ANNUAL REPORT OF
BURSA DE VALORI BUCURESTI
drafted according to art. 112[1] of CNVM Regulation no. 1/2006

For the financial year: 2014
Date of the report: 30.04.2015
Name of the company: BURSA DE VALORI BUCURESTI S.A.
Headquarter: Bd. Carol I nr. 34-36, etaj 13-14, Sector 2, Bucuresti
Phone/fax no.: 021-3079500/021-3079519
Trade Registry Office uniqe registration code: RO 17777754
Trade Registry number: J40/12328/2005
Regulated market on which the issued securities are traded: Spot Regulated Market operated by Bursa de Valori Bucuresti S.A.
Share capital, subscribed and payed: RON 76,741,980
Main characteristics of the company's issued securities: 7,674,198 shares with a nominal value of RON 10

1. Analysis of the activity of Bursa de Valori Bucuresti S.A. („Company", „BVB", „Bucharest Stock Exchange")

Establishment of the Company and its core business description

On June 21, 1995, by Decision of the National Securities Commission (CNVM) no. D20, BVB was established as a non-profit institution, autonomous, under the provisions of Law no. 52/1994.
Until its transformation into a joint stock company, BVB has functioned by observing the provisions of Law no. 52/1994 and respectively GEO no. 28/2002 as a public institution, with non-patrimonial purpose, financed from own sources.

On July 15, 2005, by conclusion no.12270 / SC / 2005 for the case no.531497 / SC / 2005, it was admitted the BVB request for reorganization through changing the legal form in a joint stock company without liquidation of assets and without business interruption of the former public institutions. The assets of Bursa de Valori Bucuresti became according to art. 285 para. 1 of the Law no.297 / 2004 the assets of Bursa de Valori Bucuresti S.A.(BVB).

On August 31, 2005 (Reference Date), BVB merged by absorption with Bursa Electronica RASDAQ S.A., the latter conveying the universal right on is own assets to the acquiring company.

On May 18, 2010 the CNVM Decision no. 632 is issued approving the prospectus prepared for admission to trading the BVB shares on the regulated market operated of BVB.

June 8, 2010 is the first day in which the shares of BVB, as issuer addmitted on its own trading platform, are traded under the "BVB" market symbol.

BVB is organized as a Romanian legal entity of private law and operates as a joint stock company under the Law no. 31/1990 on companies, republished, as amended and supplemented, having the object of activity the management of financial markets, NACE code 6611. BVB is authorized as market operator by the National Securities Commission (CNVM) in Romania by Decision no. 369 / 31.01. 2006 and registered in the CNVM Register, Section 11, Market Operators under no. PJR11OPPR / 400001 and as system operator by Certificate no. 242 / 23.07.2008 and registered in the CNVM Register, Section 12, System Operators under no. PJR12OSAT / 400003 and by Decision no. 534 / 21.04.2010 issued by the National Securities Commission.

The main activity of BVB is the management of the markets for trading financial instruments and also the activities related to the main object of activity and stipulated by the regulations of the National Securities Commission (CNVM) / Financial Supervisory Authority (ASF).

BVB manages a spot regulated market (authorized by CNVM Decision no. 370 / 31.01.2006), a derivative regulated market (authorized by CNVM Decision no. 926 / 14.06.2007) and an alternative trading system (authorized by CNVM Decision no. 534 / 21.04.2010). Also, BVB operates RASDAQ market and unlisted securities market, which function according to the transitory CNVM regulations*:

- the spot regulated market, where there are traded shares and rights issued by international and Romanian entities; debt instruments: corporate, municipality and government bonds issued by Romanian entities and international corporate bonds; UCITs: shares and fund units; structured products; tradeable UCITS (ETFs);
- the derivative regulated market, where there are traded futures on shares, indices, goods and foreign exchange; during 2014 there were not listed new series, so there were not registred trading operations with derivatives;
- the alternative trading system (ATS), mainly dedicated to financing and promoting the SMEs and start-ups; it includes also a section where foreign stocks listed on other markets are traded;
- RASDAQ market, where shares and rights issued by Romanian entities are traded, most of them coming from the mass privatization program*.

* In October, 2014, the Law no. 151/2014 regarding the clarification of the legal status of the shares traded on RASDAQ or unlisted securities markets entered into force. At the beginning of December, 2014, the ASF Regulation no. 17/2014, which establish the norms according to which the companies listed on RASDAQ or unlisted securities markets could be transferred on a regulated market or an alternative trading system. According to legal provisions, the Boards of Directors/ Directorates of the companies of which the shares are traded on RASDAQ or unlisted securities markets had the obligation to convene the extraordinary general shareholders meetings within 120 days since the date the Law no. 151/2014 entered into force, for the purpose of adoption by the shareholders of a resolution regarding admission of the shares to trading on a regulated market or alternative trading system. RASDAQ and unlisted securities markets will legally ceased in 12 months from the date of law entries into force.

The activities of depository, clearing, settlement and registry for the transactions with financial instruments on spot regulated market operated by BVB is provided by Depozitarul Central S.A. The activities of clearing and settlement for the transactions executed on the derivatives regulated market operated by BVB is provided by Casa de Compensare bucuresti S.A.

The legal framework applicable to BVB activity is provided by Law no. 31/1990 on companies, Law no. 297/2004 regarding the capital market, as amended and supplemented, CNVM/ ASF regulations and its own regulations, approved by CNVM/ ASF.

Description of the assets acquiring or selling

BVB registered in 2014 purchases and investments of intangible assets in the amount of RON 1,327,272 (2013: RON 321,636). This increase is mainly due to the completion of the projects related to the development of the ARENA trading system (the inventory value of ARENA increased by RON 446,442, due to the capitalization of internal costs), and as a result of completing and operating the new BVB website. The amortization of these assets shall be done over a period of 3 years.

Tangible assets amounting to RON 496,468 (2013: RON 706,832) increased by purchasing equipment according to the investment plan approved by the General Shareholders Meeting ("GSM").

During 2014, there were outflows of intangible assets amounting to RON 435,834 and outputs of intangible assets amounting to RON 446,957, fully amortized. Revenues from sales of fixed assets amounted to RON 2,371.

Analysis of 2014 financial results

BVB ended 2014 with **trading revenues** of RON 23.13 mn, up by 9% compared to the previous year. The main growth driver was the intense trading activity, much improved compared to the previous year.

Trading values on all BVB's markets including public offers increased by 6.6% y-o-y in 2014 to RON 14.4 bn, while trading on the regulated stock market went up by 15.2% to approximately RON 13 bn (including public offers). The average daily turnover for the regulated stock market excluding public offers increased at a 22% growth rate to RON 38.9 mn (EUR 8.76 mn).

In the area of public offers, the most significant deal of the year and also in BVB's history was the EUR 444 mn IPO for Electrica, which also became one of the largest IPOs in Europe for the year. Other major deals, which contributed not only to the trading activity's upturn but also to BVB's revenues, were the buy-back program performed by Fondul Proprietatea during the last quarter of the year (when buy-backs were accelerated through a public tender offer launched by FP for its own shares), the private placements of Romgaz shares (~EUR 100 mn) and Transelectrica shares (~EUR 50 mn), as well as two issues of corporate bonds sold via BVB by Raiffeisen Bank and Garanti Bank, cumulating RON 800 mn.

Almost all categories of operating revenues registered increases compared to the previous year. During 2014, BVB accepted a new member (Polish brokerage company Ipopema) and made steps to acquire another participant to the trading system, which sent revenues from participant fees up more than 3 times, to RON 0.29 mn. Furthermore, listings of new companies since November 2013 increased fees registered for maintenance to trading, while admission fees for newcomers (such as Electrica) and the new schedule of fees paid by issuers of structured products resulted in additional revenues.

The IT development area generated revenues from in-house developed upgrades to the trading system, BVB's website or other IT projects that translated into new intangible assets worth of RON 0.66 mn. In addition, revenues generated by the separation of the trading environment from the post-trading system sent revenues from IT services offered up to RON 0.77 mn for the full year, double in y-o-y terms.

Indicator (thousand RON)	2014	2013	Change 2014 vs 2013	Budget 2014	2014 actual as % of 2014 budget
Operating revenues, out of which:	27.88	24.41	14.2%	25.15	110.9%
Net sales	26.87	24.29	10.6%	25.04	107.3%
Operating expenses, out of which:	16.75	16.28	2.9%	16.18	103.5%
- Personnel expenses*	8.87	9.12	-2.7%	8.30	106.9%
Operating result	11.13	8.13	36.9%	8.96	124.2%
Financial result	3.02	2.90	4.2%	2.69	112.2%
Pre-tax result	14.15	11.03	28.3%	11.66	121.4%
Net result	11.90	9.48	25.4%	9.95	119.5%
Earnings per share (RON)	1.55	1.24	25.4%	1.30	119.5%

* The amounts includes the contributions related to BVB's Board and Special Committee remunerations, excludes pre-tax remunerations of the Board and Special Committees

All in all, **operating revenues** reached RON 27.88 mn, up by 14.2% compared to the previous year and 10.9% above the budgeted figure for 2014.

On the cost side, **operating expenses** increased by 2.9% y-o-y to RON 16.75 mn, by 3.5% above the projected figure for the full year.

As a reminder, 2013 expenses included a non-recurring reversal of provision for the land (a revenue of RON 1.02 mn) which if it were not accounted for in the calculation would turn the above-mentioned 2.9% increase turn into a 3.2% y-o-y decline. Letting the provision revenue aside, depreciation charges increased by 12.6% y-o-y to RON 0.77 mn, determined by investments over the past year.

Personnel expenses were lower compared to the year ago amount, at RON 8.87 mn, while other expenses included in the third-party services costs (such as costs with consultancy and legal services, AGM costs) were also on a downward trend, partially offsetting the increases in marketing expenses or functioning and administrative expenses.

As a result, the **operating profit** ended at RON 11.13 mn, a significant 36.9% above the figure reported for 2013 and by 24.2% above the almost RON 9 mn included in the budget.

The **financial profit** increased by 4.2% y-o-y to RON 3.02 mn, despite the fact that subsidiaries (i.e. the Central Depository) paid no dividends in 2014 from the 2013 profit, the RON 0.38 mn amortization of costs related to the acquisition of government securities and the adjustment registered in December 2014 for BCH, amounting to RON 0.69 mn. As interest rates declined significantly over the past year, BVB's revenues from investments registered a 3.2% y-o-y decline to RON 2.68 mn. Furthermore, the depreciation of the USD versus the local currency by more than 13%, while the RON/EUR rate remained stable, resulted in net unrealized revenues of RON 1.32 mn from the revaluation of foreign currency-denominated investments, compared to the net cost of RON 0.14 mn registered in 2013.

The **net profit** marked a 25.4% year-on-year increase to RON 11.90 mn in 2014, which was well above the full-year estimate. The net margin for the analyzed period was 44.3%, 5.2 percentage points above 2013.

Cash flow statement

In 2014, BVB generated positive cash flows from operating activities of RON 5.95 mn, lower by 19.7% compared to the previous year.

During the year, BVB continued to redirect cash & equivalents to long-term government securities with a higher yield than shorter-term investments (deposits with maturities above 3 months), with little impact on cash flows,

while interest cashed in from BVB's investments were the main driver of cash flows from investment activities, i.e. a positive RON 1.73 mn.

The cash outflows related to the financial activity amounted to RON 8.93 mn, representing the dividends paid to BVB's shareholders from 2013 and previous years' net profits.

At the end of 2014, a total net decline of the cash and cash equivalents (bank deposits with the maturity term under 3 months) was registered to RON 1.25 mn.

Net Assets

At the end of December 2014, BVB's **total assets** were RON 106.48 mn, up 2% compared to the figure reported at the beginning of the year.

Non-current assets increased by 15.4% or RON 9.46 mn since the beginning of the year. The net value of intangible assets increased to RON 1.04 mn, mostly determined by the in-house development of new intangible assets related to IT projects (BVB's website, Arena upgrades) and acquisition of new software. Non-current financial assets reached RON 65.31 mn, the consistent increase versus the beginning of the year being attributable to acquisitions of long-term government bonds in RON and EUR.

Current assets declined to RON 35.37 mn at the end of the reporting period, down 17.2% since the beginning of the year, as BVB gradually turned to investments in longer-term government bonds rather than shorter term deposits, aiming at limiting the adverse effects of the declining interest rate environment. Such actions were also the main cause of the **cash and short term investments** decline, which was also attributable to the payment of dividends of RON 9 mn to BVB's shareholders, from 2013 and previous years' net profits.

Assets (RON mn)	31.12.2014	01.01.2014	Equity & Liabilities (RON mn)	31.12.2014	01.01.2014
Non-current assets	70.98	61.52	Shareholders' equity	100.68	97.82
Current assets – total, of which:	35.37	42.70	Payables, all due in less than 1 year	4.63	5.54
- cash, bank accounts and other short term financial investments	27.97	37.45			
Prepaid expenses	0.13	0.18	Provisions	0.48	0.37
			Deferred revenues	0.69	0.66
Total assets	**106.48**	**104.39**	Total equity & liabilities	**106.48**	**104.39**

BVB's **debt** at the end of December 2014, due in less than 1 year, amounted to RON 4.63 mn, 16.4% lower compared to the beginning of the year. The amount included liabilities to BVB's shareholders' (dividends payable), accrued liabilities to the company's management and employees, liabilities to the state budget and the social security budget, not due at the end of the analyzed period.

Shareholders' equity increased by 3% y-o-y to RON 100.68 mn, due to the registration of the full-year profit.

Financial and Performance Indicators

	Indicator	Formula	2013	2014
Liquidity indicators	Current ratio	Current assets/Current liabilities	7.71 times	7.63 times
	Acid test ratio	(Current assets-Inventories)/ Current liabilities	7.71 times	7.63 times
	Debt-to-equity ratio	(Borrowed capital/Equity)*100	BVB has no borrowings	BVB has no borrowings
Activity indicators	Accounts receivables turnover	(Average receivables balance/ Turnover)*365 days	27.65 days	54.81 days
	Accounts payables turnover	(Average supplier balance/ Turnover)*365 days	7.60 days	10.72 days
	Non-current asset turnover	Net turnover/Non-current assets	0.39 times	0.38 times
	Asset turnover	Net turnover/Total assets	0.23 times	0.25 times
Profitability indicators	Net profit margin	Net profit/Turnover *100	39.05%	44.27%
	Return on equity (ROE)	Net result/Equity *100	9.70%	11.82%
	Return on assets (ROA)	Net result/Total assets *100	9.09%	11.17%
	Return on employed capital	Pre-tax result/Employed capital*100%	11.28%	14.05%
Market Indicators	Earnings per share (EPS)	Net result/Number of shares	RON 1.24 / share	RON 1.55 / share
	Market capitalization	Market price * Number of shares	RON 249,411,435	RON 260,692,506
	Book value per share	Equity/Number of shares	RON 12.75 / share	RON 13.12 / share

Evaluation of the technical level of the Company

BVB's sales revenues consist mainly from fees charged for trades with all listed instruments, fees for listing of companies and instruments, and revenues from data vending services provided to various users.

Concerning the contribution of each category of products/services to the operating revenues and sales revenues, these are listed in the table below:

Revenues	Value (ths. RON)		
	2012	2013	2014
Trading revenues	14,172	21,230	23,131
Revenues from fees charged to issuers	1,350	1,317	1,469
Data vending revenues	1,317	1,263	1,209
Revenues from IT&C services	430	387	776
Revenues from fees charged to participants	127	88	286
Production of intangibles for own use	0	0	659
Other revenues	57	127	349
Total Operating revenues	**17,453**	**24,412**	**27,879**
TOTAL Sales revenues	**17,399**	**24,287**	**26,871**

The **issuers** on listing categories and their capitalization as of December 31, 2014 are presented in the tables below:

BVB Segment			
Category	No. issuances	Capitalization (RON)	Capitalization (EUR)
Cat.I	29	77,373,095,909	17,257,682,988
Cat.II	50	4,980,414,767	1,110,856,664
Cat. III	2	72,577,859	16,188,129
International	1	36,962,800,000	8,244,368,113
Other International	1	10,569,253,120	2,357,419,173
Unlisted	17	439,045,590	97,926,928

BVB Segment				
Category	No. tranz.	Volume	Value (RON)	Value (EUR)
Cat.I	621,594	9,277,715,982	10,964,585,505	2,470,332,154
Cat.II	116,676	2,161,586,824	244,646,626	55,045,685
Cat. III	52	26,886,300	13,022,140	2,948,145
International	30,893	2,160,269	206,177,717	46,492,408
Other International (NEP)	286	19,403	674,983	152,802
Unlisted	3,023	4,858,446	5,439,438	1,229,482
IPOs	15,227	142,007,744	1,556,094,600	354,560,381
Total		**11,615,234,968**	**12,990,641,010**	**2,930,761,057**

RASDAQ Segment			
Category	No. issuances	Capitalization (RON)	Capitalization (EUR)
Cat.I	4	166,640,401	37,168,310
Cat.II	5	193,056,180	43,060,218
Cat. Base	902	7,120,947,783	1,588,291,873

RASDAQ Segment				
Category	No.tranz.	Volume	Value (RON)	Value (EUR)
Cat.I	893	3,471,924	2,761,523	624,907
Cat.II	756	2,051,379	2,498,316	558,937
Cat.Base	62,146	447,577,980	206,386,179	46,547,316
Total		**453,101,283**	**211,646,019**	**47,731,161**

ATS Segment			
Category	No. issuances	Capitalization (RON)	Capitalization (EUR)
I-ATS	2	25,784,500	5,751,104
Base-ATS	3	158,986,961	35,461,248
Intl-ATS	31	N/A	N/A

ATS Segment				
Category	No. tranz.	Volume	Value (RON)	Value (EUR)
I-ATS	157	835.830	44.154	9.862
Base-ATS	85	16.322	63.089	14.188
Intl-ATS	8.476	147.753	20.129.690	4.537.982
Total		**999.905**	**20.236.933**	**4.562.032**

Projects and accomplishments

1. Potential reclassification of the Romanian capital markets to Emerging Markets

BVB's primary medium-term objective, widely supported by market participants, Romanian Financial Supervisory Authority (FSA) and the Government, remained the upgrade to the Emerging Markets status by internationally acknowledged institutions. Both quantitative and qualitative criteria should be met in order to access a superior classification.

As expected, 2014 was a year of ambitious projects, as detailed in the following sections. As a first step, the Barriers or obstacles to normal development of the capital markets in Romania were identified and described in the Paper "Eight Systemically Important Barriers for the Creation of the Modern Capital Markets in Romania". Subsequently, a deeper analysis of the Barriers was undertaken and the actual legislative changes to support the elimination of the Barriers were identified. In addition, steps were taken in line with the Three-Pillar Action Plan set out at end-2013, which is serving BVB's Measures of Strategic Objectives.

In connection with this project, the new website www.rocapmarketmodern.ro was launched in order to inform the interested parties on the status and developments of this project.

Wide reform of the capital market legal framework. A broad legislative transformation occurred in 2014, with the Emergency Ordinance no. 40/2014 amending and supplementing among others the Fiscal Procedure Code (approved in June), five FSA regulations changed in August and the Emergency Ordinance no. 90, amending and supplementing the Law no. 297/2004 on capital markets passed in December, addressing issues referring to account opening procedures, investors' corporate rights, dividend payment procedures, primary market offerings, the increase of the ownership threshold for market operators and the change of quorum requirements for the extraordinary general shareholders meetings for market operators.

In more detail, the issues addressed by these pieces of legislations (excepting EO no. 90/2014) referred to:

- The elimination of the mandatory appointment of a fiscal representative for non-resident investors when registering fiscally in Romania and the acceptance of documents in English for opening the account;
- Changes of the provisions regarding public offers: simplified documentation/procedures, elimination of the minimum duration of an offer, clarification of certain rights of the offeror/issuer, introduction of the option of having the prospectus drafted in a language widely used by the international financial community;
- Reduction of the length of the public offering process by at least 40 days, by eliminating the proof of publication of the decision of the General Shareholders' Meeting (GSM) in the Official Gazette and by requesting only a statement from the management of the company regarding any opposition as to the moment of submitting the documents to FSA for the approval of a public offering;
- The enforcement of provisions regarding the distribution of GSM-related information in both Romanian and English within minimum 30 days before the GSM and, for the vote in the GSM, allowing proof of identity of the legal representative to be made based on the list received from the Central Depository;
- The introduction of provisions on how to replace a vote casted by correspondence for a GSM;
- The introduction of the issuers' obligation to establish and include certain key dates (payment date, record date) in GSM decisions and to submit to the Central Depository certain information provided in the report.
- The introduction of the concept of "substitute representative" for the GSM, allowing for a contingency backup to the extent the first representative is unable to attend the meeting.

The Emergency Ordinance no. 90, amending and supplementing the Law no. 297/2004 on capital markets, was a breakthrough for the Eight Barriers project, building further momentum for the local capital market. The changes referred mainly to 3 of the 8 Barriers and issues related to the regulation of market operators, as follows:

- 3rd barrier – Not respecting corporate rights of the investors: simplification of the proxy voting procedure, clarification of the power of attorneys regime, elimination of the mandatory vote instructions in the power of attorney, simplification of the requirements regarding the documents for the GSM, assertion of the Central Depositary's role as database, simplification of the correspondence voting procedure;
- 4th barrier – Lack of international standards with regard to servicing investors' rights for dividends: the creation of a centralized system for dividend payments;
- 7th barrier – Primary market: elimination of the requirement of making a public offer announcement, clarification of the advertisements regime, possibility of omitting of information regarding the final offer price and amount of securities in line with the Prospectus Directive provisions, simultaneous approval of the admission to trading by the FSA and by the regulated market operator, new quorum threshold for disapplication of preference rights;
- Market operators – Threshold and quorum: raising the ownership limit in a market operator's capital to 20%, lowering the quorum requirements for the extraordinary general shareholders meetings similar to the Company Law no. 31/1990 requirements (1/4 from the voting rights for the first meeting and 1/5 for the second meeting).

The provisions of the Emergency Ordinance no. 90/2014 entered into force at the beginning of 2015.

Reduced market costs. With market costs among the issues to be addressed the Eight Barriers program, BVB has lobbied for a reduction of fees charged by the FSA. Announced in mid-June and implemented 3 months later (September 16th), the first move in this direction was the 25% cut of the fee charged by FSA to the buy side of trades executed through the stock exchange, from 8 bps to 6 bps.

Two weeks later, BVB implemented its own innovative fee reduction scheme. Thus, on October 1st, lower fees entered into force for the regular trading of shares, bonds, structured products and other instruments. Deal market fees remained unchanged. The positive effect was a more intense regular trading activity, mirrored by the strong reduction of Deal trades as percentage of total trading value, mostly visible in the Regulated Market for equities where Deal trades decreased from an average of 45% of total turnover (over the first 9 months of 2014) to 18% during the last three months of the year.

New guide for institutional investors. On July 22, 2014, BVB released the first edition of the *International Investors' Guide*, which included relevant information that a foreign investor would like to know about Romania when interested to invest on Romanian capital markets. The document highlights several strengths of the local capital markets, including a clear growth story, the presence of several defensive stocks with a good track record as dividend payers, a successful privatization program, the potential upgrade to Emerging Markets status, wide market reform and the growing domestic potential.

A separate section of this document is dedicated to fiscal issues applicable to non-resident investors, with new guidelines following the change of the Fiscal Procedural Code, pursuing the adoption by the Government of the Emergency Ordinance no. 40/23.06.2014. This change, requested by the Eight Barriers project, was aimed at eliminating the obligation of having a fiscal representative for non-residents who have declarative obligations in Romania, if they are resident in an EU Member State or a country with which Romania has concluded a double taxation treaty or other legal act through which information can be exchanged. The information in this section was developed under the guidance of the fiscal authority. In addition, relevant tax returns, translated into English, were attached to the document.

2. Increase of liquidity

Privatizations through the capital market. The event of the year in the area of privatizations was the IPO for Electrica, worth of approx. EUR 444 mn, which was not only the largest ever IPO at BVB, but also became one of the largest IPOs of the year in Europe. The Ministry of Economy (through the Department for Energy) sold 177,188,744 new securities, both shares and Global Depositary Receipts (GDRs), accounting for 51.2% of the

total number of shares after the capital increase. The volume of shares offered was subscribed approximately two times.

More than 80% of the securities were sold as shares, resulting in a more favorable shares/GDR ratio than in the case of Romgaz offer of 4Q 2013, when almost 2/3 of the securities were sold as shares and 1/3 as GDRs.

Institutional investors bought 79% of the securities sold in Electrica IPO while retail investors acquired the rest of 21% – a total of 11,600 investors according to the IPO syndicate. The majority of institutional investors who subscribed in the IPO are from Romania, Poland, UK and US. Following the IPO, EBRD and ING Groep became the company's 2nd and 3rd largest shareholders.

BVB answered participants' and investors' requirements and accommodated an improved offer structure, in compliance with the prospectus. Thus, within the small retail tranche, a separate a 100% guaranteed allocation was made available for the subscriptions that cumulatively do not exceed 1,000 shares. A 5% discount was also offered to retail investors for subscriptions made during the first 5 days of the offer. Furthermore, BVB organized workshops with brokerage houses to present the particular characteristics of the subscription process and technicalities involved.

BVB contributed to the promotion of the offer by marketing the offer through all accessible national and international means. A dedicated page was made available on the website for Electrica IPO with information on the offer, the prospectus and other related documents, as well as the list of participants through which retail investors can subscribe to the offer.

A friendlier listing process. In line with other actions taken in the context of the Eight Barriers project, BVB took initiative and reviewed its Rulebook in the area of admission to trading of financial instruments, in order to eliminate bureaucratic and formalistic provisions, time-consuming and costly procedures. The main amendments referred to elimination of cumbersome formalities such as translated documents, elimination of filing documents if the information is included in the prospectus, elimination of unnecessary information required by other authorities, elimination of additional declarations from the issuer, offering international issuers the possibility to file the documentation in Romanian or English.

In addition, the documentation for admission to trading will be transmitted to BVB together with the request for admission, before being approved by FSA, in order for BVB to issue the agreement in principle and to be able to initiate the procedure of admission. Thus, BVB's approval would be ready as soon as the documentation is approved by FSA, improving the efficiency of the process.

Attracting new issuers. BVB continued its activities to attract new private companies on the stock exchange and to promote funding through the local capital market, in cooperation with brokerage companies.

Apart from the above-mentioned IPOs, in 2014 one company was transferred from RASDAQ market to BVB's Regulated Market, i.e. Natura Quattuor Energia Holdings, while the Alternative Trading System received two new issuers, Premia Finanziaria and Imsaproiect. In the corporate bonds segment, the issues of Transelectrica, Raiffeisen Bank and Garanti Bank bonds started trading, after offers of RON 1 bn (the offer for Transelectrica bonds was executed at the end of 2013).

Since mid-2014, BVB also focused on redesigning the existing Alternative Trading System, investing considerable efforts in popularizing it as a tool for developing companies such as start-ups and SMEs to finance their growth. Financing solutions through the stock exchange were presented throughout the country in various conferences, workshops and other events, where entrepreneurs and companies on one side and investors on another would find additional opportunities for financing or respectively for investing. Partners for such events were Ernst & Young, Certinvest, DoingBusiness and others.

The end of the year brought FSA's approval of the regulations concerning BVB's alternative trading system. AeRO, the new market dedicated to small and medium sized enterprises, started operating in February 2015. Eligible companies will need at listing an anticipated market capitalization of at least EUR 250,000, as well as a free float of at least 10% or minimum 30 shareholders. With AeRO, the role of Authorized Advisor is introduced – an entity that will assist the entrepreneur in the pre-listing period, during the listing process and beyond, for reporting purposes (current reports, periodical reports).

In October, the Law no. 151/2014 on the clarification of the legal status of the shares traded on RASDAQ market or on the unlisted securities market, entered into force. The Law was followed at the beginning of December by FSA's Regulation no. 17 which set out the rules according to which RASDAQ-listed companies could be transferred to a regulated market or an ATS. BVB organized conferences and other events aimed at presenting to existing Rasdaq-listed issuers the advantages of remaining listed on a market either on a regulated or an ATS, while at the same time clarifying the issues arisen with the new legislation.

Attracting new investors. One of the main events dedicated to retail investors took place on June 28 and 29, at Neptun. BVB organized the first edition of the Individual Investor Forum, an event which brought together capital market experts, analysts and academics to present and debate on products and services for retail investors, investment decisions and portfolio management. The Forum gathered around 100 participants, of which 60 were retail investors. Based on a survey conducted on this occasion among retail investors, the InvestingRomania program emerged and 10 recommendations were adopted, among which: systemic measures for the safety of savings and investments, pro-development taxation solutions, better accessibility for individual investors, stronger corporate governance and new instruments for SMEs.

As regards the institutional investors, BVB initiated a series of events branded "Romanian Capital Market – Up the Ladder to Emerging Market" held in London and dedicated to UK-based institutionals. The first conference took place on October 22 and would be organized quarterly, aimed at increasing awareness of the investors' community on the major progress made by the Bucharest Stock Exchange in terms of market reform. On the same day and also in London, BVB and the Embassy of Romania to the United Kingdom of Great Britain and Northern Ireland organized for the first time an interactive workshop for Romanian professionals who work in London's financial industry. The stage of development and the perspectives of the Romanian capital market were presented to 29 professionals from 15 financial institutions, 3 top universities and one professional association.

As a listed issuer, BVB also participated to investor conferences and meetings organized by investment funds, local and international brokers, international institutions and organizations and others.

BVB continued to promote the capital market for the new generations of investors. Its involvement in this area included organizing meetings with investors (Investor Focus), the launch of the BVB Invest Quest virtual trading competition, including a powerful educational seminar and webinar campaign (further details in the section "Increase of visibility"), the continuation of the traditional educational project "Open Door Days at BVB" with 70 new events, the partnership with SSIF Broker in organizing the "Broker Academy" educational roadshow and the contribution to organizing other events aimed at promoting stock exchange mechanisms and services.

New market segmentation. In November 2014, FSA approved a number of amendments to *BVB's Rulebook – Market Operator* regarding the new segmentation of the Regulated Market, designed to enhance the visibility of local companies, as well as the trading turnover. With these changes, which entered into force at the beginning of 2015, tiers 1, 2 and 3 were replaced with two new tiers, i.e. Premium and Standard. In addition to the general criteria for admission to trading on the Regulated Market, the value of the free float for issuers applying for listing on the Premium tier must be at least EUR 40 mn. In order for the issuer's shares, including investment companies, to be admitted to Premium Tier, one of the following alternative criteria must also be met:

a) the issuer is one of BVB's most traded companies;

b) the issuer's average free-float capitalization for the last 3 months is greater than a certain value set by BVB;

c) for issuers that do not match the criteria provided at a) or b) but which have a liquidity ratio above the threshold established by BVB, the issuer must have signed a contract with a market maker to support market liquidity.

In addition, tiers 1, 2 and 3 was also removed for rights and corporate bonds. These financial instruments will be classified as rights and bonds, without any further differentiation.

Fewer market interruptions & improved information flow. Apart from the above-mentioned changes, November also brought other changes to BVB's Rulebook, referring to the elimination of the provision that stated that current reports should only be submitted by issuers outside trading hours. With this change, enforced on November 10, 2014, issuers were encouraged to submit releases and current reports as soon as they were available to them, inclusive during the trading session, but no later than 24 hours following the occurrence of the event in question.

In addition, if during a trading session an issuer is to submit a release/current report that contains information that could significantly impact the price/yield or the investment decision, it must notify BVB at least five minutes before sending the release/current report.

Another important change to *BVB's Rulebook* stipulated that the issuer's financial instruments would no longer be suspended from trading during the issuer's General Shareholders Meeting.

All these changes were aimed at improving the flow of information towards investors, and consequently at supporting liquidity, while also minimizing the risks inherent to possessing price-sensitive information.

A new Market Making program. On January 3rd, BVB introduced a pilot market making program designed to improve liquidity and market quality. The program was assessed after the first 6 months and was extended by another 12 months.

In exchange for their market making services, provided in line with the quoting obligations assumed, participants in the program would benefit from reduced fees down to as low as 0.01%.

On October 1st, further enhancements were brought to the program. Measures included discounts to be provided to new entrants in the program for a 6-month period, while for existing market makers BVB introduced an additional incentives package called the Revenue Sharing Scheme. The latter implied incentives directly linked with the percentage of the market maker's activity in the total traded value for a particular issuer in the main market. In addition, the list of shares for which market making services can be offered was extended to all constituents of BET Plus index (40 companies at the end of 2014).

At the end of the year, there were 5 brokerage companies acting as market makers (Wood & Company, Banca Comerciala Romana, Raiffeisen Centrobank AG, SSIF Broker, IFB Finwest), covering 11 financial instruments: OMV Petrom, Erste Group Bank AG, Banca Transilvania, Transgaz, Romgaz, BRD-Groupe Soc. Gen., Bucharest Stock Exchange, Electrica, Ropharma, Fondul Proprietatea and an ETF. Thus, the program allowed Participants to register as market makers for more shares than in the past, while some of them became market makers for the first time. In addition, some companies benefited for the first time from a market maker's services. Market makers' trading value increased gradually, from around 5% during 1H.2014 to 7-8% towards the end of the year.

In addition to the market making program described above, BVB also introduced the concept of Issuer's Market Maker, which is expected to contribute, based on a partnership with the issuer, to the improvement of the trading activity for its shares. The new provisions of *BVB's Rulebook* in this area were approved by the FSA. Further, BVB developed the general framework of the program and performed an initial research and promotion campaign among issuers and brokerage companies.

Extension of the trading hours and the introduction of Trading at Last. Trading hours were extended and revised in several steps, to increase correlation with European markets and to ensure a uniform trading framework for the financial instruments traded at BVB, in order to address the potential interest of the participants and investors and to facilitate them an adequate and timely trading activity. While financial instruments would be available for trading for a longer time period, conditions are created for a more active implication of foreign investors, including institutional investors.

In a first step, the trading session for shares, fund units and rights was extended from 16:45 to 18:00. Further, on May 5, 2014, pre-open/pre-close stages were adjusted and a 10-minute stage named Trading at Last was implemented after the closing of the market, allowing investors to perform trades at the last closing auction price. The reform of trading organization continued in December, as BVB aligned the trading hours for bonds with those for shares, rights and fund units.

Promotion of short selling and securities lending. After the FSA issued a draft regulation on short selling and securities lending and submitted it to the public for consultation, BVB initiated a working group with market participants and the Central Depository to performed a wider consultation and analyze the issues arising in this area. BVB prepared a package of proposed changes to the draft regulation which were submitted to the Financial Supervisory Authority.

3. Development of the capital market infrastructure

System separation and support for T+2 implementation. The separation of the trading system from post-trading, one of the major infrastructure projects of the local capital market, was effectively implemented on October 6, 2014, after the FSA's previous approval of the necessary changes to *BVB's Rulebook*. This technical development, along with the migration to the T+2 settlement cycle which was implemented on the same day, represented far-reaching steps towards a modern and fully fledged capital market infrastructure. Complementary to the regulatory reforms for the removal of the Eight Barriers, these changes brought the local market closer to meeting the qualitative requirements considered for the potential upgrade to Emerging Markets.

The systems separation is aimed at improving flexibility and efficiency for participants' operations, at significantly enhancing operating performances and processing capacity (lower round-trip time for order execution, higher order processing capacity, lower internal latency in order execution etc) and higher control of operating risks.

A consequence of systems' splitting was the 100% increase of the processing capacity of Arena: the number of quotations allocated to market makers and to liquidity providers doubled, order instruction total round-trip time decreased by 50%, trade allocations process in post-trading became more flexible, risk management improved by using segregated accounts of trading and settlement, the separation of the participants' activity at the front/back office level became clearer. In addition, increasing the trading efficiency (grouped trades execution, change in brokers' behavior - focusing on best execution, not on operational details).

As for the T+2 implementation, BVB has drafted the implementation plan with specific activities and deadlines, led the consultation and communication process with market participants, drafted the supporting materials towards the implementation project and provided the IT-support for the testing phase. Throughout the entire process, BVB cooperated with the Central Depository and was involved in the dialogue with market authorities.

The reduction of the settlement cycle contributed to increased efficiency and reduced post-trade risks, as a result of reducing counterparty risk and increasing the rate of capital reinvestment.

Higher security and performance of IT systems. With regard to security and processing capacity, during 2014 the trading system was operating 99.99% of the time (system uptime). The central system functioned at 15% of its processing capacity, occasionally reaching as much as 25% of the total capacity.

During the year, several software upgrades of Arena system were performed, referring to the implementation of the Trading at Last stage, described in an earlier section of this document, the separation of trading from the post-trading environment, which resulted in two separate central systems, the introduction of new order types and validity terms and so on.

New facilities for Arena trading system. Towards the end of the year, BVB introduced a series of new facilities in the trading system, thus continuing its journey towards the Emerging Markets status. These enhancements provided investors and intermediaries with new tools for executing their transactions by allowing trades at the Trading at Last stage even with shares for which there was not set a price in the Auction stage. In addition, cross orders, Fill And Kill/Fill Or Kill orders and new validity terms of the orders related to the market stages were implemented. These new tools became effective as of December 17.

Elimination of the Odd Lot market. The first steps towards reducing market fragmentation were made at the end of April 2014, when for the main and negotiated markets of the Regulated and RASDAQ markets new block sizes were made available. The variety of block sizes applied to the shares traded on the market was narrowed, and block sizes for some shares were reduced to make them more accessible to investors.

On December 2, 2014, the elimination of the Odd Lot market became effective, at the same time with the elimination of all restrictions and special requirements with regard to the size of the orders introduced in BVB's system, for all markets. The existing Regular market remained the only execution segment and the block size for all instruments was reduced to 1.

The move was intended to increase efficiency of the trading process, to reduce specificity of the local market and to bring more standardization, resulting in a good environment for the existing and new members of BVB.

Development of data vending activities and the improvement of the accessibility of stock exchange information. The Bucharest Stock Exchange continued to support its data clients by developing the services which allow for automatized access and transmission of BVB information directly to the clients' systems (e.g. web services, real-time data products, the transparent trade reporting system, professional data feed). In 2014, stock exchange data from BVB's systems were disseminated via 41 specialized data vendors (among which ThomsonReuters, Bloomberg, InteractiveData, SIX Financials, Fidessa etc) and displayed in real time on more than 1,300 terminals of end-users.

BVB's website www.bvb.ro was available without interruptions throughout the year, being accessed on average by 4.3 mn of requests per day. The daily average number of visitors (unique IPs) was around 14,500. At the same time, the number of users registered on the website increased gradually, to 13,500 users. Registered users have access to the free-of-charge services offered by BVB, such as portfolio evaluation, alerts, watchlists, subscription to newsletters and trading summaries submitted automatically via email.

On December 15, 2014, BVB launched its new, in-house developed corporate website under a new concept, with a greater marketing focus. The website introduced high performance technology, new navigation tools and easier access to information, dedicated pages for attracting issuers and investors, a powerful tool to search for price/instruments, enhanced financial instruments profiles, modern social network connectors and so on.

In March 2014, BVB enriched its range of products for accessing market information by launching its mobile application, a tool designed for investors interested in accessing up-to-date information about BVB's markets: market activity, news for investors, indices, prices for traded securities, data and indicators of listed companies, company news, list of exchange members. The goal was to increase availability of market-related data to all categories of users: investors, brokers, listed companies and the general public, as a response to the increasing demand for information availability via mobile devices.

The application, available in both Romanian and English, offers an easy navigation, quick access to menu functions, charting tools and many other facilities. BVB further launched the tablet app, which offered similar features as the smartphone version. Both apps are available for free-of-charge download in Google Play and Apple Store. Until the end of 2014, BVB's apps were downloaded by more than 9,000 users.

The establishment of the Central Counterparty (CCP). On September 13, 2013, the Bucharest Clearing House submitted the documentation for authorization based on the legal provisions in force, an action that allowed the Bucharest Clearing House (BCH) to continue its activities and specific services of a clearing house/central counterparty until a decision of approval or rejection of the authorization request is taken by the national competent authority, FSA.

Considering that FSA has extended the deadline for the current clearing house compliance, in 2014 BVB has continued the endeavors for attracting stakeholders for the establishment of the institution at European standards.

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

During 2014, a new regulation (FSA Regulation no. 2/2014) and two other FSA decisions (Decision no. 41/2013 and Decision no. 75/2014) have been issued for allowing the institution to provide additional information in order to complete the documentation for CCP authorization. These actions allowed BVB, as majority

shareholder of BCH, to search for more opportunities to identify appropriate solutions. According to changes and supplements to FSA's Regulation no. 3/2013, of which the most recent were issued on September 26, 2014, the deadline for complying with the legal requirements was set for January 31, 2015.

On February 26, 2015, FSA issued the rejection of the application of BCH as central counterparty based on European standards (EMIR). FSA established a 30 days period for BCH to request the withdrawal of the current license as clearing house, otherwise, FSA would apply the provisions regarding the withdrawal of the authorization by sanction.

Based on the new provisions of the Law no. 297/2004, approved by the Law no. 10/2015, BVB and BCH currently explore a potential solution that might allow BCH to preserve the current clearing house license for other instruments than derivatives, under an adjusted scope of work. The proposal will be provided to FSA/ESMA for further discussions and analyses.

4. Development of new products and services

Restructuring of BVB market indices. Announced at the beginning of the year, the restructuring of BVB's indices was carefully planned and unfolded gradually. Changes eyed the introduction of new eligibility criteria for BET, the launch of BVB's first total return index and the introduction of a new broad market index meeting minimum investibility criteria.

The revision of the screening criteria for the main market index BET was announced in September 2014 and implied the introduction of three criteria concerning the quality of reporting and investor relations activities. The aim of these measures was to highlight the elite character for BET constituents not only in terms of liquidity, but also in terms of transparency and investor relations activities.

Starting 2015, the criteria that must be met for a company to become eligible for BET are:

- reporting obligations fulfilled according to the International Financial Reporting Standards (IFRS),
- English language reports (current and periodic) submitted simultaneously with the Romanian version,
- events for investors and analysts (conference calls, meetings) organized on a quarterly basis.

Launched in September 2014, BET-TR is the first Romanian total return index, measuring both price changes and dividends distributed by constituents. BET-TR has the same composition as the reference index BET and selection of components is made similarly to BET. Starting January 1st, 2015, the above-mentioned reporting and IR criteria for BET will apply to BET-TR as well.

Launched in June 2014, BET Plus is a broader market index designed to track the companies that meet minimum investibility criteria of free float value and liquidity. At the end of 2014, the index included 40 companies that accounted for 92% of the domestic market capitalization.

New types of structured products. BVB has supported issuers of structured products to increase their range of products and underlying assets for their certificates. The novelty in this area were the first capital protection certificates, issued by SSIF Broker, which are financial instruments suitable for investors looking for investment opportunities with a higher degree of security, as they have a partial/total capital protection component. The first issue started trading on September 1, with adidas shares as underlying assets, followed by other two certificates on McDonald's and Royal Dutch Shell shares. Since their launch, these products generated trades worth of almost RON 3 mn.

New government securities for retail. A widely supported project of BVB, together with the Ministry of Public Finance, is the launch of new government securities designated for retail investors. Seen as an access gate to stock exchange investing, steps have been made to set up the framework to accommodate a market for such government securities. The nominal value was agreed with the Ministry at a far more accessible level than existing issues, at RON 1,000, and an encouraging schedule of fees was also designed. Neither the buyers nor the sellers would pay fees for primary market operations. Trading fees applied to the transactions for the secondary market of government securities designated to retail investors will be RON 1/transaction, both for the

buyers and the sellers. In addition, intermediaries acting as Market Makers will have a trading fee of RON 0.5/transaction, as a stimulus for bringing more liquidity to this market.

5. Improvement of the Corporate Governance framework

New *Corporate Governance Code*. BVB continued its efforts towards promoting better corporate governance for issuers, the main direction being the review of the existing *Corporate Governance Code*, in a joint project with the European Bank of Reconstruction and Development (EBRD).

The project was effectively started in mid-2013, when the consortium led by Nestor Advisors Ltd, in partnership with NNDKP Romania and Concept SRL had been selected as advisor for the joint BVB-EBRD project on "Review and Implementation of the Romanian *Corporate Governance Code*". The objective of this project is to enhance key corporate governance practices of listed companies and their disclosure, by improving the recommendations of the *Corporate Governance Code*, and to strengthen its monitoring and implementation.

During 2014, EBRD and BVB reviewed the corporate governance practices of listed companies, including the compliance statements and BVB's monitoring procedures. Consequently, the existing *Corporate Governance Code* in force since 2008 was redesigned taking into consideration the international standards and practices in this area, the changes of incident legal frameworks in Romania and EU, the experience gained from the implementation of the first Code and also the new aspirations of the society, in general, and of the parties directly covered by responsibilities and management of business. The new Code includes a set of principles and recommendations based on best practices, transparency and trust.

Among others, the new Code includes a policy regarding the forecasts provided by listed companies, because the forecasts have the potential of generating positive effects, but also risks if they are given or published in an unapropriate manner. The quality of the corporate governance is one of the factors that influence investors' decisions when investing in a company.

The new Code also benefited from the views of members of the BVB Corporate Governance Advisory Board, personalities acting on the international and local market, who by their experience have made an important contribution to the development of Romanian capital market. The members of the BVB Corporate Governance Advisory Board are Gian Piero Cigna (Corporate Governance Specialist EBRD), Mariana Gheorghe (President of the Management Board, OMV Petrom), Steven Van Groningen (President of the Management Board, Raiffeisen Bank), Narcisa Oprea (Partner, Schoenner), Grzegorz Konieczny (Head Legal Representative & Portfolio Manager, Fondul Proprietatea) and Ludwik Sobolewski (BVB CEO).

On December 22, 2014, BVB announced the initiation of consultations on the new *Corporate Governance Code* with listed companies and relevant organizations representing investors.

In a restrained form, a set of corporate governance principles for AeRO listed companies became effective on February 25, 2015, together with the launch of the AeRO market for equities. This comes as a supporting tool for the AeRO issuers on the side of post-listing transparency and reporting requirements, but, most of it, as a great tool to increase their investibility.

The amendments brought to BVB's Rulebook approved by FSA in November also involved a number of provisions relating to the new *Corporate Governance Code*. Thus, all listed issuers are encouraged to comply with the new Code. Following the entry into force of the new Rulebook, the issuers must submit to BVB a current report whenever they are in a situation not to comply with one or more provisions of the *Corporate Governance Code*. The issuer shall include in the Annual Report a statement regarding their compliance with BVB's *Corporate Governance Code*.

BVB will conduct analyses on the issuer's compliance status and the results can be made public. For those issuers that comply with the Code, BVB may adopt measures to reward them, such as: reducing maintenance fees, including the issuers in a dedicated index, awards, promotion of the issuers during some events or publications etc.

Changes to BVB's Rulebook – market operator regarding the corporate governance provisions will come into force on a date determined by BVB's CEO, following the approval of the new *Corporate Governance Code*.

New eligibility criteria for BET and BET-TR. The introduction of the new eligibility criteria regarding transparency and IR oriented services as of January 2015 for companies included in BET and BET-TR indices is also part of BVB's efforts to improve the corporate governance climate for the local market.

Preparation of companies prior to listing. Via its Corporate Governance Institute, BVB offered consultancy services for Electrica in preparation for privatization & listing. 130 representatives from the top and middle management participated to presentations and discussions on various areas including corporate governance, best practices in investor relations, communication and so on.

Events on various areas of interest. On October 23, 2014, BVB organized together with Schoenherr an event aimed at bringing clarifications to the new FSA Regulation no. 13/2014 referring to various corporate issues such as dividend payments, organizing shareholders' meetings, representation and voting in shareholders' meetings, public offers, admission to trading and shareholders' withdrawal. Discussions also revolved around the proposed amendments to Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement and Directive 2013/34/EU as regards certain elements of the corporate governance statement, referring to the boards and executives remuneration policy and related party transactions. More than 80 people attended the event, representing the financial, investor relations, communication departments of more than 45 listed companies.

Another key event in the area of corporate governance took place on November 24, 2014. The conference „From RASDAQ towards the future" was organized by BVB together with PeliFilip law firm, presenting to companies from the RASDAQ and unlisted markets their listing options following the entry into force of Law no. 151/2014 on the clarification of the legal status of the shares traded on RASDAQ Market or on the unlisted securities market. In the new context brought about by the Law 151/2014, companies from Rasdaq and unlisted markets should decide if they move on a regulated market or on an alternative trading system. The intention of BVB and PeliFilip was to support these companies, by presenting them in detail the new legal framework, the options and opportunities created, as well as the technical issues related to the listing process on one of the two options. Participants were also presented the regulations applicable to companies listed on BVB's Regulated Market and AeRO - BVB's alternative trading system for start-ups and SMEs. More than 200 representatives of almost 140 issuers and BVB members participated to the event.

BVB's General Shareholders' Meeting of April 2014 approved the 2013 profit sharing scheme for BVB's Board members, calculated as 2 monthly payments. The amount would be offered on condition that BVB shares would be acquired within 3 months from the shareholders' approval and that the acquired shares would be held for minimum 2 years since acquisition.

6. Increase of visibility

Marketing at national and international level. In 2014, BVB's activities towards promotion, nationwide and abroad, included communication of corporate identity, promotion of the company's projects and services.

With regard to communication, BVB issued 165 press releases during the year, covering the development and launch of BVB projects and activities, resolutions of BVB's Board and of the Special Committees, the start of trading for new financial instruments, the availability of financial reports and BVB's corporate communications etc. An integrated communication campaign, for informing on and promoting the public offer of Electrica, ran for two weeks during June. Campaigns were employed online, offline, outdoor, via official openings of trading session or other events. Dedicated online campaigns ran also for the launch of BVB's mobile apps and for the two editions of BVB Invest Quest.

In the promotion area, BVB partnered in several events, mainly focused on capital markets and SMEs financing, organized among others by Ziarul Financiar, wall-street.ro, International Business Promotion and Business Days. Also, BVB organized, under its own brand, events for shares and bonds financing via the stock exchange and investors' periodical events. In June 2014, the first edition of BVB's Individual Investors Forum was organized. The Forum adopted 10 recommendations aiming to support the development of the capital market.

The solutions contained in these recommendations are part of the InvestingRomania program which has as main goal to broaden the investor community in Romania and to bring in larger flows of capital and savings towards the financial instruments available on the markets operated by BVB.

With a view to increasing investors' awareness towards the Romanian capital market, local blue chip companies and companies included in the Government privatization program, BVB organized several Romania Investors Days, institutional investors dedicated events, in partnership with domestic brokers. During 2014, such events took place in London, Vienna, Stegersbach, Prague, cities of Western and Nordic Europe, New York and other cities in the US.

During 2014, BVB created a dialogue with Diaspora's financial professionals. Following the quarterly meetings with Romanian financial investment professionals working in UK, a permanent dialogue was created between BVB professionals and the network in order to promote the Romanian capital market abroad and to design future projects.

For promoting the capital market reform and reclassification to Emerging Markets, BVB established a permanent communication with MSCI, FTSE, STOXX and S&P in order to update them to the current market situation. BVB also consulted the foreign investors' community on Romania and organized a communication platform with international investing community, supported by EBRD and Bloomberg. The first edition of the event "Romanian Capital Market – Up the Ladder to Emerging Markets" took place in October, during which discussions were around the significant reforms which have been carried out and future plans to unblock procedural bottlenecks, which will ensure greater liquidity and improved access to markets.

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

Educational programs. BVB continued to support the educational projects covering the capital market and its stakeholders. As part of an active CSR, educational programs covered from pupils and students, issuers, potential issuers and potential investors, some of these having already been presented.

For pupils and students, BVB launched in September 2014 its fourth year of "Open Doors Day at BVB", through which BVB and Junior Achievement aim at familiarizing interested young people, high school and university students, with stock exchange mechanisms. During 2014 there were more than 70 "Open Doors Day" events, of which several visits within the "A Different School Week" program, in April. September 2014 also marked the beginning of a new year for studying capital markets as an optional class in high schools and universities, with BVB representatives as speakers for these investment classes.

To grow its future generation of retail investors, in April 2014 BVB launched BVB Invest Quest (BVB IQ), a long term educational initiative to promote the capital market and the services offered by BVB for local investors, to create a strong community of individual investors and to attract household savings in Romanian economy in investments on capital market. The program, which featured an educational component and a virtual trading competition, is dedicated to persons interested in the functioning of the capital market and making investments based on good understanding and information. The first edition of BVB IQ took place in April, while the second started in autumn 2014 and closed in January 2015. The educational module included 20 seminars for the first edition, while the second edition featured 23 seminars and 3 webinars. As for the virtual trading competition, it gathered about 1,000 participants in the first session and attracted more than 1,300 people in the second edition.

Active communication with BVB's investors. BVB remained committed to keep investors and stakeholders informed, with a view to increasing awareness of the local market achievements in its road to becoming a modern capital market and a recognized trading venue. BVB organized an annual meeting and 4 quarterly conference calls with analysts and investors, after the release of quarterly results, prepared earnings consensus before each of quarterly results release, attended more than 10 investor conferences and more than 100 one-on-one meetings with global and regional investors.

BVB was also active in electronic communication, via emailing campaigns to more than 130 existing and potential investors, posts on its dedicated LinkedIn profile with more than 430 followers (double in December

2014 compared to June, when BVB's profile was re-launched) and updates on the Facebook page, with more than 2,300 followers.

BVB's shares benefited from increased coverage from analysts, with Wood & Co initiating coverage at the beginning of 2014 and thus joining NBG Securities Romania, Alpha Finance Romania, SSIF Broker and others. Upcoming analyst coverage is expected from Raiffeisen Bank (already materialized in February 2015), Bancpost (coverage in transition), Ipopema Securities and Blue Rock Financial Services, thus pointing towards the increased visibility the company is enjoying in the context of the wide reform which is transforming the local market.

Evaluation of sales activity

Global macroeconomic picture continued to show discrepancy between the US economy in accelerated growth, registering an advance of more than 3% of GDP in last quarters, and a European Union in stagnation, struggling to pull inflation from the lows five years and to reinvigorate the economy.

Investors were still concerned about future monetary policy decisions of the US after completing unprecedented monetary easing program, as well as expansionary measures already taken by the ECB and its massive procurement government bonds program planned for the beginning of 2015.

Steep decline in oil prices caused by oversupply has added a new feature to international markets, which recorded an increase in volatility and risk perception, and affected the economies of oil-exporting countries and their currencies. Although some positive effects are anticipated for domestic consumption and input prices of oil-importing countries (including Romania), the Eurozone is facing a high risk of deflation.

International financial markets went through episodes of growth and decline in the last quarter, reacting to investor concerns about the health of emerging economies, geopolitical tensions and perspective of the decrease in oil prices. While US indices have recovered and reached new highs just before year-end, the main indices of the developed markets in the rest of the world ended last quarter of declines.

Regarding Romania, the local capital market gradually correlated with global trend and the main BET index managed to end the year in positive trend. The MSCI Emerging Markets index closed the year with a decrease of -2.19% yoy, FTSE 100 index with a 2.71% drop and, in the region, WIG20 index registered a decrease of -3.54%.

Bucharest Stock Exchange (BVB) focused on the 2014 on the capital market reform and has made significant progress in removing obstacles that stand in the way of creating a modern market in Romania. Last quarter brought new evidence of this commitment, BVB making decisive steps in reducing market costs, upgrading the market infrastructure, increasing the liquidity created by the market makers and improving the visibility and quality of corporate governance practices. Towards the end of the year, the project The 8 Barriers reached a milestone by adopting the Government's amendments to existing legislation, providing solutions to issues relating to corporate rights of investors, dividend payment procedure and public offerings in the primary market.

The efforts to facilitate the investors access to capital market, to improve visibility, transparency and liquidity have resulted in increased interest in the local market, which has attracted more investors and supported the increasing of the value of transactions.

Main CEE stock exchanges indicators (2014)

Stock Exchange	Market Capitalization Domestic Companies (EUR mn.)	Market Capitalization Domestic Companies (var % yoy)	New Companies Listed by IPOs in 2014	Transactions Daily Average Value Domestic Companies In 2014 (EUR mn.)
Warsaw Stock Exchange	13,9069.33	-2.8	40	230.9
CEESEG Prague Stock Exchange	22,643.72	4.0	1	22.3
CEESEG Budapest Stock Exchange	12,011.85	-11.3	1	24.4
Bursa de Valori Bucuresti	**18,384.73**	**3.5**	**1**	**8.8**
Bulgarian Stock Exchange	4,988.29	-2.1	0	1.2
CEESEG Ljubljana Stock Exchange	6,214	20.1	0	2.44
Athens Exchange	45,579.49	-24.0	1	125.4

Source: Federation of European Securities Exchanges

Main CEE stock exchanges blue chip indices (2014)

Stock Exchange	Refference Index	Index Value 2014 EOY	Var % yoy
Warsaw Stock Exchange	WIG20	2,315.94	-3.5
CEESEG Prague Stock Exchange	PX	946.71	-4.3
CEESEG Budapest Stock Exchange	BUX Index	16,634	-10.4
Bursa de Valori Bucuresti	**BET**	**7,083**	**9.1**
Bulgarian Stock Exchange	SOFIX	522.1	6,2
CEESEG Ljubljana Stock Exchange	SBI Top	784.12	19.6
Athens Exchange	FTSE/ATHEX Large Cap	264.86	-31.2

Total trading value on BVB in 2014 – all markets – is as following:

	Total Trading Value	
	Value (RON)	Value (EUR)
2014	14,417,183,784	3,253,016,370

Trading value on each market segment operated by BVB in 2014 is detailed in the following tables:

2014	BVB Segment	
Type of financial instrument	Value (RON)	Value (EUR)
Bonds	955,710,417	216,150,159
Shares	12,990,641,010	2,930,761,057
Structured products	227,769,326	51,287,129
Fund Units	11,176,402	2,523,996
Total	**14,185,297,154**	**3,200,722,342**

out of which:

2014	Regulated Market	
Type of financial instrument	Value (RON)	Value (EUR)
Bonds	155,710,417	34,986,357
Shares	11,429,106,972	2,574,971,194
Structured products	227,769,326	51,287,129
Fund Units	11,176,402	2,523,996
Total	**11,823,763,116**	**2,663,768,677**

2014	IPOs	
Type of financial instrument	Value (RON)	Value (EUR)
Bonds	800,000,000	181,163,802
Shares	1,556,094,600	354,560,381

2014	Unlisted Market	
Type of financial instrument	Value (RON)	Value (EUR)
Shares	5,439,438	1,229,482

2014	RASDAQ Segment	
Type of financial instrument	Value (RON)	Value (EUR)
Shares	211,646,019	47,731,161

2014	ATS Segment	
Type of financial instrument	Value (RON)	Value (EUR)
Rights	3,678	836
Shares	20,236,933	4,562,032
Total	**20,240,611**	**4,562,868**

The liquidity indicators registered in 2014 are presented below:

Regulated Market					
	Trading Value (RON)	**Trading Value (EUR)**	**Capitalization (RON)**	**Capitalization (EUR)**	**Liquidity**
2014	11,429,106,972	2,574,971,194	129,958,141,655	28,986,515,068	8.7944

where Liquidity = Trading Value (RON) * 100 / Capitalization in the last trading day (RON)

RASDAQ Market					
	Trading Value (RON)	**Trading Value (EUR)**	**Capitalization (RON)**	**Capitalization (EUR)**	**Liquidity**
2014	211,646,019	47,731,161	7,480,644,364	1,668,520,401	2.8292

where Liquidity = Trading Value (RON) * 100 / Capitalization in the last trading day (RON)

At the end of 2014, the capitalization of the domestic companies listed on BVB reached 18.4 EUR bln., after two years of significant increases due to the increase of the prices of listed companies (BET advanced by 9.1% in 2014 and by 26.1% in 2013), but also as a consequence of important state owned companies listing.

According to the dates provided by Federation of European Securities Exchanges (FESE), ever since 2013, BVB domestic capitalization exceeded the capitalization of Budapest stock exchange and approached that of Prague stock exchange, both clasified as emerging markets.

Domestic Capitalization (EUR bln.)			
	2012	2013	2014
Bursa de Valori Bucuresti	12.1	17.8	18.4
CEESEG - Budapest	15.7	14.4	12.0
CEESEG - Prague	28.2	22	22.6

Source: Federation of European Securities Exchanges

Statistics regarding the trading activity performed in 2014 on the segments and categories of BVB markets/ATS are detailed in the tables below:

BVB Segment				
Category	No. tranz.	Volume	Value (RON)	Value (EUR)
Cat.I	621,594	9,277,715,982	10,964,585,505	2,470,332,154
Cat.II	116,676	2,161,586,824	244,646,626	55,045,685
Cat. III	52	26,886,300	13,022,140	2,948,145
International	30,893	2,160,269	206,177,717	46,492,408
Other International (NEP)	286	19,403	674,983	152,802
Unlisted	3,023	4,858,446	5,439,438	1,229,482
IPOs	15,227	142,007,744	1,556,094,600	354,560,381
Total		**11,615,234,968**	**12,990,641,010**	**2,930,761,057**

RASDAQ Segment				
Category	No. tranz.	Volume	Value (RON)	Value (EUR)
Cat.I	893	3,471,924	2,761,523	624,907
Cat.II	756	2,051,379	2,498,316	558,937
Cat.Base	62,146	447,577,980	206,386,179	46,547,316
Total		**453,101,283**	**211,646,019**	**47,731,161**

ATS Segment				
Category	No. tranz.	Volume	Value (RON)	Value (EUR)
I-ATS	157	835,830	44,154	9,862
Base-ATS	85	16,322	63,089	14,188
Intl-ATS	8,476	147,753	20,129,690	4,537,982
Total		**999,905**	**20,236,933**	**4,562,032**

Regarding the derivatives market operated by BVB, despite the efforts made in the first half of the year in order to revive the operations on this segment, because of the chances to ensure the post trading solution (central counterparty) following the European standards which to support this approach gradually and significantly decreased, the BVB objective could not materialize.

In this context, for none of the 20 futures contracts were listed new series so that there were no transactions on derivatives during 2014.

At the end of 2014, BVB calculates and distributes in real time 7 own indices - BET, BET-XT, BET-BK, BET-FI, BET-NG, BET Plus and BET-TR – and also an index developed together with Vienna stock exchange, ROTX index.

During 2014, there were introduced 2 new indices, namely BET-TR – the first one on total return of BVB – and BET Plus – which includes issuers that fulfill minimum eligibility criteria.

Starting with June 23, 2014, BET_C index, which included all the Romanian listed companies on BVB but SIFs, had been no longer calculated.

Indices Evolution (YE value)									
Year	**BET**	**BET C**	**BET FI**	**BET XT**	**BET NG**	**BET BK**	**BET PLUS**	**BET TR**	**ROTX**
2013	6493,79	3344,38	31291,82	600,27	666,73	1261,74	-	-	12941,72
2014	7083,00	-	30283,31	638,26	705,00	1308,27	1047,81	7734,89	13084,64
Variation	9%	-	-3%	6%	6%	4%	-	-	1%

The **intermediaries** ranking from the value traded on all markets and all financial instruments during 2014 point of view is presenting as following:

Rank	Intermediary	Value Traded - RON -	% of Total Value Traded
1	RAIFFEISEN BANK	7,586,285,044	26.73
2	SWISS CAPITAL S.A.	6,046,042,039	21.30
3	WOOD & COMPANY FINANCIAL SERVICES, a.s. Prague	3,098,331,859	10.92
4	BANCA COMERCIALA ROMANA	1,997,076,510	7.04
5	BRD Groupe Societe Generale	1,901,380,340	6.70
6	BROKER	1,271,238,330	4.48
7	BT SECURITIES	734,758,523	2.59
8	IFB FINWEST	601,657,189	2.12
9	RAIFFEISEN CENTROBANK AG	550,871,129	1.94
10	KBC Securities N.V.	522,460,257	1.84
11	TRADEVILLE	508,881,654	1.79
12	NBG Securities Romania S.A.	492,869,080	1.74
13	IEBA TRUST	411,714,439	1.45
14	NBG SECURITIES S.A. ATENA, Bucharest Branch	331,883,594	1.17
15	INTERCAPITAL INVEST	261,763,096	0.92
16	ESTINVEST	201,325,123	0.71
17	ALPHA FINANCE ROMANIA	193,710,585	0.68
18	PRIME TRANSACTION	178,638,804	0.63
19	VOLTINVEST	159,732,407	0.56
20	GOLDRING	129,294,748	0.46
21	CARPATICA INVEST	127,175,357	0.45
22	BLUE ROCK FINANCIAL SERVICES S.A	117,811,304	0.42
23	SUPER GOLD INVEST	116,984,426	0.41
24	CONFIDENT INVEST BUCURESTI	102,810,591	0.36
25	BANCPOST	92,233,537	0.33
26	ROMCAPITAL	63,023,817	0.22
27	PIRAEUS Bank Romania	60,788,923	0.21
28	ROMBELL SECURITIES	59,140,749	0.21
29	INTERFINBROK CORPORATION	50,372,132	0.18
30	ELDAINVEST	45,672,406	0.16
31	ROMINTRADE	43,190,817	0.15
32	MUNTENIA GLOBAL INVEST	41,767,115	0.15
33	INTERDEALER CAPITAL INVEST	39,164,986	0.14
34	VIENNA INVESTMENT TRUST	35,780,070	0.13
35	ACTINVEST	33,964,722	0.12
36	EQUITY INVEST	32,555,985	0.11

37	INTERVAM	31,303,599	0.11
38	CREDIT EUROPE BANK (ROMANIA)	25,845,474	0.09
39	IPOPEMA SECURITIES	23,980,752	0.08
40	DORINVEST	22,510,207	0.08
41	OLTENIA GRUP INVEST	21,946,550	0.08
42	EASTERN SECURITIES	5,246,672	0.02
43	FORTIUS FINANCE	4,601,248	0.02
44	FINACO SECURITIES	1,042,724	0.00

From the above classification could be noticed that the first 10 intermediaries, in terms of total value traded on all markets and all financial instruments in 2014 - representing just over 20% of the total number of intermediaries - contributed to over 80% of the value traded in 2014.

Information on Company employees/ personnel

	Headcount December 31, 2013	Headcount December 31, 2014	Change 2013-2014
Total personnel, out of which:	40	43	+3
High education graduates	39	42	+3
High school graduates	1	1	-

The Company's headcount as of December 31, 2014 changed as compared to the similar period of the previous year, increasing by 3 employees as opposed to 2013. Out of the total 43 employees as of December 31, 2014, 1 employee had his individual employment agreement suspended in accordance with the existing legal regulations.

Information on research and development activities

During the year, several software upgrades of Arena system were performed, referring to the implementation of the Trading at Last session, described in an earlier section of this document, the separation of trading from the post-trading environment, which resulted in two separate central systems, the introduction of new order types and validity terms, elimination of the Odd Lot market and so on.

Among these, the separation of the trading system from post-trading, one of the major infrastructure projects of the local capital market, was effectively implemented on October 6, 2014, after the FSA's previous approval of the necessary changes to BVB's Rulebook. This technical development, along with the migration to the T+2 settlement cycle which was implemented on the same day, represented far-reaching steps towards a modern and fully fledged capital market infrastructure. Complementary to the regulatory reforms for the removal of the Eight Barriers, these changes brought the local market closer to meeting the qualitative requirements considered for the potential upgrade to Emerging Markets status.

BVB continued to adapt to increasing demand for information availability via mobile devices and in March 2014 launched its mobile app, followed after a few months by the tablet app. Both applications offer access to market-related information such as market activity, investor news, indices, prices for listed securities, data and indicators of listed companies, company news, list of exchange members.

The launch of a new website, developed in-house, marked another milestone in BVB's efforts to increase visibility. The website introduced high performance technology, new navigation tools and easier access to information, dedicated pages for attracting issuers and investors, a powerful tool to search for price/instruments, enhanced financial instruments profiles, modern social network connectors and so on.

Information on risk management activity

Financial risk management

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

Market risk

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

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

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

Foreign exchange rate risk

The company operates in a developing economy, with fluctuant exchange rates, which may lead to value losses for assets denominated in foreign currencies.

Credit risk

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

Liquidity risk

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

Interest rate risk on cash flows.

Not applicable.

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

Risk factors related to BVB as listed issuer

Any investment involves risks. Investors should consider all risk factors before deciding to invest in BVB shares. The risks and uncertainties presented in the following paragraphs may adversely affect, where appropriate, business, financial condition, perspectives, ability to pay dividends of BVB or investment in BVB

shares. Additional risk factors and uncertainties which, at the time of writing this report, does not consider will have a significant impact, may, depending on further developments, a negative impact on the business, financial condition, prospects, ability to pay dividends of BVB or BVB share price evolution.

Frontier Market Risk. Romania is considered an emerging economy and the stock exchange market administered by BVB is included in frontier markets class. Investors who wish to invest in shares of an issuer listed on this market must be aware that it presents higher risks compared to a developed economy, with political, legal and financial advanced infrastructure able to provide effective levers for counteracting imbalances that may occur.

Although Romania is a member of European Union, the membership ensuring the prerequisites for continuity of reforms and improving economic environment, there is a risk that unforeseen events associated with emerging market economy, to significantly affect the business, financial condition, prospects, ability pay dividends and evolution of BVB.

Romania's emerging economy clasification can cause also a relatively slow pace of development of capital market in Romania, expressed by a slow increase of the transactions value, capitalization and / or the number of issuers and investors. Other characteristics of a frontier markets that may be encountered in practice are a lower liquidity value and higher volatility in prices compared to developed capital markets. Also, between the movements of the prices of shares listed on a frontier capital market and of those on a developed markets there may be a high correlation, which means that economic and financial developments in other countries may influence the evolution of prices and transactions recorded on the BVB. All these elements may influence the development possibilities of BVB.

BVB activity may be influenced also by the interest rate and exchange rate volatility specific to an emerging economy.

Risk of political instability. Political instability may result in delaying the implementation of reforms aimed to support sustainable development of Romanian economy and lead to the creation of an economic and financial infrastructure for improving the attractiveness of investments in Romania. A negative view of the political and administrative Romanian class can influence the volume, nature and structure of investments in Romania. The political instability can have a major effect on resident and nonresident investors confidence, both liquidity and evolution of stock prices can be influenced in a negative way.

Risk of amending tax legislation. Both the Romanian legislation and tax rules relating to the activity of the issuer and / or capital market may adversely alter (increase taxes, introducing new taxes, reduction or suspension of tax incentives etc.). It may happen that BVB or BVB shares buyers to be subject in the future to taxes that could not be foreseen.

Economic and financial risk. BVB business, financial condition and prospects depend on the development of the economy and capital market in Romania, and thus the volume and value of transactions on the capital market. Potential international financial crisis, affecting the global economies and capital markets could have negative effects that can not be estimated on the Romanian economy, currency and markets in which the issuer operates (by lowering the volume and value of transactions, decrease in value of financial instruments traded etc.). Negative effects on the Romanian economy could lead to diminish the purchasing power and financial resources of companies and individuals in Romania, including those of investors trading on the markets operated

by BVB. Liquidity and price evolution on regulated markets in Romania are directly affected by the evolution of international capital markets and an unfavorable evolution of these can affect the liquidity parameters and development of the markets operated by BVB.

Risk related to competition. In Romania there are two market operators authorized by the ASF for transactions with financial instruments. A possible increase in competition on these markets may lead to reduced revenues, profits or possibility of introduction or development of certain BVB products, negatively affecting its business and financial condition.

Risk of default or settlement in connection with financial instruments transactions. Adverse changes in the solvency or business of the participants to financial instruments transactions on the markets operated by BVB may cause adverse effects on the activity of BVB or Central Depository.

Risk related to the regulatory framework and authorizations and licenses. BVB activity is subject to ASF regulations and under the regulations applicable to European capital market domain. Potential changes in ASF or European applicable regulations or of the criteria for obtaining or renewing authorizations and licenses necessary for the activity may adversely affect the business or financial situation of BVB.

Operational risks. BVB results may be influenced by operational risks specific to its dependence on new technologies, loss of key personnel, difficulties in introducing new products or increased competition from some local or foreign competitors.

BVB adopted structural measures of risk management (internal procedures system, Department of Internal Control, Audit Committee, annually audit system - audit of financial statements by an external and internal auditor, audit of the IT systems used).

Company's likely future development

BVB is set to continue with reforming the local capital markets, which represents its medium-term strategic objective. With this aim, BVB will intensify its efforts to promote the accomplishments and investment opportunities to local and international investors. Events will be organized both locally and abroad with a view to increasing the number of meetings with existing investors and approaching new ones.

BVB has already announced and/or started implementing new market features and mechanisms, to drive trading activity higher and to improve transparency and visibility, some of these being listed below.

The new auction trading model is already in place since February 2015, aimed at supporting the liquidity for more thinly-traded issuers. The liquidity issue will also be addressed by the implementation of the Issuer’s market maker.

On February 25, 2015, BVB launched its redesigned AeRO market for equities, which apart from supporting start-ups and SMEs in their quest for financing, will have the role of preparing those companies that intend to transfer to the Regulated Market.

In the area of visibility and corporate governance, on January 1, 2015, the new market segmentation and the new eligibility criteria for BET constituents entered into force, and the new *Corporate Governance Code* will be implemented soon.

In addition to all the above, the efficient communication with the investor community, local and international, will remain key for repositioning the Romanian capital market back to investors' radars.

The 2015 investment plan includes overall investments of 3,876 thousand RON, established considering BVB's plans for the year. The investment plan was subject to BVB shareholders' approval.

Investment	Value (thousand RON)	% of total amount
IT & Business projects – investments in intangible & tangible assets	1,984	51%
Other fixed assets (BVB's headquarters improvements)	393	10%
Other financial investments – purchases of investments in affiliate entities	1,500	39%
Total investments for 2015	**3,876**	**100%**

BVB's IT-related investments for 2015 mainly include software licenses for BVB's technological infrastructure, as well as investments in hardware and auxiliary equipment which are aimed at increasing operating efficiency, at improving control of operating risks and ensuring the technical support for new services to be provided.

2. Company Tangible Asets

Company tangible assets include a land booked at RON 3.3 mio. and also equipment and furniture, the latters being amortized and replaced as they are out of use.

BVB registered in 2014 an increase of the value of tangible assets in the amount of RON 496,468 (2013: RON 706,832), which represents the purchase of equipments according to the investment plan approved by the General Meeting of Shareholders. During 2014, there were outflows of tangible assets in the amount of RON 446,957, fully amortized. Revenues from sale of fixed assets are RON 2,371.

3. BVB Share

Evolution of BVB share in 2014

BVB was admitted to trading on regulated market operated by itself in June 8, 2010.

Main characteristics of BVB shares

Issuer:	**Bursa de Valori Bucuresti SA**
Simbol:	BVB
ISIN:	ROBVBAACNOR0
Reuters:	ROBVB.BX
Bloomberg:	BVB:RO
Bloomberg BBGID:	BBG000BBWMN3
Number of issued shares:	7,674,198
Nominal value per share :	RON 10

Nominal value of all issued shares:	RON 76,741,980
Currency for issued shares:	RON
Market section:	Shares, 2nd Category*
Free Float:	100%
Restrictions on free transfer of securities:	According to the provisions of art. 129 para. 1 of Capital Market Law no. 297/2004, none of the shareholders of a market operator could own, directly or indirectly, more than 5% of the total voting rights**

***** Starting with January 5, 2015, following the implementation of a new classification of the companies listed on regulated market, in two new categories – Premium and Standard - , the Company is included in Premium Segment.

****** According to GEO no. 90/2014 which amends and supplements the Capital Market Law no. 297/2004, adopted by the Government in December 23, 2014 and published in the Official Gazette in December 30, 2014, the ownership threshold to the share capital of market and system operators is amended from 5% to 20%. This provision become effective since January 9, 2015.

Dividends (RON)

Year	Dividend for Natural Persons	Dividend for Legal Entities	Type of Dividend	Refference Date	GSM Date	Registration Date	Ex Dividend Date	Date of Announcing the Dividend
2014	1,4579	1,4579	gross	17.04.2015	27/28.04.2015	05.06.2016	04.06.2015	23.03.2015
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

BVB share is included in the following indices:

BET TR	since September 22, 2014
BET PLUS	since June 23, 2014
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

BVB share opened the year 2014 at the average price of RON 31.99 (January 3, 2014), and at the end of the year 2014 it closed at the average price of RON 33.6 (December 30, 2014).
The minimum average price of BVB share was RON 26.03 registered in May 13, 2014 and the maximum average price was RON 33.98 in December 29, 2014.

4. Management of the Company

Corporate Governance

In December 2014, the Romanian Government adopted the Emergency Ordinance no. 90/2014 amending and supplementing the Law no. 297/2004 on capital markets, which changed the existing provisions related to the ownership threshold and quorum requirements for market operators. The new provisions stated that the new ownership threshold was increased to 20% (compared to 5% previously), and in addition the quorum requirements for extraordinary general shareholders meetings were brought to similar levels as stipulated by the Company Law no. 31/1990, i.e. 1/4 for the voting rights for the first meeting and 1/5 for the second meeting.

The Government Emergency Ordinance entered into force on January 9, 2015 and on the same date BVB's Board decided to amend the Company's Bylaw in order to align it to the provisions of art. 129 and art. 286^3 of the Law no. 297/2014, as amended and supplemented by GEO no. 90/2014. In March 16, 2015, BVB's Board agreed to submit once again these Bylaw changes to Financial Supervisory Authority for their approval, as follows:

- in the first stage, changes regarding the alignment of the Bylaw to the provisions of art. 129;
- in the second stage, after the clarification of the provisions regarding the quorum requirements (according to art. 286^3) and the publication of the law approving GEO no. 90/2014, changes regarding the alignment of the Bylaw to the new quorum provisions will be also submitted to authority.

As listed issuer, the Company adopted starting with 2011 the Corporate Governance Code of the Bucharest Stock Exchange, in the best possible conditions.

On its website, in the investors relation section: www.bvb.ro/InvestorRelations/Overview , may be find usefull information about BVB as issuer:

- General information about BVB share: market price and its evolution, distributed dividends, share capital and shareholders structure
- Refference documents: Bylaw, Rules of Organization and Operations, Code of Ethics
- Financial Calendar
- General Shareholders Meetings
- Current and periodical reports, press releases
- Financial data: financial reports, key financial data
- Presentations to investors, confferences, events.

Administrators of the Company

The configuration of BVB Board of Directors was not changed during 2014. All 9 members were elected for 4-year mandates during the Ordinary General Shareholders' Meeting of January 9, 2012, starting with the date of their authorization by the National Securities Commission (CNVM) through the Decision no. 107/30.01.2012:

- Mr. Lucian Anghel, President
- Mr. Pompei Lupsan, Vicepresident
- Mr. Dan Paul, Vicepresident
- Mr. Robert Pana, Secretary General
- Mr. Stere Farmache, Member
- Ms. Narcisa Oprea, Member
- Mr. Valerian Ionescu, Member

- Mr. Octavian Molnar, Member
- Mr. Matjaz Schroll, Member

In order to carry out their responsibilities set out by the Company's Bylaw, during 2014 the Board of Directors met in 30 meetings, out of which 17 organized exclusively electronically (via email), and made 78 decisions.

Presentation of the Board of Directors members

Lucian-Claudiu Anghel, President

Date of birth: 1972
Nationality: Romanian
Education:
- Post-graduate studies: similar MBA, HEC Montreal Canada
- Post-graduate studies: Bank Risk Management, Georgetown University Washington
- PhD in Economy, Academy of Economic Studies, Bucharest
- Advanced studies (Master), Academy of Economic Studies, Bucharest
- Degree in Economic Informatics, Academy of Economic Studies, Bucharest

Professional Experience:
- 2012-present: President of the Board of Directors, Bursa de Valori Bucuresti
- 2012-present: President & CEO, BCR Pensii
- 2013-present: professor, Scoala Nationala de Studii Politice si Administrative
- 2009-2010: member of the Board of Directors, Erste Asset Management
- 2007-2012: Chief Economist and executive director of Strategy and Research Division, BCR
- 2005-2009: member of the Board of Directors, BCR Asset Management
- 2005-2007: Deputy Treasurer, BCR
- 2003-2005: Deputy Director of BCR Structuring Plan Implementation Team together with the EBRD and IFC
- 2002-2003: Advisor to the BCR President, financial analyst

Other positions in the BVB Committees:
- President, Index Committee
- Member, Committee for Regulations, Development and New Products

Pompei Lupsan, Vice-President

Date of birth: 1974
Nationality: Romanian
Education:
- Degree in Economics, Academy of Economic Studies, Bucharest

Professional Experience:
- 2014-2014: Executive Director, SAI Certinvest
- 2005-2013: Deputy General Manager, SSIF Intercapital Invest
- 2003-2004: Financing Consultant, Economotechniki
- 2001-2003: Project Manager, general officer, Raiffeisen Bank
- 2000-2001: Editor, Adevarul publication
- 1997-1999: Trader, SSIF Unicapital

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

- Substitute Member, Listing Committee

Dan-Viorel Paul, Vice-President

Date of birth: 1968
Nationality: Romanian
Education:
- Capital Markets Specialist, BVB in collaboration with University of Wisconsin (USA)
- Degree in Economics, Academy of Economic Studies, Bucharest

Professional Experience:
- 1997-present: President, CEO, SSIF Finaco Securities SA
- 2005-present: President of Brokers Association
- 2006-2010: Vice President, Bucharest Stock Exchange

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

Robert Cosmin Pana, Secretary General

Date of birth: 1979
Nationality: Romanian
Education:
- Degree in Civil Procedural Law

Professional Experience:
- 2011-present: Legal Advisor, Swiss Capital
- 2008-2011: Legal Advisor, Central Depository
- 2002-2008: Legal Advisor, Bucharest Stock Exchange

Other positions in the BVB Committees:
- Substitute President, Committee for Regulations, Development and New Products
- Substitute President, Appeal Committee

Stere-Constantin Farmache, Member

Date of birth: 1956
Nationality: Romanian
Education:
- PhD in Economics
- Regional Institute of Public Administration, Paris
- Financial Auditor
- Expert Accountant
- Degree in Finance, Accounting, Academy of Economic Studies, Bucharest

Professional Experience:
- 2014-present: Co-Founder and Member of the Board, Romanian Association for Good Governance
- 2009-2013: Executive Prime Vice-President, Alpha Bank Romania, Member/President of the Board of Directors, Alpha Finance Romania
- 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, Listing Committee
- Member, Audit Committee

Galina-Narcisa Oprea, Member

Date of birth: 1975
Nationality: Romanian
Education:

- Degree in Law, Bucharest University

Professional Experience:

- 2012-present: Member of the Board of Directors of Corporate Governance Institute of Bucharest Stock Exchange
- 2009-present: Partner, Schoenherr and Associates
- 2003-present: 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

Valerian Ionescu, Member

Date of birth: 1972
Nationality: Romanian
Education:

- Executive Development Program Diploma, HEC Montreal Canada and BCR University
- Degree in Economics, Academy of Economic Studies, Bucharest

Professional Experience:

- 2013 - present: Sales Expert, Regulated Markets, BCR
- 2007 - 2013 : Head of Trading and Sales of Financial Instruments Traded on Regulated Markets, BCR
- 1995-2007: Trading Director/ Interim General Manager/ 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

Octavian Molnar, Member

Date of birth: 1966
Nationality: Romanian
Education:

- Degree in Economics, "Aurel Vlaicu" University, Arad
- Degree in Mechanical Engineering, Polytechnic Institute "Traian Vuia", Timisoara

Professional Experience:

- 2011-present: Board Member, Bursa de Valori Bucuresti
- 2012-present: CEO/President of the Board, SSIF IFB Finwest SA, Arad
- 2009-present: Board Member, Regia Autonoma „Administratia Zonei Libere Curtici", Arad
- 2004-2012: Deputy General Manager, SSIF IFB Finwest SA, Arad
- 1999-2004: General Manager, SSIF IFB Finwest SA, Arad
- 1997-1999: General Manager, COMTEX SA, Arad
- 1994-1999: Collaborator, EXPERT SA, Arad
- 1994-1997: Reviewer, Financing Department; Chief of Feasibility Studies Unit, New Investments Department, FPP I Banat Crisana
- 1993-1994: Engineer, Marketing Department, ARIS SA, Arad
- 1992-1993: Design engineer, Design Unit, ARIS SA, Arad
- 1991-1992: Process engineer, ARIS SA, Arad
- 1990-1991: Engineer, Process Design Unit, SEVAM SA, Drobeta Tr.Severin

Other positions in the BVB Committees:

- President, Listing Committee

Matjaz Schroll, Member

Date of birth: 1973
Nationalitate: Slovene
Education:

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

Professional Experience:

- 2006-present: Head of Private Equity Central & Eastern Europe, Templeton Emerging Markets Group
- 1999-2006: Capital Markets Analyst, Mergers & Acquisitions Vice President, Corporate Finance & Brokerage Publikum

Other positions in the BVB Committees: -

Company executive management

In 2014, the executive management was performed by the following persons:

- Mr. Ludwik Sobolewski CEO
- Mr. Alin Barbu Deputy CEO
- Mrs. Anca Dumitru Deputy CEO
- Mr. Virgil Stroia Financial Director
- Mr. Calin Macedon Director
- Mrs. Ileana Botez Director

As of December 31, 2014, the Board of Directors members and executives who owned BVB shares are the following:

Mr. Lucian Anghel – 245 BVB shares
Mr. Pompei Lupsan – 330 BVB shares

Mr. Dan Paul – 2,747 BVB shares
Mr. Robert Pana – 241 BVB shares
Mr. Stere Farmache – 2,245 BVB shares
Mrs. Narcisa Oprea – 500 BVB shares
Mr. Valerian Ionescu – 255 BVB shares
Mr. Octavian Molnar – 250 BVB shares
Mr. Ludwik Sobolewski – 9,985 BVB shares
Mrs. Ileana Botez – 10 BVB shares

Activity of BVB special commissions and advisory committees in 2014

Since the beginning of 2014 until March 30, 2014, the configuration of BVB's Special Committees was as follows:

Listing Committee	Permanent members • Mr. Octavian Molnar – President • Mr. Stere Farmache • Mr. Marin Serban • Mr. Lucian Isac • Mr. Razvan Pasol	Substitute members • Mr. Valerian Ionescu – President • Mr. Pompei Lupsan • Ms. Alina Ana-Maria Silaghi • Mr. Emilian Dobran • Mr. Daniel Pocorea
Committee for Regulations, Development and New Products	Permanent members • Mr. Valerian Ionescu – President • Mr. Lucian Anghel • Mr. Antonescu Silviu • Mr. Cernica Tudor Mihai • Ms. Boeriu Daniela Carmen	Substitute members • Mr. Robert Pana – President • Mr. Dan Paul • Mr. Dragolea Octavian • Mr. Moldovan Darie • Mr. Fulea Lucian Ioan
Appeal Committee	Permanent members • Ms. Narcisa Oprea – President • Mr. Dan Paul • Mr. Catalin Nae-Serban • Mr. Leonard Visan • Mr. Mario Bulimente	Substitute members • Mr. Robert Pana – President • Mr. Valerian Ionescu • Ms. Iuliana Musat • Mr. Mihai Muresian • Ms. Rialda Badea
Index Committee	• Mr. Lucian Anghel • Mr. Ludwik Sobolewski • Mr. Dragos Cabat • Mr. Bogdan Campianu • Mr. Ovidiu Dumitrescu • Ms. Anca Olteanu	BVB's President BVB's CEO CFA Association Romania Intermediary Intermediary Secretariat, non-voting member

The composition of all BVB's Special Committees changed starting with March 30, 2014, when BVB's Board decisions on such changes became effective.

Thus, at the end of 2014, BVB's Special Committees had the following composition:

Listing Committee	Permanent members	Substitute members
	• Mr. Octavian Molnar – President • Mr. Stere Farmache • Mr. Marin Serban • Mr. Lucian Isac • Mr. Mircea Stefan Solovastru	• Mr. Valerian Ionescu – President • Mr. Pompei Lupsan • Mr. Razval Pasol • Mr. Nicolae Moroianu • Ms. Viorica Nagy

During 2014, for the Regulated Market the Committee met in 5 sessions and made proposals to the Board with regard to the admission to trading of 2 issues of shares and 3 issues of corporate bonds, and the withdrawal from trading of one company and one bond issue.

For the Alternative Trading System the Listing Committee met in 2 sessions for and made proposals to the Board with regard to the admission to trading of 2 issues of shares.

Committee for Regulations, Development and New Products	Permanent members	Substitute members
	• Mr. Valerian Ionescu – President • Mr. Lucian Anghel • Mr. Cernica Tudor • Ms. Iuliana Musat • Mr. Cristian Micu	• Mr. Robert Pana – President • Mr. Dan Paul • Mr. Ionut Stafie • Mr. Daniel Gavrila • Mr. Fulea Lucian

In 2014, no meetings took place for the Committee for Regulations, Development and New Products.

Appeal Committee	Permanent members	Substitute members
	• Mr. Pompei Lupsan – President • Mr. Dan Paul • Mr. Catalin Nae-Serban • Mr. Mihai Muresian • Mr. Octavian Dragolea	• Mr. Robert Pana – President • Mr. Valerian Ionescu • Mr. Mario Bulimente • Ms. Cristina Pavel • Ms. Elisabeta Corcan

In 2014, there were no meetings of the Appeal Committee.

Index Committee		
	• Mr. Lucian Anghel	BVB's President
	• Mr. Ludwik Sobolewski	BVB's CEO
	• Mr. Adrian Mitroi	CFA Association Romania
	• Mr. Bogdan Campianu	Intermediary
	• Mr. Ovidiu Dumitrescu	Intermediary
	• Ms. Anca Olteanu	Secretariat, non-voting member

In 2014, the Index Committee met in 4 ordinary meetings for the periodical analysis of the BVB indices' structure and changes, and in one extraordinary meeting for the inclusion of Electrica in several BVB indices.

In addition to the periodical changes to BVB's existing indices, BVB's Index Committee introduced two new indices: BET-TR, the first total return index for the local market, and BET Plus, a broader index meeting minimum investibility criteria of liquidity and free float. The methodologies of these new indices were also approved by BVB's Board of Governors. In addition, the Index Committee decided that starting with June 23, 2014, BET-C would not be calculated anymore.

As mentioned above in this document, the Index Committee also brought its contribution to enhancing the transparency and visibility of indices' components by introducing new eligibility criteria for BET and BET-TR effective in January 2015, which are related also to the qualitative criteria required for the market upgrade to Emerging.

The Audit Committee started functioning based on the Board decision no. 114/18.08.2011 and complied with the provisions of its own regulations. During 2014, the configuration of the Audit Committee did not change, so its members remained Mr. Stere Farmache, Mr. Dan Paul and Mr. Valerian Ionescu.

The activity of the Audit Committee in 2014 implied: the review of the internal control activity at BVB, the approval of the annual investigation plan for 2014, organizing the selection process for the internal audit company at BVB's level, discussions of the internal audit report for 2013 and the internal audit plan for the year 2014.

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

5. Financial and Accounting Position

Balance sheet

	Line	Note	31 December 2013 (RON)	31 December 2014 (RON)
A. NON-CURRENT ASSETS				
I. INTANGIBLE ASSETS				
3. Concessions, patents, licenses, trade marks, similar assets and other intangible assets	3	1 A	70,245	1,043,164
TOTAL	6	1 A	70,245	1,043,164
II. TANGIBLE ASSETS				
1. Land and buildings	7	1 A	3,344,100	3,344,100
2. Technical installations and machines	8	1 A	808,041	865,311
3. Other facilities, equipment and furniture	9	1 A	388,840	415,972
TOTAL	11	1 A	4,540,981	4,625,383
III. FINANCIAL ASSETS				
1. Shares in affiliated entities	12	1 B	26,231,326	25,540,363
5. Equities and other financial instruments held as non-current assets	16	1 B	1,358,109	1,391,447
6. Other receivables	17	1 B	29,315,934	38,375,645
TOTAL	18		56,905,369	65,307,455
NON-CURRENT ASSETS - TOTAL	19		61,516,595	70,976,002
B. CURRENT ASSETS				
I. INVENTORIES				
3. Advances for purchases of inventories			-	6,325
TOTAL			-	6,325
II. ACCOUNTS RECEIVABLE				
1. Trade receivables	24	5 a)	2,433,141	6,024,307
4. Other accounts payable	27	5 a)	2,812,685	1,371,885
TOTAL	29		5,245,826	7,396,192

	Line	Note	31 December 2013 (RON)	31 December 2014 (RON)
III. SHORT TERM INVESTMENTS				
2. Other short-term investments	31	5 b)	35,119,284	26,879,739
TOTAL	32		35,119,284	26,879,739
IV. PETTY CASH AND BANK ACCOUNTS	33	5 c)	2,331,872	1,089,155
CURRENT ASSETS – TOTAL	34		42,696,982	35,371,411
C. PRE-PAID EXPENSES	35	5 a)	175,058	134,433
D. LIABILITIES: AMOUNTS TO BE PAID IN ONE YEAR				
3. Advances cashed in orders	38	5 d)	107,570	7,704
4. Trade payables – suppliers	39	5 d)	667,357	911,384
8. Other liabilities, including tax and social security payables	43	5 d)	4,764,777	3,713,853
TOTAL	44		5,539,704	4,632,941
E. NET CURRENT ASSETS / NET CURRENT LIABILITIES	45		36,670,241	30,178,125
F. TOTAL ASSETS LESS CURRENT LIABILITIES	46		98,186,836	101,154,127
H. PROVISIONS				
1. Provisions for pensions and similar liabilities	56		269,506	178,746
2. Other provisions	58		100,000	300,000
TOTAL	59	2	369,506	478,746
I. DEFERRED REVENUES	60		662,095	694,778
2. Deferred revenues	60,2	5 d)	662,095	694,778

	Line	Note	31 December 2013 (RON)	31 December 2014 (RON)
J. CAPITAL AND RESERVES				
I. CAPITAL	61	7	76,741,980	76,741,980
- Subscribed paid-up share capital	62		76,741,980	76,741,980
II. SHARE PREMIUM	64		8	8
III. REVALUATION RESERVES				
C Balance	65		2,325,080	2,325,080
IV. RESERVES	67		9,712,158	10,419,789
1. Legal reserves	68	10 H	5,800,353	6,507,834
3. Reserves from assets received free of charge	70		2,413,197	2,413,197
5. Reserves representing surplus from revaluation reserves	72		57,109	57,109
6. Other reserves	73	10 H	1,441,449	1,441,649
VI. FINANCIAL RESULT OF FINANCIAL YEAR				
C Balance	79	3	9,484,404	11,896,005
D Balance	80			
Profit distribution	81	3	446,300	707,481
SHAREHOLDERS' EQUITY- TOTAL	82		97,817,330	100,675,381

Income Statement

	Line	Note	Financial year ending 31 December 2013 (RON)	Financial year ending 31 December 2014 (RON)
1. Net turnover	1	4 b)	24,287,070	26,871,380
a) Revenues from current activities	2	4 b)	24,287,070	26,871,380
3. Production realised by the undertaking for own purposes and capitalised	6	4 a)	-	659,272
4. Other operating revenues	7		125,303	348,832
OPERATING REVENUES - TOTAL	8		24,412,373	27,879,484
5. Materials and other external expenses	9		295,968	292,743
a) Raw material and consumable expenses	10		93,087	102,724
b) Other material expenses	11		46,721	46,143
c) Other external expenses (power and water supplies)	12		156,160	143,876
6. Personnel costs, including:	13	8	9,119,776	8,869,830
a) Wages and salaries	14	8	7,341,252	7,379,484
b) Social security contribution	15	8	1,778,524	1,490,346
7. a) Tangible and intangible assets value adjustment	16	1 A	(338,117)	766,419
a.1) Expenses	17		680,903	766,419
a.2) Revenues	18		(1,019,020)	-
b) Current assets value adjustment	19		328,916	-
b.1) Expenses	20		338,953	-
b.2) Revenues	21		(10,037)	-
8. Other operating costs	22	4 c)	6,773,568	6,711,177
8.1 Third party services	23		5,555,858	5,489,286
8.2 Other taxes, duties and similar liabilities	24		1,148,081	1,129,793
8.3 Expenses for indemnities, donations and sold assets	25		69,629	92,098
Provision adjustments	26		99,940	109,240

	Line	Note	Financial year ending 31 December 2013 (RON)	Financial year ending 31 December 2014 (RON)
Expenses	27	2	369,506	478,746
Revenues	28	2	(269,566)	(369,506)
OPERATING EXPENSES – TOTAL	29		16,280,051	16,749,409
OPERATING RESULT				
- Profit	30	4	8,132,322	11,130,075
10. Revenues from other investments and loans included in non-current assets	34		387,664	56,858
- out of which, revenues from affiliated entities	35		355,445	-
11. Interest earned	36		2,771,091	2,683,190
Other financial revenues	38		2,394,556	2,074,227
FINANCIAL REVENUES – TOTAL	39		5,553,311	4,814,275
12. Value adjustments related to financial assets and financial investments held as current assets	40		123,937	1,036,571
- Expenses	41		477,884	1,223,451
- Revenues	42		(353,947)	(186,880)
Other financial expenses	45		2,530,681	758,156
FINANCIAL EXPENSES – TOTAL	46		2,654,618	1,794,727
FINANCIAL RESULT				
- Profit	47		2,898,693	3,019,548
14. CURRENT RESULT				
- Profit	49		11,031,015	14,149,623
TOTAL REVENUES	55		29,965,684	32,693,759
TOTAL EXPENSES	56		18,934,669	18,544,136
PRE-TAX RESULT				
- Profit	57		11,031,015	14,149,623

	Line	Note	Financial year ending 31 December 2013 (RON)	Financial year ending 31 December 2014 (RON)
18. Corporate income tax	59	10 D	1,546,611	2,253,618
20. NET RESULT of financial year - Profit	61		9,484,404	11,896,005

Cash Flow Statement

Name	Note	Financial year ending 31 December 2013 (RON)	Financial year ending 31 December 2014 (RON)
Operating activities:			
Net profit before tax		11,031,015	14,149,623
Adjustments for net result reconciliation with the net cash used in operating activities:			
Depreciation	1 A	680,903	766,419
Expense/(Income) from discarding fixed assets		(20,368)	(2,371)
Expense/(Income) from provisions – net result	2	(919,080)	109,240
Revenues from production of intangible assets		-	(659,272)
Adjustments for overdue receivables - Revenues		328,916	-
Reclassifications related to the investments- Interest income		(2,771,091)	(2,683,190)
Reclassifications related to the investments - Collected dividends		(387,664)	(56,858)
Other adjustments - Financial assets		90,263	(227,561)
Total adjustments		(2,998,121)	(2,753,593)
Operating profit before changes in working capital		8,032,894	11,396,030
Changes in working capital			
Increase/(decrease) in trade receivables and other receivables		(2,377,661)	(2,214,603)
Increase/(decrease) in trade payables and other receivables		2,369,685	(665,413)
Changes in working capital		(7,976)	(2,880,016)
Corporate income tax paid		(620,002)	(2,570,328)
Net cash generated by business activities		7,404,916	5,945,686
Investment activities:			
Payments for purchases of non-current assets	1A	(1,028,470)	(1,164,468)
Revenues from sales of non-current assets	1A	20,368	2,371
Payments for purchases of financial assets – bonds	1B	(29,331,343)	(8,678,317)
Cash proceeds/(payments) for short term financial investments (deposits and treasury certificates)		27,194,803	8,729,436
Received interest		3,783,392	2,784,569
Received dividends		387,664	56,858
Net cash generated in investment business		1,026,414	1,730,449

Name	Note	Financial year ending 31 December 2013 (RON)	Financial year ending 31 December 2014 (RON)
Dividends paid	3	(8,768,392)	(8,930,147)
Net cash employed in financing business		(8,768,392)	(8,930,147)
Increase/(Decrease) of cash and cash equivalents		(337,062)	(1,254,012)
Changes in cash and cash equivalents			
Opening balance		3,628,248	3,291,186
(Increase)/Decrease of cash and cash equivalents (deposits and treasury certificates, <3 months)		(337,062)	(1,254,012)
Closing balance	5 c)	3,291,186	2,037,174

To our knowledge, the annual accounting and financial position, which has been prepared in accordance with applicable accounting standards, provides a fair and accurate representation of the assets, liabilities, financial position, profit and loss account of the Company. Board of Directors' Report includes a correct analysis of the development and performance of BVB and a description of the principal risks and uncertainties specific to the activity performed.

President of Board of Directors,	CEO,	Financial Director,
PhD. Lucian Claudiu Anghel	Ludwik Sobolewski	Virgil Stroia

Appendices:

- Company's Equity Investments
- Annual audited financial statements, drafted according to the applicable accounting standards, approved by the competent statutory body
- Financial Auditor Report
- Comply or Explain Statement for 2014