

*Bursa e pentru sameni*

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IR UPDATE

JULY 2016



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# Company Highlights



# Bucharest Stock Exchange – BVB

Symbol	BVB
ISIN	ROBVBAACNORO
Reuters	ROBVB.BX
Bloomberg	BVB.RO
Bloomberg <a href="#">BBGID</a>	BBG000BBWMN3
Share price (30 Jun 2016)	EUR 5.3 / RON 23.8
Market Cap (30 Jun 2016)	EUR 40 mn / RON 183 mn
No. of outstanding shares	7,674,198
ADT 12TM (ended 30 Jun 2016)	RON 0.86 mn
P/E (price as of 30 Jun 2016, 12TM EPS)	38.9x***
P/BV (price as of 30 Jun 2016, BV as of 31 Mar 2016)	1.7x***
Turnover velocity (2015)*	17%
Liquidity (2015)**	14%



100% free-float, listed since 2010



20% ownership threshold,  
majority institutional shareholders



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

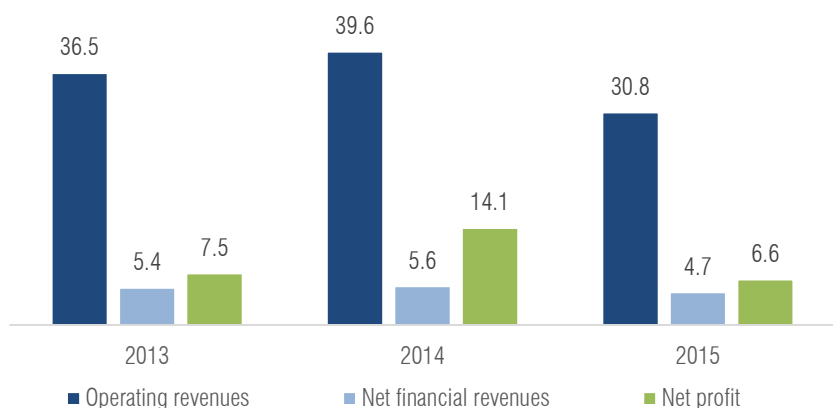
Analyst coverage		
Analyst (Company)	12M TP (Recommendation)	Last report
Catalin Diaconu (Raiffeisen Bank)	30.4 (Hold)	12-May-16
Raluca Negoescu (Alpha Bank)	28.0 (Hold)	10-May-16
Mihaela Podgorski (Swiss Capital)	31.15 (Buy)	9-May-16
Lucian Albulescu (Wood&Co)	40.41 (Buy)	22-Oct-15

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

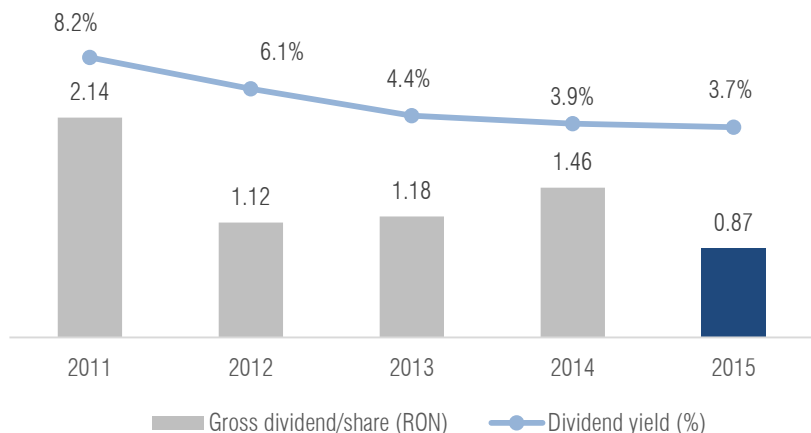
\*\*\* P/E and P/BV are calculated based on BVB Group financials

# Main financial indicators

Main financial indicators, 2013-2015 (RON mn)



Gross dividends and dividend yields



## Business model

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

- The Regulated Market - where financial instruments such as shares and rights issued by international and Romanian entities, debt instruments (corporate, municipality and government bonds issued by Romanian entities and international corporate bonds), UCITs (shares and fund units), structured products, tradable UCITS (ETFs) are traded;
- AeRO Market - designed for start-ups and SMEs, launched on 25 February 2015; separate sections of the alternative trading system are available for trading foreign stocks listed on other markets.

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

Main BVB group entities:

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

## Latest developments



### New sources of short-term revenues

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



### Financial Regimen

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



### Transparency

- BVB becomes one of the first IRIS (new reporting system) user
- Include Corporate Governance compliance Report in the Annual Report
- Quarterly analysts calls and yearly meetings
- Live audio casts of financial results meetings
- Annual meetings with investors and roadshows (London, Warsaw, Budapest and New York in H1 2016)
- Reporting in both Romanian and English languages
- New IFRS standard consolidated reporting



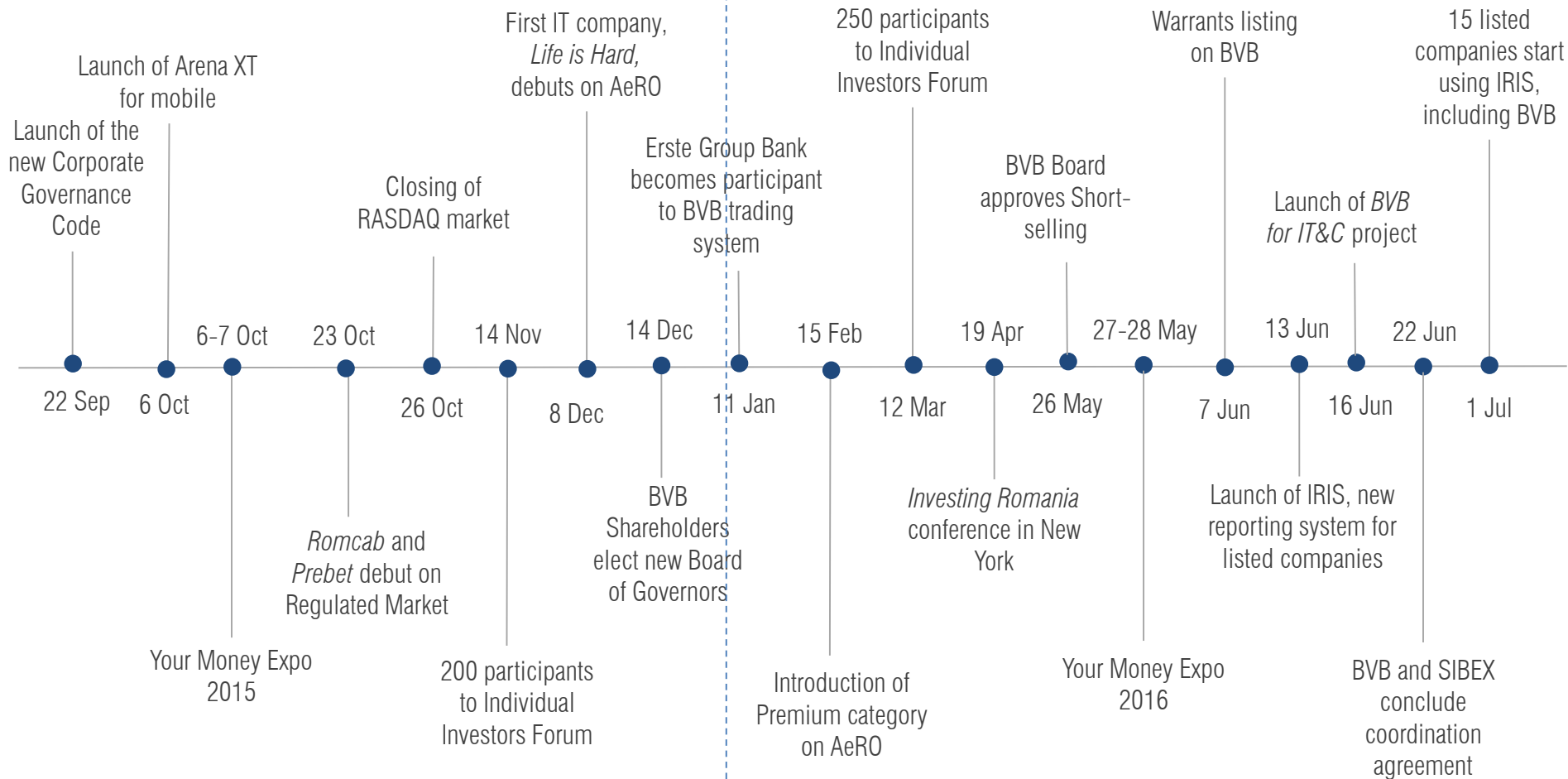
### Operational developments

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

# Recent events

2015

2016



# Why Bucharest Stock Exchange?

By investing in BVB shares, investors can get exposure to the development of the Romanian capital market



Largest dividends in the world

7.9% Dividend yield to be paid in 2016 by Romania's BET index, according to Berenberg report from May 2016. It is the highest yield in the world, above Kuwait (7.6%) and Bahrain (7.2%).



Growing Domestic Potential

Steady growth of the pensions fund as well as asset management industry; currently AuM of the Romanian pension funds equal EUR 5.6 bn, out of which an estimated 20% is invested in Romanian equities. The AuM of the Romanian investment funds equal EUR 6.7 bn. There is also a big potential vested in the currently small, but very active local retail investors base.



Wide market reforms

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



Potential privatizations

Rich portfolio of state-owned companies as the state has stakes in 114 companies in total. Some are currently pending the privatization whereas the others are in the process of appointing professional and strong new management.



Future upgrade to Emerging Market Status

+47% increase in 2015 of the average traded value (equities), compared to 2012, and EUR 7.3mn/day in average traded value (equities) in 2015.\*



# Business Strategy 2016-2020



# Key focus 2016-2020

## Developing retail investors' base

- Enlarging the domestic retail base
- Expanding the educational projects ('Fluent in Finance') and events ('Your Money Expo') carried out in cooperation with other stakeholders
- Broadening the awareness campaigns for the capital markets focusing on benefits of investing

## Attracting private issuers to the main market and AeRO

- Attracting new potential issuers for both the Regulated Market, as well as continue approaching the SMEs for listings on the AeRO market
- New projects to be launched: 'BVB for IT&C' targeting SMEs from IT&C sector, joint project with Ministry of Communications and for Information Society (MSCI) and 'Fluent in IPOs'

## Improving issuers' transparency

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

## Launching new products and trading mechanisms

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

## Stimulating revenue from data vending

## Other major projects

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

**Mid-term strategic objective:** be placed on a watch-list by international index providers

## Upgrade to the Emerging Market Status (*medium term*)

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

# Quantitative targets

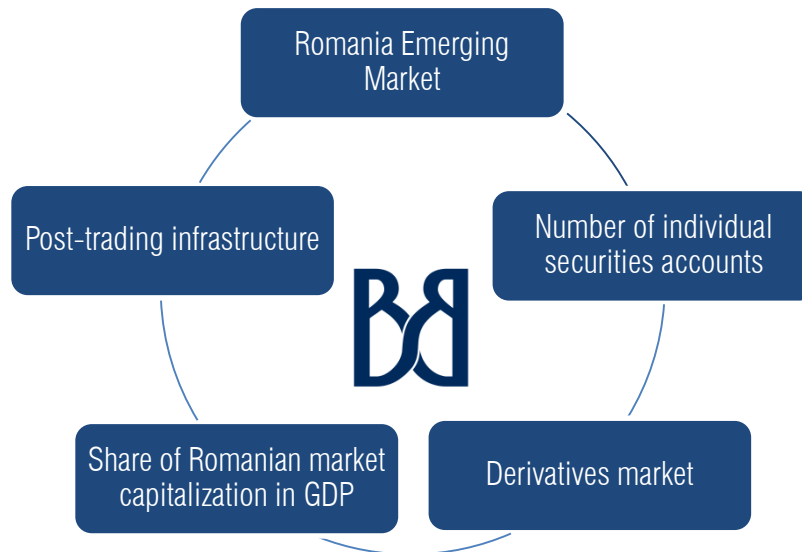
## By the end of 2018



Romania to be included on the watch list/classified as Emerging Market, under assumption of a major privatization completed in 2016 and increase of free float in already listed blue chips

## By the end of 2018

- Modernization according to EU regulation and standards
- Improved risk monitoring and management activities
- Expanded range of products and services
- CCP facility for cash markets



100.000 accounts by the end of 2018



## 15% by the end of 2020

Supported by SOEs privatizations and private listings



By the end of 2020

# Expanding the local retail investor base

## Recent past and ongoing projects

Several measures have been deployed in recent 2 years to increase the participation of retail investors in the capital market: initiatives relating to financial education (Investors Clubs, Fluent in Finance project, Individual Investors Forums, Financial Expos, Experts Call Center, Open Doors Day), to new transactional tools (ArenaXT - tool for retail on-line trading), to the upgrade or release of new communication means (websites, mobile applications), to the creation of new market segment naturally dedicated to retail investors (AeRO), to the decrease of transactional costs and reliability of the dividends distribution and special schemes promoting day-trading.

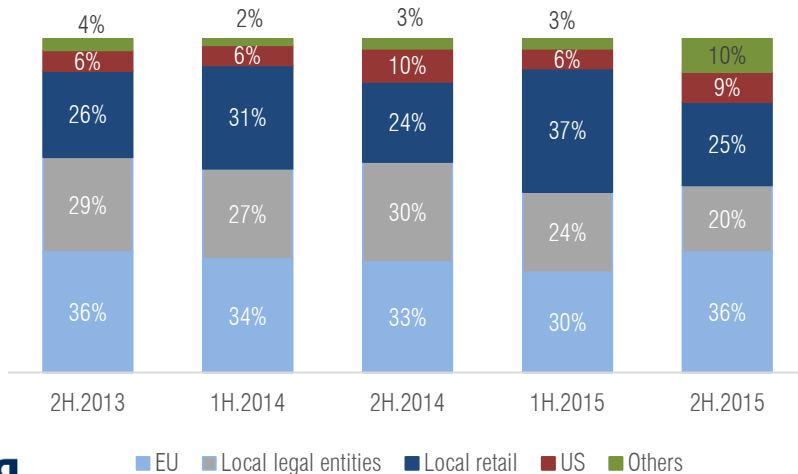
## Planned projects

- Continuing projects aimed at the improvement of the level of financial literacy
- Resolving the problem of the “Section1” at Central Depository level, a huge reservoir of liquidity, turning it into new assets kept by the brokers
- Inventing new tools more directly enticing for trading (for example, demo accounts)
- Implementing the short selling and to support the trading on margin capacities, once the ASF issues related optimized rules
- Decreasing the trading fees in parallel to the turnover evolution and changing the structure of the fees
- Bringing new financial instruments for trading and launch the derivatives market
- Implementing a citizens shareholding program, available for public offers ran in the market
- To support fiscal measures that stimulate the long term investments

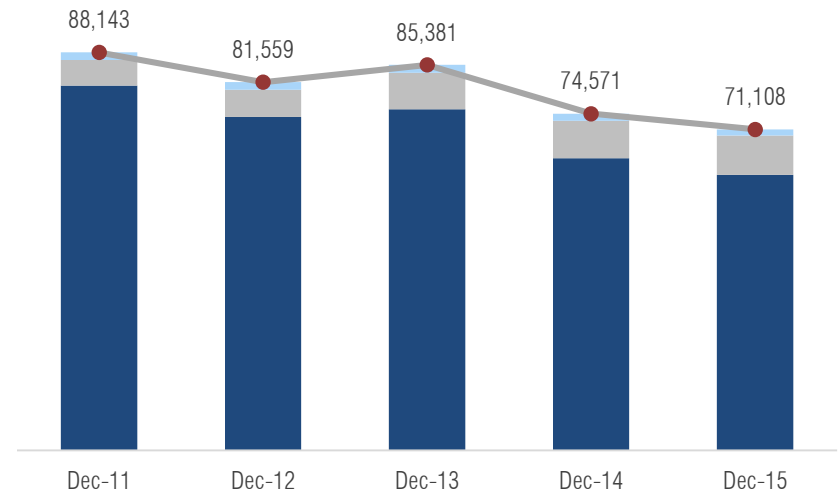
# Expanding the local retail investor base: the potential

- Large deposits (23K Romanians have deposits of value over 100k EUR, totaling to EUR 6 bn; 13.7 mn Romanians have deposits below 100k EUR, totaling to EUR 24 bn) and a growing salaries (4.5 mn employees in Romania out of which 200k have salaries over 5k RON a month). In the light of low interest rates, there is a potential for direct and indirect investments on the stock exchange
- Individual investors even though relatively small, are very active on BVB, having 2<sup>nd</sup> biggest share in the turnover in 2H 2015
- Low level of financial literacy (lowest in the EU as per 2015 Global S&P study) shows the potential of the market
- With the restored privatization process and certain positive developments such as lower, 5% tax on dividends, the retail base shall improve, providing a push to open an account
- High focus on educational and informative campaigns led by the Stock Exchange in cooperation with other stakeholders

BVB investor base



Number of investor accounts 2011-2015



- Fully compensated investors
- Ceiling compensated investors
- Excluded investors
- Total no. of investors

- The current compensation limit is EUR 20,000, in line with EU directives
- 85% of investor accounts have portfolios below EUR 20,000 and are fully compensated
- The number of investor accounts includes the total number of accounts on the Romanian capital market, regardless if an investor has accounts with several brokers

Sources: BVB survey among Romanian brokerage companies accounting for ~98-99% of total market turnover (percentages calculated using the investors' traded values), FCI, BVB

# Attracting new issuers to the main market and AeRO



Fluent in IPOs is a new project of the Bucharest Stock Exchange, developed in cooperation with a number of top local companies and individuals, that aims to provide free trainings to entrepreneurs about the alternatives of financing their growth stories as well as provide information that can come useful throughout the company's development. Through this project, we want to also create a community uniting top and most innovative businessmen in Romania. The project targets all the entrepreneurs and businessmen that want to learn more about financing alternatives, as well as how to develop a sound business, improve corporate governance and learn, for free, from top industry practitioners on more technical issues, such as reporting, valuations, etc.

## Other planned projects

- Providing support for going public (relevant information, regulations and procedures involved) via integrated communication channels and industry events, as well as to have a more active role in private placements carried out through BVB
- Facilitating and organizing pitching sessions and programs for companies from Romanian top industries
- Developing sustainable partnerships for promoting financing via the capital market
- Launching capital market strategy for SOEs privatizations, in partnership with the Government
- Partnering with brokers in the Equity Capital Markets area for supporting their activity in attracting issuers for main market, and with authorized advisors for issuers on AeRO
- Developing and promoting the debt market segment

## Improving issuers' transparency

### IRIS – Issuers Reporting Information System



IRIS is the new reporting system developed by the Bucharest Stock Exchange, available to issuers whose shares are admitted to trading on both the regulated market and AeRO. IRIS will provide to issuers a mechanism at the highest international standards for a fast and efficient public dissemination of regulatory reports and announcements to investors, analysts and distributors of market data. The platform aims to standardize the reporting format and increase the market transparency by providing a secure and reliable communication system for publication and distribution of issuer's reports in a text (HTML) format. In practice this means that the data information provided by the issuers will be integrated in a format immediately accessible for data processing. IRIS has been implemented and first 15 companies on the main market are using.

### Other planned projects

- Promoting the use of Issuers' market making
- Strengthening the IR functions at listed companies
- Implementing corporate governance rules
- Creating information platform for listed companies, dramatically improving investors' access to information
- Building the BVB's role as a partner for the issuers, to work on their development
- Setting up of an Association of Listed Companies, to lobby the common interests of the listed companies and of Romania aiming the status of the Emerging Market
- Continuing the promotion of listed companies towards retail and institutional investors' community

# Launching new products and trading mechanisms

## Recent past and ongoing projects

Market infrastructure updates were made on the side of the architecture, trading mechanisms and settlement. The most relevant envisaged the separation of trading and post-trading systems, the increased flexibility of settlement on gross basis, the T+2 implementation, and the introduction of two settlements cycles. The trading environment got improved with new market making programs, reduction of suspension from trading, elimination of the Odd-lot market, new tick size, new trading hours and new market stage, implementation of the auction models. The trading tools brought mobile apps and ArenaXT platform enhancements.

## Planned projects

- Developing of the CCP facility
- Improving information environment by creating the Info Platform for Issuers (Portal which connects investors with companies, facilitates stock picking & portfolio monitoring, offers comprehensive and full information on BVB listed companies), the Issuers Reporting Information System and the Corporate Actions Platform (offers to the information sources/issuers, local/global custodians and investors the possibility of interaction by using one of the most used standard of communication in the capital markets)
- Aligning the market infrastructure and mechanisms to MIFID II requirements applicable
- Clarifying the Sibex status
- Developing the BVB Group for increased synergies and scale effects



# Steps towards Emerging Market Status

## Institutions evaluating Romania



MSCI  
FTSE Russell  
S&P Dow Jones  
STOXX

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

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

Promotion of the local capital market reform

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

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

## Main criteria to be fulfilled by Emerging Markets

### MSCI

- Min. 3 companies fulfilling the following:
- Company size [full market cap] of USD 1,269 mn
  - Free Float value of USD 635 mn
  - ATVR (Annualized Traded Value Ratio) of min. 15%

### FTSE

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

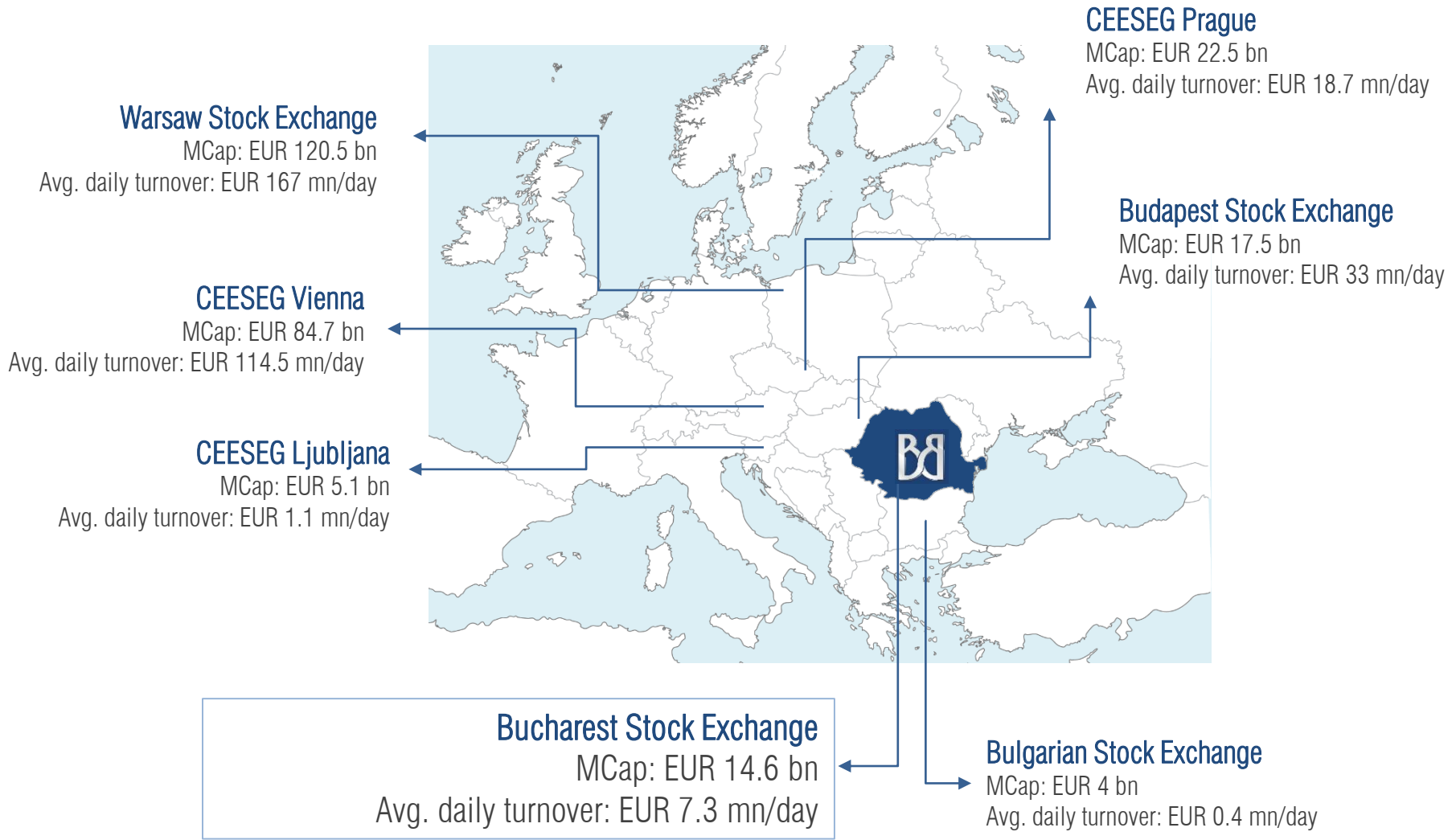
### S&P

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

# Romanian Capital Markets Overview



## Regional perspective



Source: FESE (data as per end of May 2016); for BVB public offers are not included.

## Positive macroeconomic outlook

Indicator	2010	2011	2012	2013	2014	2015	Most recent	Reported for
Real GDP, yoy change (%)	(0.8)	1.1	0.6	3.5	3.0	3.7	4.2	Q1 2016
Inflation rate (%)	6.1	5.8	3.3	4.0	1.1	-0.6	-2.1	May 2016*
Key interest rate (%)	6.25	6.00	5.25	4.00	2.75	1.75	1.75	May 6, 2016
Population (mn)	20.3	20.2	20.1	20.0	20.0	20.0	20.0	2015
Exchange rate, eop (RON/EUR)	4.3	4.3	4.4	4.5	4.5	4.5	4.5	May 2016

Long-Term Credit Rating	Credit ratings	Outlook
Standard & Poor's	BBB-	stable
Moody's	Baa3	positive
Fitch	BBB-	stable

### Notes:

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

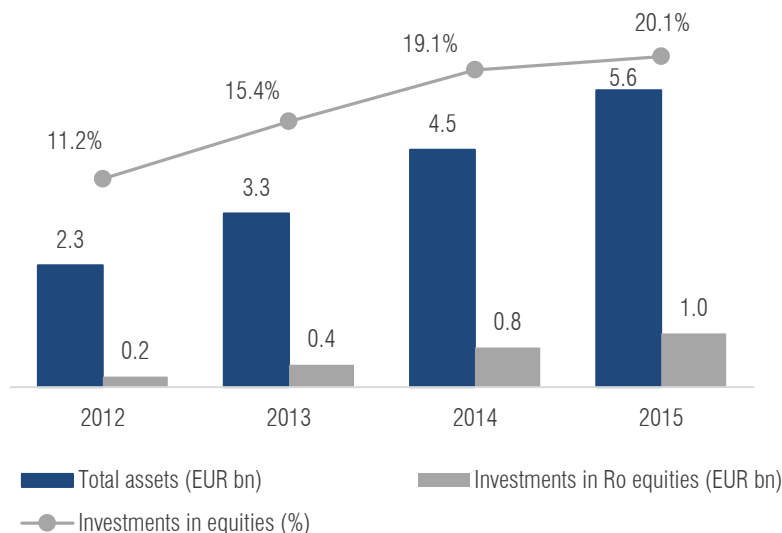
\*\* Domestic market capitalization as of end-May 2016

Sources: ECB, Eurostat, NBR, National Statistics Office, rating agencies, FESE, BVB, ZSE

Market	Domestic market cap (EUR bn)				
	2012	2013	2014	2015	2016**
<b>Bucharest Stock Exchange</b>	<b>12.1</b>	<b>17.8</b>	<b>18.4</b>	<b>16.9</b>	<b>14.6</b>
Budapest Stock Exchange	15.7	14.4	12.0	16.2	17.5
Bulgarian Stock Exchange	5.0	5.1	5.0	4.4	4.0
CEESEG - Ljubljana	4.9	5.2	6.2	5.5	5.1
CEESEG - Prague	28.2	22.0	22.6	23.5	22.5
Zagreb Stock Exchange	16.9	15.6	16.5	16.8	16.7

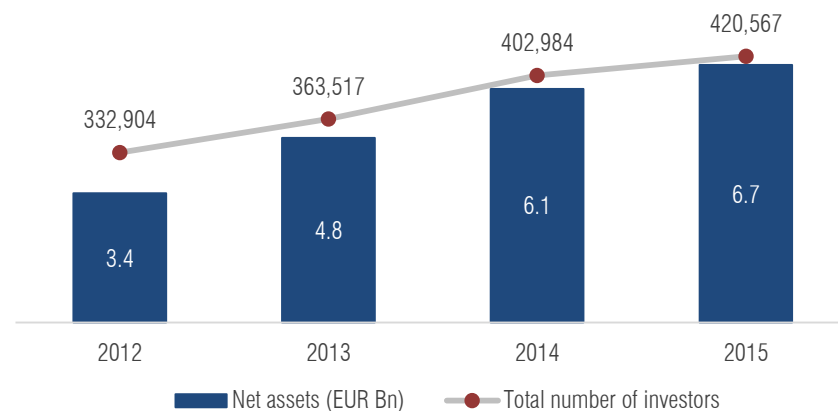
# Growing pension funds and asset management industry

Pension funds: total assets and allocation in Romanian equities, 2012-2015 (EUR bn, %)



- Advance of 24% of pension funds' total assets during 2015 (pillar II and III), after a significant 37% increase in 2014
- Investments oriented mainly on local markets (90% as of end-2015)
- Investments in Romanian equities stood at RON 4.3 bn (EUR 960 mn) at the end of 2015, or 17.9% of funds' total assets

Asset managers: net assets (EUR bn), number of investors, 2011-2015

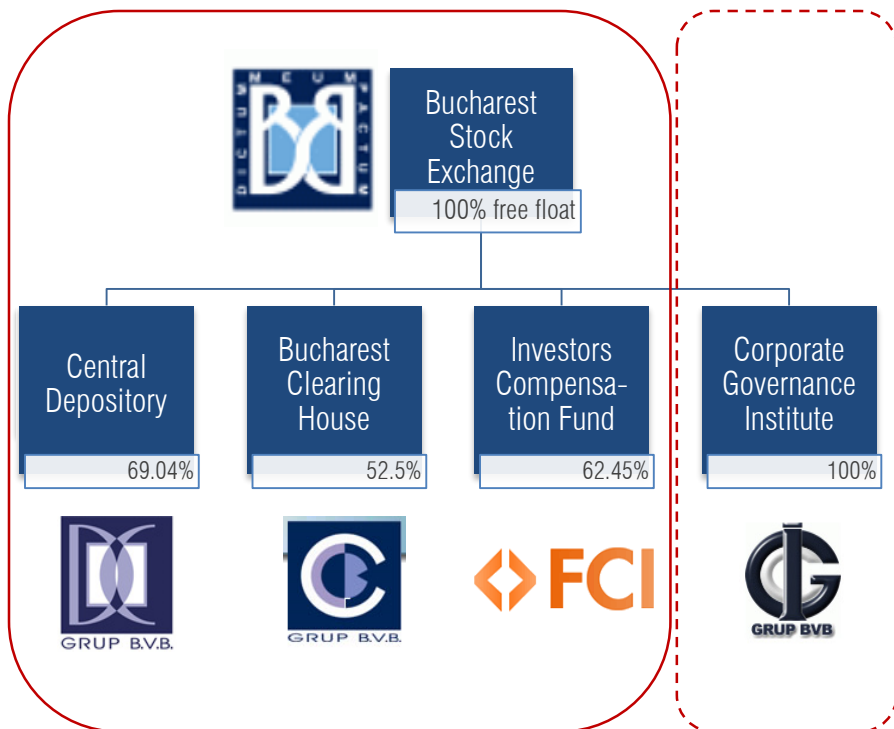


- Strong growth rate of net assets in 2014 and in 2015, continuing the trend set in previous two years
- 28% growth in net assets in 2014, followed by 10% increase in 2015
- The Asset Management industry gained almost 20,000 new investors in 2015
- In 2015, there has been notes a slight increase of allocation to equities, from 5.2% in 2014 to 5.3% in 2015
- Exposure to equities increased from EUR 150 mn to more than EUR 250 mn in 2014, followed by a steady increase to 270 EUR in 2015

# Appendix 1: Financial Data



# First quarterly results presented on a consolidated basis, for 1Q 2016



Entities included in the consolidation process

Not included in the consolidation process

## Segments within BVB Group:

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

# Markets operated by BVB

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## Main Market

**Listed companies:**

*83 domestic and 2 foreign*

**Domestic market cap:**

*EUR 15.00 bn*

**Total market cap:**

*EUR 26.44 bn*

**Instruments:**

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



## AeRO market for SMEs

**Listed companies:**

*273 domestic and 2 foreign*

**Domestic market cap:**

*EUR 0.77 bn*

**Total market cap:**

*EUR 0.80 bn*

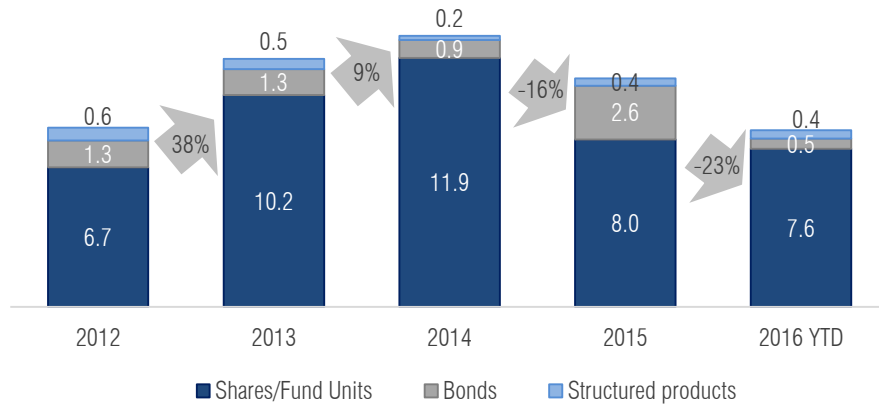
**Instruments:**

*shares, rights, bonds*



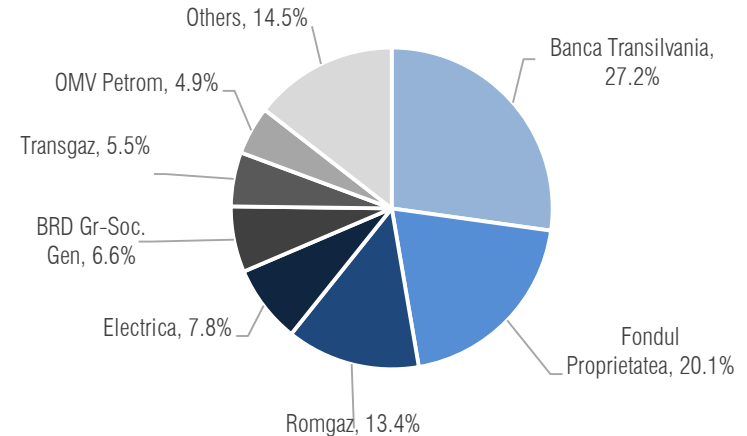
# Market size and structure

Average daily turnover 2012-2016 YTD  
(EUR mn/day)



Note: Public offers included.  
Data for 2016 YTD for 1 Jan – 4 Jul

Most traded stocks at BVB in 1H 2016 (%)

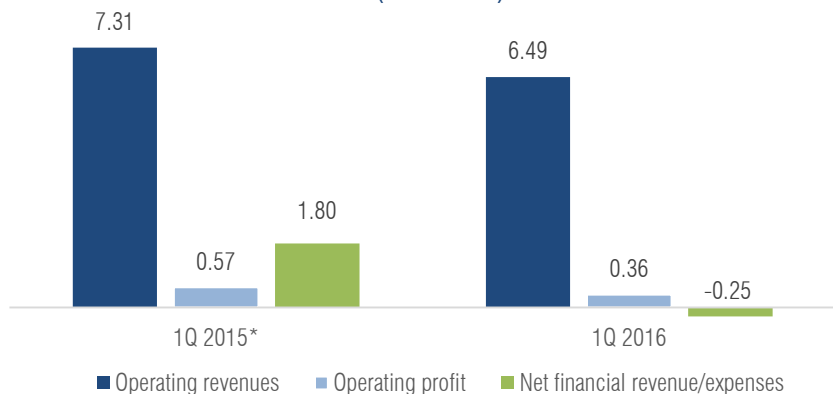


Note: Public offers not included. Data for 1 Jan - 30 Jun 2016

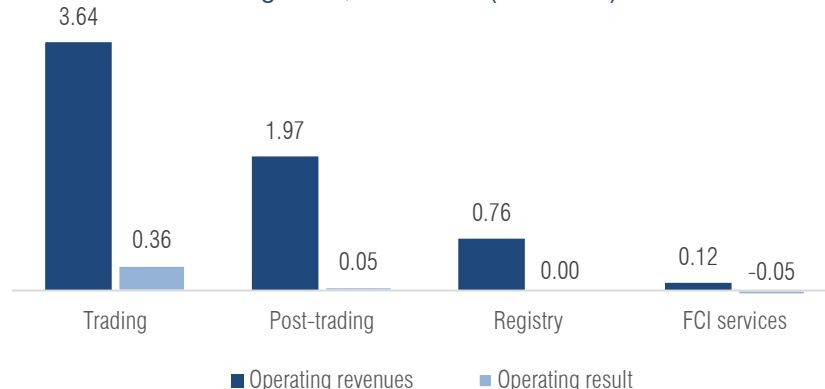
- The average daily turnover of shares and bonds is influenced to a large extent by one-off transactions, i.e. public offers.
- The decline in turnover in 2015 for the equities trading is a consequence of the Electrica IPO that happened in 2014, worth of EUR 444 mn (of which 80% executed at Bucharest), which marked a milestone for BVB.
- In addition, the increased investor risk aversion towards frontier and emerging markets also triggered a decrease in trading activity during 2015, even if offers are excluded. The trend remained in place for the first half of 2016, given a wide array of events and influences that kept investors on the sidelines: expectations of a slowdown of the world economy, low oil prices, uncertainties regarding the so-called 'Brexit' vote (which culminated with the surprising result in favor of UK leaving the EU).
- The fixed income segment fared much better in 2015 and partly offset the weakening of equities trading, due to several deals including the sale of Bucharest Municipality bonds (EUR 500 mn), the sale of government securities dedicated for retail investors (EUR 15 mn) and the sale of EUR 25 mn worth of corporate bonds by the International Investment Bank.

# 1Q 2016 financial results

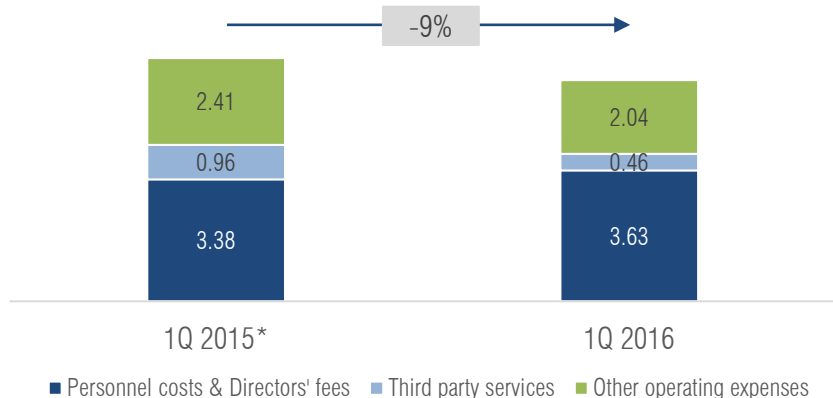
Main financial indicators, 1Q 2016 vs. 1Q 2015 (RON mn)



Distribution of the operating revenues and result, by segment, 1Q 2016 (RON mn)



Breakdown of operating expenses, 1Q 2016 vs. 1Q 2015 (RON mn)

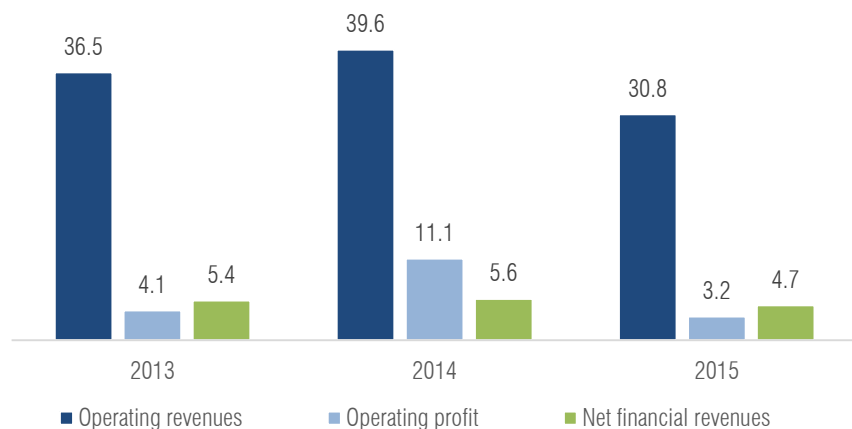


- BVB Group's **operating revenues** went down 11% y-o-y in 1Q 2016, determined by a similar decline revenues generated by the trading segment of the Group and by weaker revenues of the registry segment. Revenues from the post-trading segment remained unchanged at RON 1.97 mn
- **Operating expenses** cumulated RON 6.13 mn, down by 9% y-o-y, as lower revenues determined a reduction in variable costs
- The **operating profit** was RON 0.36 mn, mostly generated by the trading segment
- **Net financial expenses** reached RON 0.25 mn, mainly unrealized unfavorable foreign exchange differences resulted from the revaluation of financial instruments denominated in foreign currencies
- The **net consolidated profit** registered in 1Q 2016 was RON 0.04 mn

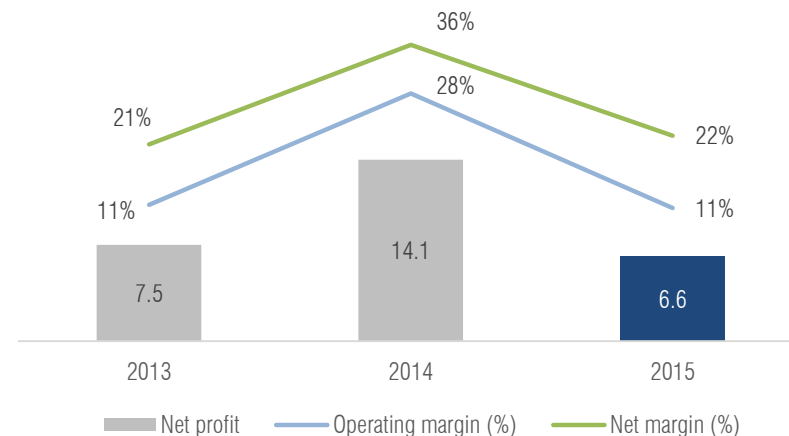
Note: Consolidated financial results, prepared in accordance with IFRS. The financial figures for 1Q 2015 are restated to IFRS and are not audited

# Presentation of annual consolidated financials for BVB Group

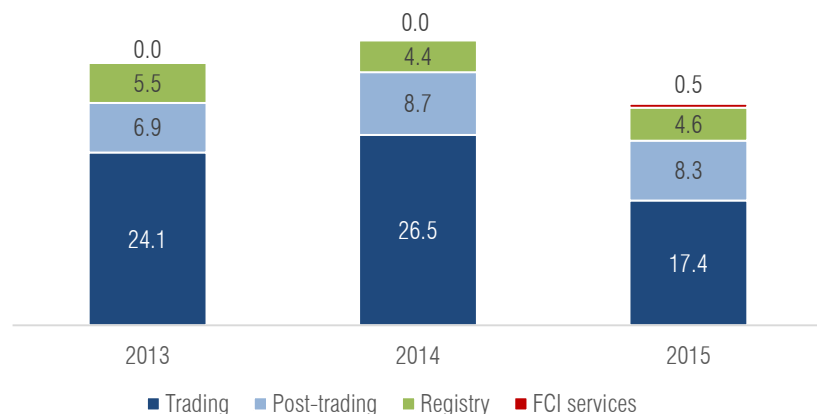
Main financial indicators, 2013-2015 (RON mn)



Net profit, operating and net margins, 2013-2015



Breakdown of operating revenues, 2013-2015 (RON mn)



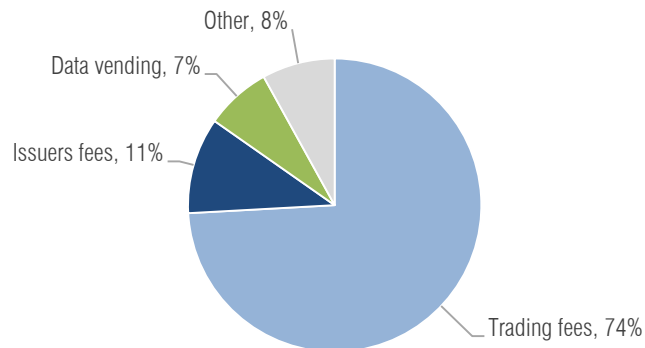
- BVB Group's **operating revenues** reached RON 30.8 mn in 2015, by 22% lower in y-o-y terms, mainly following the decline in trading activity at BVB which, combined with the cut in trading fees, has affected revenues from trading services.
- For the other business segments, changes were less significant, both in value terms as well as in percentage terms, given that their revenues are much less dependent on changes in trading activity.
- The **operating profit** registered a 71% y-o-y decline to RON 3.2 mn, mainly generated by the trading segment.
- **Net financial revenues**, primarily including interest and unrealized favorable foreign exchange differences, added RON 4.7 mn to the profit before tax of the Group.
- The **consolidated net profit** for 2015 was RON 6.6 mn.

# Overview of the trading segment of BVB Group

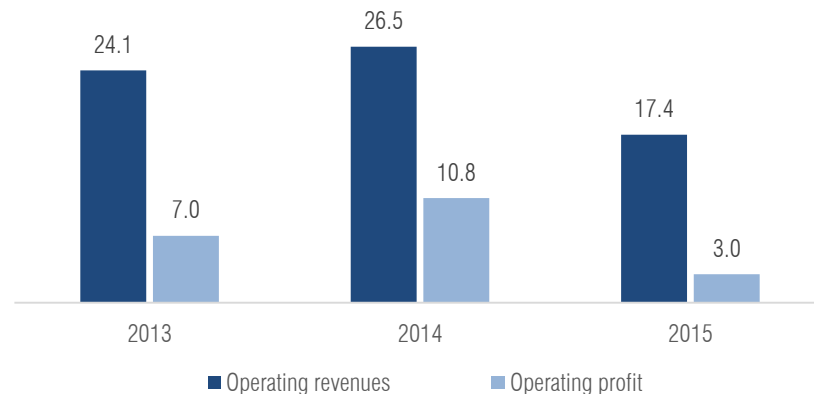
## Drivers of the trading segment revenues

- **Trading fees** represent the main driver behind the trading segment performance and account for 74% of the segment revenues.
- **Revenues from trading fees** are determined primarily by the trading activity and fees charged by the exchange.
- **Trading activity** at the Bucharest Stock Exchange decreased in 2015 on higher investor risk aversion towards frontier and emerging markets and lack of public offers/privatizations through the local market. The equities segment registered a 16% decrease excluding offers, to RON 9 mn, while the bonds segment fared much better mostly due to the issuance of Bucharest Municipality bonds (EUR 500 mn), the largest offer of bonds via the capital market.
- **The trading revenues'** decline also reflected the lower fees charged by BVB starting with Oct 2014. In the case of regular trades executed on the shares markets, such decline was approximately 15%.
- **Issuers fees** supported segment revenues in 2015 with a 28% y-o-y increase, due fees paid by RASDAQ issuers for admission and maintenance to the regulated/AeRO markets.
- **Data vending** revenues increased in 2015 by 6% y-o-y as BVB gave up its contract with Vienna Stock Exchange and signed direct agreements with the largest international data vendors.

Breakdown of trading segment revenues, 2015 (%)



Operating revenues and profit, trading segment (RON mn)



# BVB pricing policy

## BVB trading fees

	Sell	Buy
Shares, fund units, certificates	10 bps	4 bps
Bonds	1 bp	
T-bills	0.04 bps (RON 1-10)	

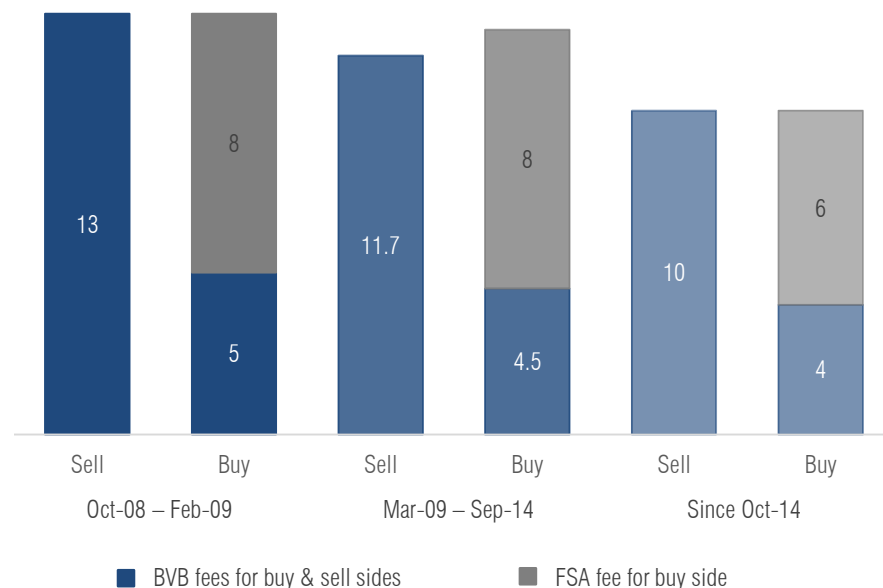
## BVB annual maintenance fees

Participants	EUR 333 / RON 1,500 (VAT included)
Issuers	EUR 800 – 4,667 RON 3,600 - 21,000 (VAT not included)

## BVB public offers fees

For sale of shares	0.135% (for the seller)
For purchases of shares	0.216% (for each side of the trade)
For initial sale offers of bonds	0.007% (for each side of the trade)
For secondary sale offers or for purchases of bonds	0.0216% (for each side of the trade)

## Historical trading fees (bps)

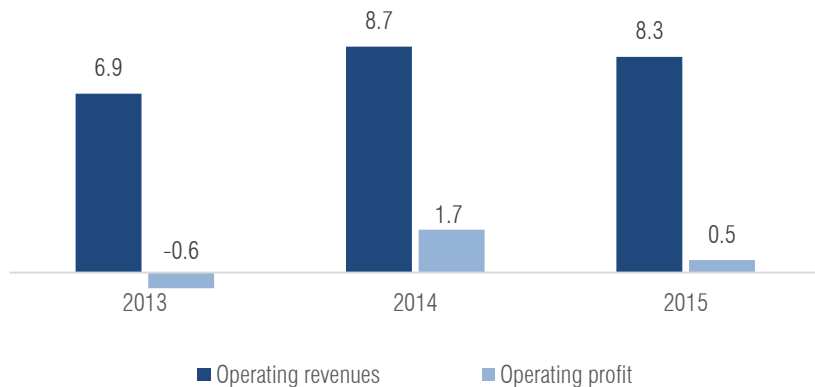


### Notes:

- \* Starting Sep 16, 2014, the FSA fee for the buy side of trades decreased to 6 bps from 8 bps
- \*\* BVB's new fees as of Oct 1, 2014, apply for regular trading in the regulated market & AeRO. Deal market fees remain unchanged
- \*\*\* Fees in bps are charged to the value of the trade (buy & sell)
- \*\*\*\* BVB and FSA fees do not refer to Market Makers

# Overview of the post trading and registry segment revenues

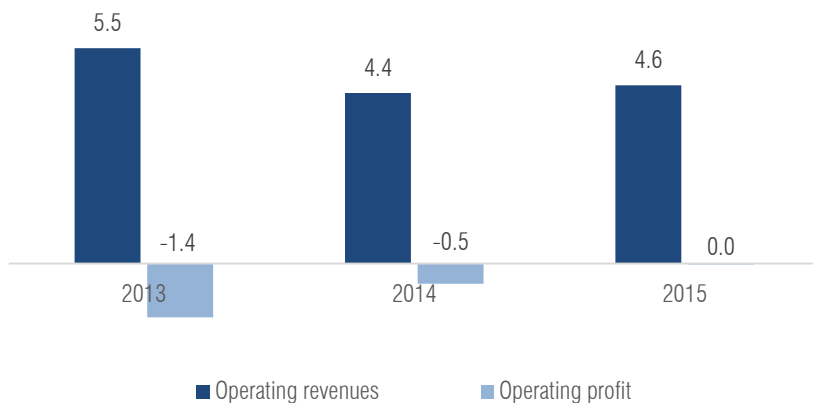
Operating revenues and profit, post-trading segment (RON mn)



## Post-trading segment revenues

- The post-trading segment includes settlement activities of the Central Depository and, less significant for the Group financial standing, the activities of the Bucharest Clearing House.
- Revenues for the segment are dependent on capital market trading activity, but variability is less significant compared to the trading segment as there is also a rather fixed component represented by the admission and maintenance fees charged to participants to the clearing and settlements system and to custodians.
- The fixed component accounts for 60-70% of the segment revenues.
- In 2015, post-trading revenues declined by 4% y-o-y, determined by the less intense trading activity on the exchange.

Operating revenues and profit, registry segment (RON mn)



## Registry segment revenues

- The registry segment is heterogeneous in nature and includes the registry services executed by the Central Depository.
- Changes in sub-categories of registry revenues are not generally significant to indicate the trend for these revenues.
- The registry segment revenues increased by 4% y-o-y in 2015, on increased volume of services for owners of financial instruments.

# Central Depository pricing policy

### Registry fees

#### → For owners of financial instruments

- Fees are established for each type of service, depending on various variables
- Transfers are charged either as percentage of the value of financial instruments transferred (based on a scale) either as a fixed amount for each operation executed
- Other fees are generally charged as fixed amounts for each service, for each owner, for each ticker etc.

#### → For issuers of financial instruments

- Admission and maintenance fees are fixed amounts depending on the number of holders of financial instruments
- Registry services provided to issuers include services related to ownership structures and lists, and the registration of corporate events (share capital changes, nominal value splits/consolidations, distribution of dividends)
- Fees for registry services provided vary with the number of holders of financial instruments. Generally fixed amounts.

### Post-trading fees

#### → Admission and maintenance fees (selection)

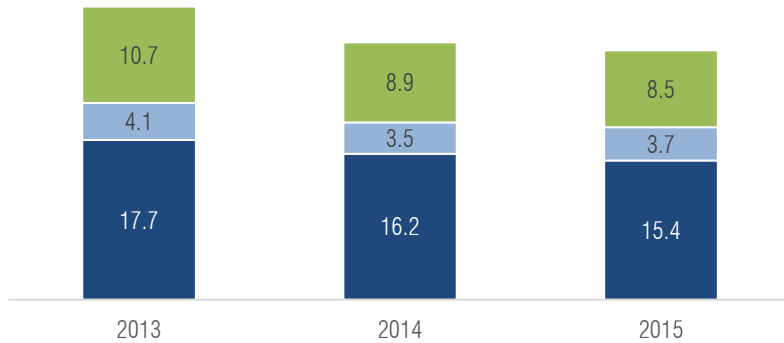
- Admission fee for participants to clearing & settlement system: RON 70,000 (EUR 15,600)
- Admission fee for custodians: RON 87,500 (EUR 19,500)
- Maintenance fee for participants to clearing & settlement system: RON 1,500 (EUR 333)
- Maintenance fee for custodians: fixed fee of RON 48,000 (EUR 10,700) + 0.015%/year of the financial instruments portfolio value

#### → Local settlement fees (selection)

- Settlement fee for shares (net basis): 0.85 bps
- Settlement fee for shares (deal, gross basis): 0.45 bps, max. RON 400/trade
- Settlement fee for fixed income instruments: 0.20 bps (bonds, net basis), 0.10 bps, max. RON 50/trade (gov't securities)
- Settlement fee for public offers on primary markets: 0.40 bps – shares; 0.10 bps – fixed income
- Settlement fee for public offers executed by state authorities on secondary markets: 0.80 bps
- Turnaround trades: EUR 9.5/trade

# Analysis of operating expenses for BVB Group

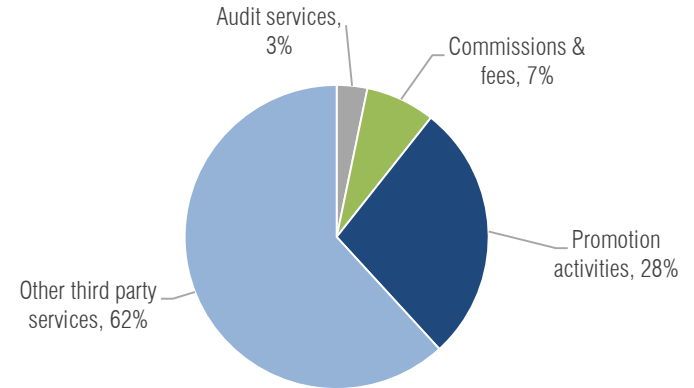
Breakdown of operating expenses, 2013-2015 (RON mn)



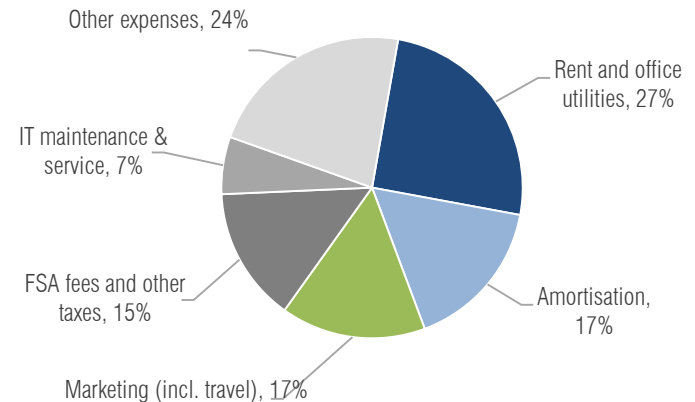
■ Personnel costs % Directors' fees ■ Third party services ■ Other operating expenses

- Group operating expenses on a downward trend on lower variable expenses
- Lower personnel costs and Directors' fees due to a smaller number of employees for the group, from 122 to 105 employees on average
- Higher third-party services costs in 2015, mostly due to intensified campaigns to promote the local market
- Other operating expenses still on a declining path; 2015 decline attributable to lower marketing & travel, fees owed to the regulator
- Depreciation charges higher from one year to another, on continuous investments in intangible and tangible assets

Third party services, 2015 (%)



Other operating expenses, 2015 (%)



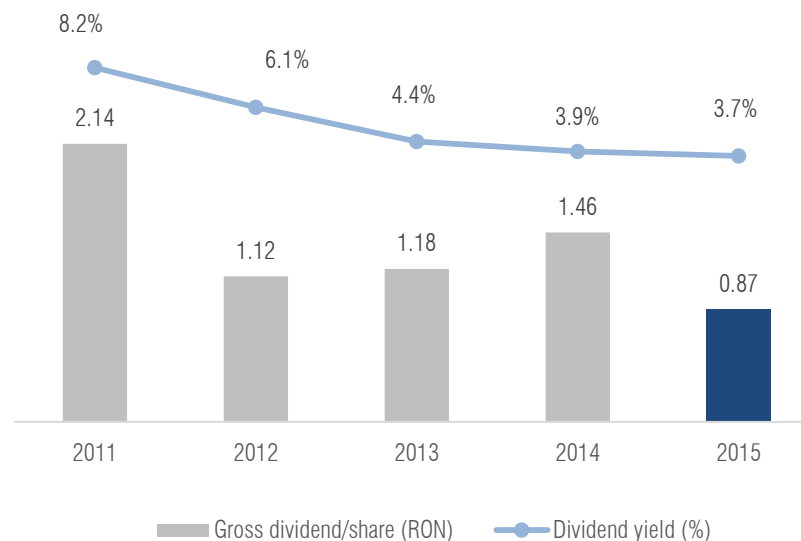


# Overview of the consolidated financial position

RON mn	2013	2014	2015
Non-current assets	53.9	68.8	81.3
Current assets	96.4	85.5	98.3
<b>Total assets</b>	<b>150.3</b>	<b>154.3</b>	<b>179.6</b>
Shareholders' equity attributable to owners of the Company	95.9	100.6	96.8
Minority interest	12.6	13.0	12.5
Short-term liabilities	41.8	40.6	70.3
<b>Total equity and liabilities</b>	<b>150.3</b>	<b>154.3</b>	<b>179.6</b>

- Increasing non-current assets due to acquisitions of long-term government bonds classified as held to maturity
- Starting 2014, the consolidated balance sheet is reflecting, in both current assets and short-term liabilities, the amounts that the Central Depository must distribute as dividends to the shareholders of listed companies
- Current assets, excluding amounts held by the Central Depository, have been declining as the companies in BVB Group switched to longer-term investments, where possible
- 68% of short-term liabilities are dividends to be paid by the Central Depository to its clients (i.e. listed companies)
- 28% of short-term liabilities are guarantee funds and margin

### Gross dividends and dividend yields



\* Gross dividends are presented. Dividend yields are calculated using the price on the corresponding ex-date, except for 2015, where the closing price as of 30 Jun 2016 was used

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

# IFRS financial results – standalone vs. consolidated

## BVB (standalone)

RON '000	2015	2014	2013	2012
Revenues from services	17,205	26,871	24,287	17,399
Operating revenues	17,729	27,220	24,412	17,453
Operating expenses	(14,490)	(16,091)	(17,299)	(12,351)
Operating result	3,239	11,129	7,113	5,102
Net financial income*	4,825	2,968	2,634	5,957
Profit before tax	8,064	14,097	9,747	11,059
Profit for the year	7,004	11,843	8,200	9,644
EPS (RON)	0.91	1.54	1.07	1.26

\* Includes losses/gains from the impairment of assets (affiliate entities)

Note: IFRS financial statements are final and audited

## BVB Group (consolidated)

RON '000	2015	2014	2013	2012
Revenues from services	30,135	39,121	36,396	27,771
Operating revenues	30,834	39,645	36,536	27,875
Operating expenses	(27,614)	(28,515)	(32,479)	(25,648)
Operating result	3,219	11,130	4,057	2,227
Net financial income	4,742	5,631	5,408	7,605
Loss from impairment of current assets	-	(19)	-	-
Profit before tax	7,961	16,743	9,465	9,832
Profit for the year, attributable to:	6,601	14,083	7,486	8,358
- non-controlling interests	128	407	(343)	163
- owners of parent company	6,472	13,676	7,829	8,195
EPS (RON)	0.84	1.78	1.02	1.07

# IFRS financial position – standalone vs. consolidated

## BVB (standalone)

RON '000	2015	2014	2013	2012
Non-current assets, of which:	68,563	77,601	59,116	28,374
<i>Held-to-maturity financial assets</i>	<i>38,376</i>	<i>47,379</i>	<i>29,316</i>	-
Current assets, of which:	35,506	20,789	42,872	69,367
<i>Cash, equivalents and bank deposits</i>	<i>28,316</i>	<i>18,251</i>	<i>38,061</i>	<i>66,654*</i>
<b>Total assets</b>	<b>104,069</b>	<b>98,390</b>	<b>101,988</b>	<b>97,741</b>
Shareholders' equity	98,262	94,958	95,415	94,229
Payables	5,806	3,431	6,573	3,512
<b>Total payables and equity</b>	<b>104,069</b>	<b>98,390</b>	<b>101,988</b>	<b>97,741</b>

Note: IFRS financial statements are final and audited

\* The amounts for 2012 (standalone and consolidated) also includes short-term held-to-maturity financial assets

## BVB Group (consolidated)

RON '000	2015	2014	2013	2012
Non-current assets, of which:	81,261	68,796	53,941	9,826
<i>Held-to-maturity financial assets</i>	<i>60,193</i>	<i>48,866</i>	<i>40,604</i>	<i>4,220</i>
<i>Held-to-maturity financial assets covering the guarantee and clearing funds and the margin</i>	<i>11,143</i>	<i>11,513</i>	<i>6,189</i>	-
Current assets, of which:	98,343	85,454	96,355	134,936
<i>Cash, equivalents and bank deposits</i>	<i>80,021</i>	<i>55,070</i>	<i>62,051</i>	<i>104,300*</i>
<b>Total assets</b>	<b>179,603</b>	<b>154,250</b>	<b>150,296</b>	<b>144,762</b>
Total equity attributable to the owners of the Company	96,783	100,618	95,942	95,127
Non-controlling interests	12,530	12,989	12,582	13,084
Total shareholders' equity	109,313	113,608	108,524	108,211
Payables, of which:	70,290	40,642	41,772	36,551
<i>Trade liabilities and other liabilities</i>	<i>47,706</i>	<i>19,480</i>	<i>15,179</i>	<i>11,072</i>
<i>Guarantee and clearing funds and settlement operation margin</i>	<i>19,648</i>	<i>18,141</i>	<i>22,945</i>	<i>24,171</i>
<b>Total payables and equity</b>	<b>179,603</b>	<b>154,250</b>	<b>150,296</b>	<b>144,762</b>

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## Upcoming events

8/11/2016 – 2Q.2016 Results & Earnings Conference Call

11/10/2016 – 3Q.2016 Results & Earnings Conference Call



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