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IR UPDATE

May 2017



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Company Highlights



Bucharest Stock Exchange – BVB

Indicator	BVB
ISIN	ROBVBAACNORO
Reuters	ROBVB.BX
Bloomberg	BVB.RO
Bloomberg BBGID	BBG000BBWMN3
Share price (19 May 2017)	EUR 7.6 / RON 34.5
Market Cap (19 May 2017)	EUR 58 mn / RON 264.7 mn
No. of outstanding shares	7,674,198
ADT 12TM (ended 19 May 2017)	RON 0.06 mn
P/E (price as of 19 May 2017, 12TM EPS)	26x***
P/BV (price as of 19 May 2017)	2.6x***
Turnover velocity (2016)*	6%
Liquidity (2016)**	5%

* value traded ÷ average market cap ** no. of shares traded ÷ no. of shares outstanding

*** P/E and P/BV are calculated based on BVB Group financials as of March 31, 2017



100% free-float, listed since 2010



20% ownership threshold,
majority institutional shareholders



BVB main shareholders: NN Group N.V. – 8.67%,
SIF Transilvania – 8.58%, EBRD – 5.12%,
SIF Moldova – 5.00%, SIF Oltenia – 5.00%,
SIF Muntenia – 4.32%



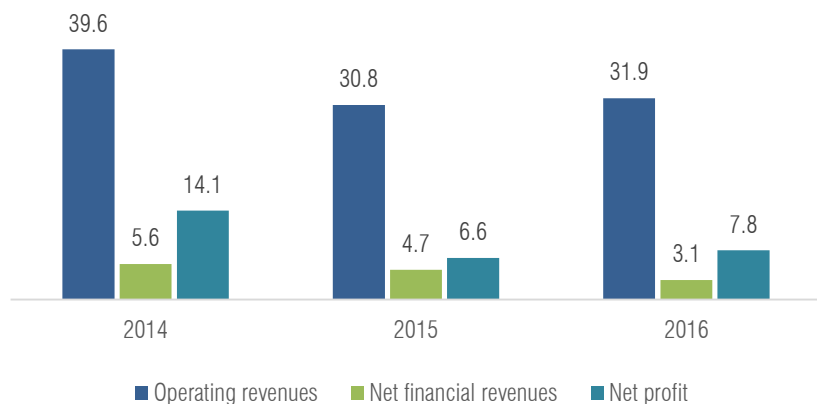
BVB share performance [YTD]



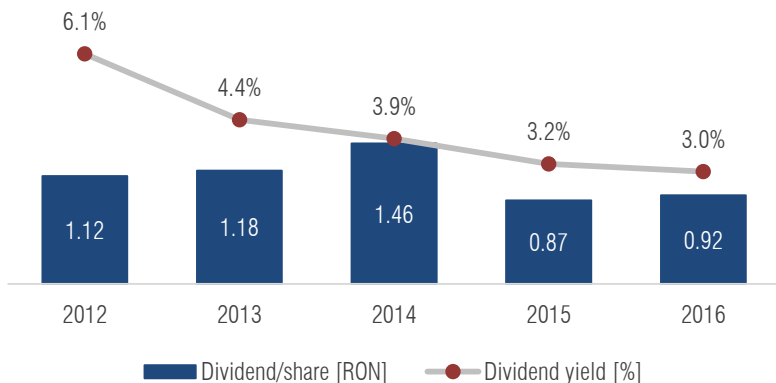
Analyst coverage		
Analyst (Company)	12M TP (Recommendation)	Last report
Lucian Albulescu (Wood&Co)	37.0 (Buy)	20-Mar-17
Mihaela Podgorski (Swiss Capital)	30.15 (Buy)	24-Aug-16
Catalin Diaconu (Raiffeisen Bank)	30.4 (Hold)	12-May-16
Raluca Negoescu (Alpha Bank)	28.0 (Hold)	10-May-16

Main financial indicators

Main financial indicators, 2014 - 2016 (RON mn)



Dividends and dividend yield



Business model

BVB is the leading stock exchange in Romania and operates several markets:

- The Regulated Market - where financial instruments such as shares and rights issued by international and Romanian entities, debt instruments (corporate, municipality and government bonds issued by Romanian entities and international corporate bonds), UCITs (shares and fund units), structured products, tradable UCITS (ETFs) are traded;
- AeRO Market - designed for start-ups and SMEs, launched on 25 February 2015.

BVB's operating revenues are generated mainly from the trading of all the listed financial instruments, from fees charged to issuers for the admittance and maintenance to the trading system, as well as from data vending to various users.

Main BVB group entities:

- Central Depository - clearing / settlement operations for transactions with securities carried out at BVB and registry services;
- Investors' Compensation Fund - pays compensations when fund members fail to return the money or the financial instruments owed by or belonging to investors

Latest developments



New sources of short-term revenues

- Intensify retail dedicated projects in order to bring new liquidity to the market
- Support the implementation of short selling, market making
- New products launched, such as warrants
- Expand data vending and IT&C services
- Attract partnerships for current events



Expense management discipline

- Increased attention paid to cost management discipline
- Budget of CSD pre-approved by the Bucharest Stock Exchange



Transparency

- BVB becomes one of the first IRIS (new reporting system) user
- Include Corporate Governance compliance Report in the Annual Report
- Quarterly analysts calls and yearly meetings
- Live audio casts of financial results meetings
- Annual meetings with investors and roadshows (London, Warsaw, Budapest and New York)
- Reporting in both Romanian and English languages
- New IFRS standard consolidated reporting



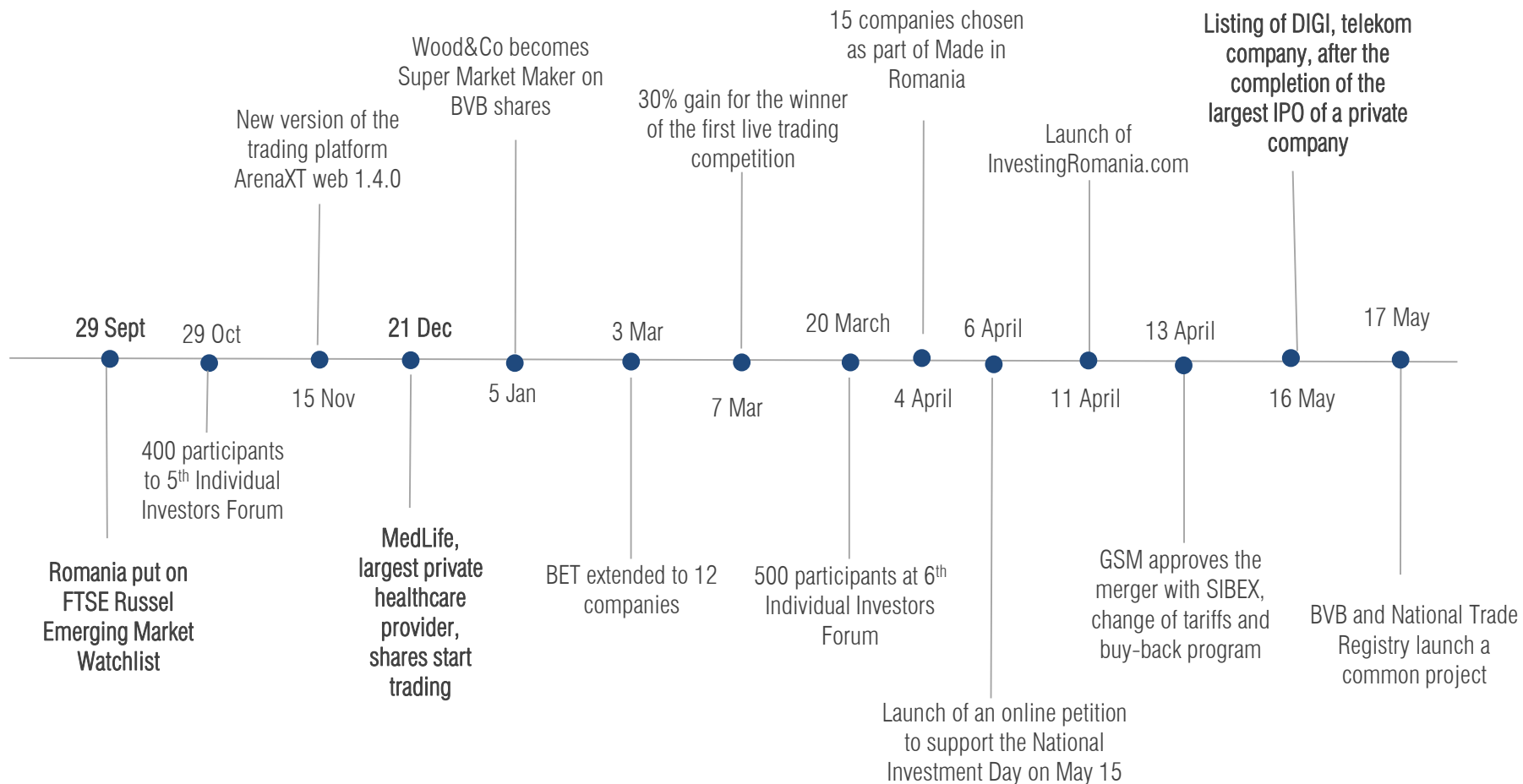
Operational developments

- Reducing the multitude of trading venues by planned merger with SIBEX, the Sibiu Stock Exchange
- Plans for CCP services establishment for both spot & futures markets

Recent Accomplishments



Recent events



Why Bucharest Stock Exchange?



Emerging Market Watchlist

As per the decision of FTSE Russell published on the 29th of September 2016, the Romanian capital market has been put on the list of countries that have a **substantial potential to be upgraded to the status of the Emerging Market**. In the case of Romania, the upgrade will depend on the progress as regards the market liquidity and the presence on the market of largest companies with significant individual liquidity.



Largest dividends in the world

BET companies are expected to pay 7% DivY in 2017, according to Berenberg. Almost 8% dividend yield was paid in 2016 by Romania's BET index companies - highest yield in the world, above Kuwait (7.6%) and Bahrain (7.2%).



Growing Domestic Potential

Steady growth of the pensions fund, with an advance of 22% during 2016 after another comparable increase in 2015 of 21%. Currently, pension funds total assets equal EUR 7.3 bn, out of which 18.8% is invested in equities. The AuM of the Romanian **investment funds equal EUR 5.7 bn as of April 30, 2017**. There is also a big potential vested in the currently small, but very active local retail investors base.



Wide market reforms

Constant work on **ameliorating the investment landscape**, with focus on: easing investors' access to the market and fiscal compliance, reducing the cost of the market, improving the servicing of investors' rights, simplifying procedures related to primary markets for equities and bonds and developing the market infrastructure.




Potential privatizations

Rich portfolio of state-owned companies **as the state has majority stake in 250 companies** in total. Some are currently pending the privatization. Some of the expected companies:



Bucharest Stock Exchange, key figures

 Over 20%
 BET and BET-TR indices evolution in 2017
(BET Total Return index includes the dividends distributed by companies included in the main index of the market, BET)


 EUR 11.2 mn/day
 Average value traded in shares in 2017*

9,7%
 BET-TR index evolution in 2016

 7%
 BET companies are expected to pay 7% DivY in 2017, according to Berenberg

 RON 1.2 bn (EUR 260 mn)
 The private companies IPO's in the last six months


RON 944 mn
 25,6% shares as of May 2017


RON 230 mn
 44% shares as of December 2016



Romanian Capital Market put on FTSE Russel Emerging Market Watchlist (September 2016)

3 companies, the minimum criterion imposed by MSCI for promoting the local market to the Emerging Market status

Reforms for local market modernization and development projects

- Supporting listing of state owned and private companies
- Modernization according to EU regulation and standards
- Expanding the individual investors base
- Improvement of the corporate governance

* Including the offers, as of May 25, 2017

Business Strategy



Key focus

Developing retail investors' base

- Enlarging the domestic retail base
- Expanding the educational projects ('Fluent in Finance') and events (Investor Forums), platforms and an online TV channel, **7/24 Capital**
- National Investment Day: a BVB initiative to establish a special day dedicated to all kind of investments

Attracting private issuers to the main market and AeRO

- Attracting new potential issuers for both the Regulated Market, as well as continue approaching the SMEs for listings on the AeRO market
- New projects to be launched: AeRO Fundraising Solution, various projects for young entrepreneurs and prospective listing companies on the AeRO market

Improving issuers' transparency

- Full enforcement of Corporate Governance in force starting with February 4th, 2016
- Training of listed companies on Investor Relations management, global trends, good governance
- Improve the reporting system of issuers, through launching a new Issuers Reporting Information System (IRIS)
- Increasing the importance of sustainability and ESG reporting through UN SSE partnership

Launching new products and trading mechanisms

- Short-selling, trading on margin
- Lending and Borrowing
- Warrants

Stimulating revenue from data vending

Other major projects

- Acquiring CCP services
- Relaunching of the derivatives market
- Merger with Sibex, the Romanian derivatives exchange

Mid-term strategic objective: Upgrade to the Emerging Market Status

- Resuming the privatization process to bring new pipeline of listed companies and improve the free float of those already listed through SPOs
- Improving the market liquidity through increase in the local retail investors base

Steps towards Emerging Market Status

Institutions evaluating Romania



MSCI
FTSE Russell
S&P Dow Jones
STOXX

All the institutions assess Romania as a Frontier market mainly due to

- Low free float of the listed companies
- Reduced total market liquidity
- Lack of possibility to do sizeable investments in Romania

Promotion of the local capital market reform:

- Permanent communication with MSCI, FTSE, STOXX and S&P Dow Jones
- Organizing a communication platform with international investing community, supported by EBRD and Bloomberg

The upgrade to a superior classification is voted by global players:
large institutional investors and custodians

Main criteria to be fulfilled by Emerging Markets

MSCI

Min. 3 companies fulfilling the following:

- Company size [full market cap] of USD 1,375 mn
- Free Float value of USD 687 mn
- ATVR (Annualized Traded Value Ratio) of min. 15%

FTSE

Romania placed on Emerging Market Watchlist

- Min. 3 companies meeting eligibility tests (size, free float and liquidity criteria)
- Qualitative criteria checked by BVB in 2015-2016:
 - fair and non-prejudicial treatment of minority shareholders
 - free and well-developed foreign exchange market
 - transaction costs – implicit and explicit costs to be reasonable and competitive

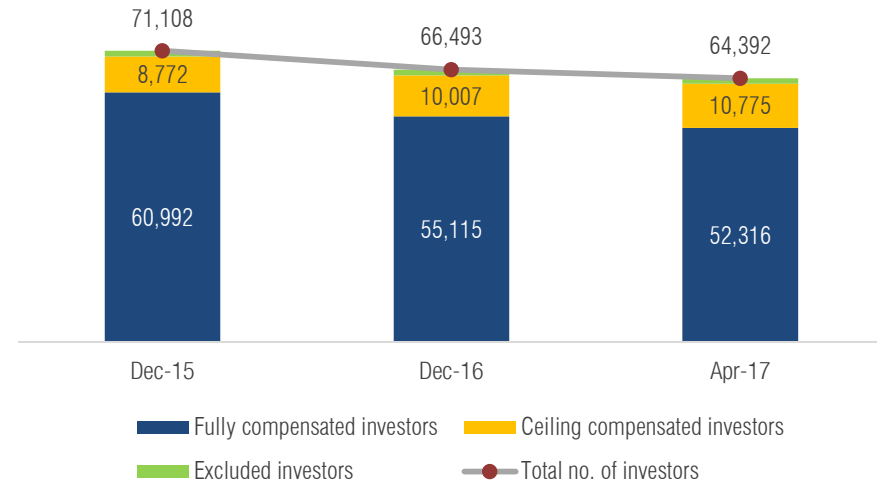
S&P

- Full domestic market capitalization over USD 2.5 bn
- Domestic annual turnover value over USD 1 bn
- Exchange development ratio (Mcap to GDP) over 5%

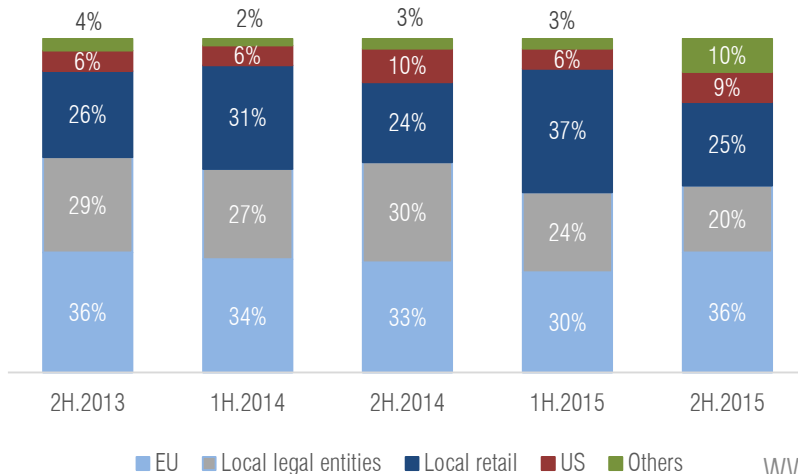
Expanding the local retail investor base

- Large deposits (27K Romanians have deposits of value over 100k EUR, totaling to EUR 6.3 bn; 14.6 mn Romanians have deposits below 100k EUR, totaling to EUR 26.8 bn) and a growing salaries (4.6 mn employees in Romania out of which 250k have salaries over 4k RON a month). In the light of low interest rates, there is a potential for direct and indirect investments on the stock exchange
- Low level of financial literacy (lowest in the EU as per 2015 Global S&P study) shows the potential of the market
- With the restored privatization process and certain positive developments such as lower, 5% tax on dividends, the retail base shall improve, providing a push to open an account
- High focus on educational and informative campaigns led by the Stock Exchange in cooperation with other stakeholders

Number of investor accounts 2015 - 2017



BVB investor base, by value traded

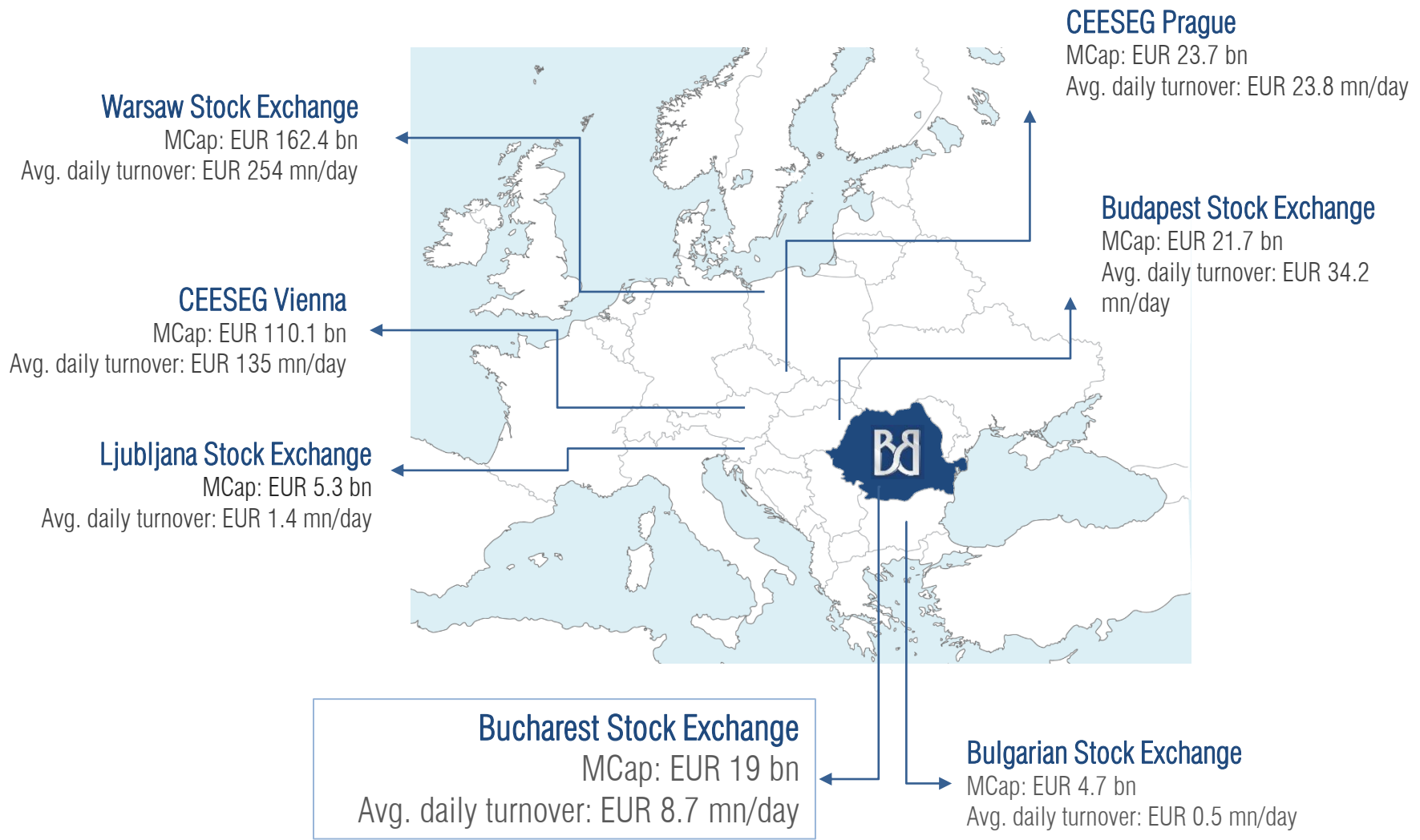


- The current compensation limit is EUR 20,000, in line with EU directives
- 83% of investor accounts have portfolios below EUR 20,000 and are fully compensated
- The number of investor accounts includes the total number of accounts on the Romanian capital market, regardless if an investor has accounts with several brokers

Romanian Capital Market Overview



Regional perspective



Source: FESE (data as per April 2017), LJSE, BSE; for BVB public offers are not included.

Positive macroeconomic outlook

Indicator	2011	2012	2013	2014	2015	2016	2017f**	2018f**
Real GDP, yoy change (%)	1.1	0.6	3.5	3.0	3.8	4.8	5.2	5.7
Inflation rate (%)	5.8	3.3	4.0	1.1	-0.6	-0.5	1.7	3,4
Key interest rate (%)	6.00	5.25	4.00	2.75	1.75	1.75	1.75	2.00
Population (mn)	20.2	20.1	20.0	20.0	20.0	19.8	19.8	19.7
Exchange rate, eop (RON/EUR)	4.3	4.4	4.5	4.5	4.5	4.5	4.5	4.5

Long-Term Credit Rating	Credit ratings	Outlook
Standard & Poor's (May 16, 2014)	BBB-	stable
Moody's (April 21, 2017)	Baa3	stable
Fitch (July 4, 2011)	BBB-	stable

Notes:

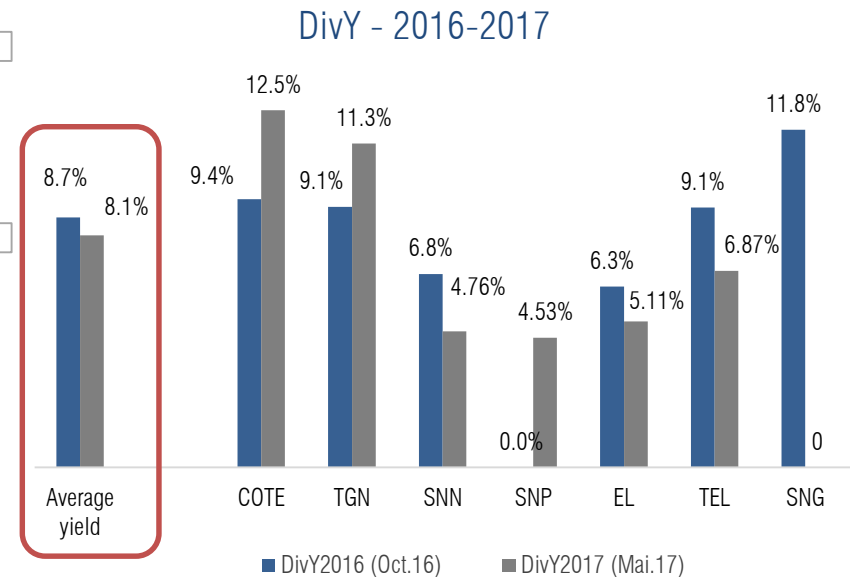
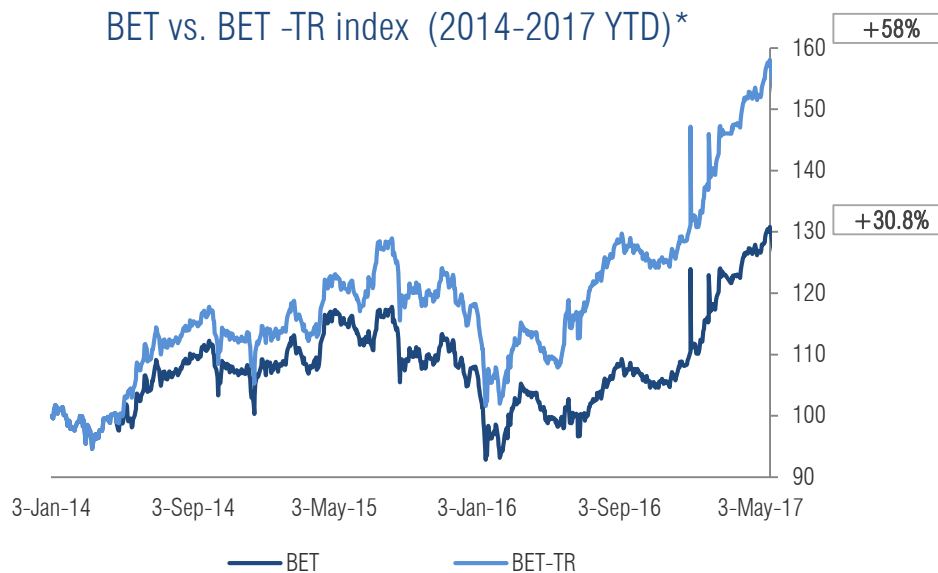
* Average rate of consumer prices over the last 12 months as compared to the previous 12 months

** Romanian National Commission for Prognosis estimates for 2017 and 2018

Sources: Erste Research, ECB, Eurostat, NBR, National Statistics Office, Romanian National Commission for Prognosis, rating agencies, FESE, BVB, LJSE, ZSE

Capital Markets in the CEE	Domestic market cap (EUR bn)				
	2013	2014	2015	2016	2017YTD
Bucharest Stock Exchange	17.8	18.4	16.9	18.0	20.4
Budapest Stock Exchange	14.4	12.0	16.2	21.5	21.7
Bulgarian Stock Exchange	5.1	5.0	4.4	4.3	4.7
Ljubljana Stock Exchange	5.2	6.2	5.5	5.1	5.3
CEESEG - Prague	22.0	22.6	23.5	22.2	23.7

High dividend yields



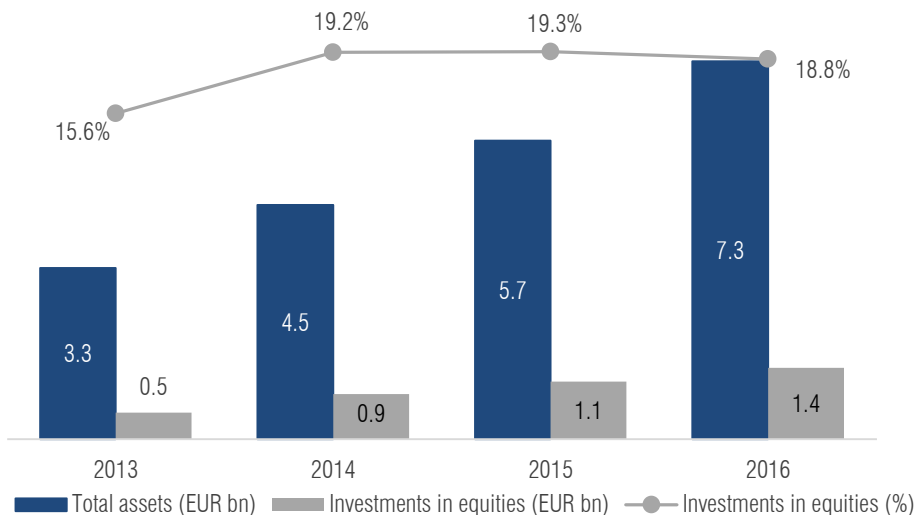
- BET, the main index of the Bucharest Stock Exchange market, reach the highs of the last 9 years
- Last year, BET-TR index, which includes also the dividends paid by BET companies, increased by 9,7%
- In the last three years, BET-TR index increased by 58%
- In March, BVB expanded its main indices, BET and BET-TR, to 12 companies. The two new companies joining the main indices are CONPET (symbol COTE) and MedLife (symbol M)

- Romanian Capital Market has recorded the highest dividend yields in the world in 2016 and the first data show a high return also this year, 2017
- In 2016, energy and utilities companies offered a dividend yield of nearly 9% (as of October, 2016) and an estimate of over 8% in May 2017.

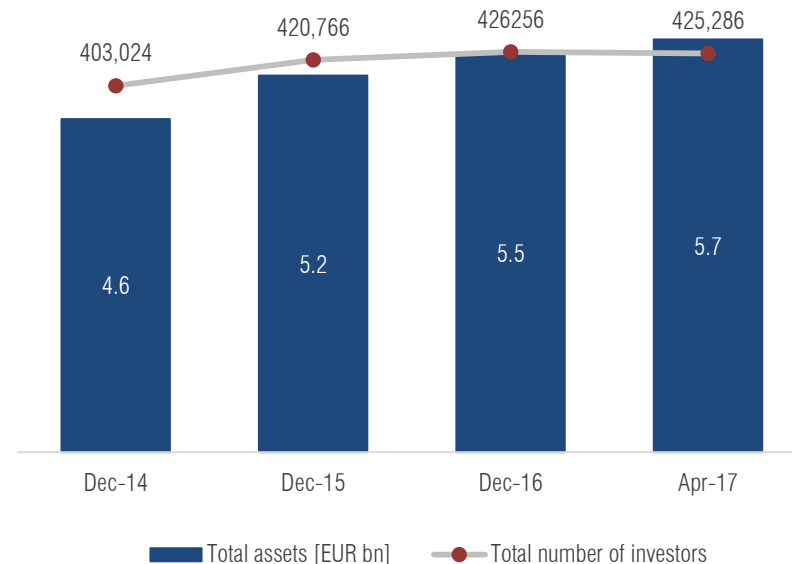
Note: Chart for BET-TR uses back-tested values before Sept 19, 2014 (index launch date). The chart is rebased at 100

Growing pension funds and asset management industry

Pension funds: total assets and allocation in Romanian equities, 2013-2016 [EUR bn, %]



Asset managers: net assets (EUR bn), number of investors, 2014 - 2017



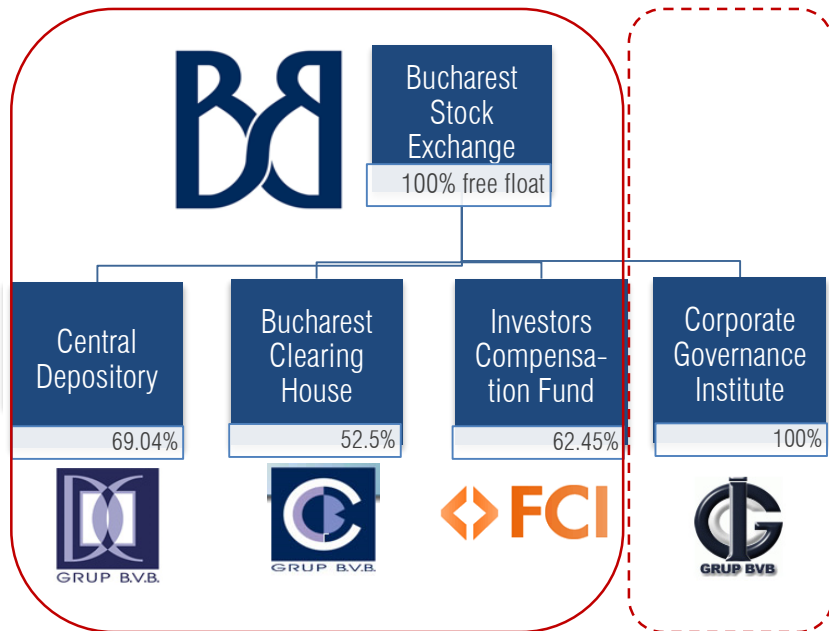
- Advance of 22% of pension funds' total assets during 2016 (pillar II and III), after another comparable increase of 21% Y-o-Y in 2015
- During 2016, investments in equities increased in value (from EUR 1.1 bn registered in 2015 to EUR 1.4 bn), and slightly decreased in percentage of funds' total assets from 19.3% to 18.8%.

- Strong growth rate of net assets starting from 2014. From the beginning of 2017, the growth rate continued the trend set in previous years
- The number of investors slightly decreased in Q1 2017, after the industry gained over 23,000 between 2014 – 2016

Appendix: Financial Data



Presentation of BVB Group and of the consolidation process



Entities included in the consolidation process

Not included in the consolidation process

Segments within BVB Group:

- **Trading segment** – Bucharest Stock Exchange
- **Post-trading segment** which includes:
 - Clearing & settlement services of the Central Depository
- **Registry segment** – Registry activities of the Central Depository
- **FCI services** – Activities of the Investors Compensation Fund

Markets operated by BVB



Main Market

Listed companies:
84 domestic and 2 foreign

Domestic market cap:
EUR 20.4 bn

Total market cap:
EUR 38.6 bn

Instruments:
shares, rights, corporate and municipal bonds, government securities, structured products, fund units, tradable UCITS (ETFs), warrants



AeRO market for SMEs

Listed companies:
287 domestic and 2 foreign

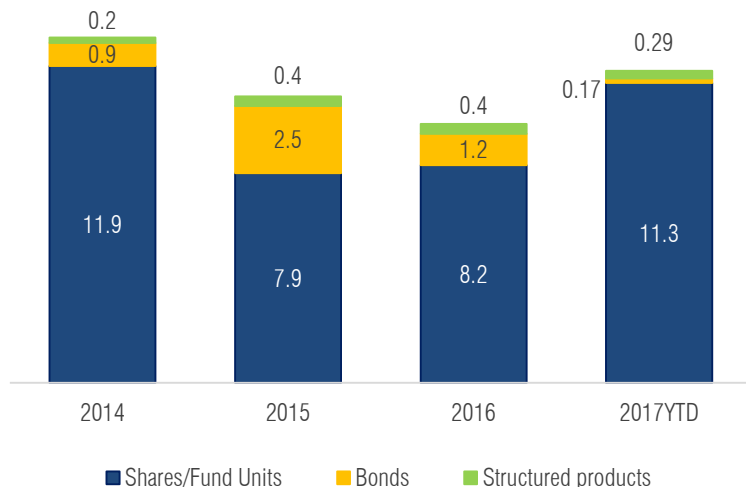
Domestic market cap:
EUR 1.0 bn

Total market cap:
EUR 1.03 bn

Instruments:
shares, rights, bonds

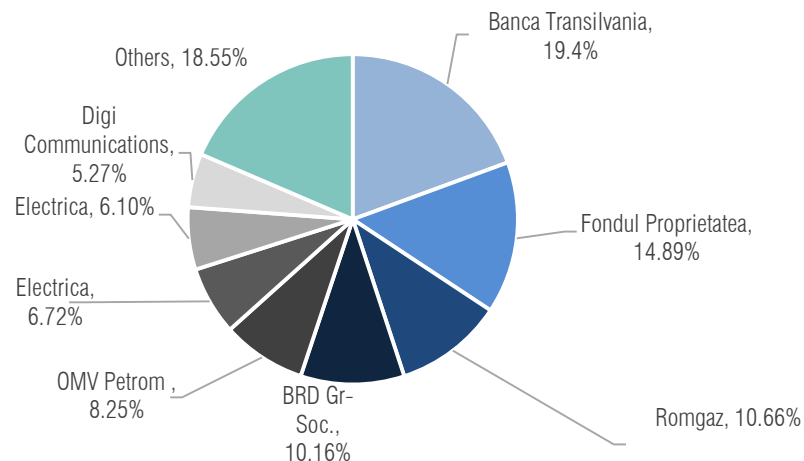
Market size and structure

Average daily turnover 2014-2017 YTD*
[EUR mn/day]



Note: Public offers included.

Most traded stocks at BVB in January 2017 - May 19, 2017 (%)

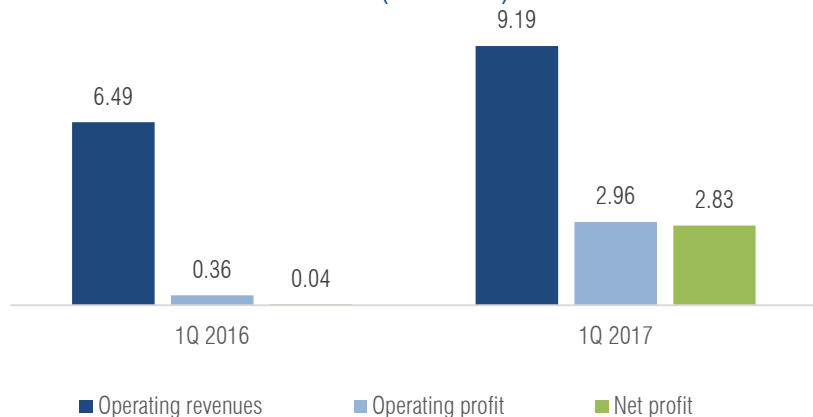


Note: Public offers not included. Data for 1 Jan – 31 Dec 2016

- The ADT on shares increased with 38% in 2017, as of May 20, compared to 2016 average, following two successful IPOs of private companies (MedLife and DIGI)
- Banca Transilvania continued to be most traded company on the Bucharest Stock Exchange in the first 4 and a half months of this year, followed by Fondul Proprietatea. Digi Communications made a strong entrance on the market, starting with May 16th, 2017
- In Q1 2017, BVB recorded the best first quarter of the last 6 years, given the value traded on the main market with shares

1Q 2017 BVB Group financial results

Main financial indicators, 1Q 2017 vs. 1Q 2016 (RON mn)



Distribution of operating revenues and result, by segment, 1Q 2017 (RON mn)



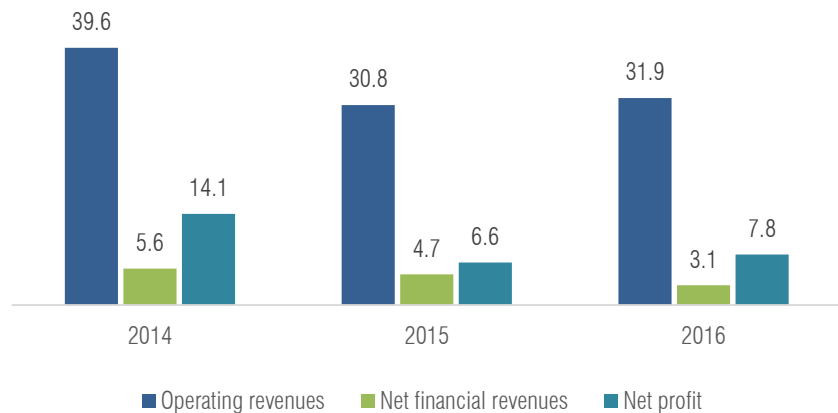
- The Bucharest Stock Exchange Group (BVB Group) ended the first quarter of 2017 with a growth of more than 7 times of the consolidated operating profit of RON 2.96 mn
- The BVB Group's operating income grew by 42% in the first three months of the year compared to the similar period of 2016, up to RON 9.19 mn, mainly driven by the increase in the total value of transactions traded on the BVB markets.

- Operating expenses amounted to RON 6.23 mn, where up only 1.6% compared to the first three months of last year.
- Consolidated net profit in 1Q 2017 amounted to RON 2.83 mn, significantly increasing compared to the net result obtained in the same period of the previous year (1Q 2016: RON 0.04 mn) with a net margin of 31%, while 89% of the net profit being obtained from the Group's trading segment.

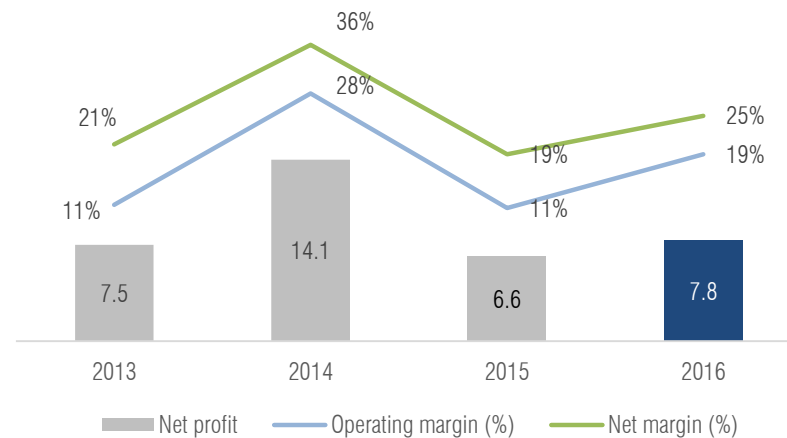
Note: Consolidated financial results, prepared in accordance with IFRS. The financial figures for 1Q 2017 are restated to IFRS and are not audited

2016 BVB Group financial results

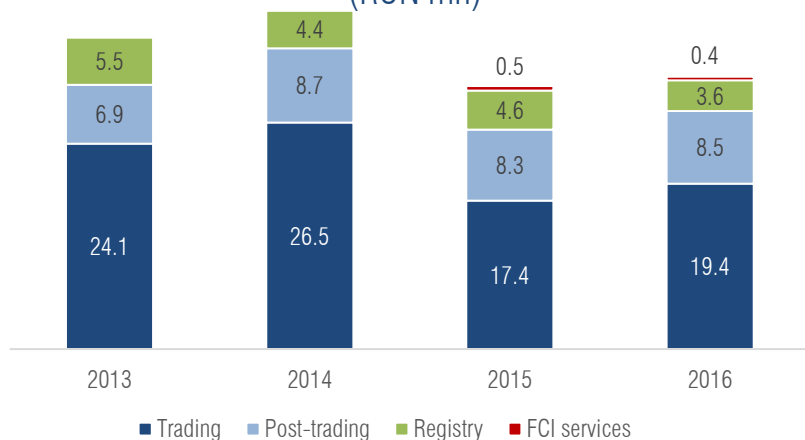
Main financial indicators, 2014 - 2016 (RON mn)



Net profit, operating and net margins, 2013-2016



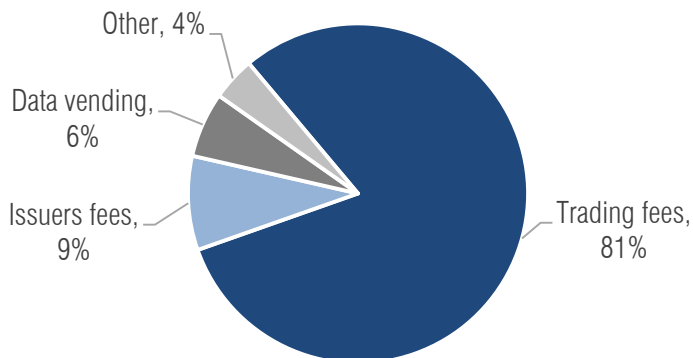
Breakdown of operating revenues, 2013-2016 (RON mn)



- BVB Group's **operating revenue** reached RON 31.93 mn in 2016, a 4% increase in y-o-y terms, mainly due to BVB trading segment.
- For the other business segments, changes were less significant, both in value terms as well as in percentage terms, given that their revenues are much less dependent on changes in trading activity.
- The **operating profit** registered a 89% y-o-y increase to RON 6.07 mn, mainly generated by the trading segment.
- **2016 net financial expenses** of RON 3.09 mn was recorded mainly from financial investments in government securities and bank deposits.
- The **consolidated net profit** for 2016 was RON 7.87 mn, a 19% increase in y-o-y terms.

Trading segment overview

Breakdown of trading segment revenues in 1Q 2017 (%)



Drivers of the trading segment revenues

- **Trading fees** represent the main driver behind the trading segment performance and account for 80% of the segment revenues.
- BVB's trading activity on the stock market was more intense, with a 42% increase from the first quarter of 2016 to a level of RON 2.92 bn.
- For the regulated market of shares, the average daily value of the transactions was RON 43.41 mn.
- 1Q 2017 is the the best first quarter of the past 7 years in terms of number of transactions (212 thousand).

BVB trading fees

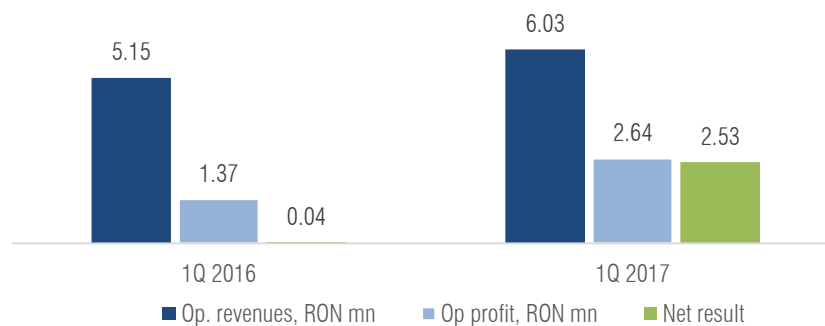
	Sell	Buy
Shares, fund units, certificates	10 bps	4 bps

BVB public offers fees

For sale of shares	0.135% (for the seller)
For purchases of shares	0.216% (for each side of the trade)

Note: Fees in bps are charged to the value of the trade (buy & sell) and do not refer to Market makers and DEAL trades.

Operating revenues and profit, trading segment (RON mn)

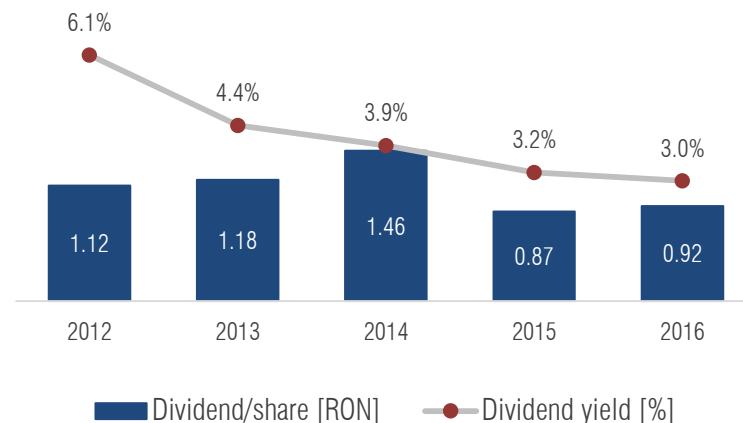


BVB Group financial position

	March 2017	Dec 2016
Non-current assets	83.5	83.1
Current assets	83.9	89.8
Total assets	167.5	173.0
Shareholders' equity attributable to owners of the Company	100.5	97.6
Minority interest	10.4	10.5
Short-term liabilities	56.6	64.9
Total equity and liabilities	167.5	173.0

- Starting 2014, the consolidated balance sheet is reflecting, in both current assets and short-term liabilities, the amounts that the Central Depository must distribute as dividends to the shareholders of listed companies
- At the end of March 2017, total assets of the BVB Group amounted to RON 167.54 mn (31 December, 2016: RON 173.00 mn), down by 3% compared to the beginning of the year, mainly as a result of the decrease in current assets.
- Non-current assets recorded a similar level to the beginning of the year, while current assets decreased to RON 83.98 mn (31 December, 2016: RON 89.97 mn) following the payment of dividends operated by the Central Depository to the shareholders of listed companies, also clients of the Depository.

Dividends and dividend yield



* Gross dividends are presented.
Dividend yields are calculated using the price on the corresponding ex-date

- Stable dividend policy, with a payout ratio of 100%, after legal reserves
- The dividend policy is expected to remain unchanged

Notes

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Decizia CNVM Nr. 369 / 31.01.2006

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ACEASTA PREZENTARE A FOST REALIZATA DE BURSA DE VALORI BUCURESTI. INFORMATIILE CONTINUTE IN ACEASTA PREZENTARE NU AU FOST VERIFICATE DE CATRE O TERTA PARTE INDEPENDENTA, ASTFEL NU EXISTA NICIO GARANTIE SI NU TREBUIE LUATA CA ATARE ACURATETEA, CORECTITUDINEA SI COMPLETITUDINEA ACESTOR INFORMATII. PERFORMANȚA ANTERIOARA NU ESTE O GARANTIE A REZULTATELOR VIITOARE. ACEST DOCUMENT NU REPREZINTA O OFERTA DE A CUMPARA ACTIUNI. ANUMITE DECLARATII DIN ACEST DOCUMENT POT FI DECLARATII DESPRE AȘTEPTARILE VIITOARE SAU ALTE EVOLUTII VIITOARE SI SE BAZEAZA PE VIZIUNEA SI IPOTEZELE ACTUALE ALE CONDUCERII COMPANIEI SI IMPLICA RISCURI CUNOSCUTE SI NECUNOSCUTE, PRECUM SI INCERTITUDINI CARE POT DETERMINA CA REZULTATELE EFECTIVE, PERFORMANȚA SAU EVENIMENTELE VIITOARE SA DIFERE SEMNIFICATIV DE CELE EXPRESATE SAU INTELESE IN ACESTE DECLARATII.