 (compared with EUR 2.70 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 3.50 billion, compared to EUR 4.37 billion in January-June 2019. The evolution of the current account was accompanied by an increase in total external debt by EUR 5.6 billion in January - June 2020 to EUR 111 billion.

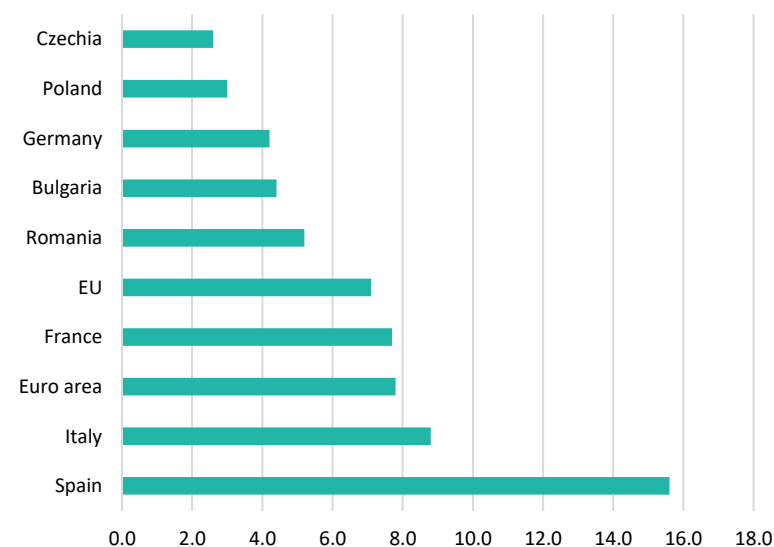
Romania's international position is favorable because of low external and government debt in GDP compared to EU countries, but in an area that needs an external deficit reduction.

The seasonally adjusted unemployment rate in the euro area stood at 7.8% in June 2020, up compared with May 2020 (7.7%). The EU unemployment rate was 7.1% in June 2020, compared to 7.0% in May 2020, according to the latest figures published by Eurostat.

The seasonally adjusted unemployment rate in Romania stood at 5.2% in June 2020, a level similar to that recorded in 2017, 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%).

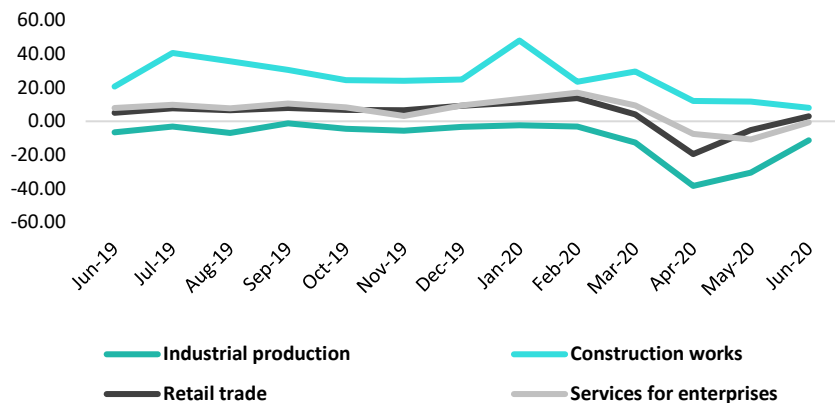
### Unemployment rate (June 2020)



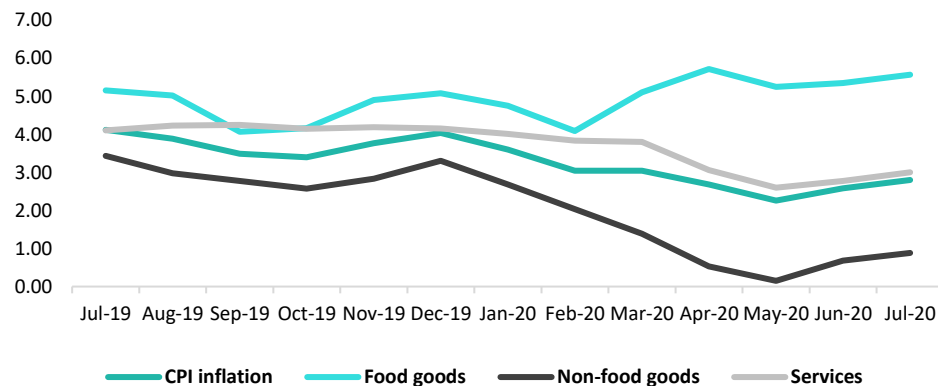
Source: Eurostat

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

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

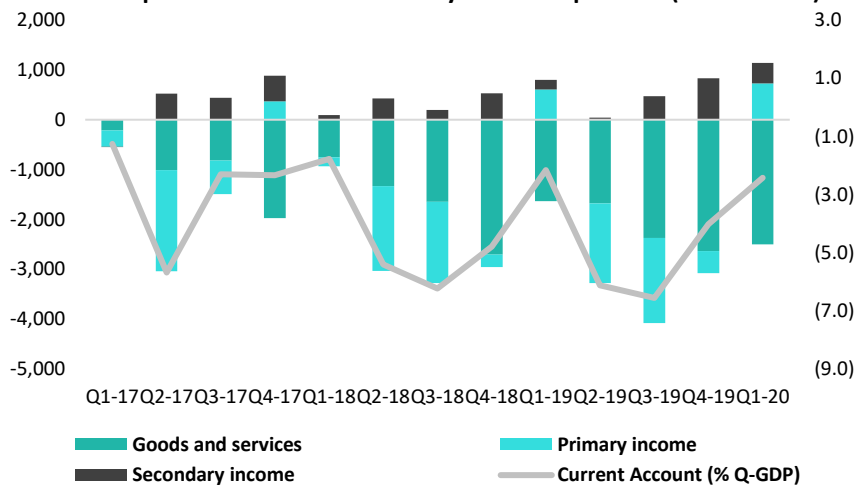


### Inflation, monthly data (annual rate of change)



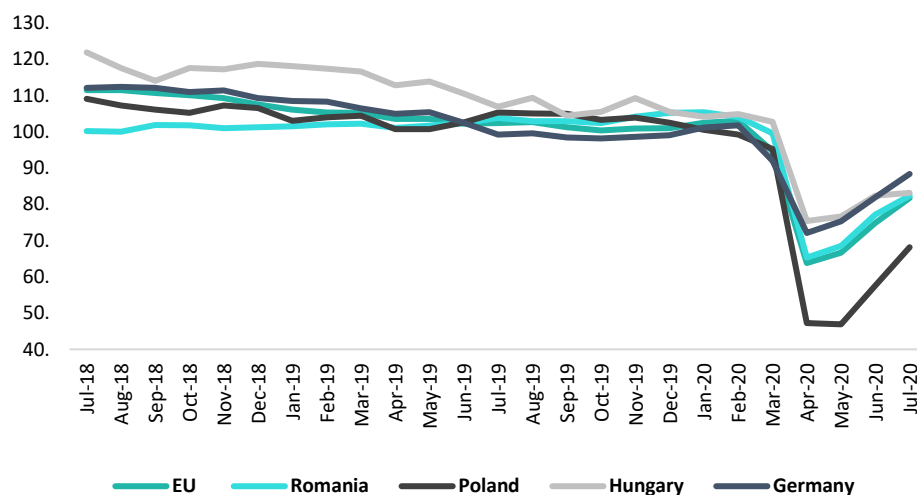
Source: National Institute of Statistics; FSA calculations

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



Source: NBR, FSA calculations

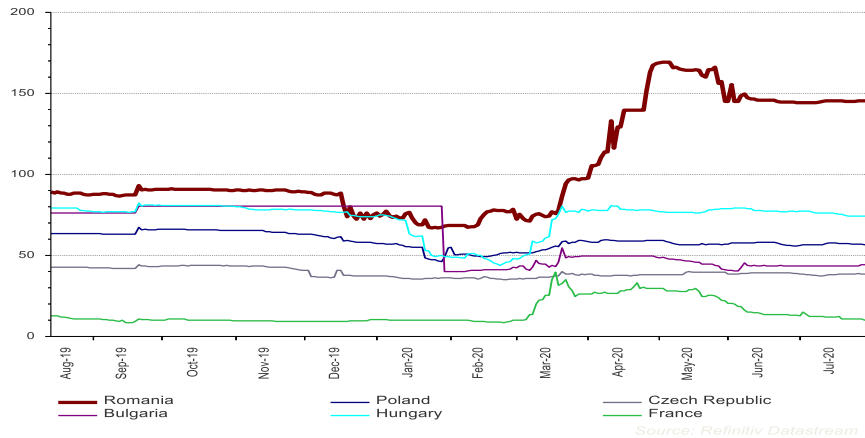
### The economic sentiment index in EU



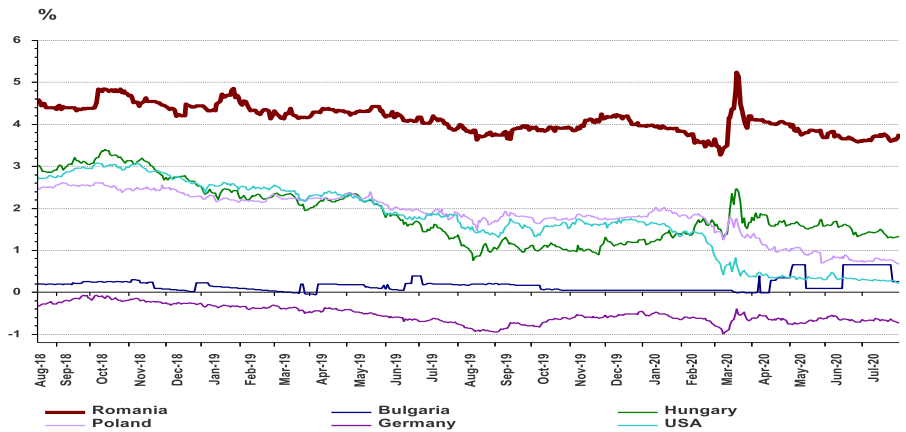
Source: Eurostat

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

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



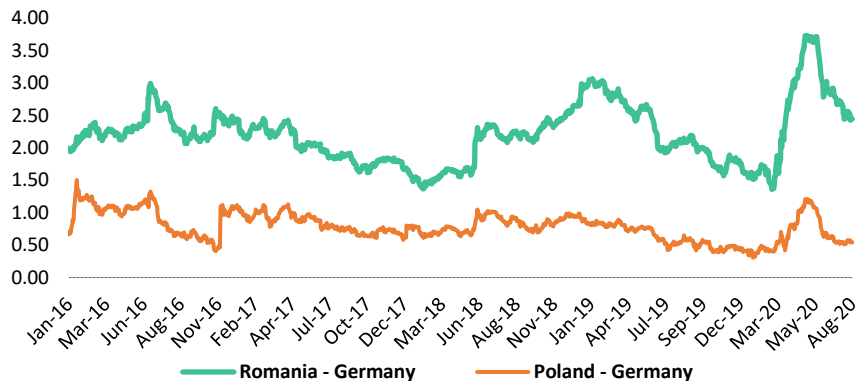
**Government bond yields (5Y, LC)**



Source: Datastream

Romania 5 - year bond yields decreased by 0.4% in July 2020 as compared with the previous month, reaching an average value of 3.67%, while Germany 5 – year bond yields remained negative, at very low levels (average value of -0.67% in July). Romania CDS quotations decreased by 0.8% in July 2020 compared with the previous month, reaching an average value of 145 bp. French CDS quotations decreased by 23% to 12 bp.

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



Source: Datastream, FSA's calculations

At the end of May 2020, the highest spread in recent years was registered, but in July-August 2020 decreased, still being at a high level. This decrease can also be interpreted as a improvement of investors' perception of sovereign risk of Romania.

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

### International and local stock indices yields

International indices	1 M	3 M	6 M
EA (EUROSTOXX)	-1.15%	8.23%	-12.09%
FR (CAC 40)	-3.09%	4.63%	-17.61%
DE (DAX)	0.02%	13.37%	-5.15%
IT (FTSE MIB)	-1.46%	7.92%	-17.84%
GR (ASE)	-3.33%	-1.69%	-32.20%
IE (ISEQ)	2.10%	8.86%	-12.84%
ES (IBEX)	-4.90%	-0.65%	-26.59%
UK (FTSE 100)	-4.41%	-0.06%	-19.05%
US (DJIA)	2.38%	8.55%	-6.47%
IN (NIFTY 50)	7.49%	12.31%	-7.43%
SHG (SSEA)	10.90%	15.74%	11.24%
JPN (N225)	-2.59%	7.51%	-6.44%

The european stock indices have recorded negative developments (1M), except for the ISEQ index (IE: 2.10%), while the international stock indices have recorded positive developments, except for the N225 index (JPN: -2.59%). The best performer was SSEA index (SHG) which increased by 10.90% in July, followed by NIFTY 50 index (IN: +7.49%).

BSE indices	1 M	3 M	6 M
BET	-3.25%	5.00%	-16.45%
BET-BK	-1.53%	5.83%	-14.96%
BET-FI	-1.62%	4.27%	-17.77%
BET-NG	-4.39%	2.36%	-15.53%
BET-TR	-2.74%	9.37%	-12.97%
BET-XT	-3.03%	4.23%	-17.29%
BET-XT-TR	-2.55%	8.35%	-14.01%
BETPlus	-3.14%	4.97%	-16.22%
ROTX	-3.97%	3.95%	-17.62%

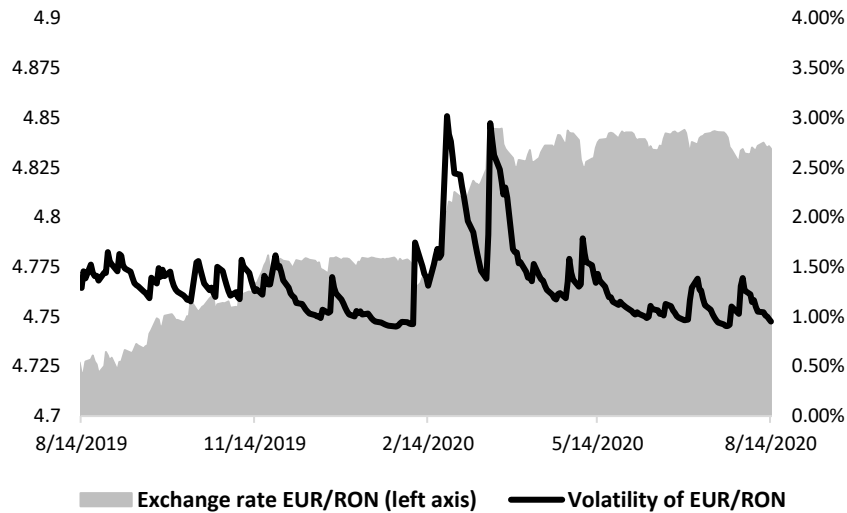
The BSE stock indices have recorded negative developments (1M). BET-NG index (-4.39%) was the worst performer, followed by ROTX index (-3.97%).

Source: Datastream, FSA's calculations

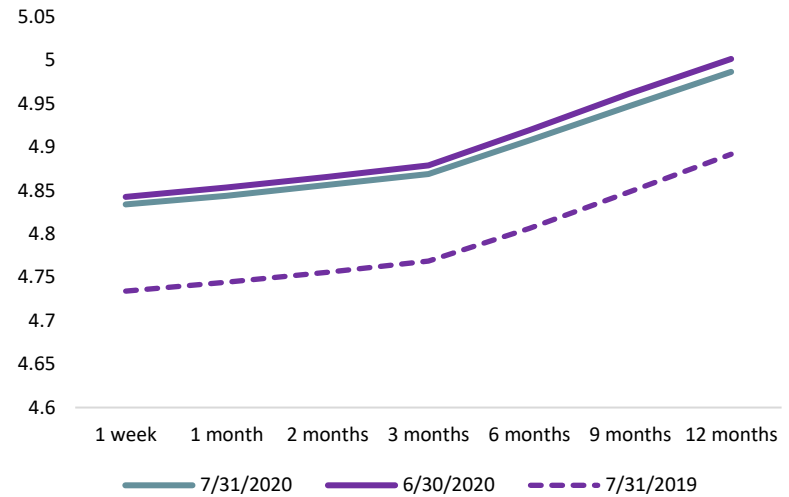
Note: 1M=07/31/2020 vs. 06/30/2020; 3M=07/31/2020 vs. 04/30/2020; 6M=07/31/2020 vs. 01/31/2020



EUR/RON Exchange rate vs volatility

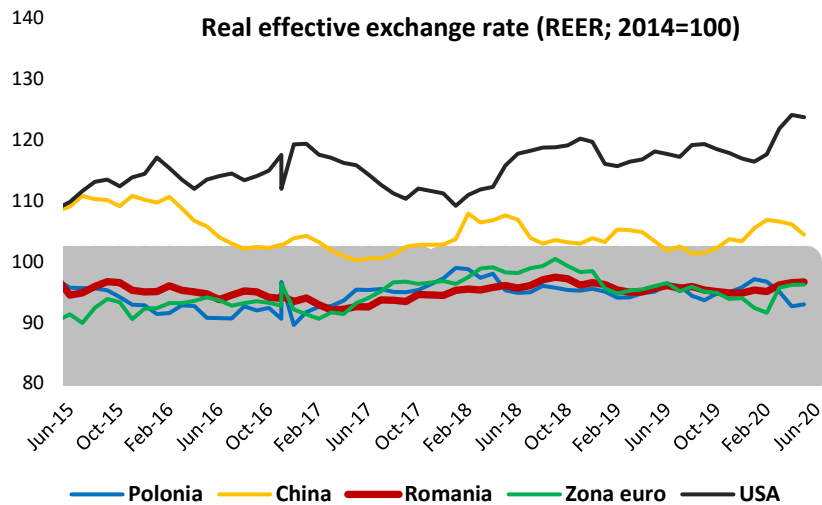


Term structure of EUR/RON forward rate



Source: Datastream, FSA's calculations

Real effective exchange rate (REER; 2014=100)

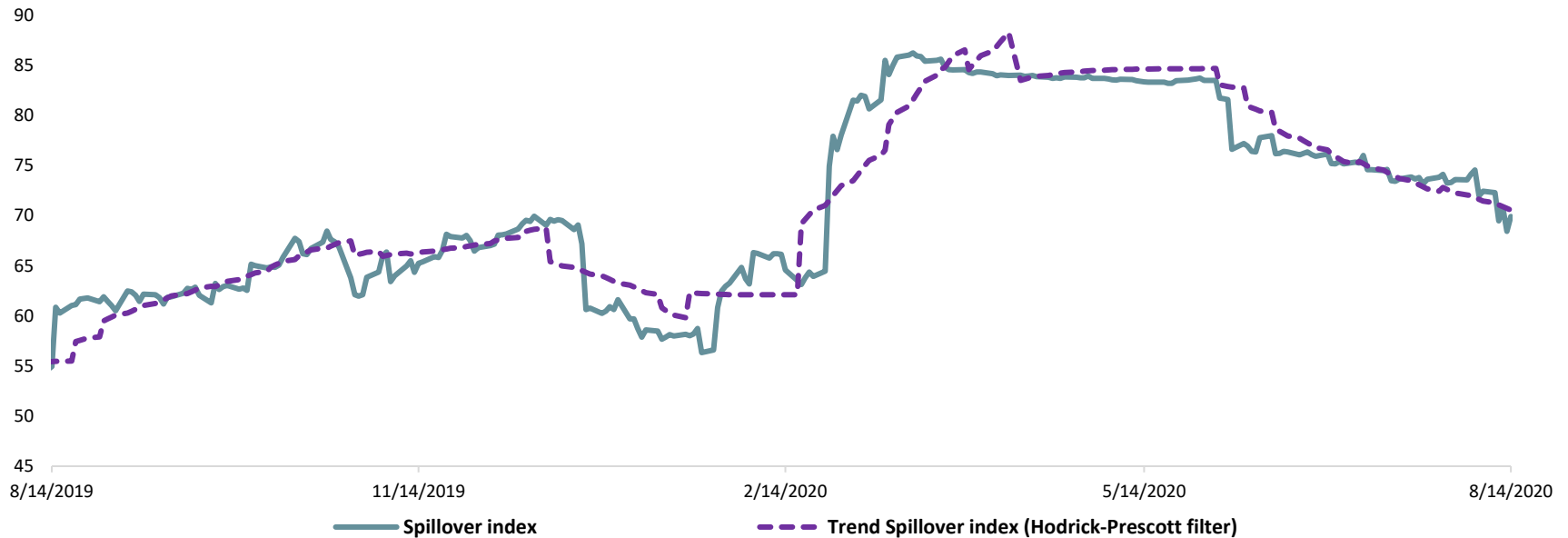


Source: BIS, FSA's calculations

The exchange rate remained around 4.83-4.844 between May and July while the volatility decreased under 2%. **We forecast that the depreciation trend will continue to remain low as the Romanian Central Bank lowered the monetary interest rate to 1.5% to fight the impending recession** and manage the interbank liquidity as to avoid any speculative attack on Romanian currency

The empirical analysis shows that the Romanian capital market and the European market are not currently perturbed by external events and do not manifest unsustainable price reduction due to a spiral down of asset prices. The depreciation trend of EUR/RON exchange rate comes mainly through the trade channel since the Real Effective Exchange Rate has continued to decline since 2014. Romania has a floating monetary regime with some exchange rate interventions.

Contagion risk



Source: Datastream, 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 Polish and Austrian stock markets 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 Bucharest Stock Exchange.

The contagion has reached its peak point in March and then it has begun to decrease in April and May. In June and July the declining trend continued showing a mean-reverting behavior.

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%. While the advanced economies were facing low interest rates and high public debt levels, the economies from the CESEE countries registered an export based economic growth.

Since Romania's public finances have deteriorated in the last years, it is currently the focus of the European Commission excessive deficit procedure. Because Romania debt level has tripled since 2008, it will come out of the crisis with even higher public debt level, thus impairing its economic growth.

## Liquidity risk on Romanian Stock Exchanges

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

Week/month	No. of transactions	Volume	Value	
			EUR	%
<b>Total 01-03 July 2020</b>	5,726	25,176,779	9,610,663	7.31%
<b>Total 06-10 July 2020</b>	11,287	78,872,394	24,281,785	18.46%
<b>Total 13-17 July 2020</b>	12,086	110,517,411	31,746,238	24.14%
<b>Total 20-24 July 2020</b>	14,137	118,046,878	37,694,581	28.66%
<b>Total 27-31 July 2020</b>	16,042	94,751,280	28,174,717	21.42%
<b>Total July 2020</b>	<b>59,278</b>	<b>427,364,742</b>	<b>131,507,984</b>	<b>100.00%</b>

Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for July 2020 = 4.8380 LEI/EUR

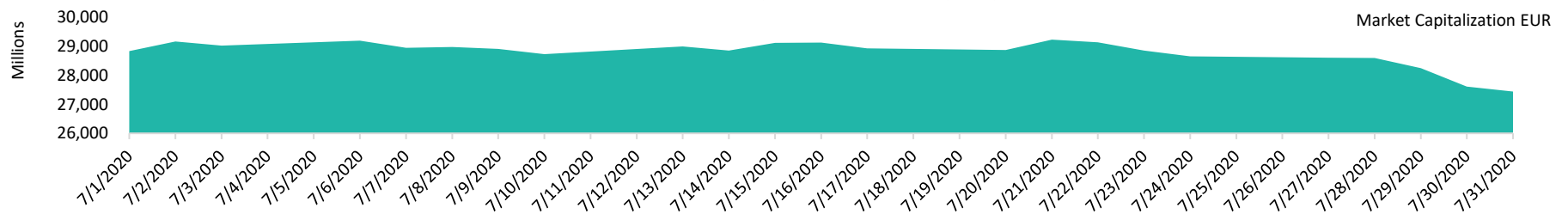
### The BSE's Most Traded Companies during July 2020 (Only the Main Segment)

Symbol	Main market		Deal		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
TLV	31,123,206	26.21%	201,703	2.73%	31,324,909	24.84%
FP	19,365,447	16.31%	0	0.00%	19,365,447	15.35%
BRD	11,831,305	9.96%	225,610	3.05%	12,056,914	9.56%
SNG	9,548,149	8.04%	0	0.00%	9,548,149	7.57%
SNP	7,516,439	6.33%	0	0.00%	7,516,439	5.96%
EBS	7,395,983	6.23%	0	0.00%	7,395,983	5.86%
SNN	5,727,639	4.82%	61,813	0.84%	5,789,452	4.59%
SIF1	609,812	0.51%	4,341,481	58.66%	4,951,293	3.93%
SIF5	4,811,068	4.05%	0	0.00%	4,811,068	3.81%
EL	4,486,288	3.78%	161,397	2.18%	4,647,686	3.68%
TRP	3,841,106	3.24%	0	0.00%	3,841,106	3.05%
TGN	2,679,962	2.26%	0	0.00%	2,679,962	2.12%
TEL	1,774,284	1.49%	0	0.00%	1,774,284	1.41%
BNET	1,729,874	1.46%	0	0.00%	1,729,874	1.37%
SIF3	794,465	0.67%	853,245	11.53%	1,647,710	1.31%
<b>Top 15 Total</b>					<b>94.41%</b>	

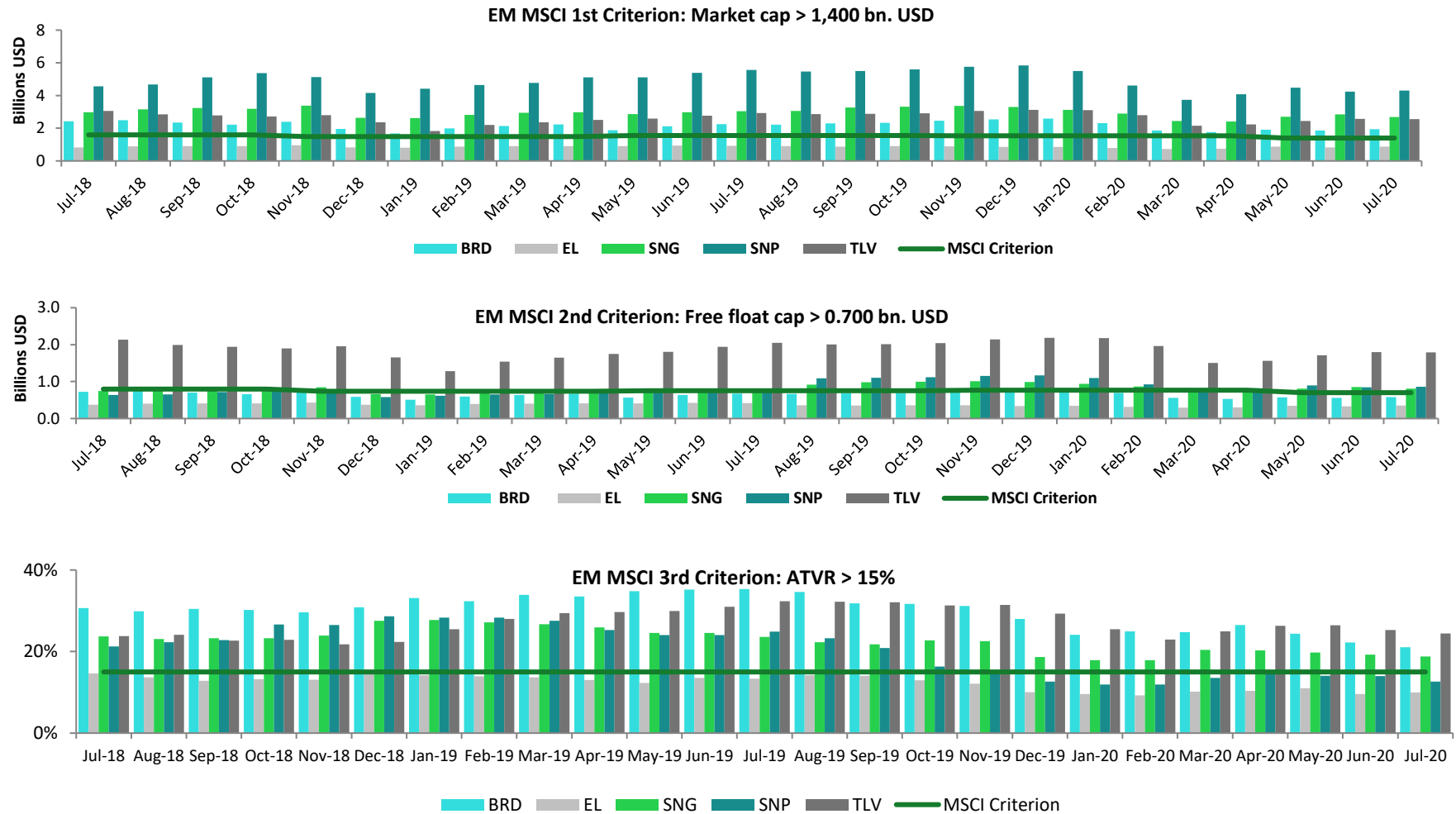
Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for July 2020 = 4.8380 LEI/EUR

### Top of intermediaries during July 2020

Rank	Intermediary name	Traded Value EUR (month level)	% from Total Value (month level)
1	SWISS CAPITAL S.A.	93,665,959	37.1
2	BT CAPITAL PARTNERS	34,954,077	13.85
3	BANCA COMERCIALĂ ROMÂNĂ	26,890,984	10.65
4	WOOD & COMPANY FINANCIAL SERVICES, a.s. PRAGA	25,041,046	9.92
5	TRADEVILLE	16,005,289	6.34
6	RAIFFEISEN CENTROBANK AG	13,557,311	5.37
7	SSIF BRK FINANCIAL GROUP S.A.	10,393,875	4.12
8	PRIME TRANSACTION	7,038,429	2.79
9	GOLDRING	5,971,266	2.37
10	IFB FINWEST	5,488,554	2.17
11	ESTINVEST	3,412,589	1.35
12	BRD Groupe Societe Generale	2,955,787	1.17
13	INTERFINBROK CORPORATION	1,916,734	0.76
14	ALPHA FINANCE ROMANIA	1,452,863	0.58
15	VOLTINVEST	931,610	0.37
<b>Top 15 Total</b>			<b>98.91</b>

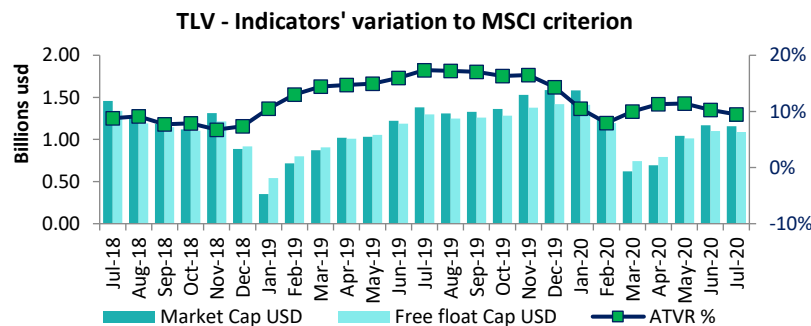
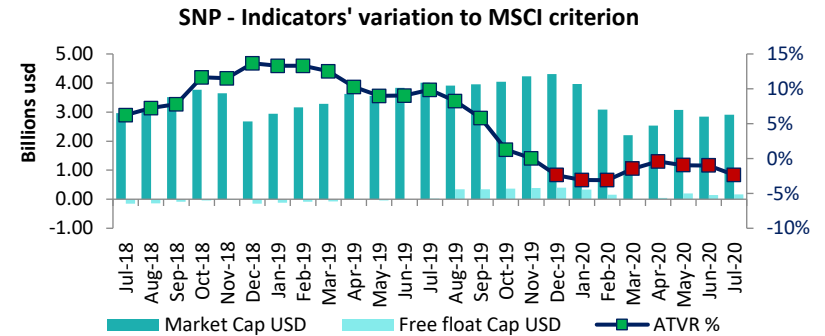
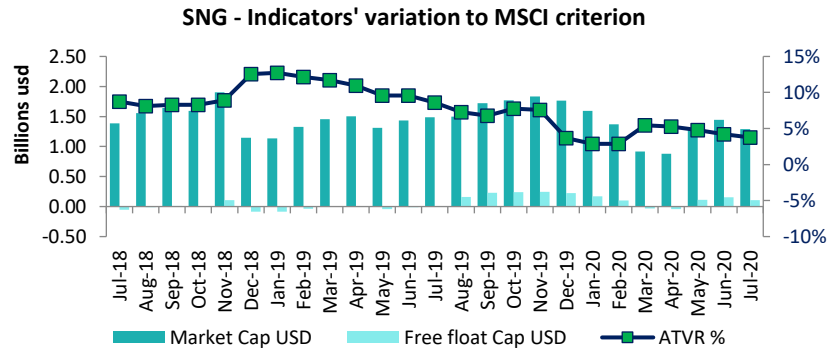
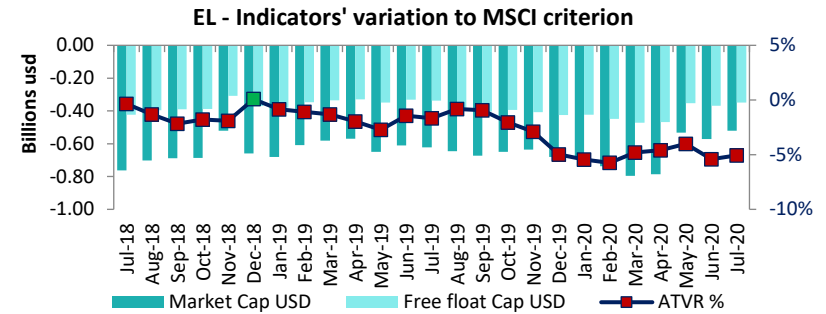
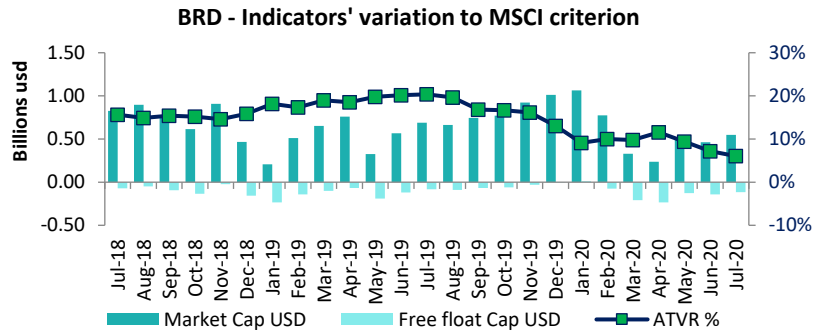


## MSCI: Quantitative Indicators for Emerging Market Status



Source: FSA Calculations, July 2020

## MSCI: Quantitative Indicators for Emerging Market Status



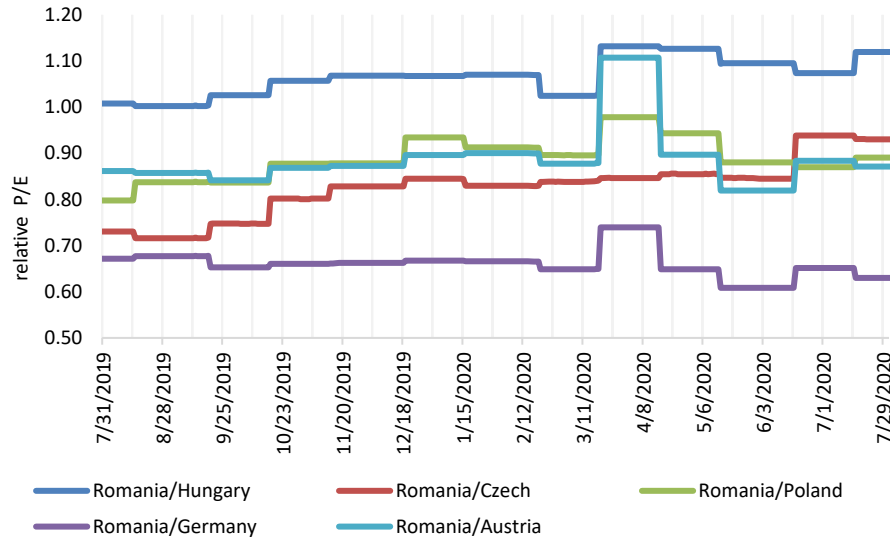
Indicators' variation to MSCI criterion (July 2020)

Company	Cap. bln. USD	Free float bln. USD	ATVR %
BRD	0.55	-0.12	6.04%
EL	-0.52	-0.35	-5.05%
SNG	1.29	0.11	3.77%
SNP	2.91	0.16	-2.35%
TLV	1.16	1.09	9.46%

Source: FSA Calculations, July 2020

## Risk assessment and the benefit of diversification

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

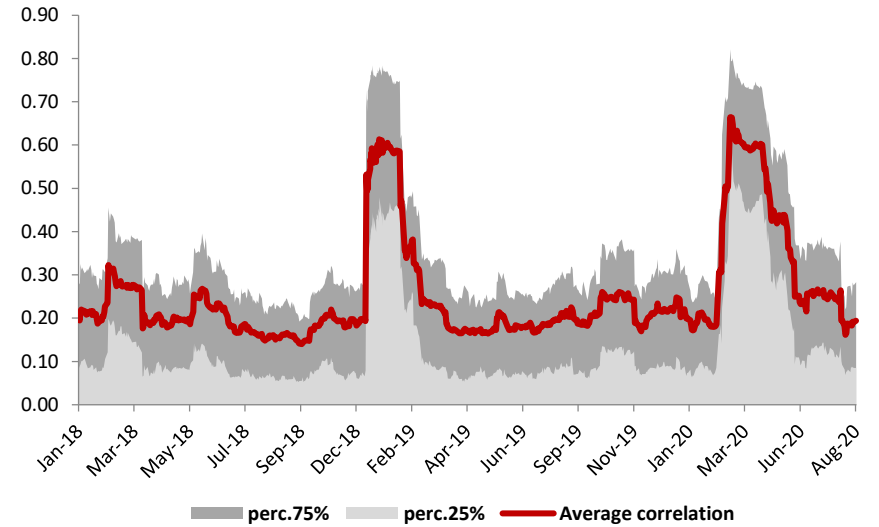


Source: Datastream, FSA's calculations

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 July 2020, the ratio was still 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

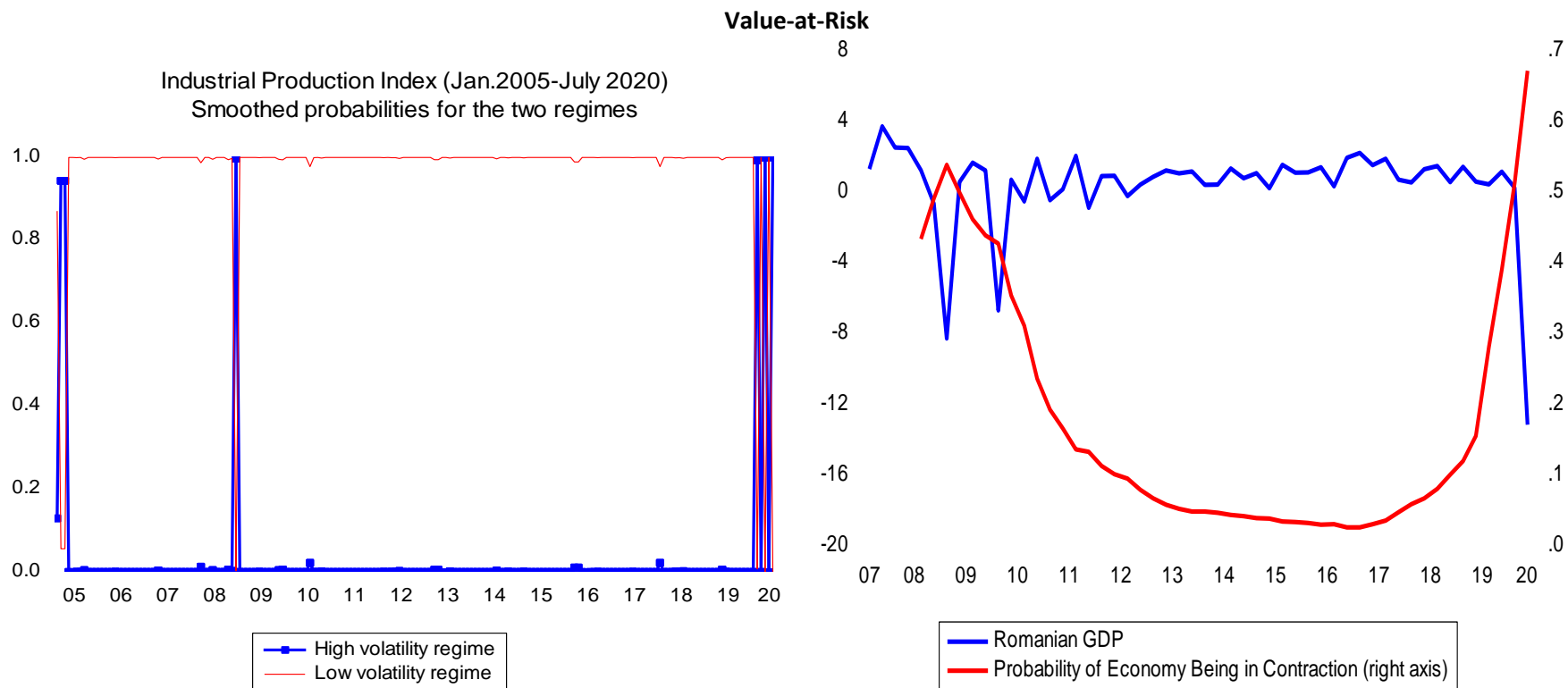


Source: Bloomberg, FSA

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, but the first part of August shows a slight increase.

## Risk assessment and the benefit of diversification

The industrial production index fell sharply in April and May and rebounded in June. The chart indicates that expected duration of the likelihood of a high volatility regime is low, lasting about 2 months.<sup>1</sup> The decrease in the industrial production index will also have a direct impact on GDP, as can be seen in the signal data for GDP in the second quarter, which also indicates a 70% probability of entering a recession.<sup>2</sup>



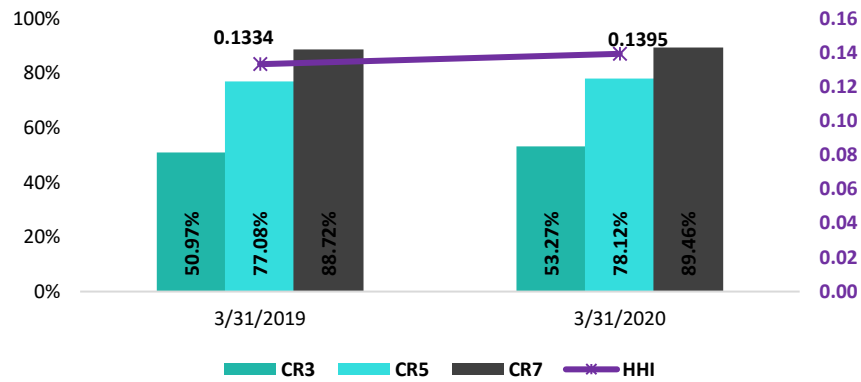
Source: Datastream, FSA's calculations

<sup>1</sup> The industrial production index (monthly frequency) was estimated with a Markov-switching model with an intercept and the first autoregressive lag that changes in the two regimes.

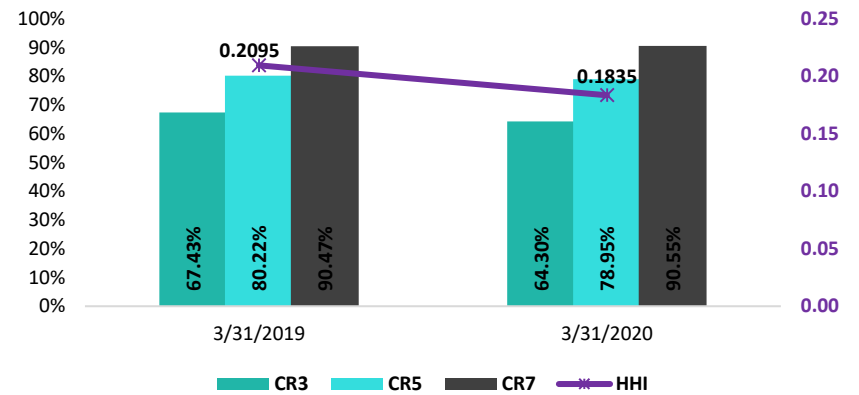
<sup>2</sup> GDP (quarterly frequency) was estimated with a Markov-switching model with a variable and 4 lags.

## Concentration risk

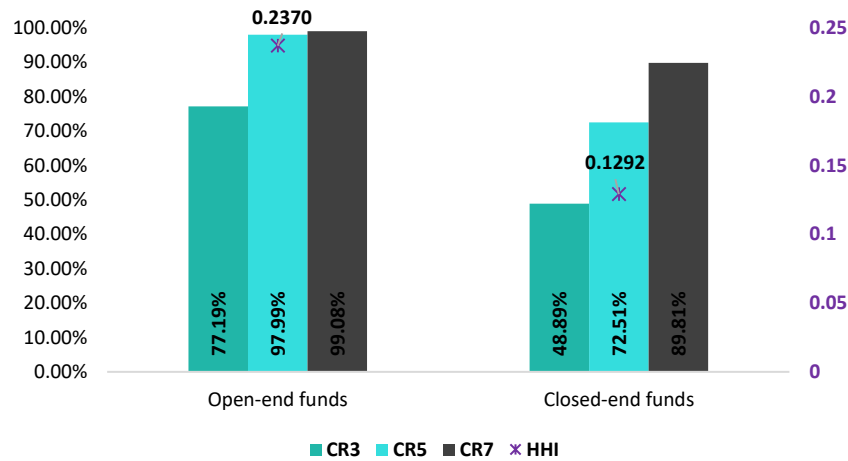
**Concentration risk of non-life insurance undertakings  
(by value of GWP at 31 March 2020)**



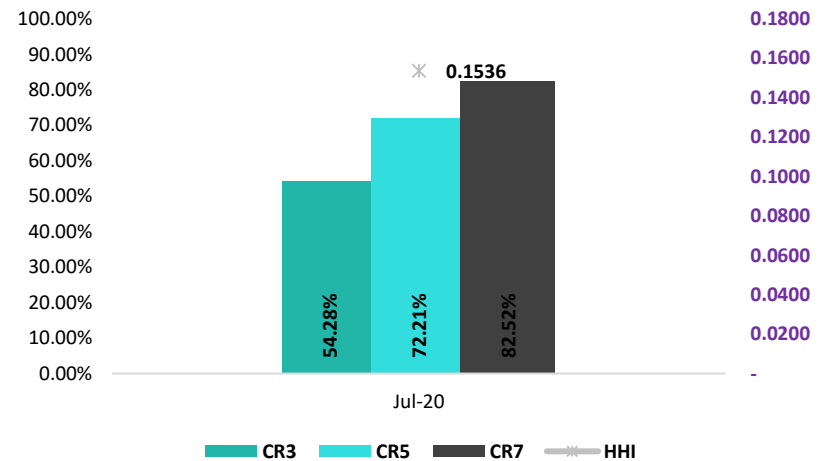
**Concentration risk of life insurance undertakings  
(by value of GWP at 31 March 2020)**



**Concentration risk of investment funds in Romania  
(by net assets – 31 March 2020)**



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



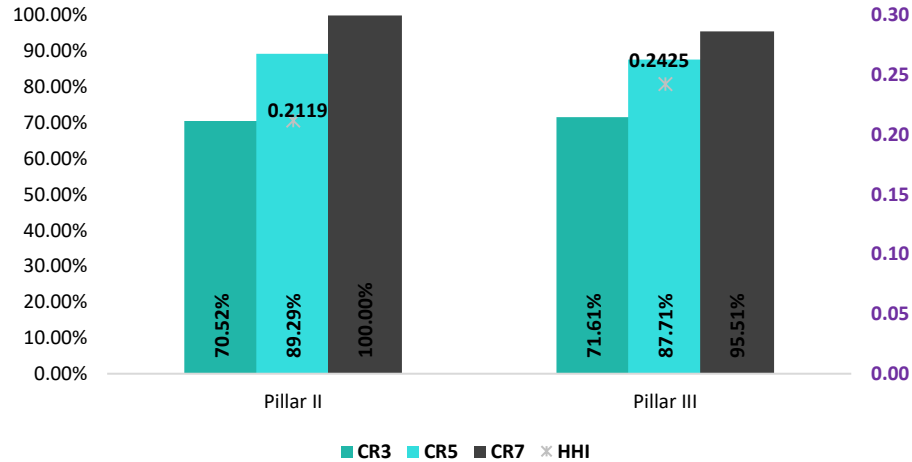
Source: FSA

Source: FSA

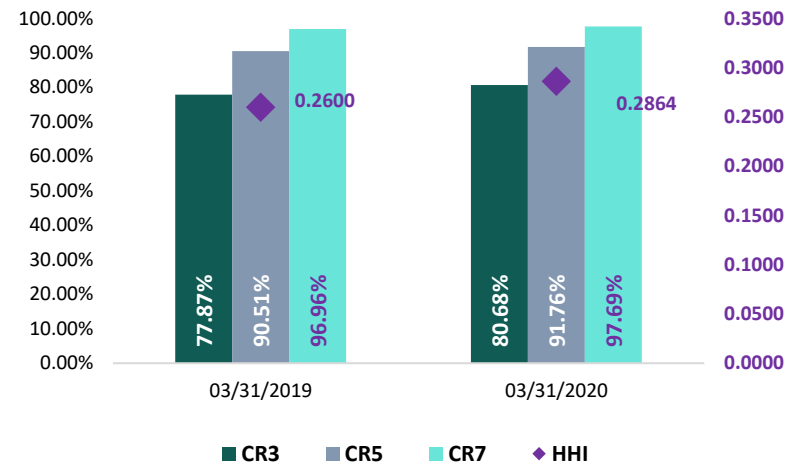


## Concentration risk

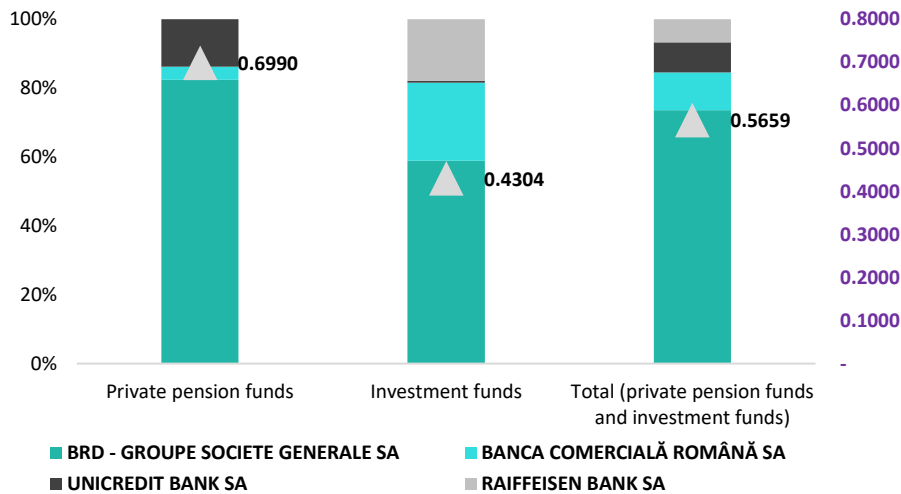
**Concentration risk of private pension funds (by net assets at 7/31/2020)**



**The degree of concentration of insurance companies in the MTPL market**



**Concentration risk of depositaries of private pension funds and investment funds (by total assets at 3/31/2020)**



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.

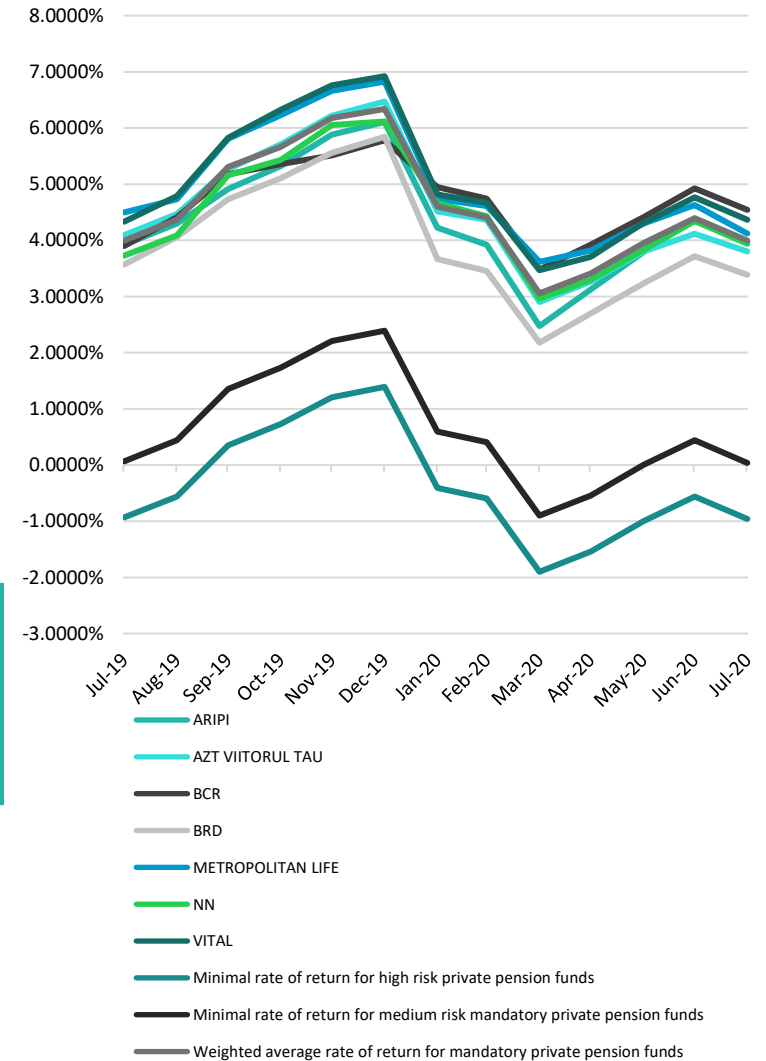
The concentration degree is high for the MTPL market, as well as for the depositors of the private pension funds (Pillar II and Pillar III) and the investment funds.

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

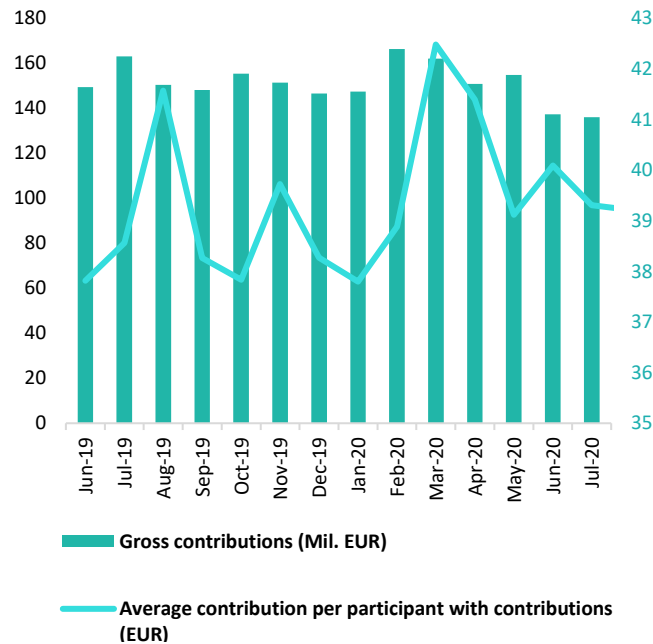
**Total assets (EUR), number of participants and return rates**

Mandatory pension fund	Total Assets 31 July 2020 (EUR)	Participants (persons) July 2020	Rate of return July 2020
ARIPI*	1,202,085,876	780,784	3.97%
AZT VIITORUL TAU	2,959,925,694	1,603,560	3.80%
BCR	940,258,871	683,274	4.54%
BRD	530,513,770	466,290	3.39%
METROPOLITAN LIFE	1,930,894,750	1,057,393	4.12%
NN	4,792,672,176	2,030,474	3.94%
VITAL	1,374,206,146	947,051	4.36%
<b>Total</b>	<b>13,730,557,283</b>	<b>7,568,826</b>	<b>n/a</b>

**Rate of return for mandatory pension funds**



**Evolution of gross contributions**



**New participants (persons) in 2<sup>nd</sup> Pillar**

**13,752  
persons**

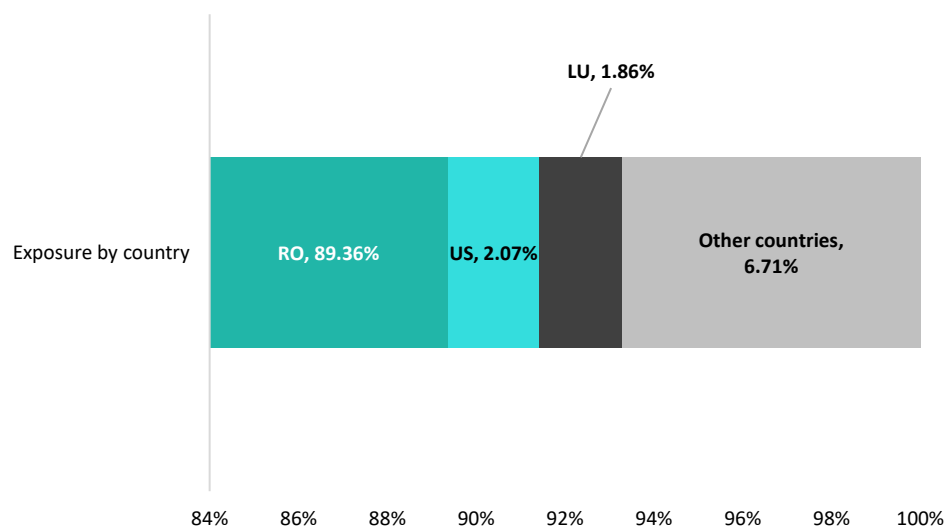
Source: FSA

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

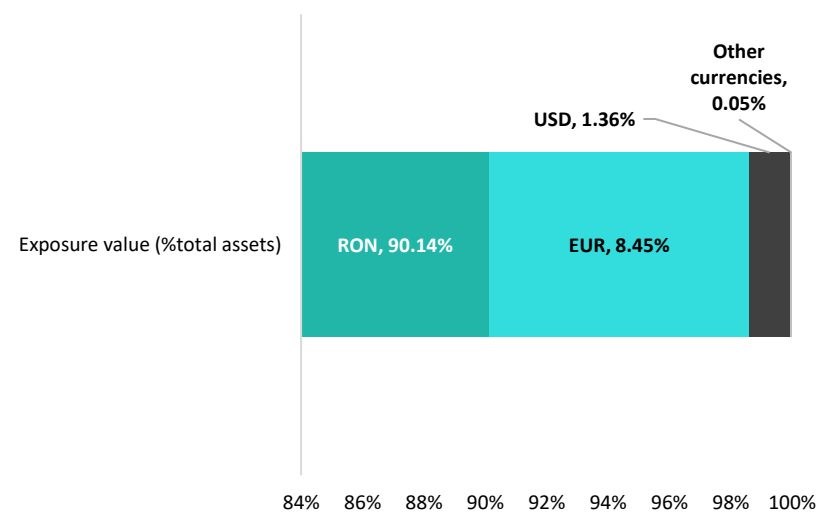
Mandatory pension fund's portfolio at 31 July 2020 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government bonds	9,229,961,175	67.22%
Equity	2,560,680,237	18.65%
Corporate bonds	692,351,931	5.04%
Bank deposits	486,545,347	3.54%
Investment funds	406,810,342	2.96%
Supranational bonds	303,663,257	2.21%
Municipal bonds	37,757,628	0.27%
Metal funds	19,044,812	0.14%
Other assets	(6,257,446)	-0.05%

Country exposure of mandatory pension fund's assets



Currency exposure of mandatory pension fund's assets



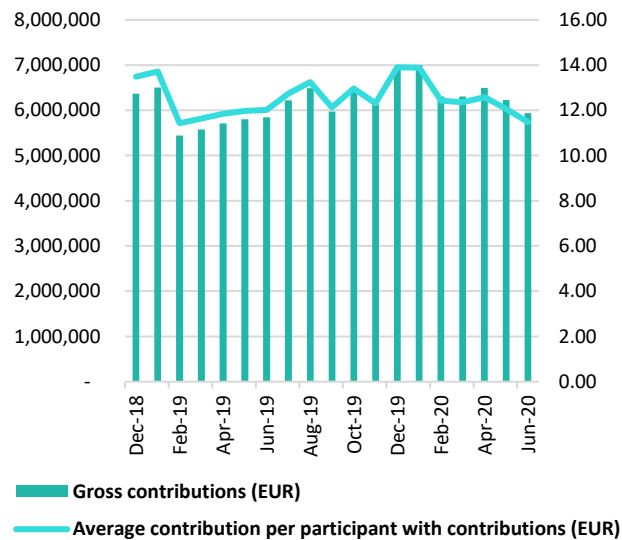
Source: FSA

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

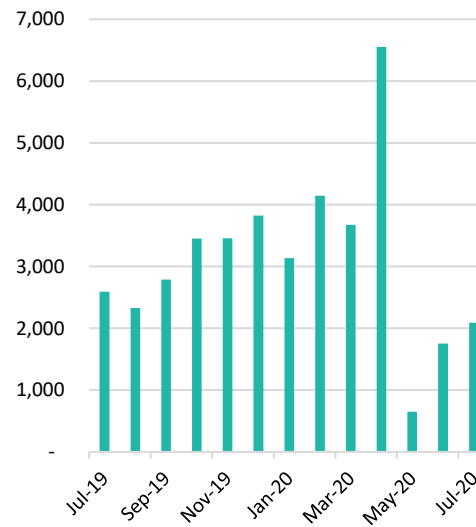
**Total assets (EUR), number of participants and return rates**

Voluntary pension fund	Total assets (EUR), 31 July 2020	Participants (persons) July 2020	Rate of return July 2020
AEGON ESENTIAL	1,795,177	3,853	4.6148%
AZT MODERATO	58,006,611	39,306	4.5368%
AZT VIVACE	21,448,839	20,201	4.3713%
BCR PLUS	97,691,820	138,748	4.0714%
BRD MEDIO	29,088,431	31,735	3.4586%
GENERALI STABIL	5,312,476	5,441	4.5713%
NN ACTIV	61,135,235	53,805	2.5913%
NN OPTIM	228,782,761	195,131	2.9050%
PENSIA MEA	17,214,872	15,342	3.3335%
RAIFFEISEN ACUMULARE	20,777,360	14,530	4.4582%
<b>Total</b>	<b>541,253,583</b>	<b>518,092</b>	<b>n/a</b>

**Evolution of gross contributions**

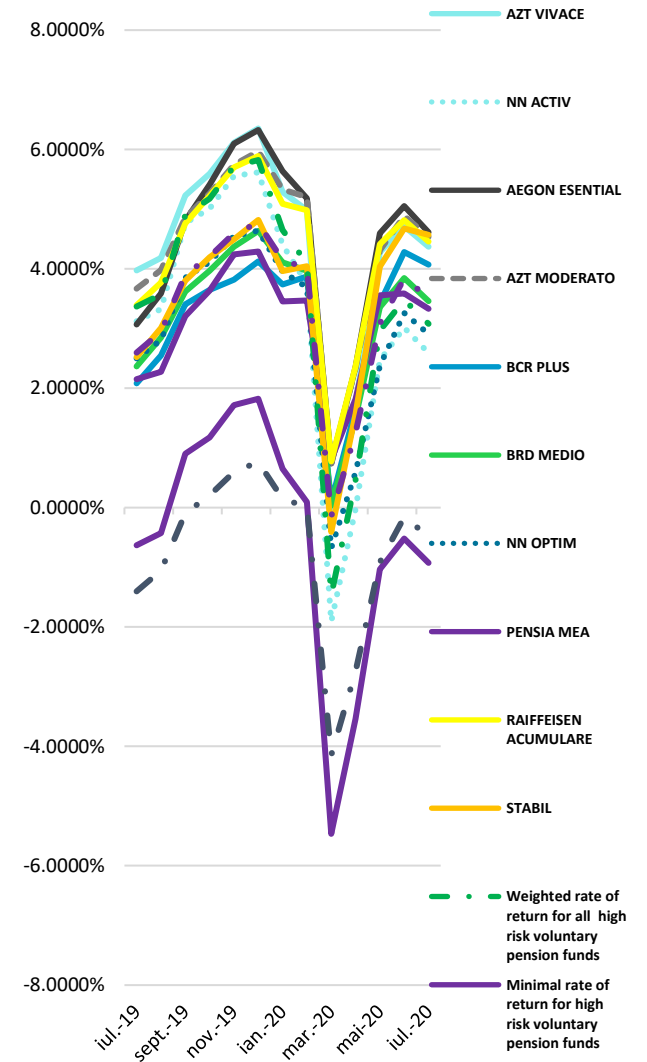


**New participants in 3<sup>rd</sup> Pillar**



Source: FSA

**Evolution of total assets and net value of an individual account**



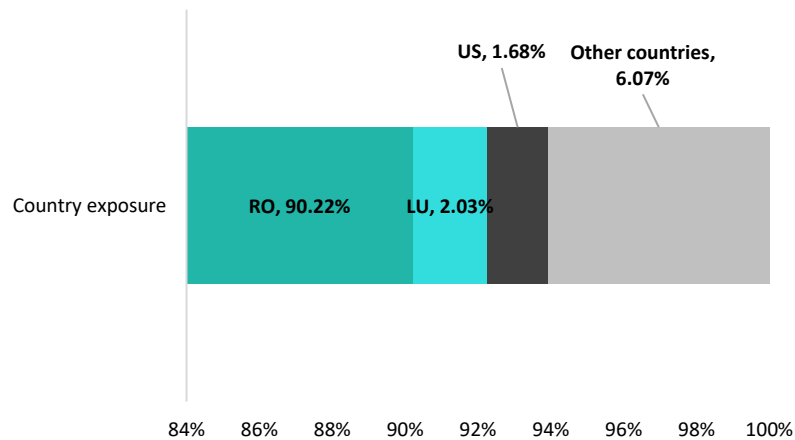
## Current evolutions in optional private pension funds (3rd Pillar)

### Optional pension fund's portfolio at 31 July 2020 (EUR)

Assets category	Assets value (EUR)	% Total assets
<b>Government Bonds</b>	344,659,702	63.68%
<b>Equity</b>	124,073,794	22.92%
<b>Corporate Bonds</b>	23,657,045	4.37%
<b>Investment Funds</b>	16,430,422	3.04%
<b>Bank Deposits</b>	14,778,525	2.73%
<b>Supranational Bonds</b>	11,069,554	2.05%
<b>Municipal Bonds</b>	4,726,999	0.87%
<b>Metal funds</b>	1,978,112	0.37%
<b>Oher assets</b>	(120,571)	-0.02%

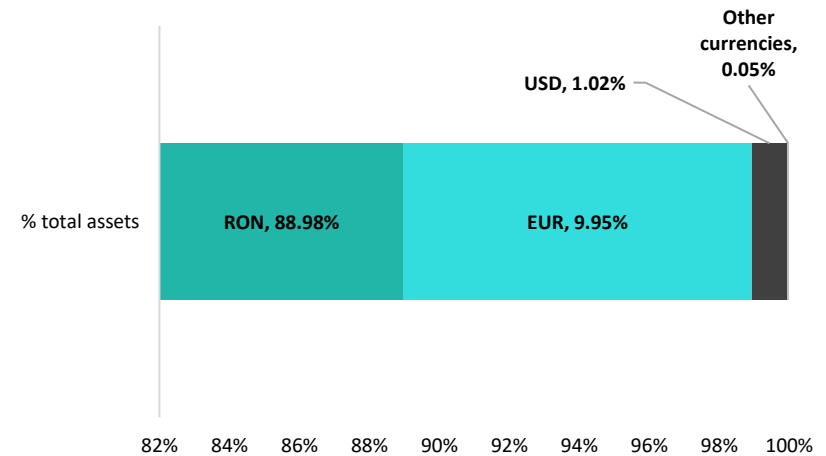
Source: FSA

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



Source: FSA

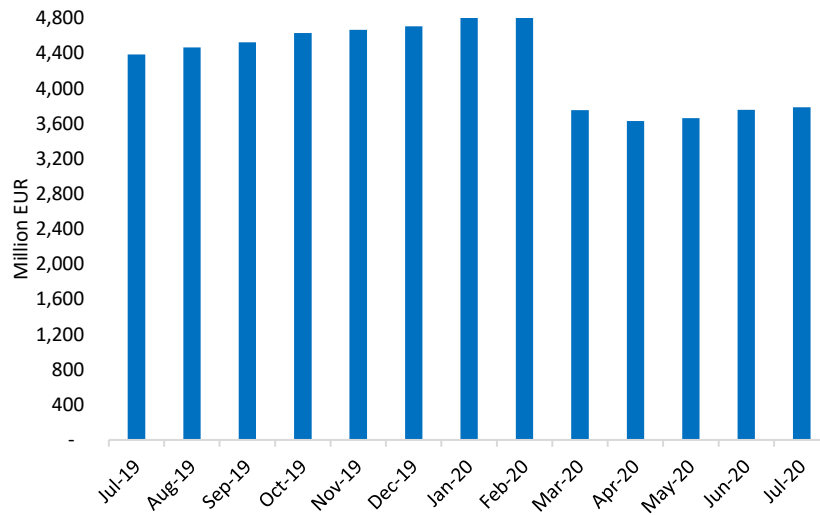
#### Currency exposure of optional fund's assets



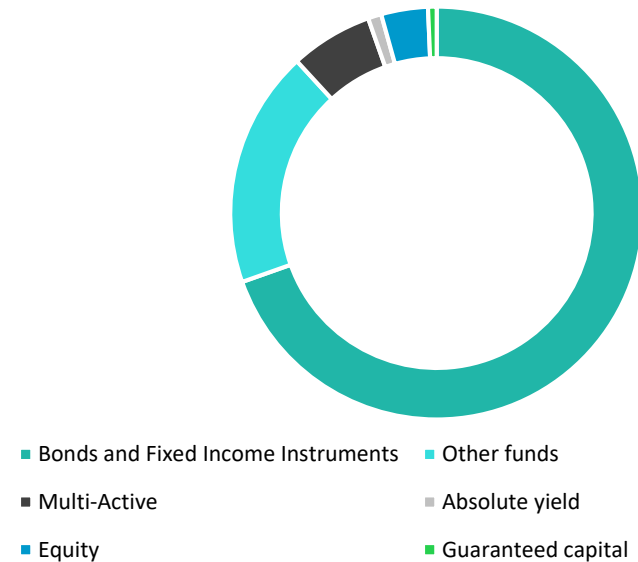
Source: FSA

## Specific developments in the investment funds sector

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



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



Source: AAF

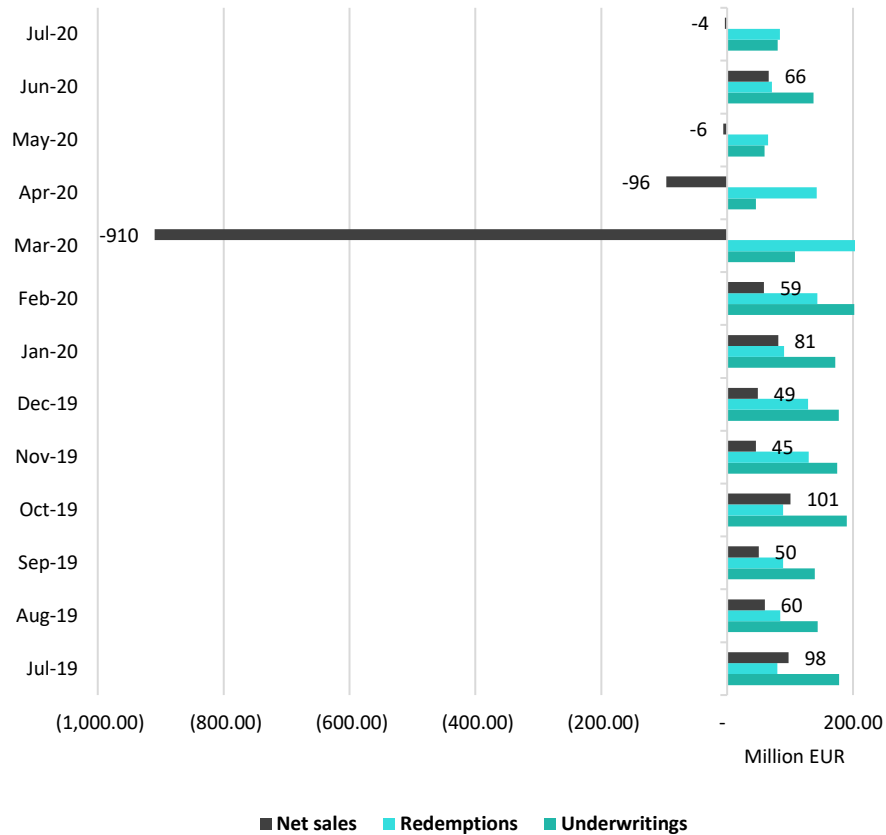
According to data published by AAF, the net assets of open-end investment funds (OeIF) increased by 0.8% at the end of July 2020 compared with the previous month, reaching a value of EUR 3.78 billion. Net assets of open-end bond and fixed income instruments funds, which account for about 70% of the local OeIF industry, increased by 1% compared with the previous month.

In July 2020, *open-end bond and fixed income instruments funds* hold the largest share in total net assets of OeIF (around 70%<sup>3</sup>), while the "*other funds*" type has a market share of approximately 19%.

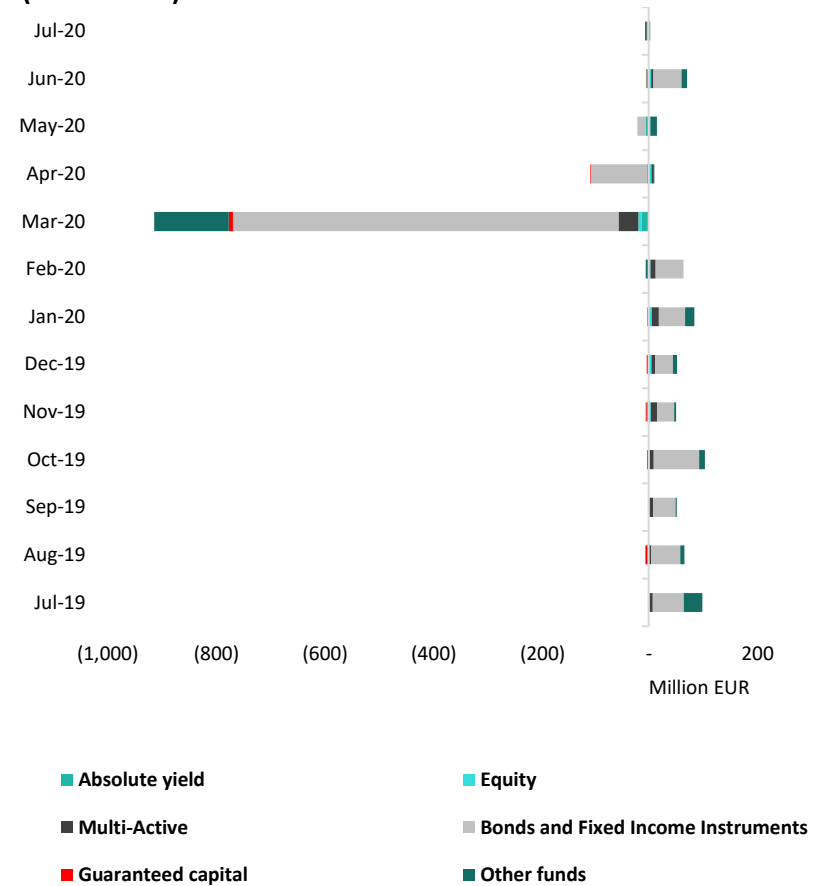
<sup>3</sup> There was a change in Open end investment funds' classification.

## 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)**



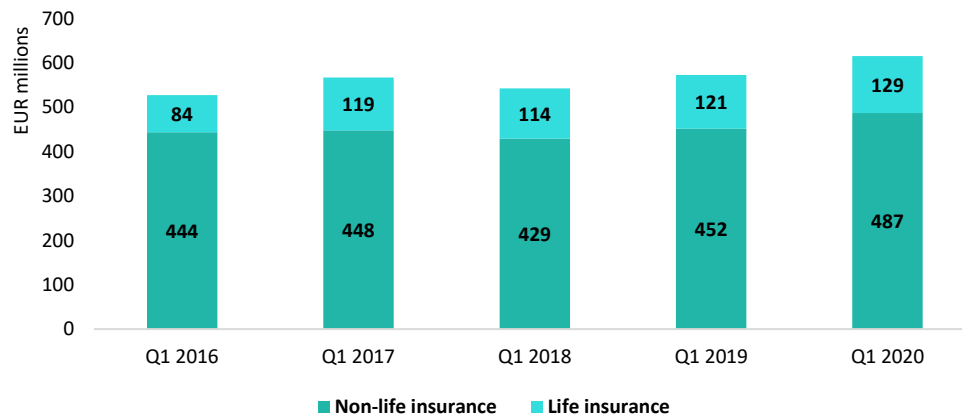
Source: AAF

In July 2020, a month in which many COVID-19 containment measures have been lifted, local open-end investment funds recorded net outflows of EUR 3.5 million. Net outflows of bond funds amounted to EUR 2.2 million, while the other funds category recorded net outflows of EUR 2.7 million.

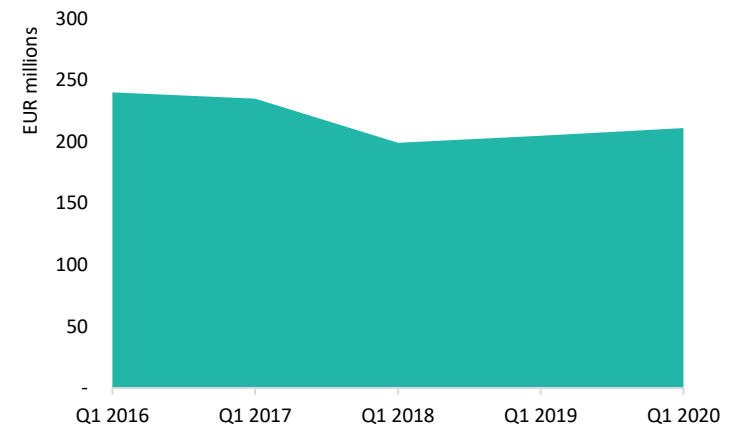
## Specific developments in the insurance market in Romania

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

Gross written premiums (total)

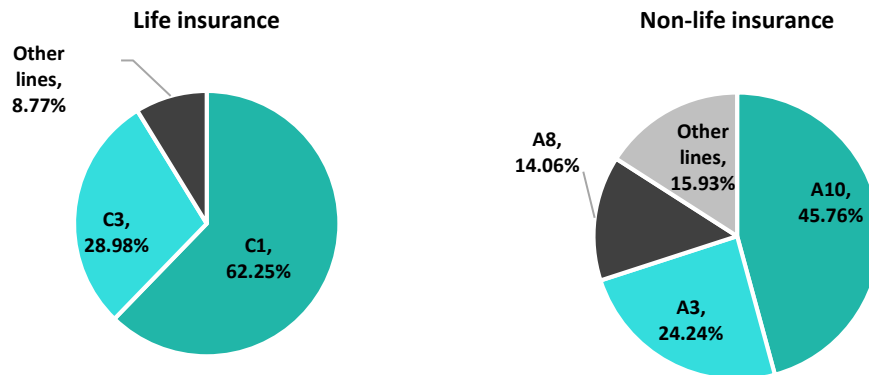


MTPL gross written premiums



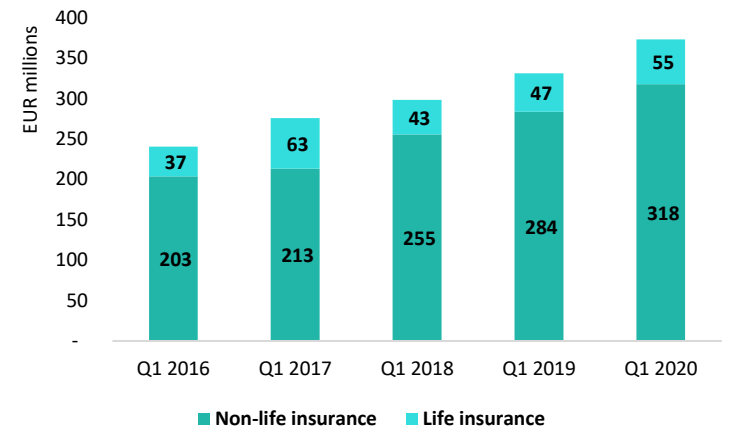
Source: FSA

Share of main insurance classes by GWP



Source: FSA

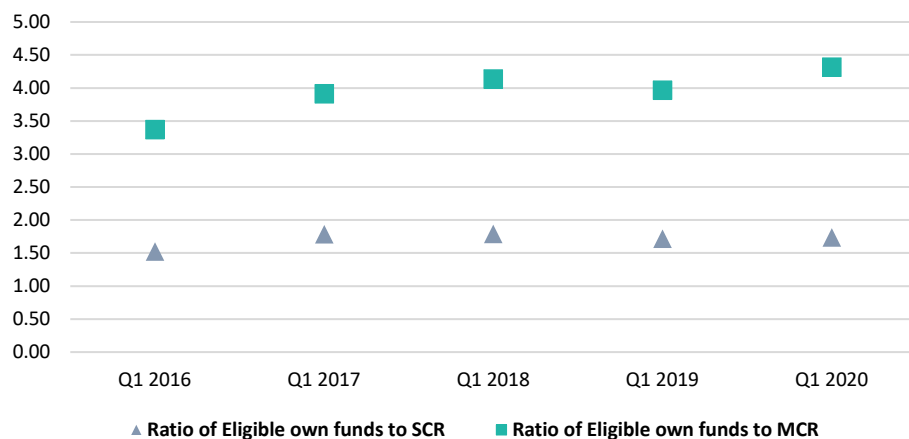
Gross claims paid



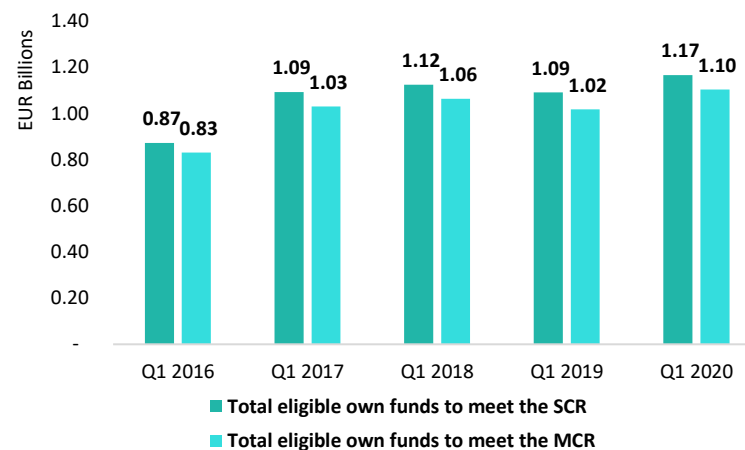


## Specific developments in the insurance market in Romania

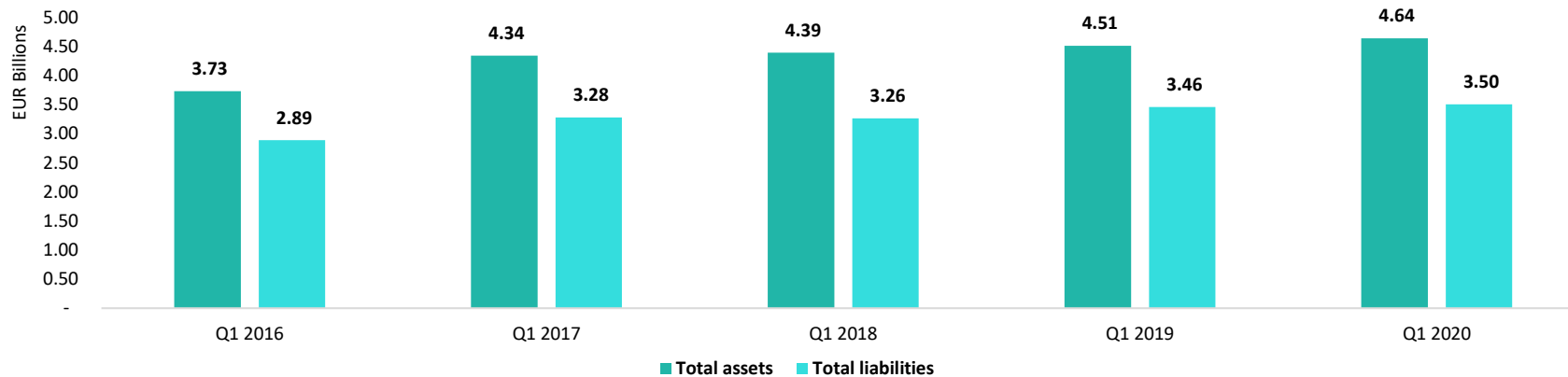
### Total eligible own funds to cover the Solvency Capital Requirement (SCR)



### Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)



### Total assets and total liabilities



Source: FSA

On 30th of March 2020, eligible own funds to meet the SCR were mainly composed of unrestricted Tier 1 (93%) and Tier 2 items (4%). 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 July 2020

<p><b>EUROPEAN UNION</b></p>	<ul style="list-style-type: none"> <li>• 7 July: <a href="#">EC presents Summer 2020 Economic Forecast that estimates an even deeper recession.</a></li> <li>• 14 July: <a href="#">EC welcomes "Best practice" of financial sector to provide relief for consumers and businesses.</a></li> <li>• 24 July: <a href="#">EC proposes to amend EU rules on financial benchmarks.</a></li> <li>• 24 July: <a href="#">EC adopts a Capital Markets Recovery Package, as part of the overall coronavirus recovery strategy.</a></li> </ul>
<p><b>ESMA</b></p>	<ul style="list-style-type: none"> <li>• 13 July: <a href="#">ESMA publishes the results of its third stress test exercise regarding CCPs in the EU.</a></li> <li>• 16 July: <a href="#">ESMA responds to EC consultation on renewed sustainable finance.</a></li> <li>• 17 July: <a href="#">ESMA tells market participants to continue preparations for the end of the UK transition period.</a></li> <li>• 21 July: <a href="#">ESMA recommends supervisory coordination on accounting for COVID-19 related rent concessions.</a></li> </ul>
<p><b>EIOPA</b></p>	<ul style="list-style-type: none"> <li>• 8 July: <a href="#">EIOPA clarifies supervisory expectations on product oversight and governance requirements in the context of COVID-19.</a></li> <li>• 16 July: <a href="#">EIOPA responds to the EC consultation on a renewed sustainable finance strategy.</a></li> <li>• 17 July: <a href="#">EIOPA assesses the impact of ultra low yields on the insurance sector, including first effects of COVID-19 crisis.</a></li> <li>• 27 July: <a href="#">EIOPA identifies options for shared resilience solutions for insurance against pandemic risk.</a></li> <li>• 30 July: <a href="#">EIOPA outlines key financial stability risks of the European insurance and pensions sector.</a></li> </ul>