

**Confidential and Proprietary**



**CAPITAL MARKET FINANCING CONFERENCE**

**Bucharest, Romania  
September 9 2014**

**PRESENTATION BY ANDRE CAPPON  
THE CBM GROUP LLC**

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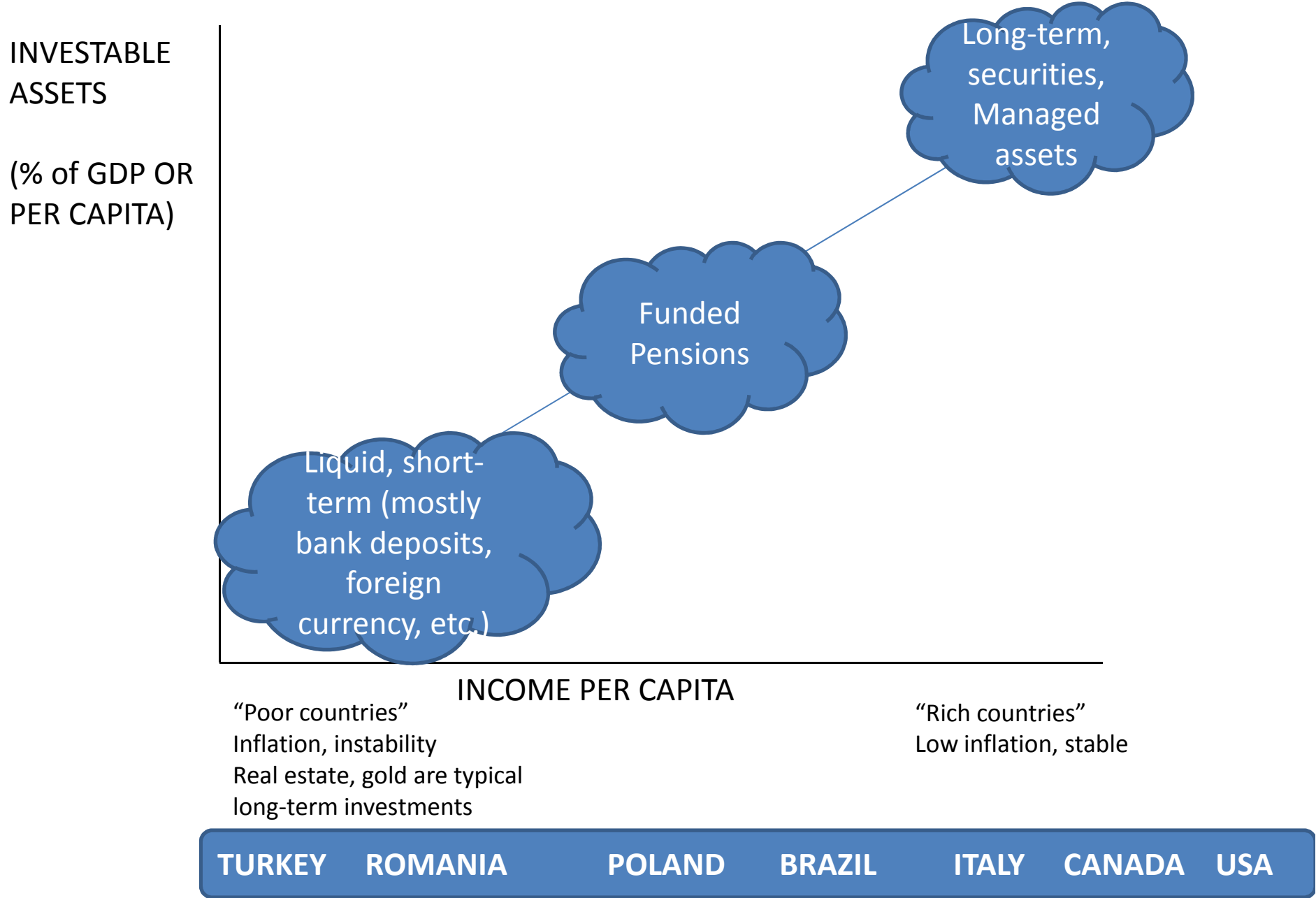
## *ABOUT THE CBM GROUP...*

- Management consulting firm specialized in financial services, based in New York
- Since its founding in 1992, CBM Group has advised 60+ leading financial institutions in North America, Europe, Latin America and Asia
- Clients include: Barclays, JP Morgan Chase, Canadian Imperial Bank of Commerce, UBS, Santander, Citibank, Bank of America, AXA, Banco do Brasil, Mediolanum, BM&F BOVESPA (Brazilian exchanges), TMX (Canadian exchanges), London Stock Exchange (LSE), NASDAQ OM and Philippine Stock Exchange
- Practice focus:
  - Capital markets infrastructure: exchanges, clearinghouses, depositories, interdealer brokers, market data providers, rating agencies
  - Wealth management: asset managers, distributors of investment and insurance products
  - Risk management: credit risk models, market risk models

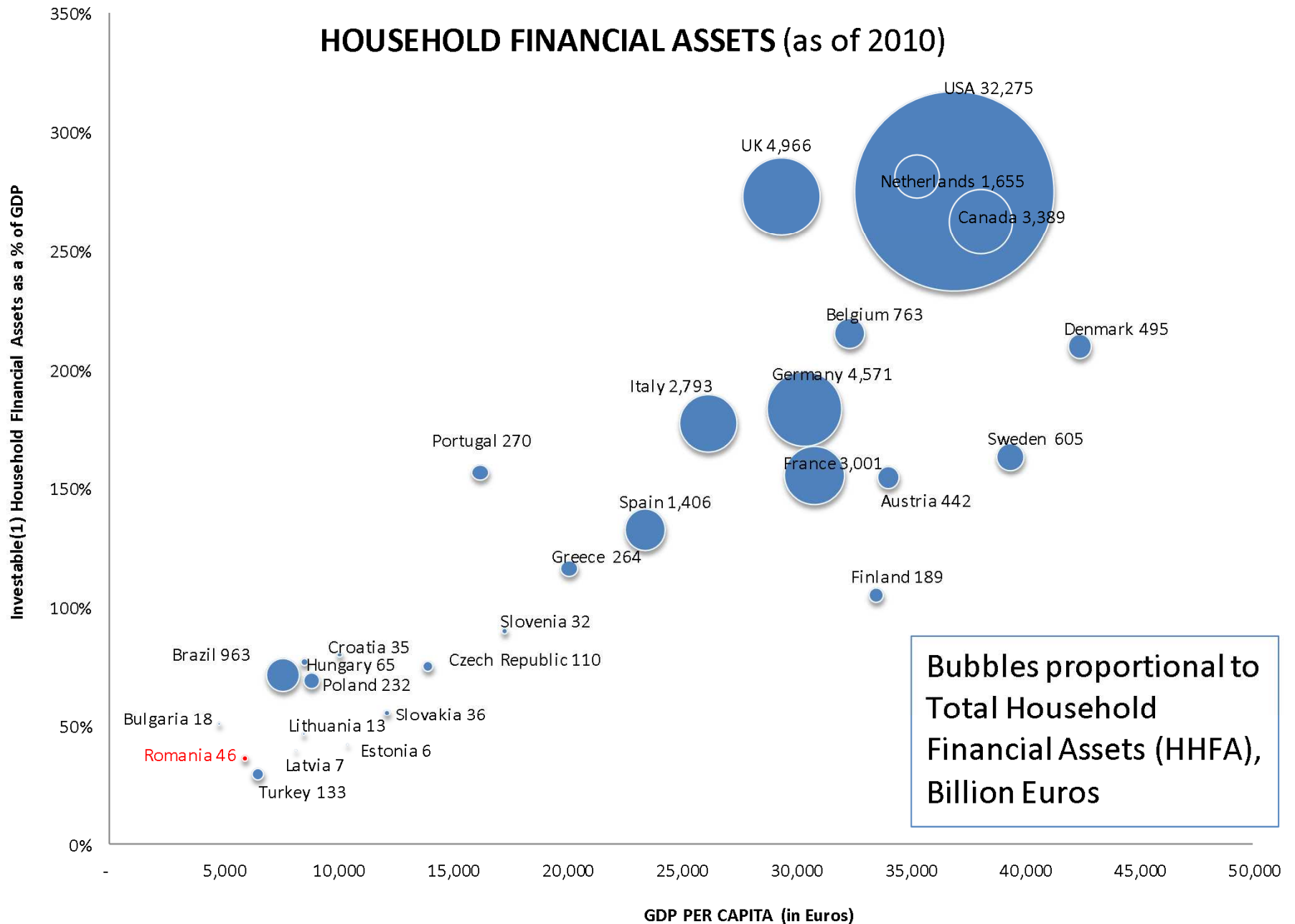
## *AGENDA...*

- An Evolutionary View of Finance
- Romania: Evolution and Outlook
- Accelerating the Evolution to Capital Markets Finance
- Appendix: CBM Group Profile

# AN EVOLUTIONARY VIEW OF FINANCE...



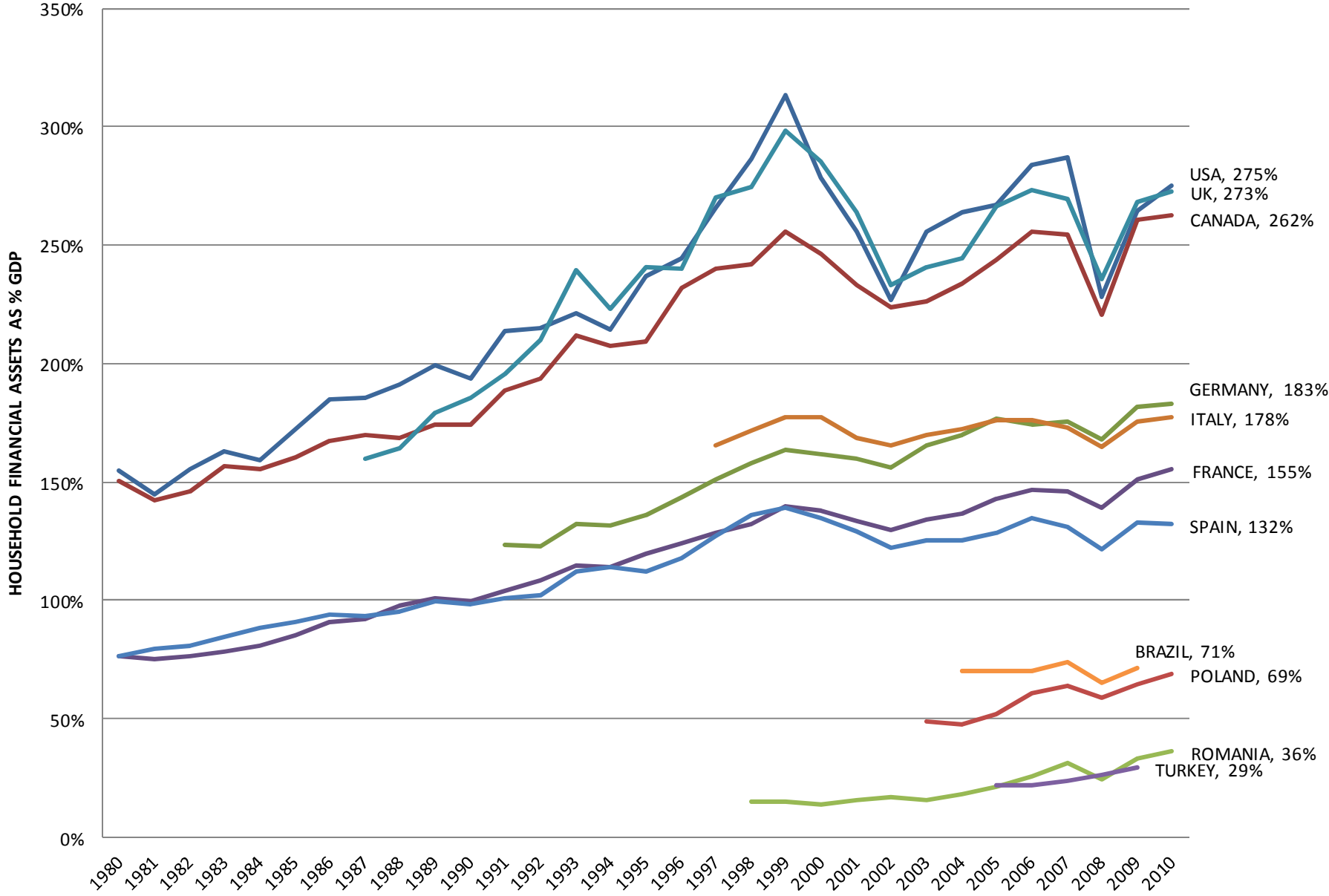
# AN EVOLUTIONARY VIEW OF FINANCE...



(1) Investable Financial assets exclude non-quoted equities

# AN EVOLUTIONARY VIEW OF FINANCE...

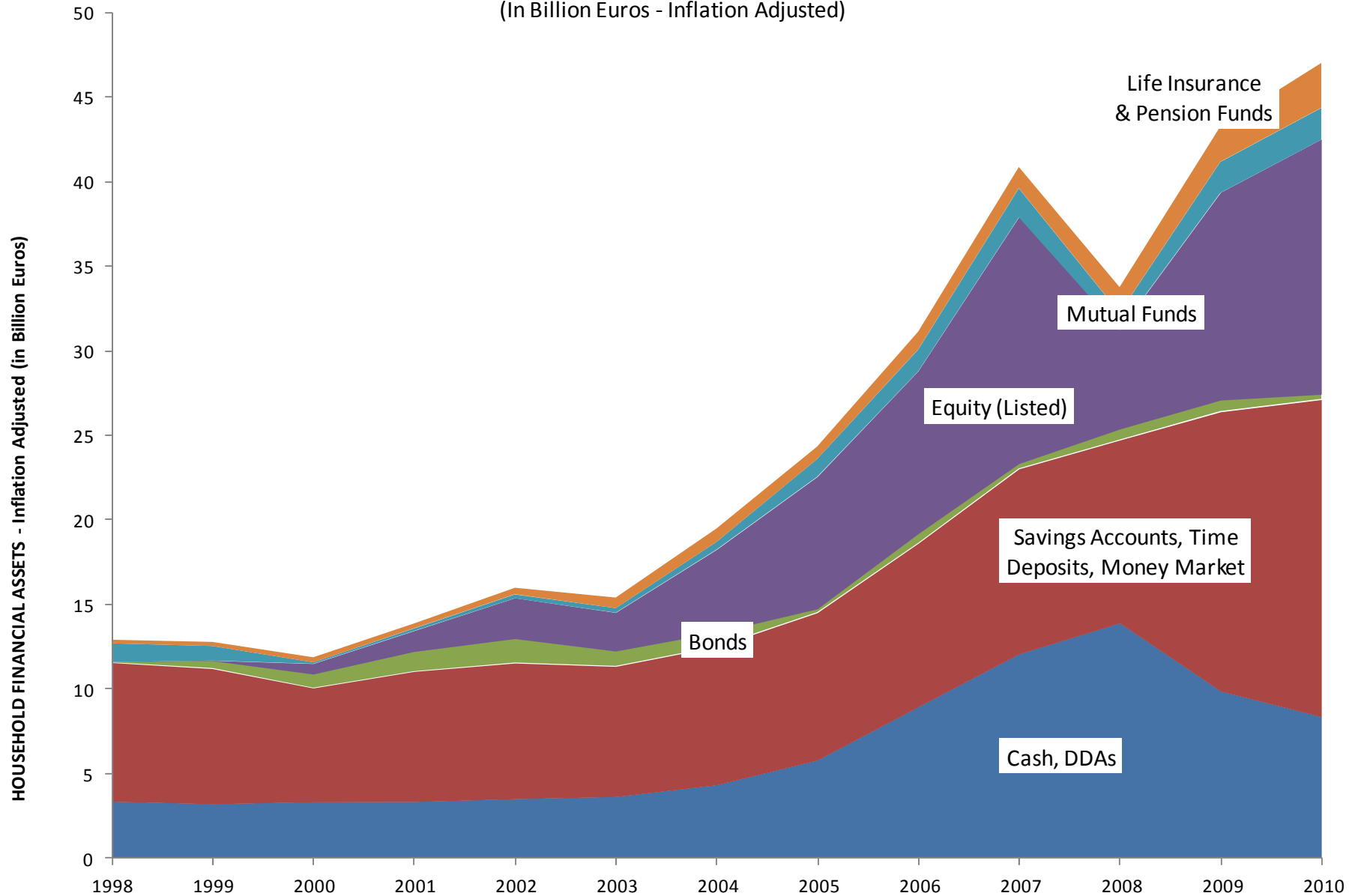
## HOUSEHOLD FINANCIAL ASSETS AS % OF GDP



# ROMANIA: EVOLUTION AND OUTLOOK...

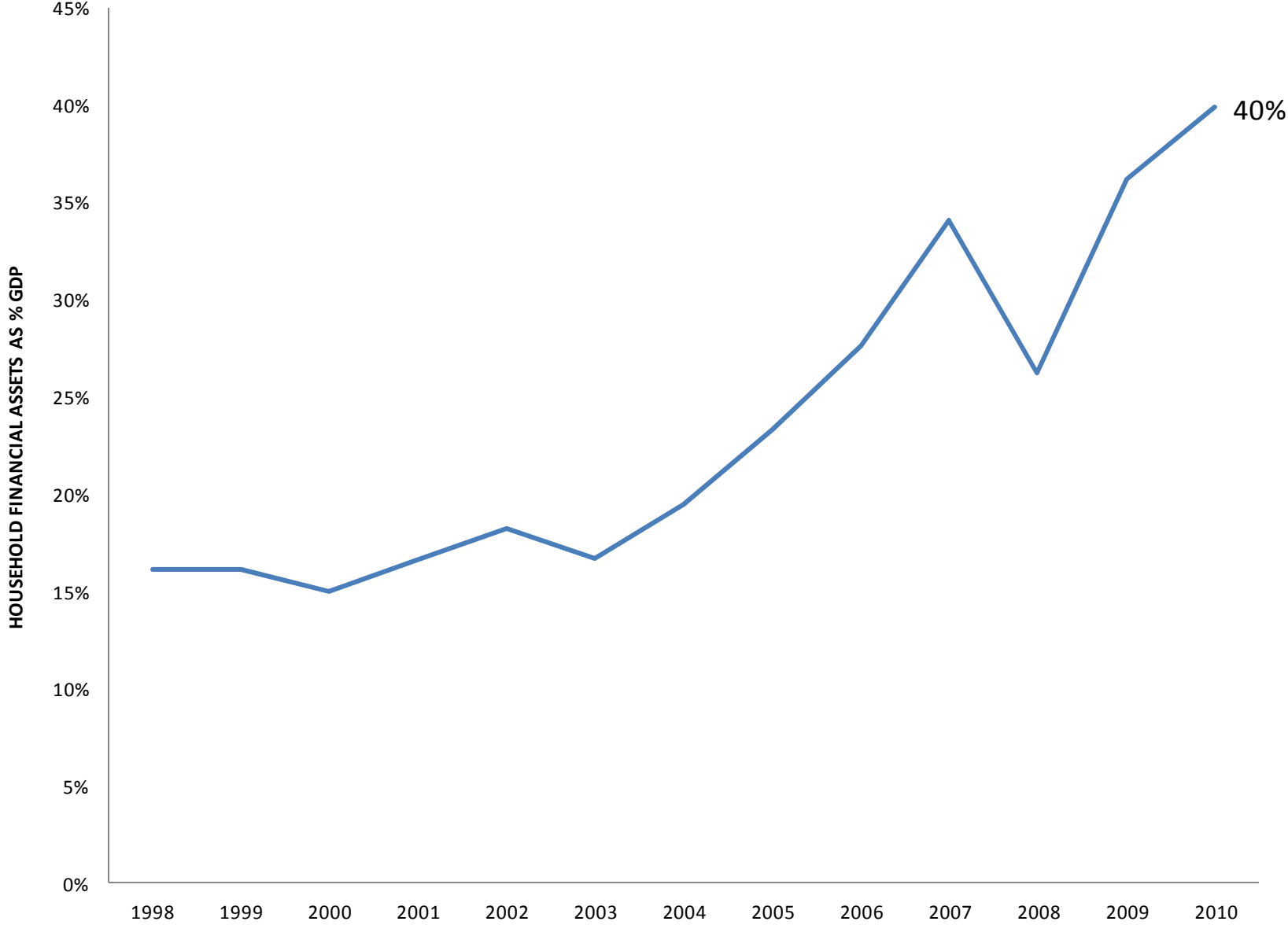
## ROMANIA: HOUSEHOLD FINANCIAL ASSETS

(In Billion Euros - Inflation Adjusted)



*ROMANIA: EVOLUTION AND OUTLOOK...*

**HOUSEHOLD FINANCIAL ASSETS AS % OF GDP**

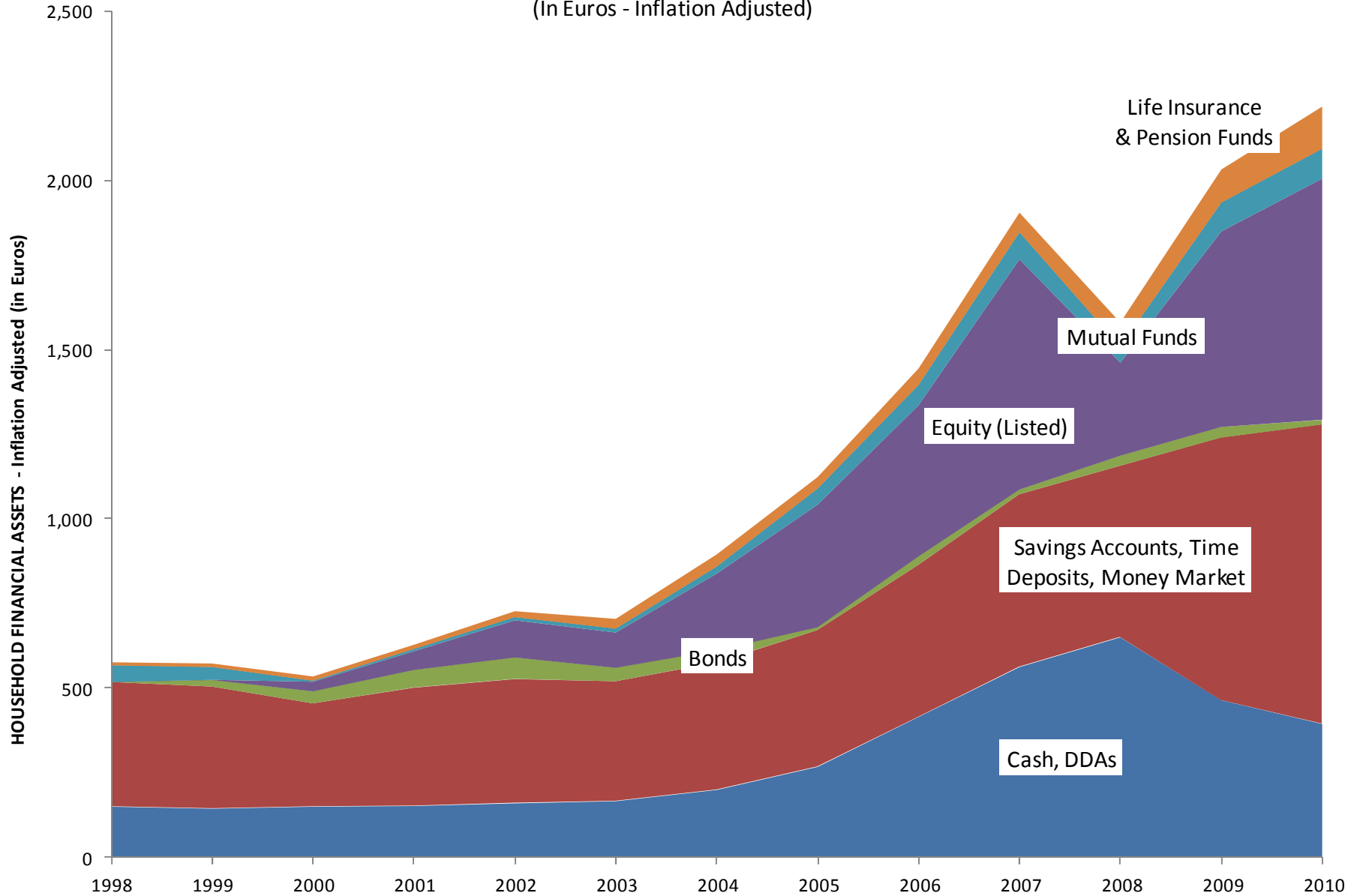




ROMANIA: EVOLUTION AND OUTLOOK...

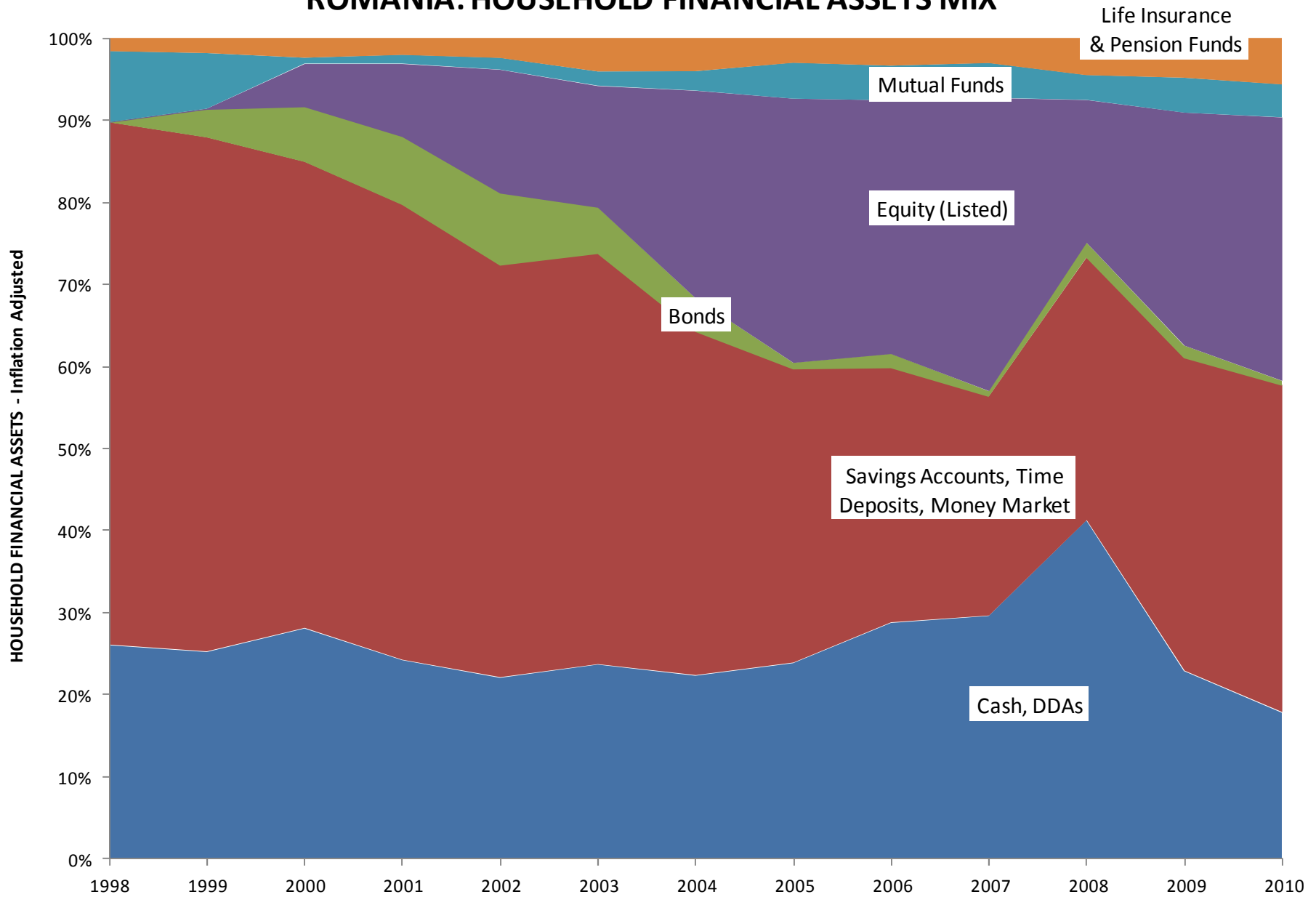
ROMANIA: HOUSEHOLD FINANCIAL ASSETS PER CAPITA

(In Euros - Inflation Adjusted)



# ROMANIA: EVOLUTION AND OUTLOOK...

## ROMANIA: HOUSEHOLD FINANCIAL ASSETS MIX



## ACCELERATING THE EVOLUTION TO CAPITAL MARKETS FINANCE...








THEME	BEST PRACTICES/ SUGGESTIONS
ATTRACTING SAVINGS TO CAPITAL MARKETS	<ul style="list-style-type: none"> <li>• Favorable taxation of investment returns</li> <li>• Credible program to attract foreign investors</li> <li>• Third Pillar Retirement Schemes</li> <li>• Competitive asset management industry (e.g. open architecture)</li> <li>• Credible financial advisor profession (investments are sold not bought)</li> <li>• Low-cost investment solutions: passive funds, exchange-traded funds (ETFs)</li> </ul>
IMPROVING ACCESS TO MARKETS	<ul style="list-style-type: none"> <li>• Well-regulated / credible brokerage industry (reporting of broker misbehavior)</li> <li>• Well-regulated / credible financial advisor profession (reporting of misbehavior)</li> <li>• Proactive exchange: education program</li> </ul>
ATTRACTING CORPORATE LISTINGS	<ul style="list-style-type: none"> <li>• Favorable tax treatment of listed companies</li> <li>• Investor relations support to listed companies</li> <li>• Equity research (neutral) provided for listed companies</li> </ul>
IMPROVING LIQUIDITY	<ul style="list-style-type: none"> <li>• Disclosure of relevant financial information and news via the exchange</li> <li>• Neutral equity research for listed companies</li> <li>• Timely and accurate trade price reporting</li> <li>• Market-maker programs</li> <li>• Dual listing of stocks to stimulate arbitrage</li> <li>• Development of equity derivatives market</li> </ul>
LEGAL INFRASTRUCTURE OF CAPITAL MARKETS	<ul style="list-style-type: none"> <li>• Clear legal framework for securities and capital markets, strict enforcement</li> <li>• Use of significant fines to punish misbehavior and rule violations</li> </ul>
LISTING GOVERNMENT SECURITIES (RETAIL MARKET)	<ul style="list-style-type: none"> <li>• Government bonds to be made easily available, via online platforms</li> <li>• Encourage creation of government bond funds</li> </ul>

# THE CBM GROUP PROFILE...

## SELECTED CLIENT RELATIONSHIPS

	UNITED STATES & CANADA	EUROPE	LATIN AMERICA & CARRIBBEAN	ASIA
<b>FINANCIAL GUARANTY</b>	<ul style="list-style-type: none"> <li>• AMBAC</li> <li>• Asia Ltd</li> <li>• CIFG</li> <li>• CGA Group, Ltd.</li> <li>• MBIA (and CapMAC)</li> <li>• MGIC</li> <li>• Primus Guaranty</li> <li>• Radian</li> <li>• XLCA – XLFA (now SCA)</li> </ul>	<ul style="list-style-type: none"> <li>• SPGM (Portugal)</li> </ul>		<ul style="list-style-type: none"> <li>• Mitsui Sumitomo Insurance</li> </ul>
<b>BANKS</b>	<ul style="list-style-type: none"> <li>• Citibank</li> <li>• JP Morgan Chase</li> <li>• Bank of America</li> <li>• Santander (US)</li> <li>• Banco Santander Puerto Rico</li> <li>• Bank of Tokyo Mitsubishi</li> <li>• Mizuho Bank</li> </ul>	<ul style="list-style-type: none"> <li>• Citibank</li> <li>• Santander</li> <li>• Banesto</li> <li>• CCF(HSBC)</li> <li>• Calyon</li> <li>• Credit Suisse</li> <li>• Dexia</li> <li>• DePfa</li> </ul>	<ul style="list-style-type: none"> <li>• Citibank</li> <li>• Santander</li> <li>• Banco do Brasil</li> <li>• Banco Bradesco</li> <li>• Banco Sudameris</li> <li>• Banco Santos</li> <li>• Banco Bandeirantes (Brazil)</li> <li>• Banco Ficohsa (Honduras)</li> </ul>	<ul style="list-style-type: none"> <li>• Citibank</li> <li>• Bank of Tokyo Mitsubishi</li> <li>• Mizuho Bank</li> <li>• Bank of the Philippine Islands</li> </ul>
<b>FINANCE COMPANIES</b>	<ul style="list-style-type: none"> <li>• First Capital</li> </ul>			
<b>SECURITIES FIRMS</b>	<ul style="list-style-type: none"> <li>• Bear, Stearns</li> <li>• Lehman Brothers</li> <li>• SG Cowen &amp; Co</li> <li>• Spear, Leeds &amp; Kellogg (Goldman Sachs)</li> <li>• Santander Securities</li> <li>• JB Hanauer</li> </ul>	<ul style="list-style-type: none"> <li>• Santander Investment (Spain)</li> <li>• HSBC</li> <li>• Mediolanum (Italy)</li> <li>• CDC IXIS (now Natixis)</li> </ul>		<ul style="list-style-type: none"> <li>• Nomura Securities</li> <li>• Daiwa Securities</li> </ul>
<b>INTERDEALER BROKERS</b>	<ul style="list-style-type: none"> <li>• Cowen Bond Brokers (now SocGen)</li> </ul>	<ul style="list-style-type: none"> <li>• Tradition (now Viel)</li> <li>• Prominnofi (now Viel)</li> </ul>		
<b>EXCHANGES / CLEARING ORGANIZATIONS</b>	<ul style="list-style-type: none"> <li>• NYSE Euronext</li> <li>• Chicago Board Options Exchange (CBOE)</li> <li>• Government Securities Clearing Corporation (GSCC)</li> <li>• TMX /CDCC Canadian exchange</li> <li>• New York Board of Trade (NYBOT) now ICE</li> <li>• TRE – The Receivables Exchange</li> </ul>	<ul style="list-style-type: none"> <li>• Paris Bourse / MATIF</li> <li>• Euronext</li> <li>• OM Group</li> <li>• LSE London Stock Exchange</li> <li>• EDX (LSE-OM Joint Venture)</li> </ul>	<ul style="list-style-type: none"> <li>• BM&amp;FBOVESPA – Brazilian exchange</li> <li>• CETIP (Brazil)</li> <li>• Merval (Argentina)</li> <li>• Bahamas Exchange (BISX)</li> </ul>	<ul style="list-style-type: none"> <li>• Philippine Stock Exchange (PSE)</li> <li>• Securities Clearing Corp of the Philippines (SCCP)</li> </ul>
<b>ASSET MANAGERS</b>	<ul style="list-style-type: none"> <li>• Caisse de Dépôt et Placement du Québec (CDP)</li> <li>• Sentinel Asset Management</li> </ul>	<ul style="list-style-type: none"> <li>• Caisse des Dépôts et Consignations CDC France</li> </ul>	<ul style="list-style-type: none"> <li>• Bradesco Asset Management (BRAM)</li> </ul>	
<b>INSURANCE</b>	<ul style="list-style-type: none"> <li>• AXA Equitable</li> <li>• Prudential</li> <li>• Nationwide</li> <li>• National Life Group</li> <li>• Pan-American Life</li> </ul>	<ul style="list-style-type: none"> <li>• AXA</li> <li>• GE Capital Europe</li> <li>• Mediolanum (Italy)</li> </ul>	<ul style="list-style-type: none"> <li>• Mongeral Previdencia e Seguros (Brazil)</li> </ul>	
<b>OTHER</b>	<ul style="list-style-type: none"> <li>• Quebec Government (Canada)</li> <li>• Thomson Financial</li> <li>• McGraw Hill</li> <li>• First Capital (USA)</li> </ul>	<ul style="list-style-type: none"> <li>• Rolfe &amp; Nolan (UK)</li> <li>• Atos Euronext (France)</li> </ul>	<ul style="list-style-type: none"> <li>• SERASA (Brazil credit bureau) now Experian</li> </ul>	

## THE CBM GROUP PROFILE...

	EDUCATION	EXPERIENCE	LANGUAGES
<b>André Cappon</b> President 	<ul style="list-style-type: none"> <li>• M.I.T. (B.Sc. Mathematics 1970)</li> <li>• Columbia University (M.S. Operations Research 1971)</li> </ul>	<ul style="list-style-type: none"> <li>• The CBM Group since 1992 (founder)</li> <li>• Oliver, Wyman &amp; Co. 1987-1991</li> <li>• Booz, Allen &amp; Hamilton 1980-1987</li> <li>• Arthur Andersen (now Accenture) 1977-1980</li> <li>• Organization for Economic Cooperation and Development (OECD) 1971-1977</li> </ul>	English, French, Portuguese, Spanish, Romanian, some Italian
<b>Stephan Mignot</b> Managing Director 	<ul style="list-style-type: none"> <li>• University of Paris Dauphine (B.S. in Management, 1997)</li> <li>• NY Zicklin School of Business (M.B.A. 1999)</li> </ul>	<ul style="list-style-type: none"> <li>• The CBM Group since 2000</li> <li>• Euler-Hermes American Credit Indemnity (1999-2000)</li> </ul>	English, French, some German, some Spanish, some Portuguese
<b>Aida Chinloy</b> Director 	<ul style="list-style-type: none"> <li>• University of the Philippines (B.A. Economics 1974)</li> <li>• Columbia University (MBA 1977)</li> <li>• CPA, Registered Representative</li> </ul>	<ul style="list-style-type: none"> <li>• The CBM Group</li> <li>• Goldman Sachs 2003-2008</li> <li>• Crae International 1993-2003</li> <li>• Merrill Lynch 1979-1993</li> <li>• Arthur Andersen &amp; Co 1978-79</li> </ul>	English, Filipino
<b>Alexandra Lomakin</b> Senior Advisor 	<ul style="list-style-type: none"> <li>• Pontificia Universidad Catolica de Santiago, Instituto de Economia (1988)</li> <li>• Boston University, PhD program 1990-95</li> <li>• M.I.T. Sloan School (MBA 2000)</li> </ul>	<ul style="list-style-type: none"> <li>• The CBM Group since 2008</li> <li>• New York Life (2004-2008)</li> <li>• The CBM Group, Inc. (2004)</li> <li>• Pitney Bowes (2001-2003)</li> <li>• Morgan Stanley (2000-2001)</li> <li>• Harvard Institute for International Development (1996-1998)</li> <li>• Superintendencia de Bancos (Chile – 1988-1990)</li> </ul>	Spanish, English, German
<b>Guy Manuel</b> Senior Advisor 	<ul style="list-style-type: none"> <li>• Ecole Nationale des Ponts et Chaussées (M.S. Engineering 1980)</li> <li>• M.I.T. (Ph.D. Mathematics 1986)</li> <li>• Harvard Business School (M.B.A. 1988)</li> </ul>	<ul style="list-style-type: none"> <li>• The CBM Group since 1992 (founder)</li> <li>• Banexi (BNP Paribas M&amp;A group) 1991-1992</li> <li>• Oliver, Wyman &amp; Co. 1988-1991</li> </ul>	English, French, some German, some Portuguese
<b>Christian Schaack</b> Senior Advisor 	<ul style="list-style-type: none"> <li>• PhD from the Massachusetts Institute of Technology (MIT)</li> <li>• Engineering degree from Ecole Polytechnique in Paris</li> </ul>	<ul style="list-style-type: none"> <li>• The CBM Group since 2011</li> <li>• Member of the Management Board of BGL BNP Paribas and Chief Risk Officer at BNP Paribas for Luxembourg</li> <li>• Managing Director and member of the Management Board at Fortis Bank</li> <li>• General Manager of Banque Générale du Luxembourg (BGL)</li> <li>• McKinsey &amp; Co as a consultant in Brussels</li> <li>• Assistant Professor of Business Administration at Harvard Business School</li> </ul>	English, French, German and Luxembourgish. Working knowledge of Spanish, Italian and Dutch
<b>Kevin Mellyn</b> Senior Advisor 	<ul style="list-style-type: none"> <li>• Harvard University (BA History 1969)</li> <li>• Harvard University (MA History 1969, completed general exam for PhD 1971)</li> </ul>	<ul style="list-style-type: none"> <li>• The CBM Group</li> <li>• Mastercard</li> <li>• Miradiant Global Network</li> <li>• Mitchell Madison Group LLC</li> <li>• McKinsey &amp; Co.</li> <li>• Manufacturers Hanover Trust</li> </ul>	English