



Monthly Market Report

The European Union economy contracted by 2.6%, while the Euro area economy decreased by 3.2% in the first quarter

**ASF nr.
05/25.05.2020**

- **Seasonally adjusted GDP increased by 2.7% in Romania in the first quarter of 2020 compared with the same period of the previous year**
- **The BSE stock indices recorded positive developments (1M). BET-BK index (+7.13%) was the best performer, followed by BET-NG index (+6.75%)**
- **According to data published by AAF, the net assets of open-end investment funds (OeIF) decreased by 3% at the end of April 2020 compared with the previous month, reaching a value of EUR 3.63 billion. Local open-end investment funds recorded net outflows of EUR 96 million**

The European Union economy contracted by 2.6%, while the Euro area economy decreased by 3.2% in the first quarter of 2020 compared with the same period of the previous year, amid the COVID-19 containment measures introduced by states, after +1.3% and +1.0% in the fourth quarter of 2019. According to Eurostat, these were the sharpest declines since the third quarter of 2009. France (-5.4%), Italy (-4.8%) and Spain (-4.1%) were severely affected by the spread of COVID-19 and recorded more significant contractions in the first quarter of 2020.

Seasonally adjusted GDP increased by 2.7% in Romania in the first quarter of 2020 compared with the same period of the previous year, while compared to the previous quarter, the economic growth of Romania was 0.3%.

Employment increased at a slower pace in the EU and the euro area (both +0.3%) in the first quarter of 2020 compared with the same period of the previous year, after growth rates reached +1.0% and +1.1% respectively in the fourth quarter of 2019.

Real GDP development in 2018-2021

	Q1_19	Q2_19	Q3_19	Q4_19	Q1_20	2018	2019	2020f	2021f
EU - 27	1.7	1.5	1.6	1.3	-2.6	2.1	1.5	-7.4	6.1
Euro area	1.4	1.2	1.3	1.0	-3.2	1.9	1.2	-7.7	6.3
Romania	5.1	4.3	3.3	3.9	2.7	4.4	4.1	-6.0	4.2
Bulgaria	3.8	3.5	3.2	3.1	2.4	3.1	3.4	-7.2	6.0
Poland	4.9	4.2	4.1	3.5	1.6	5.3	4.1	-4.3	4.1
Germany	1.0	0.3	0.7	0.4	-2.3	1.5	0.6	-6.5	5.9
France	1.3	1.5	1.5	0.9	-5.4	1.7	1.3	-8.2	7.4
Spain	2.2	2.0	1.9	1.8	-4.1	2.4	2.0	-9.4	7.0
Italy	0.2	0.4	0.5	0.1	-4.8	0.8	0.3	-9.5	6.5
United Kingdom	2.0	1.3	1.3	1.1	-1.6	1.3	1.4	-8.3	6.0

Source: Eurostat, Percentage change compared with the same quarter of the previous year-seasonally adjusted data; European Commission, Spring forecast 2020

The containment measures introduced by the US had a significant impact on the economy. US real GDP declined by an annual rate of 4.8% in the first quarter of 2020, according to data published by the Bureau of Economic Analysis. The decline in GDP in the first quarter was mainly influenced by negative contributions from private consumption expenditure, non-residential fixed investment and exports, which were partially offset by positive contributions from residential fixed investment, federal government spending and local government spending.

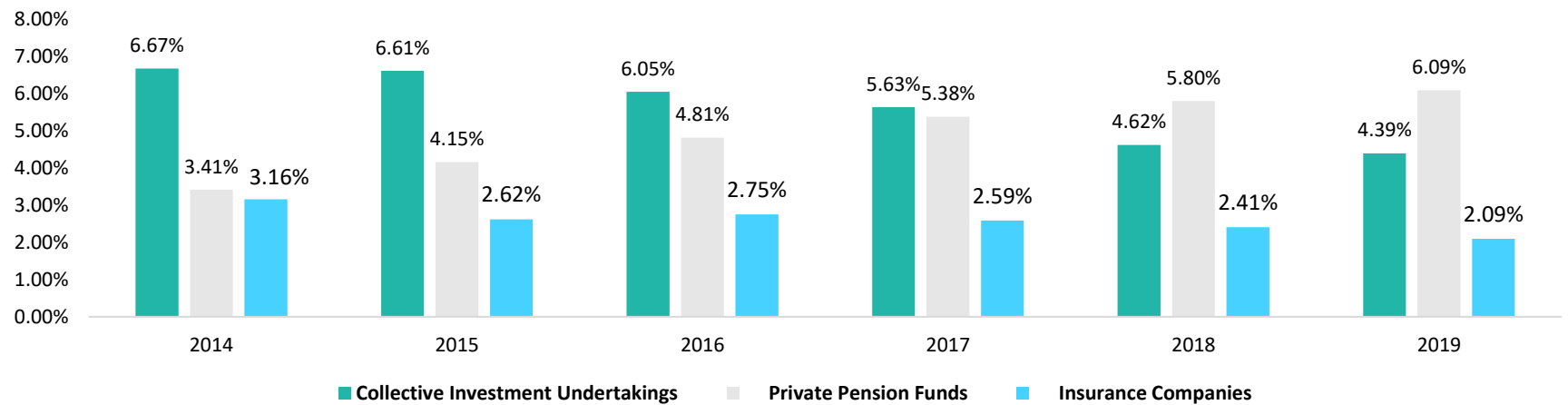
In April, the US unemployment rate rose by 10.3 percentage points to 14.7%, amid the effects of COVID-19 pandemic, according to the Bureau of Labor Statistics. All major industry sectors were severely affected, especially leisure and hospitality. This was the highest unemployment rate in the US and the largest over the month increase in the history of the series (January 1948). The number of unemployed persons rose to 23.1 million in April. The initial jobless claims in the US totaled 2.98 million in the week ending May 9. Thus, during the last 8 weeks (March 21 - May 9, 2020) the total number of initial unemployment claims filed in the US exceeded 36 million, with a maximum reached in the week ending March 28 (over 6.8 million applications were submitted during this period).

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

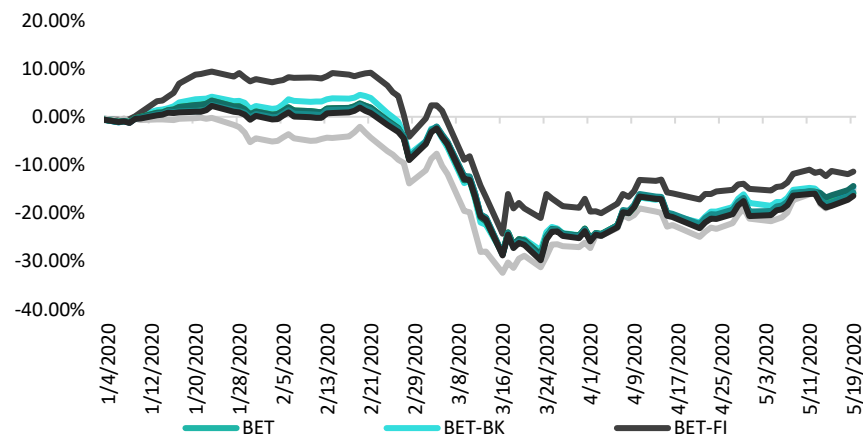
Current trends and headlights on Romanian markets

Romanian stock indices evolution in 2020 (31.12.2019 = 100)

Date	BET	BET-BK	BET-FI	BET-NG	BET-TR
5/19/2020	-15.98%	-14.92%	-11.36%	-15.13%	-14.48%

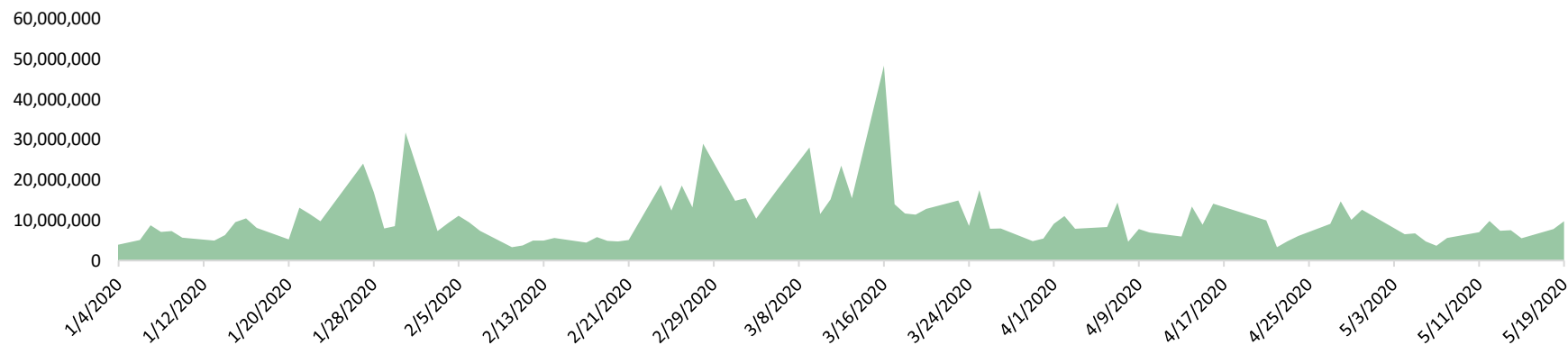
Date	BET-XT	BET-XT-TR	BETPlus	ROTX
5/19/2020	-15.87%	-14.38%	-15.71%	-16.44%

Evolution of local stock indices



Source: BSE; FSA calculations

Equities traded value on BSE (EUR)



Fiscal and Monetary Policy Responses to Covid-19.

	Romania	Poland	Czechia	France	Italy	Germany
Fiscal policy responses	<p>Key measures: 2% of 2019 GDP:</p> <ul style="list-style-type: none"> - additional funds for the healthcare system; - providing guarantees—equivalent to 1.5% of GDP—for loan guarantees and subsidized interest for working capital and investment of SMEs - faster reimbursement of VAT, discounts for paying corporate income taxes and postponement of property tax; - deferring loan repayments for households and businesses affected by COVID-19 for up to 9 months 	<p>Key measures: 4.2% of GDP.</p> <ul style="list-style-type: none"> - additional funds for the healthcare system; - new credit guarantees and micro loans for entrepreneurs (3.3% of GDP); -the Polish Development Fund will finance a liquidity program for businesses (4.5% of GDP); - wage subsidies for employees of affected businesses and self-employed persons; - establishment of a new fund (COVID Fund) dedicated to combat the negative impact of the pandemic and to support public infrastructure. 	<p>Fiscal package: 4.7% of GDP.</p> <ul style="list-style-type: none"> - the contribution of 80% of wages to employers if employees are sent into quarantine or employers' businesses have been closed or reduced; a contribution of 60% of wages to employers due to obstacles to work on the part of the employer; - the state will further cover 50% of rents of businesses after a reduction of 30%, while tenants will have to cover the remaining 20%; - the government approved a moratorium on bank loans (subject to certain criteria and limitations) of up to 6 months. 	<p>Fiscal package: 5% of GDP, adding to an existing package of bank loan guarantees and credit reinsurance schemes (14% of GDP);</p> <ul style="list-style-type: none"> - additional funds for the healthcare system; - liquidity support through postponements of social security and tax payments for companies and accelerated refund of tax credits (VAT); - direct financial support for affected microenterprises, liberal professions and independent workers; - postponement of rent and utility payments for affected microenterprises and SMEs. 	<p>Fiscal package: 1.4% of GDP:</p> <ul style="list-style-type: none"> - funds to strengthen the health care system and civil protection; - measures to preserve jobs and support income of laid-off workers and self-employed; - other measures to support businesses, including tax deferrals and postponement of utility bill payments in most affected municipalities; - measures to support credit supply - €55 billion (3.2% of GDP) “Relaunch” package of fiscal measures. 	<p>Supplementary budget: 4.9% of GDP:</p> <ul style="list-style-type: none"> - spending on healthcare equipment, hospital capacity and R&D; - expanded access to short-term work subsidy to preserve jobs and workers' incomes; - grants to small business owners and self-employed persons severely affected by the Covid-19 outbreak in addition to interest-free tax deferrals until year-end; - temporarily expanded duration of unemployment insurance and parental leave benefits; - expanding the volume and access to public guarantees for firms of different sizes and credit insurers.
Monetary policy responses	<ul style="list-style-type: none"> - reducing the monetary policy interest rate by 0.50 pp to 2.0%; - narrowing the corridor defined by interest rates on standing facilities around the monetary policy rate to ± 0.5pp; - providing liquidity to credit institutions via repo transactions - purchasing government securities on the secondary market; 	<ul style="list-style-type: none"> - reducing the monetary policy interest rate to 0.50%; - re-introducing repo operations to provide liquidity to banks; - reducing the required reserve ratio to 0.5%; - purchasing Polish Treasury securities in the secondary market; 	<ul style="list-style-type: none"> - reducing the monetary policy interest rate to 0.25%; - increasing the frequency of repo operations; - reducing the countercyclical capital buffer rate to 1%; - relaxed credit ratios for new mortgages; - increasing the LTV ratio to 90% and the DSTI ratio to 50%; - removing the DTI ratio from recommendations; 	<p>The ECB decided to implement a series of measures to provide liquidity in the financial system and to support favorable financing conditions:</p> <ul style="list-style-type: none"> - the introduction of a new asset purchase package of EUR 120 billion by the end of 2020; - establishing more favorable conditions for targeted quarterly longer-term refinancing operations (TLTRO III); - launching new additional longer-term refinancing operations (LTROs) to cover the period until the TLTRO III operation (in June 2020); - launching a new asset purchase programme of private and public sector securities – the Pandemic Emergency Purchase Programme (PEPP) – which will have an overall envelope of EUR 750 billion and will be conducted until the end of 2020. - the introduction of a new series of non-targeted pandemic emergency longer-term refinancing operations (PELTROs). <p>The interest rates and the deposit facility remained unchanged</p>		

Source: IMF

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 551 million in January-March 2020 (compared with EUR 1.2 billion in the same period of the previous year).

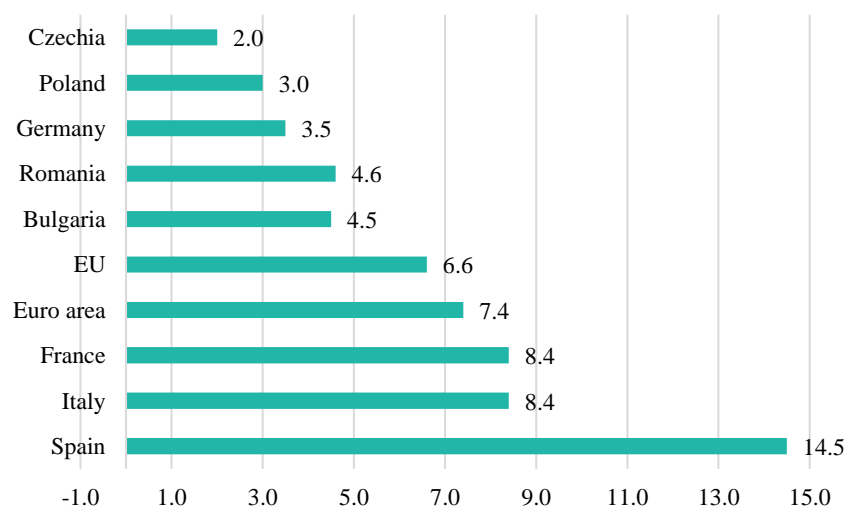
On the other hand, the current account of the balance of payments registered a deficit of EUR 1.36 billion, compared to EUR 1.1 billion in January-March 2019. The evolution of the current account was accompanied by an increase in total external debt by EUR 350 million in January - March 2020 to EUR 106.2 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 March 2020, up compared with February 2020 (7.3%). The EU unemployment rate was 6.6% in March 2020, compared to 6.5% in February 2020, according to the latest figures published by Eurostat. The highest unemployment rates in the EU were recorded in Greece (16.4% - January 2020) and Spain (14.5%), while the lowest rates were recorded in Czechia (2%), Netherlands (2.9%) and Poland (3.0%).

The unemployment rate in Romania stood at 4.6% in March 2020, an increase of 0.7 pp compared to the level recorded in February, amid the effects of the crisis generated by Covid-19. Although the unemployment rate remains below the level recorded during the period 2004-2017, this is the largest over the month increase since April 2004, according to data published by NIS. The unemployment rate of men (5.1%) is higher than the unemployment rate of women (3.8%).

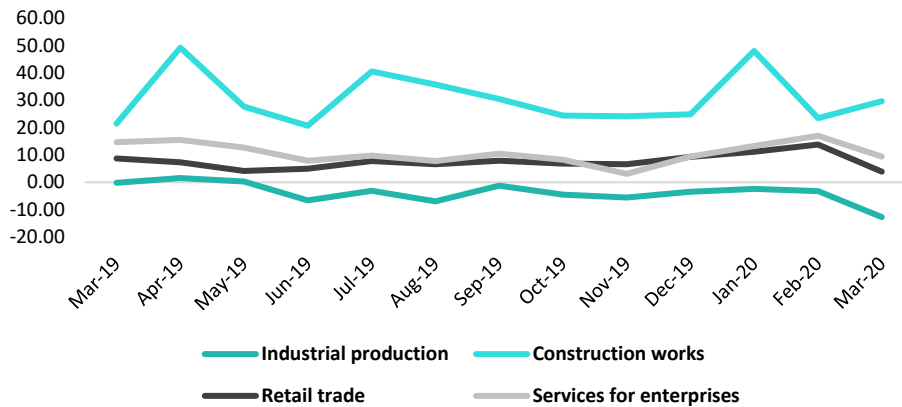
Unemployment rate (March 2020)



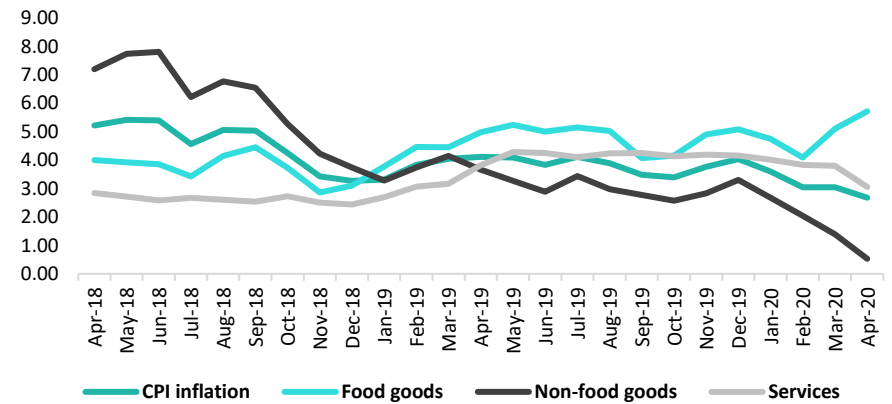
Source: Eurostat

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

Main sector indicators (annual rate of change, %)

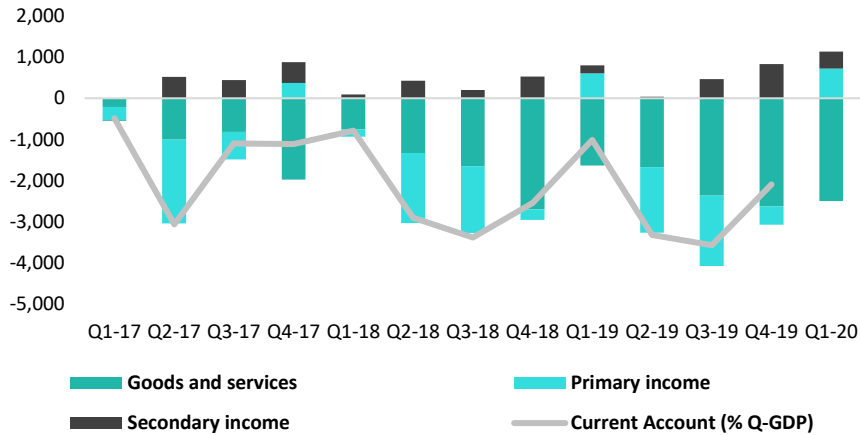


Inflation, monthly data (annual rate of change)



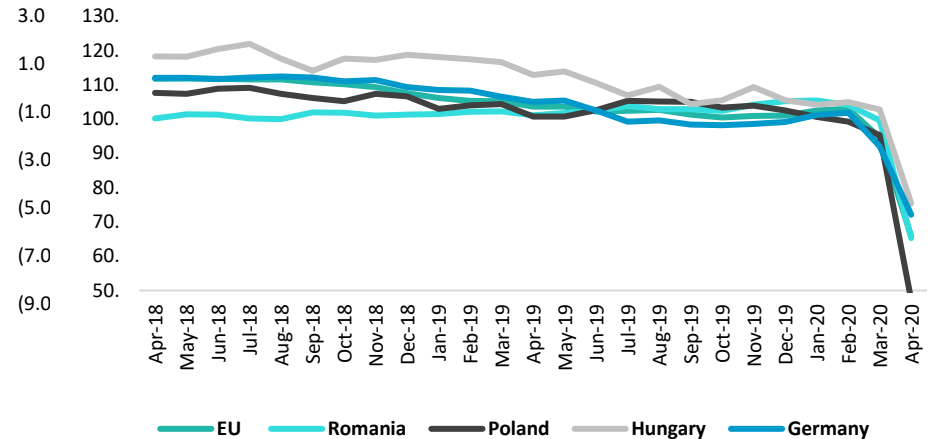
Source: National Institute of Statistics; FSA calculations

Development of current account by main components (million euro)



Source: NBR, FSA calculations

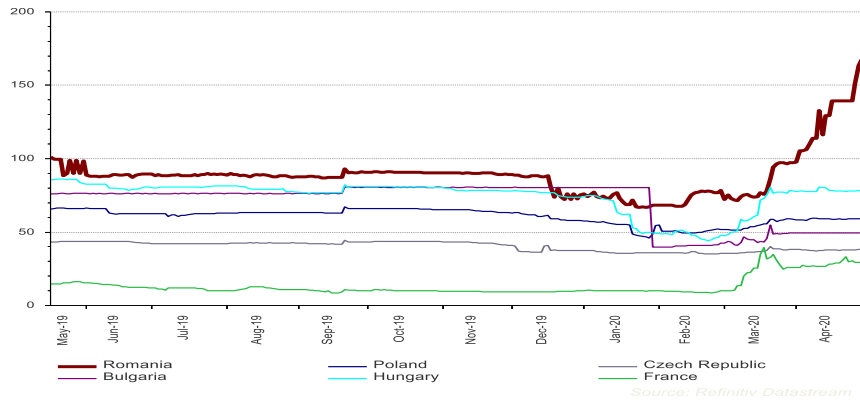
The economic sentiment index in EU



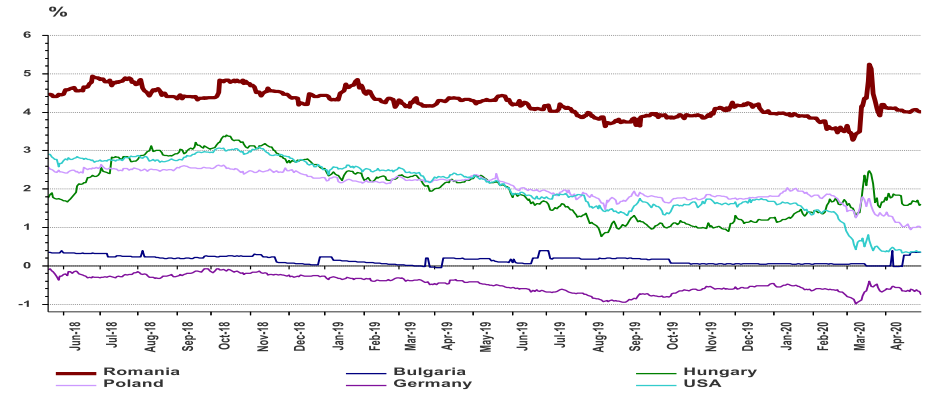
Source: Eurostat

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

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



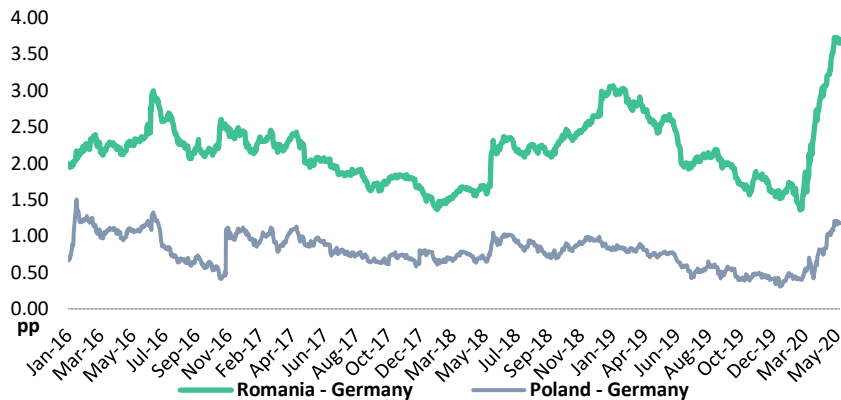
Government bond yields (5Y, LC)



Source: Datastream

Romania 5 - year bond yields increased by 0.3% in April 2020 as compared with the previous month, reaching an average value of 4.06% (March 2020: 4.04%), while Germany 5 – year bond yields remained at very low levels (average value of -0.6% in April). Romania CDS quotations increased significantly in April 2020 compared with the previous month, reaching an average value of 131 bp. French CDS quotations continued to increase (average value: 28 bp).

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



Source: Datastream, FSA's calculations

In March and April 2020, there is a increase in yield differential. 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 April 2020

International indices	1 M	3 M	6 M	BSE indices	1 M	3 M	6 M
EA (EUROSTOXX)	6.27%	-18.77%	-17.12%	BET	4.63%	-20.44%	-16.18%
FR (CAC 40)	4.00%	-21.26%	-20.20%	BET-BK	7.13%	-19.65%	-12.71%
DE (DAX)	9.32%	-16.33%	-15.58%	BET-FI	2.48%	-21.14%	-4.28%
IT (FTSE MIB)	3.75%	-23.87%	-22.05%	BET-NG	6.75%	-17.48%	-20.12%
GR (ASE)	12.53%	-31.03%	-28.82%	BET-TR	4.63%	-20.42%	-16.17%
IE (ISEQ)	8.72%	-19.94%	-14.33%	BET-XT	4.55%	-20.65%	-14.87%
ES (IBEX)	2.02%	-26.11%	-25.22%	BET-XT-TR	4.55%	-20.63%	-14.85%
UK (FTSE 100)	4.04%	-19.01%	-18.59%	BETPlus	4.83%	-20.19%	-15.77%
US (DJIA)	11.08%	-13.84%	-9.98%	ROTX	4.14%	-20.75%	-16.64%

Source: Datastream, FSA's calculations

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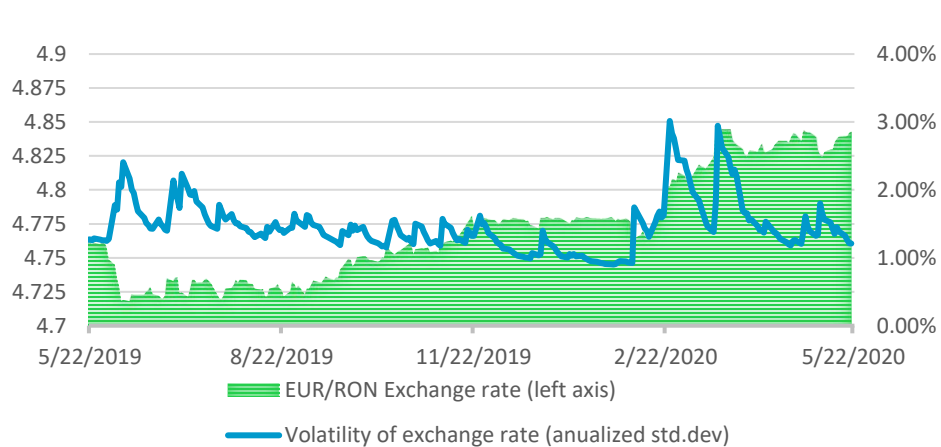
Note: 1M=04/30/2020 vs. 03/31/2020; 3M=04/30/2020 vs. 01/31/2020; 6M=04/30/2020 vs. 10/31/2019

The international stock indices have recorded positive developments (1M). The best performer was ASE index (GR) which increased by 12.53% in April, followed by DJIA index (US: +11.08%).

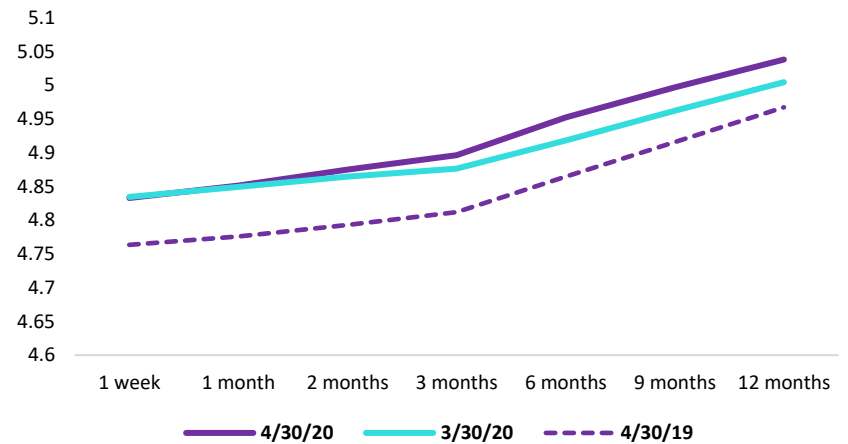
The BSE stock indices recorded positive developments (1M). BET-BK index (+7.13%) was the best performer, followed by BET-NG index (+6.75%).

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

EUR/RON Exchange rate vs volatility

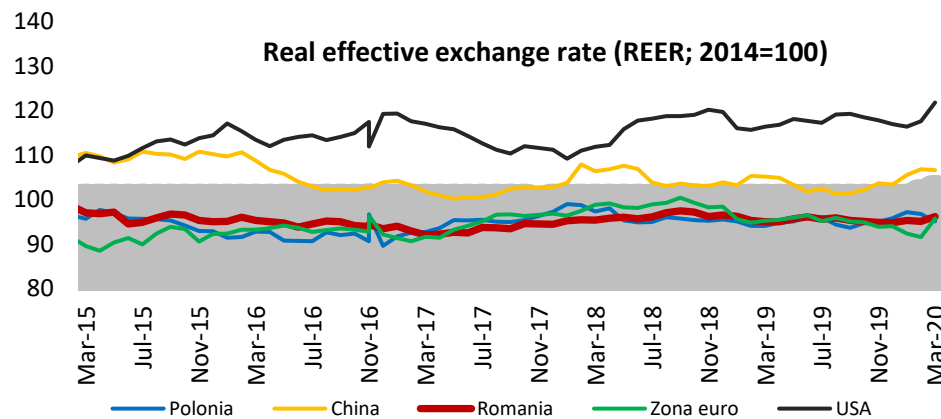


Term structure of EUR/RON forward rate



Source: Datastream, FSA's calculations

Real effective exchange rate (REER; 2014=100)



Source: BIS, FSA's calculations

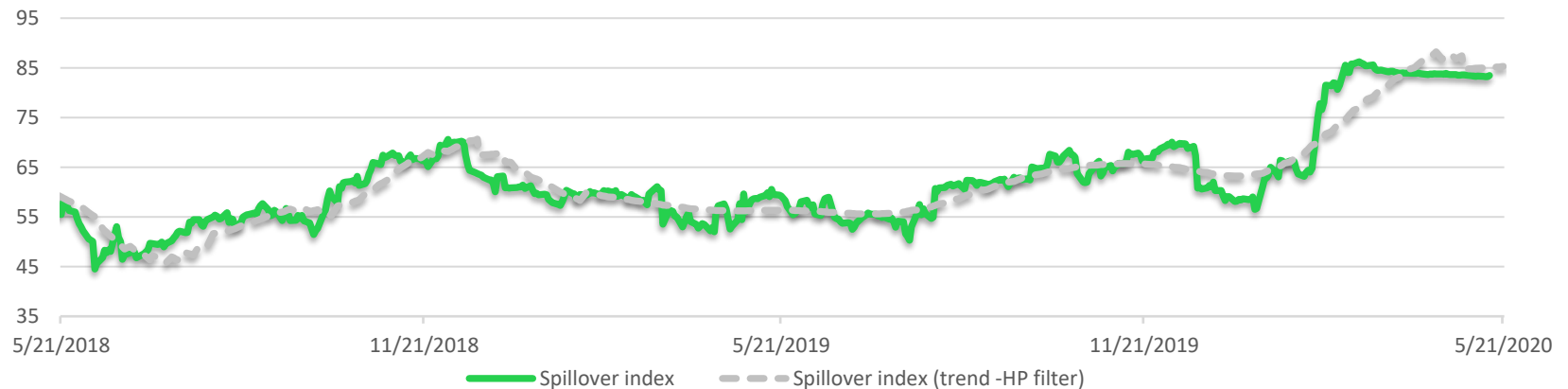
The exchange rate remained around 4.84 in April and May while the volatility decreased under 2%. **We forecast that the depreciation trend will continue to remain low as the Romanian Central Bank lowered the monetary interest rate to 2% to fight the impending recession** and managed the interbank liquidity 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 appreciation for all maturities between 1 month and 12 months with respect to the previous month (RON depreciation).

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.

Market risk: financial markets fragility

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 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 April 2020

Week/month	No. of transactions	Volume	Value	
			EUR	%
Total 01-03 April 2020	10,191	129,747,927	27,998,881	15.28%
Total 06-10 April 2020	22,806	174,134,664	42,139,248	22.99%
Total 13-17 April 2020	17,968	190,571,534	42,333,690	23.10%
Total 20-24 April 2020	12,829	76,948,132	24,197,456	13.20%
Total 27-30 April 2020	16,482	124,236,205	46,594,851	25.42%
Total April 2020	80,276	695,638,462	183,264,125	100.00%

Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for April 2020 = 4,8342 LEI/EUR

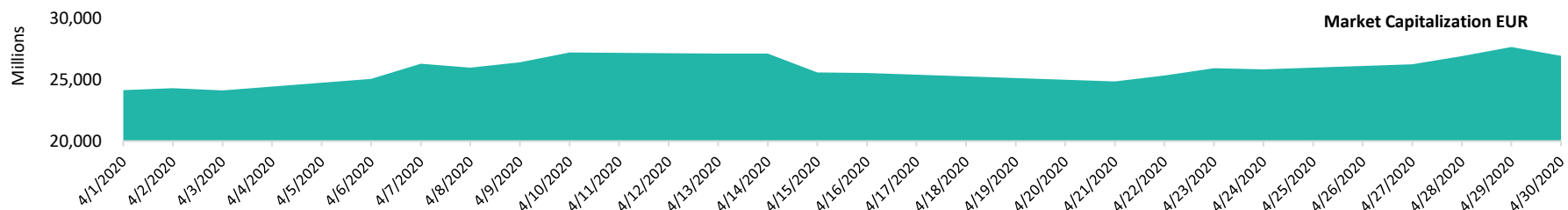
The BSE's Most Traded Companies during April 2020 (Only the Main Segment)

Symbol	Main market		Deal		Total	
	Value (EUR)	%	Value (EUR)	%	Value (EUR)	%
TLV	43,279,956	25.36%	734,853	9.17%	44,014,809	24.64%
FP	30,096,772	17.64%	237,888	2.97%	30,334,660	16.98%
BRD	23,894,107	14.00%	0	0.00%	23,894,107	13.37%
SNG	17,062,600	10.00%	903,934	11.28%	17,966,533	10.06%
SNP	14,248,873	8.35%	1,936,085	24.17%	16,184,957	9.06%
EBS	15,472,684	9.07%	0	0.00%	15,472,684	8.66%
SNN	6,920,881	4.06%	0	0.00%	6,920,881	3.87%
SIF3	863,972	0.51%	4,116,710	51.39%	4,980,683	2.79%
TGN	4,131,046	2.42%	0	0.00%	4,131,046	2.31%
EL	3,127,749	1.83%	0	0.00%	3,127,749	1.75%
TEL	1,267,245	0.74%	0	0.00%	1,267,245	0.71%
COTE	972,058	0.57%	0	0.00%	972,058	0.54%
SIF4	902,206	0.53%	0	0.00%	902,206	0.50%
SFG	835,140	0.49%	0	0.00%	835,140	0.47%
DIGI	824,620	0.48%	0	0.00%	824,620	0.46%
Top 15 Total					96.17%	

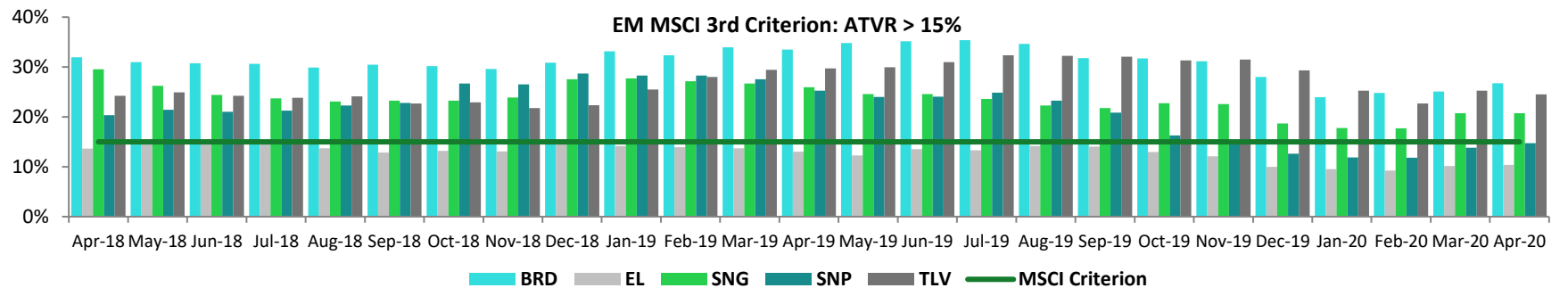
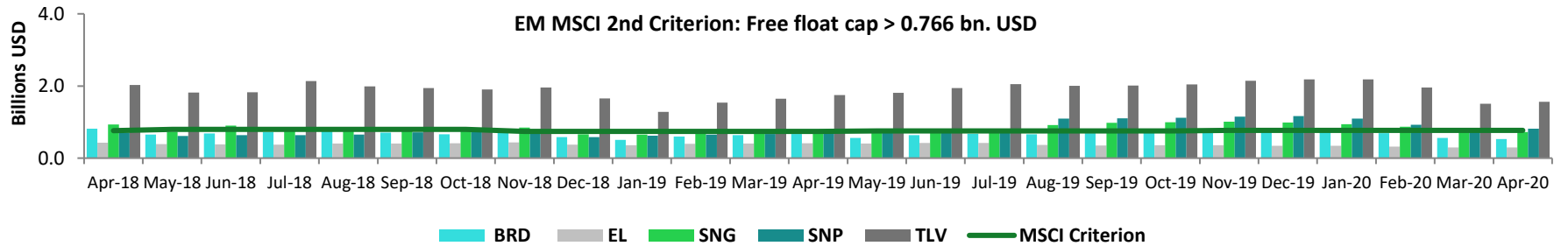
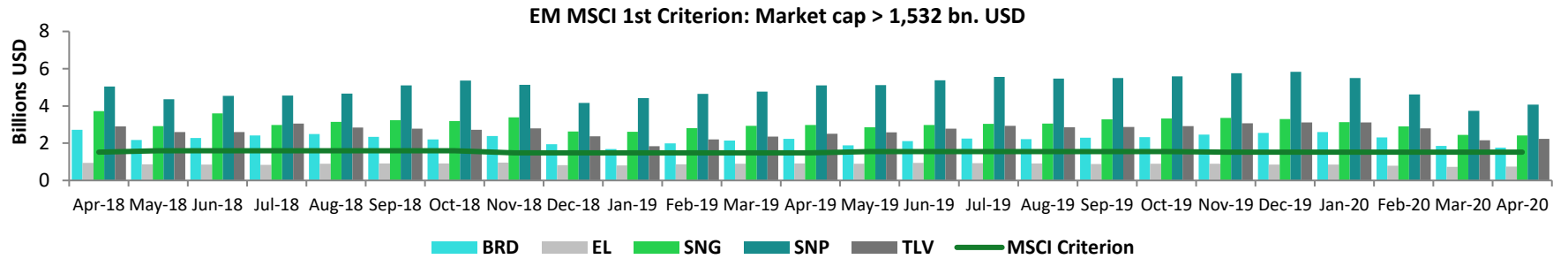
Source: BNR, BSE data, FSA's calculations; monthly average exchange rate for April 2020 = 4,8342 LEI/EUR

Top of intermediaries during April 2020

Rank	Intermediary name	Traded Value EUR (month level)	% from Total Value (month level)
1	SWISS CAPITAL S.A.	87,915,172	24.57
2	BT CAPITAL PARTNERS	63,003,471	17.61
3	WOOD & COMPANY FINANCIAL SERVICES, a.s. PRAGA	45,927,543	12.83
4	BANCA COMERCIALA ROMANA	42,288,274	11.82
5	TRADEVILLE	29,658,576	8.29
6	RAIFFEISEN CENTROBANK AG	15,222,156	4.25
7	SSIF BRK FINANCIAL GROUP S.A.	11,755,891	3.29
8	PRIME TRANSACTION	11,229,608	3.14
9	BRD Groupe Societe Generale	9,377,738	2.62
10	GOLDRING	8,341,147	2.33
11	IFB FINWEST	7,587,832	2.12
12	ESTINVEST	7,509,935	2.1
13	INTERFINBROK CORPORATION	4,350,145	1.22
14	ALPHA FINANCE ROMANIA	3,535,394	0.99
15	MUNTENIA GLOBAL INVEST	2,869,654	0.8
Top 15 Total			97.98

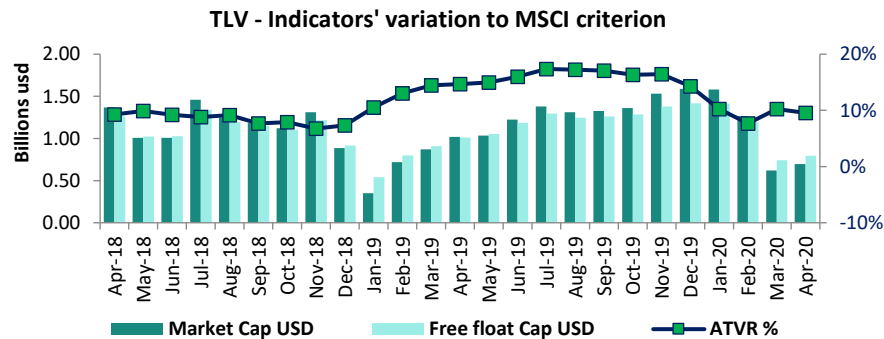
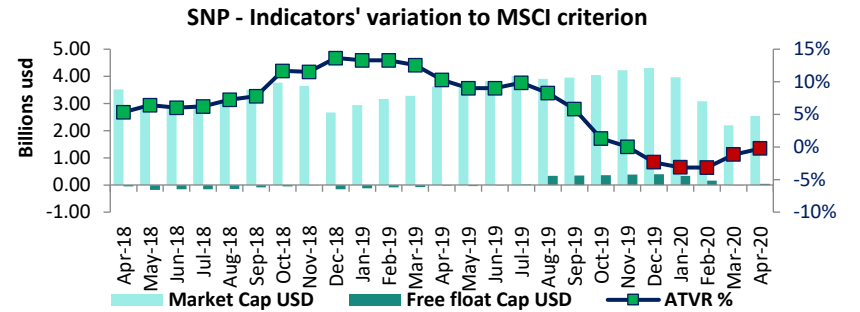
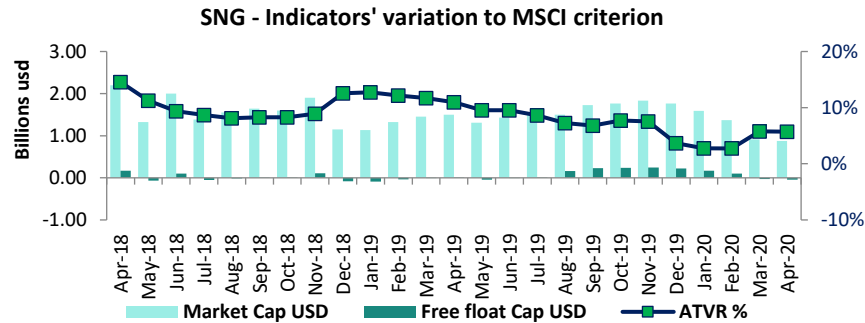
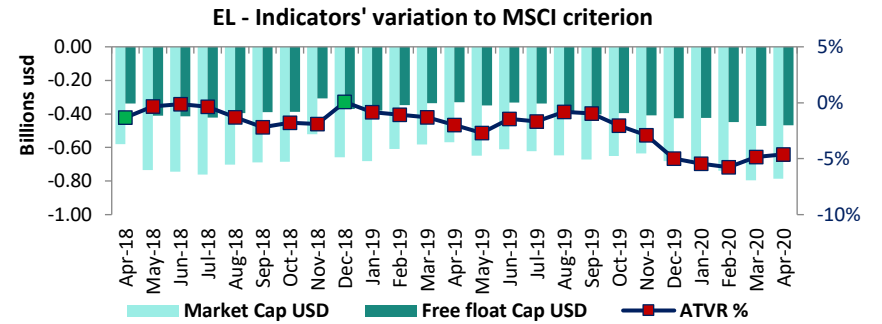
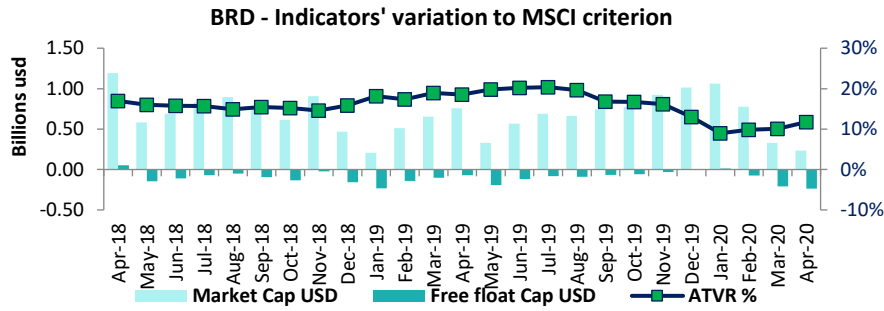


MSCI: Quantitative Indicators for Emerging Market Status



Source: ASF Calculations, April 2020

MSCI: Quantitative Indicators for Emerging Market Status



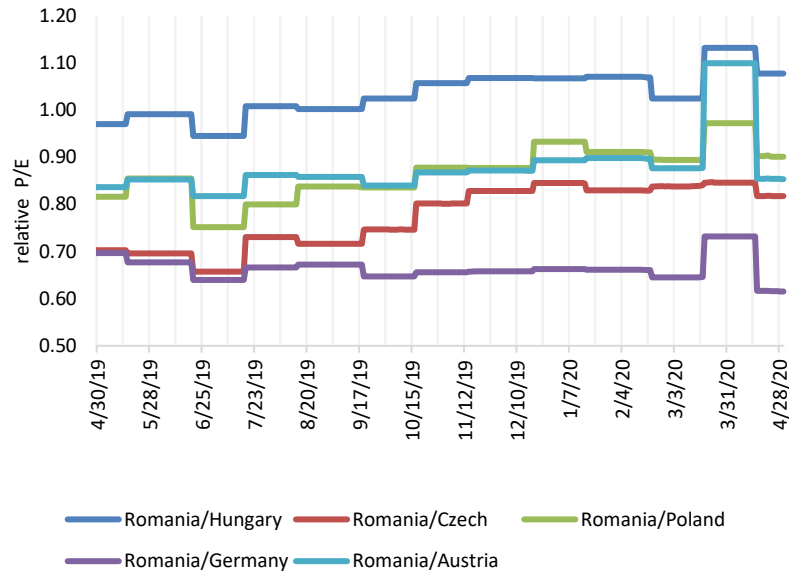
Indicators' variation to MSCI criterion (apr. 2020)

Company	Cap. bln. USD	Free float bln. USD	ATVR %
BRD	0,24	-0,24	11,47%
EL	-0,79	-0,47	-4,60%
SNG	0,88	-0,04	5,73%
SNP	2,54	0,05	-0,24%
TLV	0,70	0,79	9,53%

Source: ASF Calculations, April 2020

Risk assessment and the benefit of diversification

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

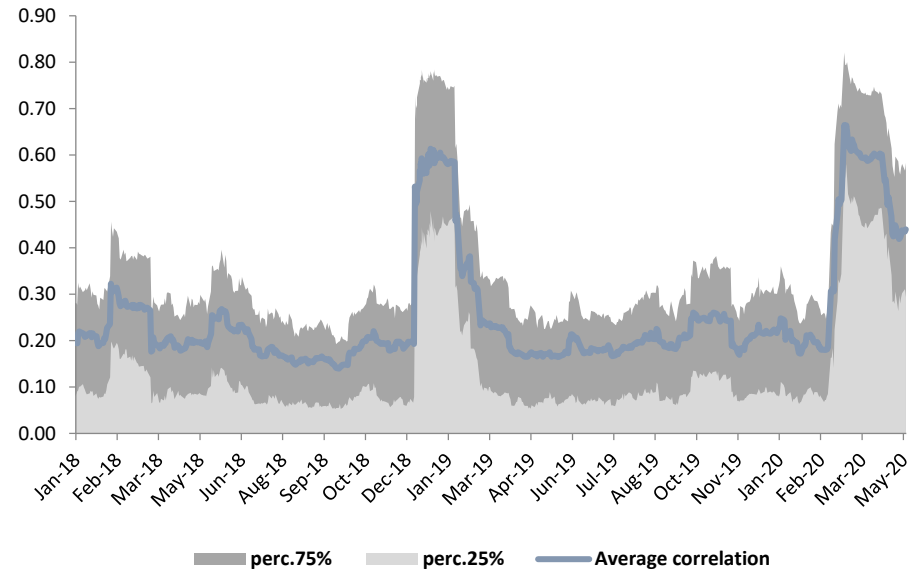


Source: Datastream, FSA's calculations

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.

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



Source: Bloomberg, ASF

In April 2020, the Relative P/E 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.

In March and April, the correlations between the daily yields of the 25 most liquid companies from Bucharest Stock Exchange decreased significantly.

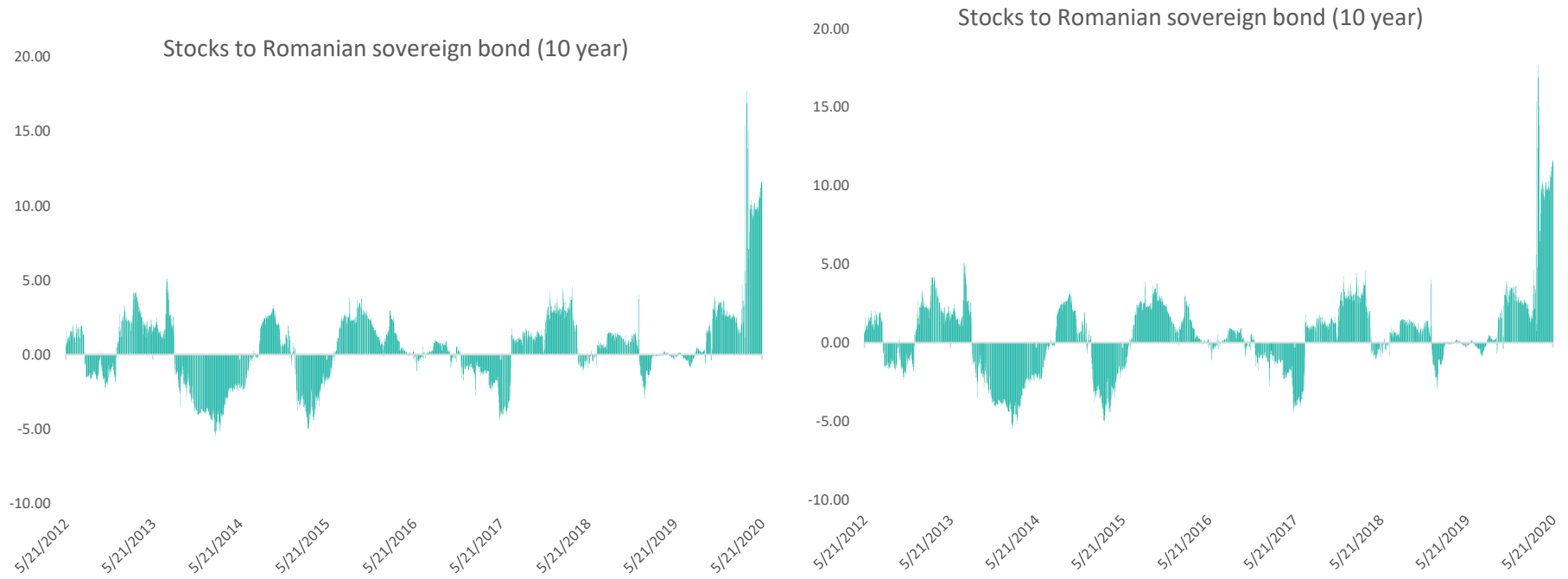
Risk assessment and the benefit of diversification

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.

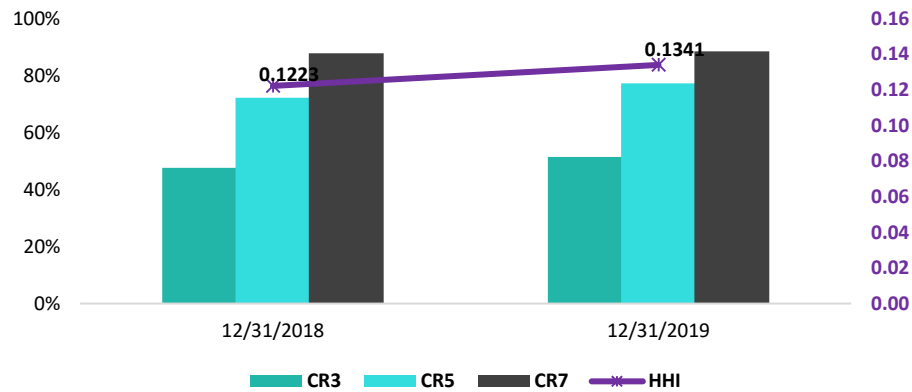
The empirical analysis shows that the Romanian capital market and the European market are not currently perturbed by external events and do not manifest unsustainable price reduction due to a spiral down of asset prices.

Net spillover from stock to other asset classes

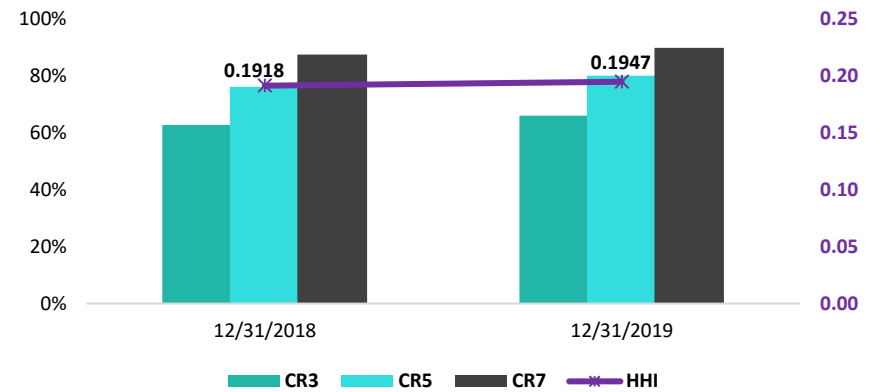


Concentration risk

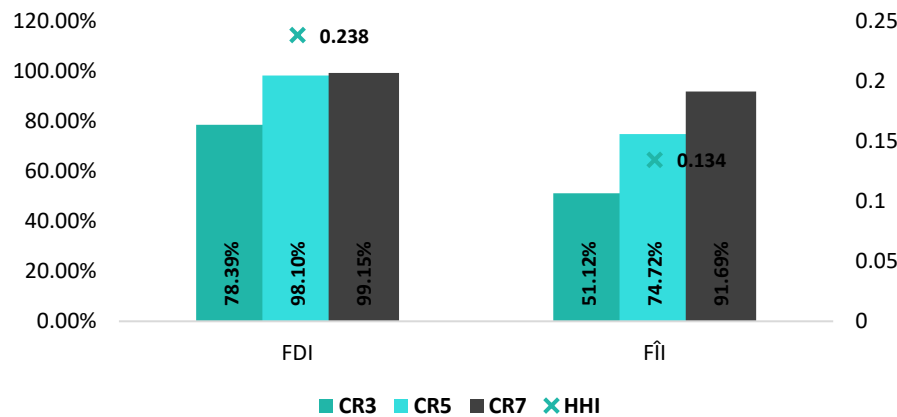
**Concentration risk of non-life insurance undertakings
(by value of GWP at 31 December 2019)**



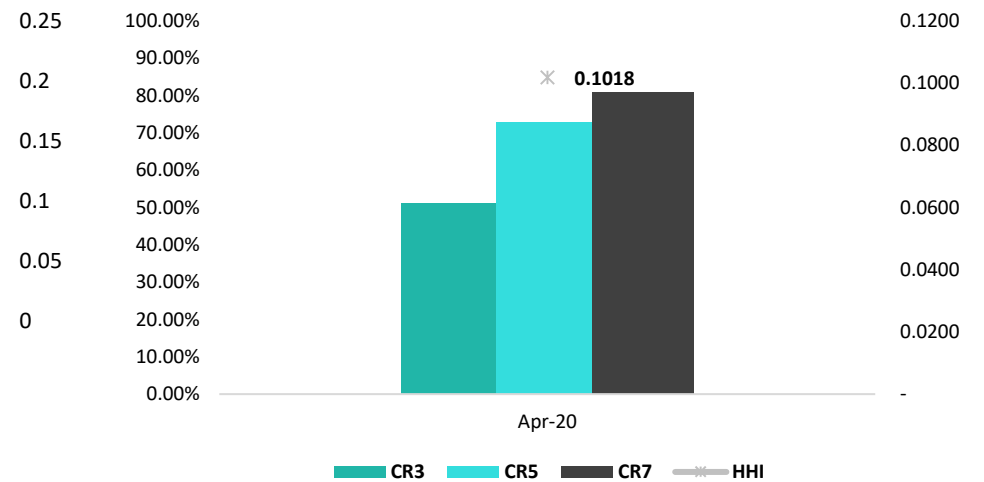
**Concentration risk of life insurance undertakings
(by value of GWP at 31 December 2019)**



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

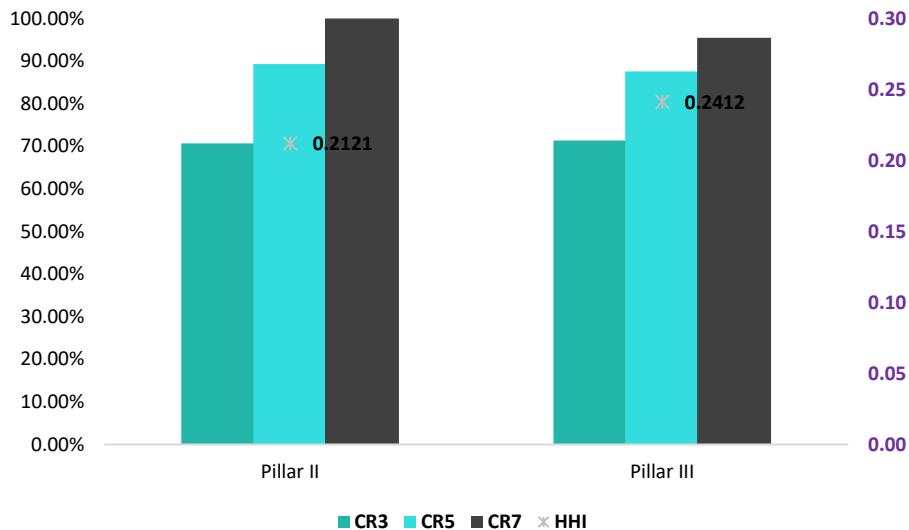


Source: FSA

Source: FSA

Concentration risk

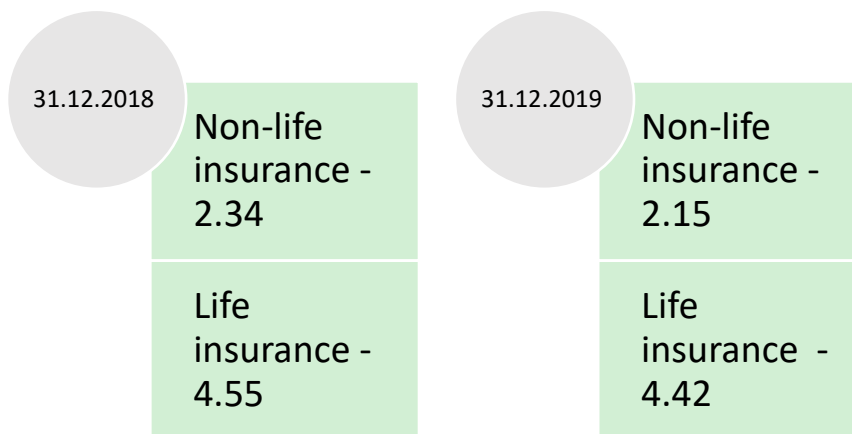
Concentration risk of private pension funds (by net assets at 4/30/2020)



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.



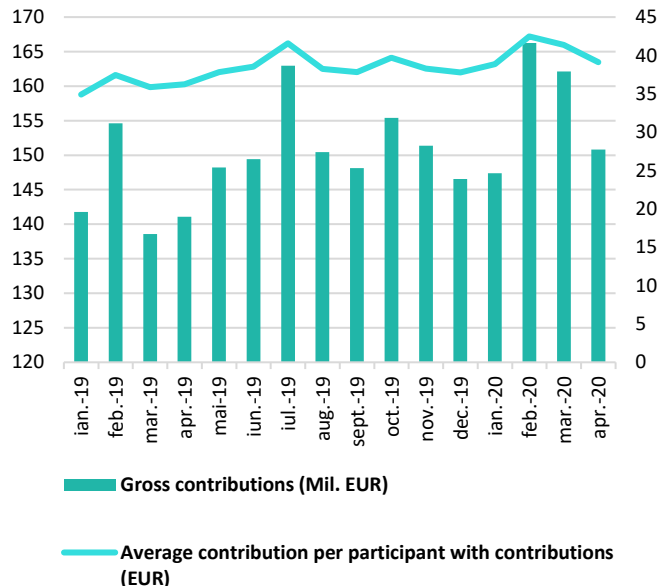
Liquidity coefficient evolution in insurance market shows a slight reduction in December 2019 compared to previous year. However, the levels are well above the minimum.

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 30 April 2020 (EUR)	Participants (persons) April 2020	Rate of return Apr. 2020
ARIPI*	1,108,384,174	776,458	3.12%
AZT VIITORUL TAU	2,762,126,122	1,599,500	3.26%
BCR	872,538,752	678,851	3.92%
BRD	490,810,344	461,646	2.70%
METROPOLITAN LIFE	1,817,566,014	1,053,120	3.82%
NN	4,458,964,407	2,026,423	3.29%
VITAL	1,273,414,271	942,744	3.71%
Total	12,783,804,084	7,538,742	n/a

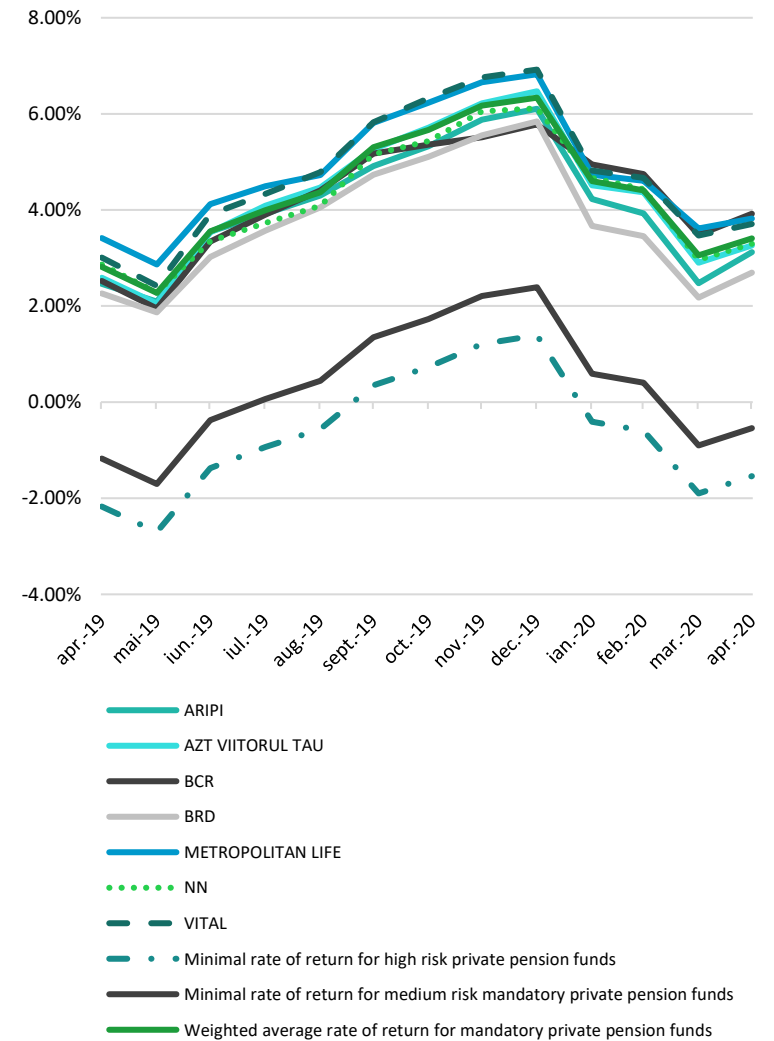
Evolution of gross contributions



**New participants
(persons) in 2nd Pillar**

14.200

Rate of return for mandatory pension funds



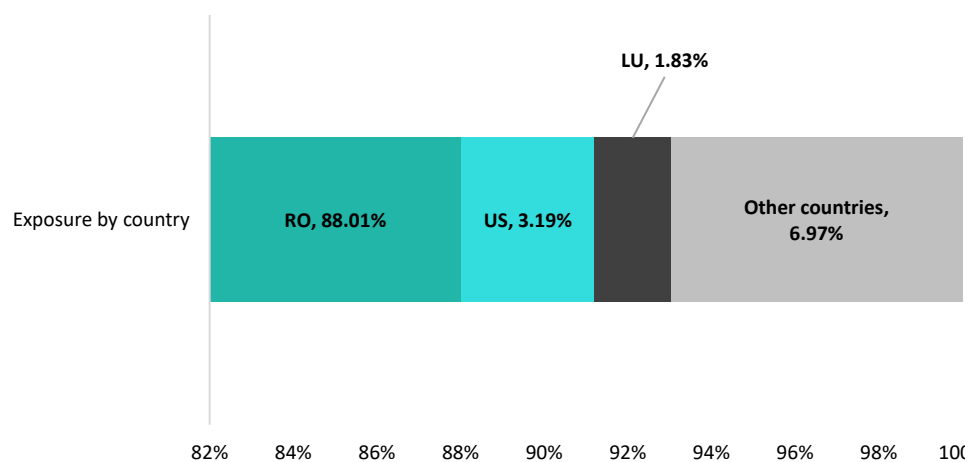
Source: FSA

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

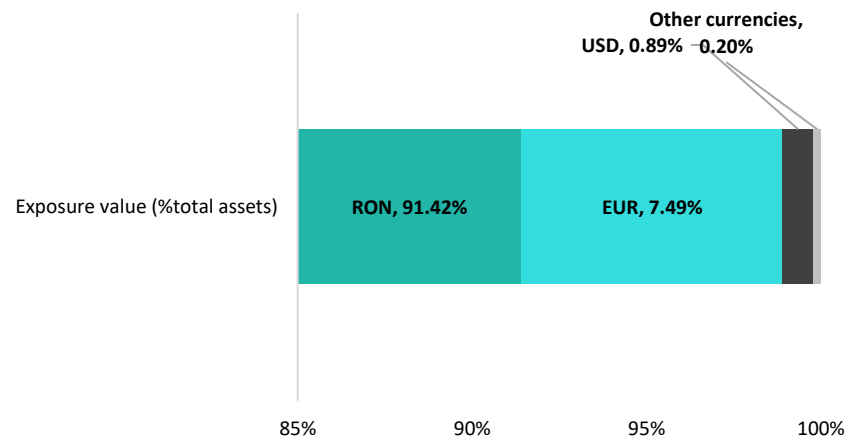
Mandatory pension fund's portfolio at 30 April 2020 (EUR)

Assets category	Assets value (EUR)	% Total assets
Government bonds	8,153,515,074	63.78%
Equity	2,403,704,066	18.80%
Corporate bonds	891,742,869	6.98%
Bank deposits	701,012,269	5.48%
Investment funds	349,283,538	2.73%
Supranational bonds	277,826,229	2.17%
Municipal bonds	62,829,673	0.49%
Metal funds	13,514,042	0.11%
Other assets	(69,623,676)	-0.54%

Country exposure of mandatory pension fund's assets



Currency exposure of mandatory pension fund's assets



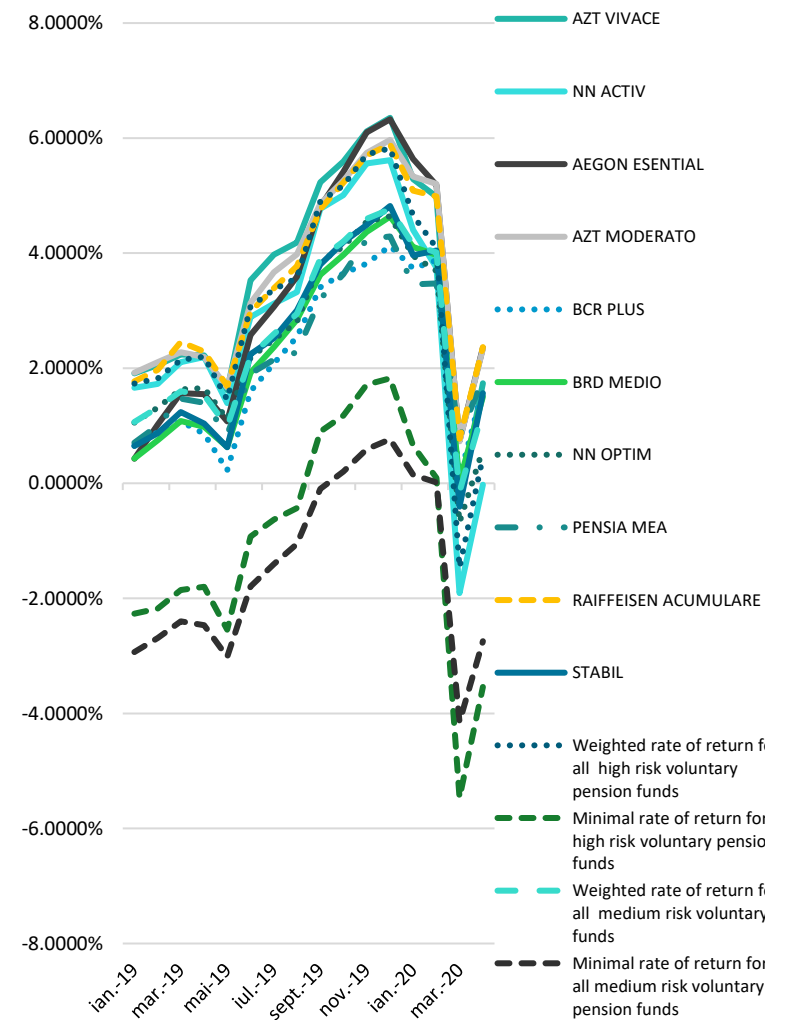
Source: FSA

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

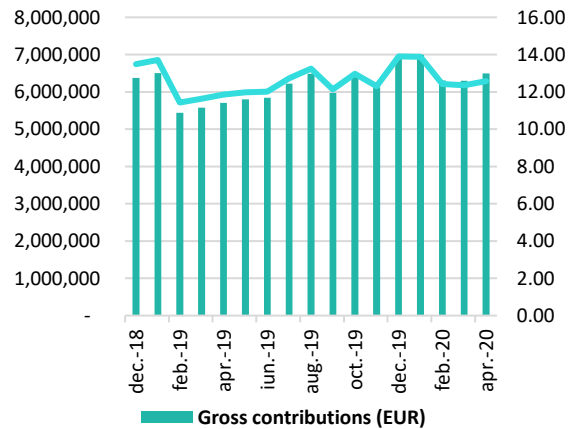
Total assets (EUR), number of participants and return rates

Voluntary pension fund	Total assets (EUR), 30 April 2020	Participants (persons) April 2020	Rate of return Apr. 2020
AEGON ESENTIAL	1.693.431	3.848	2,3554%
AVIVA PENSIA MEA	16.181.641	14.805	1,8213%
AZT MODERATO	54.982.823	39.361	2,3370%
AZT VIVACE*	20.284.796	20.254	1,7366%
BCR PLUS	91.518.297	138.872	1,6554%
BRD MEDIO	27.379.262	31.436	1,5034%
GENERALI STABIL	4.922.882	5.433	1,5658%
NN ACTIV*	56.588.551	53.478	-0,0260%
NN OPTIM	213.000.468	194.369	0,5926%
RAIFFEISEN ACUMULARE	19.616.539	14.483	2,3654%
Total	506.168.690	516.339	n/a

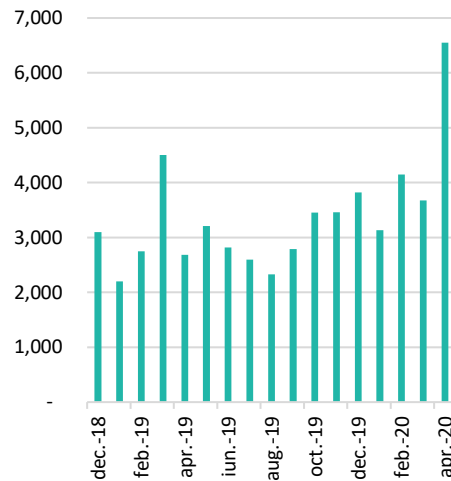
Evolution of total assets and net value of an individual account



Evolution of gross contributions



New participants in 3rd Pillar



Source: FSA

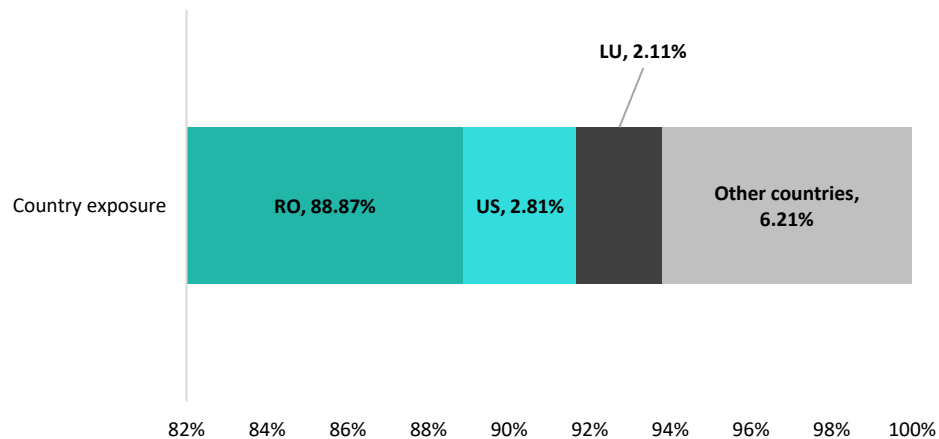
Current evolutions in optional private pension funds (3rd Pillar)

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

Assets category	Assets value (EUR)	% Total assets
Government Bonds	303.388.814	59,94%
Equity	114.927.618	22,71%
Corporate Bonds	39.299.035	7,76%
Bank Deposits	19.426.821	3,84%
Investment Funds	14.407.126	2,85%
Municipal Bonds	10.757.469	2,13%
Supranational Bonds	8.949.469	1,77%
Metal funds	1.495.338	0,30%
Oher assets	(6.483.000)	-1,28%

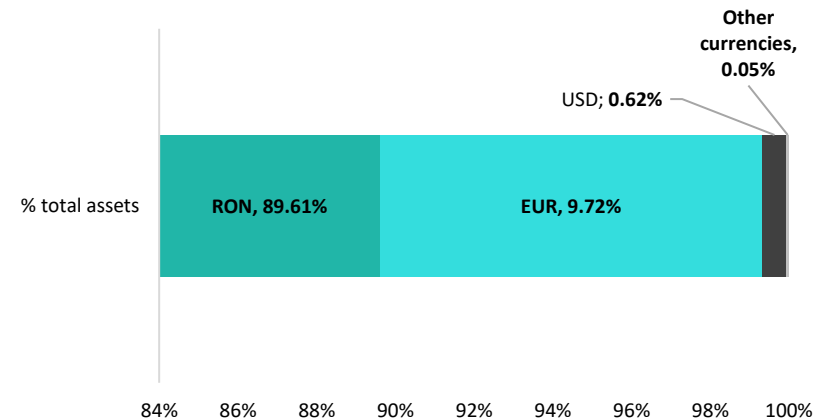
Source: FSA

Country exposure of optional fund's assets



Source: FSA

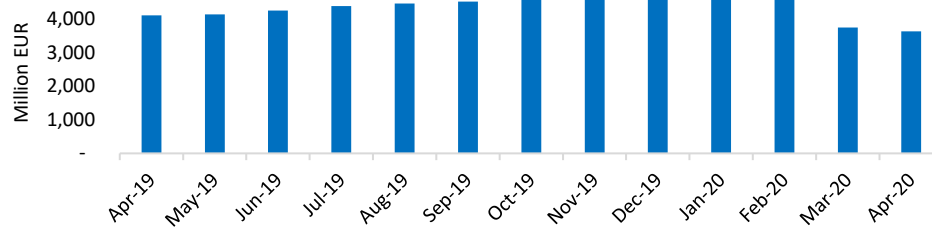
Currency exposure of optional fund's assets



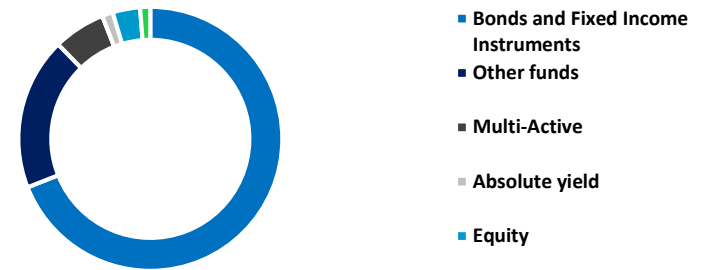
Source: FSA

Specific developments in the investment funds sector

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



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



Source: AAF

According to data published by AAF, the net assets of open-end investment funds (OeIF) decreased by 3% at the end of April 2020 compared with the previous month, amid the adverse effects of the Covid-19 pandemic, reaching a value of EUR 3.63 billion. Net assets of open-end bond and fixed income instruments funds, which account for about 69% of the local OeIF industry, decreased by 5% compared with the previous month. In April 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%.

	Underwritings	Redemptions	Net sales
Apr-17	108,487,137	130,366,333	-21,879,196
Apr-18	95,004,683	125,421,610	-30,416,927
Apr-19	108,246,692	70,613,139	37,633,553
Apr-20	45,805,501	142,303,210	-96,497,709

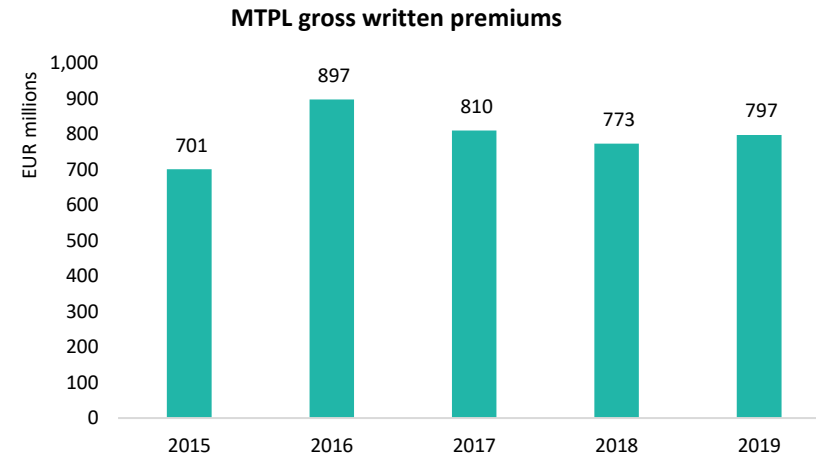
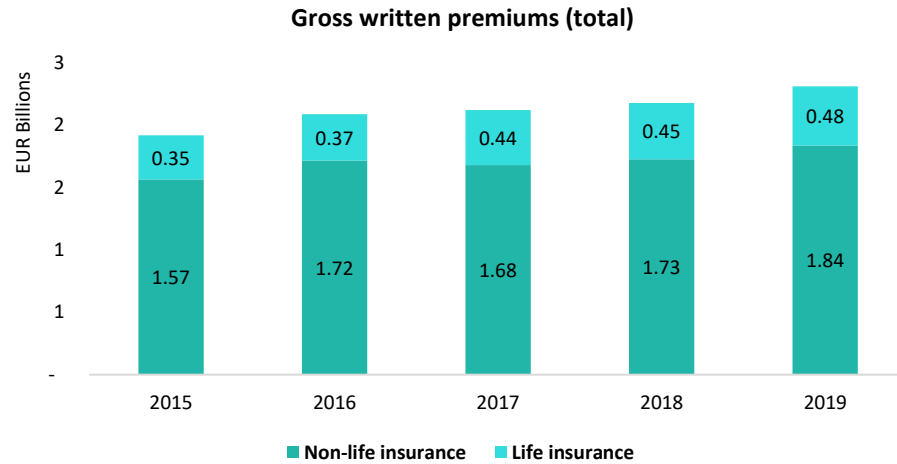
OeIF	Apr-17	Apr-18	Apr-19	Apr-20
Absolute yield	3.31	2.65	-3.46	-2.99
Equity	1.62	1.91	0.34	5.29
Multi-Active	10.43	4.15	-0.02	2.49
Bonds and Fixed Income Instruments	-28.72	-43.92	31.09	-103.44
Guaranteed capital	-0.32	-1.04	-0.82	-0.64
Monetary	1.01	2.42	0.00	0.00
Other funds	-9.20	3.42	10.50	2.78
Net sales	-21.88	-30.42	37.63	-96.50

In April 2020, local open-end investment funds recorded net outflows of EUR 96 million. The most affected were bond funds, which recorded net outflows of EUR 103 million, followed by absolute yield funds (EUR -2.99 million) and guaranteed capital funds (EUR -0.64 million).

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

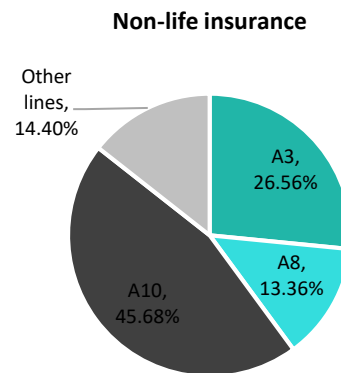
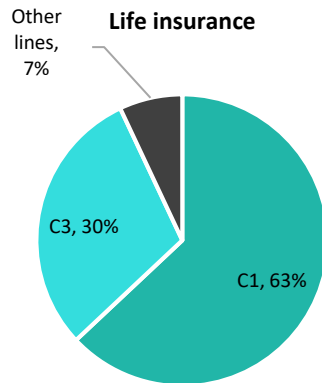
Specific developments in the insurance market in Romania

Evolution of the insurance market (31th of December 2019)



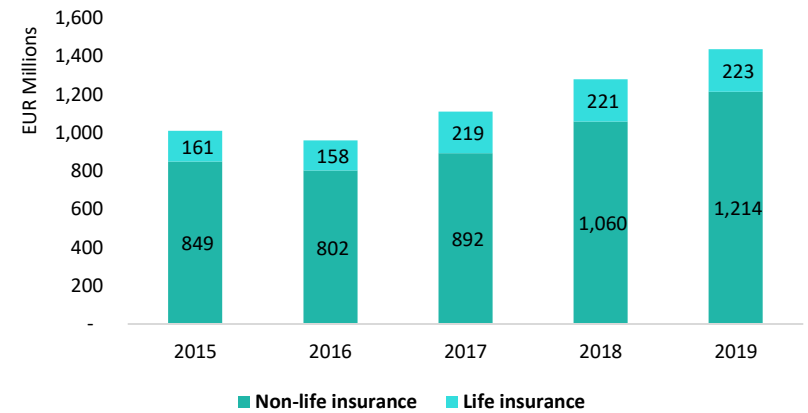
Source: FSA

Share of main insurance classes by GWP



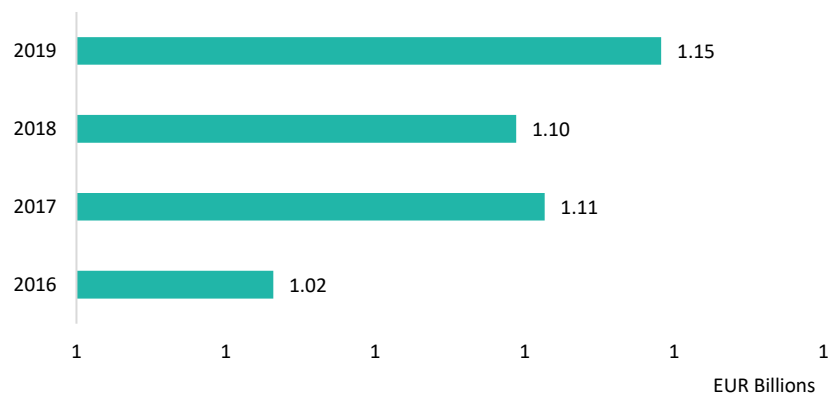
Source: FSA

Gross claims paid

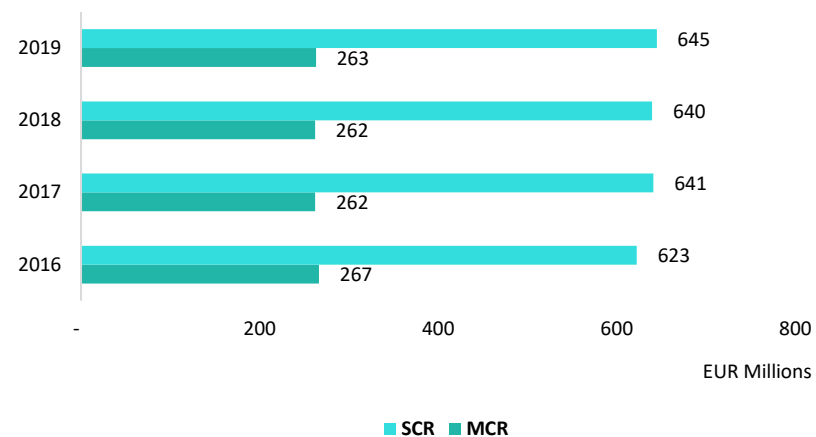


Specific developments in the insurance market in Romania

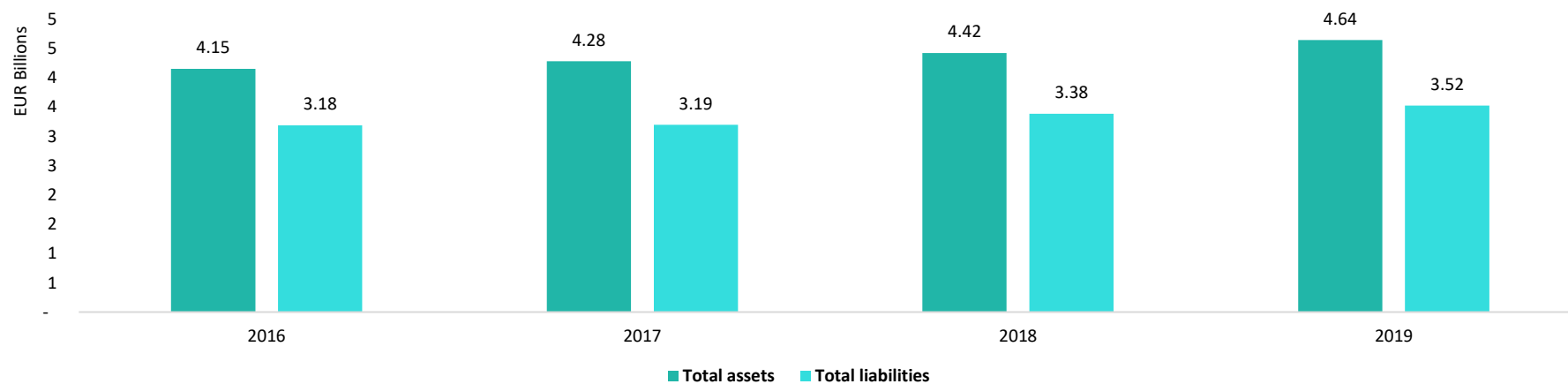
Total eligible own funds to cover the Solvency Capital Requirement (SCR)



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 February 2020

<p>ESMA</p>	<ul style="list-style-type: none"> • 1 April: ESMA advises the EC on inducements and costs and charges disclosure. • 2 April: ESMA updates its risk assessment in the light of the COVID-19 pandemic. • 2 April: ESMA publishes 2019 Report on enforcement of corporate disclosure. • 2 April: ESMA consults on clearing solutions for pension scheme arrangements under EMIR. • 3 April: ESMA publishes guidance on performance fees in UCITS and certain AIFs. • 6 April: ESMA report stresses impact of costs on retail investor benefits. • 9 April: ESMA sets out supervisory expectations on publication of investment funds periodic reports. • 29 April: ESMA issues no action letter on the new ESG disclosure requirements under the Benchmarks Regulation.
<p>EIOPA</p>	<ul style="list-style-type: none"> • 1 April: EIOPA urges insurers and intermediaries to continue to take actions to mitigate the impact of COVID-19 on consumers. • 6 April: EIOPA publishes second report on costs and pasts performance of insurance-based investment products and personal pension products. • 7 April: EIOPA publishes Opinion on the supervision of remuneration principles in the insurance and reinsurance sector. • 17 April: Statement on principles to mitigate the impact of COVID-19 on the occupational pensions sector.
<p>IMF</p>	<ul style="list-style-type: none"> • 14 April: IMF publishes Global Financial Stability Report and World Economic Report.
<p>ECB</p>	<ul style="list-style-type: none"> • 7 April: ECB announces package of temporary collateral easing measures.
<p>US FED</p>	<ul style="list-style-type: none"> • 29 April: Monetary policy unchanged.
<p>WB</p>	<ul style="list-style-type: none"> • 8 April: WB issues Spring 2020 Economic Update for Europe and Central Asia.