

DEBUTS

Benchmark treasury bonds

April 19, 2011 was the first day of trading for the first benchmark treasury bonds of this year issued by the Ministry of Public Finance, debt securities, treasury bonds tier. Main characteristics of the treasury bonds issued by the Ministry of Public Finance:

- Symbol: B1410A;
- Number of treasury bonds: 50,000;
- Nominal value: 10,000 lei;
- Issue value: 500,000,000 lei;
- Issue date: 04.11.2011;
- Maturity date: 10.25.2014;
- ISIN code: RO1114DBN011;
- Principal repayment on the maturity date;
- Interest rate: 6.25%;
- Interest payment: annual.

Other Financial Instruments

Gold Futures Contract

April 4, 2011 was the first trading day for the futures contract underlying the price in US Dollars of a gold troy ounce.

The main characteristics of the Gold Futures contract:

- Multiplier: 1 leu;
- Settlement method: cash settlement;
- Contract months: 2 expiration dates, April 2011 and June 2011. Symbols for the two contract months: GLD11APR (ISIN: ROF0000015N4), and GLD11JUN (ISIN: ROF0000015O2);
- Quotation: expressed as US dollars / troy ounce with one decimal;
- Tick size: Minimum quotation variation of a future contract is: 0.1 US Dollars / troy ounce;
- Standard lot: 1 contract;
- Expiration date: the day before the last working day of the listed series' expiration month.

Structured products

Two new individual issues of structured products – turbo certificates issued by Raiffeisen Centrobank AG, started trading on Structured Products sector, certificates tier as of April 5, 2011. The new certificates available to trading – turbo short and turbo long – underlying Fondul Proprietatea SA shares were the first structured products underlying shares listed on BVB. Raiffeisen Centrobank AG also acts as liquidity provider for its own structured products.

Three new individual issues of the Erste Group Bank AG certificates started to be traded on the Structured Products Sector, Certificates Tier as of April 7, 2011. Other two certificates underlying on Fondul Proprietatea shares, also issued by Erste Group Bank AG started trading on the same market segment as of April 29, 2011.

On the Structured Products market, launched by BVB on July 8, 2010, there are available for trading 27 individual issues.

NEWS

Operating Profit of 3 mil. lei for BVB in Q1 2011

Bucharest Stock Exchange increased its operating profit with more than 127% in the first 3 months of 2011, to 3.0 mil. lei, (Q1 2010: 1.32 mil. lei).

The growth of the operating profit was due to the increase of the BVB net turnover with 34% in Q1 2011, to approx. 6.0 mil. lei. (Q1 2010: 4.45 mil. lei) and the decrease with 4.7% of the operating expenses below 3 mil. lei.

The results from the 1st Quarter indicate a significant improvement of the BVB financial indicators, preceded by a sustained effort to increase liquidity through launching more instruments and major listings.

Marketing programmes developed by BVB

The Bucharest Stock Exchange has initiated 1 roadshow abroad in order to promote the Romanian capital market to foreign investors and 2 domestic roadshows for attracting new issuers of shares and bonds on the Romanian market.

The calendar* of events for 2011 is the following:

February	February 15, Bucharest "Bucharest Stock Exchange, financing opportunities for the Romanian companies"
	February 17, Bucharest "Financing through bond issues"
March	March 10, Braşov "Bucharest Stock Exchange, financing opportunities for the Romanian companies"
	March 15, Iaşi "Financing through bond issues"
	March 17, Constanţa "Financing through bond issues"
April	April 5 - 7, London "Romanian Investors Day"
	April 12, Cluj-Napoca "Financing through bond issues"
May	May 3, Cluj-Napoca "Bucharest Stock Exchange, financing opportunities for the Romanian companies"
	May 12, Oradea "Bucharest Stock Exchange, financing opportunities for the Romanian companies"
	May 19, Timişoara "Financing through bond issues"
June	June 9, Iaşi "Bucharest Stock Exchange, financing opportunities for the Romanian companies"
	June 23, Constanţa "Bucharest Stock Exchange, financing opportunities for the Romanian companies"
September	September 22, Craiova, "Bucharest Stock Exchange, financing opportunities for the Romanian companies"
October	October 18, Bacău "Bucharest Stock Exchange, financing opportunities for the Romanian companies"
November	November 10, Baia Mare "Bucharest Stock Exchange, financing opportunities for the Romanian companies"

* this calendar is subject to further changes due to our partners' requests and to the bookings.

MACROECONOMIC OVERVIEW – ROMANIA

- According to an analysis published by Eurostat on April 15, the EU annual inflation registered in March was of 3.1%, and Romania registered the highest inflation rate (8%) among the EU countries, and was followed by Estonia with 5.1%, Bulgaria and Hungary both with 4.6% rate. According to Eurostat the lowest annual rates were registered in Ireland (1.2%), Sweden (1.4%) and Czech Republic (1.9%).
- Romania and Bulgaria, hit by the crisis later than the other countries of the European Union, will make steps forward regarding the economic increase in 2011 compared to 2010, according to the EU economic report released by the World Bank on April 19 in Bucharest. Romania will pass from an economic decrease of 1.3% registered in 2010 to 1.5% increase in 2011, and Bulgaria from 0.2% in 2010 to 2.5% this year. The two countries will be over passed only by Lithuania, which will register 4.3% economic increase compared to 1.3% and by Latvia with 3.3% increase in 2011 compared to 0.3% decrease in 2010. Although Romania will register 1.5% economic increase, it is placed the last regarding the GDP growth in 2011.
- The budget revenues for the first 3 months of 2011 are 9.8% higher compared to the same period in 2010, according to the Prime Minister Emil Boc. The direct foreign investments during the first two months of 2011 are in value of 267 mil. euro, compared to 140 mil. registered the same period last year. According to a press release of the Executive, the information presented by the prime minister is the result of an analysis of the Ministry of Finances and of the Romanian National Commission of Forecasting regarding the macroeconomic trends, based on the data published by Romanian Institute of Statistics (INS) and Romanian National Bank (BNR).

PAST EVENTS

- Bucharest Stock Exchange (BVB) and Franklin Templeton Investments organized on April 6, in London, the first international roadshow dedicated to promoting the Romanian capital market and the most liquid companies to institutional investors. The roadshow was opened by a conference where Valentin Ionescu, general manager BVB, Greg Konieczny, Executive vicepresident Franklin Templeton Investments, Victor

Cazana, chief of State Privatization Office, and Cristian Popa, deputy governor of National Bank of Romania each delivered speeches. There were presented to the investors an update on BVB and the rolling projects, BVB products and services for investors, market accessibility, the listing of Fondul Proprietatea-advantages and perspectives, macroeconomic investment climate. The conference was followed by several bilateral meetings between the Romanian listed companies present at the event and the representatives of the international institutional investors. Among the 40 institutional investors which participated within the meetings, there could be mentioned CEE mutual funds, hedge funds or pension funds.

- On April 12, 2011, there was held in Cluj-Napoca the fourth conference within the roadshow „Financing through bonds issue”, organized by BVB in co-operation with KPMG, Moody’s and BCR, with the support of Romanian Municipalities Association, VMB Partners and CFA Romania. There participated managers, representatives of the local public administration from Cluj and their neighboring districts, to find out more information on financing and re-financing projects through bonds issues.
- Bucharest Stock Exchange and Artmark organized on April 19, 2011 a debate on the Romanian art market, occasioned by the launch of the second edition of the Romanian Art Market Index, the catalogue of the annual outturn of the most traded Romanian artists, which includes monitoring and processing all the public sales (developed through art auctions) which have taken place in Romania for the last 16 years (1995 - 2010). The Romanian Art Market Index have made possible the publishing of a new price index applied to 100 artists portfolio, representatives for the monitored evolution, called ART Consacrat, regarded as an index of the collectors, which measures the trend of the market value outturn of the most known Romanian patrimony artists. Ruxandra Garofeanu, art critic, Dan Pascariu, president of the Surveillance Board of Unicredit Ţiriac Bank, Petru Lucaci, president of Romanian Artists Union (UAP), Ioan Sbârciu, deputy and president of Arts and Design University Cluj, Radu Boroianu, president of Steering Committee of European Art Gallery, Pavel Ţuşară, president of Association of Art Experts and Evaluators (AEEAR), Eugen Voicu, general manager of Certinvest and Florin Pogonaru, president of the Businessmen’ Association of Romania (AOAR) each delivered speeches within the meeting.

The hosts of the event were Manuela Plăpcianu, CEO Artmark and Valentin Ionescu, general manager BVB.

UPCOMING EVENTS

- May 3, Cluj-Napoca, the 3rd conference within the BVB roadshow “Bucharest Stock Exchange, financing opportunities for the Romanian companies”
- May 12, Oradea, the 4th conference within the BVB road-show “Bucharest Stock Exchange, financing opportunities for the Romanian companies”
- May 19, Timișoara, the 5th conference within the BVB roadshow - “Financing through bond issues”

BVB STATISTICS

Total market capitalization on 04.30.2011 (mil. EUR)	Daily average turnover 03.31 – 04.30.2011		Daily average traded volume 03.31 – 04.30.2011	
	Absolute value (mil. EUR)	Var compared to 2010 (%)	Absolute value (mil. units)	Var compared to 2010 (%)
28.538	8,82	+54,78	68,73	+29,53

BVB indices	Absolute value 04.30.2011	Var (%) compared to 12.31.2010
BET	5.921,53	+12,39
BET-XT	551,60	+17,21
BET-FI	25.565,82	+16,31
BET-NG	838,97	+8,68
BET-C	3.528,33	+13,41

STRUCTURED PRODUCTS ISSUERS OF THE MONTH interview with Stefan Neubauer, Raiffeisen Centrobank



How did you get to the idea of launching a certificate underlying the shares of Fondul Proprietatea?

Stefan Neubauer: The idea arose through negotiations with BVB experts and our product specialists and traders. The underlying is well known on the local market and the possibility to go long and short paired with leverage seemed to be highly interesting.

Could you mention some advantages and risks related to the investment in certificates?

Stefan Neubauer: The advantages are: high yield opportunity (unlimited yield possibility) through minimized money exposure and the result which is the leverage effect. The possibility to benefit from rising and falling (either hedging of the long position or just for speculative reasons) prices as well as the fact that the underlying is very attractive to many investors. Permanent liquidity through highly professional market making through Raiffeisen Centrobank AG – people can buy and sell at the fair value everyday during the trading session. No management fees and denominated in the local currency RON.

The risks are: High risk through the leverage effect, a total loss is possible. Leverage also applies in both ways.

What kind of investors would you recommend structured products to?

Stefan Neubauer: Either for known ledged investors as a speculative instrument in order to gain high yields (in both ways) and who are prepared to take risk and are aware of the risk. Or people use the turbo certificate as a hedge for the position in the stock.

Is portfolio diversification a good thing for investors?

Stefan Neubauer: Yes, in order to diversify the portfolio it's a proper instrument to enhance yields or hedge positions. People have to know about the risk and should keep an eye on their position. Through the high tradability it makes sense to use the certificates as a trading instrument and make use of the high liquidity in order to take gains through selling on a permanent basis.

What new RCB products should we expect to see on the market in the next period?

Stefan Neubauer: We plan to bring more turbo certificates on Romanian underlyings and interesting investment topics very soon.

STRUCTURED PRODUCTS ISSUERS OF THE MONTH interview with Valerian Ionescu, Banca Comercială Română



What structured products do you think Romanian investors like?

Valerian Ionescu: This is a tricky question because we see interest on certificates from investors as well as from traders.

Therefore the two types of behavior like different sorts of certificates: investors that put their funds in index certificates (and gold certificate was a good idea so far) and traders that like highly leveraged products, and here turbos on DAX are favorites, but also the other underlyings are not doing badly. Here the interest is driven by leverage: the higher, the better. So finally, to answer the question, investors like certificates according to their risk profile, and as the risk is highly appreciated in Romania, turbo certificates have a lot of supporters.

Could you mention some advantages and risks related to the investment in certificates?

Valerian Ionescu: As for know we just have two types of certificates, the index and the turbo, I'll start with turbo certificates. On the advantages side are the leverage and the possibility to participate in bull as well as in bear markets, benefiting from the increasing (turbo long) or decreasing (turbo short) prices. The leverage creates the opportunity to boost the return if the investor bet is correct but deepens the loss (up to total loss in a worst case scenario) if the bet is wrong. Index certificates have a more familiar behavior. They move in the same fashion as the underlying, thus the investors benefit from the market movements in a similar manner as they would own the underlying. Therefore, if the market goes up, there is no cap for the return the investors can earn. Add to that, the investors can diversify their portfolios by adding assets that are not readily available in Romania yet.

Among the downsides of the index certificates we can list that there is no particular protection when the market goes down (so the loss will equal that of the underlying) and

second one, the profitability will always be limited to the profitability of the underlying. An advantage of both types is the liquidity that comes via a liquidity provider that keeps buy and sell orders, during the trading session, in large sizes and decent bid-ask spread. A risk of both is the credit risk of the issuer.

What kind of investors would you recommend structured products to?

Valerian Ionescu: Certificates were originally designated for retail clients. They come in a large variety in an attempt to fit most of the risk profiles. Certificates listed on BVB address mainly to investors that have a higher risk profile, particularly when we talk about turbo certificates. We recommend investors to read the brochures prepared by issuers and before trading to understand the way their prices react to any movement in the underlying. In case of index certificates the risk is lower than in case of turbos but investors still have to bear in mind the risk of the underlying.

Is portfolio diversification a good thing for investors?

Valerian Ionescu: Straight answer: yes! This is the answer an investor or a prospective investor will always get. Up to what level, how, when, what, these are questions each investor has to discuss with his advisor, be it a private banker or a broker.

What new Erste products should we expect to see on the market in the next period?

Valerian Ionescu: We just added turbos on FP shares and the plan is to add another pair of single stock turbos, probably on a foreign equity, but that depends a lot on the turnover of FP turbos. From our experience the most active are those we have already listed (DAX, Oil, Gold). With them an investor covers some big asset classes like stocks and commodities (metals and energy; food still missing). From our experience any new underlying attracts less interest, therefore next steps have to be thoroughly calculated. We will definitely continue to be active on certificates in the near future.

CONTACT:

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