



BURSA DE VALORI BUCUREȘTI

Bucharest, April 2014

BVB Directors' REPORT for 2013

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This document was translated from Romanian. The Romanian version of the *BVB Directors' Report for 2013* is the official document.


FINANCIAL HIGHLIGHTS


Indicators		2013	2012	Change
Individual profit and loss account				
Net sales	RON mn	24.3	17.4	39.6%
Operating profit	RON mn	8.1	4.1	99.2%
Financial profit	RON mn	2.9	6.0	-52.1%
Net profit	RON mn	9.5	9.0	5.3%
Individual balance sheet (as of December 31)				
Shareholders' equity	RON mn	97.8	94.6	3.4%
Total assets	RON mn	104.4	98.0	6.5%
Performance indicators				
Earnings per share	RON	1.24	1.17	5.3%
Operating margin	%	33.5%	23.5%	-
Net profit margin	%	39.1%	51.8%	-
Return on equity	%	9.7%	9.5%	-
Market statistics (including DEAL trades and public offers)				
Turnover for shares and units	RON mn	11,602	7,680	51.1%
Turnover for bonds and government securities	RON mn	1,396	1,431	-2.5%
Turnover for shares, units, bonds and government securities	RON mn	12,998	9,111	42.7%
Average daily turnover for shares, units, bonds and government securities	RON mn	51.8	36.4	42.1%
BVB stock statistics				
Opening price (closing price of the previous day)	RON	20.00	28.90	-30.8%
High (intraday price)	RON	32.50	36.00	-9.7%
Low (intraday price)	RON	17.00	19.50	-12.8%
Closing price (end of period)	RON	32.50	20.00	62.5%
Trading value for BVB shares*	RON mn	66.53	74.40	-10.6%
Average daily turnover for BVB shares*	RON mn	0.27	0.30	-12.8%

*including DEAL trades

BVB'S OPERATING PROFIT DOUBLED IN 2013 AND WAS THE BEST RESULT OF THE LAST 6 YEARS


 The Bucharest Stock Exchange (BVB) ended the full year 2013 with outstanding results, due to several public offers, including the largest Romanian IPO ever, which confirmed the State's commitment to use the local capital market as an effective instrument for financing companies in its portfolio.


 The value of trades with shares and fund units (including DEAL trades and public offers) was RON 11,602 mn, by 51.1% higher compared to 2012. The value of trades with shares, fund units, bonds and government securities (including DEAL trades and public offers) reached RON 12,998 mn, by 42.7% higher in year-on-year terms. The value of public offers for both shares and bonds was RON 4,299 mn, 6.5 times higher compared to 2012.

 Sales revenues¹ were RON 24.3 mn, up 39.6% in year-on-year terms, on the back of 14% higher trading revenues on the main market, excepting public offers, and a 388% increase in revenues from public offers. The most significant transactions were the 15% SPO for Transgaz and the IPOs for 10% in Nuclearelectrica and 15% in Romgaz, all three cumulating RON 2.3 bn, as well as the tender offer executed by Fondul Proprietatea for its own shares.

 BVB reported a significant operating profit of RON 8.1 mn, by 99.2% above the 2012 figure, on higher revenues.

 The net profit reached RON 9.5 mn for the full year, up 5.3% year-on-year. Earnings per share was RON 1.24.

 Investors' increasing participation in the local market determined a 26.1% advance for the main blue-chip index BET, a 4-year high and the 15th performance in the world.

 BVB shares increased by more than 60% during 2013, more than double than the performance of BET blue chip index. The closing price as at end-December was RON 32.5, the record high for the year.

¹ BVB's sales revenue consists mainly from the fees recorded on trading of all listed instruments, tariffs from listing of companies and instruments, and from data vending to various users.

COMPANY INFORMATION

Legal entity	SC BURSA DE VALORI BUCUREȘTI SA
Main activity	Administration of financial markets
CAEN code	6611
Sole Registration Code	17777754
Trade Register no	J40/12328/2005
Address	34-36 Carol I Blvd., floors 13-14, District 2, Bucharest
Symbol	BVB
ISIN	ROBVBAACNORO

The Bucharest Stock Exchange (BVB) was established based on the Decision of the National Securities Commission (NSC) no. 20/1995. BVB was created as a public non-profit institution and in 2005 it became a joint stock company. The shares of the Bucharest Stock Exchange were admitted on BVB's spot regulated market on June 8, 2010. The Company's main activity is the administration of financial markets. BVB is the largest market operator in Romania.

The Bucharest Stock Exchange operates several markets:

- a spot 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;
- a regulated derivatives market where futures contracts for shares, indices, commodities and exchange rates can be traded;
- an alternative trading system (ATS), where foreign stocks listed on other markets and securities issued by Romanian companies not qualified for the regulated market are traded;
- RASDAQ market where shares and rights issued by Romanian entities are traded, most of them coming from the mass privatization programme.

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.

BVB was included in several indices: FTSE Mondo Visione Exchanges Index, on November 9, 2010, BET Index, on March 21, 2011, Dow Jones Global Exchanges Index, on June 17, 2011, ROTX Index on September 19, 2011 and since July 3, 2012, BVB is also part of BET-BK.

MAIN EVENTS IN 2013

1st Quarter

29 January – BVB's Board of Governors (BoG) decided to maintain/extend the rewarding program for those intermediaries providing assistance to new companies on issues related to the admission to trading on the regulated market or on the alternative trading system.

1 February – A series of changes to the *BVB Rulebook-Market operator* entered into force, following their approval by the NSC. The main updates refer to:

- the implementation of a deal market for structured products;
- the possibility of trading the redemption value related to a structured product individual issue (turbo certificates) in a dedicated market, during two successive trading sessions, when the knock-out price of the respective issue is reached;
- an update to the computation algorithm of the reference price for individual issues of structured products and for ETF fund units;
- an update to the methodology applied to public notifications submitted by market makers/liquidity providers on their activity for the spot regulated market;
- publishing on BVB's website of the monthly performance market makers/liquidity providers on the spot regulated market, according to a specific methodology;
- the update of the measures imposed by BVB on the evaluation of market makers' / liquidity providers' activity.

8 February – A new issue of benchmark government securities issued by the Ministry of Public Finance started trading on BVB's Debt securities – Treasury bonds tier.

12 February – The BoG approved the proposed changes to BVB's organizational chart. The new organizational chart takes into consideration the strategy and objectives of the Board of Governors,

the real demands of the activity developed within BVB, improved efficiency of the material and human resources, as well as the current situation and the development potential of the capital market. After also finalizing the changes to *BVB's Regulation on Organization and Functioning* (ROF), the new organizational chart and the ROF were submitted to the NSC for approval.

13/14 March – The Extraordinary General Shareholders' Meeting organized for these dates did not meet the validity requirements (as set forth by BVB's Bylaws). The items on the agenda included proposed changes to BVB's Bylaws and to BVB's pricing policy, in line with the BoG decisions as of December 2012.

26 February – The shares of Conted SA Dorohoi started trading on BVB's regulated market, the Equities Segment, Tier 2 Shares. The company was previously traded on RASDAQ market.

28 February – The BoG approved a set of measures related to the project of increasing the efficiency of mechanisms for buying on margin, short selling, associated borrowing, lending and guarantees, in order to increase market liquidity, as well as to stimulate the market making activity.

18 March – The BoG approved BVB's *Procedures on public consultation*, aimed at increasing transparency of the decision-making process, improving and developing the dialogue between BVB and the others capital market stakeholders, and valuing the expertise of all the parts interested in the development of the Romanian capital market.

25 March – The municipal bonds issued by Horezu Municipality started trading on BVB's regulated market, the Debt securities – Municipal bonds tier. The maturity date for this securities issue is October 20, 2015.

During the 1st quarter of 2013, 19 new series of structured products issued by Erste Bank (of which 2 bonus certificate issues, the rest being turbo certificates) and 4 new series of turbo certificates issued by SSIF Broker started trading on BVB's

Structured Products segment. These instruments have stocks, indices and commodities as underlying assets.

2nd Quarter

4-16 April – The secondary public offer for the sale of shares held in Transgaz by the Office of State Ownership and Privatisation in Industry (OPSPI) on behalf of the Ministry of Economy took place. 15% of the total number of shares outstanding was sold. The closed-book mechanism was used for the offer, through which the orders for the institutional investors' tranche were introduced in the system after the finalization of the allocation procedures. The two retail tranches were oversubscribed by 247% (small subscriptions) and 157% respectively (for the large subscriptions tranche). The offer was successful, its value reaching EUR 72 mn.

9 and 17 May – Two new issues of benchmark government securities issued by the Ministry of Public Finance, maturing in 2018 and 2020 respectively, started trading on BVB's Debt securities – Treasury bonds tier.

17 May – The BoG approved the suspension of the fees charged to the buy side of initial public offers, primary public offers, and for other types of primary sales of bonds, for the period between June 1, 2013 and December 31, 2014, aiming at supporting the development of the corporate bond segment at BVB.

31 May – The end of the mandate contract of Mr. Victor Cionga became effective. Mr. Alin Barbu, the Deputy General Manager took on the General Manager responsibilities until the appointment and validation of the new GM.

14-21 June – The primary public offer of 5-year corporate bonds issued by UniCredit Țiriac Bank SA took place. Initially, bonds worth of RON 500 mn were offered, but after the offer was oversubscribed by 10%, additional bonds were offered, up to RON 550 mn.

25 June – BVB and EBRD launched the joint project on corporate governance development in Romania, by appointing the consortium run by Nestor Advisors Ltd, partnering with NNDKP Romania and

Concept SRL, represented by Mr. Aurelian Dochia, as advisor of the BVB-EBRD project for the "Review and implementation of the Corporate Governance Code in Romania".

27/28 June – The Extraordinary Shareholders' Meeting organized for these dates at the request of shareholders' representing more than 5% of BVB's share capital did not meet the quorum requirements (as set forth by BVB's Bylaws). The main proposal on the agenda was for BVB to participate to the share capital increase of the Bucharest Clearing House.

During the 2nd quarter of the year, 29 new series of structured products issued by Erste Bank (of which one index certificate issue with BCR bonds as underlying asset, the rest being turbo certificates) and 3 new series of turbo certificates issued by SSIF Broker started trading on BVB's Structured Products segment. These instruments have stocks, indices and commodities as underlying assets.

3rd Quarter

1 July – The BoG appointed Mr. Ludwik Sobolewski for the position of General Manager of the Bucharest Stock Exchange. Mr. Sobolewski received FSA approval on 21 August 2013.

2 July – The 5-year corporate bonds issued by UniCredit Țiriac Bank SA, worth of RON 550 mn, started trading at BVB's Debt securities – Corporate bonds tier.

11 July – The shares of Transilvania Leasing IFN SA Brașov started trading at the alternative trading system managed by BVB, thus becoming the first Romanian company listed at the Tier 1 Shares of CAN-ATS.

1 August – The 5-year corporate bonds issued by Raiffeisen Bank SA, worth of RON 225 mn, started trading trading at BVB's Debt securities – Corporate bonds tier. The public offer for the sale of the bonds started on 24 July and was closed successfully on the same day, as the entire planned amount was raised.

7 August – A new issue of benchmark government securities issued by the Ministry of Public Finance

started trading on BVB's Debt securities – Treasury bonds tier.

5 September – The shares of Conpet SA Ploiești started trading on BVB's regulated market, the Equities Segment, Tier 2 Shares. The company was previously traded on RASDAQ market.

9-20 September – The initial public offer for the sale of shares held in Nuclearelectrica by the Ministry of Economy on behalf of the Romanian State took place. A 10% stake (new shares) was offered for sale, each share having attached an allotment right (traded at BVB during October). The orders for the institutional investors' tranche were introduced in the system after the finalization of the allocation procedures. The two retail tranches were oversubscribed by 464% (small subscriptions) and 131% respectively (for the large subscriptions tranche). The offer was successful, its value reaching EUR 63 mn.

During the 3rd quarter of the year, 18 new series of turbo certificates issued by Erste Bank and 6 new series of turbo certificates issued by SSIF Broker started trading on BVB's Structured Products segment. These instruments have indices and commodities as underlying assets.

4th Quarter

15 October-14 November – Fondul Proprietatea performed a tender offer for 4.35% of its own share capital, worth of RON 600 mn (approx. EUR 135 mn).

22-31 October – The secondary IPO for the sale of shares in SNGN Romgaz SA held by the Ministry of Economy (through the Department for Energy) took place. A 15% stake was offered, structured as shares and Global Depositary Receipts (GDRs), each GDR representing one share. The offer was structured in two tranches, one for the institutional investors and the other for retail investors, both being heavily oversubscribed (the retail tranche, for which information was made public, was more than 17 times oversubscribed). The offer ended successfully, with a total of RON 1.7 bn (approx. EUR 383 mn) being raised.

4 November – The shares of SN Nuclearelectrica SA started trading at BVB, the Equities Segment, Tier 1 Shares. However, investors could have sold any shares subscribed during the IPO before they started trading at BVB, during **October 4-28**, when allocation rights attached to shares were traded.

12 November – The shares of Romgaz started trading at BVB's regulated market, the Equity Segment, Tier 1 Shares.

15 November – The European Bank for Reconstruction and Development sold its stake in Petrom via an accelerated book building through BVB, worth RON 385.7 mn (approx. EUR 87 mn).

4 December – The shares of Romgaz and of Nuclearelectrica were included in BET, BET-XT, BET-BK and automatically in BET-NG and BET-C within the Index Committee meeting on BVB indices' quarterly adjustment and rebalancing.

12 December – Fondul Proprietatea announced the finalization of the accelerated book building for the entire stake held in SNTGN Transgaz SA. The transaction, worth of RON 303.5 mn (EUR 68 mn), was executed through BVB.

11-17 December – The primary public offer of 5-year corporate bonds issued by Transelectrica SA took place, with bonds worth of RON 200 mn being offered.

23 December – The shares of SIF Imobiliare Plc Nicosia, Cyprus, started trading at the alternative trading system managed by BVB.

During the last quarter of the year, 13 new series of turbo certificates issued by Erste Bank and 4 new series of turbo certificates issued by SSIF Broker started trading on BVB's Structured Products segment. These instruments had indices and shares (Fondul Proprietatea, Romgaz, Erste Bank) as underlying assets.

PROJECTS AND ACCOMPLISHMENTS

1. Potential reclassification of Romania to the Emerging Markets status

In November 2013, the representatives of BVB, Financial Supervisory Authority, National Bank of Romania, the Ministry of Finance, Intermediaries, investors and other market Participants set up the Great Barriers Shift Group. The main purpose and ultimate scope is to succeed in Romania's reclassification from Frontier Markets to an Emerging Markets by MSCI.

The main advantages of the upgrade are greater visibility of Romania worldwide and a straightforward way of attracting a whole new range of investors who are currently not allowed to invest in any Frontier Market.

As a first step, a set of Barriers or obstacles to normal development of the capital markets in Romania were identified and described in the Paper "Eight systemically important Barriers for the creation of the modern capital markets in Romania". The eight Barriers, which the document classifies, are of paramount significance, and for their elimination a series of solutions were proposed which mainly refer to changes of the legal framework.

Actions aimed at removing the Barriers can and should be complemented by other measures and solutions, serving strategic objectives of the Romanian capital markets (Measures for Strategic Objectives). The Barriers and the Measures for Strategic Objectives differ from each other. While the Barriers do not allow some market phenomenon to appear or obviously reduce their intensity to very low levels – hence their removal would signify a radical improvement of the conditions for the users of capital markets (Investors and Businesses). The Measures for Strategic Objectives will optimize the system and enhance its competitiveness, possibly also with elements of innovativeness. Among Barriers were included the market's access, foreign investors' fiscal compliance, servicing investors rights, voting or receiving dividends, complex public offers & listing regime for equity and bond markets. The Measures for Strategic Objectives include and cover such problems as corporate governance of listed companies, a disclosure of market-sensitive information, a creation of the Central Counterparty for the transactions flowing from the derivative regulated market, instruments for enhancing the liquidity, strengthening of the base of domestic institutional investors, incentivizing individuals to become directly or indirectly investors in tradable securities and instruments, modernization of the technologies – to name only a few of them.

The eight Barriers identified and solutions proposed for their elimination are detailed below:

Barrier	Current situation	Solution
1. Getting access to the market	To provide extensive documents in original along with legalized (and sometimes apostilled) copies when setting up a securities' account in Romania (most often after a complicated process opening of opening a custody account); Lack of recognition of internally empowered persons who act as authorized representatives of the institutional investors	To simplify the volume of documents required to open a securities account; To accept documents in English; To recognize also the authorized representatives, as alternative to the legal representatives
2. Investors' fiscal compliance	Uncertainty (different local authorities approach) related to reporting obligations in Romania in case no tax is due; A complicated fiscal registration procedure, may last up to 1 month	To eliminate any reporting obligations in case no tax is due in Romania; To remove uncertainty with respect to fiscal treatment of different categories of foreign investors; To simplify fiscal registration and compliance procedures

3. Not respecting corporate rights of the investors	Difficulties in using Power of Attorney for voting in GSMs; Complicated voting procedures, which require significant time and paperwork	To introduce and accept a general discretionary PoA; To eliminate any additional documents, except ID and PoA, required for exercising the voting; To update and use Central Depository database of entitled shareholders and legal/authorized representatives; To include definition of Ex-Date, Record Date and Payment Date in the Capital Markets Law
4. Lack of international standards with regard to servicing investors' rights for dividend	Existence of several means of dividends payments; Lengthy dividend payments (up to 6 months) since GSM decision till the actual payment	To create a centralized and uniformed system of paying dividends, through Central Depository; To make shareholders not being obliged to prove their dividends rights
5. Excessive cost of participation in the market	One of the most expensive markets in CEE, based on fees charged both by BVB and by ASF, and because of other administrative fees	To gradually and permanently reduce administrative fees charged on trading and public offers on the Romanian Capital Markets; Market regulator and supervision to be financed on the basis of high volumes and low fees, and not on very low transactional volumes and excessively high fees
6. Unclear taxation issues related to capital market transactions	Unclear provisions on the tax regime and compliance requirements applicable to the trades with securities other than shares; Lack of provisions with regard to the lending/borrowing and short selling of financial instruments	To introduce the concept of borrowing & lending and short selling in the fiscal legislation; To introduce fiscal treatment to be applied for trades with securities other than shares
7. Primary market	Inflexible, overly formalistic and lengthy public offers and listing regime	To integrate and expedite listing approvals to allow listing on or about closing; To remove any mandatory wait periods or mandatory duration of public offers; To streamline and eliminate formalities for public offerings
8. Bond market	Antiquated and inflexible bond issuance regime; Unsecured bonds are structurally subordinated to bank debt; Unclear and contradicting legal provisions related to convertible bonds	To allow bonds to be governed solely by their terms and conditions and issued under such law as the issuer chooses; To make bonds <i>pari passu</i> with bank debt; To clarify the legal regime governing convertible bonds, Pension funds to be allowed to invest in bonds with no rating or at least with rating below Romania's rating

2. Increase of liquidity

Privatizations through the capital market. During 2013, the Romanian Government performed three public offers through the Bucharest Stock Exchange, cumulating RON 2.3 bn, e.g. the 15% SPO for Transgaz and the IPOs for 10% in Nuclearelectrica and 15% in Romgaz. All three offers were successful, being significantly oversubscribed, and got the attention of foreign institutional investors and of retail investors as

well (for Romgaz, the retail tranche, for which information was made public, was more than 17 times oversubscribed and was supplemented due to the significant demand).

For each of these offers, BVB contributed to the promotion of the offer, by participating, along with the intermediating syndicate, to a series of dedicated roadshows abroad, and by marketing the offer, through all accessible national and international means. BVB answered participants' and investors' requirements by upgrading its rules and systems in order to comply with best international practices, as well as by ensuring transparency to the subscription process. BVB maximized the flexibility of how the offers were operated, being capable to accommodate, in compliance with the prospectuses, various market segments/tranches for institutional/retail investors, the option of reallocation between tranches, differentiation between offer prices for various tranches, and options with regard to the registration of subscriptions in BVB's system. Moreover, BVB improved the efficiency of real time data dissemination, to data vendors, investors and participants, nationwide as well as worldwide.

In the case of Nuclearelectrica, investors had the possibility of selling the shares subscribed during the offer before the actual listing of the company, due to the trading of allocation rights. Thus, trades performed at BVB with allocation rights and then with actual Nuclearelectrica shares cumulated approx. RON 76 mn. Romgaz, the most important company expected at BVB in 2013, generated trades worth of RON 251.5 mn.

Attracting new issuers. BVB continued its activities to attract new private companies on the stock exchange and to promote funding through the local capital market. These activities were aimed at monitoring the press, identifying and selecting potential companies meeting the requirements to be admitted to trading on the regulated market or on the alternative trading system managed by BVB, as well as at documenting on the selected potential companies and economic sectors within they operate, at organizing meetings with such companies and follow-up.

Moreover, BVB's BoG maintained the facilities intended to stimulate the listing of new companies on the regulated market and on the alternative trading system, aiming at attracting new companies on BVB's markets.

Apart from the above-mentioned IPOs, in 2013 two companies were transferred from Rasdaq market to BVB's regulated market, i.e. Conted Dorohoi and Compet Ploiesti. Also, the shares of Transilvania Leasing IFN SA Brașov started trading at the alternative trading system managed by BVB, thus becoming the first Romanian company listed at the Tier 1 Shares of CAN-ATS. Towards the end of the year, SIF Imobiliare Plc Nicosia, Cyprus, also started trading at BVB's alternative trading system.

Attracting new investors. BVB continued to promote the capital market among investors by organizing meetings with investors, by continuing the educational project "Open Door Days at BVB" through 40 new events, by organizing workshops for the students from the Academy of Economic Studies and other events aimed at promoting stock exchange mechanisms and services.

Starting with October, BVB organizes at its headquarters, on a monthly basis, debates on topics of interest for capital market investors, named *BVB Investors Focus*. Through this series of meetings with its stakeholders, the Bucharest Stock Exchange initiates a dialogue with investors and offers an environment for debate. Investors' opinion on various capital market topics – issues they are facing and need improvements – were further analyzed and embedded in BVB's development plans, as well as signaled to other capital market decision makers. Representatives of brokerage companies, of some of the most liquid issuers listed on the capital market, retail investors and representatives of the massmedia were among the participants to these events.

Promotion of short selling and securities lending. Within this project, BVB cooperated with the Central Depository (CD) and intermediaries in order to improve the efficiency of market mechanisms related to margin operations. This project is based on the need to adapt BVB's and CD's regulations and procedures

related to short selling to the legal framework in force (European regulations as well as local regulations issued by the NSC). BVB prepared a package of amendments to regulations with regard to short selling and borrowing which were submitted for approval to the Financial Supervisory Authority.

3. Development of the capital market infrastructure

The establishment of the Central Counterparty (CCP). Given the importance of the Central Counterparty for the future development of the local capital market, so that the derivatives market would become a complementary instrument for the spot market, the Bucharest Stock Exchange has continued its endeavors to identify a solution for the establishment of this institution.

On September 13, 2013, the Bucharest Clearing House submitted the documentation for the authorization based on the new provisions in force, an action that allows the institution to continue its activities and specific services of a clearing house/central counterparty until the withdrawal of the authorization currently held.

According to the provisions of Regulation no. 3/2013 for the authorization and functioning of central counterparties issued in accordance with the provisions of Regulation (EU) no. 648/2012 of the European Parliament and of the Council of July 4, 2012 on OTC derivatives, central counterparties and trade repositories (Regulation 3/2013) of the Financial Supervisory Authority – FSA), the initial deadline for submitting additional information was maximum 90 days from the date when the FSA made the request, respectively since mid-February 2014.

According to changes and supplements to the FSA's Regulation no. 3/2013, entered into force on February 21, 2014, the clearing house/central counterparty should submit the additional documentation to the FSA in maximum 6 months from the date of FSA's request, which makes the new deadline for submitting such documentation to become mid-May 2014.

Higher security and performance of IT systems. With regard to security and processing capacity, during 2013 the trading system was operating 100% of the time (*system uptime*), while the central system functioned at 15% of its processing capacity.

During the year, 2 software upgrades of Arena system were performed, aimed at adding new functions and at improving processing performances, as well as at the implementation of a solution to the trading system that would support intensive quotations at very low response intervals, intended to increase the efficiency in processing market orders, especially on those market segments where market makers and liquidity providers are operating.

Development of the data dissemination activity. As regards the data dissemination activity, www.bvb.ro portal of BVB was available without interruptions during the entire year, the number of visitors registered being around 15,000 pe day. At the same time, the number of users registered on the website increased gradually, at 12,000 users at present. Registered users have access to the free-of-charge services offered by BVB, such as portfolio evaluation, alerts, watchlists, subscription to newsletters and trading summaries submitted automatically via email.

In 2013, trading data flowing from BVB's systems were disseminated via 38 specialized data vendors and displayed in real time on more than 300 terminals of end-users.

BVB also developed applications for mobile devices (smartphones), for which the actual implementation will take place during the first part of 2014. The goal is to increase the availability of market-related data to all categories of users: investors, brokers, listed companies and the general public, as a response to the increasing demand for information availability via mobile devices.

Development of market architecture. In 2013, in order to enhance market liquidity, BVB built a system model and a new market-making program which started functioning at the same time with the extension of the trading hours of the spot market until 18.00, i.e. on January 3, 2014.

The model for the separation of the trading system from the post-trading system was developed during 2013 and currently is in the implementing phase, as BVB's and the Central Depository's regulations are being revised. Among the advantages of implementing this project, the following are worth mentioning: the reclassification of the market from frontier to emerging market status, flexibility and efficiency for participants' operations, significant improvements of operating performances and of the processing capacity and an improved control of operating risks.

4. Development of new product and services

Last year, a series of changes to the *BVB Rulebook-Market operator* entered into force referring to structured products, following their approval by BVB's BoG. The main updates of the *BVB Rulebook* refer to: the implementation of a deal market for structured products; the possibility of trading the redemption value related to a structured product individual issue (turbo certificates) in a dedicated market, during two successive trading sessions, when the knock-out price of the respective issue is reached; an update to the computation algorithm of the reference price for individual issues of structured products and for ETF fund units; an update to the methodology applied to public notifications submitted by market makers/liquidity providers on their activity for the spot regulated market; publishing on BVB's website of the monthly performance market makers/liquidity providers on the spot regulated market, according to a specific methodology.

During 2013, a new feature was the launch of index certificates having as underlying asset BCR bonds and the launch of turbo certificates having Romgaz shares as underlying assets, both types of instruments being issued by Erste Bank.

5. Improvement of Corporate Governance

BVB activities in this direction were focused on improving corporate governance with BVB, but also towards promoting better corporate governance for participants to the capital market.

Corporate governance for BVB. On August 7, 2013, an informal meeting was organized for BVB shareholders owning more than 1% in the share capital. The event marked the debut of consultations with shareholders, organized by BVB. Before the meeting, shareholders were invited to participate to a consultation with regard to the most favorable timing for BVB's General Shareholders' Meetings, their agendas, the establishment of the Central Counterparty (CCP), the strategy and action plan with regard to the collaboration with the Office of State Ownership and Privatisation in Industry (OPSPI).

The improvement of corporate governance implies the modernization of the institution with a view to easing the flow of and increasing the efficiency of operations. These changes also account for operating needs, functionality, flow of information and responsibilities involved.

In this regard, BVB implemented a procedure for evaluation its employees' performance, aimed at improving personal performances, the efficiency of activities performed, of professional conduct and organizational culture. The implementation of such a process was made with a view to: determining the directions and means to improve professional standards and efficiency of employees, establishing the degree of compatibility of the evaluated person with requirements in the job description, identifying the needs for training, identifying talents, their development and the preparation of a succession plan within the organization, fundamenting the employees' promotion to higher positions, fundamenting the pay-for-performance scheme.

Moreover, BVB went through a process of internal reorganization which was grounded on the strategy and goals of BVB's Board, the real requirements of activities within BVB, a more efficient use of human and material resources, the current situation and development potential of the capital market.

During the last two quarters of the year, the internal reorganization materialized into a lower number of employees, by 16, and into the elimination of deficiencies in BVB's activity. Following the internal reorganization, an improvement of the organizational culture and of efficiency are expected within BVB.

Corporate Governance for existing and potential issuers. On June 25, 2013, BVB informed that the consortium led by Nestor Advisors Ltd, in partnership with NNDKP Romania and Concept SRL represented by Aurelian Dochia (the Consultant) has been selected as advisor for the joint BVB-EBRD project on "Review and Implementation of the Romanian Corporate Governance Code". The selection is based on the procurement notice published by the EBRD on December 27, 2012.

The objective of the project is to enhance key corporate governance practices of listed companies and their disclosure in Romania, by improving the recommendations of the BVB Corporate Governance Code (CG Code), and to strengthen its monitoring and implementation. The project has an estimated overall duration of 24 months.

During the project, the Consultant will provide the following services:

- Review the corporate governance practices of listed companies – including the compliance statements and the BVB monitoring procedures; compare the corporate governance practices in Romania with those of peer countries; develop proposals appropriate for Romania, enhancing corporate governance practices, disclosure and monitoring of compliance with the CGC Code.
- Develop a methodology for the BVB for (i) assessing corporate governance practices of listed companies, (ii) monitoring reporting practices and reviewing the quality of the compliance statements and (iii) processing the information disclosed by listed companies in publishable reports. Assist the BVB in adopting and implementing the methodology.
- Review the CG Code and the Romanian corporate governance framework to ensure there are no conflicting principles and propose improvements and to align it with international standards and best practices.
- Create a BVB Corporate Governance Index and a methodology for inclusion of companies in the Index.
- Develop and implement training programmes (approximately 5 sessions) for the BVB and listed companies to ensure an effective implementation of the methodology.

Also, BVB offered via BVB's Corporate Governance Institute, within the collaboration project with OPSPI, consultancy services for state-owned companies with a view to preparing them for privatization/listing. Conpet (before its transfer from Rasdaq market to the regulated market), Nuclearelectrica, Romgaz, and Complexul Energetic Oltenia were all beneficiaries of such services. 250 representatives of these companies participated, from the top and middle management, as well as investor relations, financial, legal and communication experts.

Starting with the second part of the year, BVB and the Corporate Governance Institute organized a series of applied corporate governance workshops for representatives of investor relations departments of the companies listed on the regulated market. Thus, 10 workshops took place, with more than 110 participants.

During the year there have been several working meetings the representatives of the International Financial Institutions (International Monetary Fund, World Bank and European Commission), who were in a common mission in Bucharest. The areas under discussion during the meeting were the efforts made so far and the

plans to develop the Romanian capital market, the privatization strategy of the state owned companies through the stock exchange, and increase of the corporate governance among the listed companies.

6. Increase of the visibility of BVB

Marketing at national and international level. In 2013, BVB's activities towards promotion, nationwide and abroad, comprised communication of corporate identity, promotion of the company's projects and services.

As regards communication, BVB issued 128 press releases during the year, covering resolutions of BVB's Board and of the Special Committees, the start of trading for new financial instruments, the availability of financial reports and BVB corporate communications.

For promoting the role that the capital market plays for the Romanian economy, BVB participated as a partner to conferences on areas related to capital markets, organized by Ziarul Financiar, Bursa daily, wall-street.ro, International Business Promotion, Marsh Romania. Also, BVB participated to conferences promoting the financing mechanisms through the capital market, such as the event "SOS SMEs – What do SMEs represent for the Romanian economy" or the the event "Reindustrializing Romania. The business environment. Financing", organized by Finance and Business Affairs magazine, in partnership with the Association of Economic and Social Studies and Projections.

As part of the strategy to attract and promote public offers through the exchange, BVB performed four integrated 2-week campaigns of communication, for the public offers for Transgaz, Nuclearelectrica, Adeplast and Romgaz. The campaigns were employed online, offline, outdoor and via official openings of trading sessions.

In order to increase the visibility of the Romanian capital market and of the most representative issuers, BVB organized together with Wood&Co, Fondul Proprietatea and Romania's Embassy in London, the event Romania Investors Day in London. At the event, invitees included institutional investors, interested in the local capital market, representatives of investment funds having assets of more than EUR 200 bn under management. During the 3rd and 4th quarters, BVB took part as a listed company in events dedicated to institutional investors, having meetings with more than 40 institutional investors interested in the local capital market.

The international alliances related activities involved maintaining the relationships and membership status within international organisations: the Federation of European Stock Exchanges, the Federation of Euro-Asian Stock Exchanges and the World Federation of Exchanges.

Educational programs. One of the objectives of this strategy direction is transforming BVB in an opinion leader with regard to the capital market. Thus, an educational program was developed having as students, investors, issuers, companies and massmedia as beneficiaries.

BVB continued the series of educational projects for the capital market, as a component of the company's CSR (Corporate Social Responsibility) policy.

In September 2013, BVB launched its fourth year of "Open Doors Day at BVB", through which BVB and Junior Achievement aim at familiarizing interested young people, high school and university students, with stock exchange mechanisms. During the previous three editions, the project involved 2,470 students from 54 schools, together with 94 teachers, who visited the BVB headquarters and assisted to presentations. During 2013 there were 40 "Open Doors Day" events, of which 17 visits within the "A Different School Week" program, in April and May.

Within the partnership signed in April 2013 with the Academy of Economic Studies, the Bucharest Stock Exchange organized four interactive workshops for ASE students, aimed at familiarizing them with the institutions and the history of the local capital market, financial instruments available at BVB, the

requirements, procedures and costs implied by listing at the BVB, the transparency requirements for issuers and necessary steps of becoming an investor and intermediary at BVB.

ACTIVITY OF BVB'S BOARD OF GOVERNORS IN 2013

The Ordinary General Shareholders' Meeting of January 9, 2012 appointed the following members of the Board of Governors for 4-year mandates, starting with the date of their approval by the National Securities Commission (NSC):

1. Mr. Lucian Anghel, President
2. Mr. Pompei Lupșan, Vicepresident
3. Mr. Dan Paul, Vicepresident
4. Mr. Robert Pană, Secretary
5. Mr. Stere Farmache, Member
6. Ms. Narcisa Oprea, Member
7. Mr. Valerian Ionescu, Member
8. Mr. Octavian Molnar, Member
9. Mr. Matjaz Schroll, Member

The members of the Board of Governors were approved by the NSC through the decision no. 107/30.01.2012.

The configuration of the Board was not changed during 2013.

In order to carry out their responsibilities set out through the Company's Bylaws, during 2013 the Board of Governors met in 45 sessions, of which 24 were organized exclusively via email, and made 113 decisions.

ACTIVITY OF BVB'S SPECIAL COMMITTEES IN 2013

The Listing Committee has 5 permanent members (Mr. Octavian Molnar – President, Mr. Stere Farmache, Mr. Marin Șerban Valentin, Mr. Lucian Isac, Mr. Răzvan Pașol) and 5 substitute members (Mr. Valerian Ionescu – President, Mr. Pompei Lupșan, Ms. Alina Ana-Maria Silaghi, Mr. Emilian Dobran, Mr. Daniel Pocoreea). During 2013, the Committee met 10 times and made proposals to the Board with regard to the admission to trading of companies in Tier 1 Shares (3 issues), Tier 2 Shares (1 issue), Tier 3 Bonds (2 issues) and the Municipal Bonds Tier (1 issue).

The Appeal Committee has 5 permanent members (Ms. Narcisa Oprea – President, Mr. Dan Paul, Mr. Cătălin Nae-Șerban, Mr. Leonard Vișan, Mr. Mario Bulimente) and 5 substitute members (Mr. Robert Pană – President, Mr. Valerian Ionescu, Ms. Iuliana Mușat, Mr. Mureșian Ioan Mihai Vlad, Ms. Rialda Badea). In 2013, there were no meetings of the Committee.

Committee for Regulations, Development and New Products has 5 permanent members (Mr. Valerian Ionescu – President, Mr. Lucian Anghel, Mr. Antonescu Silviu, Mr. Cernica Tudor Mihai, Ms. Boeriu Daniela Carmen) and 5 substitute members (Mr. Robert Pană – President, Mr. Dan Paul, Mr. Dragolea Octavian, Mr. Moldovan Darie, Mr. Fulea Lucian Ioan). In 2013, no meetings took place.

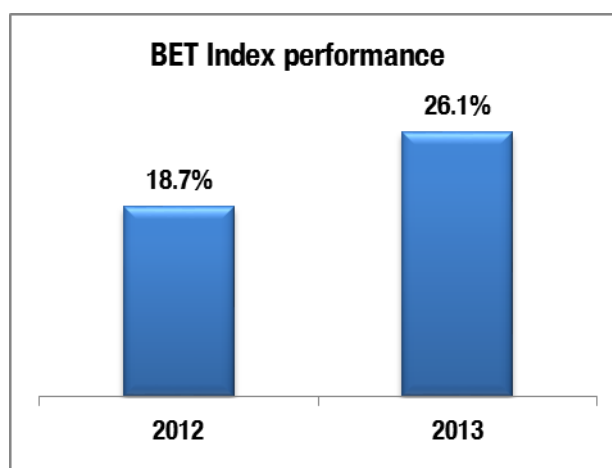
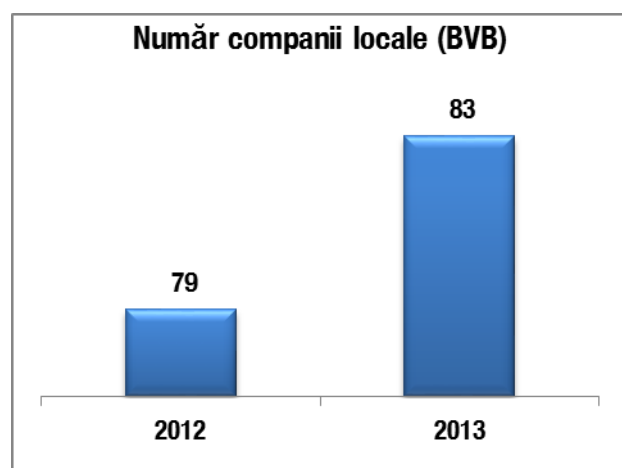
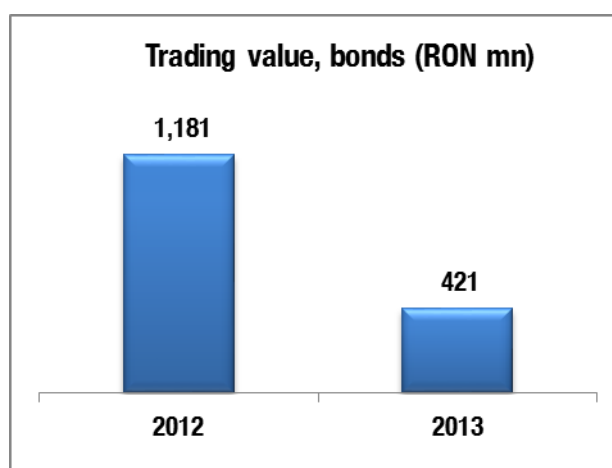
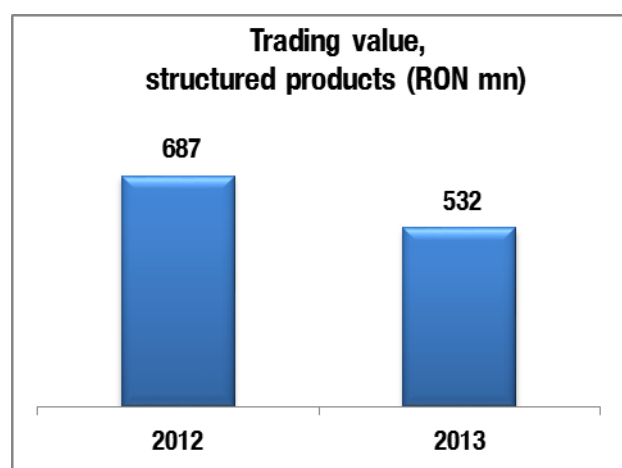
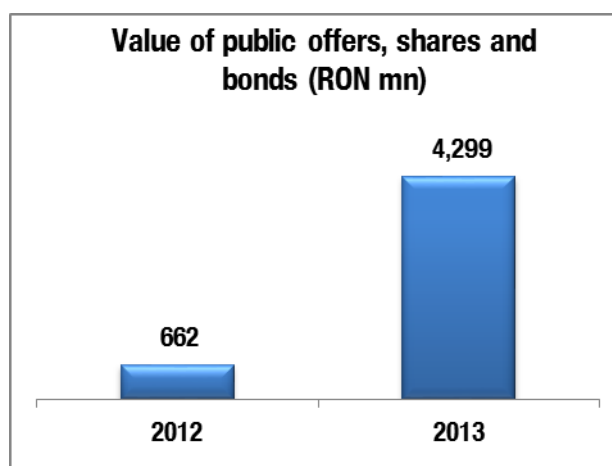
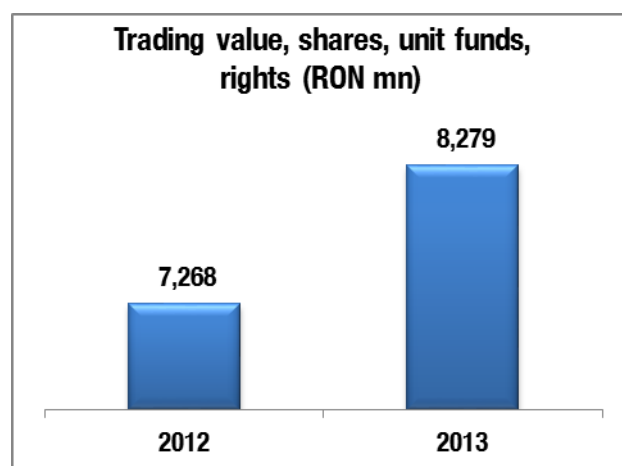
The Index Committee has 6 members: Mr. Lucian Anghel, Mr. Ludwik Sobolewski, Mr. Bogdan Câmpianu, Mr. Dragoș Cabat, Mr. Ovidiu Dumitrescu, Ms. Anca Olteanu. In 2013, four ordinary meetings took place for the periodical analysis of the BVB indices' structure and changes. Necessary decisions to enforce the result of such analyses were made.

The Audit Committee started functioning based on the Board decision no. 114/18.08.2011 and complied with the provisions of its own regulations. During 2013, the members of the Audit Committee were the following: Mr. Stere Farmache, Mr. Dan Paul and Mr. Valerian Ionescu.

The activity of the Audit Committee in 2013 implied: the review of the internal control activity at BVB, the approval of the annual investigation plan for 2013, organizing the selection process for the internal audit company at BVB Group level, discussions of the internal audit report for 2012 and the internal audit plan for 2013.

The Audit Committee assisted the Board of Governors in carrying out of its responsibilities with regard to internal control and financial audit, addressing recommendations with regard to BVB's strategy and policy. The members of the Committee analyzed the observations made by BVB's management over the topics discussed and made comments and recommendations over the auditors' observations included in audit reports.

BVB'S OPERATING ACTIVITY²



² Source: BVB. The traded value is presented based on the "single counted" principle and includes DEAL trades

Comments and additional explanations of amounts reported in the annual financial statements

The individual financial statements for the financial year ended on December 31, 2013, were prepared according to the Regulation no. 4/2011 on the Accounting Regulations in Compliance with the Directive IV of the European Economic Communities applicable for entities authorized, regulated and monitored by the NSC, approved by the NSC Order no. 13/2011, and according to the accounting policies described in the notes to the individual financial statements. These individual financial statements have not been drawn up according to the International Financial Reporting Standards (IFRS) of the European Union. The financial results as of December 31, 2013 were taken from the standalone financial statements for the financial year ended as of December 31, 2013, prepared according with the NSC Order no. 13/2011. All amounts are denominated in million RON and rounded off to the nearest integer, resulting in small reconciliation differences.

ANALYSIS OF 2013 FINANCIAL RESULTS

BVB ended 2013 with sales revenues of RON 24.3 mn, by 39.6% above the level registered in the previous year, mainly on higher trading revenues. The public offers executed by the Romanian Government played an important role, with the SPO for Transgaz, the IPOs for Nuclearelectrica and Romgaz cumulating RON 2.33 bn (approx. EUR 520 mn). Moreover, accelerated book buildings, tender bids and other deals, most of them performed during the second part of 2013, also impacted positively BVB's trading revenues. Bond issues, worth a total of RON 975 mn (EUR 220 mn), displayed a significant y-o-y increase but had a low impact on trading revenues, as for this segment fees a series of fees were suspended with a view to promoting such financial instruments.

The trading value on the regulated market increased by 14% compared to 2012, the average daily turnover being RON 31.9 mn (including Deal trades but excluding public offers).

Operating expenses increased by 21.8% y-o-y on the back of higher personnel expenses and marketing expenses.

Personnel expenses were influenced by the registration of nonrecurring personnel expenses related to the internal reorganization process and by the registration, at the end of 2013, of the payment obligations related to management and personnel.

The internal reorganization process that took place during the last two quarters of 2013 materialized in a lower number of employees (by 17, or 30%) and the registration of nonrecurring expenses of RON 0.94 mn. The budgeted nonrecurring expenses of RON 0.7 mn was exceeded, partially due to the expenses resulting from the finalization of the the last work-related litigation.

During the second quarter of the year, BVB registered, in the adjustments for tangible and intangible assets expense category, the reversal of the adjustment of RON 1.02 mn initially registered for the acquisition value of the land in Maresal Averescu Blvd, following the finalization of the litigation related to BVB's property right over the land (with BVB's right being recognized by the court), thus decreasing the total operating expenses.

Investments made during the year determined increases of depreciation charges (by 17.6%) and partially of the non-deductible VAT.

The increase of adjustments of current assets were determined by the registration of the adjustment of receivables to be cashed in from Harinvest SA worth of RON 0.3 mn.

The higher level of activity of the Company during 2013 determined the increase of other operating expenses. Efforts to increase the visibility of the local market, to promote public offers and to attract new

investors led to higher marketing and promotion costs, from RON 0.5 mn to RON 1 mn, and to higher business travel costs (in the country and abroad), from RON 0.2 mn to RON 0.4 mn.

The increase of expenses with taxes is due to the higher expenses with non-deductible VAT and of higher value resulted from applying the 1% percentage fee to operating revenues registered from activities monitored by the FSA.

In 2013 a provision of RON 100,000 was registered for rewarding the Company's administrators for the 2013 activity, based on the proposal of the Board which will be submitted for approval to the Shareholders' General Meeting.

In 2013, operating expenses reached RON 16.3 mn, higher than in the previous year.

Indicator (thousand RON)	2013	2012	Change	Budget 2013	2013 actual vs budget
Net sales	24.29	17.40	39.6%	18.81	129.1%
Operating expenses, out of which:	16.28	13.37	21.8%	15.45	105.4%
- Personnel expenses	9.12	6.80	34.0%	7.03*	129.6%
Operating result	8.13	4.08	99.2%	3.36	241.8%
Financial result	2.90	6.05	-52.1%	2.15	134.9%
Pre-tax result	11.03	10.13	8.9%	5.51	200.1%
Net result	9.48	9.01	5.3%	4.58	207.0%
Earnings per share (RON)	1.24	1.17	5.3%	0.60	207.0%

* includes the nonrecurring personnel expenses budgeted for 2013, includes the contributions related to BVB's Board and Special Committee remunerations, excludes pre-tax remunerations of the Board and Special Committees.

The **operating profit** was RON 8.1 mn in 2013, double compared to the result registered in 2012.

The **financial profit** dropped by 52.1% compared to the previous year, to RON 2.9 mn, taking into account the significant decline of the main sources of revenue, namely the interest earned for investments and the dividends cashed in. Following the repeated cuts in policy interest rate made by the central bank, with direct influence over the interest rates offered for bank deposits and government securities, interest earned by BVB registered a decline from RON 3.7 mn in 2012 to RON 2.8 mn in 2013. Dividends cashed in declined by 80% compared to the previous year, from RON 1.9 mn to RON 0.4 mn, following the significant decline of profitability of the Central Depository, the main source of dividends.

Following the evaluation of the situation at the Bucharest Clearing House (BCH), factors were identified that pointed toward the depreciation of the value of BVB's participation as of December 31, 2013, and the value of the holding was consequently adjusted by RON 0.34 mn. The adjustment accounts for 50% of the difference between BCH's net assets and the value of the holding as registered in BVB's accounting records.

Foreign exchange differences related to the foreign currency-denominated cash & equivalents, registered as financial expenses and financial revenues, had no significant impact on the financial result. The reduction of the adjustment of the shares held in foreign stock exchanges had a positive impact on the financial result.

BVB registered a net profit of RON 9.5 mn in 2013, by 5.3% higher compared to 2012. The net earnings per share was RON 1.24.

ANALYSIS OF THE FINANCIAL POSITION

Cash flow statement

In 2013, BVB generated positive cash flows from operating activities of RON 7.40 mn, up by 128.8% compared to the previous year. Investment activities generated a positive cash flow of RON 1.03 mn, as cash & equivalents were redirected to long-term government securities with a higher yield than short-term investments. The cash outflows related to the financial activity amounted to RON 8.77 mn, representing the dividends paid to BVB's shareholders. At the end of 2013, a total net decline of the cash and cash equivalents of RON 0.34 mn (bank deposits and treasury certificates with the maturity term under 3 months) was registered, mainly because of the investments made in long-term financial instruments.

Net assets

At the end of December, BVB's **total assets** were RON 104.4 mn, by 6.5% above the figure for the end of 2012, of which: non-current assets of RON 61.5 mn and current assets of RON 42.7 mn.

The significant increase registered by **non-current assets** since the beginning of the year (114.9% or an absolute value of RON 32.9 mn) occurred due to higher tangible assets and given that part of BVB's liquid assets (worth of RON 29.3 mn) were invested in long-term bonds with more attractive yields, as a response to the declining interest rate environment. Consequently, these assets were reclassified from cash & equivalents to non-current assets.

The tangible assets increase was mainly determined by the reversal of the provision registered for the full value of the land owned and by the registration of the positive difference resulted from the revaluation of the land to its fair value (RON 2.33 mn), which have increased both non-current assets and BVB's reserves. These accounting operations were made after the litigation regarding BVB's property right on the land located on Mareșal Averescu Blvd. was finalized and BVB's right was recognized.

Current assets registered a 38.4% decline, given the payment of dividends for 2012 and as long-term bonds were acquired and the amount was included in non-current assets. **Cash and equivalents** were RON 37.5 mn as at end-2013, of which 94% were invested in bank deposits.

BVB's **debt** at the end of December 2013 included only payables due in less than 1 year, amounting to RON 5.5 mn, representing amounts payable to the FSA by brokerage companies (fees owed to the regulator), debt related to personnel, the state budget and social security budget not due at the end of the year as well as dividends not yet paid by the end of 2013.

Assets (RON mn)	31.12.2013	31.12.2012	Equity and liabilities (RON mn)	31.12.2013	31.12.2012
Non-current assets	61.52	28.62	Equity	97.82	94.60
Current assets – total, out of which:			Payables – total, out of which:		
- cash, bank accounts and other short term financial investments	42.70	69.30	-under 1 year	5.54	2.42
	37.45	64.98	-over 1 year	0	0
Prepaid expenses	0.18	0.06	Provisions	0.37	0.27
			Prepaid revenue	0.66	0.69
Total assets	104.29	97.98	Total equity & liabilities	104.39	97.98

Unearned revenues registered a slight decrease, the RON 0.7 mn balance representing the annual maintenance fees charged to issuers, cashed but not yet earned.

Shareholders' equity increased by 3.4% since the beginning of the year due to the land revaluation (included in the revaluation reserve) and the profit registered during the year.

FINANCIAL AND PERFORMANCE INDICATORS

Indicator		Formula	2011	2012
Liquidity indicators	Current ratio	Current assets/Current liabilities	28.62 times	7.71 times
	Acid test ratio	(Current assets- Inventories)/ Current liabilities	28.62 times	7.71 times
	Debt-to-equity ratio	(Borrowed capital/ Equity)*100	BVB has no borrowings	BVB has no borrowings
Activity indicators	Accounts receivables turnover	(Average receivables balance/ turnover)*182 days	30.11 days	27.65 days
	Accounts payables turnover	(Average supplier balance/ turnover)*182 days	10.61 days	7.60 days
	Non-current asset turnover	Net turnover/Non-current assets	0.61 times	0.39 times
	Asset turnover	Net turnover/Total assets	0.18 times	0.23 times
Profitability indicators	Net profit margin	Net profit/ Turnover *100	51.76%	39.05%
	Return on equity (ROE)	Net result / Equity *100	9.52%	9.70%
	Return on assets (ROA)	Net result / Total assets *100	9.19%	9.09%
	Return on employed capital	Gross result/Employed capital*100%	10.71%	11.28%
Market Indicators	Earnings per share (EPS)	Net result /Number of shares	RON 1.17 / share	RON 1.24 / share
	Market capitalization	Market price * Number of shares	RON 153,483,960	RON 249,411,435
	Book value per share	Equity/Number of shares	RON 12.33 / share	RON 12.75 / share

OTHER INFORMATION REGARDING THE COMPANY'S ACTIVITY

a) Events subsequent to the balance sheet date

During the meeting as of March 18, 2014, the BoG decided to call for an Ordinary General Shareholders' Meeting for April 24/25, 2013, with the following agenda:

1. Presentation, discussions and approval of annual individual financial statements of the Company as of December 31, 2013, based on the Annual Report of the administrators for the financial year of 2013 and the Financial Auditor Report issued by the financial auditor of the Company, PricewaterhouseCoopers;
2. Approval the distribution of Company profit achieved in 2013, amounting RON 9,484,404 as follows: the disbursement of RON 446,300 for legal reserve and distribution of RON 9,038,104 as dividends. Approval of a gross dividend per share of RON 1.1777 and the distribution of the dividends starting with June 2, 2014;
3. Approval of the responsibility discharging of the Company administrators for their activity carried out during the financial year 2013, based on the presented reports;
4. Approval of the remuneration for the Board Members for 2014. Approval of the rewarding mechanism of the Company's administrators for 2013.
5. Appointment of the financial auditor of the Company and establishing the period of the financial audit contract;
6. Presentation, discussions and approval of BVB's Budget and Business Plan for 2014;
7. a) Approval of the procedure of designation of the Company's candidates for the Boards of Directors of Casa de Compensare Bucuresti SA and Depozitarul Central SA, respectively;
b) Designation of the Company's candidates for the Boards of Directors of Casa de Compensare Bucuresti SA and, respectively, Depozitarul Central SA;
8. Approval of May 15, 2014 as Registration Date, according to art. 238 (1) of the Law no. 297/2004 regarding the capital market, as amended and supplemented, for the identification of the shareholders who are affected by the resolutions adopted in the present Ordinary General Meeting of Shareholders;
9. Empowering the Chief Executive Officer of the Company, Mr. Ludwik Sobolewski, with the right to delegate the powers, to: (i) execute and/or sign, on behalf of the Company and/or of the Company's shareholders: the resolutions of the present Ordinary General Meeting of Shareholders, any and all the decisions, documents, applications, forms and requests adopted/prepared in order to or for the execution of the resolutions of the present Ordinary General Meeting of Shareholders, in relation with any natural or legal person, private or public, and to (ii) fulfill all the legal formalities for registration, publicity, opposability, execution and publishing of these resolutions.

No other events subsequent to the report date, whose omission might affect the users' capacity to make evaluations and to take correct decisions, occurred.

b) About the company's likely future development

For 2014 we account for the successful closing of some initial public offers for state-owned companies, with positive effects on the average daily turnover and market capitalization. The improvement in market liquidity will be reflected in higher sales revenues for BVB compared to the previous year.

As previously mentioned, in 2013 a working group was set up, aimed at identifying and eliminating the eight Barriers to normal development of the capital markets in Romania. The implementation of the measures which would eliminate such Barriers, detailed above in this report, will start in 2014, and investors and companies would become more aware that the Romanian capital market represents a viable alternative for investments and fund raising.

These measures are part of the 3-pillar strategy announced by BVB in 2013, eyeing three main directions to be followed for attracting new issuers and investors, increasing market liquidity and, eventually, reclassifying Romania to the Emerging Market status, according to MSCI criteria.

c) Research, development and infrastructure activities

With regard to security and processing capacity, during 2013 2 software upgrades of Arena system were performed, aimed at adding new functions and at improving processing performances, as well as at the implementation of a solution to the trading system that would support intensive quotations at very low response intervals, intended to increase the efficiency in processing market orders, especially on those market segments where market makers and liquidity providers are operating.

BVB also developed applications for mobile devices (smartphones), for which the actual implementation will take place during the first part of 2014. The goal is to increase the availability of market-related data to all categories of users: investors, brokers, listed companies and the general public, as a response to the increasing demand for information availability via mobile devices.

As for market architecture, in 2013, in order to enhance market liquidity, BVB built a system model and a new market-making program which started functioning at the same time with the extension of the trading hours of the spot market until 18.00, i.e. on January 3, 2014.

The model for the separation of the trading system from the post-trading system was developed during 2013 and currently is in the implementing phase, as BVB's and the Central Depository's regulations are being revised. Among the advantages of implementing this project, the following are worth mentioning: the reclassification of the market from frontier to emerging market status, flexibility and efficiency for participants' operations, significant improvements of operating performances and of the processing capacity and an improved control of operating risks.

d) Information regarding acquisitions of the Company's own shares

Not applicable.

e) Existence of branches, subsidiaries, related party of the entity

As of 31 December 2013, SC Bursa de Valori Bucuresti SA owned several holdings in other companies' share capital, as follows:

- Equity investments in the share capital of SC Depozitarul Central SA (DC), Bucharest, 34-36 Carol I Blvd., district 2, amounting to RON 22,656,932, which represent 69.04% of the share capital of DC; as of 31 December 2013, the company had shareholders' equity amounting to RON 29,175,387 and an accounting profit of RON 15,298, according to unaudited preliminary financial statements;
- Equity investments in the share capital of SC Casa de Compensare Bucuresti SA (CCB), 34-36, Carol I Blvd., district 2, Bucharest, amounting to RON 3,651,494 (52.5080% of the share capital of CCB); as of 31 December 2013, the company had shareholders' equity amounting to RON 5,650,971 and an accounting loss of RON 489,334, according to unaudited preliminary financial statements;
- Contribution to the initial patrimony of the Institutul de Guvernanta Corporativa al BVB Foundation, 34-36, Carol I Blvd., district 2, Bucharest, amounting to RON 50,000 (100%); as of 31 December 2013 the

foundation had equity amounting to RON 31,363 and an accounting loss of RON 9,621, according to unaudited preliminary financial statements;

- Equity investments in the share capital of SC Fondul de Compensare a Investitorilor SA, Bucharest, 34-36, Carol I Blvd., district 2, Bucharest, amounting to RON 214,520 (62.30%); as of 31 December 2013 the company had equity amounting to RON 18,831,652 and an accounting profit of RON 44,616, according to unaudited preliminary financial statements.

The Company has no branches.

f) The use of financial instruments

Financial risk management

The Company's activities expose it to various risks which include market risk, currency risk, liquidity risk and interest rate risk on cash flows. The management aims at reducing the potential adverse effects associated with these risk factors upon the Company's financial performance.

Market risk

Market risk is the risk that changes in market prices, such as the foreign exchange rate, interest rate and price of equity instruments, to affect the Company's revenues or the value of the financial instruments held.

The objective of the market risk management is to manage and control exposures to market risk in acceptable parameters and at the same time to optimize the return on investment.

The company is exposed to the market risk through its cash denominated in foreign currencies and through investments in bank deposits and treasury certificates. However, based on the analysis of the net assets and sensitivities to changes EUR and USD exchange rates, BVB management does not expect significant losses.

Foreign exchange rate risk

The company operates in a developing economy, with fluctuant exchange rates, which may lead to value losses for assets denominated in foreign currencies. As regards monetary assets denominated in RON, taking into consideration that BVB's investments were made at yields above the average inflation rate (which was 3.33% in 2012), there was no risk of losing value over the RON-denominated assets.

Credit risk

The financial assets that lead to potential concentrations of credit risk mainly relate to receivables from the core activity. Receivables are presented at their net value, after the provision for doubtful receivables. The credit risk is limited due to a low number of clients from the Company's portfolio of clients. Thus, management considers that the company has no significant concentration of credit risk.

Liquidity risk

A wise liquidity risk management implies keeping enough cash to cover working capital needs to run the business. The Company's cash&equivalent policy is to maintain sufficient resources in order to fulfill its obligations as they become due.

Interest rate risk on cash flows

Not applicable.

The Company has implemented procedures and internal control systems seeking compliance with legal regulations, rules and internal regulations.

We undertake responsibility for the accurate presentation of the financial statements comprised in this report, information which can be found in the annual financial statements released by Bursa de Valori București SA which we manage.

This report was drawn up according to the requirements of the Regulation no 4/2011 on the Accounting Regulations in compliance with Directive IV of the European Economic Communities applicable for authorized entities, as regulated and monitored by the National Securities Commission, approved by Order of the National Securities Commission no. 13/2011 and will be submitted along with the financial statements.

President,
Lucian Claudiu Anghel

General Manager,
Ludwik Sobolewski

Financial Manager,
Virgil Adrian Stroia