BUCHAREST STOCK EXCHANGE

ANNUAL REPORT

2013

BUCHAREST
STOCK
EXCHANGE

DRAWN UP UNDER ARTICLE 112 OF THE ASF (FINANCIAL SUPERVISORY AUTHORITY) REGULATION NO. 1/2006

For the financial year: 2013
Date of the report: April 30, 2014
Name of the company: BURSA DE VALORI BUCURESTI S.A. (BUCHAREST STOCK EXCHANGE)
Registered office: 34-36 Carol I Street, floor 13-14, District 2, Bucharest
Telephone/Fax: 021-3079500/021-3079519
Unique Tax Reference Number: RO 17777754
Trade Register number: J40/12328/2005
Regulated market on which the issued securities are traded: Spot Regulated Market, administered by the Bucharest Stock Exchange.
Subscribed and paid-up share capital: Lei 76,741,980
The main characteristics of the securities issued by the trading company: 7,674,198 shares with a nominal value of Lei 10

1. ANALYSIS OF THE ACTIVITY OF THE BUCHAREST STOCK EXCHANGE (THE COMPANY)

Company set-up and description of its basic activity

BUCHAREST STOCK EXCHANGE

In April 1995, under the CNVM decision no. 20/21.04.1995, the Bucharest Stock Exchange (BVB) was re-established as a public interest institution, with legal personality, to carry out its activity on the principle of self-financing.
The company became a joint stock company (from a public interest organization) in July 2005, and its term of operation is unlimited.

The Bucharest Stock Exchange is organized as a private law Romanian legal person and it operates as a joint stock company under the Law 31/1990; its object of activity is the administration of financial markets, NACE code 6611. BVB is authorized as market operator by the Romanian National Securities Commission (CNVM) under the decision 369/31.01.2006, being registered in the CNVM Register, Section II, Market Operators, under no. PJR11OPPR/400001, and as system operator by Certificate no. 242/23.07.2008, registered in the CNVM Register, Section I2, System Operators under no. PJR12OSAT/400003, and by the Decision no. 534/21.04.2010 issued by the Romanian National Securities Commission.

The main activity of BVB is the administration of financial instrument trade markets, as well as operations related to the main object of activity and provided by the regulations of ASF.

BVB administrates a spot regulated market (authorized under the CNVM Decision no. 370/31.01.2006), a futures regulated market (authorized under the CNVM Decision no. 926/14.06.2007) and an alternative trading system (authorized under the CNVM Decision no. 534/21.04.2010). Furthermore, BVB administrates the RASDAQ Market and the market of unlisted securities, functional pursuant to ASF regulations, under temporary conditions, until the clarification of the statute for these market segments:

- spot regulated market, on which shares and titles issued by Romanian and international entities, debt securities: corporate, municipal and state bonds, issued by Romanian entities and by international corporate bonds, equity shares in mutual funds: shares and fund units, structured products, tradable OPCVM (Undertaking for Collective Investment in Transferable Securities) (ETFs – Exchange Traded Funds) are traded;
- futures regulated market, on which futures shares contracts, indices, goods and foreign exchange are traded;
- alternative trading system (ATS), on which foreign shares listed on another market and securities issued by Romanian companies non-eligible for the regulated market are traded;
- RASDAQ market, on which shares and titles issued by Romanian entities are traded, most of them originating in the mass privatization programme.

The activity of storage, clearing, settlement and registration for the financial instruments trades on the spot regulated market operated by BVB is carried out by the company Depozitarul Central S.A. (Central Depository). The activity of clearing and settlement of the transactions executed on the futures regulated market operated by BVB is ensured by the company Casa de Compensare Bucuresti S.A. (Bucharest Clearing Fund).

The regulatory framework applicable to the activity of BVB is the one provided by the Law no. 31/1990 on trading companies, by the Law no. 297/2004 on the capital market, as subsequently amended and supplemented, by the ASF regulations and by own BVB regulations, as approved by ASF.

On December 31st, 2013, the Bucharest Stock Exchange held equity securities relating to the share capital of other companies, in the manner described below:

- Equity investments in the share capital of the company Depozitarul Central S.A. (DC), seated in Bucharest, 34-36 Carol I Blvd., district 2, amounting to Lei 22,656,932, i.e. 69.04% of its share capital; on December 31st, 2013, DC held stockholders' equity amounting to Lei 29,175,387 and an accounting profit of Lei 15,298, according to the preliminary, non-audited financial statements;
- Equity investments in the share capital of the company Casa de Compensare Bucuresti S.A. (CCB), seated in Bucharest, 34-36 Carol I Blvd, District 2, amounting to Lei 3,651,494, i.e. 52.5080% of its share capital; on December 31st, 2013, CCB held stockholders' equity of Lei 5,650,971 and an accounting loss of Lei 489,334, according to the preliminary, non-audited financial statements;
- Equity investments in the share capital of the company Fondul de Compensare a Investitorilor S.A. (FCI), seated in Bucharest, 34-36 Carol I Blvd, District 2, amounting to Lei 214,520 (62.30%); on December 31st, 2013, the company's stockholders' equity amounted to Lei 18,831,652, while its accounting profit was Lei 44,616, according to the preliminary, non-audited financial statements;
- Contribution to the initial assets of the Corporate Governance Institute Foundation of BVB, seated in Bucharest, 34-36 Carol I Blvd, District 2, amounting to Lei 50,000 (100.00%); on December 31st, 2013, the company's stockholders' equity amounted to Lei 31,363, while its accounting loss was Lei 9,621, according to the preliminary, non-audited financial statements.

Description of procurement and/or alienation of assets

In 2013, the Bucharest Stock Exchange had investments in intangible assets amounting to Lei 321,636 (2012: Lei 419,181) and in tangible assets amounting to Lei 706,832 by the procurement of equipment (2012: Lei 71,271), according to the investment plan approved by the General Shareholders' Meeting (AGA). Subsequent to the settlement of the litigation regarding the land on Maresal Averescu Blvd., pursuant to the final and irrevocable judgment of the Bucharest Court of Appeal delivered on March 26th, 2013, by which the court confirmed the right of ownership of this land by the Bucharest Stock Exchange, the litigation provision amounting to Lei 1,019,020 was reversed and a reappraisal of the land was carried out on June 30th, 2013, by an ANEVAR authorized expert, resulting in the increase of the gross value of the land with Lei 2,325,080. The management of BVB considers that the fair value on December 31st, 2013 is not significantly different from the fair value determined on June 30th, 2013, according to the evaluation report.

In 2013, intangible assets outflows amounted to Lei 70,407, while tangible assets outflows were at Lei 209,328. Proceeds from the sales of fixed assets amount to Lei 20,368.

Analysis of the financial results for the year 2013

BVB closed the year 2013 with a turnover of Lei 24.3 million, i.e. 39.6% more than the level obtained in the previous year, mainly because of cashing the operating revenues in advance. The public offerings launched by the Romanian Government played an important role to this end, the SPO of Transgaz and the IPOs of Nuclearelectrica and Romgaz amounting overall to Lei 2.33 billion (about EUR 520 million). Furthermore, private investments, buying offers and other operations, most of them carried out in the second part of 2013, had a positive impact on the revenues from transactions. The issues of bonds, with a total value of Lei 975 million (EUR 220 million), although significantly higher, had a lower contribution to the transaction revenues, since this type of operations benefits from specific fee exemptions, in order to promote these financial instruments.

The trading value on the regulated market increased with 14% as compared with 2012, with an average daily value of the transactions amounting to Lei 31.9 million (DEAL transactions included, without the public offers).

The operating expenses in 2013 increased with 21.8%, given the increase of personnel expenses and promotion expenses.

Personnel expenses were influenced by non-recurrent expenditure corresponding to the internal reorganization procedures, as well as by the registration, at the end of 2013, of the payment obligations regarding the management staff and employees.

The internal reorganization carried out in the last two quarters of 2013 concretized in the decrease of the number of employees, with 17 (30%), and the registration of non-recurrent personnel expenses amounting to Lei 0.94 million. The budgeted level of non-recurrent expenses of Lei 0.7 million was exceeded also because of the expenses relating to the settlement of the last labor litigation.

In the second quarter of 2013, BVB registered under value adjustment of tangible and intangible assets the 1.02 million lei adjustment reversal initially registered for the historic procurement value of the land located in Maresal Averescu Blvd., pursuant to the settlement of the litigation on the BVB right of ownership over the land and to the recognition of such right of ownership, thus diminishing the overall operating expenses.

The investments made during the year triggered increases of the depreciation charges (with 17.6%) and, partially, of the charges with non-deductible VAT.

The increase of value adjustments relating to the current assets were determined by the adjustment of the account-receivables from Harinvest SA, amounting to Lei 0.3 million.

The increase of the Company's level of activity in 2013 meant the increase of other operating expenses. The efforts to increase the local market visibility, to promote public offers and to attract new investors led to increases in advertising and publicity expenses, from Lei 0.5 million to Lei 1 million, as well as in domestic and foreign travel expenses from Lei 0.2 million to Lei 0.4 million.

The increase of the expenses with taxes is caused by the increase of charges with non-deductible VAT and by the increase of the value resulted from the application of the 1% rate on operating income obtained from ASF-monitored activities.

In 2013, a provision of Lei 100,000 for rewarding the Company's Directors for the 2013 financial year was established, according to the proposal of the Board of Directors, approved by the General Shareholders' Meeting.

In 2013, the operating expenses amounted to Lei 16.3 million, a level higher than that of the previous year.

INDICATOR (MILLION LEI)	2013	2012	VARIATION	BUDGET 2013	BUDGET EXECUTION RATE
Turnover	24.29	17.40	39.6%	18.81	129.1%
Overall operating expenses, 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 profit	8.13	4.08	99.2%	3.36	241.8%
Financial result	2.90	6.05	-52.1%	2.15	134.9%
Gross result	11.03	10.13	8.9%	5.51	200.1%
Net result	9.48	9.01	5.3%	4.58	207.0%
Net result per share (lei)	1.24	1.17	5.3%	0.60	207.0%

* Including non-recurrent personnel expenses budgeted for 2013 and contributions related to remunerations for the Stock Exchange Board (CB) and Special BVB Commissions (CS) and excluding the CB and CS gross remunerations.

The operating profit amounted to Lei 8.1 million, double as compared with the one of 2012.

The financial profit decreased with 52.1% as compared with 2012, up to Lei 2.9 million, given the significant drop in the main sources of income, namely the interests regarding the liquidities and the dividends collected. Due to the repeated decreases in the reference interest rate operated by the central bank, with a direct impact on the interest rates offered for bank deposits and government bonds, the interest revenues obtained by BVB dropped from Lei 3.7 million in 2012 to Lei 2.8 million in 2013. Dividends collected decreased with 80% as compared with the previous year, from Lei 1.9 million to Lei 0.4 million, pursuant the significant diminution of the Central Depository profitability, the main source of the dividends collected.

After the evaluation of the situation of Casa de Compensare Bucuresti SA, several factors regarding the depreciation of BVB shareholding value on December 31st, 2013 were identified and the Company proceeded to adjust the value of equity interests with an amount of Lei 0.34 million. The value of adjustment is 50% of the value corresponding to the decrease of CCB net assets value below the threshold of holding recorded in the BVB accounting books.

Exchange rate differences corresponding to foreign currency liquidities registered both on other financial expenses and on financial revenues did not have a significant impact on the financial result. The value adjustment decrease for the shares held in foreign stock exchange had a positive impact on the financial result.

In 2013, BVB had a net profit of Lei 9.5 million, 5.3% higher than in the previous year. The net profit per share was Lei 1.24.

Cash flow statement

In 2013, BVB generated a positive cash flow from the operating activity of Lei 7.40 million, 128.8% higher than in the previous year. Investment activities generated a positive cash flow of Lei 1.03 million, pursuant to the reorientation to long-term government bonds, with a better turn-over than short-term investments. The cash outflows from the financing activity amounted to Lei 8.77 million, representing dividends paid to the BVB shareholders. At the end of 2013, a decrease by Lei 0.34 million in cash and cash equivalents (bank deposits and treasury certificates with maturity shorter than 3 months) occurred, mainly because of the investments in long-term financial instruments.

Net assets

On December 31st, 2013, BVB total assets amounted to Lei 104.4 million, 6.5% above the level at the end of 2012, of which: fixed assets of Lei 61.5 million and current assets amounting to Lei 42.7 million.

The significant increase of the fixed assets at the beginning of the year (114.9% or Lei 32.9 million as absolute value) was triggered by the increase in the value of tangible assets and by the investment of BVB available assets (of Lei 29.3 million) in long-term bonds, with attractive turnovers, as a reaction to the generalized decrease of interest rates offered for bank deposits. Therefore, these assets were reclassified from current assets to fixed assets.

The value of tangible assets increased, mainly, due to the value adjustment reversal for the land owned and to the registration of the differences from land reappraisal to the fair value (Lei 2.33 million), such adjustments increasing both the value of the fixed assets, and BVB revaluation reserve values. These operations were carried out pursuant the final favoring settlement of the BVB litigation with regard to the Company's right of ownership over the land located in Maresal Averescu Blvd.

Current assets decreased with 38.4%, pursuant the payment of the dividends for the year 2012, but also because of the investment of liquidities in the procurement of long-term bonds and their reclassification as fixed assets. At the end of the year, BVB liquidities amounted to Lei 37.5 million, 94% of them being placed in bank deposits.

At the end of 2013, BVB debts included only short-term (less than 1 year) account-payables, amounting to Lei 5.5 million, representing amounts to be collected from SSIFs (namely, the fee owed to ASF), personnel payment obligations, debts to the State budget and budget of social securities non-payable on December 31st, 2013, as well as dividends remaining to be paid at the end of 2013.

ASSET ITEMS (MILLION LEI)	31.12.2013	01.01.2013	LIABILITIES (MILLION LEI)	31.12.2013	01.01.2013
Fixed assets	61.52	28.62	Equity	97.82	94.60
Current assets - total, of hich -cash, bank accounts and other short-term financial investments	42.70 37.45	69.30 64.98	Payables - total, of which -less than 1 year -more than 1 year	5.54 5.54 0	2.42 2.42 0
Prepaid expenses	0.18	0.06	Provisions	0.37	0.27
			Deferred income	0.66	0.69
Total assets	104.29	97.98	Total liabilities	104.39	97.98

Deferred income registered a slight decrease, the balance of Lei 0.7 million representing the annual fees for maintaining the issuers' admission to trading, invoiced but not collected.

Equity increased as compared to the beginning of the year with 3.4%, due to the registration of land revaluation reserves and of the profit obtained in 2013.

BUCHAREST STOCK EXCHANGE

Financial and performance indicators

INDICATOR		FORMULA	2012	2013
Liquidity indicators	Current liquidity	Current assets / Current liabilities	28.62 times	7.71 times
	Quick ratio	(Current assets - inventories) / Current liabilities	28.62 times	7.71 times
	Debt-to-equity ratio	(Borrowed capital / Equity)*100	BVB does not have borrowings	BVB does not have borrowings
Activity indicators	Account receivables turnover	(Average receivables balance / Turnover)*365 days	30.11 days	27.65 days
	Average payment term of trade creditors	(Average payables balance / Turnover)*365 days	10.61 days	7.60 days
	Fixed assets turnover	Turnover / Fixed assets	0.61 times	0.39 times
	Total assets turnover	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 income / Equity*100	9.52%	9.70%
	Return on assets (ROA)	Net income / Total assets*100	9.19%	9.09%
	Return on employed capital	Gross income / Employed capital *100%	10.71%	11.28%
Market indicators	Earnings per share	Net income / No. of shares	1.17 lei / share	1.24 lei / share
	Market capitalization	Market price * No. of shares	153,483,960 lei	249,411,435 lei
	Book value of equity per share	Equity / No. of shares	12.33 lei / share	12.75 lei / share

EVALUATION OF THE COMPANY'S TECHNICAL LEVEL

Main projects and achievements

I. Potential reclassification of Romanian market in the category of Emerging Markets

In the second half of 2013, representatives of BVB, ASF, the Romanian National Bank, the Ministry of Finance, intermediaries, investors and other capital market players formed a working group for the identification of the key elements required for Romania's reclassification, by MSCI, from the category of Frontier Markets in the category of Emerging Markets.

The main advantages of adhering to a superior category includes the Romania's higher visibility worldwide and a direct modality of attracting new categories of investors who, at present, are not allowed to invest on a Frontier Market.

In the first stage, the group identified eight Barriers or hindrances to the normal development of the Romanian capital market, as described thoroughly in the document "Eight Systemically Important Barriers to the Creation of the Modern Romanian Capital Market". The eight identified Barriers are extremely important, for their elimination, several solutions being proposed, which relate, mainly, to changes in laws.

The measures meant to remove the Barriers will be completed with other measures and solutions, which are Measures for the Strategic Objectives of the Romanian capital market. The difference between Barriers and Measures for Strategic Objectives is the fact that the Barriers hinder the occurrence of some phenomena or obviously diminish the possible rate of their occurrence – thus, their removal would radically improve the conditions of capital market use (for Investors and Companies). The Measures for Strategic Objectives, on the other hand, will optimize the system by improving its competitiveness, also through innovative elements. While Barriers include issues regarding market access, queries and difficulties relating to the fiscal conformity of foreign investors, the exertion of the investors' fundamental rights, such as voting or dividend rights, the complex conditions of the public offerings and share and bond listing, the Measures for Strategic Objectives include, without limitation, issues regarding the issuers' Corporate Governance, the creation of a Central Counterpart for the spot regulated market, instruments for the increase of liquidity, incentives to determine the population to become, directly or indirectly, investors in listed instruments or technological modernization.

The 8 identified Barriers and the solutions suggested for their removal are described below:

BARRIER	CURRENT SITUATION	SOLUTIONS
I. Market access	Presentation of an extended series of original and authenticated documents at the opening of the trading account (most often, after going through a painstaking procedure for the opening of a custody account); Authorized persons are not recognised to act on behalf of institutional investors, which is different from the approach of other jurisdictions	Decrease the volume of required documents and minimise the formalities of account opening; Accept original documents in English; Recognize the authorized representative as alternative to the legal representative
2. Investors' fiscal compliance	Issues (different approaches by the local authorities) regarding the return obligations if the tax is zero in Romania; Complicated procedure of fiscal registration, which may take up to one month	Remove the obligation of tax return if the tax is zero; Remove issues regarding the fiscal treatment of the various categories of foreign investors; Simplify the procedure of fiscal registration and of compliance obligations
3. Breaching of investors' rights	Difficulties in the use of the special authorization used to be able to cast vote in AGA; Complicate vote procedures that require extended time and documentation	Introduction and approval of a general and discretionary delegation; Vote in AGA only according to ID documents and to the delegation; Update and use the Database of the Central Depository for the shareholders with the right to vote and their legal/authorized representative; Include the definition of Ex-date, Registration Date and Payment Date in the Law on the Capital Market
4. Lack of a dividend payment procedure aligned to the international standards	Existence of various dividend payment modalities for the listed companies; Extended term (up to 6 months) from the decision of AGA to the actual payment of the dividends	Creation of an even and centralized system for the payment of dividends via the central depository; Eliminate the shareholders' obligation to prove their dividend right
5. Excessive cost of playing on the market	Trading costs placed among the highest on the ECE capital markets, depending on BVB and ASF fees, as well as on other administrative costs	Gradual and permanent decrease of fees perceived on the domestic capital market; The financing of the supervisory authority should occur according to high trading volumes and lower fees, unlike the current situation
6. Issues regarding the fiscal aspects relating to capital market trading	Unclear treatment regarding the taxation of trading with listed instruments, other than shares; Absence of fiscal regulations on share lending and short selling	Include specifications on the taxation of trading with listed instruments, other than shares; Include fiscal regulations for share lending and short selling
7. Primary market	Inflexible, bureaucratic and protracted conditions for the public offering of shares and of listings	Integrate and accelerate approvals for listing, to allow listing at the closing of the public offering; Remove any mandatory terms or minimum durations of some public offerings; Simplify and eliminate public offerings formalities
8. Bond market	Obsolete and inflexible conditions for bond issues; Unsecured bonds, subject to bank debt; Unclear and contradictory conditions regarding convertible bonds	Accept bond governing by the issuer's own conditions and their issue pursuant to the law of the issuer's choice; Bonds pari passu to bank debt; Clarify the legal conditions of convertible bonds; Grant exceptions regarding pension funds' investments in bonds issued by Romanian companies

2.Increase of liquidity

Privatisations, via the capital market. In 2013, the Romanian Government carried out at the Bucharest Stock Exchange three public offerings that amounted overall to Lei 2.3 billion, namely the secondary public offering for 15% of Transgaz and the initial public offering for 10% of Nuclearelectrica and 15% of Romgaz. The three offerings were completed successfully, being significantly oversubscribed; they caught the interest of both foreign institutional investors and retail investors (for Romgaz, the oversubscription rate of the retail tranche, for which there were public data, was 17 times higher; the tranche for the retail investors was supplemented subsequent to the significant demand).

For each of these offerings, BVB contributed to the promotion of the offering, by participating, with the offering consortium, in the series of specific external roadshows and by ensuring the publicity of the offering, via all the means accessible domestically and internationally. BVB answered to the participants' and investors' requests, modernising the rules and the systems and ensuring the transparency of the subscription process, in order to comply with the best international practices. BVB made as flexible as possible the modality of operation of the offerings; thus, BVB was able to accommodate, pursuant to the prospects, different market segments/tranches for institutional/retail investors, the possibility of reallocation between the tranches, differentiation of sales prices on different tranches, options for the registration of subscriptions in

BVB systems. Furthermore, the modality of disseminating information in real time was improved by the means of communication of BVB to the data-vendors, investors and participants at national and international level.

For Nuclearelectrica, the investors were offered the possibility to capitalize the subscribed shares before the company's actual listing, because of the trading of the rights of allocation. Thus, the transaction made at BVB with allocation right and later with Nuclearelectrica shares amounted to approx. 76 million lei. Romgaz, the most important listing of the year, generated transactions amounting to 251.5 million lei.

Attracting new issuers. BVB continued in 2013 the activities of attracting new private companies on the stock exchange and promoting financing through the local capital market. These activities concerned the monitoring of the market, the identification and the selection of potential companies that satisfy the general conditions of admission on the regulated market or on the alternative trading system operated by BVB, as well as the documents on the potential selected companies and the economic sectors where they carry out their activity, meetings with these companies and follow-up.

Furthermore, the Stock Exchange Board decided to maintain the programme of subsidise Participants who provide assistance to new companies for the admission to trading on the regulated market or on the alternative trading system, in order to attract new companies on the BVB operated markets.

Additional to the aforementioned listings, in 2013 two companies transferred from Rasdaq to the regulated market of BVB, namely Conted Dorohoi and Compet Ploiesti. Moreover, the shares of Transilvania Leasing IFN SA Brasov started trading on the BVB operated alternative trading system, becoming the first Romanian company listed in Category I Shares of the CAN-ATS system. Toward the end of the year, SIF Imobiliare Plc Nicosia, Cyprus, began trading on the CAN-ATS system of BVB.

Attracting new investors. The promotion of the capital market among the investors took place by the organization of meetings with the investors, continuation of the educational programme "Open Doors Day at the BVB" by 40 new events, workshops for the students of the Economic Studies Academy, as well as other events meant to promote stock exchange mechanisms and services.

Starting from October, BVB organizes, on a monthly basis, at its seat, debates on issues of interest for capital market investor, called BVB Focus Investitori (BVB Focus Investors). By this series of meetings with capital market players, the Bucharest Stock Exchange started a dialogue with the investors, in the attempt to create an optimum and efficient environment for debate. The investors' opinions on various issues regarding the market – problems they face and aspects that require improvement – were analysed and integrated in BVB development plans and they were brought to the knowledge of the other decision-making factors on the capital market. These meetings were attended by representatives of the intermediaries, of some of the most liquid issuers listed on the regulated market, retail investors and mass-media representatives.

Promotion of short selling and of share lending. In this project, BVB worked together with the Central Depository (DC) and the intermediaries in order to streamline the market mechanisms regarding margin operations. The project focuses on the necessity to adapt the rules and procedures of BVB and DC to the legislation in force on short selling (European regulations and ASF issued local regulations). A package of proposals for changes of the regulations on short selling and share lending, a package transmitted for approval to the Financial Supervisory Authority.

3. Development of the capital market infrastructure

Creation of the premises for the set-up of a Central Counterpart (CCP). Given the importance of the Central Counterpart for the future development of the local capital market by the development of the derivatives market, in a way that should allow to become a complementary instrument for the spot market, the Bucharest Stock Exchange continued the procedures for the identification of a solution regarding the set-up of this institution.

On September 13th, 2013, the Bucharest Clearing Fund submitted the file for authorization according to the new legal provisions in force, an action that allows the continuation of the activities and services specific for a clearing fund/counterparty until the withdrawal of the currently held authorization.

Pursuant to the provisions of Regulation 3/2013 on the authorization and operation of central counterparties, issued according to the provisions of the (EU) Regulation no. 648/2012 of the European Parliament and Council, dated July 4th, 2012 on OTC derivatives, central counterparties and trade repositories (ASF Regulation 3/2013), the initial term for the submission of additional information was maximum 90 days after the ASF request, respectively the middle of February 2014.

According to the amendments to the ASF Regulation 3/2013, enforced on February 21st, 2014, the clearing fund/central counterparty is to submit to the ASF additional information, within maximum 6 months after the ASF request, which means that the new term required for the transmission of additional information becomes the middle of May 2014.

Increase of system security and performance. As to security and processing capacity, in 2013 the trading system uptime was 100%, and the central system operated at 15% of the processing power.

This year was also the period of 2 software upgrades of the Arena system, for the purpose of adding new functions and improving the operating/processing performance, as well as implementing, at the trading system, solutions that can tolerate "intensive listing" at very low reaction times, in order to increase the performance of processing stock exchange orders, particularly on the market

segment on which market makers and liquidity providers operate. These two upgrades did not have a significant value and they were not capitalized.

Extending the market information dissemination. Regarding the dissemination of information, www.bvb.ro of the BVB operator was available at all times during this period; in 2013 it as accessed daily by approx. 15,000 visitors (average). At the same time, a constant increase of the number of users subscribed on the site was noted, beneficiaries of free services provided by BVB – portfolio evaluation, alerts, watch-lists, subscription to newsletters and trading summaries transmitted automatically on the e-mail; currently, this segment has more than 12,000 users.

In 2013, trading data in the BVB operated systems were disseminated by 38 specialized information broadcasters and displayed in real time on more than 300 terminals of their clients.

BVB has developed mobile devices (smartphone) applications. They will be implemented in the first part of 2014. The purpose: improve the availability of stock exchange information for all the categories of data users: investors, intermediaries, listed companies and the general population, responding to the increasing demand of their existence on mobile devices and facilitating access to information.

Improvement of market architecture and model. In 2013, in order to improve market liquidity, BVB designed a system model and a new market making program; the latter was commissioned at the extension of the spot market trading sessions until 18:00 hours, starting from January 3, 2014.

The model for the separation of the trading and post-trading systems was developed during 2013; currently, it undergoes implementation and approval in the BVB and Central Depository regulations. Some of the benefits attached to the implementation of this project are: solution to the technical requirements of classifying the market as "emerging market" from the position of "frontier market", flexibility and efficiency in the players' operations, significant improvement of operational performance and of the processing capacity, better control of the operational risk.

4. Development of new products and services

Last year, a series of changes to the Code of BVB – Market Operator were enforced; they regard structured produced, previously approved by the Stock Exchange Board. Thus, a special deal market was introduced for these financial instruments; possibility to trade the redemption value corresponding to an individual issue of structured products, such as turbo certificates, on a dedicated market, in two successive trading sessions, in case the "knock-out" price for the corresponding issue was reached; update of the modality to calculate the reference price for the individual issues of structured products and for the equity shares in the tradable OPCM; update of the methodology applicable to public notifications sent by market makers/liquidity suppliers, on their activity on the spot regulated market; decision that BVB should publish the monthly performances of the market makers/ liquidity suppliers on the spot regulated market, on BVB web page, according to a specific methodology.

In 2013, a new element was the launching on trading of index certificates with BCR bonds as active support, as well as of the turbo certificates, with Romgaz shares as active support; both types of products were issued by Erste Bank.

5. Improvement of corporate governance

To this end, BVB activities focused both on the improvement of the corporate governance framework within BVB and on the promotion of Corporate Governance among the capital market players.

Corporate governance in BVB. On August 7th, 2013 the company shareholders that hold more than 1% of the share capital met. This event was the beginning of the BVB-organized consultations with the shareholders. Prior to this, BVB shareholders were invited to participate in a survey on the optimum time for the general shareholders' meetings of BVB, their agenda, the establishment of the Central Counterparty (CCP), the strategy and the action plan for the collaboration with the Office of State Shares and of Industry Privatisation (OPSPI).

The improvement of corporate governance also means the modernization of the organisation, in order to fluidise and to streamline the undertaken operations. The changes take into account the operational requirements, the functionality, the flow of information and the responsibilities involved.

To this end, BVB implemented a procedure for the evaluation of the employees' performance, in order to improve individual results, the efficiency in the activities carried out, professional conduct, and organizational culture. The implementation of this process took place for: the identification of the directions and of the modalities of professional growth of the employees and of improvement of their results, establishment of the compatibility of the evaluated person with the requirements included in the job description, identification of the needs of professional training, identification of skills and their development, design of a succession plan at the organization level, substantiation of the activity of job promotion, substantiation of the activity of rewarding the employees' activity.

Furthermore, BVB carried out an internal reorganization process, which considered the strategy and the objectives of the

Stock Exchange Board, the actual requirements of the activities within BVB, better capitalization of human and material resources, current situation and development potential of the capital market.

In the last two quarters of 2013, the internal reorganization materialized in the decrease of the number of employees with 17 and the elimination of the functional syncope in the development of the activity. The internal reorganization is expected to improve organizational culture and to increase the efficiency of the activities carried out in the BVB.

Corporate governance for existing and potential issuers. On June 25th, 2013, BVB announced the appointment of the consortium directed by Nestor Advisors Ltd, in partnership with NNDKP Romania and SC Concept SRL represented by Aurelian Dochia, Consultant winner of the BVB-BERD joint project for the "Revision and Implementation of the Romanian Code of Corporate Governance". The selection took place according to the BERD announcement of procurement, published on December 27th, 2012.

The objective of the project is to develop the corporate governance and reporting practices among the listed companies in Romania, by improving the recommendations in the BVB Code of Corporate Governance (GC Code) and by strengthening their implementation and monitoring. The estimated total length of the project is 24 months.

Within the project, the Consultant shall provide the following services:

- Reviewing the corporate governance practices in the listed companies, including the statements of conformity and BVB procedures of monitoring; comparing Romanian corporate governance practices with those in similarly developed countries; drawing up proposals adequate for Romania, improving implementation of corporate governance practices; determining the exposure and monitoring the compliance with the GC Code.
- Developing the BVB methodology for: (i) the evaluation of the corporate governance practices of the listed companies, (ii) the monitoring of the reporting practices and the revision of the conformity statements quality and (iii) processing the information offered by the companies listed in publishable reports. Assisting BVB in the adoption and the implementation of the methodology.
- Reviewing the Code and the Romanian corporate governance framework, in order to ensure the principles are not contradictory; drawing up new proposals for the compliance with the international standard and with the best practices in the field.
- Setting up the BVB Corporate Governance Index and preparing the methodology for the inclusion of companies in the index.
- Developing and implementing training programs (approx. 5 sessions) for BVB and for the listed companies, to ensure the effective methodology implementation.

Furthermore, BVB, through the Corporate Governance Institute, as part of the collaboration with OPSPI, offered consultancy to the companies in the State portfolio, for the purpose of preparing them for privatisation/listing. These services were provided to Conpet (for the transfer from Rasdaq to the regulated market), Nuclearelectrica, Romgaz and Complexul Energetic Oltenia, with attendance from more than 250 representatives of the said companies, from the top and middle management, as well as experts in charge of the relations with the investors, of the financial, legal and communication activity.

Since the second half of the year, BVB and the Corporate Governance Institute have organized a series of applied workshops on corporate governance for the representatives of the department of relations with the investors, in the companies listed on the regulated market. Thus, 10 workshops were organized, attended by more than 110 participants.

In 2013, BVB attended working meetings with the representatives of International Financial Institutions (International Monetary fund, World Bank and the European Commission), in joint mission in Bucharest. The topics approached in the meetings concerned: past and future efforts for the development of the Romanian capital market, strategy of privatisation of state companies through the stock exchange, improvement of corporate governance among the listed companies.

6. Increase of BVB visibility

National and international promotion. In 2013, the activities of national and international promotion included operations of corporate communication and of promotion of projects and services.

Regarding communication, BVB issued 128 press releases during the year, regarding decisions of the Stock Exchange Board and of the Special Commissions, the beginning of the trading of new financial instruments, the availability of BVB financial reporting and corporate messages.

For the promotion of the capital market's role in the Romanian economy, BVB attended, as partner, conferences organized by third parties on capital market subjects, such as those organized by the Financial Journal, the Bursa journal, wall-street.ro, International Business Promotion, Marsh Romania. Furthermore, BVB attended conferences that promoted the mechanisms of financing through the capital market, such as the event "SOS SMEs – SMEs in the Romanian Economy" or the forum "Reindustrialization of Romania - The Business Environment - Funding", organized by the journal "Finante si Afaceri" in partnership with the Association for Economic-Social Surveys and Prognosis.

As part of the strategy to attract and promote the public offerings through the stock exchange, BVB carried out four integrated campaigns of communication, in 2 weeks, for the public offerings of Transgaz, Nuclearelctrica, Adeplast and Romgaz. The promotion media were online, offline, outdoor and official openings of the trading sessions.

To increase the visibility of the Romanian capital market and of the most important issuers, BVB organized, in October, in partnership with Wood&Co, Fondul Proprietatea and the Romanian Embassy in London, the event Romania Investors Day in London. The event was attended by institutional investors interested in the

Romanian market, by representatives of investment funds that operate assets amounting to more than EUR 200 billion. As listed company, BVB attended in the third and fourth quarters additional events dedicated to institutional investors, meeting with more than 40 institutional investors interested in the Romanian capital market.

The activity of international relations meant the maintenance of the relationship and the participation in the working groups of the international bodies of whose member BVB is: Federation of European Stock Exchanges, Federation of Euro-Asian Stock Exchanges and World Federation of Exchanges.

Increase of BVB educational role. One of the objectives of this strategic direction is to turn BVB in an opinion leader relating to the capital market. To this end, an educational programme was conceived; beneficiaries: students, investors, issuers, companies and the mass-media.

BVB continued the series of educational projects in the field of the capital market, as a component of the Corporate Social Responsibility (CSR) of the company.

In September 2013, BVB launched the fourth event "Open Doors Day at the BVB", a project through which the Bucharest Stock Exchange and Junior Achievement intend to familiarize the interested pupils and students with the stock exchange mechanisms. In the three previous editions, the project was attended by 2,470 students in 54 education institutions, accompanied by 94 teachers, at the headquarters of Bucharest Stock Exchange, in presentations of initiation on the capital market. In 2013, 40 editions of the "Open Doors Day at the BVB" took place, of which 17 were visits of the pupils in the programme "Saptamana altfel" (School, but Changed) in the months of April-May.

Through the partnership made in April 2013 with the Economic Studies Academy, the Bucharest Stock Exchange hosted four interactive workshops for ASE students, in order to familiarize them with the institutions and the history of the Romanian capital market, with the financial instruments traded at the BVB, with the requirements, procedures and costs involved by the listing with the BVB, the reporting obligations of the issuers at the BVB and with the steps required in order to become a BVB investor or intermediary.

Regarding the contribution of each category of products/services in the operational revenues and in the overall net turnover, they are indicated in the table below:

CATEGORY OF REVENUES	VALUE (THOUSAND LEI)		
	2011	2012	2013
Revenues from trading fees	17,860	14,172	21,230
Revenues from fees of issuer admission and maintenance	1,121	1,350	1,317
Revenues from the sale of stock exchange information	2,144	1,317	1,263
IT service revenues	320	430	387
Revenues from participant fees	292	127	88
Other revenues	9	57	127
TOTAL Operational revenues	21,746	17,453	24,412
TOTAL Net turnover	21,742	17,399	24,287

EVALUATION OF THE TECHNICAL-MATERIAL SUPPLY ACTIVITY

The classification of intermediaries according to the traded value on all the markets and with all the financial instruments, during the entire 2013, is the following:

POSITION	NAME OF INTERMEDIARY	TRADED VALUE -LEI-	% OF TOTAL VALUE
1	SWISS CAPITAL S.A.	4,664,639,237.58	17.23
2	RAIFFEISEN CAPITAL & INVESTMENT	4,585,006,932.04	16.94
3	BANCA COMERCIALA ROMANA	4,287,186,178.96	15.84
4	WOOD & COMPANY FINANCIAL SERVICES, a.s. PRAGA	3,374,892,957.42	12.47
5	S.S.I.F. BROKER	2,309,990,223.30	8.53
6	BRD Groupe Societe Generale	969,383,754.29	3.58
7	BT SECURITIES	788,073,098.15	2.91
8	NBG Securities Romania S.A.	735,605,163.58	2.72
9	IFB FINWEST	572,906,263.42	2.12
10	TRADEVILLE	464,381,716.80	1.72
11	ACTINVEST	434,494,790.21	1.61
12	VOLTINVEST	362,911,430.34	1.34
13	HARINVEST	325,207,532.50	1.20
14	INTERCAPITAL INVEST	302,825,681.28	1.12
15	RAIFFEISEN CENTROBANK AG	289,661,546.72	1.07
16	KBC Securities N.V.	277,752,691.15	1.03
17	CARPATICA INVEST	255,685,687.90	0.94
18	IEBA TRUST	234,719,911.24	0.87
19	ESTINVEST	189,104,170.81	0.70
20	PRIME TRANSACTION	163,011,518.51	0.60
21	BANCPOST	156,114,084.14	0.58
22	AVANTGARDE FINANCE S.A.	119,443,606.81	0.44
23	TRANSILVANIA CAPITAL	114,419,556.75	0.42
24	GOLDRING	112,826,995.24	0.42
25	CONFIDENT INVEST BUCURESTI	112,021,609.04	0.41
26	SUPER GOLD INVEST	96,648,998.27	0.36

POSITION	NAME OF INTERMEDIARY	TRADED VALUE -LEI-	% OF TOTAL VALUE
27	ALPHA FINANCE ROMANIA	90,257,513.60	0.33
28	ELDAINVEST	86,655,141.95	0.32
29	EQUITY INVEST	71,197,238.85	0.26
30	ROMCAPITAL	61,197,890.91	0.23
31	INTERDEALER CAPITAL INVEST	59,558,336.51	0.22
32	PIRAEUS Bank Romania	59,139,844.41	0.22
33	ROMBELL SECURITIES	56,991,500.51	0.21
34	INTERFINBROK CORPORATION	51,769,623.49	0.19
35	S.S.I.F. ROMINTRADE	41,545,965.18	0.15
36	S.S.I.F. VIENNA INVESTMENT TRUST	30,442,059.39	0.11
37	MUNTENIA GLOBAL INVEST	27,210,199.76	0.10
38	CREDIT EUROPE BANK (ROMANIA)	26,317,540.85	0.10
39	OLTENIA GRUP INVEST	19,501,585.02	0.07
40	FAIRWIND SECURITIES	18,955,999.95	0.07
41	DORINVEST	14,876,656.55	0.05
42	EASTERN SECURITIES	14,204,425.24	0.05
43	INTERVAM	11,910,633.05	0.04
44	S.S.I.F. FORTIUS FINANCE	11,008,131.09	0.04
45	FINACO SECURITIES	5,002,032.41	0.02
46	OTP BANK ROMANIA	4,385,534.59	0.02
47	ROINVEST BUCOVINA	4,174,991.15	0.02
48	EUROSAVAM	238,214.53	0.00
49	RBS Bank (Romania)	67.50	0.00

The above classification shows that the first 10 intermediaries, as to the total value traded on all the markets and with all the financial instruments in 2013 - i.e. 20% of the total number of intermediaries – contributed to the achievement of more than 80% of the value traded in 2013.

1. ANALYSIS OF THE ACTIVITY OF THE BUCHAREST STOCK EXCHANGE

The situation of the issuers according to listing categories and corresponding capitalization on 31.12.2013 is shown in the following tables:

BVB SEGMENT			
Category	**No. of issues**	**Capitalization (RON)**	**Capitalization (EUR)**
Cat. I	28	74,921,660,473	16,783,902,075
Cat. II	52	4,628,891,867	1,036,961,372
Cat. III	1	57,843,517	12,958,067
International	1	49,083,160,000	10,995,577,858
Other international	1	5,138,151,208	1,151,045,321
Unlisted	22	543,599,834	121,776,884

BVB SEGMENT				
Category	**No. of trades**	**Volume**	**Value (RON)**	**Value (EUR)**
Cat. I	492,685	11,931,893,167	9,275,867,215	2,099,613,568
Cat. II	110,116	1,081,182,009	214,989,686	48,590,249
Cat. III	-	-	-	-
International	14,255	3,201,516	339,175,664	76,936,137
Other international (NEP)	134	35,655	865,374	194,124
Unlisted	3,465	8,496,030	2,147,768	485,779
Primary public offerings	15,750	63,096,548	1,410,454,973	317,748,650

RASDAQ MARKET			
Category	**No. of issues**	**Capitalization (RON)**	**Capitalization (EUR)**
Cat. I	4	249,415,273	55,873,849
Cat. II	7	207,990,052	46,593,797
Cat. III	971	7,463,670,104	1,672,006,565

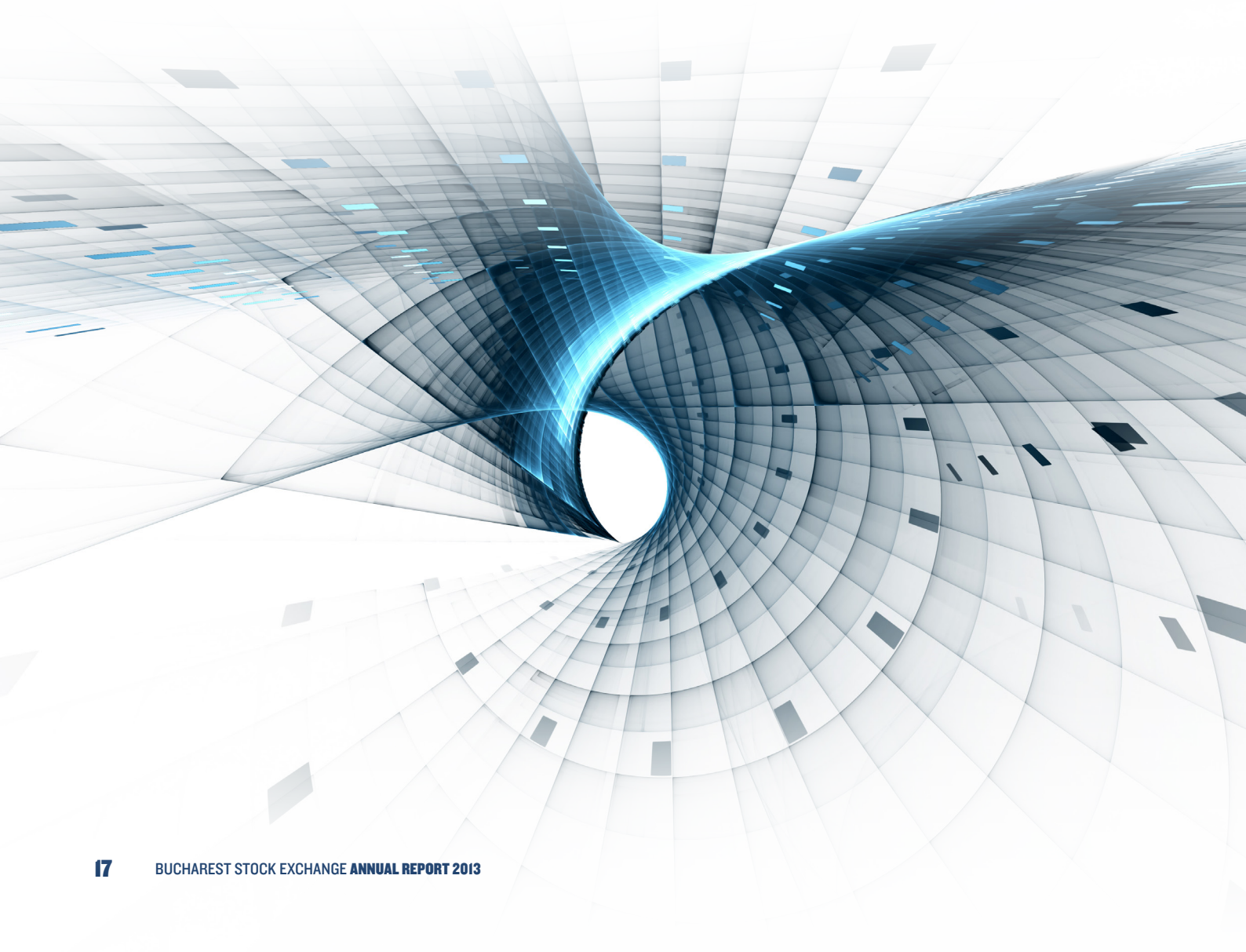
RASDAQ MARKET				
Category	**No. of trades**	**Volume**	**Value (RON)**	**Value (EUR)**
Cat. I	673	8,054,433	7,850,727	1,775,740
Cat. II	1,281	6,172,087	769,910	174,116
Cat. III	62,923	674,386,404	293,291,978	66,393,195

ATS			
Category	**No. of issues**	**Capitalization (RON)**	**Capitalization (EUR)**
I-ATS	1	30,941,400	6,931,472
Base-ATS	2	153,096,000	34,296,467
Intl-ATS	26	N/A	N/A

ATS				
Category	**No. of trades**	**Volume**	**Value (RON)**	**Value (EUR)**
I-ATS	180	479,903	27,321	6,149
Base-ATS	165	1,307,661	1,545,617	349,962
Intl-ATS	7,311	163,650	19,260,430	4,363,084

EVALUATION OF THE ACTIVITY OF SALES

In 2013, international stock exchange markets were influenced by the dynamics of the macroeconomic indicator, by the actions of the central banks for the relaxation of monetary policies, as well as by the political decisions adopted by governments. In 2013, the macroeconomic perspective was illustrated by the qualitative fiscal consolidation, the pronounced disinflation process, the adjustment of the external deficit and the significant agricultural production.



1. ANALYSIS OF THE ACTIVITY OF THE BUCHAREST STOCK EXCHANGE

Evolution of international stock exchange indices 2008-2013

The regulated market operated by the Bucharest Stock Exchange (BVB) followed the general ascending trend of the large stock exchange markets and of the regional markets, influenced by the measures of the central banks responsible for the monetary policies, as well as by the growth level of the Romanian economy. The successful conclusion of the public offerings of Transgaz, Nuclearelectrica and Romgaz, the transfer of Conpet on the regulated market, and the price dynamics were the main vectors that sustained, in 2013, the increase of the BVB stock exchange capitalization of 48.7% as compared with the previous year, which, however, as to the nominal value, remains below the levels obtained by the other regional stock exchanges, such as Warsaw or Prague.

The main market indicators of the stock exchanges in CEE (2013)

STOCK EXCHANGE	Market capitalization Domestic companies (million EUR)	Market capitalization Domestic companies (var. % yoy)	Average daily value of the trades Domestic companies 2013 (million EUR)	Average daily value of the trades Domestic companies 2012 (million EUR)	Average daily value of the trades Domestic companies (var. % yoy)
Warsaw Stock Exchange	148,678.04	12.40	247.26	199.84	23.73
CEESEG Prague Stock Exchange	21,990.78	-14.80	21.15	30.84	-31.42
CEESEG Budapest Stock Exchange	14,355.45	-6.90	31.20	34.17	-8.69
Bucharest Stock Exchange	17,833.82	48.70	6.88	6.09	12.97
Bulgarian Stock Exchange	5,092.86	1.40	2.66	1.12	137.50
CEESEG Ljubljana Stock Exchange	5,173.10	5.30	1.21	1.23	-1.63
Bratislava Stock Exchange	4,075.22	-0.50	0.32	0.51	-37.25

Source: Federation of European Securities Exchanges

Main CEE stock exchange indices CEE (2013)

STOCK EXCHANGE	REFERENCE INDEX	INDEX VALUE 2013 EOY	VAR. % YOY
Warsaw Stock Exchange	WIG20	2,400.98	-7.00
CEESEG Prague Stock Exchange	PX	989.04	-4.80
CEESEG Budapest Stock Exchange	BUX Index	18,564.08	2.20
Bucharest Stock Exchange	BET	6,493.79	26.10
Bulgarian Stock Exchange	SOFIX	491.52	42.30
CEESEG Ljubljana Stock Exchange	SBI Top	655.66	3.20
Bratislava Stock Exchange	SAX	197.76	2.90

Source: Federation of European Securities Exchanges

In 2013, BVB continues to work with the stock exchanges with which they concluded cooperation memoranda and specific projects, such as the Vienna Stock Exchange for the administration of the common ROTX index and of the common data dissemination project of the BVB.

The total value traded at the BVB in 2013 – on all the market – is the following:

TOTAL TRADED VALUE	
Value (RON)	**Value (EURO)**
13,532,728,231	3,059,650,761

In 2013, the value traded on each BVB operated segment is illustrated in the following tables:

BVB SEGMENT		
Type of instrument	**Value (RON)**	**Value (EURO)**
Bonds	1,395,726,025	313,750,002
Futures	2,987,053	681,111
Rights	28,654,667	6,459,754
Shares	11,243,500,680	2,543,568,507
Structured	531,587,322	120,425,947
Fund units (closed funds and ETFs)	7,526,503	1,703,194
Grand total	13,209,982,250	2,986,588,515

of which:

REGULATED MARKET		
Type of instrument	**Value (RON)**	**Value (EURO)**
Bonds	420,726,025	95,210,737
Futures	2,987,053	681,111
Rights	28,654,667	6,459,754
Shares	9,830,897,939	2,225,334,078
Structured	531,587,322	120,425,947
Fund units (closed funds and ETFs)	7,526,503	1,703,194
Grand total	10,822,379,509	2,449,814,821

PRIMARY OFFERINGS		
Type of instrument	**Value (RON)**	**Value (EURO)**
Bonds	975,000,000	218,539,265
Shares	1,410,454,973	317,748,650

UNLISTED MARKET		
Type of instrument	**Value (RON)**	**Value (EURO)**
Shares	2,147,768	485,779

1. ANALYSIS OF THE ACTIVITY OF THE BUCHAREST STOCK EXCHANGE

RASDAQ SEGMENT		
Type of instrument	**Value (RON)**	**Value (EURO)**
Shares	301,912,615	68,343,051

ATS SEGMENT		
Type of instrument	**Value (RON)**	**Value (EURO)**
Shares	20,833,367	4,719,195

The liquidity indicators obtained in 2013 are described below:

REGULATED MARKET				
Traded value (RON)	**Traded value (EUR)**	**Capitalization (RON)**	**Capitalization (EUR)**	**Liquidity**
9,830,897,939	2,225,334,078	133,829,707,066	29,980,444,693	7.3458

where liquidity = traded value * 100 / capitalization in the last day of trading.

RASDAQ MARKET				
Traded value (RON)	**Traded value (EUR)**	**Capitalization (RON)**	**Capitalization (EUR)**	**Liquidity**
301,912,615	68,343,051	7,921,075,428	1,774,474,211	3.8115

where liquidity = traded value * 100 / capitalization in the last day of trading.

Statistics relating to the trading activity in 2013 on the segments and categories of the BVB operated markets / segments are reflected in the tables below:

BVB SEGMENT				
Category	**No. of trades**	**Volume**	**Value (RON)**	**Value (EUR)**
Cat. I	492,685	11,931,893,167	9,275,867,215	2,099,613,568
Cat. II	110,116	1,081,182,009	214,989,686	48,590,249
Cat. III	0	0	0	0
International	14,255	3,201,516	339,175,664	76,936,137
Other international (NEP)	134	35,655	865,374	194,124
Unlisted	3,465	8,496,030	2,147,768	485,779
Primary public offerings	15,750	63,096,548	1,410,454,973	317,748,650
Total		13,087,904,925	11,243,500,680	2,543,568,507

RASDAQ SEGMENT				
Category	**No. of trades**	**Volume**	**Value (RON)**	**Value (EUR)**
Cat. I	673	8,054,433	7,850,727	1,775,740
Cat. II	1,281	6,172,087	769,910	174,116
Cat. III	62,923	674,386,404	293,291,978	66,393,195
Total		688,612,924	301,912,615	68,343,051

ATS SEGMENT				
Category	**No. of trades**	**Volume**	**Value (RON)**	**Value (EUR)**
I-ATS	180	479,903	27,321	6,149
Base-ATS	165	1,307,661	1,545,617	349,962
Intl-ATS	7,311	163,650	19,260,430	4,363,084
Total		1,951,214	20,833,367	4,719,195

The maximum values registered in 2013 are reflected in the tables below:

on the regulated market:

ACCORDING TO THE NO. OF TRADES		
Date	**Type of instrument**	**No. of trades**
15-Feb-13	Bonds	17
21-Feb-13	Futures	27
4-Oct-13	Rights	1,782
18-Nov-13	Shares	7,711
10-Apr-13	Structured	2,234
29-Aug-13	Fund units	112

ACCORDING TO VOLUME		
Date	**Type of instrument**	**Volume**
6-Dec-13	Bonds	16,660
22-Feb-13	Futures	280
4-Oct-13	Rights	1,064,670
15-Nov-13	Shares	966,995,891
10-Apr-13	Structured	970,414
13-Nov-13	Fund units	55,885

ACCORDING TO VALUE (RON)		
Date	**Type of instrument**	**Value (RON)**
28-Mar-13	Bonds	57,122,342
22-Feb-13	Futures	441,843
4-Oct-13	Rights	12,411,830
18-Nov-13	Shares	648,706,371
13-Jun-13	Structured	6,606,043
5-Dec-13	Fund units	874,812

ACCORDING TO VALUE (EUR)		
Date	**Type of instrument**	**Value (EURO)**
28-Mar-13	Bonds	12,930,042
22-Feb-13	Futures	100,923
4-Oct-13	Rights	2,801,388
18-Nov-13	Shares	145,901,303
23-Apr-13	Structured	1,503,134
5-Dec-13	Fund units	195,764

1. ANALYSIS OF THE ACTIVITY OF THE BUCHAREST STOCK EXCHANGE

on RASDAQ market:

ACCORDING TO THE NO. OF TRADES		
Date	**Type of instrument**	**No. of trades**
10-Jan-13	Shares	1,047

ACCORDING TO VOLUME		
Date	**Type of instrument**	**Volume**
17-May-13	Shares	135,146,479

ACCORDING TO VALUE (RON)		
Date	**Type of instrument**	**Value (RON)**
14-Jun-13	Shares	40,755,220

ACCORDING TO VALUE (EUR)		
Date	**Type of instrument**	**Value (EUR)**
14-Jun-13	Shares	9,139,991

on alternative trading system:

ACCORDING TO THE NO. OF TRADES		
Date	**Type of instrument**	**No. of trades**
11-Sep-13	Shares	84

ACCORDING TO VOLUME		
Date	**Type of instrument**	**Volume**
25-Nov-13	Shares	267,266

ACCORDING TO VALUE (RON)		
Date	**Type of instrument**	**Value (RON)**
11-Sep-13	Shares	1,139,151.52

ACCORDING TO VALUE (EUR)		
Date	**Type of instrument**	**Value (EUR)**
11-Sep-13	Shares	254,877.95

The maximum and minimum values registered by the BVB indices in 2013 are described below:

INDEX	MAXIMUM		MINIMUM	
	Date	**Value**	**Date**	**Value**
BET	30-Dec-13	6,493.79	26-Jun-13	5,223.36
BET C	30-Dec-13	3,344.38	26-Jun-13	2,802.38
BET FI	30-Dec-13	31,291.82	8-May-13	23,887.07
BET NG	13-Feb-13	708.49	26-Jun-13	612.39
BET XT	30-Dec-13	600.27	8-May-13	478.29
BET BK	30-Dec-13	1,261.74	8-May-13	1,013.69
ROTX	30-Dec-13	12,941.72	4-Jul-13	10,276.37
Rasdaq C	15-Mar-13	1,495.92	1-Nov-13	1,331.6
RAQ I	4-Feb-13 5-Feb-13 6-Feb-13	253.31	22-Oct-13	124.48
RAQ II	15-Jan-13	1,875.87	26-Nov-13 27-Nov-13	1,422.96

The classification of the first 5 instruments traded on the spot market in 2013 is:

ACCORDING TO VOLUME				
Symbol	**No. of trades**	**Volume**	**Value (RON)**	**Value (EUR)**
FP	72,948	5,110,787,124	3,495,906,354	791,258,273
SNP	43,698	1,698,214,333	755,339,060	171,059,823
SIF3	69,406	540,898,111	340,130,818	77,223,175
BIO	6,818	437,823,675	128,518,258	28,982,942
BCC	18,664	350,336,332	19,749,917	4,471,597

ACCORDING TO VALUE				
Symbol	**No. of trades**	**Volume**	**Value (RON)**	**Value (EUR)**
FP	72,948	5,110,787,124	3,495,906,354	791,258,273
SNP	43,698	1,698,214,333	755,339,060	171,059,823
BRD	19,149	57,880,193	484,224,290	109,783,384
TLV	26,231	290,984,894	401,112,526	90,857,703
TGN	25,230	1,801,286	343,121,758	77,428,967

On the futures market, the most traded 5 financial instruments are described below:

ACCORDING TO VOLUME				
Symbol	**No. of trades**	**Volume**	**Value (RON)**	**Value (EUR)**
FPI3JUN	158	881	558,158	127,441
GLDI3APR	88	775	1,255,128	285,962
GLDI3FEB	79	505	808,823	184,541
SIF4I3JUN	47	389	167,737	38,223
SIF4I3JUNI	7	77	29,229	6,592

ACCORDING TO VALUE				
Symbol	**No. of trades**	**Volume**	**Value (RON)**	**Value (EUR)**
GLDI3APR	88	775	1,255,128	285,962
GLDI3FEB	79	505	808,823	184,541
FPI3JUN	158	881	558,158	127,441
SIF4I3JUN	47	389	167,737	38,223
EURI3SEP	5	13	58,380	13,323

EVALUATION OF THE ASPECTS RELATED TO THE COMPANY'S EMPLOYEES/PERSONNEL

	STAFF DECEMBER 31ST, 2012	STAFF DECEMBER 31ST, 2013	EVOLUTION 2013-2012
Total personnel, of which	57	41	-16
Higher educated personnel	54	40	-14
Secondary educated personnel	3	1	-2

On December 31, 2013, the personnel number changed as compared with the similar period of the previous years, decreasing with 16, as compared with 2012, based on the termination of the individual employment agreements pursuant the reorganization process, the voluntary resignation and the retirements. From the overall number of 41 employees on December 31st, 2013, there is 1 person with the individual employment agreement suspended according to the legal provisions.

Litigations for causes regarding labor conflicts with 2 employees were closed.

ASPECTS REGARDING THE RESEARCH AND DEVELOPMENT ACTIVITY

As to the security and the processing capacity of the systems, in 2013, 2 software upgrades were carried out to the Arena system, for the purpose of adding new functions and improving the operating/processing performance, as well as implementing, at the trading system level, solutions that can tolerate "intensive listing" at very low reaction times, in order to increase the performance of processing stock exchange orders, particularly on the market segment on which market-makers and liquidity providers operate.

Furthermore, BVB has developed mobile devices (smartphone) applications. They will be implemented in the first part of 2014. The purpose: improve the availability of stock exchange information for all the categories of data users: investors, intermediaries, listed companies and the general population, responding to the increasing demand of their existence on mobile devices and facilitating access to information.

As to the market architecture, in 2013, in order to improve market liquidity, BVB designed a system model and a new market making program; the latter was commissioned at the extension of the spot market trading sessions until 6 pm, starting from January 3rd, 2014.

The model for the separation of the trading and post-trading systems was developed during 2013; currently, it undergoes implementation and approval in the BVB and Central Depository regulations. Some of the benefits attached to the implementation of this project are: solution to the technical requirements of classifying the market as "emerging market" from the position of "frontier market", flexibility and efficiency in the players' operations, significant improvement of operational performance and of the processing capacity, better control of the operational risk.

EVALUATION OF THE ACTIVITY IN TERMS OF RISK MANAGEMENT

Financial risk management

Given the nature of the activities performed, the Company may face various risks that include: market risk, currency risk, credit risk, liquidity risk and risk of the interest rate on the cash flow. The BVB management's purpose is to diminish potentially negative effects linked with these risk factors on the Company's financial performance.

Market risk

The market risk is the risk that the variation of market prices, such as the foreign exchange rate, the interest rate and the prices of equity instruments, could have an impact of the Company's revenue or on the value of the financial instruments held.
The objective of the market risk management is to manage and control market risk exposures within acceptable parameters and also to optimize the investment turnover.
The Company is exposed to the market risk through the foreign currency liquidities held and through the investments in banks and purchased Government bonds. Nevertheless, according to the analysis of the net financial assets and to the sensitivity analysis of the Euro and USD exchange rates, the BVB management does not expect significant losses.

Currency risk

The Company operates in the developing economy, with fluctuating foreign exchange rates as compared to the national currency, which can lead to value losses corresponding to cash assets held in foreign currency. Regarding the cash assets held in lei, given that BVB investments were made at levels superior to the average inflation rate (3.98% in 2013), there was no risk of value loss for the net cash assets in lei.

Credit risk

The financial aspects that create for the Company potential concentrations of credit risks include mainly account receivables from the basic activity. These are described at the value net of the provision for doubtful receivables. The credit risk regarding receivables is limited, given the small number of clients in the Company portfolio. Thus, the management considers that the Company does not present significant concentrations of the credit risk.

Liquidity risk

The careful management of the liquidity risk involves the maintenance of sufficient cash to cover the current capital required for the activity. The BVB approach is to maintain liquidities at a level that should allow the satisfaction of payment obligations to suppliers and third parties on the due dates.

Risk of the interest rate to the cash flow

Not applicable.

The Company has implemented internal control procedures and systems that target the conformity with legal provisions in force, with the internal standards and regulation, with the Company's activity and situation.

RISK FACTORS FOR BVB – ISSUER

Any investment involves risks.

The investors must analyse all the risk factors before they decide to invest in BVB shares. The risks and uncertainties described in the following paragraphs may have a negative impact, as applicable, on the activity, financial statements, perspectives, payment capacity for dividends of BVB, respectively the investment in BVB shares. Additional risk factors and uncertainties of which BVB, at the time this report is drawn, does not believe will have a significant impact, may have, depending on later evolutions, a negative impact on the activity, the financial statements, the perspectives, the payment capacity for dividends or the evolution of the BVB share prices.

Frontier market risk.

Romania is considered an emerging economy, and the stock exchange market operated by BVB is included in the category of frontier markets. The investors who wish to invest in the shares of an issuer listed on this type of market must be aware that this has higher risks as compared to a developed economy, with an advanced political, legal and financial infrastructure, able to provide efficient levers in order to counteract possible imbalances.

Although Romanian is a member state of the European Union, the position of member ensuring the premises for the continuity of reforms and the improvement of the economic environment, there is a risk that unforeseen events, linked with an emerging market economy, have a significant impact on BVB activity, financial position, perspectives, capacity to pay dividends and evolution.

Romania's emerging economy quality may also mean a slow rhythm of the development of the Romanian capital market, seen in a slow rhythm in the crease of the trade values, of the capitalization and/or of the number of issuers and investors. Other characteristics of a frontier market that may be seen in practice are a lower value of liquidity and a higher volatility as compared with the mature capital markets. Furthermore, there may be a high correlation between the evolutions of the prices for the shares listed on a frontier market and the evolutions on the mature markets; this means that other countries' economic and financial evolutions could influence the evolution of the prices and trades registered at BVB. All these elements can influence BVB development opportunities.

The activity of BVB can be influenced also by the volatility of the interest rate and of the exchange rate, typical of an emerging economy.

Political instability risk.

Political instability may lead to the postponement of the application of reforms meant to sustain Romania's long-term development and may create an economic and financial infrastructure meant

to increase the attractiveness of investments on the Romanian territory. A negative image on the Romanian political and administrative class may influence the volume, nature and structure of investments in Romanian. Political instability may have a major effect on the resident and non-resident investors' trust; both the liquidity and the evolution of stock exchange listing can be influenced negatively.

Tax law amendment risk.

Both the Romanian legislation and the foreign fiscal rules regarding the issuer's activity and/or the capital market may change negatively (tax increase, new taxes, decrease or cancellation of some tax incentives etc.). BVB or the buyers of BVB issued shares may be subject in the future to taxes that could not be foreseen.

Economic and financial risk.

BVB activity, financial situation and perspectives depend on the level of development of the Romanian economy and capital market and therefore on the volume and value of the trades on the capital market. The international financial crisis that has an impact on worldwide economies and capital markets could have unforeseen negative effects on the Romanian economy, national currency and markets on which the issuer carries out their activity (by the decrease in the volume and value of the trades, the decrease of the value of the traded financial instruments etc.). Negative effects on the Romanian economy may lead to the decrease of the purchase power and of the financial resources of the companies and people in Romanian, including those of the investors who trade on BVB operated markets. The liquidity and evolution of prices on the regulated Romanian markets are influenced directly by the evolution of the international capital markets, and their unfavorable evolution could influence the liquidity parameters and the evolutions on the BVB operated markets.

Competition related risk.

In Romania, there are two ASF authorized market operators for financial instruments trades. A potential increase of competition on these markets could lead to a decrease of the revenues, profits or possibility to introduce or develop particular BVB products, with a negative effect on its activity and financial position.

Non-payment/settlement risk related to operations with financial instruments.

Unfavorable changes that occur in the reliability, respectively in the administration of the activity of participants to financial instrument trades on the BVB operated markets can have negative effect on BVB activity or on the activity of the Central Depository or of the Bucharest Clearing Fund.

Regulatory/authorizing/licensing framework related risk.

BVB activity is governed by ASF regulation and by the provision of the European Directives applicable in the field of the capital market. Potential changes in the ASF regulation or applicable European Directives or criteria to obtain or renew permits and licenses required for the activity may have a negative effect on BVB activity of financial position.

Operational risks.

BVB results may be influenced by specific operational risk, dependence on new technologies, loss of key staff, difficulties of introducing new products or the increase of competition from local or external competitors.

BVB has adopted structural measures for the administration of risk management (internal procedures system, Internal Control Department, Audit Committee, annual audit system – financial statements audited by an external auditor, internal auditor, auditing of the technical systems used).

ELEMENTS OF PERSPECTIVE REGARDING THE COMPANY'S ACTIVITY

For 2014, we are considering the successful completion of initial public offerings for state companies, with positive effects on the average daily trading value and on market capitalization. The improvement of market liquidity will be reflected in an increase of the turnover in 2014 as compared with the previous year.

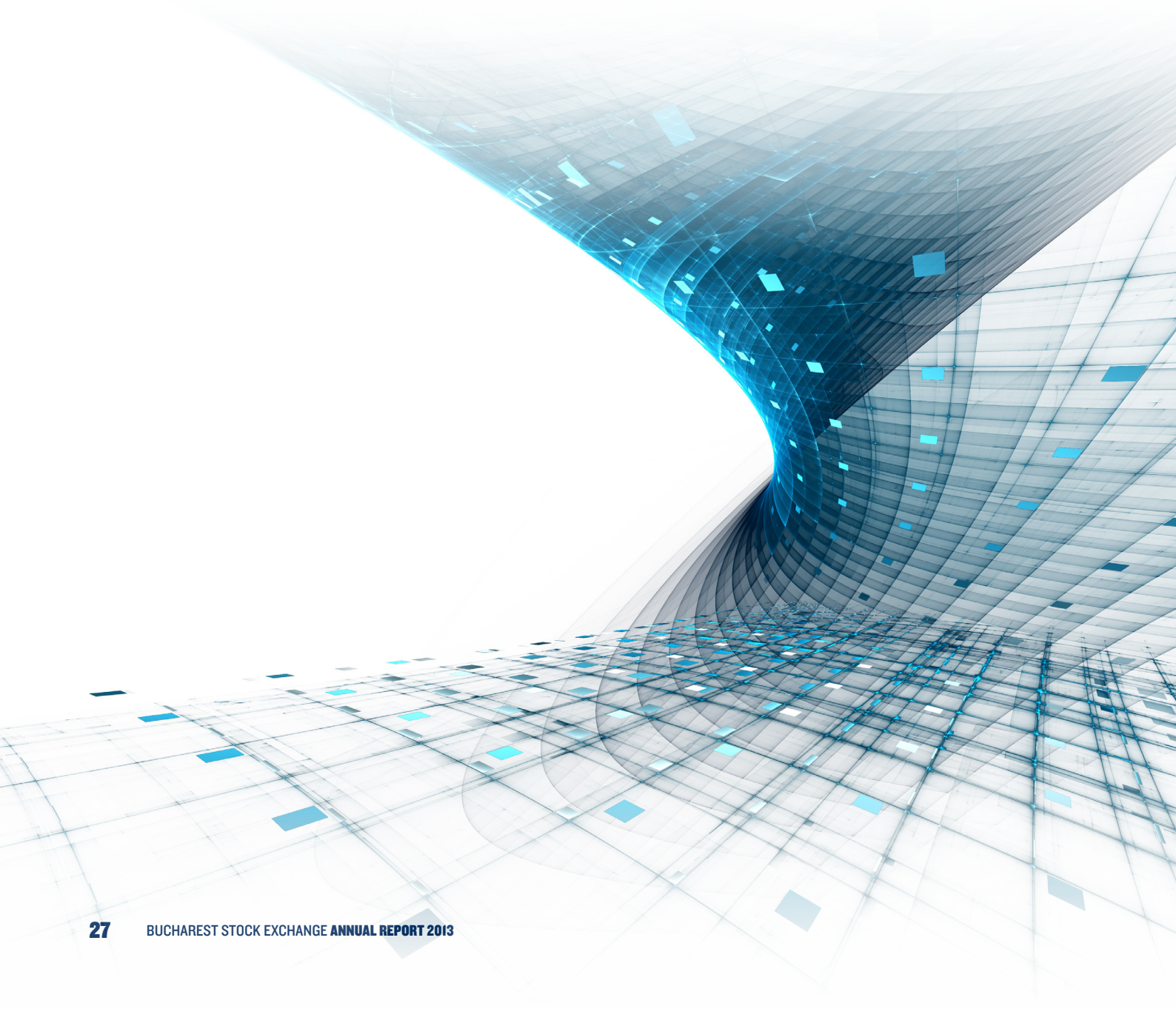
As said previously, in 2013 a working group was formed, for the purpose of identifying and removing the 8 systemic Barriers to the creation of the modern Romanian capital market. The implementation of the aforementioned measures meant to remove these barriers will begin in 2014; later, the investors and the companies will become increasingly aware that the Romanian capital market is a reliable option for investments and for the drawing of financing.

These measures circumscribe the three pillar strategy announced by BVB in 2013, which targets three main directions of actions that will lead to the drawing of a new number of issuers and investors, to the increase of market liquidity and, finally, to the reclassification of Romania, as per MSCI, in the category of Emerging Markets.

BUCHAREST STOCK EXCHANGE

2. THE COMPANY'S TANGIBLE ASSETS

The company's tangible assets include mainly equipment and furnishings; they are depreciated and replaced as they are decommissioned.
In 2013, the Company registered investments in tangible assets amounting to Lei 706,832 by the procurement of equipment (2012: Lei 71,271), as per the investment plan approved by the General Shareholders' Meeting (AGA); the value of tangible assets increase, mainly, owing to the reversal of the value adjustment for the land owned and to the registration of the land fair value (Lei 2.33 million) revaluation difference, adjustments that increased both the value of fixed assets and the BVB revaluation reserves, these operations being carried out after the settlement, in favor of BVB, of the litigation on the Company's right of ownership over the land in Maresal Averescu Blvd.



BUCHAREST STOCK EXCHANGE

3. THE MARKET FOR BVB ISSUED SECURITIES

EVOLUTION OF BVB SHAREHOLDING IN 2013

BVB was admitted to trade on the regulated market it operates on June 8th, 2010.

Main characteristics of the shares

Issuer	Bucharest Stock Exchange
Symbol:	BVB
ISIN:	ROBVBAACNOR0
Reuters:	ROBVB.BX
Bloomberg:	BVB:RO
Bloomberg BBGID:	BBG000BBWMN3
Number of issued shares:	7,674,198
Nominal value of a share:	10 RON
Nominal value of the shares issued:	76,741,980 RON
Currency of the shares issued:	RON
Market section:	Equity Securities, Category 2 Shares
Free Float:	100%
Restrictions on the free transferability of securities:	As per the article 129 para. 1 of Law 297/2004 on the capital market, no shareholder of market operator will not hold, directly or indirectly, more than 5% of the total voting rights

Dividends (RON)

Year	Dividend Natural Persons	Dividend Legal Persons	Type of dividends	AGA reference date	AGA date (dividend)	Registration date	Dividend ex-date	Date declared
2013	1.1777	1.1777	gross	14.04.2014	25.04.2014	15.05.2014	13.05.2014	19.03.2014
2012	1.1198	1.1198	gross	15.04.2013	25.04.2013	15.05.2013	13.05.2013	19.03.2013
2011	2.1417	2.1417	gross	13.04.2012	26.04.2012	21.05.2012	17.05.2012	21.03.2012
2010	0.7015	0.7015	gross	18.04.2011	29.04.2011	20.05.2011	18.05.2011	28.03.2011

BVB is included in the following indices:

BET BK Index	since July 3, 2012
ROTX Index	since September 19, 2011
Dow Jones Global Exchanges Index	since June 17, 2011
BET Index	since March 21, 2011
FTSE Mondo Visione Exchanges Index	since November 9, 2010

At the beginning of 2013, BVB shares had an average price of Lei 20.51 (3rd January 2013), and at the end of 2013, they had an average price of Lei 32.11 (30th December 2013).

The average price of BVB shares had a minimum of Lei 17.39 on 9th May 2013 and a peak of Lei 32.11 on 30th December 2013.

BUCHAREST STOCK EXCHANGE

4. THE COMPANY'S MANAGEMENT

CORPORATE GOVERNANCE

As issuer listed on the second category of the regulated market, the Company adopted, starting with the financial year 2011, the Corporate Governance Code of the Bucharest Stock Exchange, in the best possible conditions.

On our website, at the section for the relationship with the investors, "www.bvb.ro/Relatia cu investitorii", useful information on the issuer BVB is available:

- General information on the company and on its management
- Reference documents: Articles of Incorporation, Rules of Organization and Operation, Code of Ethics
- Financial calendar
- Current and periodic reports
- Financial data
- Company news and events

For the financial year 2013, BVB disseminates the Comply or Explain Statement, an integral part of the Annual Report.

COMPANY DIRECTORS

On January 9, 2012, the General Shareholders' Meeting elected a new Board of Directors, validated by ASF on January 30, 2012, with the following members:

Mr. Lucian Anghel – President
Mr. Pompei Lupsan – Vice-president
Mr. Dan Paul – Vice-president
Mr. Robert Pana – Secretary General
Mr. Stere Farmache – member
Mrs. Narcisa Oprea – member
Mr. Valerian Ionescu – member
Mr. Octavian Molnar – member
Mr. Matjaz Schroll – member

Its structure was unchanged in 2013.
Applying the prerogatives established by the Company's Articles of Incorporation, in 2013, the Stock Exchange Board held 45 meetings, of which 24 were organized exclusively for the remote assistance of its members, and adopted 113 decisions.

MEMBERS OF THE STOCK EXCHANGE BOARD

Mr. Lucian Anghel

PRESEDINTE

Year of birth: 1972
Nationality: Romanian

Education:

Similar MBA, HEC Montreal Canada
Bank Risk Management, Georgetown University Washington
PhD in Economy, ASE Bucharest
Degree in Economic Informatics, ASE Bucharest

Professional Experience:

2012-present:
President & CEO BCR Pensii

2007-2012:
Chief Economist and executive director of strategy and research, BCR

2010-present:
Member of Investment Committee, BCR Fond de Pensii

2009-2010:
Board Member, Erste Asset Management

2005-2009:
Board Member, BCR Asset Management

2005-2007:
Deputy Treasure, BCR

2003-2005:
Deputy Director of BCR Structuring Plan Implementation Team together with the EBRD and IFC

2002-2003:
Advisor to the BCR President and Financial Analyst

Other positions in the BVB Committees:

- President, Index Committee
- Member, Committee for Regulations, Development and New products

Mr. Pompei Lupsan

VICE-PRESIDENT

Year of birth: 1974
Nationality: Romanian

Education:

Degree in Economics, ASE Bucharest

Professional Experience:

2014 – present:
Development Manager, SAI Certinvest SA

2005-2013:
Deputy General Manager, SSIF Intercapital Invest SA

2003-2004:
Financing Consultant, Economotechniki

2001-2003:
Project Manager, General officer, Raiffeisen Bank

2000-2001:
Editor, Adevarul SA

1997-1999:
Trader, SSIF Unicapital SA

Other positions in the BVB Committees:

- President, Appeal Commission
- Substitute member, Commission for Admission to Trade

MEMBERS OF THE STOCK EXCHANGE BOARD

Mr. Dan Paul
VICE-PRESIDENT

Year of birth: 1968
Nationality: Romanian

Education:
Capital Markets Specialist,
BVB in collaboration with University of Wisconsin (USA)
Degree in Economics, ASE Bucharest

Professional Experience:
1997-present:
President, CEO, SSIF Finaco Securities SA

2005-present:
President Brokers Association

2006-2010:
Vice President, Bucharest Stock Exchange

Other positions in BVB special Commissions and Advisory Committees:
- Member, Appeal Commission
- Substitute member, Commission for Regulation, Development of New Products
- Member of the Audit Committee

Mr. Robert Pana
SECRETARY GENERAL

Year of birth: 1979
Nationality: Romanian

Education:
Master in Management and Business Communication,
SNSPA, Bucharest
Degree in Civil Procedural Law,
"Nicolae Titulescu" University, Bucharest

Professional Experience:
2011-present:
Legal Advisor, Swiss Capital SA

2008-2011:
Legal Adviser, Central Depository

2002-2008:
Legal Adviser, Bucharest Stock Exchange

Other positions in BVB special Commissions
- Substitute President, Committee for Regulations, Development and New products
- Substitute President, Appeal Committee

MEMBERS OF THE STOCK EXCHANGE BOARD

Mr. Stere Farmache
MEMBER

Year of birth: 1956
Nationality: Romanian

Education:
PhD in Economics
Degree in Finance, Accounting, ASE Bucharest
Regional Institute of Public Administration, Paris

Professional Experience:
2014-present:
co-founder, Member in the Board of the Romanian Association of Good Administration

2009-2013:
Executive Prime Vice-President, Alpha Bank Romania SA, Member of the Board of Directors, Alpha Finance Romania SA

2008-2012:
President, Bucharest Stock Exchange

2006-2010:
Vice-President, Central Depository

1995-2008:
CEO, Bucharest Stock Exchange

1995:
General Manager, National Securities Commission

1987-1995:
Ministry of Finance

Other positions in the BVB Committees:
- Member, Commission for the Admission to Trading
- Member, Audit Committee

Mrs. Narcisa Oprea
MEMBER

Year of birth: 1975
Nationality: Romanian

Education:
Degree in Law, Bucharest University

Professional Experience:
2009-present:
Partner, Schoenherr and Associates

2012-present:
Member in the Board of Directors of the Corporate Governance Institute of the Bucharest Stock Exchange

2003-2012:
Assistant Professor, University of Banking Finance, Bucharest

2008-2009:
Coordinating Attorney Capital Markets Area, Schoenherr and Associates

2003-2008:
Coordinating Lawyer Capital Markets Department, Bostina and Associates

1998-2002:
Coordinator of the Legal Department, Bucharest Stock Exchange

Other positions in the BVB Committees:
- 2012-2014: President, Appeal Committee

MEMBERS OF THE STOCK EXCHANGE BOARD

Mr. Valerian Ionescu
MEMBER

Year of birth: 1972
Nationality: Romanian

Education:
Executive Development Program Diploma,
HEC Montreal Canada and BCR University
Degree in Economics, ASE Bucharest

Professional Experience:
2007-present:
Head of Trading and Sales of Financial Instruments traded on regulated markets, BCR

1995-2007:
Trading Director / Interim Director / Board Member, SSIF UniCredit CAIB Securities

Other positions in the BVB Committees:
- President, Committee for Regulations, Development and New products
- Substitute President, Listing Committee
- Substitute Member, Appeal Committee
- Member, Audit Committee

Mr. Octavian Molnar
MEMBER

Year of birth: 1966
Nationality: Romanian

Education:
Degree in Economics, University "Aurel Vlaicu", Aradd
Degree in Mechanical Engineering,
Polytechnic Institute "Traian Vuia", Timisoara

Professional Experience:
2004-present:
Deputy General Manager, SSIF IFB Finwest SA

2010-2012:
Board Member, Bucharest Stock Exchange

1999-2004:
General Manager, SSIF IFB Finwest SA

1997-1999:
General Manager, SC COMTEX SA

Other positions in the BVB Committees:
- President, Listing Committee

Mr. Matjaz Schroll
MEMBER

Year of birth: 1973
Nationality: Slovenian

Education:
Master in Science in Business Administration,
Franzens University, Graz, Austria
School of Natural Sciences and Mathematics, Celje, Slovenia

Professional Experience:
2006-present:
Executive Director, Templeton Emerging Markets Group

1999-2006:
Capital Markets Analyst, Mergers & Acquisitions
Vice-president, Corporate Finance & Brokerage Publikum

THE COMPANY'S EXECUTIVE MANAGEMENT

In 2013, the executive management was ensured by the following people:

Mr. Ludwik Sobolewski
general manager – starting from August 21, 2013

Mr. Victor Cionga
general manager – during September 7, 2012 – May 31, 2013

Mr. Alin Barbu
deputy general manager – authorized and with the attributions of the general manager during June 1, 2013 – August 20, 2013

Mrs. Anca Dumitru – deputy general manager

Mr. Virgil Stroia – financial manager

Mr. Calin Macedon – manager

Mrs. Ileana Botez – manager

On 31st December 2013, the members of the Stock Exchange Board and of the executive management who held shares issued by BVB are:

Mr. Pompei Lupsan – 80 BVB shares
Mr. Dan Paul – 2260 BVB shares
Mr. Stere Farmache – 2000 BVB shares
Mrs. Narcisa Oprea – 60 BVB shares
Mrs. Ileana Botez – 10 BVB shares

THE ACTIVITY OF BVB COMMISSIONS AND ADVISORY COMMITTEES IN 2013

The Listing (Admission to Trade) Commission has 5 members (Mr Octavian Molnar – President, Mr Stere Farmache, Mr Marin Serban Valentin, Mr Lucian Isac, Mr Razvan Pasol) and 5 substitute members (Mr Valerian Ionescu – President, Mr Pompei Lupsan, Mrs Alina Ana-Maria Silaghi, Mr Emilian Dobran, Mr Daniel Pocorea). In 2013, the Commission met in ten sessions and proposed to the Stock Exchange Board the admission to trade of the securities in the following categories: Category I Shares (3 issues), Category 2 Shares (1 issue), Category 3 Bonds (2 issues) and Category Municipal bonds (1 issue).

The Appeal Commission has 5 members (Mrs. Narcisa Oprea – President, Mr. Dan Paul, Mr. Catalin Nae-Serban, Mr. Leonard Visan, Mr. Mario Bulimente) and 5 substitute members (Mr. Robert Pana – President, Mr. Valerian Ionescu, Mrs. Iuliana Musat, Mr. Muresian Ioan Mihai Vlad, Mrs. Rialda Badea). In 2013, there was no meeting of this Commission.

The Commission for regulation, development new products has 5 members (Mr Valerian Ionescu – President, Mr Lucian Anghel, Mr Antonescu Silviu, Mr Cernica Tudor Mihai, Mrs Boeriu Daniela Carmen) and 5 substitute members (Mr Robert Pana – President, Mr Dan Paul, Mr Dragolea Octavian, Mr Moldovan Darie, Mr Fulea Lucian Ioan). In 2013 there was no meeting of this Commission.

The Index Commission has 6 members: Mr Lucian Anghel - President, Mr Ludwik Sobolewski, Mr Bogdan Campianu, Mr Dragos Cabat, Mr Ovidiu Dumitrescu, Mrs Anca Olteanu. In 2013, there were 4 ordinary meetings that analysed the structure of the BVB indices and adopted the decisions required for their periodic adjustment.

The Audit Committee established according to the Stock Exchange Board decision no. 114/18.08.2011 carried out its activity pursuant to its own regulation. In 2013, the structure of the Audit Committee was: Mr Valerian Ionescu, Mr Dan Paul and Mr Stere Farmache.

In 2013, the activity of the Audit Committee included, mainly: revision of the internal control activity at the BVB, approval of the annual plan for the investigations of the internal control activity; organization of the selection process for the internal audit company at the level of the BVB Group; discussion of the Internal Audit Report for the year 2012 and of the 2013 internal audit plan..

The Audit Committee assisted the Stock Exchange Council in the execution of its responsibilities regarding internal control and financial audit, with a series of recommendations of BVB strategy and policy in this field. The members of the committee analysed the observations made by the BVB executive management on the subjects approached and commented on the auditors' observations included in the audit reports.

BUCHAREST STOCK EXCHANGE

5. FINANCIAL-ACCOUNTING STATEMENT

Balance sheet

	ROW	DECEMBER 31ST, 2011	DECEMBER 31ST, 2012	DECEMBER 31ST, 2013
		(LEI)	(LEI)	(LEI)
A. FIXED ASSETS				
I. INTANGIBLE ASSETS				
1. Set-up expenses	1	-	-	-
2. Development costs	2	-	-	-
3. Concessions, patents, licenses trademarks, rights and similar assets and other intangible assets	3	20,600	77,476	70,245
4. Goodwill	4	-	-	-
5. Advanced and intangible assets in progress	5	-	-	-
TOTAL	**6**	**20,600**	**77,476**	**70,245**
II. TANGIBLE ASSETS				
1. Land and buildings	7	-	-	3,344,100
2. Technical installations and machines	8	320,891	380,145	808,041
3. Other facilities, equipment and furniture	9	245,864	461,938	388,840
4. Advances and tangible assets in progress	10	475,000	-	-
TOTAL	**11**	**1,041,755**	**842,083**	**4,540,981**
III. FINANCIAL ASSETS				
1. Shares in affiliated entities	12	26,572,947	26,572,947	26,231,326
2. Loans to affiliated entities	13	-	-	-
3. Equity interests	14	-	-	-
4. Loans to entities with which the company is linked by virtue of equity interests	15	-	-	-
5. Equities and other financial instruments held as assets	16	1,033,472	1,123,582	1,358,109
6. Other receivables	17	-	1,435	29,315,934
TOTAL	**18**	**27,606,419**	**27,697,964**	**56,905,369**

Balance sheet

	ROW	DECEMBER 31ST, 2011	DECEMBER 31ST, 2012	DECEMBER 31ST, 2013
		(LEI)	(LEI)	(LEI)
FIXED ASSETS - TOTAL	19	28,668,774	28,617,523	61,516,595
B. CURRENT ASSETS				
I. INVENTORIES				
1. Raw materials and consumables	20	11,329	-	-
2. Services in progress	21	-	-	-
3. Advances for purchase of inventories	22	-	-	-
TOTAL	**23**	**11,329**	**-**	**-**
II. RECEIVABLES				
1. Trade receivables	24	1,495,902	1,375,162	2,433,141
2. Receivables from affiliated entities	25	-	-	-
3. Collectable receivables from equity interests	26	-	-	-
4. Other receivables	27	2,152,054	2,945,636	2,812,685
5. Subscribed and unpaid capital	28	-	-	-
TOTAL	**29**	**3,647,956**	**4,320,798**	**5,245,826**
III. SHORT-TERM INVESTMENTS				
1. Shares held in affiliated entities	30	-	-	-
2. Other short-term investments	31	73,251,807	64,671,027	35,119,284
TOTAL	**32**	**73,251,807**	**64,671,027**	**35,119,284**
IV. PETTY CASH AND BANK ACCOUNTS	33	554,128	311,993	2,331,872
CURRENT ASSETS - TOTAL	34	77,465,220	69,303,818	42,696,982
C. PREPAID EXPENSES	**35**	**89,522**	**63,642**	**175,058**
1. Loans from bond issues disclosed separately from loans from issue of convertible bonds	36	-	-	-
2. Amounts due to credit institutions	37	-	-	-
3. Advances cashed in orders	38	137,123	140,174	107,570
4. Trade payables - suppliers	39	667,772	344,136	667,357
5. Trade bills payable	40	-	-	-
6. Amounts due to affiliated entities	41	-	-	-
7. Amounts owed to entities to which is company is linked by virtue of equity interests	42	-	-	-
8. Other liabilities, including tax and social security payables	43	1,793,810	1,937,499	4,764,777
TOTAL	**44**	**2,598,705**	**2,421,809**	**5,539,704**

Balance sheet

	ROW	DECEMBER 31ST, 2011	DECEMBER 31ST, 2012	DECEMBER 31ST, 2013
		(LEI)	(LEI)	(LEI)
D. NET CURRENT ASSETS /NET CURRENT LIABILITIES	45	74,218,499	66,253,466	36,670,241
E. TOTAL ASSETS MINUS CURRENT LIABILITIES	46	102,887,273	94,870,989	98,186,836
I. Loans from bond issues disclosed separately from loans from issue of convertible bonds	47	-	-	-
2. Amounts due to credit institutions	48	-	-	-
3. Advances cashed in orders	49	-	-	-
4. Trade payables – suppliers	50	-	-	-
5. Trade bills payable	51	-	-	-
6. Amounts due to affiliated entities	52	-	-	-
7. Amounts due to entities with which the company is linked by virtue of equity interests	53	-	-	-
8. Other liabilities, including tax and social security payables	54	-	-	-
TOTAL	55	-	-	-
F. PROVISIONS				
I. Provisions for pensions and similar liabilities	56	856,265	269,566	269,506
2. Provisions for tax	57	-	-	-
3. Other provisions	58	-	-	100,000
TOTAL	59	856,265	269,566	369,506
G. DEFERRED INCOME	60	737,538	692,185	662,095
I. Subsidies for investments	60.1	-	-	-
2. Deferred income	60.2	737,538	692,185	662,095
H. CAPITAL AND RESERVES				
I. CAPITAL	61	76,741,980	76,741,980	76,741,980
- Subscribed and paid-up capital	62	76,741,980	76,741,980	76,741,980
- Subscribed unpaid capital	63	-	-	-
II. SHARE PREMIUMS	64	8	8	8
III. REVALUATION RESERVES		-	-	-
Balance C	65			2,325,080
Balance D	66			

Balance sheet

	ROW	DECEMBER 31ST, 2011	DECEMBER 31ST, 2012	DECEMBER 31ST, 2013
		(LEI)	(LEI)	(LEI)
IV. REZERVE	67	8,852,995	9,265,576	9,712,158
I. Legal reserves	68	4,941,710	5,354,053	5,800,353
2. Statutory or contractual reserves	69	-	-	-
3. Reserves from assets received free of charge	70	2,413,197	2,413,197	2,413,197
4. Reserves from fair value revaluation	71		-	-
5. Reserves representing surplus from revaluation reserves	72	57,109	57,109	57,109
6. Other reserves	73	1,440,979	1,441,217	1,441,499
5. Treasury stock	74	-	-	-
6. Gain related to equity instruments	75	-	-	-
7. Losses related to equity instruments	76	-	-	-
V. RESULT CARRIED FORWARD				
Balance C	77	-	-	-
Balance D	78	-	-	-
Balance C	79	16,966,325	9,006,202	9,484,404
Balance D	80			
Profit distribution	81	530,300	412,343	446,300
EQUITY - TOTAL	82	102,031,008	94,601,423	97,817,330

Profit and loss account

	ROW	DECEMBER 31ST, 2011	DECEMBER 31ST, 2012	DECEMBER 31ST, 2013
		(LEI)	(LEI)	(LEI)
I. Net turnover	1	21,742,232	17,398,953	24,287,070
a) Revenues from current activity	2	21,742,232	17,398,953	24,287,070
b) Revenues from subsidies related to net turnover	3	-	-	-
2. Variation of inventories of end products and work in progress	4	-	-	-
Balance C	5	-	-	-
Balance D				
3. Production realised by the entity for its purposes and capitalised	6	-	-	-
4. Other operating revenues	7	3,395	54,072	125,303
Operating revenues - Total	8	21,745,627	17,453,025	24,412,373
5. Materials and other external charges	9	331,272	280,016	295,968
a) Raw material and consumable expenses	10	192,030	105,821	93,087
b) Other material expenses	11	36,628	48,517	46,721
c) Other external charges (power and water)	12	102,614	125,678	156,160
6. Personnel expenses, of which	13	7,020,287	6,804,141	9,119,776
a) Wages and salaries	14	5,486,868	5,155,724	7,341,252
b) Social security contribution	15	1,533,419	1,648,417	1,778,524
7. a) Tangible and intangible assets value adjustment	16	728,694	579,013	(338,117)
a.1) Expenses	17	728,694	579,013	680,903
a.2) Revenues	18	-	-	(1,019,020)
b) Current assets value adjustment	19	(3,650)	46,038	328,916
b.1) Expenses	20	64,950	49,043	338,953
b.2) Revenues	21	(68,600)	(3,005)	(10,037)
8. Other operating expenses	22	6,419,025	6,247,634	6,773,568
8.1 Third party services	23	4,732,554	5,252,481	5,555,858
8.2 Other taxes and similar liabilities	24	986,901	895,786	1,148,081
8.3 Expenses for indemnities, donations and transferred assets	25	699,570	99,367	69,629

Profit and loss account

	ROW	DECEMBER 31ST, 2011	DECEMBER 31ST, 2012	DECEMBER 31ST, 2013
		(LEI)	(LEI)	(LEI)
Provision adjustments	26	856,265	(586,699)	99,940
Expenses	27	856,265	264,294	369,506
Revenues	28	-	(850,993)	(269,566)
Operating expenses – total	29	15,351,893	13,370,143	16,280,051
OPERATING PROFIT OR LOSS				
Profit	30	6,393,734	4,082,882	8,132,322
Loss	31			
9. Revenues from equity interests	32	234	-	-
of which, revenues from affiliated entities	33	-	-	-
10. Revenues from other investments and loans included in fixed assets	34	8,224,352	1,916,610	387,664
of which, revenues from affiliated entities	35	8,200,000	1,883,519	355,445
11. Revenues from interests	36	3,773,041	3,725,168	2,771,091
of which, revenues from affiliated entities	37			
Other financial revenues	38	3,321,074	2,324,863	2,394,556
FINANCIAL REVENUES - TOTAL	**39**	**15,318,701**	**7,966,641**	**5,553,311**
12. Value adjustments related to financial assets and financial investments held as current assets	40	21,984	(90,109)	_ 123,937
Expenses	41	256,284	162,740	477,884
Revenues	42	234,300	252,849	(353,947)
13. Interest expense	43	-	-	-
of which, expenses with affiliated entities	44	-	-	-
Other financial expenses	45	2,884,234	2,009,246	2,530,681
FINANCIAL EXPENSES – TOTAL	**46**	**2,906,218**	**1,919,137**	**2,654,618**
FINANCIAL RESULT				
Profit	47	12,412,483	6,047,504	2,898,693
Loss	48	-	-	-
14. CURRENT RESULT				
Profit	49	18,806,217	10,130,386	11,031,015
Loss	50	-	-	-

Profit and loss account

	ROW	DECEMBER 31ST, 2011	DECEMBER 31ST, 2012	DECEMBER 31ST, 2013
		(LEI)	(LEI)	(LEI)
15. Extraordinary revenues	51	-	-	-
16. Extraordinary expenses	52	-	-	-
17. RESULT OF EXTRAORDINARY ACTIVITY				
Profit	53	-	-	-
Loss	54	-	-	-
Total revenues	55	37,064,328	25,419,666	29,965,684
Total expenses	56	18,258,111	15,289,280	18,934,669
GROSS RESULT				
Profit	57	18,806,217	10,130,386	11,031,015
Loss	58	-	-	-
18. Income tax	59	1,839,892	1,124,184	1,546,611
19. Other taxes not included at the above items	60	-	-	-
20. NET PROFIT OR LOSS OF THE FINANCIAL YEAR				
Profit	61	16,966,325	9,006,202	9,484,404
Loss	62	-	-	-

Cash flow statement

	DECEMBER 31ST, 2011	DECEMBER 31ST, 2012	DECEMBER 31ST, 2013
	LEI	LEI	LEI
OPERATIONAL ACTIVITIES:			
Net profit before tax	18,806,217	10,130,386	11,031,015
ADJUSTMENTS FOR NET RESULT RECONCILIATION WITH THE NET CASH USED IN OPERATIONAL ACTIVITIES:			
Depreciation	320,886	579,013	680,903
Land adjustment	407,808	(308)	(20,368)
Provisions	856,265	(586,699)	(919,080)
Adjustments for overdue receivables - Revenues	18,334	46,038	328,916
Reclassification related to investment business – Revenues from interests	(3,773,040)	(3,725,168)	(2,771,091)
Reclassification related to investment business – Collected dividends	(8,224,587)	(1,916,610)	(387,664)
Other adjustments	(460,190)	(89,870)	90,263
Total adjustments	(10,854,524)	(5,693,604)	(2,998,121)
Operating profit before changes in the circulating capital	7,951,693	4,436,782	8,032,894
CHANGES OF THE CIRCULATING CAPITAL			
Increase / (decrease) in trade receivables and other receivables	(1,116,979)	464,600	(2,377,661)
Increase / (decrease) in trade payables and other receivables	900,286	(198,903)	_2,369,685
Changes of the circulating capital	(216,693)	265,697	(7,976)
Income tax paid	(1,465,640)	(1,466,155)	(620,002)
Net cash generated by operational activities	6,269,360	3,236,324	7,404,916
INVESTMENT ACTIVITY			
Payments for purchase of fixed assets	(829,401)	(489,544)	(1,028,470)
Revenues from sales of fixed assets	-	53,635	20,368
Payments for purchases of financial assets	(805,153)	-	(29,331,343)
Cash proceeds / (payments) for short term financial investments (deposits and treasury certificates)	(69,318,788)	10,001,336	27,194,803
Collected interest	3,055,617	2,577,460	3,783,392
Collected dividends	8,224,586	1,916,610	387,664
Net cash generated in the investment activity	(59,673,139)	14,059,497	1,026,414
Dividends paid	(5,418,154)	(16,117,400)	(8,768,392)

Cash flow statement

	DECEMBER 31ST, 2011	DECEMBER 31ST, 2012	DECEMBER 31ST, 2013
	LEI	LEI	LEI
Net cash employed in the financing activity	(5,418,154)	(16,117,400)	(8,768,392)

Increase / (Decrease) of cash and cash equivalents	(58,821,933)	1,178,421	(337,062)

CHANGES IN CASH AND CASH EQUIVALENTS			
Balance at the beginning of the year	61,271,760	2,449,827	3,628,248
Increase / Decrease of cash and cash equivalents (deposits and treasury certificates, <3months)	(58,821,933)	1,178,421	(337,062)
Balance at the end of the year	2,449,827	3,628,248	3,291,186

From the information we have at hand, the annual financial-accounting statement drawn up according to the applicable accounting standards provide an accurate and authentic image on the Company's assets, liabilities, financial position, profit and loss account. The administrators' report includes a correct analysis of the development and performances of BVB, as well as a description of the main risks and reservations specific to the corresponding activity.

Dr. Lucian Anghel
Stock Exchange Board President

Ludwik Sobolewsk
General Manager

Virgil Stroia
Financial Manager

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