

annual
report
2010

CONTENTS

| | |
|------------------------------------------------------------------------------------------------------------------------|-----------|
| About the company | 3 |
| 1. Shares and Shareholders | |
| 2. BVB Management | |
| 3. Message of the President | |
| | |
| Corporate Governance | 7 |
| | |
| 2010 BVB Activity | 9 |
| 1. Introduction | |
| 2. Communication and Marketing | |
| 3. Issuers of the Regulated Market | |
| 4. Issuers of Rasdaq Market | |
| 5. Derivatives Market | |
| 6. Participants to the Trading System | |
| 7. Trading Activity | |
| 8. Market Surveillance | |
| 9. Alternative Trading System CAN-ATS | |
| 10. IT and Data Dissemination | |
| | |
| 2010 BVB Financial Results | 23 |
| 1. Accounting Policies used for Financial Reporting | |
| 2. Execution of Revenues and Expenses Budget | |
| 3. Statement of Income and Expenses | |
| 4. Statement of Receivables and Liabilities | |
| 5. Balance Sheet as for 12.31.2010 | |
| 6. Profit and Loss Account | |
| 7. Profit Distribution | |
| 8. Main Financial Indicators | |
| 9. Relations with Subsidiaries, Associates and other Companies in which BVB Holds Strategic Investments | |
| 10. Risk Management | |



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THE
challenges
feed our
performance

ABOUT THE COMPANY

1. SHARES AND SHAREHOLDERS

On December 31, 2010, Bucharest Stock Exchange (BVB) had a share capital of 76,741,980 lei, which has not changed from 2009, divided in 7,674,198 shares with a nominal value of 10 lei/share.

By CNVM Decision no. 632/18.05.2010 is aproved the prospectus for admission to trading on the regulated market of BVB own shares.

June 8, 2010 was the first day of trading for BVB shares, as issuer. The closing price for the last trading session of 2010 was 40.75 lei/share.



On December 31, 2010, the shareholders structure is as follows:

| NO. | SHAREHOLDERS REGISTRY | NO. OF SHARES | % IN SHARE CAPITAL |
|----------|----------------------------------|------------------|--------------------|
| 1 | LEGAL ENTITIES, OF WHICH: | 6,739,710 | 87.82 |
| | • Romania | 5,734,184 | 74.72 |
| | • International | 1,005,526 | 13.10 |
| 2 | INDIVIDUALS, OF WHICH: | 934,488 | 12.18 |
| | • Romania | 921,978 | 12.01 |
| | • International | 12,510 | 0.17 |
| | TOTAL | 7,674,198 | 100.00 |

ABOUT THE COMPANY

2. BVB MANAGEMENT

MEMBERS OF THE BOARD OF GOVERNORS

Until February 19, 2010, the company management was ensured by the Board of Governors, having the following members:

| | |
|----------------------------|-------------------|
| Stere Farmache | PRESIDENT |
| Sergiu Ovidiu Pop | VICEPRESIDENT |
| Dan Viorel Paul | VICEPRESIDENT |
| Mircea Botta | SECRETARY GENERAL |
| Dana Mirela Ionescu | MEMBER |
| Liviu Giugiumică | MEMBER |
| Rareş Nilăş | MEMBER |
| Octavian Molnar | MEMBER |
| Adrian Mănăilă | MEMBER |

Starting February 20, 2010, the new Board of Governors had the following members:

| | |
|-------------------------|-------------------|
| Stere Farmache | PRESIDENT |
| Mircea Botta | VICEPRESIDENT |
| Ciprian Zah | VICEPRESIDENT |
| Siminel Andrei | SECRETARY GENERAL |
| Daniel Ţepeş | MEMBER |
| Cosmin Gheorghiu | MEMBER |
| Lucian Isac | MEMBER |
| Ionel Uleia | MEMBER |
| Octavian Molnar | MEMBER |

EXECUTIVE MANAGEMENT MEMBERS

| | |
|--------------------------------|---------------------------------------------------|
| Anca Dumitru | GENERAL MANAGER – until 26.09.2010 |
| Ionescu Marcel-Valentin | GENERAL MANAGER – starting with 27.09.2010 |
| Anca Dumitru | DEPUTY GENERAL MANAGER – starting with 26.09.2010 |
| Alin Barbu | DEPUTY GENERAL MANAGER |
| Marcel Tănăsescu | FINANCIAL DIRECTOR |
| Călin Macedon | OPERATIONS DIRECTOR |
| Ileana Botez | COMMUNICATION AND MARKETING DIRECTOR |

3. MESSAGE OF THE PRESIDENT



Dear Shareholders,

The stock markets are by their nature entities whose development are significantly influenced by a variety of economic, financial, political or social, internal or external, factors.

It was obvious early in the year that the exit from the international financial and economic crisis, started in the second half of 2007, will not be simple and the stock markets will continue to feel the consequences for a long period of time, and why not the lessons, of the events and processes which have marked the world in recent years.

The risks of the extension of the economic and financial crisis are different from country to country and largely the stock indices evolutions in 2010 have reflected this differentiated perspective of investors. Strictly from the stock indices perspective, the Romanian capital market registered positive evolution in 2010, but not accompanied by a significant increase of liquidity. Even though 2010 did not bring for Bucharest Stock Exchange important quantitative changes, reflected in the stock market indices and indicators, there were a series of events mainly relevant in terms of quality and which will undoubtedly influence the future evolution of the local stock exchange. Remember firstly the debut at the Bucharest Stock Exchange of the first series of structured products launched in Romania. Another milestone for the local capital market was the Board of Governors' decision for the approval of the trading start on the BVB alternative trading system, for the first time in Eastern Europe, of the shares issued by Daimler AG, one of the largest manufacturers of premium automobiles and commercial vehicles worldwide.

By launching structured products the market and the framework for trading international shares within the BVB alternative trading system, there are created the premises for solving for the next years one of the main issue that causes the reduced liquidity of the local stock exchange: insufficient and inadequate supply. Due to the events mentioned above, 2011 and the years ahead will certainly bring more investment options for the BVB investors. There is a solid foundation on which to build in the future; flexibility and dynamism represent the key elements for BVB to provide an increasingly important role on national and even regional level. Therefore, BVB aims for the next period of time to exploit the important growth potential of the Romanian and regional capital market, focusing its efforts both on the development and improvement of the basic services offered by BVB (horizontal development), but also of the adjoining basic services (vertical development). I am convinced that these efforts will be appreciated by our stakeholders: investors, issuers, participants and shareholders.

Stere Farmache
PRESIDENT

March 25, 2011

where
persistence IS
DEVELOPEMENT
becomes natural

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CORPORATE GOVERNANCE

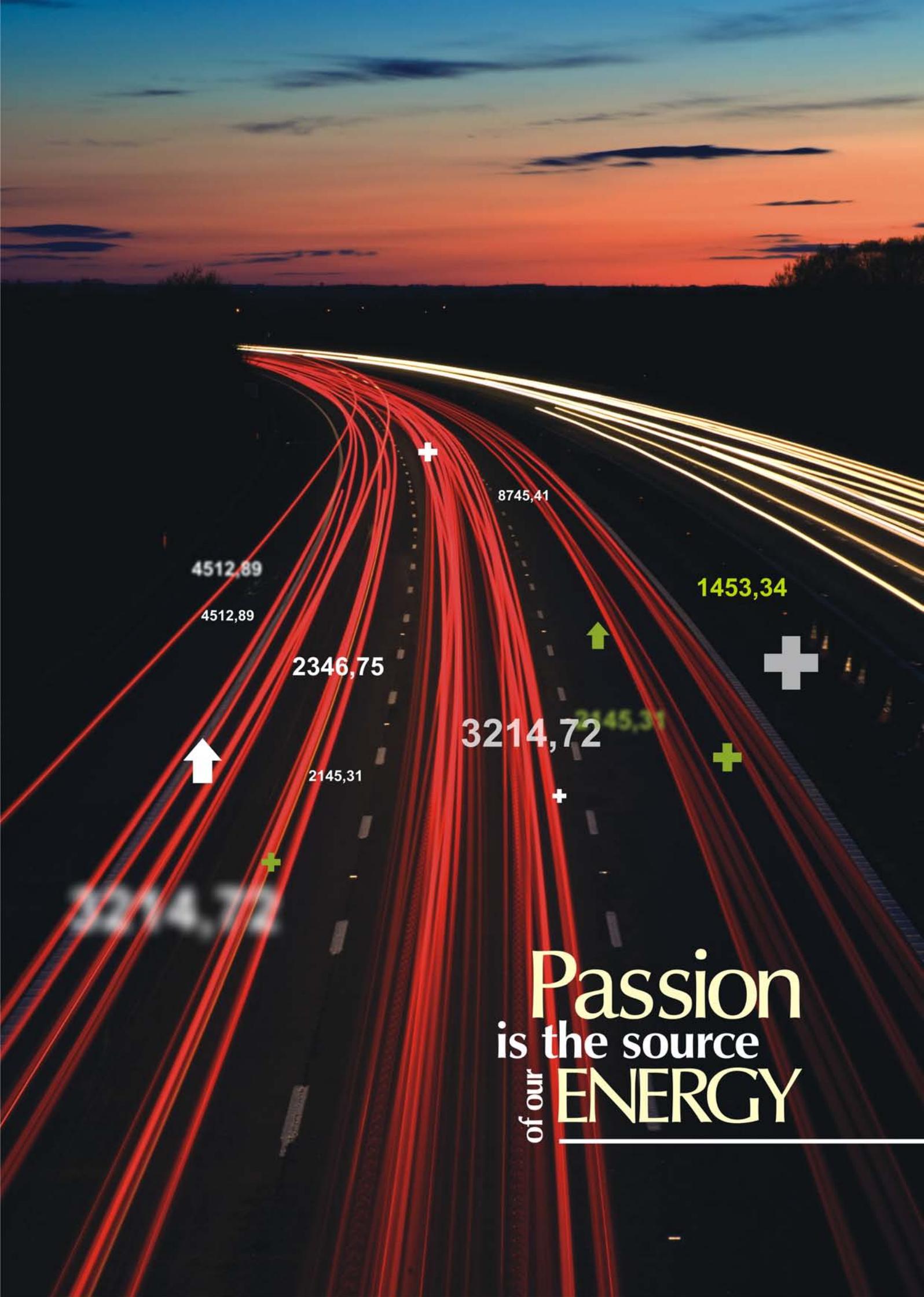
According to art. 94, Title II of the Bucharest Stock Exchange Rulebook – market operator:

“The issuers will include in the Annual Report the Statement regarding the compliance or noncompliance with the Corporate Governance Code issued by BVB. In case of noncompliance with the provisions of the Corporate Governance Code issued by BVB, the Issuers will provide complete explanations.”

The BVB Rulebook – market operator states that this reporting requirement (Comply or Explain Statement) will apply from the date the 2010 Annual Report is published. Therefore, starting with the financial statement reports for 2010, the companies listed on the regulated market can voluntarily adhere to the BVB Corporate Governance Code, case where the Comply or Explain Statement will be prepared.

Considering that BVB is a listed company on Tier 2 of the regulated market since mid of 2010, with an irrelevant trading history, the company’s management decided that BVB will adhere to the Corporate Governance Code after achieving at least one year of trading history.

Although BVB does not adhere for the 2010 financial statement to the Corporate Governance Code, Bucharest Stock Exchange provides relevant information on the issuer, for shareholders and interested investors, in a section of its website dedicated to Investor Relations, www.bvb.ro/Investors.



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Passion
is the source
of our ENERGY

1. INTRODUCTION

Bucharest Stock Exchange was established in April 1995, as an institution of public interest, by Romanian National Securities Commission (CNVM) decision no. 20/04.21.1995 and became joint stock company in July 2005. Its main field activity is financial market administration, CAEN 6611. BVB is authorised by CNVM as market operator by the Decision 369/01.31.2006, being registered in the CNVM Registry, Section 11, Market operators under no. PJR11OPPR/400001, and as system operator under License no. 242/07.23.2008, being registered in the CNVM Registry, Section 12, System operators, under no. PJR12OSAT/400003, and by CNVM Decision no. 534/04.21.2010.

BVB operates a spot regulated market, a derivatives market, a market segment called Rasdaq, as well as an alternative trading system.

Trading at BVB is run through Arena electronic trading system. Developed inhouse, the system ensures the electronic takeover of orders, placed by authorized intermediaries, and trades execution.

At the end of 2010, on BVB were traded the following type of financial instruments:
shares • rights • bonds • fund units • structured products • futures contracts.

In 2010 were held 255 trading sessions, compared to 250 in the previous year; 65 registered participants at the end of the year, compared to 71 at the end of 2009; the number of issuers listed on the regulated market increased from 69 to 74 during 2010.

Covering the regulated market, BVB calculates 5 indices and disseminates in real-time 6 official indices, presented in the below table.

| BVB INDEX FAMILY | | | | |
|-----------------------------------------------------------------------------------------------------------|---------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-----------------|
| BET | BET-XT | BET-FI | BET-NG | BET-C |
| Blue-chip index • 10 the most liquid companies | Blue-chip index • 25 the most liquid companies | Sector index of the financial investment and assimilated companies | Sector index of the companies with main field of activity located in the energy and related utilities fields | Composite index |
| ROTX Blue-chip index of the 15 most liquid companies; is a joint index of BVB and Wiener Borse. | | | | |

The BVB development strategy for medium term lies on a series of projects, which mainly targets to diversify and develop the offer for financial instruments and services, together with the the domestic and international promotion of BVB.

The derivatives market development is an ambitious projects aiming to expand the range of financial instruments available for trading and the qualitative improvement of the trading and clearing model. The project is run in cooperation with the Bucharest Clearing House. In addition to this, BVB, jointly with OPCOM and Bucharest Clearing House work on launching energy derivatives.

2010 BVB ACTIVITY

Attracting new issuers and IPOs is a priority for BVB. Intense activity is rolled for identifying potential issuers, making them familiar with the services offered by BVB, the advantages of listing, the opportunity to finance their business using the capital market mechanisms. BVB objective is to attract new issuers both for the regulated market and the alternative trading system CAN-ATS (New Companies and Shares), a novelty for the Romanian capital market. CAN-ATS addresses mainly to SMEs which are more dynamic and flexible. CAN-ATS can be a preparation and launch pad for new issuers, opportunity for creating a trading history, in order to be further promoted on the regulated market.

A special attention is given to the International Tier of CAN-ATS, dedicated to trading shares of companies which are also listed on other regulated markets. With the support of Central Depository, which gives the needed support for post-trading operations, BVB can expand its offer for the Romanian clients with international shares. These can be bought in national currency, in conditions similar to the ones for domestic shares. BVB will make its efforts in bringing new issuers in this section.

Concerning the launch of new financial instruments, BVB points towards ETFs, as well as green house gas emissions certificates, high potential instruments, for which there is a big demand coming from domestic investors.

BVB has supported the listing of Fondul Proprietatea and is ready for the successful privatization of new stakeholdings of other state owned companies.

2. COMMUNICATION AND MARKETING

In 2010, the BVB communication and marketing activities were directed towards: consolidating the brand of Bucharest Stock Exchange, informing the investors, market participants, issuers, media and the general public regarding the BVB activities and the new offer of products and services, educating the future generation of investors by promoting to pupils and students the market mechanisms specific to the capital market, as well as cooperating with international capital market actors.

Regarding the BVB brand consolidation, the major events of 2010 were the celebration of 15 years of modern exchange, the events related to the listing of BVB on its own regulated market, the next steps of the last year's programme "Famous personalities open the BVB trading session" and the participation as partner to a series of specialized conferences.

The press conference and the official reception which marked the anniversary of 15 years of modern exchange were preceded by a media campaign. It consisted of daily spots for every year of modern exchange, interviews with brokers, analysts and BVB management, for reviewing the BVB evolution from reopening till present. Taking place at the National Bank of Romania headquarter, on November 25, at the press conference took part the President of Romania, Traian Băsescu, the Governor of the National Bank, Mugur Isărescu, as well as representatives of regional exchanges. In the evening of the same day was held the reception, where participated over 400 guests, important personalities of the capital market and the economic-financial environment. Other large scale event, also marked by an official reception, was occasioned by the listing of BVB, in June.

During the 2010 "Famous personalities open the BVB trading session" programme, BVB had as guests representatives of the Romanian Government - Minister of Finance, Sebastian Vlădescu (February 9), of foreign public authorities - Nick Anstee, Lord Mayor of the City of London (April 28), of BVB listed companies - Elisabeta Ghidiu, Director of Strategy, Capital Market, Communication and Corporate relations at Transgaz (February 16), personalities of the cultural environment - Daniel Mitulescu, producer of the movie "Eu când vreau să fluier, fluier" (April 22), world renowned sports persons, Alina Dumitru, judo olympic champion (July 3) and the Romanian Sword team (November 19).

2010 BVB ACTIVITY

In February, the Bucharest Stock Exchange, in partnership with the BVB Corporate Governance Institute and the Brokers Association, hosted the event "BVB – successful financing for development". BVB partnered the conference "Investments during crisis", organized by Ziarul Bursa, "The sale of state shareholdings on the stock exchange and the launch of Romanian Investment Fund", organized by Ziarul Financiar, both taking place in June, and the October conference of wall-street.ro and December one of the Ownership of Romanian Contractors, dedicated to the companies active in this field.

The main objective of the communication activity was to provide continuous information to investors, intermediaries, media and general public, by presenting the BVB events important for the market, as well as the new launched products and services. In this sense, there were rolled many types of activities, from disseminating media news to organizing meetings with market participants or official openings of the trading session for promoting the IPOs or for marking the trading start of new shares and other financial instruments.

Over 160 press releases, reports and informative brochures were disseminated to the media in 2010. Media representatives were invited by BVB to a press meeting for presenting them the year's balance and the objectives for 2011.

For providing investors information, under the www.bvb.ro website was created an Investor Relations section. On June 2 and 3, took place the seminars dedicated to presenting the BVB issuer, before the trading start of the BVB shares on its own spot regulated market. The participants were intermediaries in the first day of seminar and institutional investors in the second day. Concerning also the investor relations, it has to be mentioned also the roll of three general meetings of shareholders, in February, April and September.

At the end of November was launched a new BVB product - the online trading platform ArenaXT. For presenting the product to market participants, three seminars were organized. Other financial instrument launched this year is structured products. In this respect BVB cooperated with issuers for delivering two seminars specially designed for intermediaries.

There also took place official openings of the trading session, occasioned by the public offer of iFond Financial Romania (July 22), iFond Gold (November 9), Hidraulica Uzina Mecanică Ploeni (November 12), and by the trading start of the shares issued by Bursa de Valori București (June 8), Prefab (July 5), Ropharma (November 24), of the fund units issued by iFond Financial Romania (September 22) and by OTP Green Energy (April 1), of the structured products issued by Raiffeisen Centrobank AG (August 17) and by Erste Bank (July 8), of the Daimler AG shares on the alternative trading system CAN-ATS (November 23).

In order to promote CAN-ATS (New Companies and Shares) and the advantages of listing on this system, BVB sealed a partnership with the Association for SMEs Projects and Programmes Implementation. Under this framework, a series of 8 conferences will run during 2011. For promoting the issue of corporate bonds, a strategic partnership was signed with Moody's rating agency, to organize 5 events in 2011 for listed companies and domestic public authorities.

Regarding the CSR policy, in 2010 BVB continued the educational projects. Among these can be mentioned the cooperation with Junior Achievement Romania for educating the next generation of investors by introducing the mechanisms of the capital market to pupils and students. In March, the BVB headquarter hosted Job Shadow Day, the 8th edition of the Junior Achievement programme. Open Doors Day, a project which started in 2009, is focused on familiarizing pupils and students, when visiting the BVB headquarter, with the capital market. 2010 registered 14 editions. Also in cooperation with Junior Achievement, in November, it was launched an online trading game for students.

In terms of international relations, Bucharest Stock Exchange participated at London Vendors Event, a conference dedicated to data vendors, as well at Wood and Company roadshow, meant to promote the BVB issuer to international institutional investors. At the FEAS General Assembly in Istanbul, BVB was represented to an exchange visibility exhibition, as member of the organization.

2010 BVB ACTIVITY

Among the representatives of the foreign exchanges which visited us in 2010, the followings opened the trading session: Henri Bergström, NASDAQ OMX representative for Europe (July 13), Mihail Cibotaru, President of the National Commission of Financial Market Moldova (April 16) and Mohamed Omran, Vicepresident of the Egyptian Exchange (March 12).

In September 2010, the BVB delegation participated at the CEE Capital Markets Sports Tournaments, sport event for European exchanges, which took place in Budapest.

The 2011 communication and marketing campaign of BVB will be organized on two levels determined by the BVB status of listed company and of market and system operator.

Corporate communication objectives:

- Increase the visibility of BVB and of the Romanian capital market;
- Holding meetings with media, analysts and investors;
- Develop the CSR policy.

Communication objectives of BVB as market and system operator:

- Promoting the financial instruments available for trading, the new launched ones, as well as the BVB products and services;
- Attracting new issuers for the regulated market and the alternative trading system;
- Attracting participants to the BVB trading system;
- Benefiting of the BVB member status to the international organisms and organizations.

3. ISSUERS OF THE REGULATED MARKET

In terms of listings on the BVB regulated market, the following events can be mentioned for 2010:

- The listing of BVB shares on its own market, tier 2 shares, together with the shares of Cemacon and Electroarges;
- The listing of the first fund investing in gold - iFond Gold;
- The consolidation of Tier 1 shares with the two new issuers, Prefab and Ropharma;
- The increase of the municipal bonds tier with 5 new issuers;
- The launch of a market segment dedicated to structured products (certificates and warrants), on which at the end of 2010 were available for trading 21 index and turbo certificates issued by Erste Bank Group AG and Raiffensen Centrobank AG;
- The update of the BVB Rulebook – market operator for making the listing criteria more flexible.

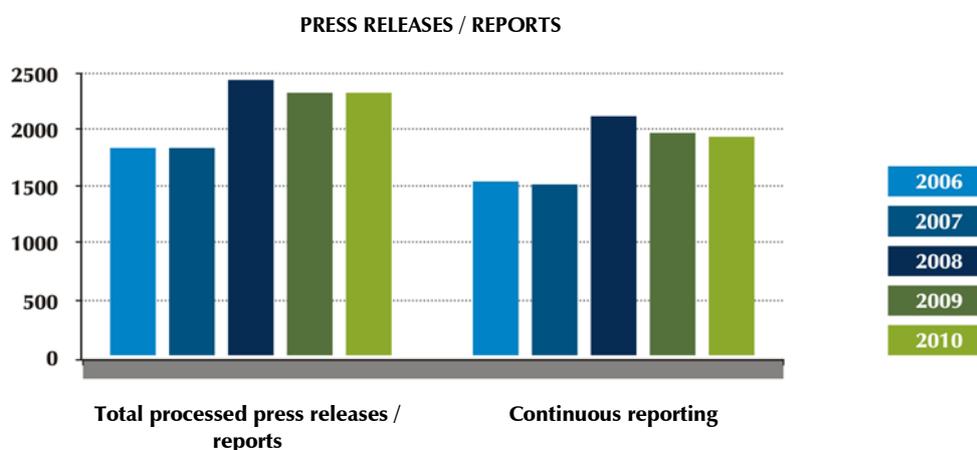
BVB, as market operator, monitored the reporting compliance of issuers of the regulated market, the continuous and periodical reports dissemination, in accordance with the BVB Rulebook.

In the spirit of partnership promoted by the market operator, all companies listed on the regulated market agreed and signed **The admission and maintenance to trading commitment**. By this document, the issuers undertake to observe and comply to the provisions of BVB Rulebook – market operator, creating therefore the premises of investors protection and the orderly and transparent operation of the market.

For an informed market, the operator processed approximately 2,325 press releases and reports, in average 30 reports per company.

2010 BVB ACTIVITY

Evolution in the number of reports during 2006 - 2010



During 2010, BVB has continued its politics regarding the pro-active engagement into dialog with the listed companies regarding the fulfillment of transparency requirements, considering that only the promotion of permanent education and consultancy may lead to the best results in the context where these measures took place most of the times on the live stock exchange.

Regarding the monitoring of information dissemination, BVB addressed the issuers 30 requests for additional information / clarifications, compared to 37 in 2009, generated either by the publishing in mass-media of corporate sensitive information which fall under the reporting requirements, either by notices of third parties.

As a general conclusion, the issuers comply with the provisions of the BVB Rulebook, and the prompt interventions of BVB in the suspension from trading cases allowed proper trading sessions.

4. ISSUERS OF RASDAQ MARKET

A statistics regarding the companies listed on Rasdaq market at the end of 2010, compared to the end of 2009, is presented in the following table:

| AT THE END OF THE YEAR | 12.31.2009 | 12.31.2010 |
|-----------------------------------------|--------------|--------------|
| Tradable | 990 | 887 |
| Suspended | 565 | 422 |
| TOTAL NUMBER OF LISTED COMPANIES | 1,555 | 1,309 |

The number of tradeable issuers decreased in 2010 compared to 2009 with almost 10%, and of the suspended ones with almost 25%.

Taking into account that the number of listed companies decreased with 165 in 2010, compared to 2009, and the number of corporate operations decreased with 12%, an operational improvement can be concluded.

The transparency increase of the Rasdaq market has been a constant for the last years and it can be noticed a qualitative and quantitative improvement, from point of view of both continuous and periodical reporting, as well as a liquidity increase for the issuers which adopted higher transparency standards to those imposed by the legal regulations incident to Rasdaq market.

2010 BVB ACTIVITY

| TYPE OF REPORTS | 06.30.2010 | 2010 |
|----------------------|----------------|----------------|
| | NO. OF REPORTS | NO. OF REPORTS |
| GMS call | 1,474 | 2,180 |
| GMS decisions | 1,200 | 1,775 |
| Board decisions | 46 | 128 |
| Annual reports | 1,002 | 1,281 |
| Current reports | 1,391 | 2,473 |
| Half-yearly reports | 4 | 358 |
| Q1 reports | 345 | 320 |
| Q3 reports | 9 | 506 |
| Financial statements | 363 | 536 |
| TOTAL | 5,834 | 9,557 |

In terms of published reports, it can be noticed that the ones published in the first half of the year are 60% of the 2010 total number.

5. DERIVATIVES MARKET

The BVB derivatives market had some important events in 2010, meant to ensure the sustainable liquidity increase of the futures contracts listed in previous years. The futures contracts available for trading are single stock, commodity, currency and index futures.

Moreover, the market making services for the BVB Derivatives market proved to be benefic for increasing the trading volumes, in 2010 being registered the highest traded volume and notional value.

In December were launched, for the first time, the market making services for a futures contract underlying shares, respectively the ones of SIF Muntenia.

At the end of 2010, were available for trading 14 futures contracts, counting 42 listed series.

In September 2010, BVB issued contract specifications for three new derivatives, obtaining the CNVM registration certificates for two of them, the ones underlying ROTX index and the shares of Bucharest Stock Exchange. The contract underlying the shares of Fondul Proprietatea is going to be listed as soon as the CNVM registration certificate is issued.

6. PARTICIPANTS TO THE TRADING SYSTEM

In 2010 the number of participants to the BVB trading system decreased from 73 to 65.

The number of participants to the BVB trading system, per category:

| PARTICIPANTS AT THE END OF 2010 | NO. OF PARTICIPANTS |
|--------------------------------------------------------------------|---------------------|
| SSIF | 54 |
| Credit institution | 7 |
| Remote member | 3 |
| Credit institutions which roll its activity through a local branch | 1 |
| TOTAL PARTICIPANTS | 65 |

Regarding the derivatives market, the end of 2010 recorded 58 participants, compared to 64 at the end of 2009. This difference comes as a number of 7 participants were withdrawn from the Participants Registry and only one company requested registration for the derivatives market.

Of the 58 participants to the derivatives market, 23 companies are clearing members at the Bucharest Clearing House (BCH) and have the right to trade on this market. Of those 23 companies, 22 are active participants for the derivatives trading and one is suspended by BCH.

Top of the intermediaries on the Derivatives Market in 2010:

| NO. | NAME OF THE INTERMEDIARY | NO. OF CONTRACTS | TRADED VALUE |
|-----|-----------------------------|------------------|---------------|
| 1 | RBS Bank (Romania) SA | 19,803 | 85,479,961.50 |
| 2 | INTERFINBROK CORPORATION SA | 8,913 | 37,997,112.50 |
| 3 | SSIF BROKER SA | 8,407 | 36,496,160.50 |
| 4 | INTERCAPITAL INVEST SA | 4,603 | 19,590,303.00 |
| 5 | TRADEVILLE SA | 2,544 | 10,856,852.50 |
| 6 | CONFIDENT INVEST SA | 1,58 | 6,629,101.00 |
| 7 | GM INVEST SA | 1,348 | 5,753,895.50 |
| 8 | DELTA VALORI MOBILIARE SA | 1,379 | 5,707,887.00 |
| 9 | ESTINVEST SA | 1,238 | 5,274,935.50 |
| 10 | CARPATICA INVEST SA | 383 | 351,372.00 |

Data regarding the shareholders of the participants show that the highest percentage is represented by the intermediaries with Romanian shareholders, as follows:

- 41 companies with Romanian shareholders;
- 23 companies participants with foreign shareholders;
- 7 participants with banks as significant shareholders.

During 2010, 45 companies registered on CAN-ATS Participants' Registry.

Regarding the Market Maker activity, we would like to mention that SSIF Broker was certified as Market Maker for the Derivatives Market and Banca Comercială Română as Market Maker on CAN-ATS.

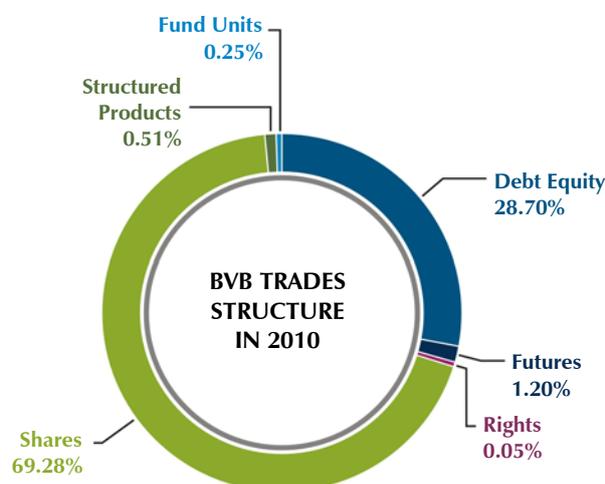
The stock agents' status for 2010 is:

- 29 requests for stock agent certificates;
- 59 requests to retire the stock agent certificates;
- 262 stock agents at the end of 2010.

7. TRADING ACTIVITY

In 2010, on the markets administrated by BVB were registered tradings with all the financial instruments in total value of 9 billion lei, 2,146 billion euro, as follows:

| INSTRUMENT | VALUE (RON) | VALUE (EUR) |
|---------------------|-------------------------|-------------------------|
| Debt equity | 2,571,065,247.01 | 620,461,723.48 |
| Futures | 107,068,790.50 | 25,325,748.52 |
| Rights | 4,846,679.91 | 1,132,922.82 |
| Shares | 6,206,283,339.17 | 1,482,993,097.95 |
| Structured products | 45,759,618.64 | 10,695,332.20 |
| Fund units | 22,663,838.35 | 5,361,056.49 |
| TOTAL | 8,957,687,513.58 | 2,145,969,881.46 |



Tradings with the 5 SIFs were in total value of over 2.5 billion lei, representing 28.37% out of the total value of shares traded on BVB and Rasdaq in 2010.

The market capitalization registered at the end of 2010 was of 102.44 billion lei, equivalent to 23.86 billion euro, compared to 80 billion lei, equivalent to 19 billion euro at the end of the previous year, with a major increase of over 28% in lei and 25.6% in euro.

Few benchmarks on the maximum values reached the previous year are presented in the table below:

| DAY MAX. VALUE | MAX. DAILY VALUE (RON) | DAY MAX. NUMBER OF TRADES | MAX. NUMBER OF TRADES | DAY MAX. VOLUME | MAXIMUM VOLUME |
|--------------------------------------------------------------------------------------------------------|------------------------|---------------------------|-----------------------|-----------------|----------------|
| Maximum daily values for all the market sectors (Rasdaq + BVB), all markets and all instruments | | | | | |
| 15-02-2010 | 286,020,970.68 | 5-May-10 | 13.488 | 15-Feb-10 | 3,358,199,097 |
| Maximum daily values for BVB market sector, all markets and all instruments | | | | | |
| 15-02-2010 | 283,972,493.93 | 5-May-10 | 10.975 | 15-Feb-10 | 3,352,906,315 |
| Maximum daily values for Rasdaq market | | | | | |
| 31-May-10 | 27,279,730.41 | 6-Apr-10 | 2.814 | 6-Sep-10 | 112,057,665 |

The BET index reached in 2010 a maximum value of 6,132.56 points on April 7, and a minimum level of 4,365.99 points on May 25. At the end of the year, the BET member companies, the most liquid of the main market, were: AZO (Azomureş), BIO (Biofarm), BRD (BRD-Groupe Société Générale), BRK (SSIF Broker), COMI (Condmag), DAFR (Dafora), SNP (OMV Petrom), TEL (Transelectrica), TGN (Transgaz) and TLV (Banca Transilvania).

2010 BVB ACTIVITY

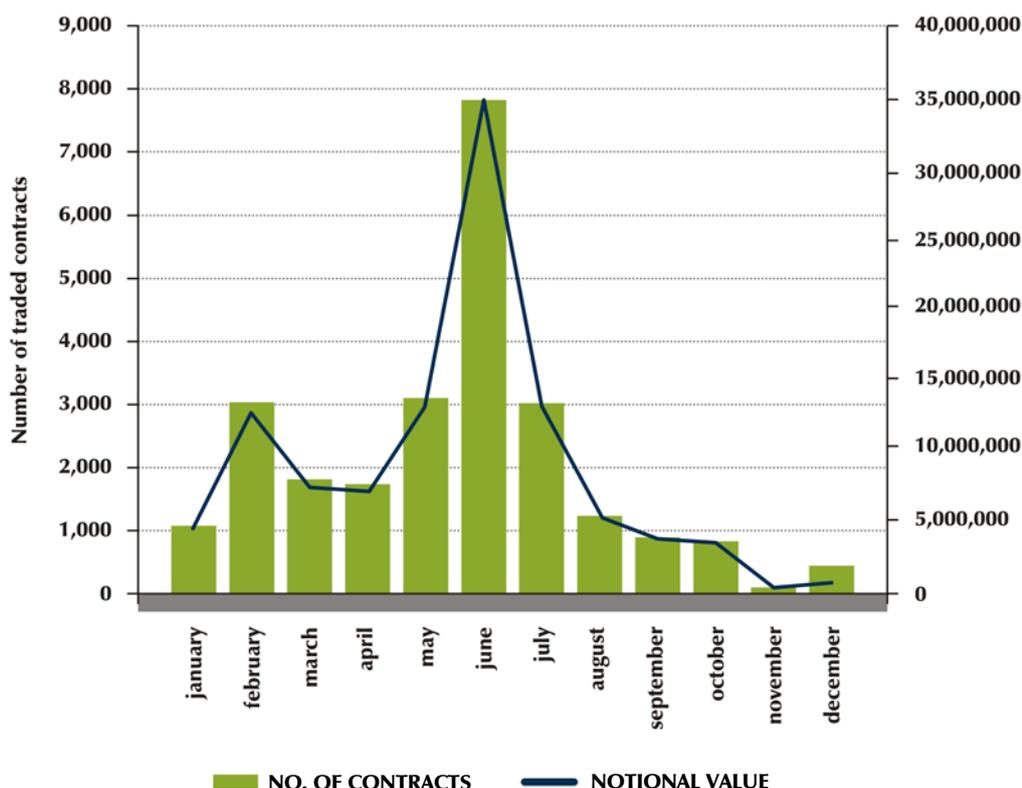
The issuer which registered the highest volume of traded shares in 2010 was RRC (Rompetro Rafinare) with over 6 billion shares, followed by SNP (OMV Petrom), SIF5 (SIF Oltenia), DAFR (Dafora) and AMO (Amonil). Regarding the traded value, the government bonds with the maturity date March 2014 placed on the first place, being followed by SIF5 (SIF Oltenia), BRD (BRD-Groupe Société Générale), SIF2 (SIF Moldova) and RRC (Rompetro Rafinare).

The liquidity registered at the end of 2010, calculated by dividing the annual traded value and the capitalization at the end of the year, was of 5.46% on the BVB market and of 5.59% on Rasdaq market.

Regarding the 15 public offers (including special sales) rolled on the BVB platform in 2010, they generated 3,699 trades, summing over 1.2 billion shares, in value of approximately 363 million lei, or 86.8 million euro.

Out of the total number of traded futures contracts, considering all the maturity dates available for trading in 2010, the highest percentage is held by EUR/RON Futures contract with maturity date in December 2010 (52.4% of the traded futures contracts, 53.7% of the total notional traded value).

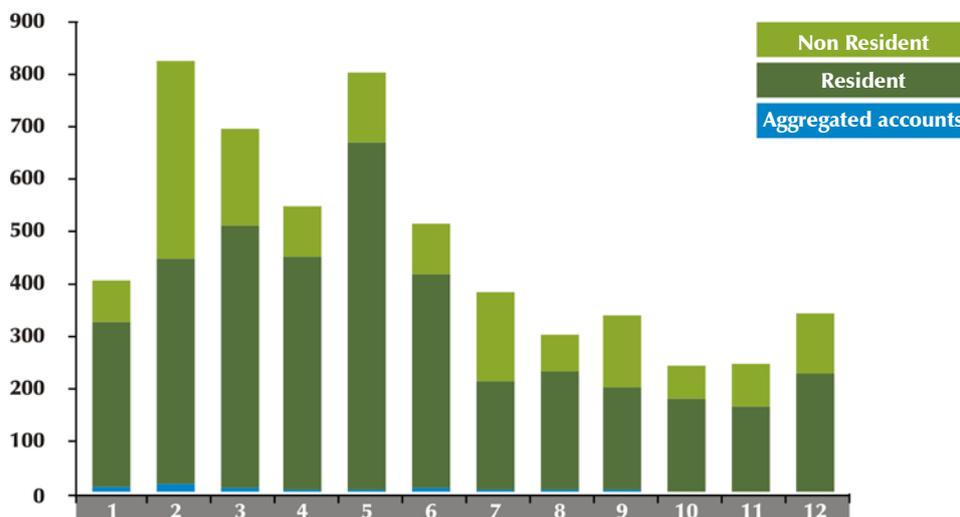
Monthly figures for the futures contracts traded on BVB in 2010



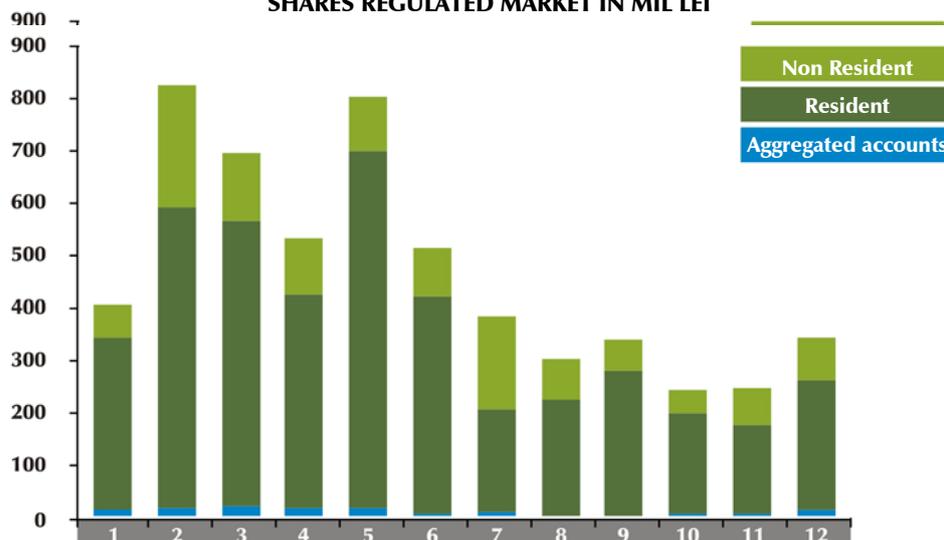
The graphic above presents the monthly evolution of the most important indicators in 2010 for the BVB Derivatives market. The highest number of traded contracts and also the highest notional traded value was registered in June. The highest traded volume in a single trading session was registered on June 29 with a record of 2,847 traded contracts and a notional value of 12,697,545.50 lei (approximately: 3 million euro). The maximum number of trades for a single month was registered in February (262 trades), while the maximum number of trades for a single trading session registered in June 30, 2010 was of 63 trades.

Excepting the trades on aggregated accounts, the percentage of non residents was of 28.93% in 2010 for buyings and 22.79% for selling.

BUYINGS EVOLUTION FOR THE BVB SHARES REGULATED MARKET IN MIL LEI



SELLING EVOLUTION FOR THE BVB SHARES REGULATED MARKET IN MIL LEI



8. MARKET SURVEILLANCE

The operations of monitoring the trades on the regulated markets administrated by BVB in 2010 were developed according to the BVB Rulebook – market and system operator.

Regarding the check of the deviations from and breaking of the capital markets regulations, there were established 26 internal penalization notes materialized in 26 penalization Decisions for the stock agents of the participants to the trading system.

At the same time, there were analyzed from the point of view of the BVB Rulebook's provisions a number of over 1,900 information notes received from the participants according to the CNVM Regulation no 1/2006, regarding the correct framing within the Arena trading system of the insider accounts.

2010 BVB ACTIVITY

There were answered 8 notes received from some clients involved in trading operations, other 25 requests from the state institutions charged by the law to demand information on the trading activity, clients' account identity and other information included in the transactions database, and answered over 60 requests from CNVM.

The market surveillance activity also included the monitoring of the participants' activity, which are liquidity providers, and sent them notices, every time when the BVB regulations were not complied with.

9. THE ALTERNATIVE TRADING SYSTEM CAN-ATS

BVB is authorized market and system operator through CNVM Certification no. 242/07.23.2008, and administrates the alternative trading system CAN-ATS, authorized through CNVM Decisions no. 534/04.21.2010 and no.1584/12.07.2010.

CAN-ATS (New Companies and Shares) is a market with flexible criteria, which addresses to all kind of companies, regardless of size or length of time since establishment, within the Romanian or international business environment. It was conceived both for shares and bonds listings and also for other kind of financial instruments which do not fulfill the criteria to be listed on the regulated market. CAN-ATS is characterized through easier listing procedures, a prospectus not being necessary for the listing, but only a company's presentation. The reporting demands are also reduced compared to those of the regulated market. For the companies which are interested to transfer on the regulated market, listing on CAN-ATS could be regarded as a first step, followed by the increase of free float and liquidity.

Regarding the international tier, as of November 23, the shares of the first issuer, Daimler AG, are available to trading. The issuer benefits of the market making services of the Banca Comercială Română. Before the end of 2010, the issuer registered 152 trades in total value of 140,807 euro.

In 2010, there were authorized 45 participants for trading on CAN-ATS, out of which, 19 actually traded.

10. IT AND DEVELOPMENT

10.1 TRADING SYSTEM AND IT INFRASTRUCTURE

Arena System

Arena is a BVB trademark representing a technology platform designed and developed in-house. It supports the services for all companies, member of the BVB Financial Group, which run trading and post-trading activities, and is also used by the participants to the systems administrated by the Group's member companies.

2000 – started the design of **Arena** trading platform

2001 – **Arena 1.0** for the trading of debt instruments

2003 – **Arena 1.0** for clearing / settlement / registry operations

2004 – **Arena 2.0** for the trading of shares and debt instruments

2005 – **Arena 2.0** supports all operations for Romanian spot market

2006 – **Arena CSD** (Clearing & Depository System) becomes platform for the operations of Central Depository

2007 – **Arena CHS** (Clearing House System) becomes platform for Bucharest Clearing House on derivatives clearing

2008 – **Arena Gateway** – API trading interface-solution for integrating intermediaries' trading platforms

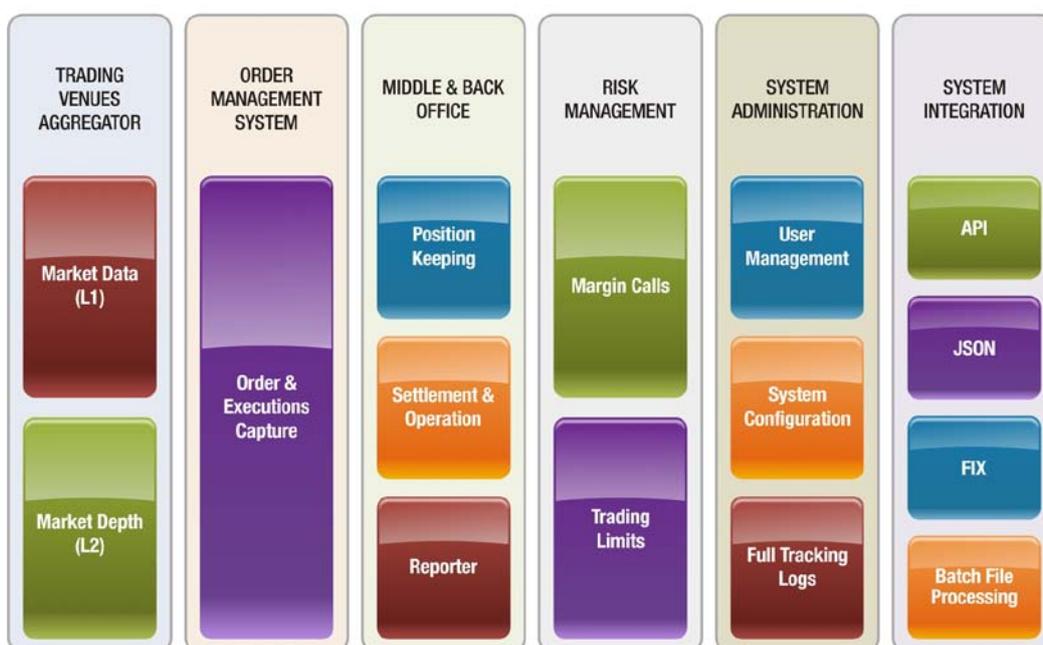
2009 – **Arena FIX Engine** – FIX Protocol (Financial Exchange Protocol) system is implemented

2010 – **Arena eXTended** – broker-side platform for the participants to the BVB trading system.

2010 BVB ACTIVITY

ArenaXT is mainly based on the Arena-Automated Exchange Platform technology and architecture, and there were added operational modules for brokerage activity. ArenaXT provides users safety, performance and the fiability of the system, the parameters based on hardware and software infrastructures which places it as efficient on the services market.

10 Components of ArenaXT



The presentation of the product is available on the Arena XT website www.arena-xt.com.

The system availability

During 2010 the Arena trading system uptime was of 100%, and that of the communication system was of 99.99%.

Operations in 2010

The Arena system was accessed in 2010 by 88 participants, through 472 users and processed 12,274,328 orders.

System upgrades

In 2010 there were two upgrades of the Arena system, with the following functional changes:

2.1.13 version – December 16, 2010:

- Futures Market: intraday surplus withdrawal, expanding the assets range which could be used for the collateral;
- Internal Account (Deal, Quote, Trade) – Internal Account Field was added within a trading. This field is undertaken as it is shown within the order / deal / quotation which participated in the performance of the trading;
- Short Sell Exempt – Short Sell Sign attached to a selling order was expanded to allow the market makers to operate short selling order according to the regulations in force. The Short sign attached to an order / transaction could have the values: N/A (not applicable), SSH (Short Sell), SSE (Short Sell Exempt).

2010 BVB ACTIVITY

2.1.12 version – April 27, 2010:

- a) Internal Account Activate for the graphic interface level and access implementation through FIX 5.0 protocol;
- b) In order to align to the standards, BVB implemented an access point / server to the trading system which is compatible with FIX 5.0 protocol. At the same time the operational flow of the trading system was adjusted according to the protocol's specifications.

DATA DISSEMINATION

Web services, market news dissemination

All the financial instruments, with their particular features both regarding the trading information and also the reference data from all the BVB markets, are available through the web services for the automatic data retrieval.

The market news dissemination channels, used by intermediaries, financial portals or directly by investors through RSS aggregators, serviced the public dissemination of over 16,500 information notes during 2010.

Site products, data dissemination

From point of view of the quality of the data provided by the different types of stock exchange data users, BVB maintained the standards settled in the previous years, providing both real-time market data, through professional data vendors and through website (products in real time from the "Exchange live" section), and also data regarding the listed companies, including financial data, information on the traded instruments, statistics on demand, including historical trading data, market indicators etc.

From point of view of the interest for the BVB data, at data vendors' level, the number of the companies which took over the BVB data increased at the end of 2010 to 32, compared to 26 the same period of the previous year. Currently the average number of terminals which displays the BVB data in real-time registered a small decrease from 1,824 in 2009, to 1,738 in 2010.

BVB – Bloomberg Cooperation

As a result of a project developed during 2010, BVB adopted Bloomberg Global Identifiers (BBGID), as identifier of the financial instruments available to trading on BVB. Identifiers are available free of charge to all the investors, through the BVB website - www.bvb.ro.

The BBGID is 12 digit alpha-numeric, randomly generated identification (ID) covering 36 million active and non-active securities. In total, there will be more than 852 billion potential numbers available. BBGID provides comprehensive global coverage of the financial markets and the ID will be invaluable for those lacking an identifier like loans, and futures and options. BBGID is consistent with the identifiers used in Bloomberg Professional® service and Bloomberg Enterprise Data products.

Success
is to reach an
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1. ACCOUNTING POLICIES USED FOR FINANCIAL REPORTING

Annual financial statements have been prepared in accordance with the chart of accounts established by the General Accounting Regulations in accordance with the Fourth Directive of the European Economic Communities applicable to entities authorized, regulated and supervised by the National Securities Commission (CNVM), approved by the President of the National Securities Commission Number 75/2005, with subsequent amendments and other legislation such as:

- Accounting Law 82/1991, republished;
- Instruction number 1/2010 amending the Instruction number 2/2007 regarding the preparation and submission of annual financial statements by entities authorized, regulated and supervised by CNVM, published in the Official Journal of Romania Part I and the CNVM website;
- Minister of Finance Order number 907/2005 approving the categories of legal persons who apply accounting rules in accordance with International Financial Reporting Standards (IFRS), rules that comply with European Directives, published in Official Journal of Romania number 597/2005;
- Minister of Finance Order number 2861/2009 for approving the Norms on the organization and inventory of assets, liabilities and equity.

Other legal specific regulations

- Law number 297/2004 regarding the capital market;
- Law number 31/1990 regarding legal entities, republished with amendments and completions;
- Minister of Finance Order number 1,775/2004 regarding some accounting regulations published in the Official Journal of Romania number 27/2005;
- Law number 26/2010 for the amendment of the Emergency Ordinance number 75/1999 regarding financial audit activity, republished, published in the Official Journal of Romania number 145/2010.

Annual financial statements are prepared on the trial balance arising from the application of the understandings contained in the accounting regulations for entities supervised and regulated by CNVM.

Principles which were used to prepare the individual financial statements

Annual financial statements were prepared using the historical cost basis in accordance with the provisions of the Order of the President of CNVM number 75/2005 regarding the approval of Accounting Regulations in accordance with Fourth Directive of the European Economic Communities applicable to entities authorized, regulated and supervised by CNVM, as amended by CNVM Order number 11/2009.

These financial statements are prepared in accordance with the principles of accrual accounting. Thus, the effects of transactions and other events are recognized when they occur and are recorded in the accounts and reported in the corresponding periods.

2. EXECUTION OF REVENUES AND EXPENSES BUDGET

During the reporting period, Bucharest Stock Exchange has held its financial activity under the Revenues and Expenses Budget for 2010 approved by the GMS held on 04.30.2010, which included in the "total revenues" category an amount of 20,669,000 lei and in the "total expenses" an amount of 14,945,570 lei, with a gross profit of 5,723,430 lei and an estimated net profit of 5,109,869 lei.

2010 BVB FINANCIAL RESULTS

BVB revenues and expenses as for 2010 were made as follows:

- lei -

| NO. | CATEGORY | PLANNED | REALIZED | DIFFERENCE |
|------|----------------|---------------|---------------|-------------------|
| | | 2010 (COL. 1) | 2010 (COL. 2) | (COL. 2 – COL. 1) |
| I. | Total revenues | 20,669,000 | 20,538,957 | - 130,043 |
| II. | Total expenses | 14,945,570 | 14,050,561 | - 895,009 |
| III. | Gross profit | 5,723,430 | 6,488,396 | + 764,966 |
| IV. | Net profit | 5,109,869 | 5,707,898 | + 598,029 |

Comparing realized revenues and expenses to those planned, BVB reported an **increase of 13% of the gross profit**, (5,723,430 lei to 6,488,396 lei) and a **12% increase in net profit** (5,109,869 lei to 5,707,898 lei).

3. STATEMENT OF INCOME AND EXPENSES

Revenues structure:

- lei -

| CATEGORY | PLANNED | REALIZED | DIFFERENCE |
|-----------------------------------------------|-------------------|-------------------|--------------------|
| | 2010 (COL. 1) | 2010 (COL. 2) | (COL. 2 - COL. 1) |
| I. TOTAL REVENUES | 20,669,000 | 20,538,957 | - 130,043 |
| 1. Operating revenues-total, of which: | 15,099,000 | 13,210,113 | - 1,888,887 |
| a) participants | 128,000 | 151,242 | 23,242 |
| b) issuers | 718,000 | 1,016,256 | + 298,256 |
| c) trading | 12,610,000 | 10,174,153 | - 2,435,847 |
| d) data vending | 1,306,000 | 1,293,011 | - 12,989 |
| e) IT services | 320,000 | 410,857 | + 90,857 |
| f) other operating incomes | 17,000 | 164,594 | + 147,594 |
| 2. Financial revenues-total, of which: | 5,570,000 | 7,328,844 | + 1,758,844 |
| a) revenue from investing in associates | 1,490,000 | 1,398,726 | - 91,274 |
| b) interest rates | 3,900,000 | 4,978,161 | + 1,078,161 |
| c) other financial revenues | 180,000 | 951,957 | + 771,957 |

During the reporting period, total revenues were below the plan by 1%, with the amount of 130,043 lei. Operating revenues were below the plan by 12.5%, with the amount of 1,888,887 lei.

Planned revenues from trading participants were exceeded by the sum of 23,242 lei, due to tariff based on the use of additional terminals.

Issuers maintenance revenues represent fees paid by listed companies. These were higher than the plan with the amount of 298,256 lei, which represents a difference of 41.5%. The difference was possible due to the uneven chargeability in reporting the amounts, on one hand, and thanks to the increase in prices for listed companies on the other hand.

Trading revenues were below the plan with an amount of 2,435,847 lei due to not achieving the scheduled average daily turnover and the 50% reduction in trading commissions charged on all BVB markets during 11.17.2010 – 12.31.2010.

Planned financial income was exceeded by the amount of 1,758,844 lei, which represents an increase with 31.5%, due to the overcome of planned interest rates revenues. In 2010 investments made in lei received on average a 7.80% interest rate.

2010 BVB FINANCIAL RESULTS

Expenses structure:

- lei -

| CATEGORY | PLANNED | REALIZED | DIFFERENCE |
|-----------------------------------------------|-------------------|-------------------|--------------------|
| | 2010 (COL. 1) | 2010 (COL. 2) | (COL. 2 - COL. 1) |
| II. TOTAL EXPENSES | 14,945,570 | 14,050,561 | - 895,009 |
| 1. Operating expenses-total, of which: | 14,945,570 | 12,909,767 | - 2,035,803 |
| a) functioning expenses | 3,544,270 | 3,229,496 | - 314,774 |
| b) personnel expenses | 8,223,000 | 7,274,697 | - 948,303 |
| c) marketing expenses | 1,636,000 | 766,371 | - 869,629 |
| d) depreciation and provisions | 1,117,300 | 1,140,836 | + 23,536 |
| e) external services | 425,000 | 498,367 | + 73,367 |
| 2. Financial expenses-total | | 1,140,794 | + 1,140,794 |

The total expenses during the reporting period were 6% below budgeted expenses, with an amount of 895,009 lei.

Overall it can be noticed:

- **savings in maintenance and functioning expenses** as a result of policies pursued by the company to limit their driving, and the fact that some projects budgeted for marketing and advertising were not accomplished;
- **savings on personnel costs** because of not realizing the costs of salaries and the decrease had led to drops in the other items of related expenses such as: unemployment charge, social insurance, etc;
- **savings on depreciation expense primarily** due to the delay of some investments;
- **VAT expenses exceeded** the plan due to the fact that the company is subject to joint taxation regime and counted taxable income (income from trading commissions) were higher than those actually performed, on the one hand, and on the other hand because of the VAT growth from 19% to 24% starting July 2010; these led the company to bear higher costs of VAT.

In accordance with the aboves, gross profit and net profit of the reporting period are summarized in the following table:

- lei -

| CATEGORY | PLANNED | REALIZED | DIFFERENCE |
|--------------|---------------|---------------|-------------------|
| | 2010 (COL. 1) | 2010 (COL. 2) | (COL. 2 - COL. 1) |
| Gross profit | 5,723,430 | 6,488,396 | + 764,966 |
| Income Tax | 613,561 | 780,498 | + 166,937 |
| Net Profit | 5,109,869 | 5,707,898 | + 598,029 |

2010 BVB FINANCIAL RESULTS

4. STATEMENT OF RECEIVABLES AND LIABILITIES

Statement of accounts receivable as for 12.31.2010:

- lei -

| RECEIVABLES | BALANCE AS FOR 12.31.2010 GROSS AMOUNTS | MATURITY | |
|----------------------|--------------------------------------------|------------------|-------------|
| | 2010 | BELLOW 1 YEAR | OVER 1 YEAR |
| | 1=2+3 | 2 | 3 |
| Accounts receivables | 910,421 | 910,421 | - |
| Other receivables | 590,567 | 590,567 | - |
| Prepaid expenses | 108,363 | 108,363 | - |
| TOTAL | 1,609,351 | 1,609,351 | - |

Statement of liabilities as for 12.31.2010:

- lei -

| LIABILITIES | BALANCE | MATURITY | | |
|------------------------------------------------------------------|------------------|------------------|----------------------|-----------------|
| | 12/31/2010 | BELLOW 1 YEAR | BETWEEN 1-5 YEARS | OVER 5 YEARS |
| | 1=2+3+4 | 2 | 3 | 4 |
| Commercial debts | 449,386 | 449,386 | 0 | 0 |
| Other debts, including fiscal debts and social security debts | 1,028,864 | 1,028,864 | 0 | 0 |
| Unearned revenues | 618,811 | 618,811 | 0 | 0 |
| TOTAL | 2,097,061 | 2,097,061 | 0 | 0 |

BVB liabilities on 12.31.2010 amounted 2,097,061 lei, down by 10% from the previous year (2,324,329 lei). Liabilities consist of commercial debt (449,386 lei), other liabilities including tax debts to be paid in a period less than one year (1,028,864 lei) and unearned revenues (618,811 lei).

5. BALANCE SHEET AS FOR 12.31.2010

Company's financial position is reflected by the following balance sheet items:

- lei -

| CATEGORY | YEAR 2009 | YEAR 2010 |
|----------------------------------------------|-------------------|-------------------|
| NON-CURRENT ASSETS – total, of which: | 25,350,992 | 25,371,702 |
| • intangible assets | 99,192 | 11,441 |
| • tangible assets | 1,167,478 | 950,207 |
| • financial assets | 24,084,322 | 24,410,054 |
| CURRENT ASSETS – total, of which: | 66,875,244 | 64,651,257 |
| • inventories | 7,892 | 5,332 |
| • accounts receivables | 1,489,978 | 748,638 |
| • other receivables | 776,204 | 588,208 |
| • other short-term investments | 0 | 62,997,521 |
| • cash and cash equivalents | 64,601,170 | 311,558 |
| PREPAID EXPENSES | 275,919 | 108,363 |
| TOTAL ASSETS | 92,502,155 | 90,131,322 |

2010 BVB FINANCIAL RESULTS

- lei -

| CATEGORY | YEAR 2009 | YEAR 2010 |
|------------------------------------------------------------------|-------------------|-------------------|
| EQUITY - total, of which: | 90,177,826 | 88,034,961 |
| • share capital | 76,741,980 | 76,741,980 |
| • share premium account | 8 | 8 |
| • capital reserves representing surplus from revaluation reserve | 57,109 | 57,109 |
| • legal reserves | 4,087,010 | 4,411,410 |
| • other reserves | 1,440,957 | 1,440,957 |
| • retained earnings | - | - |
| • current net profit | 8,329,762 | 5,707,897 |
| • distribution of profit | 479,000 | 324,400 |
| DEBTS TO BE PAID IN LESS THAN 1 YEAR | 1,719,994 | 1,478,250 |
| • commercial debt | 357,264 | 449,386 |
| • other debts | 1,362,730 | 1,028,864 |
| DEBTS TO BE PAID IN MORE THAN 1 YEAR | 105,490 | - |
| PROVISION | - | - |
| UNEARNED REVENUES | 498,845 | 618,111 |
| TOTAL EQUITY AND LIABILITIES | 92,502,155 | 90,131,322 |

Cash Flow Statement shows that the company has a very strong cash flow position. Available cash and short-term financial investments at the end of 2010 equal to 63,309,079 lei (down only 2% from 12.31.2009 figures), after 7.8 million lei were paid in dividends.

6. PROFIT AND LOSS ACCOUNT

- lei -

| CATEGORY | YEAR 2009 | YEAR 2010 |
|--------------------|------------------|------------------|
| Net Turnover | 12,380,115 | 13,056,291 |
| Operating revenues | 12,390,710 | 13,207,534 |
| Operating expenses | 13,875,099 | 12,907,190 |
| Operating result | - 1,484,389 | 300,344 |
| Financial revenues | 11,011,468 | 7,017,571 |
| Financial expenses | -59,789 | 829,520 |
| Financial result | 11,071,257 | 6,188,051 |
| Gross result | 9,586,868 | 6,488,395 |
| Income tax | 1,257,106 | 780,498 |
| NET PROFIT | 8,329,762 | 5,707,897 |

The net profit was realized mainly from the operating activity (57%).

In 2010 the company did not recorded extraordinary revenues or expenses.

2010 BVB FINANCIAL RESULTS

7. PROFIT DISTRIBUTION

| DESTINATION | LEI |
|---------------------------------------------|------------------|
| A. NET PROFIT TO BE DISTRIBUTED | 5,707,897 |
| 1. For legal reserves | 324,400 |
| 2. For statutory reserves | - |
| 3. Internal reserves | - |
| 4. Other reserves | - |
| 5. To cover previous period accounting loss | - |
| 6. For dividends | 5,383,497 |
| 7. Other destination | - |

From the net profit realized by BVB during 01.01.2010 – 12.31.2010, in the amount of 5,707,897 lei, the sum of 324,400 lei was allocated to legal reserves in accordance with the provisions of the Fiscal Code.

At the Board of Directors proposal, the General Assembly of Shareholders approved the distribution of gross dividends in the amount of 100% from undistributed net profit amounted to 5,383,497 lei.

8. MAIN FINANCIAL INDICATORS

| ITEM | FORMULA | 12.31.2009 | 12.31.2010 |
|--------------------------|------------------------------------------------------|-------------------|-------------------|
| Current ratio | Current assets / Current liabilities | 38.88 | 43.81 |
| Quick ratio | (Current assets - inventories) / Current liabilities | 38.87 | 43.80 |
| Days sales outstanding | (Average receivables / Net turnover)*360 days | 35.71 days | 31.29 days |
| Days payable outstanding | (Average payables / Net turnover)*360 days | 12.48 days | 11.27 days |
| Fixed assets turnover | Net turnover / Fixed assets | 0.48 | 0.51 |
| Assets turnover | Net turnover / Total assets | 0.13 | 0.14 |
| Net profit margin | Net profit / Net turnover*100% | 67.28 % | 43.72 % |
| Return on equity (ROE) | Net profit / Equity*100% | 9.23 % | 6.48 % |
| Return on assets (ROA) | Net profit / Total assets*100% | 9.00 % | 6.33 % |
| EPS | Net profit / Total shares outstanding | 1.09 lei / share | 0.70 lei / share |
| Market capitalization | Market price * Total shares outstanding | N/A | 312,723,569 lei |
| Current ratio | Equity / Total shares outstanding | 11.75 lei / share | 11.47 lei / share |

9. RELATIONS WITH SUBSIDIARIES, ASSOCIATES AND OTHER COMPANIES IN WHICH BVB HOLDS STRATEGIC INVESTMENTS

BVB has no subsidiaries and owns at 12.31.2010 shares in following companies:

- SC Depozitarul Central SA, Bucharest, 25 Făgăraș Street, District 1, valued at 19,462,405 lei or 67.34% from share capital;
- SC Casa de Compensare București SA, 34-36 Carol I Boulevard, 12th Floor, District 2, Bucharest, valued at 3,651,494 lei or 52.51% from share capital;
- SC Fondul de Compensare a Investitorilor SA, 34-36 Carol I Boulevard, 12th Floor, District 2, Bucharest, valued at 210,040 lei or 60.99% from share capital;
- SC Casa Română de Compensație Sibiu SA, 2 Mihail Kogălniceanu Street, Sibiu, valued at 209,250 lei or 1.94% from share capital;
- The initial contribution to heritage BVB Corporate Governance Institute, 34-36 Carol I Boulevard, 12th Floor, District 2, Bucharest, valued at 50,000 lei or 100% from total.

TRANSACTIONS WITH RELATED PARTIES

- lei -

| | YEAR 2009 | YEAR 2010 |
|-------------------------------------------------------------|-----------|-----------|
| Operating revenues | 320,270 | 411,333 |
| Dividends received | 1,703,760 | 1,379,781 |
| Purchases of goods and services | - | 9,450 |
| Amounts to be paid (debt) at 12/31/2009 - 12/31/2010 | - | 100 |
| Amounts receivable (receivables) at 12/31/2009 - 12/31/2010 | 190,513 | 0 |

Revenue received from entities in which BVB owns shares are based on IT services for equipment used by SC Depozitarul Central and SC Casa de Compensare Bucharest.

10. RISK MANAGEMENT

BUSINESS RISK

The effects of the international financial crisis were felt on the Romanian market in the following forms:

- capital market decline;
- increase of risk premiums;
- population's difficulties to repay the loans;
- RON interest rates growth;
- RON depreciation;
- real estate prices drop;
- negative evolution of macroeconomic indicators (inflation, budget deficit, current account deficits, foreign direct investment, unemployment, etc.).

The company's management can not estimate all the effects of the crisis on the financial sector in Romania or their potential impact on BVB financial statements.

The company's management believes that adopted suitable measures for the sustainability and development of the company giving the current market conditions.

LIQUIDITY RISK

Company's policy on liquidity is to maintain sufficient resources to meet its obligations as they fall due.

Liquidity risk may arise in case the company can not meet its current financial needs due to a lack of liquidity. Considering that a significant proportion of company assets consist of investments with high liquidity, the liquidity risk of the company is low.

The company follows the evolution of liquidity ratios in order to be able to pay obligations to the date they are due. Assets and liabilities are analyzed based on their maturity.

CREDIT RISK

Credit risk represents the accounting loss that would be recognized if the parties engaged in a contract would not meet their obligations. The company is exposed to credit risk arising from the possible default of payment by the contracting partners. However, anticipated losses are not significant.

THE RISK FOR TAXATION

Starting January 1, 2007, following Romania's accession to the EU, the company had to submit to European Union regulations and prepared to implement changes brought by European legislation. The company has implemented these changes, but the implementation is open to tax audit for five years.

Interpretation of texts and the practical implementation of new applicable tax regulations procedures may vary and in some cases there is a risk that tax authorities take a different position than the Company's.

In addition, the Romanian Government has authorized agencies to conduct audits (controls) of companies operating in Romania. These controls are similar to tax audits in other countries and may cover not only the tax issues but also other legal and regulatory matters. It is possible that the Company's will be subject to tax audits on the issuance of new tax regulations.



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