

## Monthly Market Report

Romania's economy was less affected in the first quarter of 2020 compared to developed countries in Europe in terms of gross domestic product, registering an advance of 2.7%, but estimates indicate significant declines in GDP in 2020: -6% according to EC summer forecast and -5.7% in the WB forecast.

ASF nr.  
07/25.07.2020

- In June 2020, the euro area annual inflation rate (HICP) stood at 0.3%, up from the previous month (0.1%), while the EU annual inflation rate was 0.8% compared to 0.6% in May 2020. In Romania, the annual inflation rate (harmonized index of consumer prices, HICP) is 2.2% in June 2020, up from the value recorded in the previous month (1.8%).
- Net assets of open-end investment funds (OeIF) increased by 2.6% at the end of June 2020 compared with the previous month, reaching a value of EUR 3.76 billion.
- In June 2020, a month in which many COVID-19 containment measures have been lifted, local open-end investment funds recorded net inflows of EUR 66 million for the first time since the beginning of the crisis

According to the **European Commission's summer economic forecast**, the impact of the COVID-19 pandemic on economic activity will be significant in 2020. The euro area economy is expected to contract by 8.7% in 2020, a downward revision by 1 pp from the previous scenario (-7.7%) and will increase by 6.1% in 2021. Estimates for the EU economy indicate a contraction of 8.3% in 2020 (compared to -7.4% in the EC spring economic forecast) and a recovery in 2021 (+ 5.8%).

Romania's economy was less affected in the first quarter of 2020 compared to developed countries in Europe in terms of gross domestic product, registering an advance of 2.7%, but estimates indicate significant declines in GDP in 2020, -6% according to EC summer forecast, respectively -5.7% in the WB forecast.

### GDP development in 2019-2021

Country	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020	European Commission		World Bank	
							2020f	2021f	2020f	2021f
US	2.7	2.3	2.1	2.3	2.3	0.3	-6.5	4.9	-6.1	4.0
Euro area	1.5	1.2	1.3	1.0	1.3	-3.1	-8.7	6.1	-9.1	4.5
Germany	1.0	0.3	0.7	0.4	0.6	-2.3	-6.3	5.3	-	-
Spain	2.2	2.0	1.9	1.8	2.0	-4.1	-10.9	7.1	-	-
France	1.7	1.8	1.6	0.9	1.5	-5.0	-10.6	7.6	-	-
Italy	0.3	0.4	0.5	0.1	0.3	-5.4	-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>-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

In June 2020, the **euro area annual inflation rate** (HICP) stood at 0.3%, up from the previous month (0.1%), while the **EU annual inflation rate** was 0.8% compared to 0.6% in May 2020. The highest contributions came from food, alcohol and tobacco, followed by services. Energy continued to have a negative contribution to the annual inflation rate. According to Eurostat data, the highest annual inflation rates were recorded in Poland (3.8%), Czechia (3.4%) and Hungary (2.9%), while in Cyprus (-2.2%), Greece (-1.9%) and Estonia (-1.6%) were registered the lowest rates. In Romania, the annual inflation rate (harmonized index of consumer prices, HICP) is 2.2% in June 2020, up from the value recorded in the previous month (1.8%).

According to data published by Eurostat, the **volume of production in construction** decreased by 11.9% in the euro area and by 10.3% in the European Union in May 2020 compared to the same period of the previous year. The largest decreases were registered in Spain (-24.4%), France (-24%) and Hungary (-20.1%), while the volume of construction works continued to increase in Romania (+14.6%), Finland (+4.1%) and Germany (+1.7%).

**Industrial production** decreased significantly in May 2020 compared to the same period of the previous year, by 20.9% in the euro area and by 20.5% in the European Union. The largest decreases were registered in Slovakia (-33.5%), Hungary (-27.6%) and Romania (-27.4%).

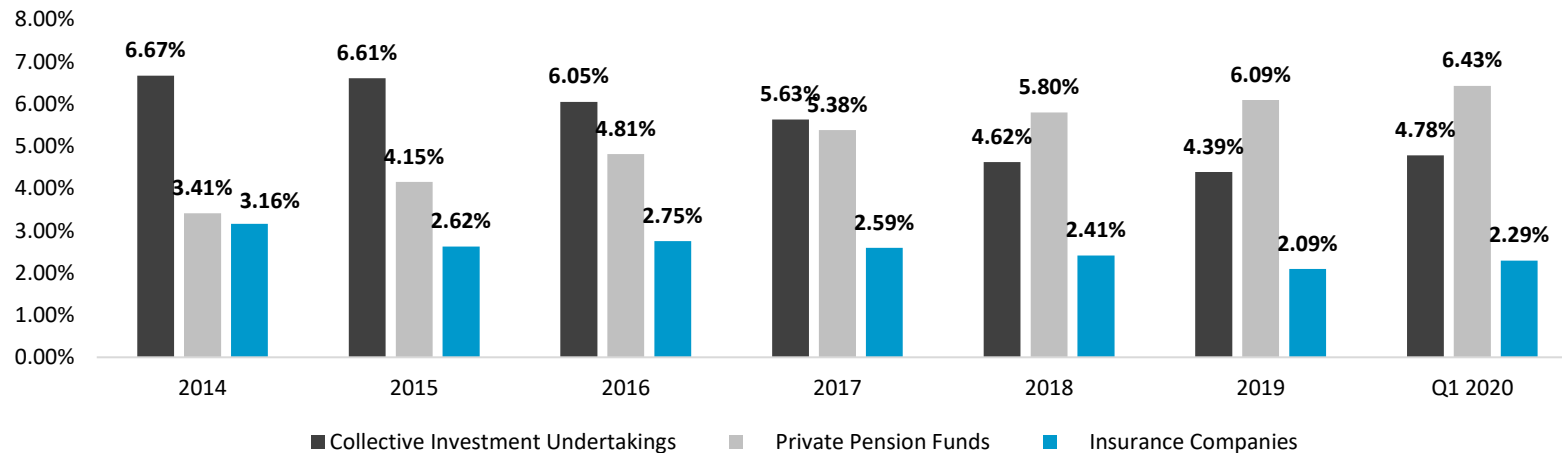
In May 2020, the **volume of retail trade** decreased by 5.3% (gross series) in Romania compared to the same period of the previous year, respectively by 1.2% as seasonally adjusted series. The volume of retail trade decreased by 22.2% for fuels and by 5.2% for non-food products, while food, drinks and tobacco increased by 5.2%.

## 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>68.61%</b>	<b>66.80%</b>	<b>62.61%</b>	<b>59.52%</b>	<b>56.83%</b>	<b>50.35%</b>	<b>57.35%</b>
<b>Non-banking financial system (% GDP)</b>	<b>13.24%</b>	<b>13.38%</b>	<b>13.61%</b>	<b>13.59%</b>	<b>12.82%</b>	<b>12.57%</b>	<b>13.49%</b>
Collective Investment Undertakings	6.67%	6.61%	6.05%	5.63%	4.62%	4.39%	4.78%
Private Pension Funds	3.41%	4.15%	4.81%	5.38%	5.80%	6.09%	6.43%
Insurance Companies	3.16%	2.62%	2.75%	2.59%	2.41%	2.09%	2.29%

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



Source: NBR, NIS, FSA

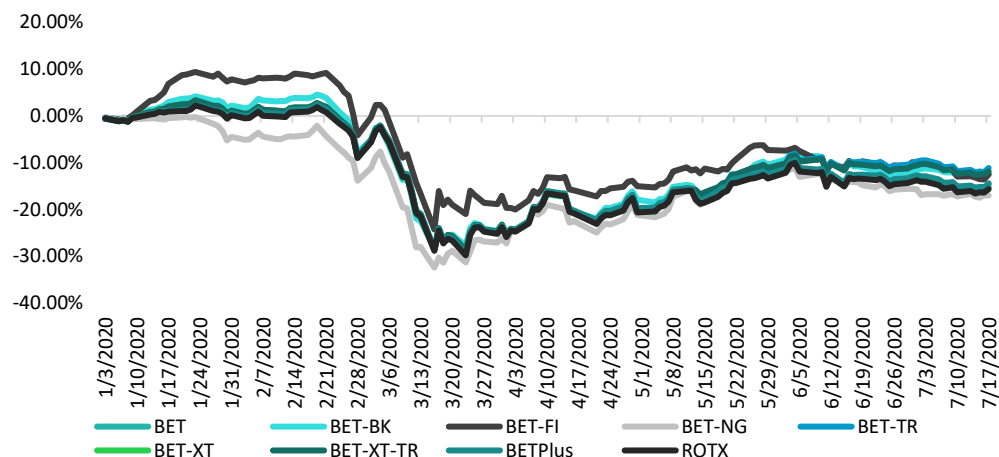
## Current trends and headlites on Romanian markets

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

Date	BET	BET-BK	BET-FI	BET-NG	BET-TR
7/17/2020	-14.69%	-12.41%	-12.50%	-17.02%	-11.11%

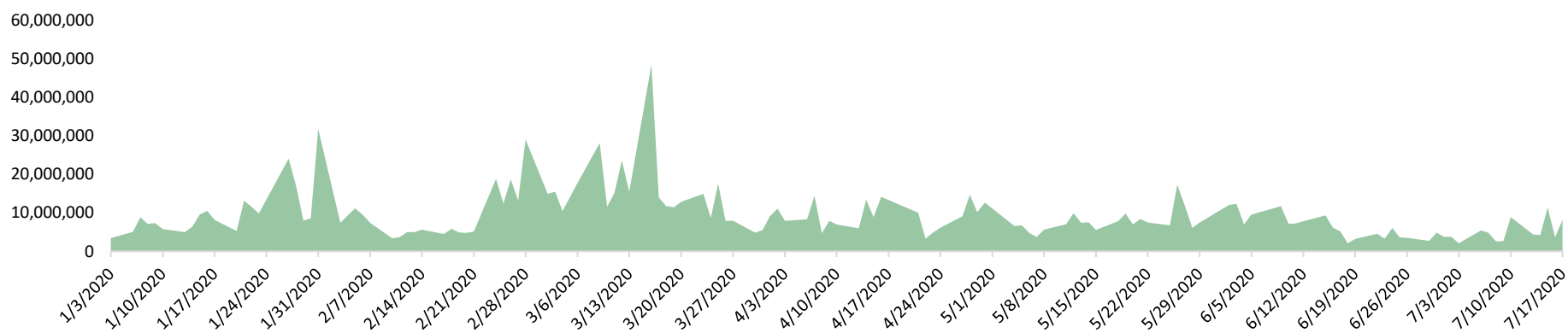
Date	BET-XT	BET-XT-TR	BETPlus	ROTX
7/17/2020	-15.24%	-11.87%	-14.40%	-15.60%

**Evolution of local stock indices**



Source: BSE; FSA calculations

**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	34.5	34.1	33.9	34.7	33.8	33.8	35.2	35.2	37.4
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 negative value of EUR 338 million in January-May 2020 (compared with EUR 2.06 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 2.88 billion, compared to EUR 3.41 billion in January-May 2019. The evolution of the current account was accompanied by an increase in total external debt by EUR 5 billion in January - May 2020 to EUR 111 billion.

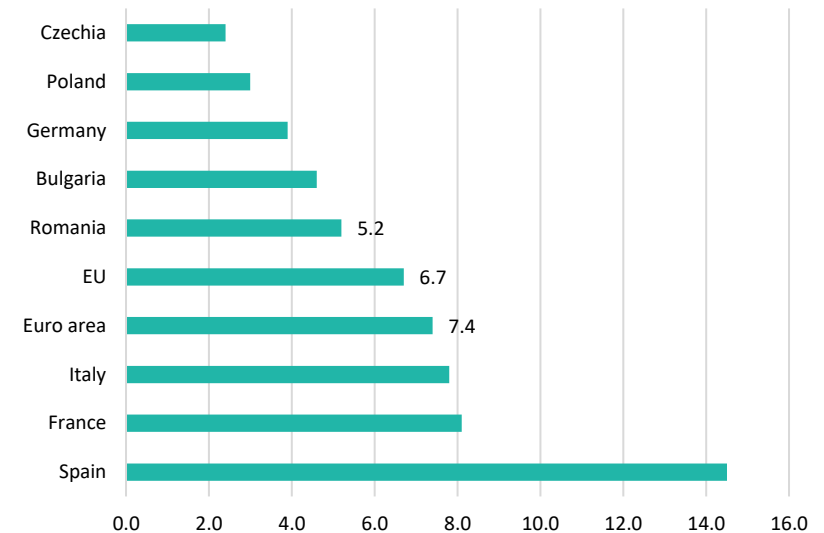
Romania's international position is favorable because of low external and government debt in GDP compared to EU countries, but in an area that needs an external deficit reduction.

The seasonally adjusted unemployment rate in the euro area stood at 7.4% in May 2020, up compared with April 2020 (7.3%). The EU unemployment rate was 6.7% in May 2020, compared to 6.6% in April 2020, according to the latest figures published by Eurostat.

The seasonally adjusted unemployment rate in Romania stood at 5.2% in May 2020, a level similar to that recorded in 2017, increasing by 0.4 pp compared to the previous month, amid the effects of the crisis generated by COVID-19.

The unemployment rate of men (6.1%) is higher than the unemployment rate of women (4.0%).

### Unemployment rate (May 2020)



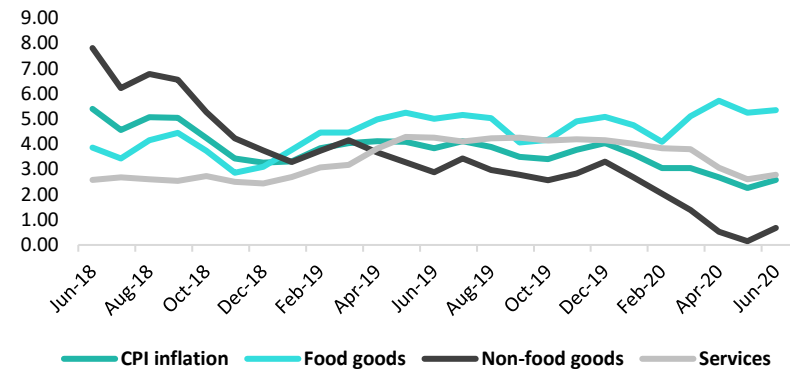
Source: Eurostat

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

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

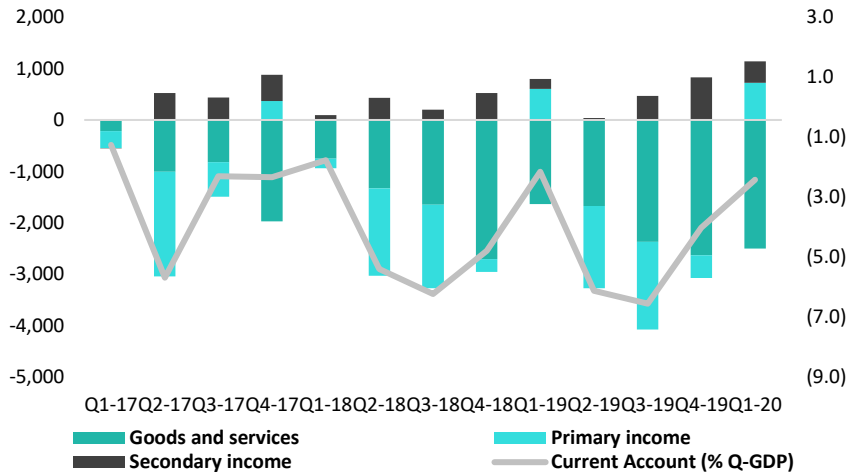


**Inflation, monthly data (annual rate of change)**



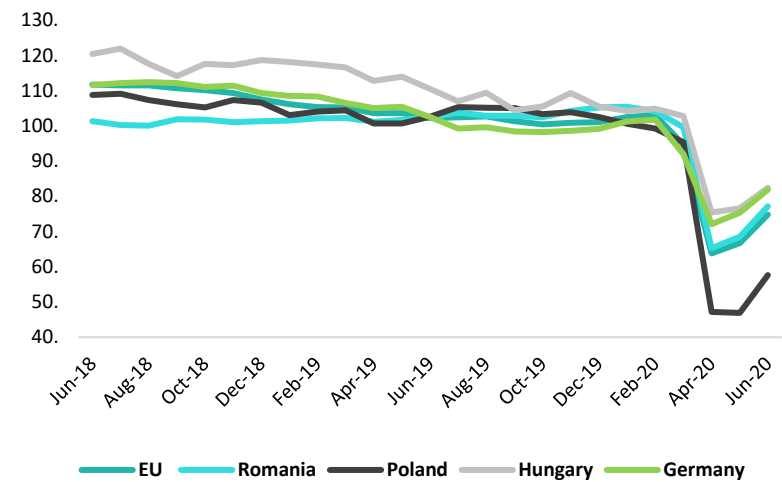
Source: National Institute of Statistics; FSA calculations

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



Source: NBR, FSA calculations

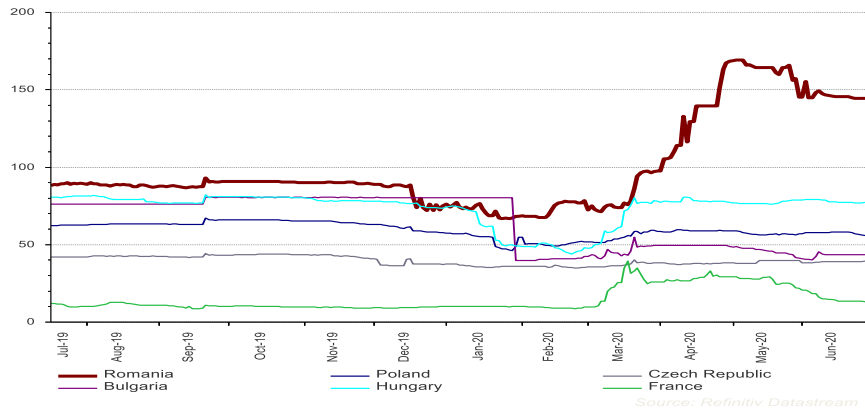
**The economic sentiment index in EU**



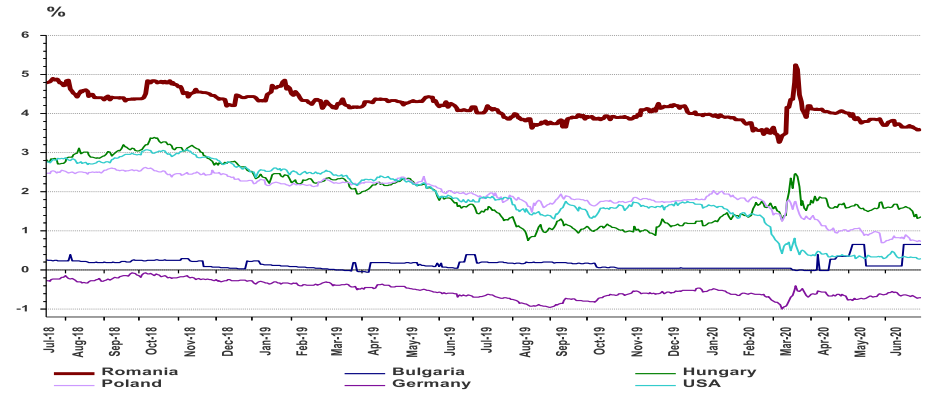
Source: Eurostat

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

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

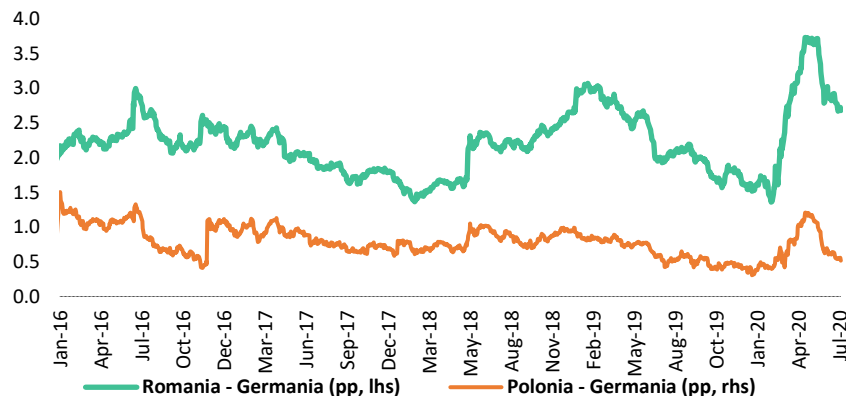


**Government bond yields (5Y, LC)**



Romania 5 - year bond yields decreased by 4% in June 2020 as compared with the previous month, reaching an average value of 3.7% (May 2020: 3.84%), while Germany 5 – year bond yields remained negative, at very low levels (average value of -0.63% in June). Romania CDS quotations decreased in June 2020 compared with the previous month, reaching an average value of 146.13 bp (May 2020: 163.55 bp).

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



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

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

International indices	1 M	3 M	6 M	BSE indices	1 M	3 M	6 M
EA (EUROSTOXX)	4.57%	16.36%	-12.67%	BET	-0.48%	13.56%	-13.21%
FR (CAC 40)	5.12%	12.28%	-17.43%	BET-BK	-1.46%	15.14%	-11.73%
DE (DAX)	6.25%	23.90%	-7.08%	BET-FI	-2.83%	8.61%	-9.90%
IT (FTSE MIB)	6.47%	13.63%	-17.57%	BET-NG	-3.41%	14.29%	-15.61%
GR (ASE)	-2.10%	14.44%	-30.30%	BET-TR	1.39%	17.66%	-10.06%
IE (ISEQ)	1.45%	15.92%	-16.84%	BET-XT	-1.29%	12.38%	-13.73%
ES (IBEX)	1.90%	6.57%	-24.27%	BET-XT-TR	0.40%	16.24%	-10.76%
UK (FTSE 100)	1.53%	8.78%	-18.20%	BETPlus	-0.48%	13.60%	-12.98%
US (DJIA)	1.69%	17.77%	-9.55%	ROTX	-0.77%	12.73%	-14.05%

Source: Datastream, FSA's calculations

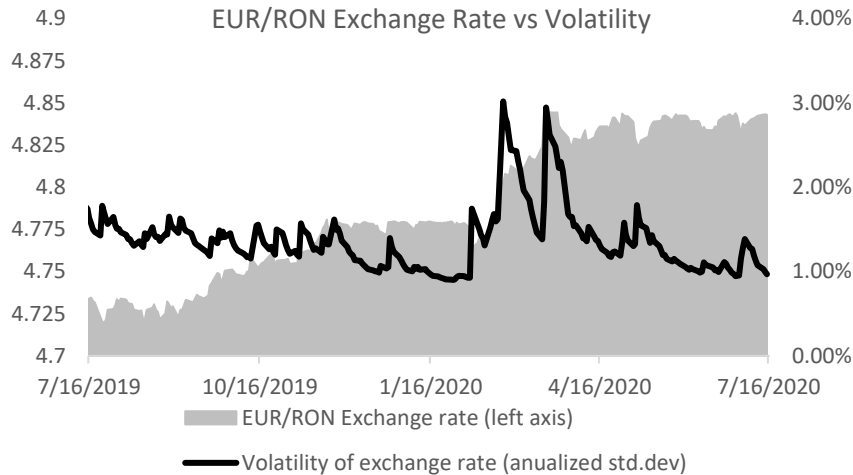
Note: 1M=06/30/2020 vs. 05/29/2020; 3M=06/30/2020 vs. 03/31/2020; 6M=06/30/2020 vs. 12/31/2019

The international stock indices have recorded positive developments (1M), except for the ASE index (GR: -2.10%). The best performer was FTSE MIB index (IT) which increased by 6.47% in June, followed by DAX index (DE: +6.25%).

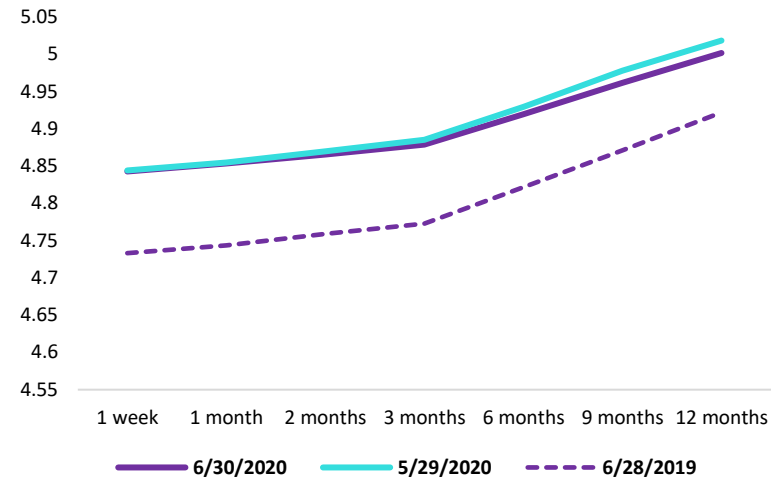
The BSE stock indices have recorded negative developments (1M), except for the BET-TR (+1.39%) and BET-XT-TR (+0.40%) indices. BET-NG index (-3.41%) was the worst performer, followed by BET-FI index (-2.83%).



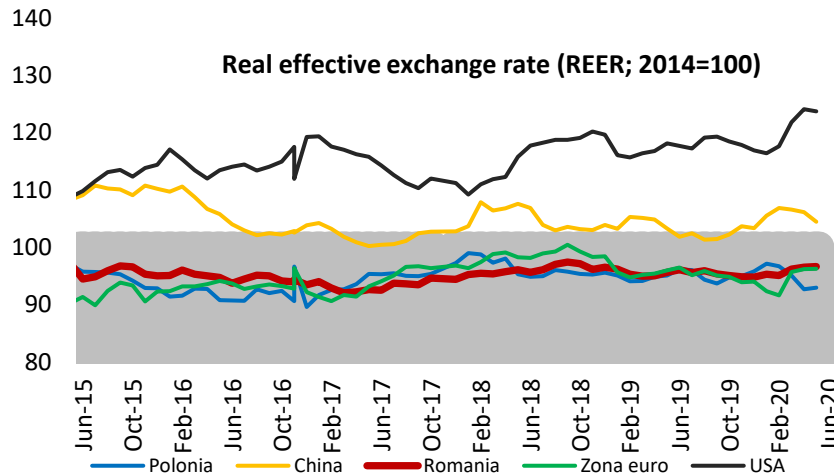
EUR/RON Exchange rate vs volatility



Term structure of EUR/RON forward rate



Source: Datastream, FSA's calculations



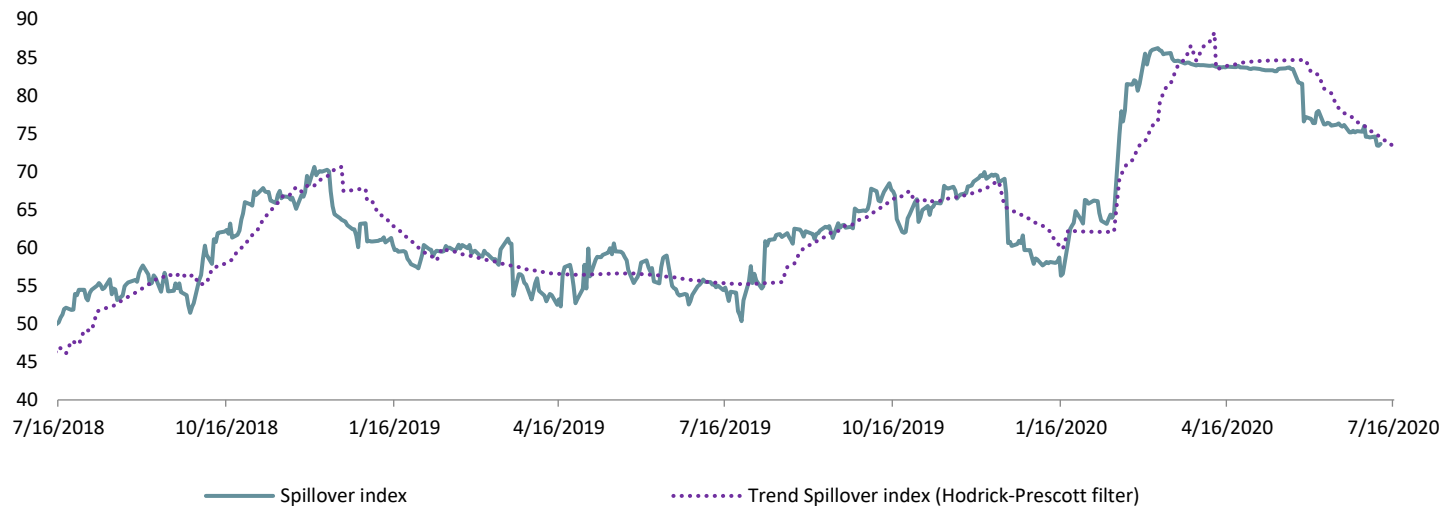
Source: BIS, FSA's calculations

The exchange rate remained around 4.84 in June and July while the volatility stayed under 2%. **We forecast that the depreciation trend will continue but it will remain low.** The Value-at-Risk computed for the EUR/RON exchange rate shows that the currency risks are currently low.

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).

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 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 increased in February and March due to the outbreak of COVID-19 pandemic and remained high as the uncertainty on the financial markets has not declined. **The speed of the contagion was the greatest in the last 10 years**, indicating how fast the fear and uncertainty have impaired the financial stability of international markets.

While the advanced economies were beset by low-interest rates and high public debt levels, the economies from the CESEE countries (Bulgaria, Croatia, Czechia, Hungary, Poland, Romania) registered an export-based economic growth.

## Liquidity risk on Romanian Stock Exchanges

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

Week/month	No. of transactions	Volume	Value	
			EUR	%
<b>Total 01-05 June 2020</b>	17,347	123,458,057	40,841,807	31.69%
<b>Total 08-12 June 2020</b>	18,836	89,470,647	33,812,175	26.24%
<b>Total 15-19 June 2020</b>	13,092	121,124,179	25,749,398	19.98%
<b>Total 22-26 June 2020</b>	14,088	68,321,983	20,935,775	16.24%
<b>Total 29-30 June 2020</b>	4,088	25,731,317	7,540,833	5.85%
<b>Total June 2020</b>	<b>67,451</b>	<b>428,106,183</b>	<b>128,879,988</b>	<b>100.00%</b>

Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for June 2020 = 4.8393 LEI/EUR

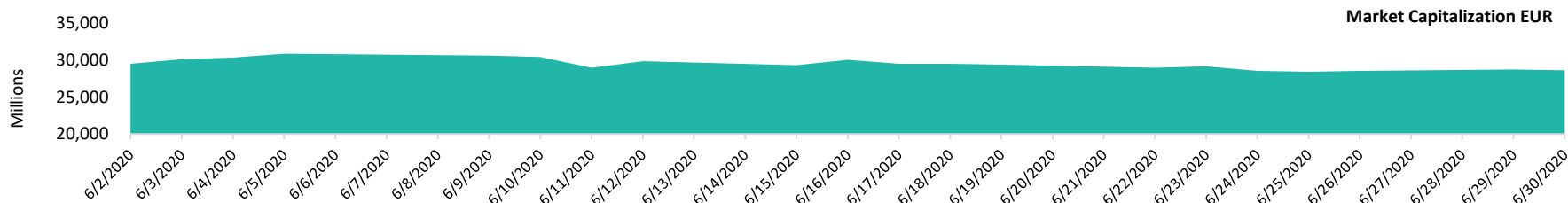
### The BSE's Most Traded Companies during June 2020 (Only the Main Segment)

Symbol	Main market		Deal		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
TLV	26,713,603	22.52%	324,054	8.66%	27,037,657	22.09%
FP	17,208,354	14.51%	0	0.00%	17,208,354	14.06%
EBS	12,299,561	10.37%	0	0.00%	12,299,561	10.05%
BRD	10,003,370	8.43%	1,794,770	47.98%	11,851,780	9.68%
SNP	10,814,357	9.12%	995,569	26.61%	11,809,925	9.65%
SNN	10,853,854	9.15%	0	0.00%	10,853,854	8.87%
SNG	9,282,599	7.83%	0	0.00%	9,282,599	7.58%
EL	3,424,367	2.89%	0	0.00%	3,424,367	2.80%
TGN	3,044,634	2.57%	0	0.00%	3,044,634	2.49%
SIF5	2,393,451	2.02%	0	0.00%	2,393,451	1.96%
TRP	1,704,419	1.44%	0	0.00%	1,704,419	1.39%
BNET	1,455,586	1.23%	0	0.00%	1,455,586	1.19%
TEL	1,421,438	1.20%	0	0.00%	1,421,438	1.16%
COTE	1,267,840	1.07%	0	0.00%	1,267,840	1.04%
DIGI	1,184,765	1.00%	0	0.00%	1,184,765	0.97%
<b>Top 15 Total</b>					<b>94.97%</b>	

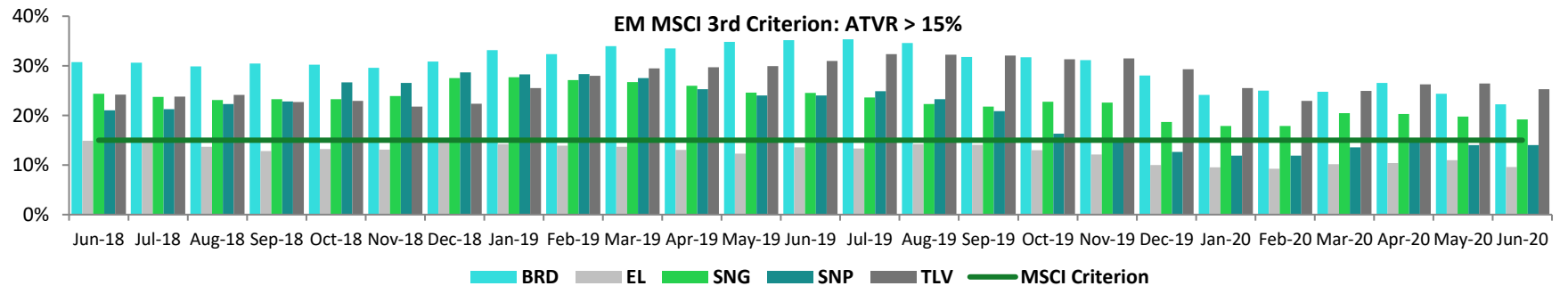
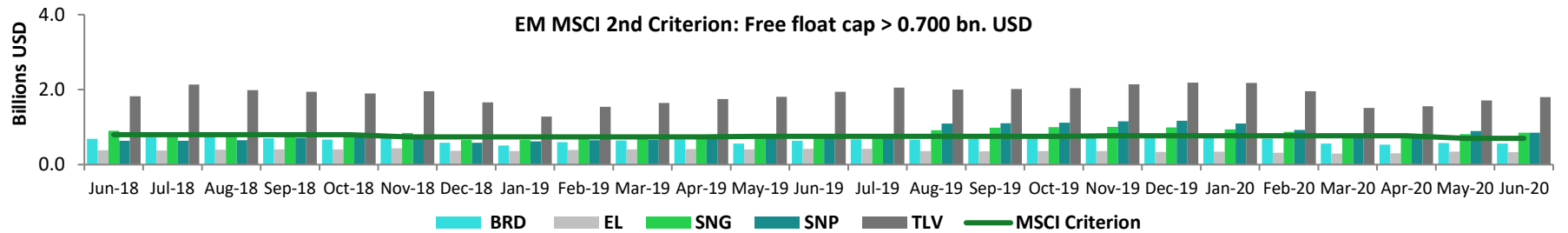
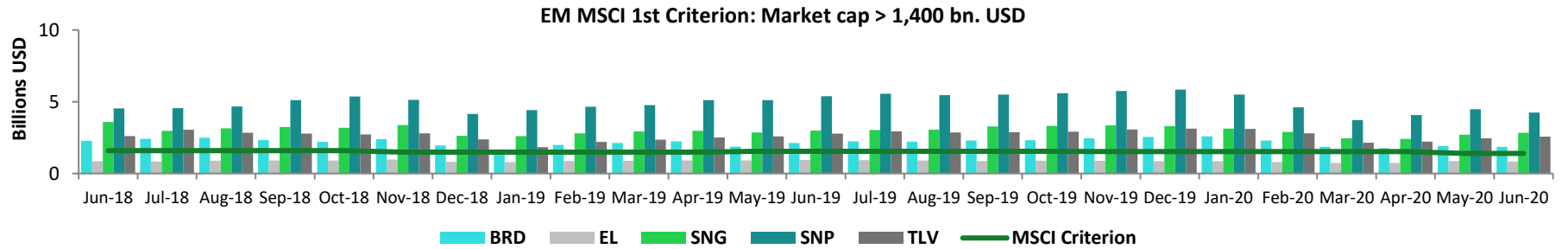
Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for June 2020 = 4.8393 LEI/EUR

### Top of intermediaries during June 2020

Rank	Intermediary name	Traded Value EUR (month level)	% from Total Value (month level)
1	SWISS CAPITAL S.A.	43,641,899	17.81
2	BANCA COMERCIALA ROMANA	38,573,290	15.74
3	BT CAPITAL PARTNERS	37,929,601	15.48
4	TRADEVILLE	27,551,669	11.24
5	WOOD & COMPANY FINANCIAL SERVICES, a.s. PRAGA	19,165,766	7.82
6	RAIFFEISEN CENTROBANK AG	17,176,120	7.01
7	PRIME TRANSACTION	10,818,787	4.41
8	SSIF BRK FINANCIAL GROUP S.A.	10,211,301	4.17
9	GOLDRING	9,102,755	3.71
10	IFB FINWEST	7,599,753	3.1
11	ESTINVEST	5,506,958	2.25
12	BRD Groupe Societe Generale	5,270,879	2.15
13	INTERFINBROK CORPORATION	2,970,834	1.21
14	ALPHA FINANCE ROMANIA	2,603,769	1.06
15	VOLTINVEST	1,824,367	0.74
<b>Top 15 Total</b>			<b>97.90</b>



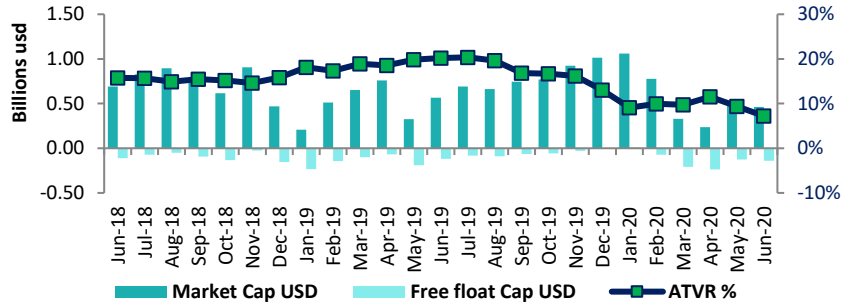
## MSCI: Quantitative Indicators for Emerging Market Status



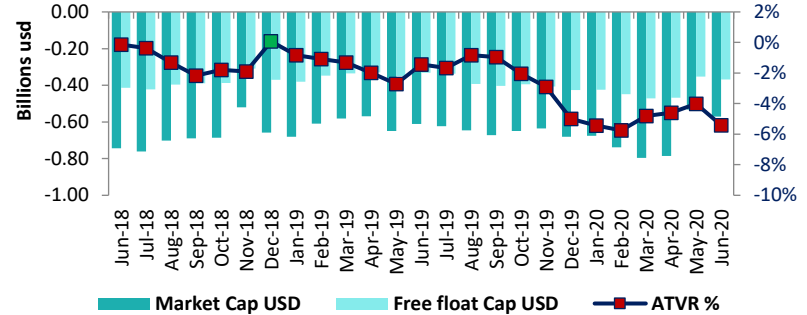
Source: ASF Calculations, June 2020

## MSCI: Quantitative Indicators for Emerging Market Status

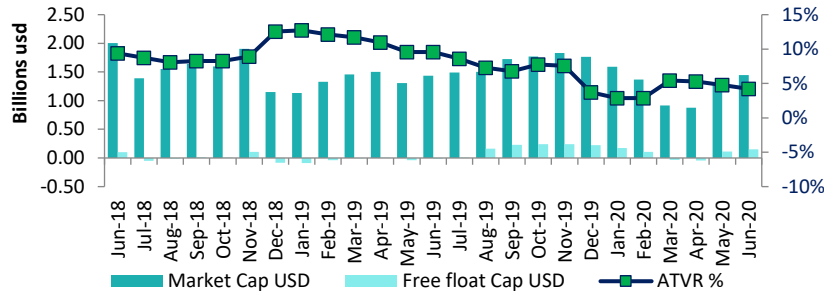
**BRD - Indicators' variation to MSCI criterion**



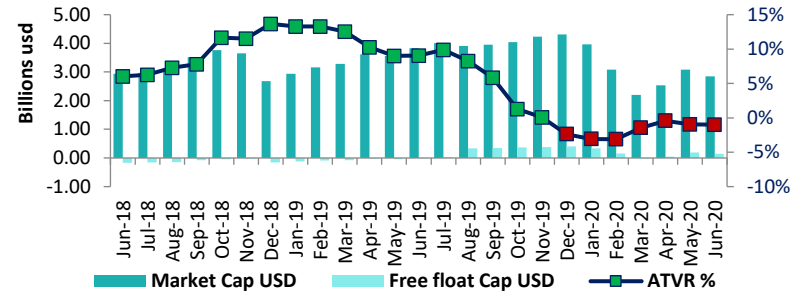
**EL - Indicators' variation to MSCI criterion**



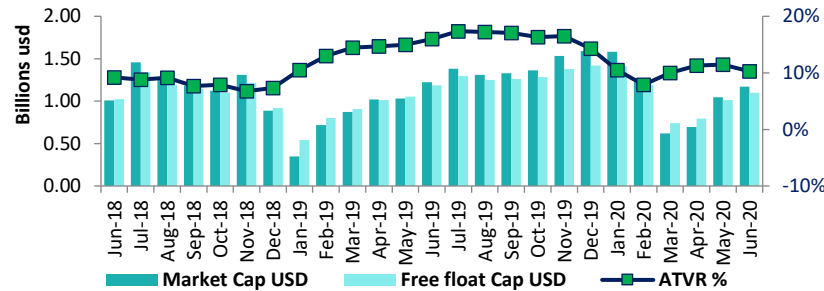
**SNG - Indicators' variation to MSCI criterion**



**SNP - Indicators' variation to MSCI criterion**



**TLV - Indicators' variation to MSCI criterion**



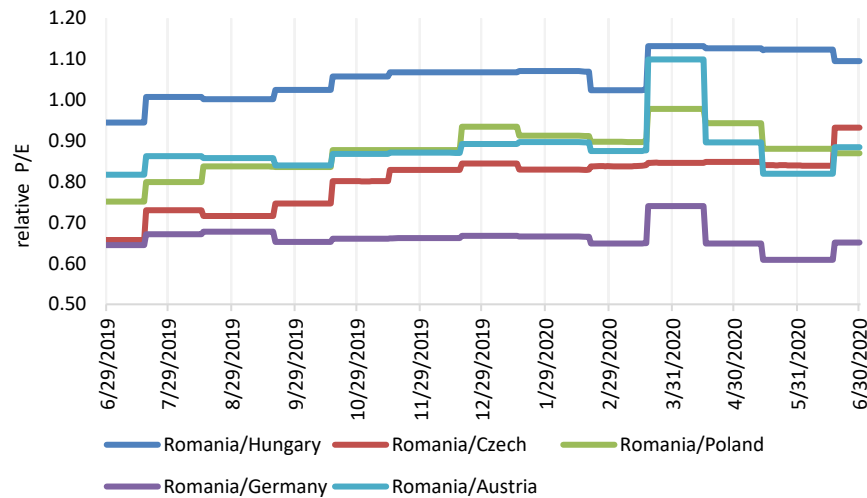
**Indicators' variation to MSCI criterion (June 2020)**

Company	Cap. bln. USD	Free float bln. USD	ATVR %
BRD	0.46	(0.14)	7.21%
EL	(0.57)	(0.37)	-5.41%
SNG	1.44	0.15	4.22%
SNP	2.85	0.15	-1.00%
TLV	1.17	1.10	10.26%

Source: ASF Calculations, June 2020

## Risk assessment and the benefit of diversification

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

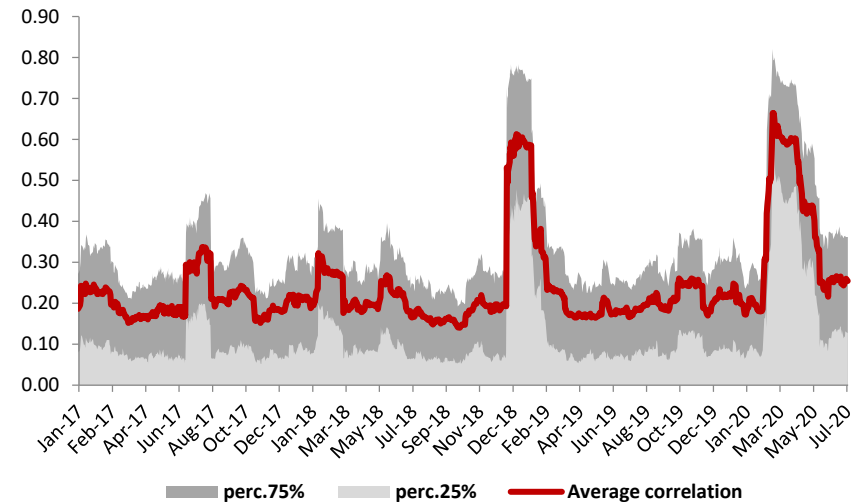


Source: Datastream, FSA's calculations

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 June 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, ASF

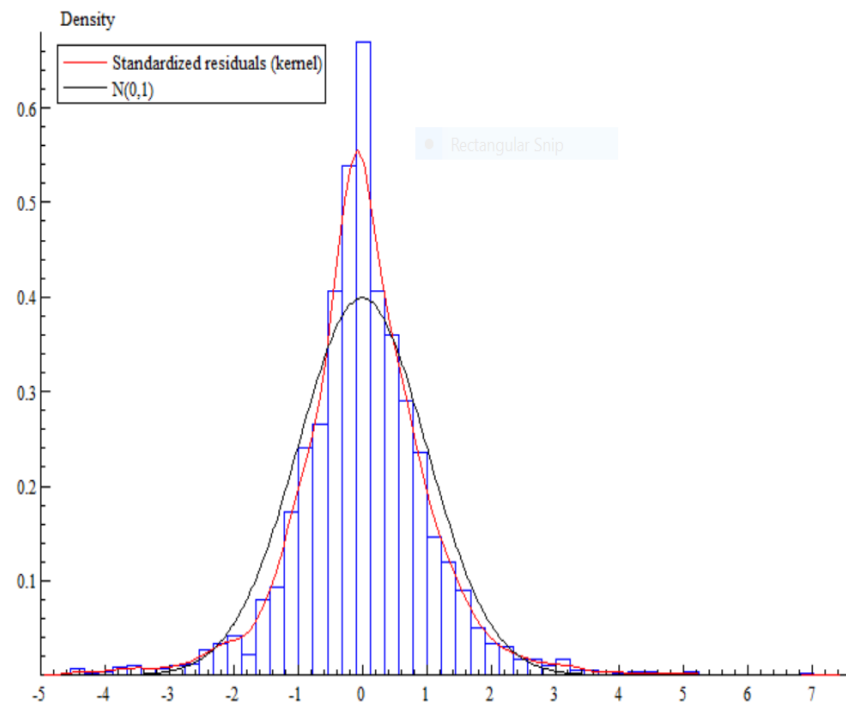
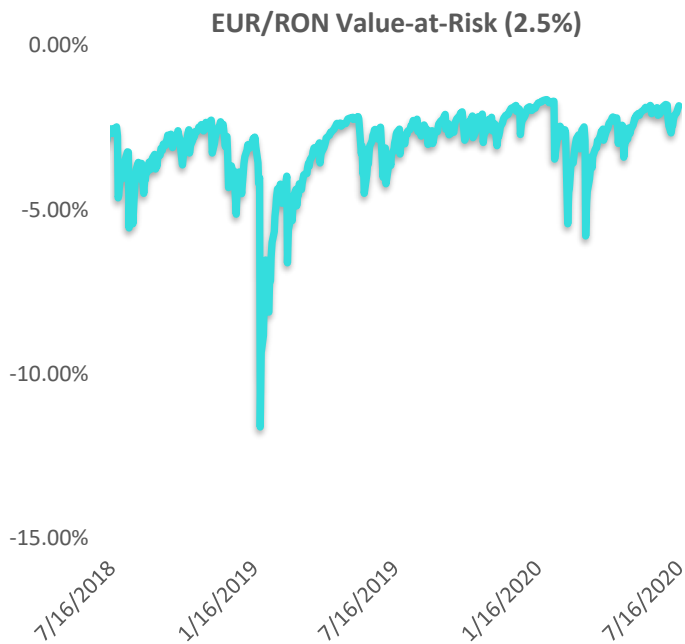
In June and July, the correlations between the daily yields of the 25 most liquid companies from Bucharest Stock Exchange the decreased and returned to the level recorded at the beginning of 2020.

## Risk assessment and the benefit of diversification

The exchange rate remained around 4.84 in June and July while the volatility stayed under 2%.

**We forecast that the depreciation trend will continue but it will remain low.** The Value-at-Risk computed for the EUR/RON exchange rate shows that the currency risks are currently low.

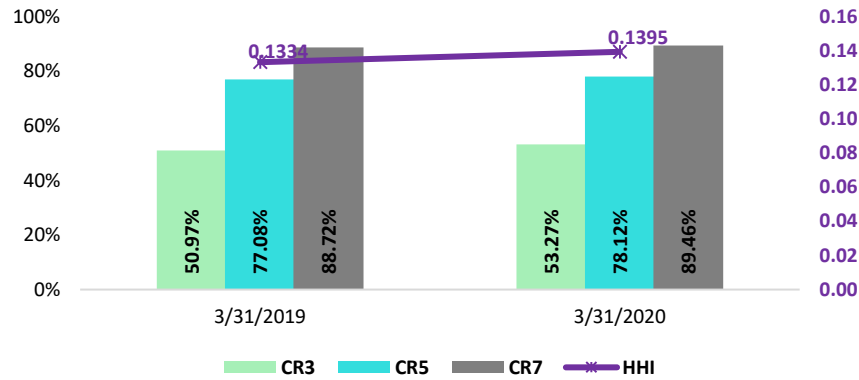
### Value-at-Risk



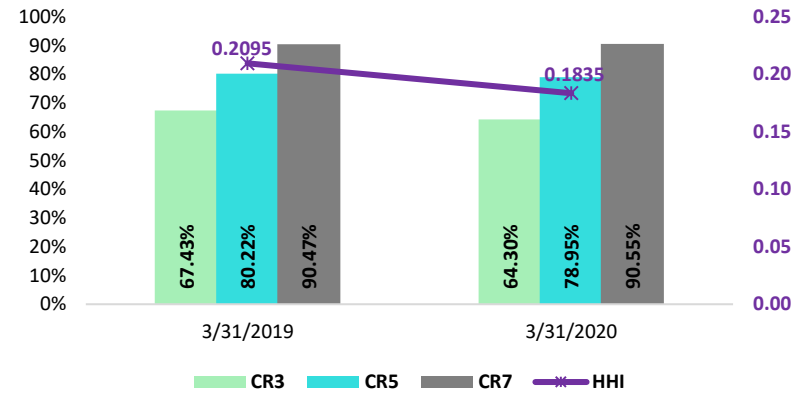
Source: Datastream, FSA's calculations

## Concentration risk

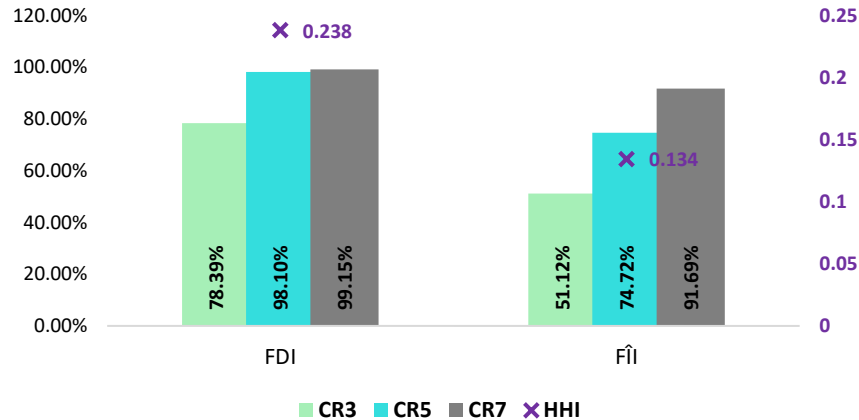
**Concentration risk of non-life insurance undertakings  
(by value of GWP at 31 March 2020)**



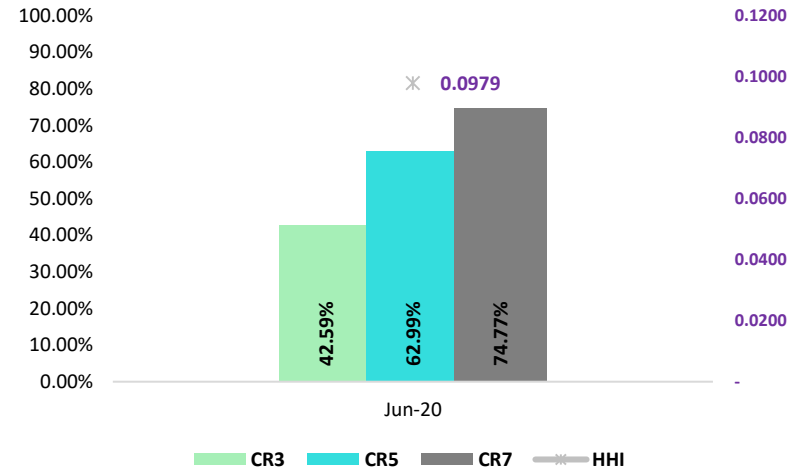
**Concentration risk of life insurance undertakings  
(by value of GWP at 31 March 2020)**



**Concentration risk of investment funds in Romania  
(by net assets – 31 December 2019)**



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



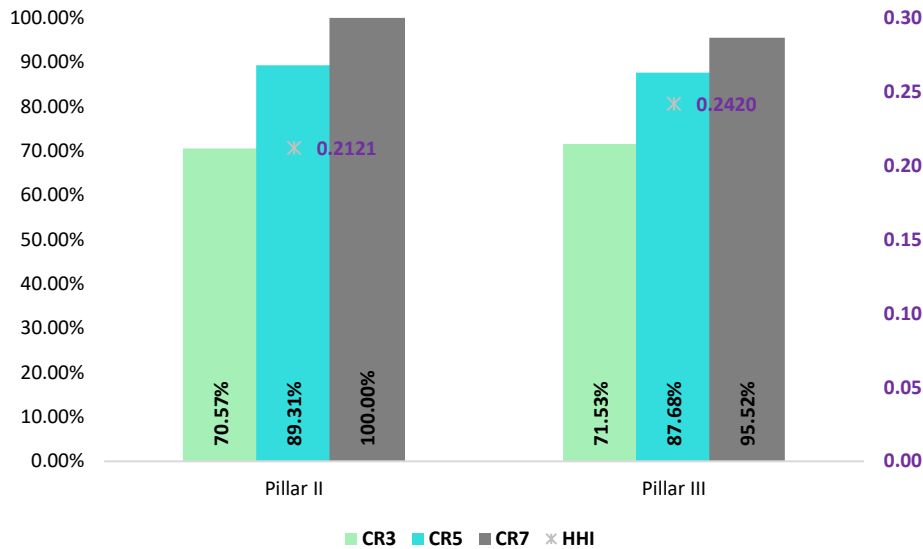
Source: FSA

Source: FSA



## Concentration risk

Concentration risk of private pension funds (by net assets at 6/30/2020)

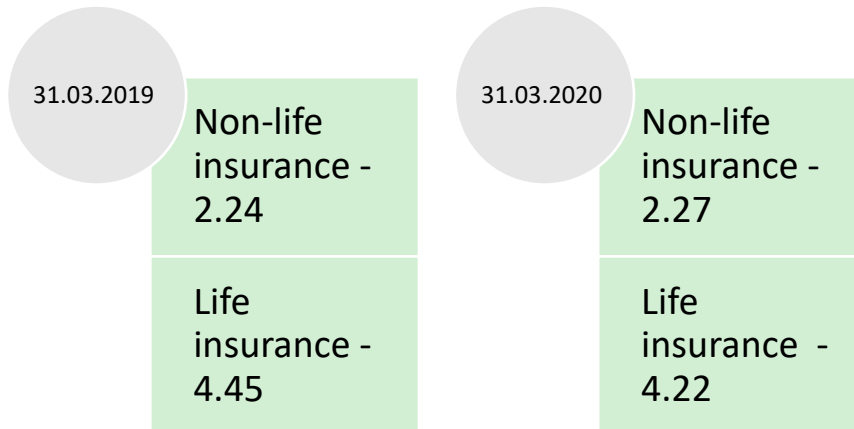


0.30  
0.25  
0.20  
0.15  
0.10  
0.05  
0.00

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.



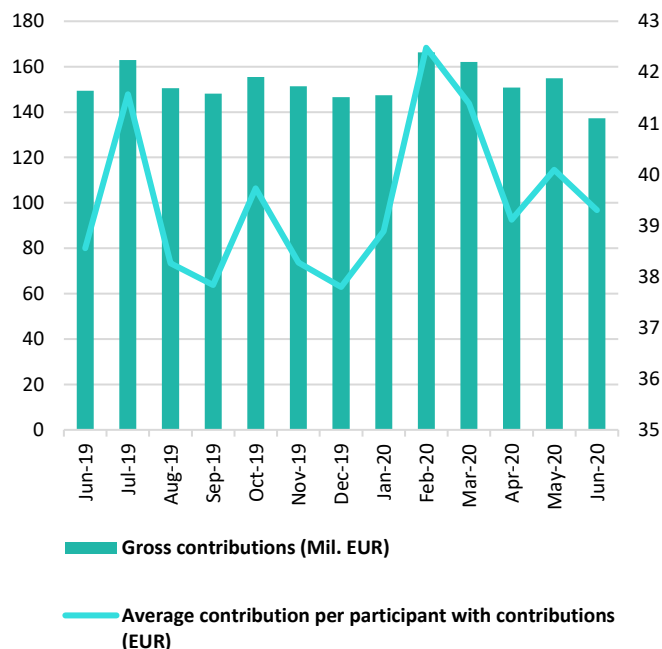
Liquidity coefficient evolution in non-life insurance sector shows a slight increase in March 2020 compared to the same period for previous year. However, the levels are still above the minimum.

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

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

Mandatory pension fund	Total Assets 30 June 2020 (EUR)	Participants (persons) June 2020	Rate of return June 2020
ARIPI*	1,193,610,737	777,213	4.38%
AZT VIITORUL TAU	2,938,864,877	1,568,953	4.12%
BCR	931,398,756	676,786	4.93%
BRD	525,369,576	459,901	3.72%
METROPOLITAN LIFE	1,916,906,683	1,034,230	4.63%
NN	4,757,721,142	1,991,570	4.34%
VITAL	1,359,041,085	924,491	4.77%
<b>Total</b>	<b>13,622,912,856</b>	<b>7,433,144</b>	<b>n/a</b>

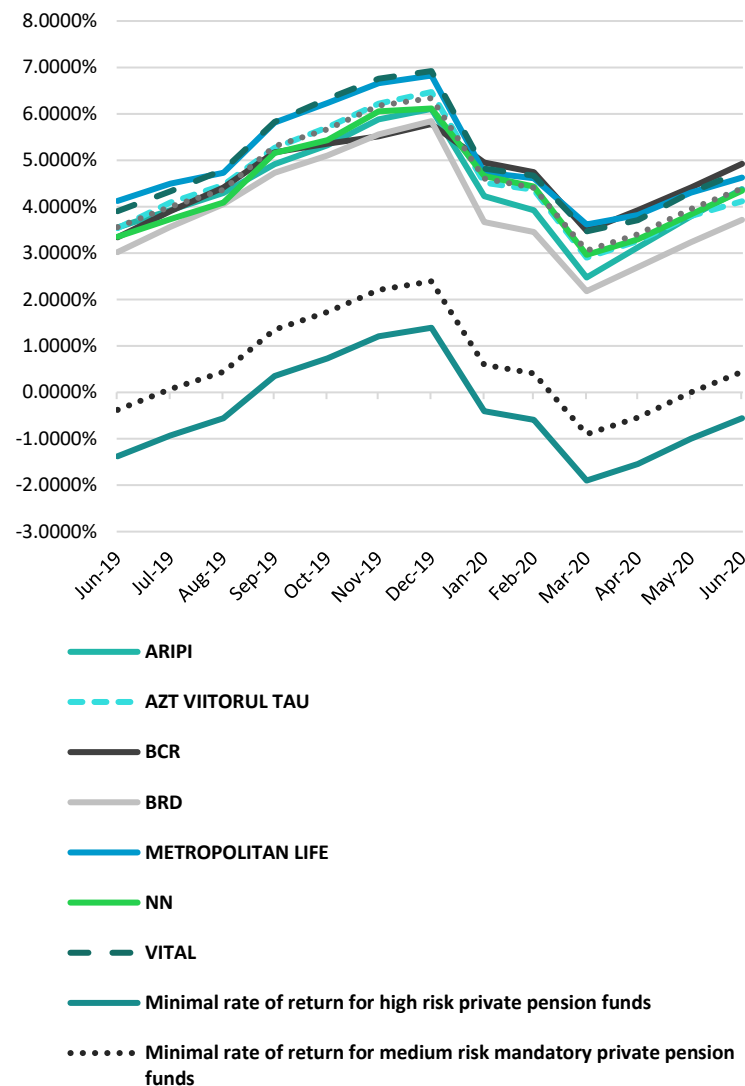
**Evolution of gross contributions**



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

**9,301 persons**

**Rate of return for mandatory pension funds**



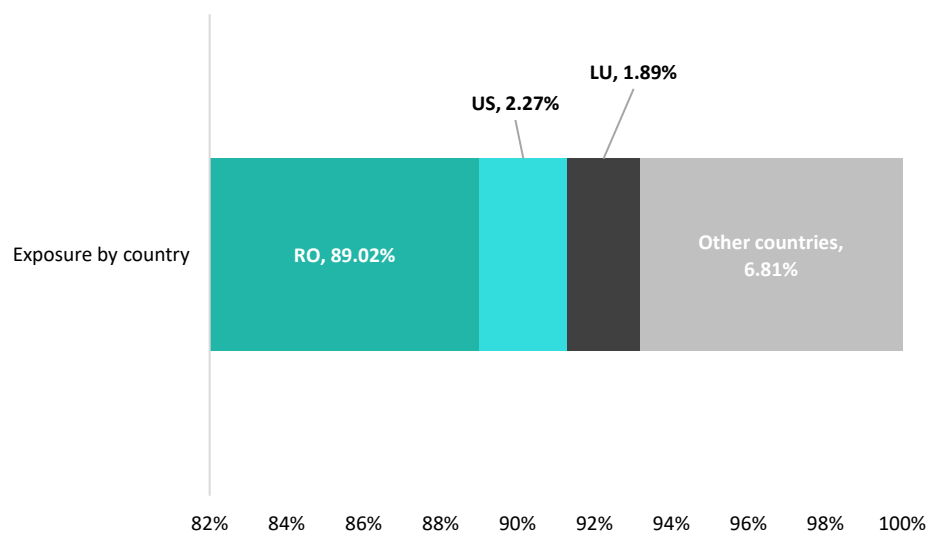
Source: FSA

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

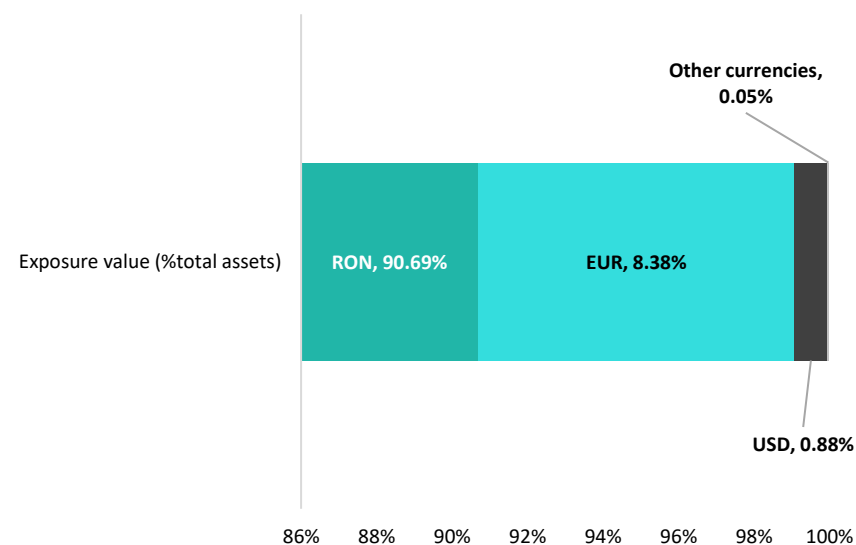
Mandatory pension fund's portfolio at 30 June 2020 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government bonds	8,940,403,373	65.63%
Equity	2,615,646,998	19.20%
Corporate bonds	726,384,608	5.33%
Bank deposits	546,454,107	4.01%
Investment funds	409,402,781	3.01%
Supranational bonds	302,641,562	2.22%
Municipal bonds	37,519,993	0.28%
Other assets	28,107,203	0.21%
Metal funds	16,352,231	0.12%

Country exposure of mandatory pension fund's assets



Currency exposure of mandatory pension fund's assets



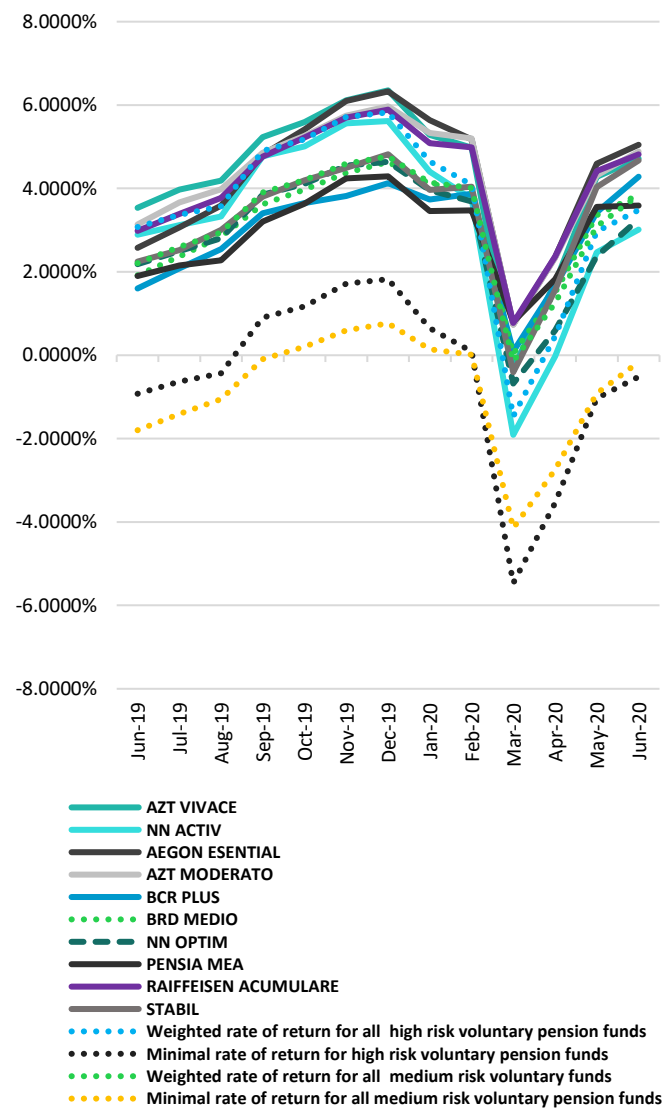
Source: FSA

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

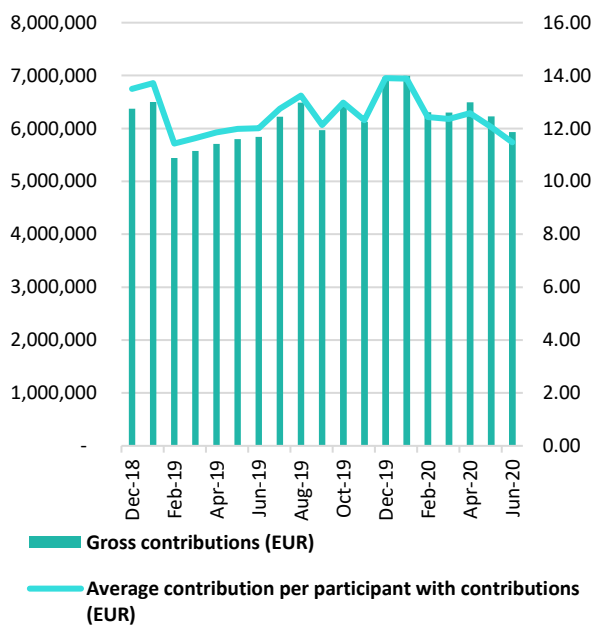
**Total assets (EUR), number of participants and return rates**

Voluntary pension fund	Total assets (EUR), 30 June 2020	Participants (persons) June 2020	Rate of return June 2020
AEGON ESENTIAL	1,789,783	3,845	5.0499%
AVIVA PENSIA MEA	17,075,377	15,073	3.5880%
AZT MODERATO	57,999,229	39,356	4.8880%
AZT VIVACE*	21,501,455	20,225	4.7151%
BCR PLUS	97,066,849	138,770	4.2819%
BRD MEDIO	28,982,231	31,499	3.8467%
GENERALI STABIL	5,277,568	5,439	4.6747%
NN ACTIV*	60,963,963	53,609	3.0163%
NN OPTIM	227,320,930	194,732	3.2599%
RAIFFEISEN ACUMULARE	20,740,449	14,509	4.8153%
<b>Total</b>	<b>538,717,835</b>	<b>517,057</b>	<b>n/a</b>

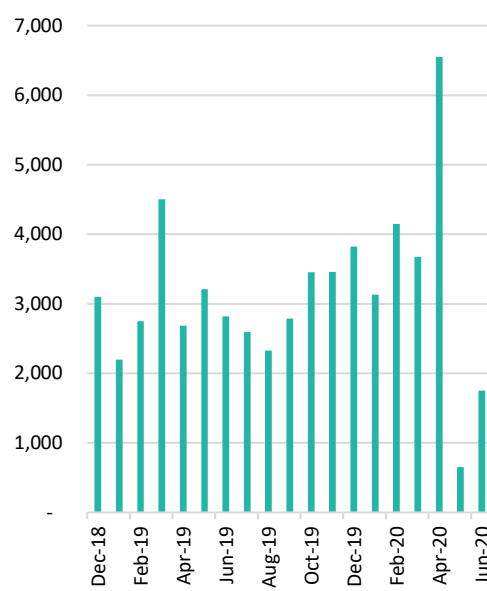
**Evolution of total assets and net value of an individual account**



**Evolution of gross contributions**



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



Source: FSA

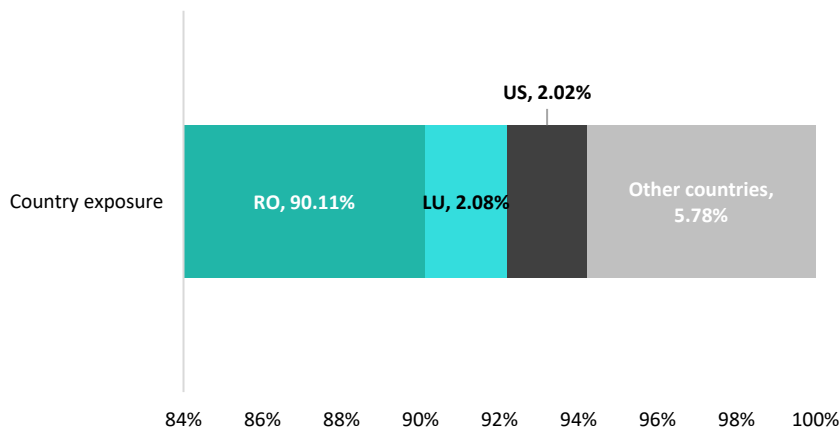
## Current evolutions in optional private pension funds (3rd Pillar)

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

Assets category	Assets value (EUR)	% Total assets
<b>Government Bonds</b>	338,820,156	62.89%
<b>Equity</b>	126,663,180	23.51%
<b>Corporate Bonds</b>	27,273,974	5.06%
<b>Investment Funds</b>	16,599,372	3.08%
<b>Bank Deposits</b>	11,996,311	2.23%
<b>Supranational Bonds</b>	11,051,608	2.05%
<b>Municipal Bonds</b>	4,697,526	0.87%
<b>Metal funds</b>	1,703,582	0.32%
<b>Oher assets</b>	(87,874)	-0.02%

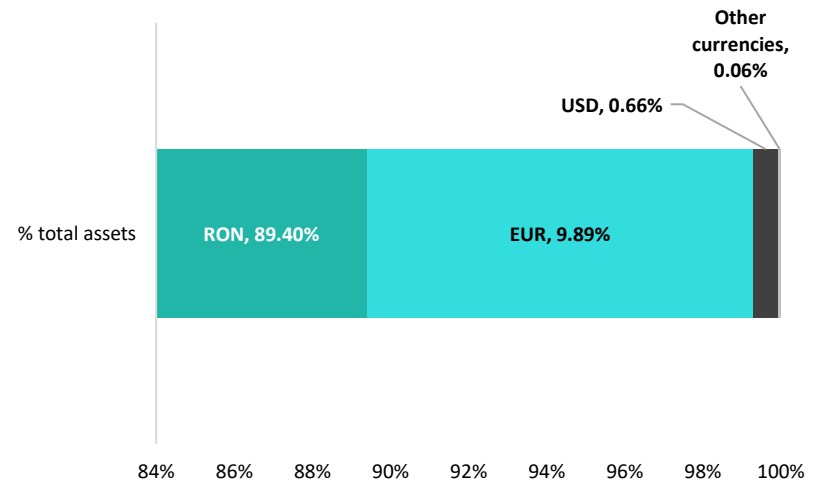
Source: FSA

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



Source: FSA

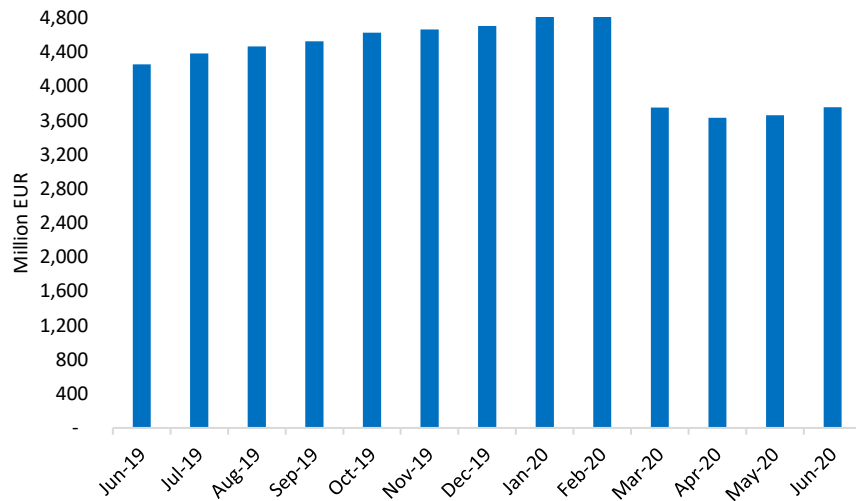
#### Currency exposure of optional fund's assets



Source: FSA

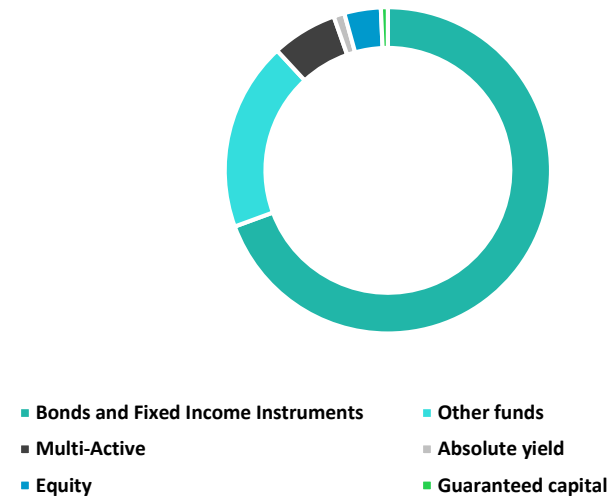
## Specific developments in the investment funds sector

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



Source: AAF

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



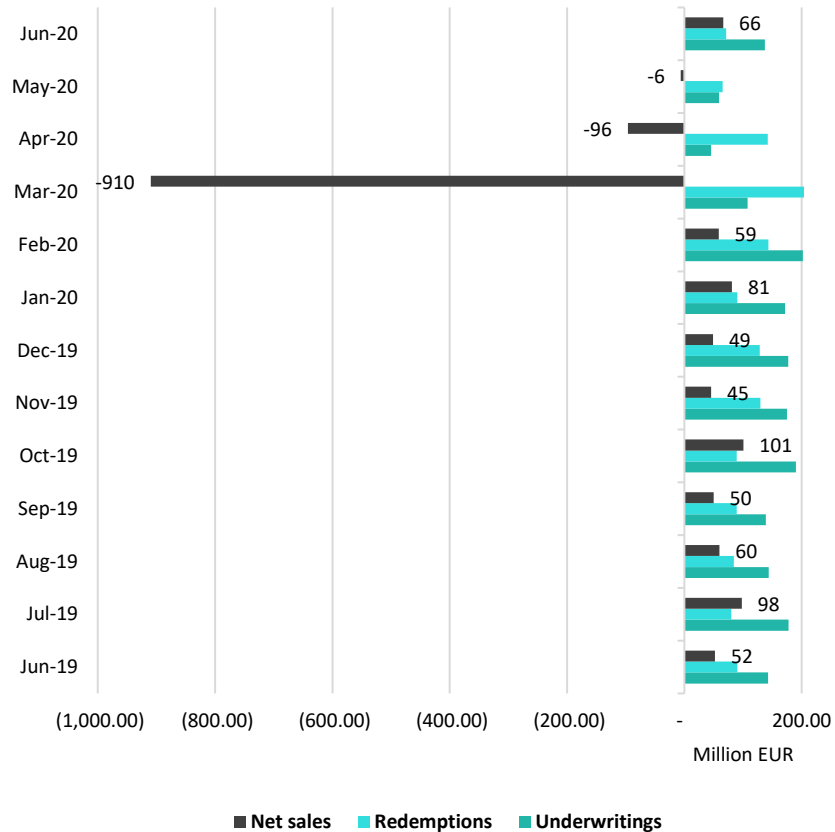
According to data published by AAF, the net assets of open-end investment funds (OeIF) increased by 2.6% at the end of June 2020 compared with the previous month, reaching a value of EUR 3.76 billion. Net assets of open-end bond and fixed income instruments funds, which account for about 69% of the local OeIF industry, increased by 3% compared with the previous month.

In June 2020, *open-end bond and fixed income instruments funds* hold the largest share in total net assets of OeIF (around 69%<sup>1</sup>), while the "other funds" type has a market share of approximately 19%.

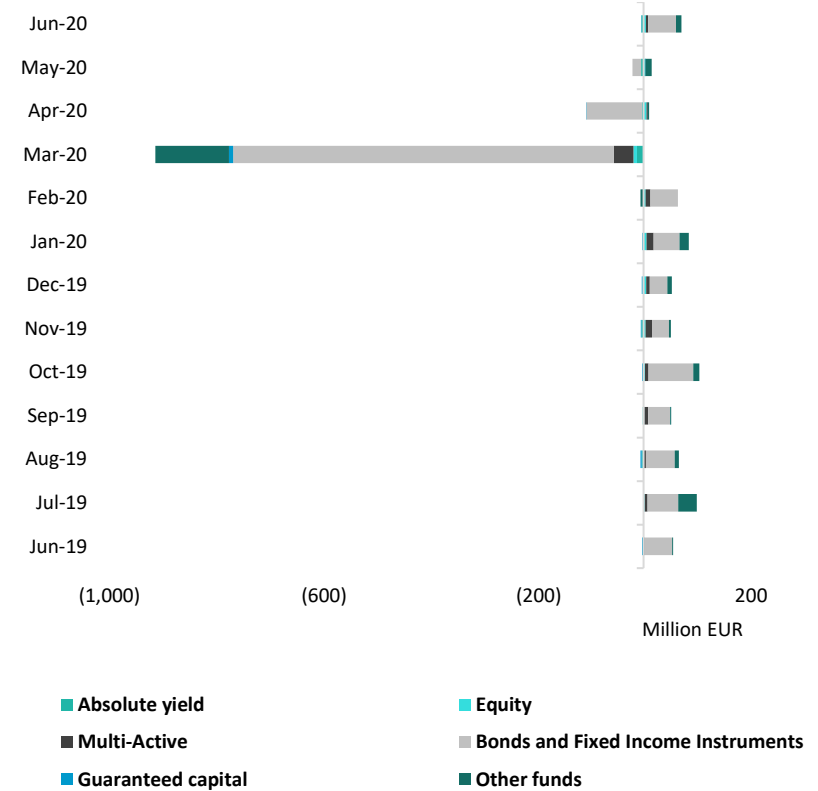
<sup>1</sup> There was a change in Open end investment funds' classification

## 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)



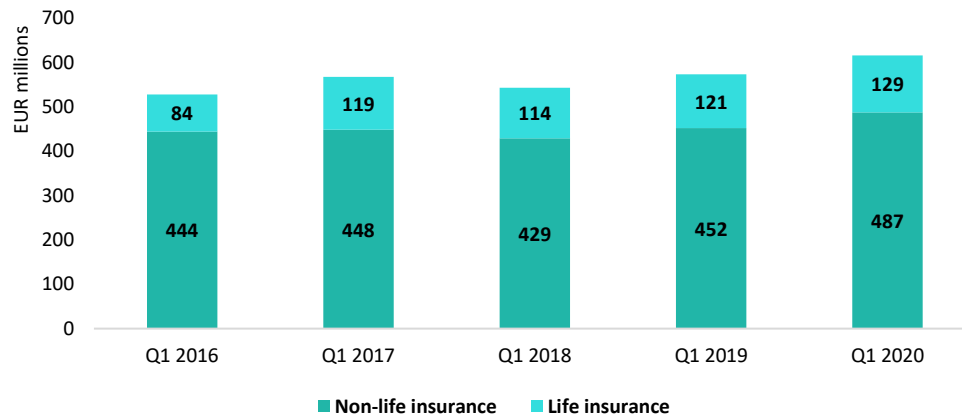
Source: AAF

In June 2020, a month in which many COVID-19 containment measures have been lifted, local open-end investment funds recorded net inflows of EUR 66 million for the first time since the beginning of the crisis. Net inflows of bond funds amounted to EUR 52 million, while the other funds category recorded net inflows of EUR 10 million.

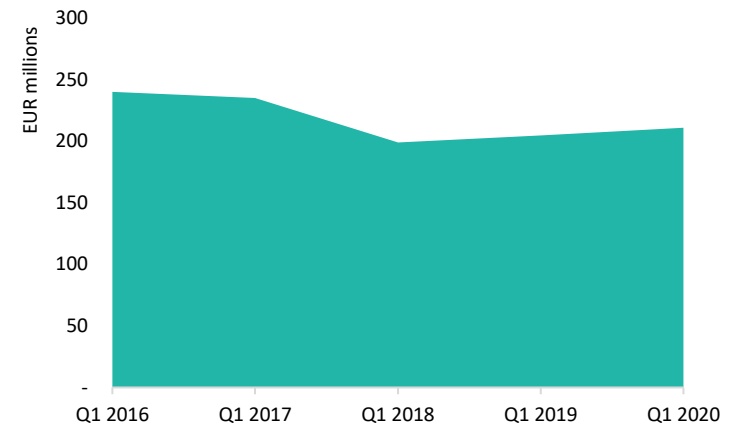
## Specific developments in the insurance market in Romania

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

Gross written premiums (total)

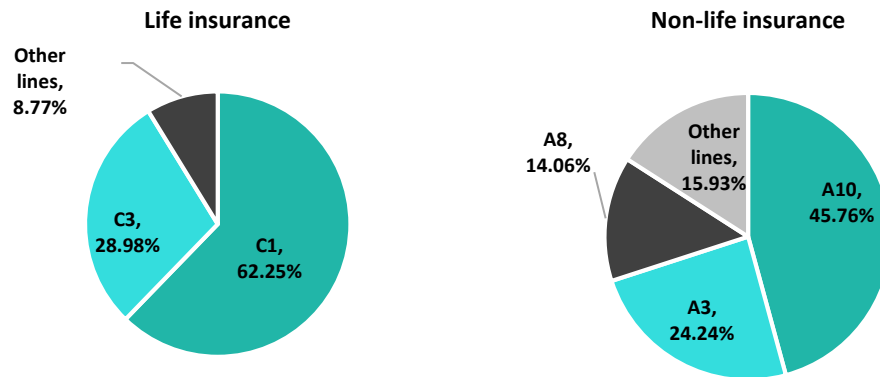


MTPL gross written premiums



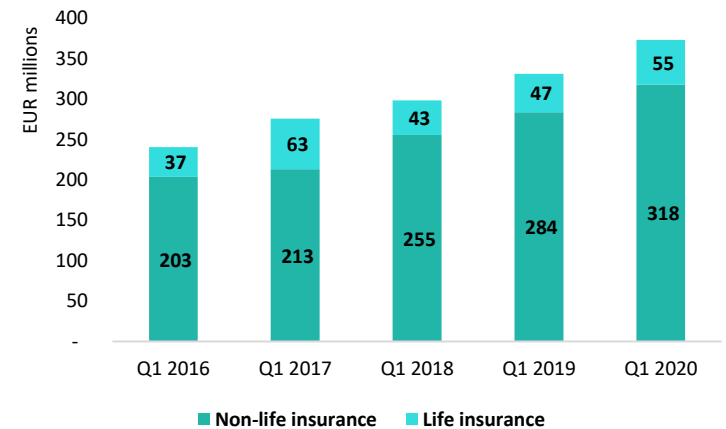
Source: FSA

Share of main insurance classes by GWP



Source: FSA

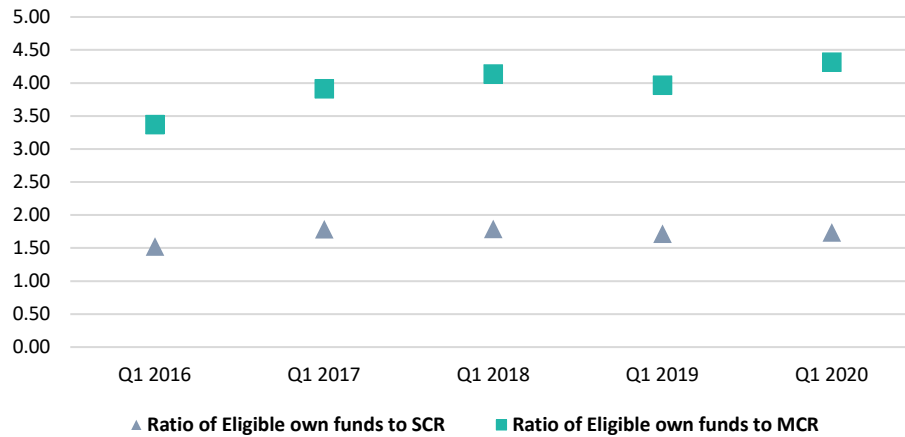
Gross claims paid



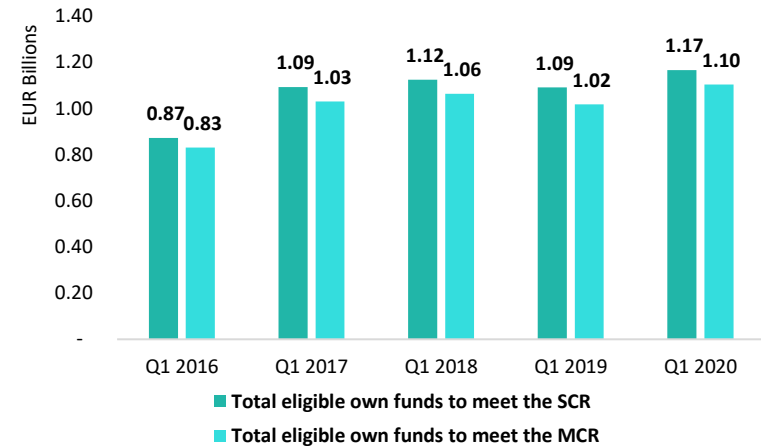


## Specific developments in the insurance market in Romania

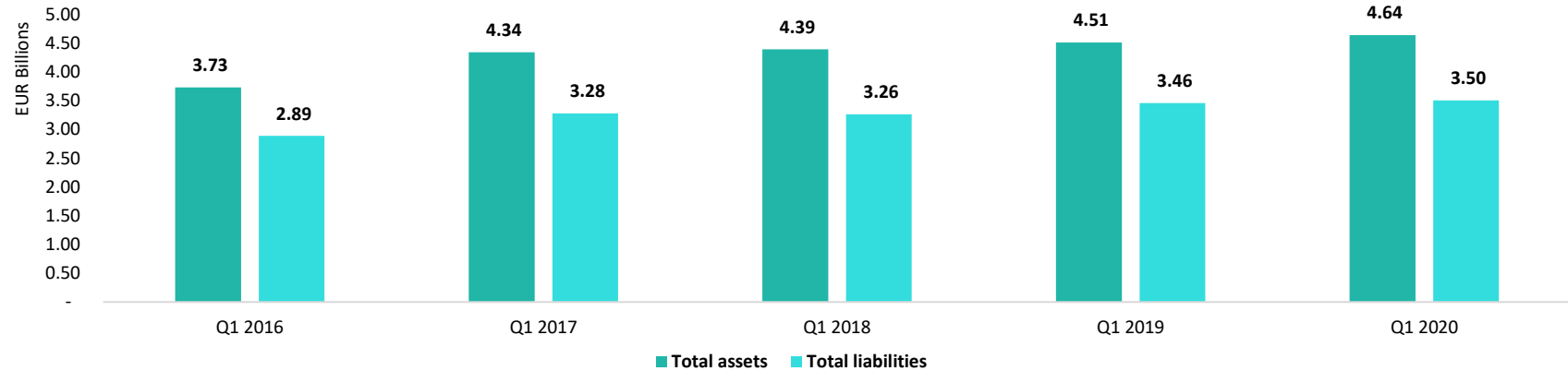
### Total eligible own funds to cover the Solvency Capital Requirement (SCR)



### 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 May 2020

<b>EUROPEAN UNION</b>	<ul style="list-style-type: none"> <li>• 10 June: <a href="#">European Commission publishes the 2020 convergence reports.</a></li> </ul>
<b>ESMA</b>	<ul style="list-style-type: none"> <li>• 3 June: <a href="#">ESMA updates transparency and position limit opinions for 3<sup>rd</sup> country.</a></li> <li>• 3 June: <a href="#">ESMA consults on cloud outsourcing guidelines.</a></li> <li>• 4 June: <a href="#">ESMA promotes convergence in the supervision of costs in UCITS and AIFS.</a></li> <li>• 11 June: <a href="#">ESMA publishes statement on MiFIR open access and COVID-19.</a></li> <li>• 11 June: <a href="#">ESMA renews its decision requiring net short position holders to report positions of 0.1% and above.</a></li> <li>• 11 June: <a href="#">ESMA responds to European Commission consultation on revision of NFRD.</a></li> <li>• 29 June: <a href="#">ESMA responds to EC consultation on the Digital Finance Strategy.</a></li> </ul>
<b>EIOPA</b>	<ul style="list-style-type: none"> <li>• 10 June: <a href="#">EIOPA consults on (re) insurance value chain and new business models arising from digitalisation.</a></li> <li>• 11 June: <a href="#">EIOPA responds to the EC consultation on the revision of the NFRD.</a></li> <li>• 24 June: <a href="#">EIOPA publishes its second Discussion Paper on Methodological Principles of Insurance Stress Testing.</a></li> <li>• 29 June: <a href="#">EIOPA responds to the EC Digital Finance Strategy consultation.</a></li> </ul>
<b>ESRB</b>	<ul style="list-style-type: none"> <li>• 8 June: <a href="#">ESRB takes second set of actions in response to the coronavirus emergency.</a></li> </ul>
<b>ECB</b>	<ul style="list-style-type: none"> <li>• 4 June: <a href="#">ECB decides to increase by € 600 billion the pandemic emergency purchase programme.</a></li> </ul>
<b>IMF</b>	<ul style="list-style-type: none"> <li>• June: <a href="#">IMF updates the Global Financial Stability Report.</a></li> </ul>