

Romanian economy recorded an advance of 2.7% in the first quarter of 2020 compared to the same period last year. However, for 2020 it is expected a contraction of -6% (EC spring forecast), respectively -5.7% (WB forecast).

ASF nr.
06/25.06.2020

- According to Eurostat data, the annual inflation rate in the euro area decreased to 0.1% in May (compared to 0.3% in April), while Romanian HIPC - *harmonized index of consumer prices* based inflation rate decreased to 1,8% (compared to 2,3% in April)
- Net assets of open-end investment funds (OeIF) increased by 0.84% at the end of May 2020 compared with the previous month, reaching a value of EUR 3.66 billion. In May 2020, local open-end investment funds recorded net outflows of EUR 5.96 million.

World Macroeconomic Outlook

In the first quarter of 2020, states introduced strict measures to prevent the spread of COVID-19 infection, which have had high socio-economic impact. In this context marked by increased uncertainty and volatility, the euro area economy registered a sharp decline (-3.1%) in the first quarter of 2020 compared to the same period of the previous year. Italy (-5.4%), France (-5.0%) and Spain (-4.1%) were among the most affected countries in Europe in terms of the effects of the crisis generated by the COVID-19 pandemic.

In terms of short and medium-term developments, the European Commission (EC) estimates significant declines in 2020 (-7.7% for the euro area economy) and a recovery from 2021. The World Bank (WB) estimates of GDP growth are more pessimistic concerning the euro area economy, indicating a decline of 9.1% in 2020, followed by a modest rebound in 2021 (+4.5%). Romania's economy recorded an advance of 2.7% in the first quarter of 2020 compared to the same period last year. Nevertheless, Romania's economy is forecast to contract by -6% in 2020 according to the EC spring 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	-7.7	6.3	-9.1	4.5
Germany	1.0	0.3	0.7	0.4	0.6	-2.3	-6.5	5.9	-	-
Spain	2.2	2.0	1.9	1.8	2.0	-4.1	-9.4	7.0	-	-
France	1.7	1.8	1.6	0.9	1.5	-5.0	-8.2	7.4	-	-
Italy	0.3	0.4	0.5	0.1	0.3	-5.4	-9.5	6.5	-	-
Bulgaria	3.8	3.5	3.2	3.1	3.4	2.4	-7.2	6.0	-6.2	4.3
Croatia	4.0	2.4	2.8	2.7	2.9	0.3	-9.1	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	-4.3	4.1	-4.2	2.8
Romania	5.1	4.3	3.3	3.9	4.1	2.7	-6.0	4.2	-5.7	5.4

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

According to data published by Eurostat, the volume of production in construction decreased by 28.4% in the euro area and by 24% in the European Union in April 2020 compared to the same period of the previous year. The largest decreases were registered in France (-60.6%), Belgium (-39%) and Spain (-32.6%), while the volume of construction works continued to increase in Romania. However, there was a slowdown in April compared to the same period of the previous year (+ 12.1% compared to + 29.6% in March).

The turnover of market services provided mainly to enterprises decreased by 7.5% in April 2020, compared to April 2019, amid the decrease in turnover of transport activities (-22.9%), film, video, television production activities; broadcasting and transmission of programs (-22.0%) and other services provided mainly to enterprises (-3.3%). On the other hand, IT services and information technology and communications activities increased by + 21.8% and + 1.5%, respectively.

Industrial production decreased significantly in April 2020 compared to the same period of the previous year, by 28% in the euro area and by 27.2% in the European Union. In Romania, industrial production decreased by 38.4% as gross series, respectively by 38.6% as seasonally adjusted series. The most affected industrial sector was the manufacturing industry (-44.9%, gross series), followed by the extractive industry (-18.3%) and the production and supply of electricity and heat (-3.4%).

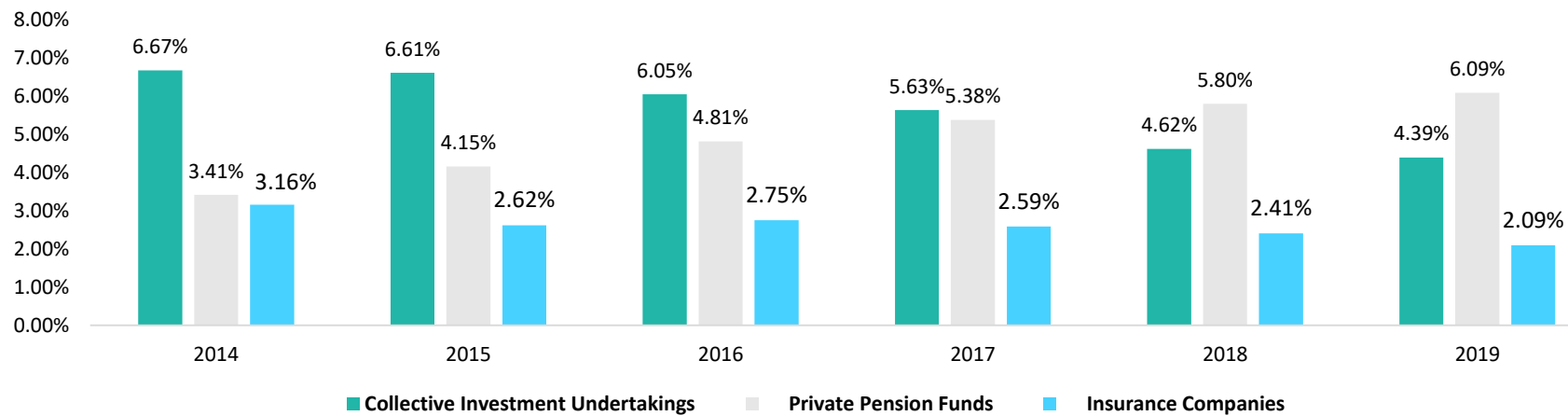
According to Eurostat data, the annual inflation rate in the euro area stood at 0.1% in May, down from April (0.3%). The highest contributions came from food, alcohol and tobacco, followed by services. Energy continued to have a negative contribution to the annual inflation rate. At EU level, the annual inflation rate was 0.6% compared to 0.7% in April. The lowest annual inflation rates in the EU were recorded in Estonia (-1.8%), Luxembourg (-1.6%) and Cyprus and Slovenia (-1.4% both), while the highest inflation rates were registered in Poland (+ 3.4%), Czech Republic (+ 3.1%) and Hungary (+ 2.2%). In Romania, the annual inflation rate (based on the harmonized index of consumer prices, HICP) was 1.8% in May 2020.

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

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



Source: NBR, NIS, FSA

Current trends and headlines on Romanian markets

Romanian stock indices evolution in 2020 (31.12.2019 = 100)

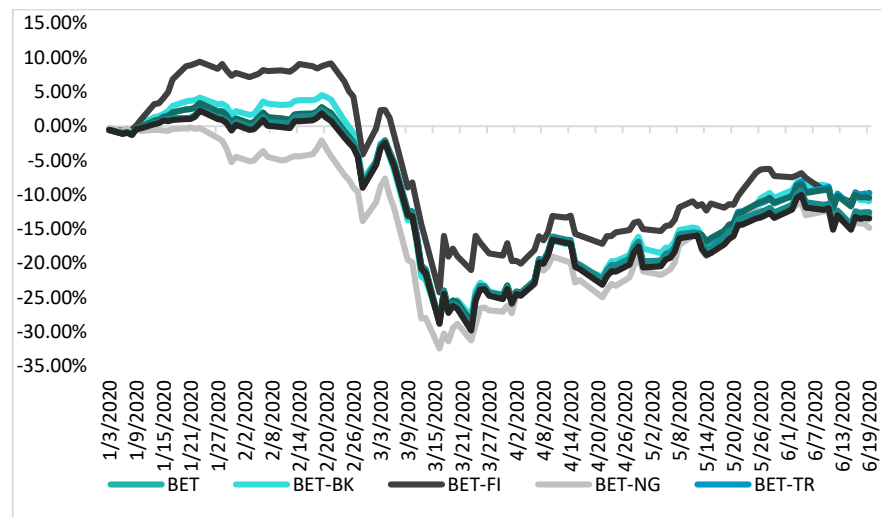
Date	BET	BET-BK	BET-FI	BET-NG	BET-TR
6/19/2020	-12.73%	-10.95%	-9.71%	-14.83%	-9.81%

Date	BET-XT	BET-XT-TR	BETPlus	ROTX
6/19/2020	-13.18%	-10.41%	-12.53%	-13.44%

On May 29, 2020, the NBR Board decided to cut the monetary policy rate to 1.75 percent per annum from 2.0 percent per annum starting 2 June 2020. Moreover, it decided to lower the deposit facility rate to 1.25 percent per annum from 1.50 percent per annum and the lending (Lombard) facility rate to 2.25 percent per annum from 2.50 percent per annum. Furthermore, the NBR Board decided to maintain the existing levels of minimum reserve requirement ratios on both leu- and foreign currency-denominated liabilities of credit institutions. Given the liquidity shortfall on the money market, the Board decided to further conduct repo transactions and continue to purchase leu-denominated government securities on the secondary market, keeping financial market stability. Moreover, the central bank will seek to maintain international reserves, forex ones included, at an optimal level.

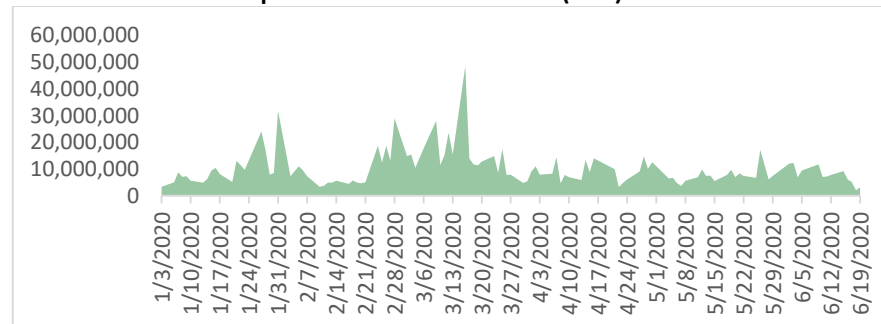
The NBR Board decisions aim to ensure and preserve price stability over the medium term in a manner conducive to achieving sustainable economic growth and amid safeguarding financial stability.

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
Italy	135.6	136.1	136.2	134.8	136.4	137.8	137.1	134.8
France	99.0	99.0	99.2	98.4	99.6	99.6	100.4	98.4
Spain	99.2	98.6	98.9	97.6	98.6	98.6	97.5	95.5
Euro zone	87.7	87.3	87.1	85.9	86.5	86.3	86.0	84.2
UE – 28	82.0	81.5	81.4	80.4	81.0	80.4	80.1	79.4
Hungary	73.2	73.5	72.0	70.2	69.5	68.2	68.1	66.3
Germany	64.1	63.0	62.7	61.9	61.7	61.1	61.1	59.8
Poland	51.2	50.5	49.5	49.0	49.2	48.1	47.5	46.1
Romania	34.5	34.1	33.9	34.7	33.8	33.8	35.2	35.2
Bulgaria	24.0	23.5	22.8	22.3	20.9	20.4	20.6	20.4

Source: Eurostat

The debt-to-GDP ratio is 84.2% in the euro area in the fourth quarter of 2019, slightly lower compared to the level recorded in the third quarter of 2019 (86%). At EU level, there is a considerable heterogeneity in debt level, the share of public debt in GDP ranging from 8.4% (Estonia) to 176.6% (Greece).

Romania is among the EU member states with a low level of indebtedness (35.2%), below the indebtedness of the EU member states of 79.4% of GDP.

According to the NBR, the direct investments of non-residents in Romania (FDI) recorded a negative value of EUR 454 million in January-April 2020 (compared with EUR 2.16 billion in the same period of the previous year).

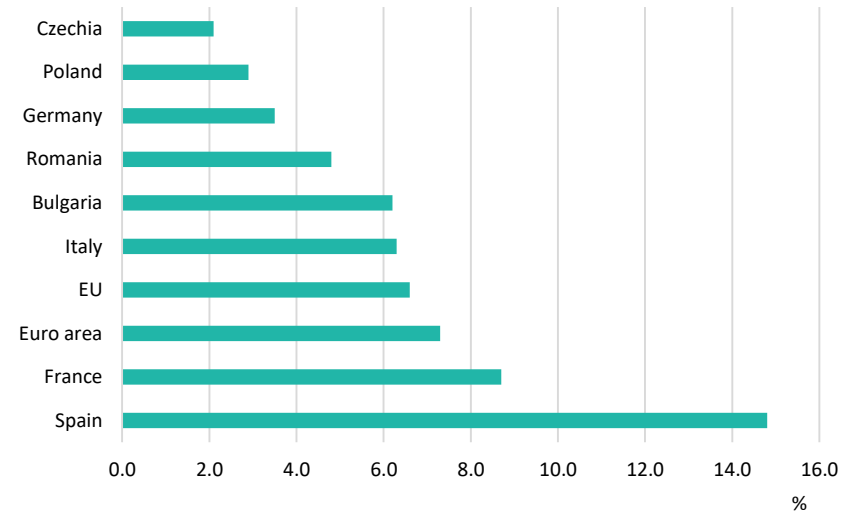
On the other hand, the current account of the balance of payments registered a deficit of EUR 1.78 billion, compared to EUR 2.26 billion in January-April 2019. The evolution of the current account was accompanied by an increase in total external debt by EUR 683 million in January - April 2020 to EUR 106.6 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 7.3% in April 2020, up compared with March 2020 (7.1%). The EU unemployment rate was 6.6% in April 2020, compared to 6.4% in March 2020, according to the latest figures published by Eurostat. The highest unemployment rates in the EU were recorded in Greece (16.1% - February 2020) and Spain (14.8%), while the lowest rates were recorded in Czechia (2.1%), Poland (2.9%) and Netherlands (3.4%).

The seasonally adjusted unemployment rate in Romania stood at 4.8% in April 2020, a level similar to that recorded in the second half of 2017, increasing by 0.2 pp compared to the previous month, amid the effects of the crisis generated by COVID-19. The unemployment rate of men (5.1%) is higher than the unemployment rate of women (3.8%).

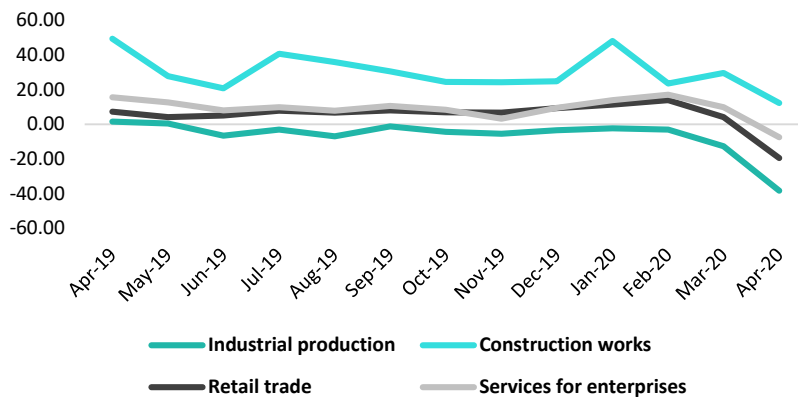
Unemployment rate (April 2020)



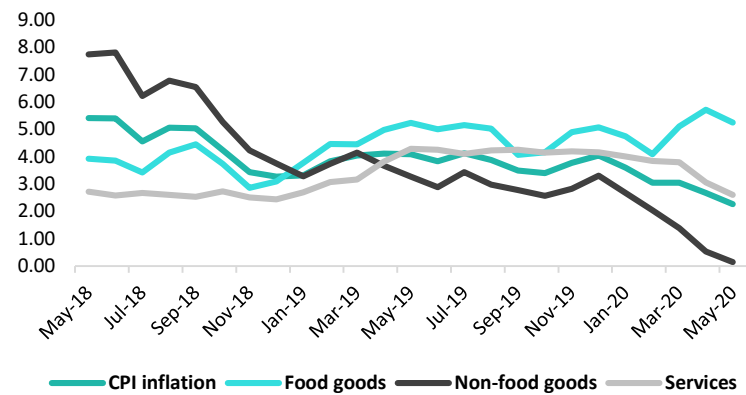
Source: Eurostat

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

Main sector indicators (annual rate of change, %)

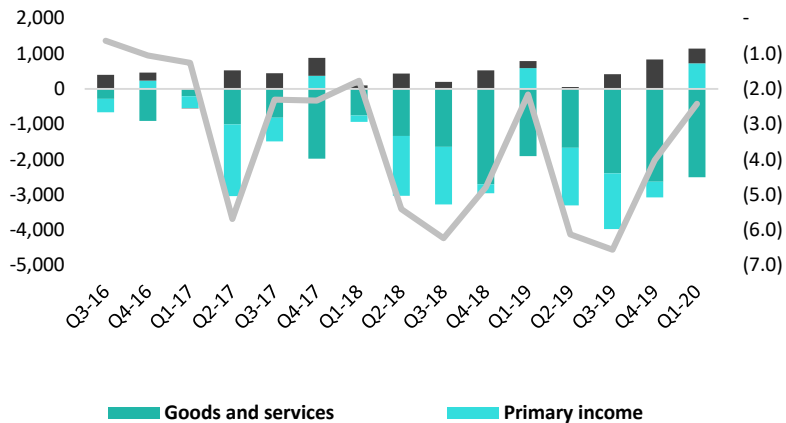


Inflation, monthly data (annual rate of change)



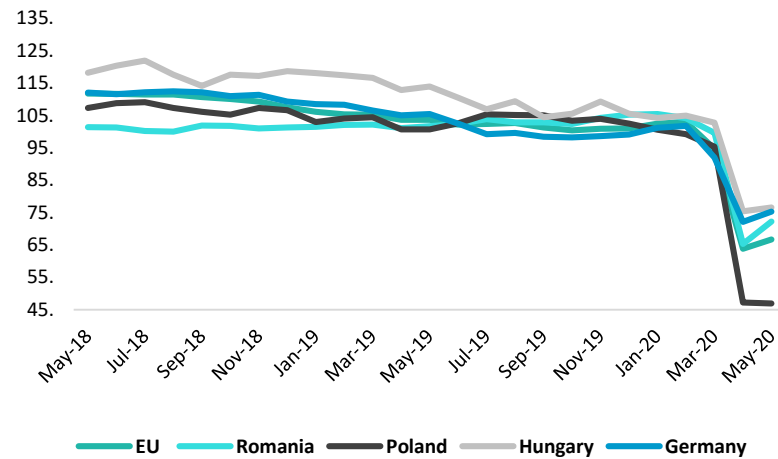
Source: National Institute of Statistics; FSA calculations

Development of current account by main components (million euro)



Source: NBR, FSA calculations

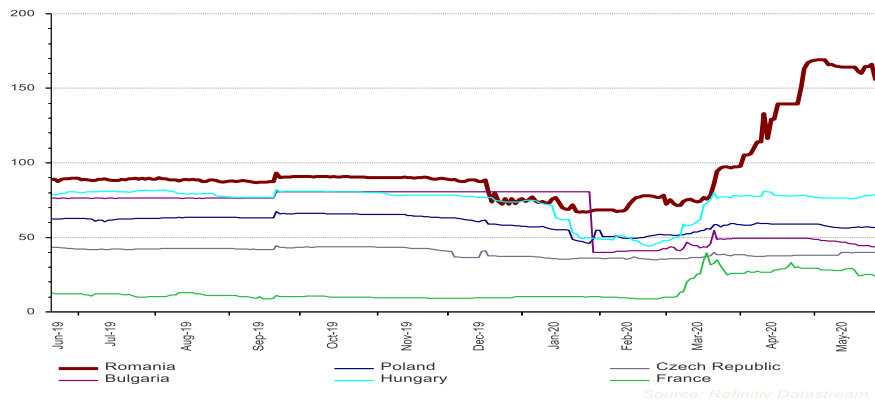
The economic sentiment index in EU



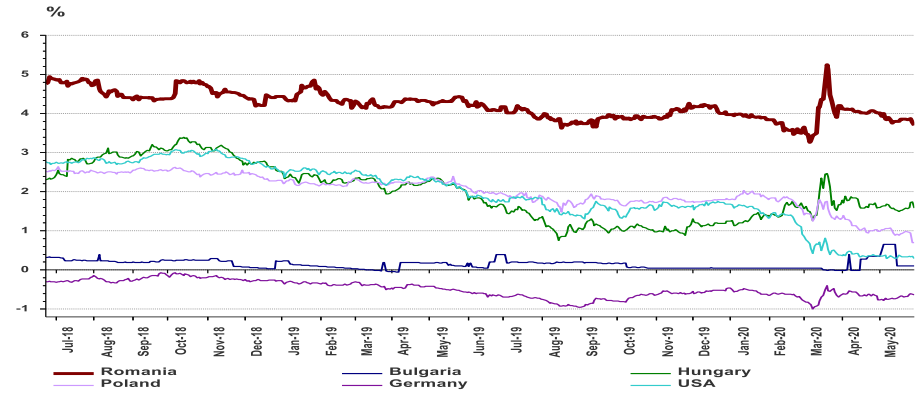
Source: Eurostat

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

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



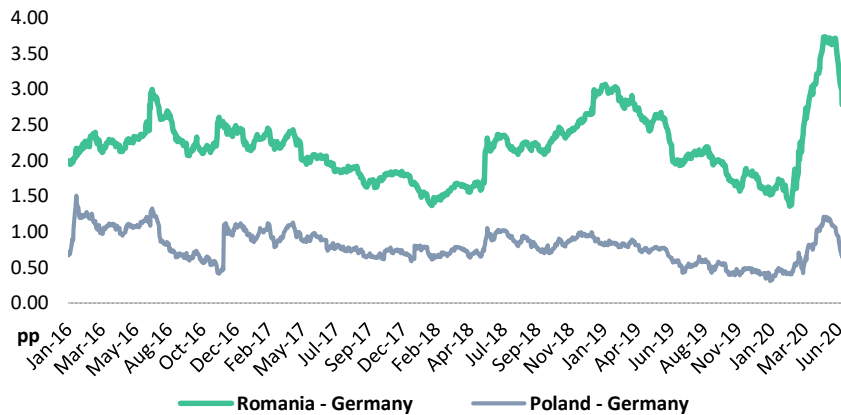
Government bond yields (5Y, LC)



Source: Datastream

Romania 5 - year bond yields decreased by 5% in May 2020 as compared with the previous month, reaching an average value of 3.84% (April 2020: 4.06%), while Germany 5 – year bond yields remained negative, at very low levels (average value of -0.7% in May). Romania CDS quotations increased significantly in May 2020 compared with the previous month, reaching an average value of 163 bp. French CDS quotations decreased by 5% to 27 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 June 2020 decreased, still being at a high level. This growing 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)	4.71%	-7.62%	-15.52%	BET	9.06%	-4.60%	-11.99%
FR (CAC 40)	2.70%	-11.57%	-20.49%	BET-BK	9.07%	-2.84%	-9.37%
DE (DAX)	6.68%	-2.55%	-12.46%	BET-FI	9.07%	-3.26%	-6.16%
IT (FTSE MIB)	2.87%	-17.22%	-21.76%	BET-NG	10.84%	1.40%	-13.58%
GR (ASE)	3.87%	-9.41%	-27.62%	BET-TR	10.91%	-2.97%	-10.48%
IE (ISEQ)	5.10%	-7.95%	-15.85%	BET-XT	8.90%	-4.25%	-11.80%
ES (IBEX)	2.52%	-18.65%	-24.12%	BET-XT-TR	10.74%	-2.62%	-10.29%
UK (FTSE 100)	2.97%	-7.66%	-17.29%	BETPlus	8.89%	-4.50%	-11.71%
US (DJIA)	4.26%	-0.10%	-9.51%	ROTX	9.09%	-4.85%	-12.65%

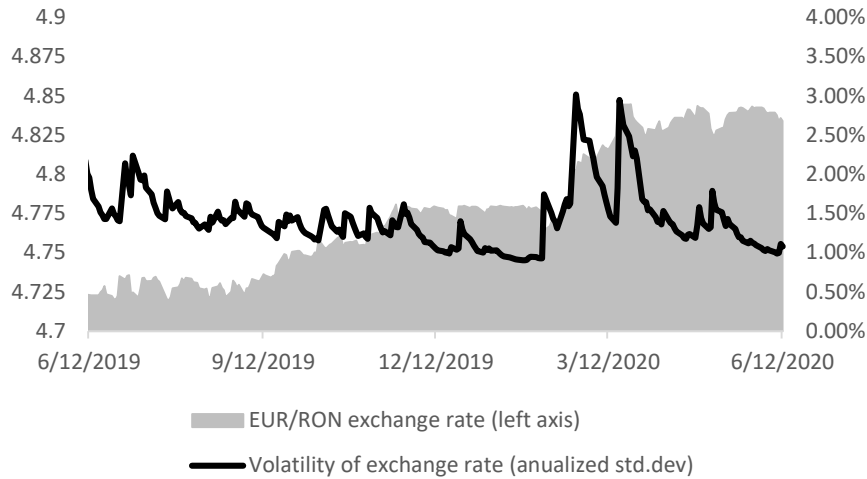
Source: Datastream, FSA's calculations

Note: 1M=05/29/2020 vs. 04/30/2020; 3M=05/29/2020 vs. 02/28/2020; 6M=05/29/2020 vs. 11/29/2019

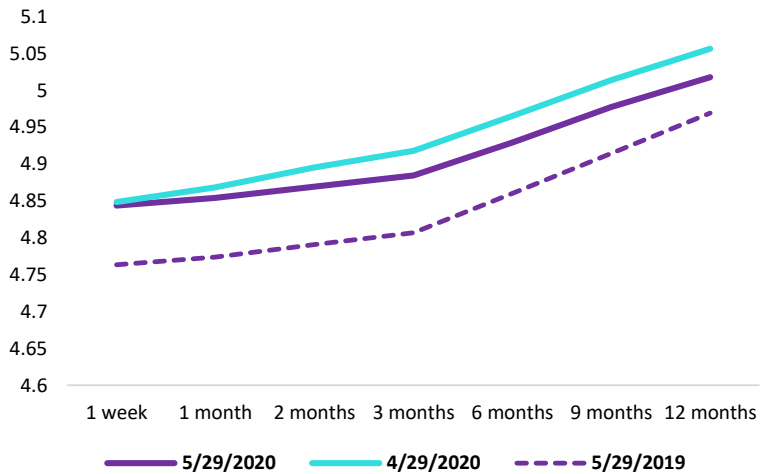
The international stock indices have recorded positive developments (1M). The best performer was DAX index (DE) which increased by 6.68% in May, followed by ISEQ index (IE: +5.10%).

The BSE stock indices have also recorded positive developments (1M). BET-TR index (+10.91%) was the best performer, followed by BET-NG index (+10.84%).

EUR/RON Exchange rate vs volatility

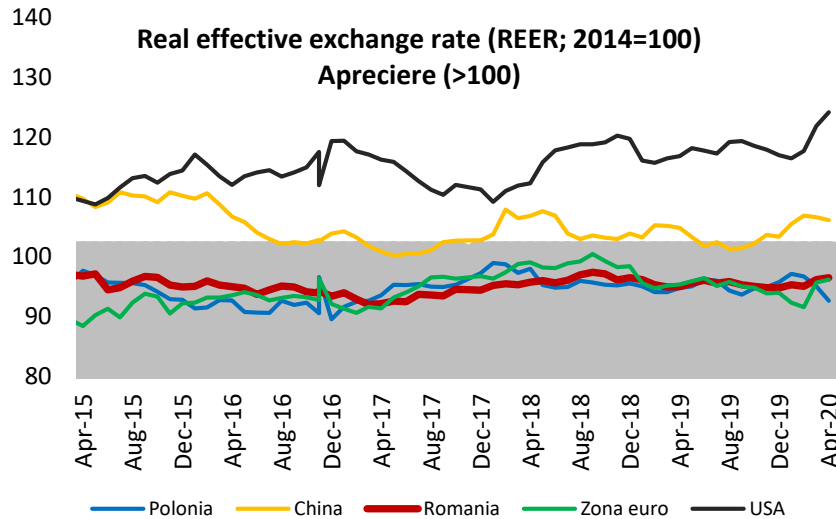


Term structure of EUR/RON forward rate



Source: Datastream, FSA's calculations

Real effective exchange rate (REER; 2014=100)
Apreciere (>100)



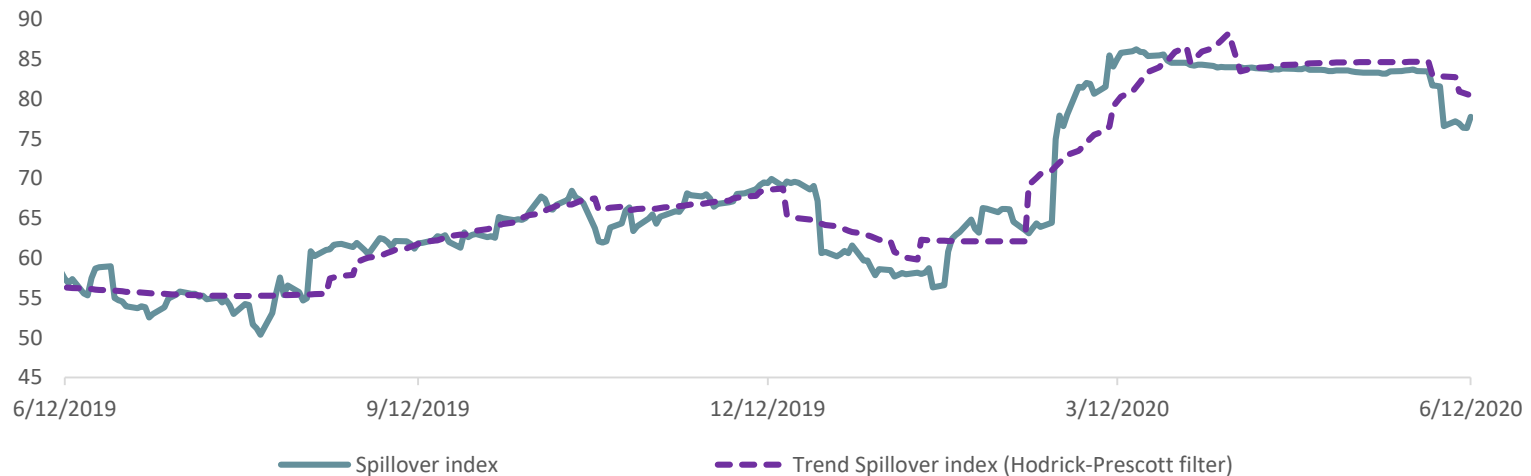
Source: BIS, FSA's calculations

The exchange rate remained around 4.84 in April and May 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 2% to fight the impending recession** and managed the interbank liquidity as to avoid any speculative attack on Romanian currency.

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.

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 beset by low interest rates and high public debt levels, the economies from the CESEE countries registered an export based economic growth.

Liquidity risk on Romanian Stock Exchanges

The BSE Trading Activity (all the Segments) during May 2020

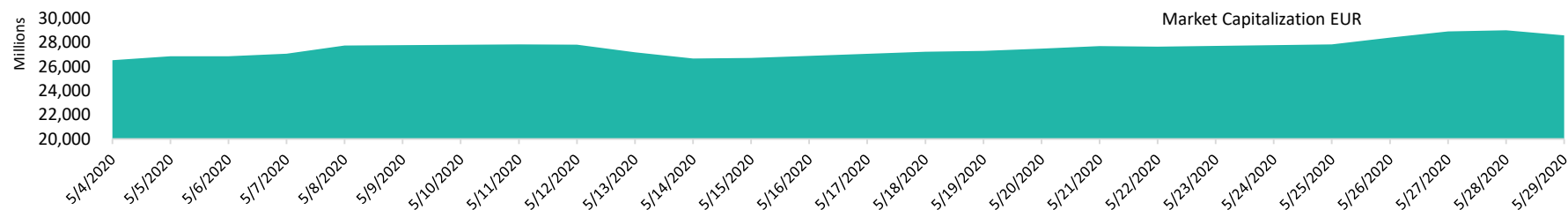
Week/month	No. of transactions	Volume	Value	
			EUR	%
Total 04-08 May 2020	14,620	130,076,521	27,297,954	17.69%
Total 11-15 May 2020	19,472	155,586,915	37,304,706	24.18%
Total 18-22 May 2020	17,493	127,218,997	40,428,962	26.20%
Total 25-29 May 2020	18,956	271,707,974	49,272,634	31.93%
Total May 2020	70,541	684,590,407	154,304,255	100.00%

Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for May 2020 = 4,8365 LEI/EUR

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

Symbol	Main market		Deal		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
TLV	34,045,740	25.79%	3,785,743	48.14%	37,831,483	25.91%
FP	17,726,763	13.43%	790,861	10.06%	18,517,624	12.68%
SNP	15,942,166	12.08%	999,716	12.71%	16,941,882	11.60%
EBS	11,811,560	8.95%	0	0.00%	11,811,560	8.09%
SNG	9,793,773	7.42%	0	0.00%	9,793,773	6.71%
BRD	8,887,245	6.73%	0	0.00%	8,887,245	6.09%
TRP	1,647,953	1.25%	0	0.00%	7,788,872	5.33%
SNN	6,729,330	5.10%	0	0.00%	6,729,330	4.61%
EL	4,662,100	3.53%	115,786	1.47%	4,777,886	3.27%
TGN	4,745,221	3.59%	0	0.00%	4,745,221	3.25%
DIGI	3,122,006	2.36%	0	0.00%	3,122,006	2.14%
TEL	1,713,075	1.30%	0	0.00%	1,713,075	1.17%
PPL	1,066	0.00%	1,550,934	19.72%	1,552,000	1.06%
SIF2	1,477,013	1.12%	0	0.00%	1,477,013	1.01%
SIF4	1,355,070	1.03%	0	0.00%	1,355,070	0.93%
Top 15 Total					93.86%	

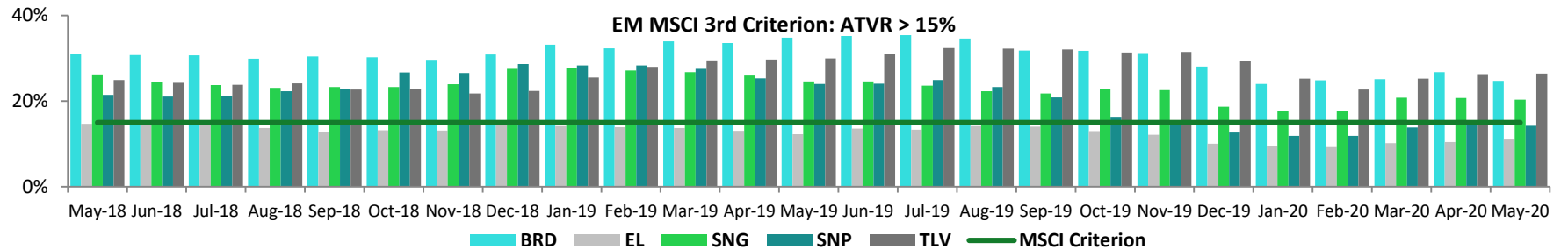
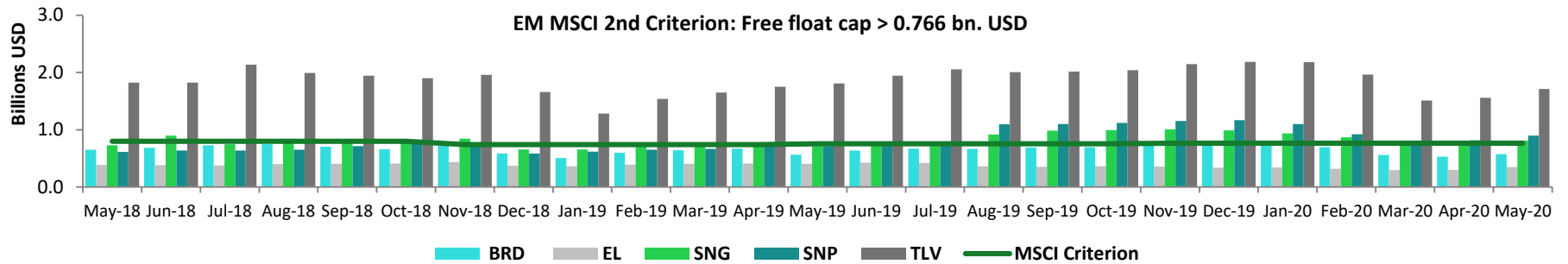
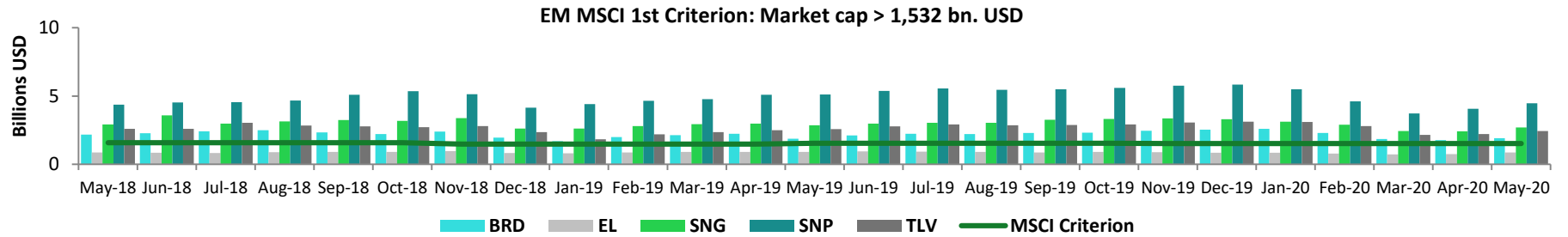
Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for May 2020 = 4,8365 LEI/EUR



Top of intermediaries during May 2020

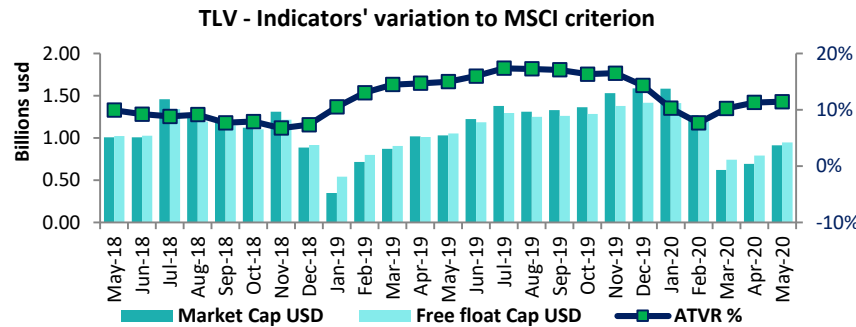
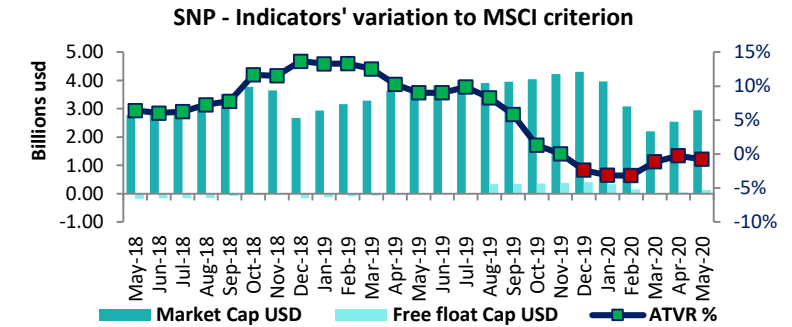
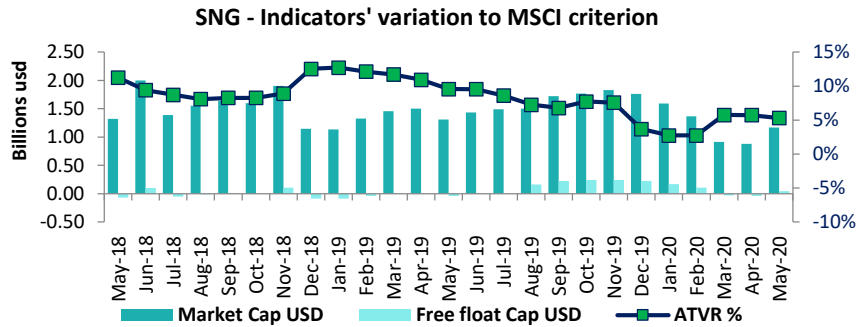
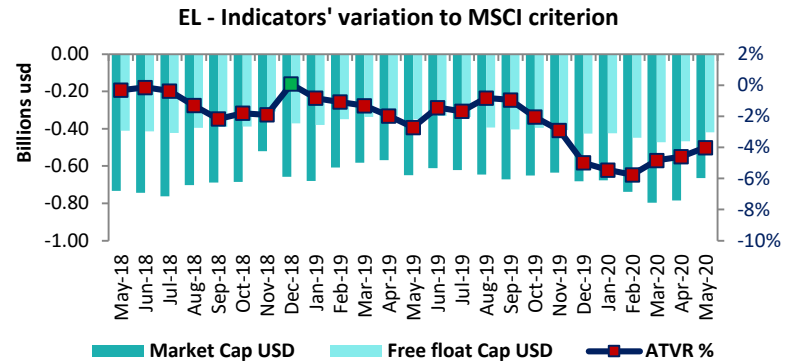
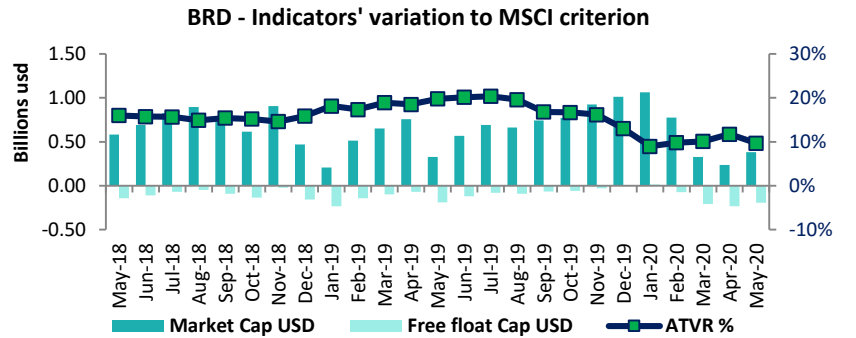
Rank	Intermediary name	Traded Value EUR (month level)	% from Total Value (month level)
1	BT CAPITAL PARTNERS	60,214,435	20.59
2	SWISS CAPITAL S.A.	50,380,209	17.23
3	BANCA COMERCIALA ROMANA	39,736,678	13.59
4	WOOD & COMPANY FINANCIAL SERVICES, a.s. PRAGA	31,578,691	10.8
5	TRADEVILLE	23,726,021	8.11
6	RAIFFEISEN CENTROBANK AG	19,858,612	6.79
7	PRIME TRANSACTION	11,341,201	3.88
8	SSIF BRK FINANCIAL GROUP S.A.	10,471,402	3.58
9	GOLDRING	9,649,750	3.3
10	IFB FINWEST	8,054,287	2.75
11	BRD Groupe Societe Generale	6,768,793	2.31
12	ESTINVEST	5,241,484	1.79
13	CONCORDE SECURITIES LTD	3,818,573	1.31
14	ALPHA FINANCE ROMANIA	3,436,128	1.17
15	INTERFINBROK CORPORATION	2,577,715	0.88
Top 15 Total			98.08

MSCI: Quantitative Indicators for Emerging Market Status



Source: ASF Calculations, May 2020

MSCI: Quantitative Indicators for Emerging Market Status



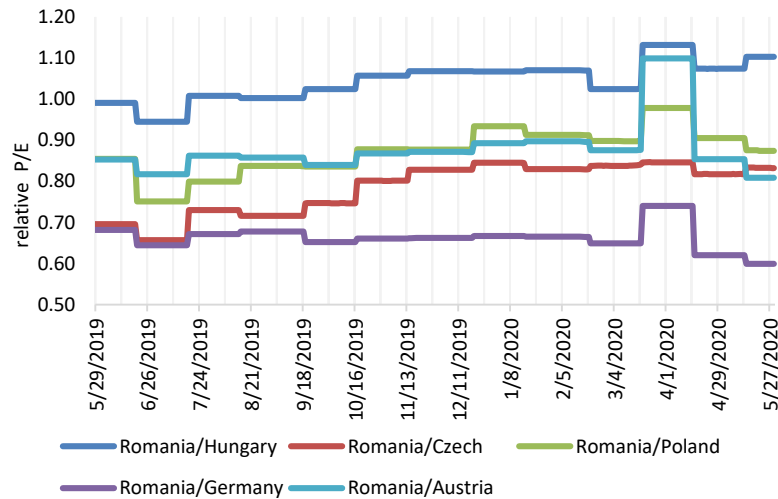
Indicators' variation to MSCI criterion (May 2020)

Company	Cap. bln. USD	Free float bln. USD	ATVR %
BRD	0,38	-0,19	9,71%
EL	-0,66	-0,42	-4,01%
SNG	1,17	0,04	5,31%
SNP	2,95	0,13	-0,78%
TLV	0,91	0,95	11,43%

Source: ASF Calculations, May 2020

Risk assessment and the benefit of diversification

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

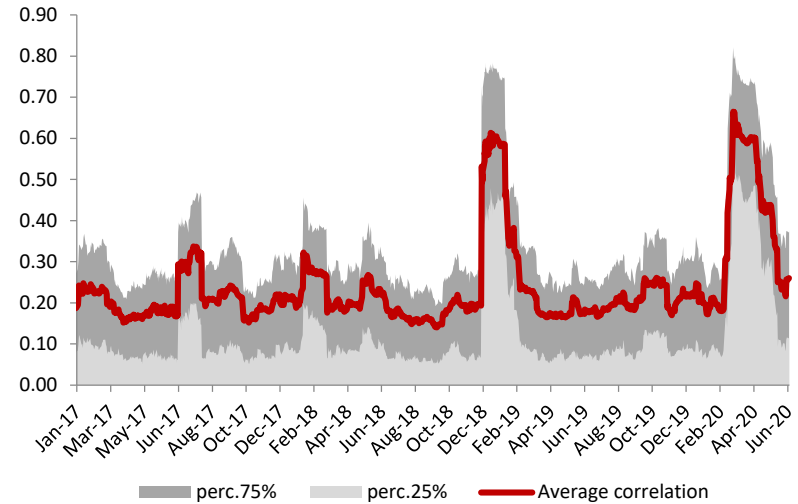


Source: Datastream, FSA's calculations

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 May 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 May and June, 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.

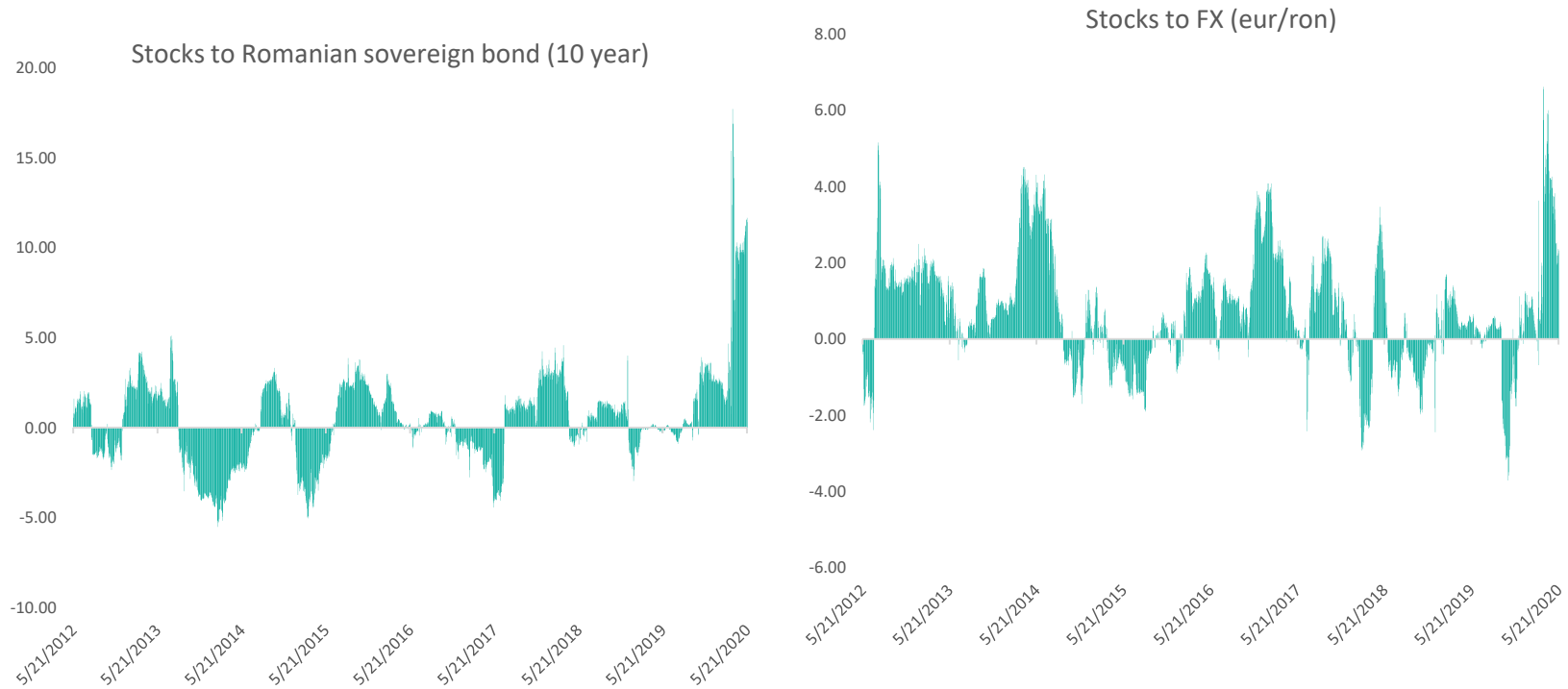
Risk assessment and the benefit of diversification

A net spillover index is the difference between the returns shocks transmitted to other asset classes and the returns shocks received from them. If the net index is positive it means it has transmitted more than it has received.

The net spillover indices presented above show that the investors sold equity on Romanian capital market and bought long-term sovereign bonds (left chart) and euro (right chart). Due to the measures taken by the Romanian Central Bank, the exchange rate (EUR/RON) underwent only a small depreciation in April and May.

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.

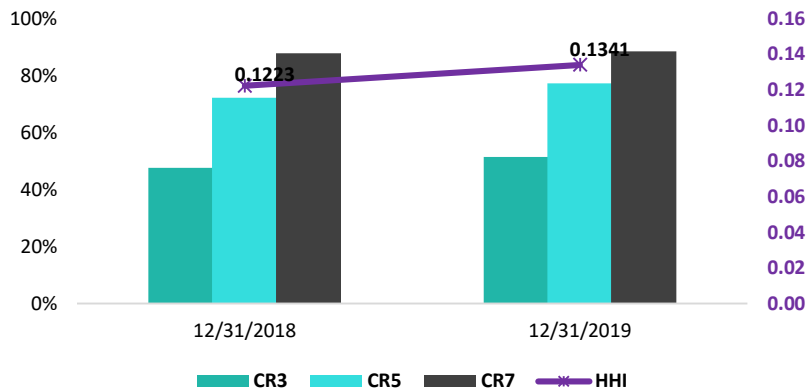
Net spillover from stock to other asset classes



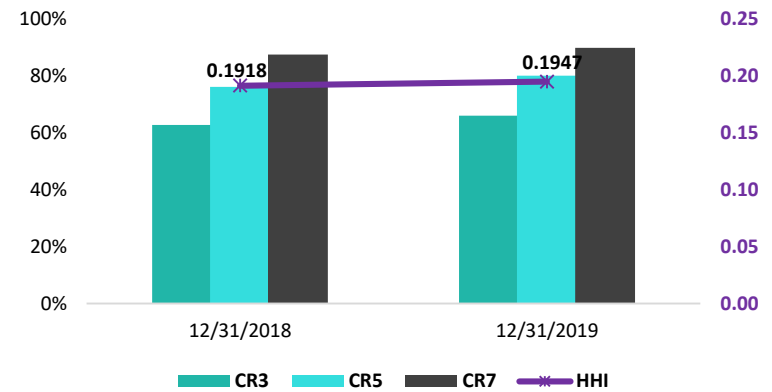
Source: Datastream, FSA's calculations

Concentration risk

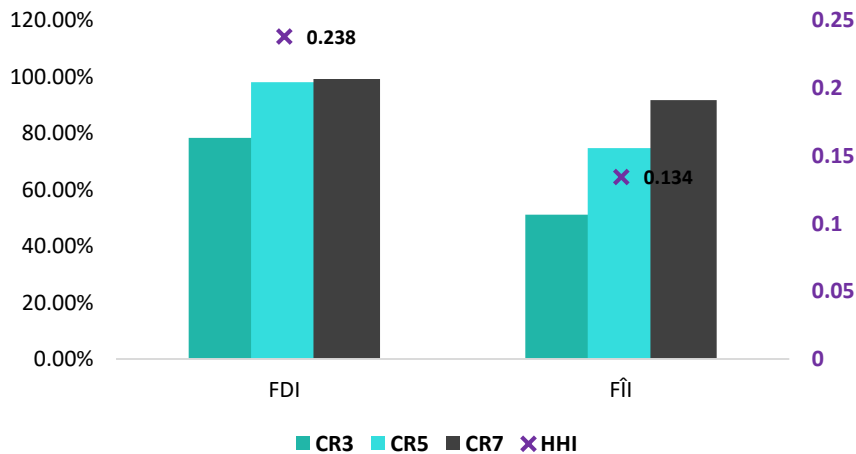
**Concentration risk of non-life insurance undertakings
(by value of GWP at 31 December 2019)**



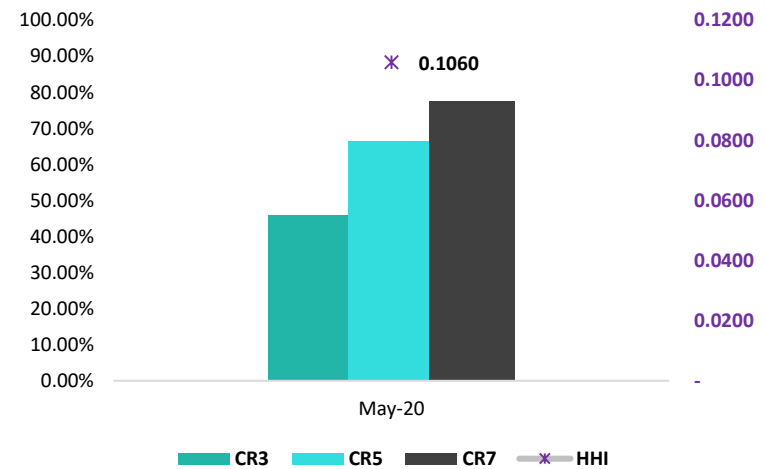
**Concentration risk of life insurance undertakings
(by value of GWP at 31 December 2019)**



**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 May 2020 – Main segment & MTS, all spot instruments)

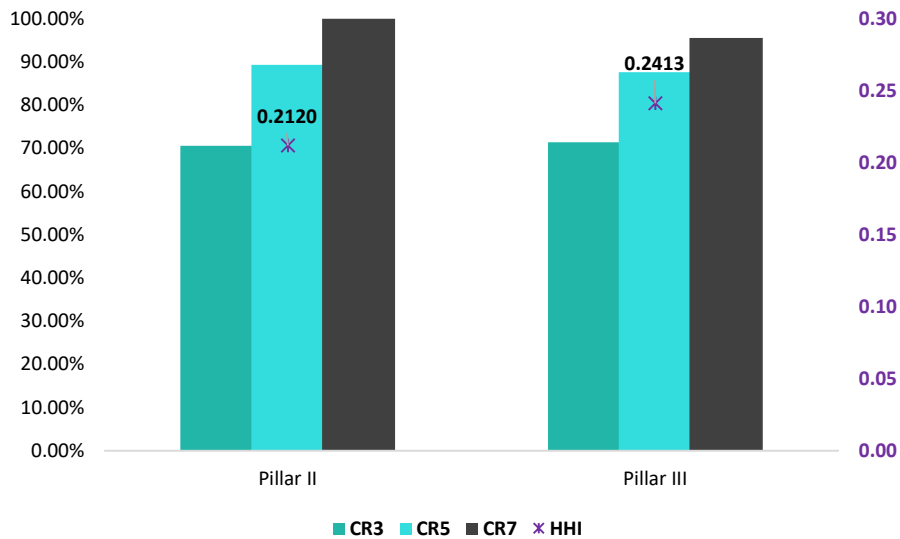


Source: FSA

Source: FSA

Concentration risk

Concentration risk of private pension funds (by net assets at 5/29/2020)



0.30

0.25

0.20

0.15

0.10

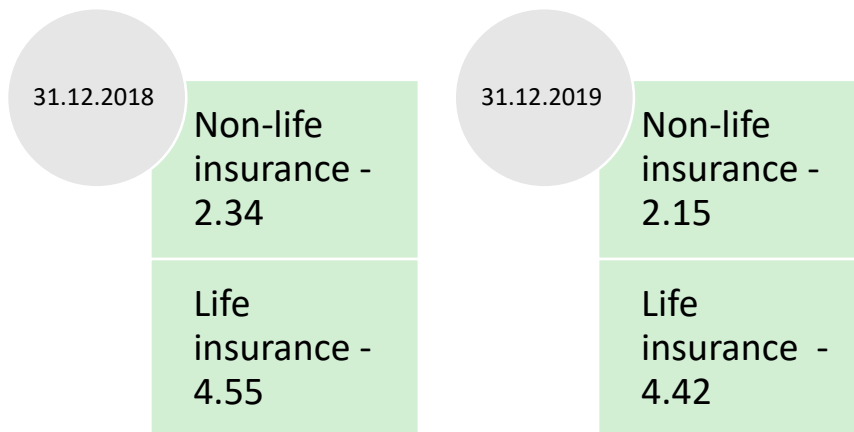
0.05

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.



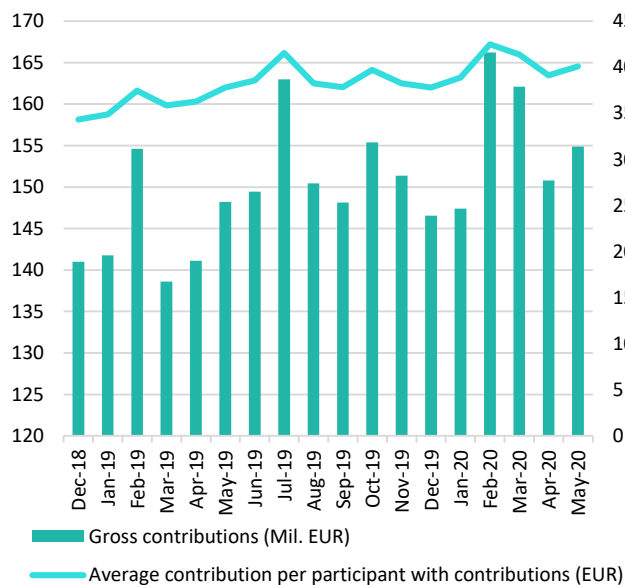
Liquidity coefficient evolution in insurance market shows a slight reduction in December 2019 compared to previous year. However, the levels are well above the minimum.

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		Rate of return
	31 May 2020 (EUR)	Participants (persons) May 2020	
ARIPI*	1,166,587,213	777,596	3.79%
AZT VIITORUL TAU	2,883,783,007	1,600,558	3.80%
BCR	910,621,213	680,043	4.41%
BRD	514,862,794	462,974	3.23%
METROPOLITAN LIFE	1,887,337,142	1,054,238	4.30%
NN	4,655,967,171	2,027,444	3.83%
VITAL	1,333,215,183	943,869	4.31%
Total	13,352,373,721	7,546,722	n/a

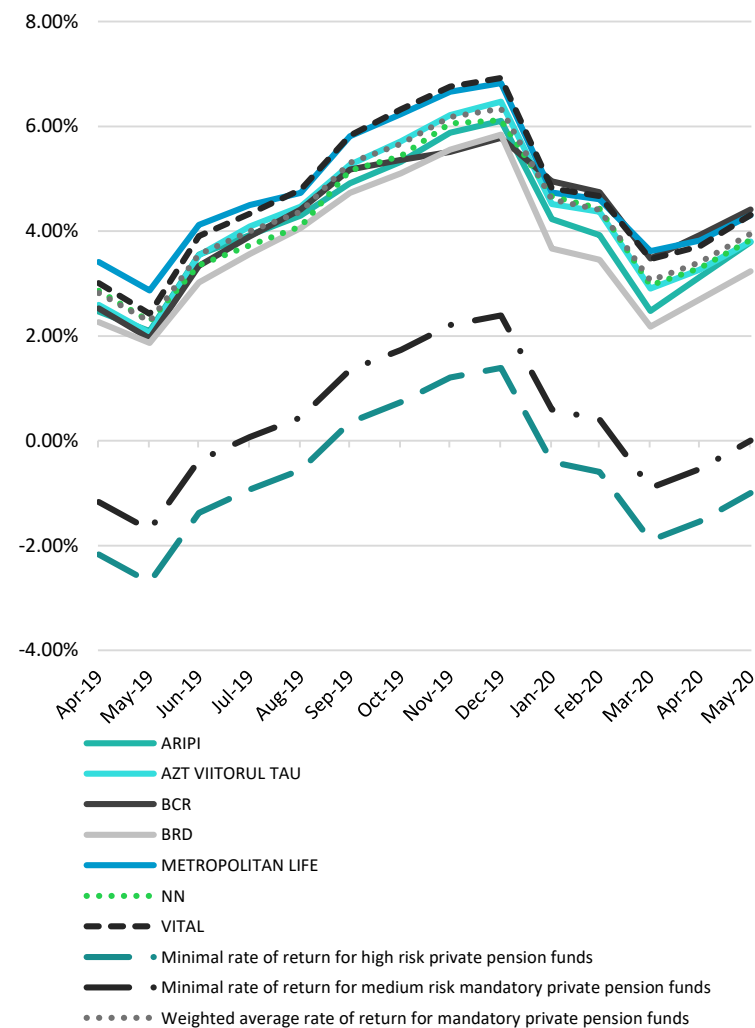
Evolution of gross contributions



New participants (persons) in 2nd Pillar

8.425 persons

Rate of return for mandatory pension funds



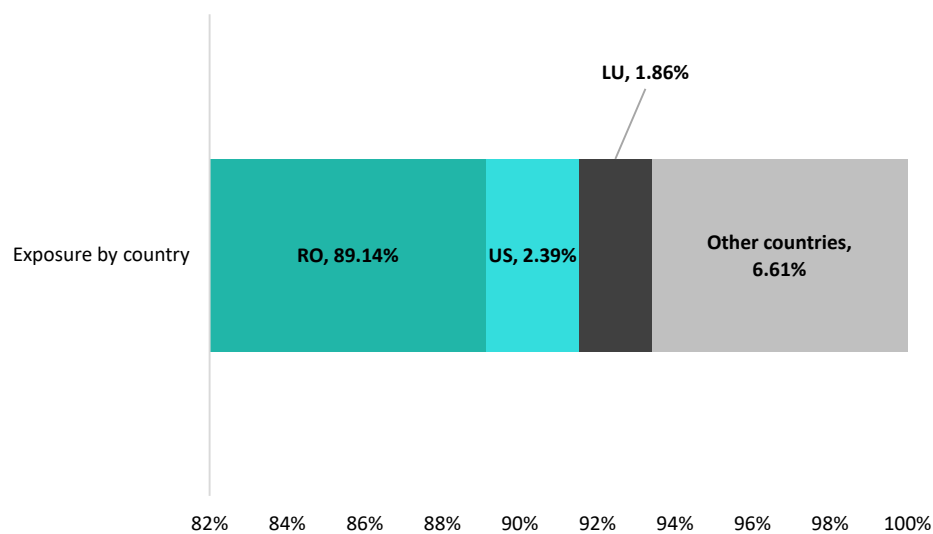
Source: FSA

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

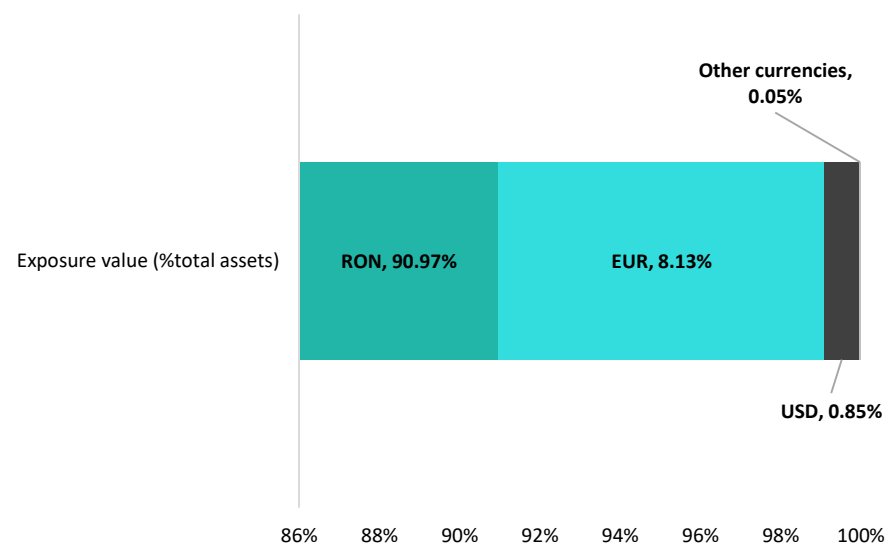
Mandatory pension fund's portfolio at 31 May 2020 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government bonds	8,629,323,082	64.63%
Equity	2,607,822,044	19.53%
Corporate bonds	734,268,892	5.50%
Bank deposits	643,709,431	4.82%
Investment funds	394,213,769	2.95%
Supranational bonds	302,470,051	2.27%
Municipal bonds	37,891,651	0.28%
Metal funds	13,547,079	0.10%
Other assets	(10,872,278)	-0.08%

Country exposure of mandatory pension fund's assets



Currency exposure of mandatory pension fund's assets



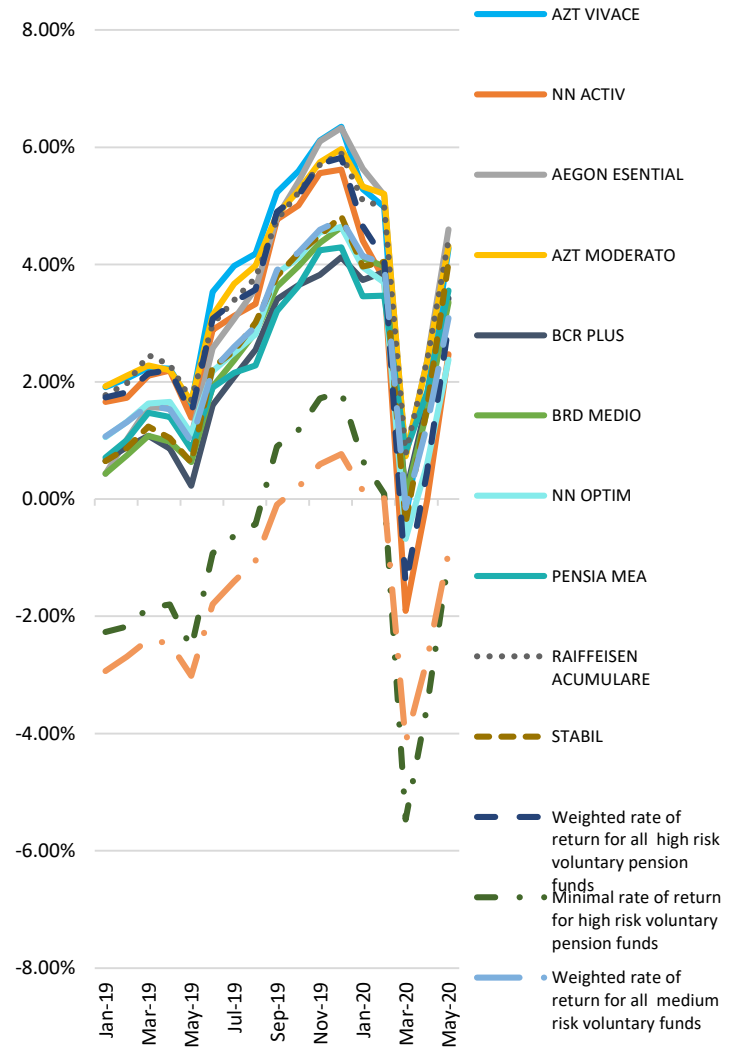
Source: FSA

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

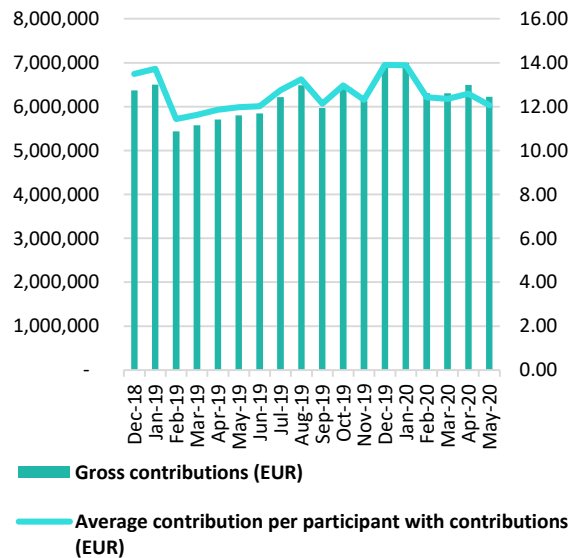
Total assets (EUR), number of participants and return rates

Voluntary pension fund	Total assets (EUR), 31 May 2020	Participants (persons) May 2020	Rate of return May 2020
AEGON ESENTIAL	1,767,037	3,844	4.5975%
AVIVA PENSIA MEA	16,824,725	14,907	3.5549%
AZT MODERATO	57,266,056	39,363	4.3102%
AZT VIVACE*	21,238,236	20,240	4.2786%
BCR PLUS	95,203,157	138,798	3.4251%
BRD MEDIO	28,556,119	31,449	3.3564%
GENERALI STABIL	5,160,674	5,434	4.0366%
NN ACTIV*	59,930,136	53,485	2.4690%
NN OPTIM	222,845,124	194,341	2.3749%
RAIFFEISEN ACUMULARE	20,473,949	14,494	4.4155%
Total	529,265,214	516,355	n/a

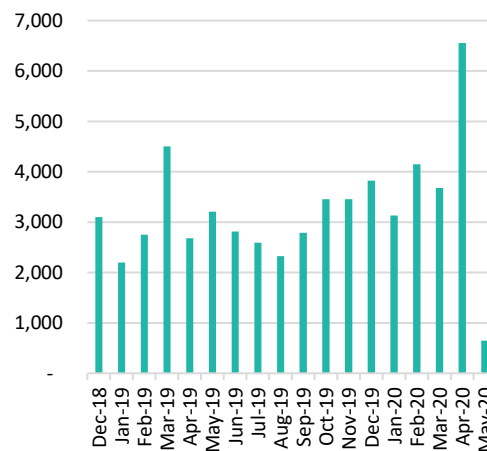
Evolution of total assets and net value of an individual account



Evolution of gross contributions



New participants in 3rd Pillar



Source: FSA

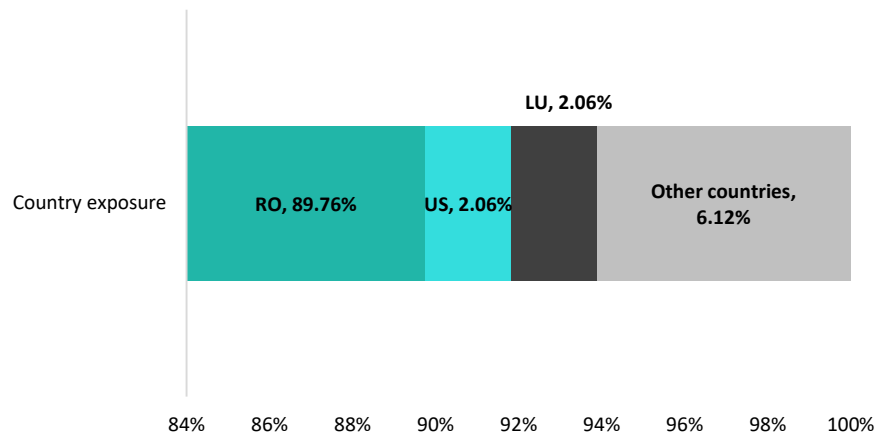
Current evolutions in optional private pension funds (3rd Pillar)

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

Assets category	Assets value (EUR)	% Total assets
Government Bonds	322,769,736	60.98%
Equity	126,798,769	23.96%
Corporate Bonds	27,238,828	5.15%
Bank Deposits	17,987,611	3.40%
Investment Funds	15,980,008	3.02%
Supranational Bonds	11,057,644	2.09%
Municipal Bonds	4,732,317	0.89%
Metal funds	1,498,994	0.28%
Oher assets	1,201,306	0.23%

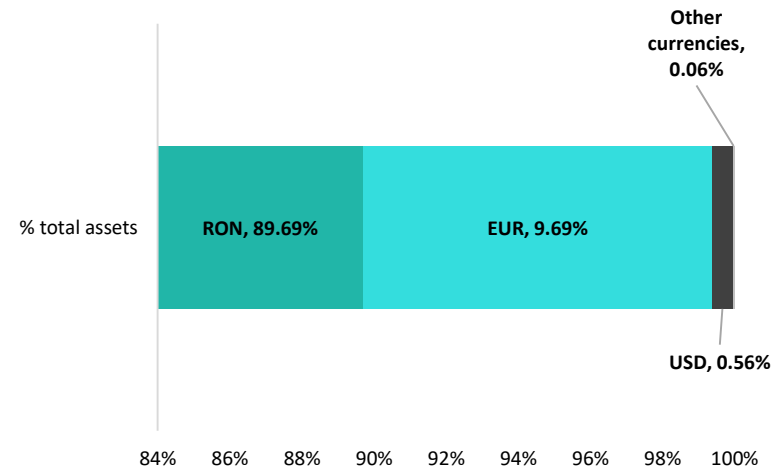
Source: FSA

Country exposure of optional fund's assets



Source: FSA

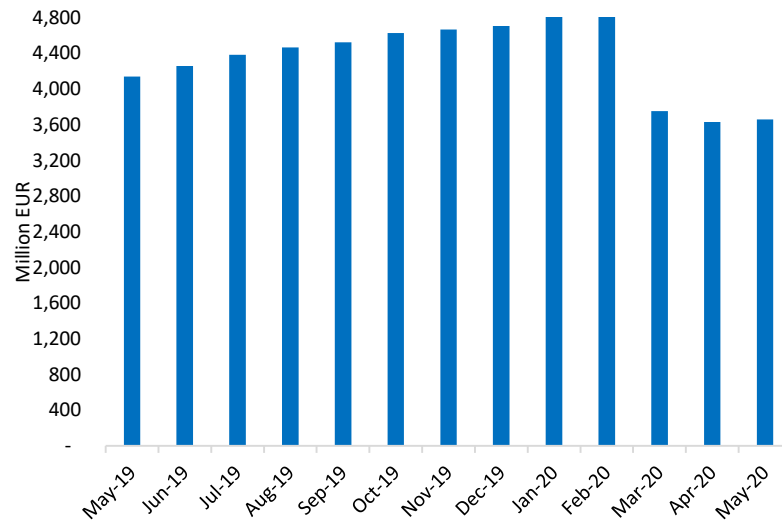
Currency exposure of optional fund's assets



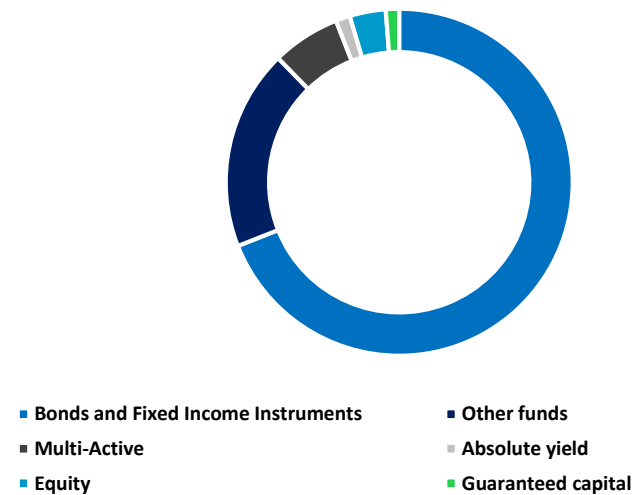
Source: FSA

Specific developments in the investment funds sector

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



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



Source: AAF

According to data published by AAF, the net assets of open-end investment funds (OeIF) increased by 0.84% at the end of May 2020 compared with the previous month, reaching a value of EUR 3.66 billion. Net assets of open-end bond and fixed income instruments funds, which account for about 69% of the local OeIF industry, increased by 0.13% compared with the previous month.

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

¹ There was a change in Open end investment funds' classification

Specific developments in the investment funds sector

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

	Underwritings	Redemptions	Net sales
May-17	135,897,437	113,632,618	22,264,820
May-18	80,852,438	161,699,640	-80,847,201
May-19	108,149,381	88,035,423	20,113,959
May-20	59,211,879	65,176,354	-5,964,475

Source: AAF

In May 2020, local open-end investment funds recorded net outflows of EUR 5.96 million. Net outflows of bond funds amounted to EUR 16 million, while the absolute yield funds recorded net outflows of EUR 4.8 million. On the other hand, net sales of other funds and equity funds remained positive as in the previous month.

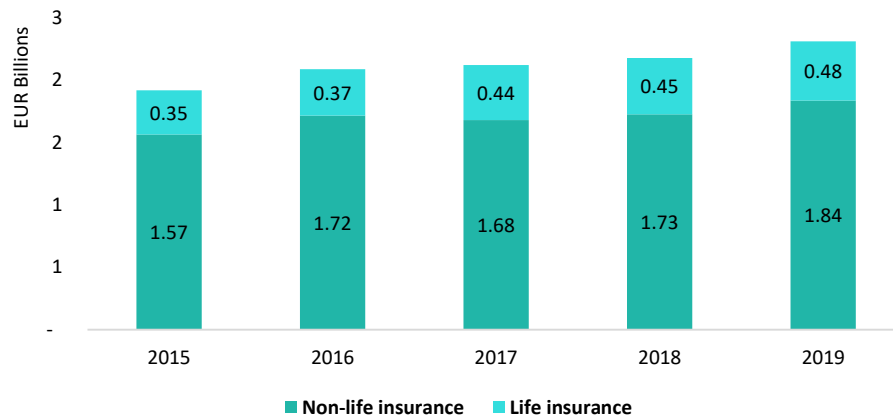
Evolution of net capital flows of Open-end Investment Funds (million EUR)

OeIF	May-17	May-18	May-19	May-20
Absolute yield	6.33	-1.90	-4.64	-4.84
Equity	3.61	0.46	1.33	3.75
Multi-Active	11.02	5.92	1.78	0.13
Bonds and Fixed Income Instruments	4.55	-47.60	23.73	-16.09
Guaranteed capital	1.35	-1.98	-2.36	0.10
Monetary	-1.05	1.38	-	-
Other funds	-3.55	-37.13	0.28	10.99
Net sales	22.26	-80.85	20.11	-5.96

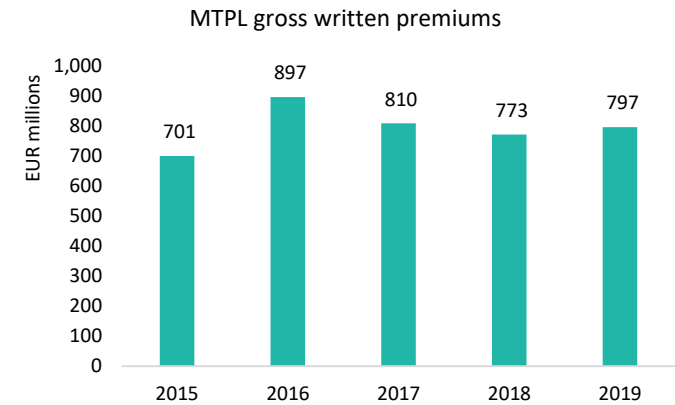
Source: AAF

Specific developments in the insurance market in Romania

Evolution of the insurance market (31th of December 2019)
Gross written premiums (total)

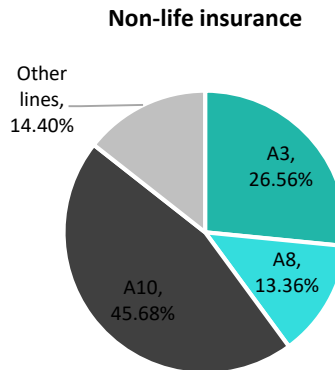
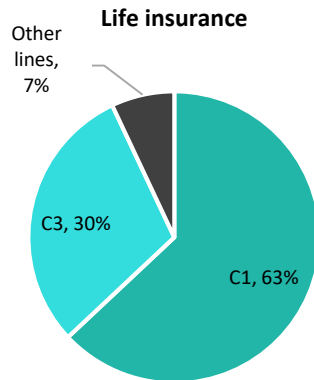


MTPL gross written premiums



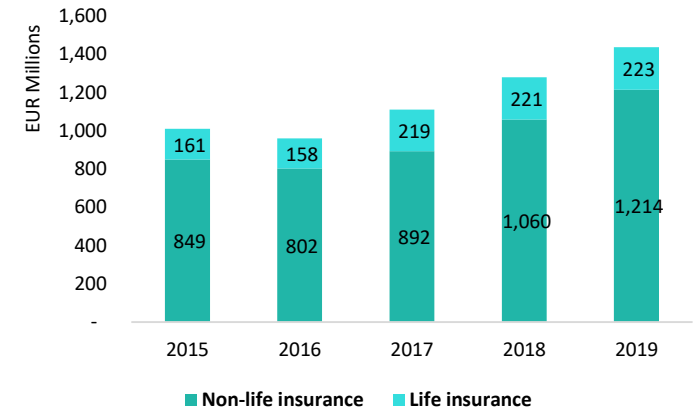
Source: FSA

Share of main insurance classes by GWP



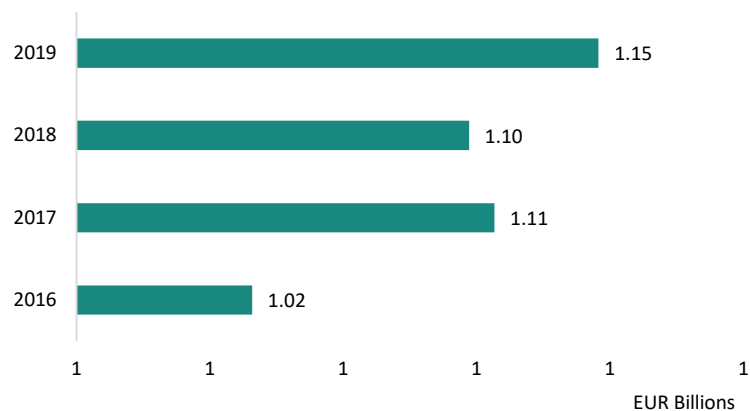
Source: FSA

Gross claims paid

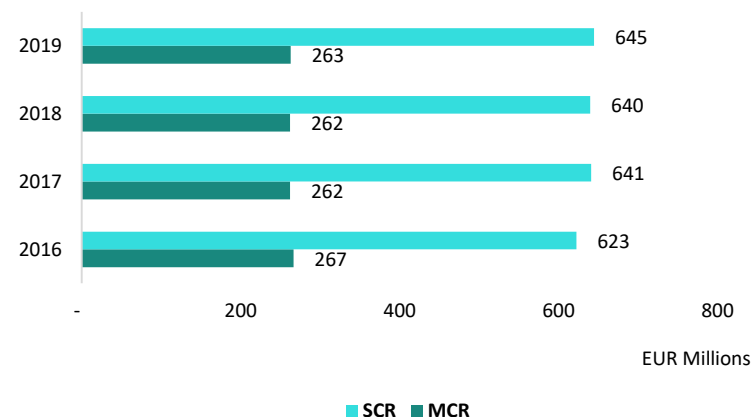


Specific developments in the insurance market in Romania

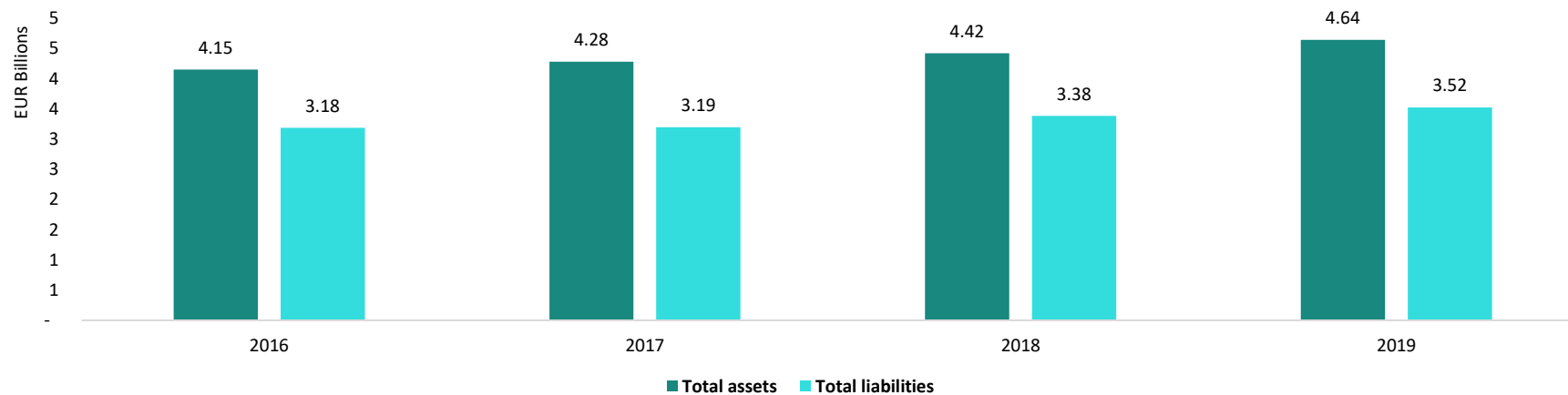
Total eligible own funds to cover the Solvency Capital Requirement (SCR)



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



Total assets and total liabilities



Source: FSA

On 31st of December 2019, eligible own funds to meet the SCR were mainly composed of unrestricted Tier 1 (94%) and Tier 2 items (3%). In terms of own fund items, there were no significant changes in the last four years.

Press releases and publications of European and international financial institutions in May 2020

EUROPEAN UNION	<ul style="list-style-type: none"> • 6 May: EC issues Spring 2020 Economic Forecast. • 20 May: EC presents Country Specific Recommendations for a coordinated response to the coronavirus pandemic. • 27 May: EC puts forward its proposal for a major recovery plan.
ESMA	<ul style="list-style-type: none"> • 6 May: ESMA consults on SME Growth Markets. • 13 May: ESMA highlights challenges for rating collateralised loan obligations. • 14 May: ESMA publishes the first Risk Dashboard for 2020.
EIOPA	<ul style="list-style-type: none"> • 18 May: EIOPA releases its updated Risk Dashboard based on the fourth quarter 2019 Solvency II data.
ESRB	<ul style="list-style-type: none"> • 14 May: ESRB takes first set of actions to address the coronavirus emergency.
IMF	<ul style="list-style-type: none"> • May: IMF adds new chapters to the World Economic Outlook and Global Financial Stability Report.
ECB	<ul style="list-style-type: none"> • 26 May: ECB publishes Financial Stability Review.