BURSA DE VALORI BUCURESTI S.A.
(BUCHAREST STOCK EXCHANGE)

Consolidated financial statements prepared
in accordance with the International Financial
Reporting Standards adopted by the European Union

31 DECEMBER 2013

BURSA DE VALORI BUCURESTI S.A.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED AS AT 31 DECEMBER 2013

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BURSA DE VALORI BUCURESTI S.A.

CONSOLIDATED PROFIT OR LOSS AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED AS AT 31 DECEMBER 2013 *(thousand RON)*

	Note	2013	2012
Revenues from services		36,396	27,771
Other revenues		140	104
Operating revenues	7	36,536	27,875
Staff costs and benefits of the members of Board of Governors	8	(17,704)	(14,981)
Services provided by third parties	8	(4,100)	(3,305)
Other operating expenses	8	(10,675)	(7,362)
Operating profit		4,057	2,227
Financial income		4,648	6,499
Financial expenses		(226)	(-)
Net income from interest related to assets covering the guarantee and clearing funds and the margin		986	1,106
Net financial income	9	5,408	7,605
Profit before tax		9,465	9,832
Corporate income tax expense	10	(1,979)	(1,474)
Profit for the year		7,486	8,358
Profit attributable to:			
Non-controlling interests		(343)	163
Owners of the Company		7,829	8,195
Profit for the year		7,486	8,358
Revaluation of available-for-sale financial assets	9	222	76
Total comprehensive income for the year		7,708	8,434
Attributable amounts:			
Non-controlling interests		(343)	163
Owners of the Company		8,051	8,271
Total comprehensive income for the year		7,708	8,434
Earnings per share:			
Basic/ diluted earnings per share	23	0.0010	0.0011

The consolidated financial statements were approved by the Board of Governors on 5 September 2014 and were signed by:

President,	CEO,	CFO,
Lucian Claudiu Anghel	Ludwik Leszek Sobolewski	Virgil Adrian Stroia

The explanatory notes to the financial consolidated statements on pages 8 to 78 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

(thousand RON)

	Note	31 December 2013	31 December 2012
Assets			
Tangible assets	11	5,585	4,253
Intangible assets	12	184	229
Deferred tax receivables	13	21	-
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin	14	6,189	-
Other held-to-maturity financial assets	14	40,604	4,220
Available-for-sale financial assets	14	1,358	1,124
Total fixed assets		53,941	9,826
Trade and other liabilities	15	6,159	3,222
Prepaid expenses	16	363	195
Bank deposits		34,829	52,333
Bank deposits covering the guarantee fund and the margin		4,463	5,863
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin	14	14,678	20,624
Other held-to-maturity financial assets	14	8,609	24,756
Cash and cash equivalents	17	27,222	27,211
Other assets		32	732
Total current assets		96,355	134,936
Total assets		150,296	144,762
Equity			
Share capital	22	76,742	76,742
Legal reserve	22	7,053	6,597
Revaluation reserve	22	2,811	1,637
Fair value reserve	22	(67)	(289)
Retained earnings	22	9,403	10,440
Total equity attributable to the owners of the Company		95,942	95,127
Non-controlling interests		12,582	13,084
Total shareholders' equity		108,524	108,211

The explanatory notes to the financial consolidated statements on pages 8 to 78 are an integral part of these consolidated financial statements.

AS AT 31 DECEMBER 2013 (thousand RON)

	Note	31 December 2013	31 December 2012
Payables			
Commercial liabilities and other liabilities	18	15,179	11,072
Prepaid revenues	19	805	845
Current corporate income tax payables		1,004	26
Deferred tax receivables	13	-	115
Provisions	20	1,839	322
Guarantee and clearing funds and settlement operation margin	21	22,945	24,171
Current liabilities – total		41,772	36,551
Total liabilities and equity		150,296	144,762

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President,	CEO,	CFO,
Lucian Claudiu Anghel	Ludwik Leszek Sobolewski	Virgil Adrian Stroia

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED AS AT 31 DECEMBER 2012 *(thousand RON)*

	Share capital	Retained earnings	Revaluation reserve	Revaluation reserve of available-for-sale financial assets	Legal reserve	Total attributable to shareholders	Non-controlling interests	Total shareholders' equity
Balance at 1 January 2012	76,742	18,183	1,637	(365)	6,149	102,346	13,767	116,113
Total comprehensive income for the year								
Profit or loss	-	8,195	-	-	-	8,195	163	8,358
Other elements of the global earnings								
Reserve from available-for-sale financial assets	-	-	-	76	-	76	-	76
Reserve from revaluation of land - net impact	-	946	-	-	-	946	-	946
Total items of comprehensive income	-	946	-	76	-	1,022	-	1,022
Total comprehensive income for the year	-	9,141	-	76	-	9,217	163	9,380
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Legal reserve increase	-	(448)	-	-	448	-	-	-
Dividend paid to owners of Bucharest Stock Exchange	-	(16,436)	-	-	-	(16,436)	-	(16,436)
Total contributions by and distributions to owners of the Company	-	(16,884)		-	448	(16,436)	-	(16,436)
Change in interests in subsidiaries that do not result in a loss of control			-					
Dividend paid to minority shareholders	-	-	-	-	-	-	(846)	(846)
Total changes in interests in subsidiaries	-	-	-	-	-	-	(846)	(846)
Total transactions with owners	-	(16,884)	-	-	448	(16,436)	(846)	(17,282)
Balance as at 31 December 2012	76,742	10,440	1,637	(289)	6,597	95,127	13,084	108,211

The explanatory notes to the financial consolidated statements on pages 8 to 78 are an integral part of these consolidated financial statements.

BURSA DE VALORI BUCURESTI S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED AS AT 31 DECEMBER 2013 *(thousand RON)*

	Share capital	Retained earnings	Revaluation reserve	Revaluation reserve of available-for-sale financial assets	Legal reserve	Total attributable to shareholders	Non-controlling interests	Total shareholders' equity
Balance as at 1 January 2013	76,742	10,440	1,637	(289)	6,597	95,127	13,084	108,211
Total comprehensive income for the year								
Profit or loss	-	7,829	-	-	-	7,829	(343)	7,486
Other elements of the global earnings								
Reserve from available-for-sale financial assets	-	-	-	222	-	222	-	222
Impact of land value increase – offsetting the impact of deferred tax	-	184	-	-	-	184	-	184
Reserve from revaluation of land – measurement at fair value	-	-	1,174	-	-	1,174	-	1,174
Total items of comprehensive income	-	184	1,174	222	-	1,580	-	1,580
Total comprehensive income for the year	-	8,013	1,174	222	-	9,409	(343)	9,066
Transactions with owners of the Company, recognised directly in equity								
Contributions by and distributions to owners of the Company								
Legal reserve increase	-	(456)	-	-	456	-	-	-
Dividend paid to owners of Bucharest Stock Exchange	-	(8,594)	-	-	-	(8,594)	-	(8,594)
Total contributions by and distributions to owners of the Company	-	(9,050)	-	-	456	(8,594)	-	(8,594)
Change in interests in subsidiaries that do not result in a loss of control								
Dividend paid to minority shareholders	-	-	-	-	-	-	(158)	(158)
Acquisition of non-controlling interests	-	-	-	-	-	-	(1)	(1)
Total changes in interests in subsidiaries	-	-	-	-	-	-	(159)	(159)
Total transactions with owners	-	(9,050)	-	-	456	(8,594)	(159)	(8,753)
Balance as at 31 December 2013	76,742	9,403	2,811	(67)	7,053	95,942	12,582	108,524

The explanatory notes to the financial consolidated statements on pages 8 to 78 are an integral part of these consolidated financial statements.

FOR THE YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

	Note	2013	2012
Cash flows from operating activities			
Net profit for the year		7,486	8,358
Adjustment for the elimination of non-monetary items and re-classifications:			
Amortisation of tangible and intangible fixed assets	8	1,003	1,404
Interest income	9	(4,617)	(6,121)
Expenses with amortization of costs related to government bonds purchase	9	55	-
Net income from interests related to assets covering the guarantee and clearing funds and the margin	9	(986)	(1,106)
Loss from impairment of uncollected receivables	8	274	218
Revenue from provision reversal - land	8	-	(1,019)
Expense from litigations provision	8	1,517	18
Net expenses with receivables adjustment	8	707	15
Corporate income tax expense	10	1,979	1,474
Others		(72)	55
Net cash from operating activities before changes in working capital		7,346	3,296
Changes in working capital:			
Change in trade and other receivables	15	(3,220)	164
Change in prepaid expenses	16	(168)	41
Change in trade and other payables	18	4,233	1,555
Change in prepaid revenues	19	(40)	(41)
Change in the guarantee and clearing funds and the margin	21	(1,226)	550
Paid corporate income tax	10	(910)	(1,305)
Net cash from operating activities		6,015	4,260
Cash flows from investing activities			
Interest received	9	6,030	4,916
Interest received from assets covering the guarantee and clearing funds and margin	9	1,030	1,235
Payments for acquisitions of held-to-maturity financial assets	14	(91,016)	(35,242)
Revenues from sales of held-to-maturity financial assets	14	70,453	54,524
Change of deposits balance	14	15,230	(13,450)
Dividends cashed in		31	33
Purchases of tangible and intangible fixed assets	11,12	(1,069)	(831)
Purchases of other financial assets	6	(12)	-
Net cash from investing activities		677	11,185

The explanatory notes to the financial consolidated statements on pages 8 to 78 are an integral part of these consolidated financial statements.

FOR THE YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

	Note	2013	2012
Cash flows from financing activities			
Dividends paid		(8,769)	(15,976)
Dividends paid to ordinary shareholders		(158)	(845)
Net cash generated by financing activities		(8,927)	(16,821)
Total cash flows		(2,235)	(1,376)
Cash and cash equivalents at the beginning of the financial year	17	21,313	22,689
Cash and cash equivalents at the end of the financial year	17	19,078	21,313
Net decrease of cash and cash equivalents		(2,235)	(1,376)

1. REPORTING ENTITY

The Bucharest Stock Exchange was established as a public and independent institution on 21 June 1995, based on the Decision D20 of the Romanian National Securities Commission, under the Law No 52/1994 on securities and stock exchanges.

Until it became a joint stock company, the Bucharest Stock Exchange operated according to Law no 52/1994 and Government Emergency Ordinance no 28/2002 on securities, financial investment services and regulated markets, as a self-financed non-profit institution of public interest.

On 15 July 2005, by the judgment no. 12270/SC/2005 pronounced in case no. 531497/SC/2005, the reorganisation request from the Bucharest Stock Exchange was admitted by transforming the latter into a joint stock company, without asset liquidation and without interrupting the activity of the former public institution. The assets of the Bucharest Stock Exchange became according to Article 285 paragraph 1 of Law No 297/2004 on capital market the assets of Bursa de Valori Bucuresti S.A. (hereinafter referred to "BVB" or "the Company"). When changing the legal form, the share capital of the new joint stock company consisted in the accumulated earnings of the public institution. This share capital was distributed in an equal and free manner between the securities companies (the existing financial investment service companies) which were operational at that time.

On 31 August 2005 (reference date), BVB, as absorbing company, merged by absorption with Bursa Electronica Rasdaq S.A., as absorbed company, the latter transferring the universal right on its own assets to the absorbing company

The registered office of BVB is in Bucharest, at 34-36 Carol I Boulevard, floors 13-14, 2nd District, Romania. BVB has no subsidiaries in other cities.

BVB has as main line of business the "Management of the financial markets". The shares of BVB have been listed on the Romanian spot regulated market managed by the Bucharest Stock Exchange under the symbol "BVB", since 8 June 2010.

The consolidated statements of the Company for the year ended 31 December 2012 comprise the financial information of the Company and its subsidiaries (hereinafter referred to as the "Group").

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

1. REPORTING ENTITY (CONTINUED)

The following entities are subsidiaries of BVB:

Subsidiary	**Line of business**	**Percentage of ownership at 31 December 2013**	**Percentage of ownership at 31 December 2012**
Depozitarul Central SA (Central Depository SA)	Clearing / settlement operations for transactions with securities carried out on the Bucharest Stock Exchange and keeping the register of shareholders	69.0420%	69.0420%
Fondul de Compensare a Investitorilor SA (Investors Compensation Fund SA)	Paying compensation when the fund members fail to return the money or the financial instruments owed by or belonging to investors, which have been held on their behalf for the provision of financial investment or individual investment portfolio management services	62.4500%	62.3000%
Casa de Compensare Bucuresti SA (Bucharest Clearing House SA)	Registration, guarantee, clearing and settlement of derivative financial instrument transactions carried out on the Bucharest Stock Exchange	52.5080%	52.5080%
The Corporate Governance Institute	Providing vocational training to the listed companies and the capital market participants, in corporate governance and sustainable development area	100%	100%

The Corporate Governance Institute had on 31 December 2013 a total of net assets amounting to 31 thousand RON (31 December 2012: 22 thousand RON) and a net profit for 2013 which amounted to 14 thousand RON (2012: loss of 15 thousand RON). This entity was considered to be insignificant by the BVB management for inclusion in the Group's consolidated financial statements.

2. BASIS OF PREPARATION

(a) Statement of compliance

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union ("EU IFRS") applicable on the annual reporting date for the Group, i.e. 31 December 2013.

The consolidated financial statements include the consolidated statement of financial position, the consolidated profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the explanatory notes.

Differences between statutory financial statements and EU IFRS statements

The accounting records of the Company and its subsidiaries are kept in RON, according to Romanian Accounting Regulations ("RCRs"). The statutory accounts have been adjusted accordingly, where necessary, in order to make these financial statements consistent, in material respects, with EU IFRSs and to reflect the differences between RCRs and EU IFRSs.

The most significant changes made to the statutory financial statements in order to harmonize them with EU IFRSs are the following:

- grouping several items into more comprehensive categories;
- adjusting assets and payables in accordance with IAS 29 ("Financial Reporting in Hyperinflationary Economies") because the Romanian economy was a hyperinflationary economy until 31 December 2003;
- adjusting the fair value and impairment of financial instruments in accordance with IAS 39 ("Financial Instruments: Recognition and Measurement");
- recognising the goodwill from acquisitions (IAS 27 "Consolidated and Separate Financial Statements", EU IFRS 3 "Business Combinations");
- setting up provisions for the deferred tax (IAS 12 "Income Taxes"); and
- presenting the information needed according to EU IFRSs.

2. BASIS OF PREPARATION (CONTINUED*)*

(b) Bases of measurement

The financial statements have been prepared on the historical or amortised cost basis, except for the available-for-sale financial assets and land which are measured at fair value.

The methods used to determine the fair value are given in Note 4.

(c) Functional and presentation currency

The items included in the financial statements of each entity of the Group are measured using the currency corresponding to the economic environment in which the entity operates ("functional currency"), i.e. leu (or “RON”). These consolidated financial statements are presented in RON, which is the Group's functional and presentation currency. All amounts have been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in accordance with EU IFRSs requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, payables, income and expenses. Estimates and underlying judgements are based on historical data and other factors deemed to be relevant in these circumstances, and the result of these factors forms the basis of judgments used to determine the carrying amount of assets and liabilities for which there are no other measurement sources available. Actual results may differ from these estimates.

Estimates and underlying judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision is performed only for that period or in the current period, and in the future periods, if the revision affects both current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

The most significant accounting methods and policies have been consistently applied by the entities in the Group over the financial years presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Business combinations

All business combinations that have occurred are accounted using the acquisition method. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. Acquisition date is the date on which control is transferred to the buyer. Professional judgment is applied in determining the acquisition date and whether the control transfer took place between the parties.

The Group assesses the goodwill at fair value of the consideration transferred including the recognised value of the non-controlling interests in the acquired entity minus the recognised net value (fair value) of the identifiable assets acquired and the payables assumed, all measured at the acquisition date.

The consideration transferred includes the fair value of the assets transferred, the payables incurred by the Group to the previous shareholders of the acquired entity and the equity instruments issued by the Group. The consideration transferred includes also the fair value of the contingent consideration.

Any contingent payable of the acquired entity is assumed in a business combination only if such a payable represents a current liability resulting from a previous event and its value may be measured in a reliable manner.
The Group assesses non-controlling interests as part owned by minority shareholders in the identifiable net assets of the acquired entity.

The Group's transaction costs related to a business combinations, such as commissions for transaction brokerage, fees for legal services, fees for due diligence services and other fees for professional and consulting services are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Changes in the parent company's share in subsidiaries without loss of control

Changes in the parent company's share in a subsidiary that does not result in loss of control must be accounted for as equity transactions. The acquisitions of non-controlling interests are accounted for as transactions with shareholders in their capacity as owners and therefore no goodwill is recognised as a result. The result of these transactions is recognized by the Group in Equity.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to harmonise with the policies adopted by the Group. List of Group's subsidiaries is given in Note 1.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, as well as any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment in the associate entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Transactions in foreign currencies are recorded in RON using the official exchange rate on the transaction settlement date. Monetary assets and payables, denominated in foreign currencies on the date on which the consolidated statement of financial-accounting position are prepared, are translated in RON at the exchange rate of that day. The gains or losses originating from their settlement and from the translation of monetary assets and payables denominated in foreign currency using the exchange rate at the end of the financial year are recognised in the year result. Non-monetary assets and payables in a foreign currency that are measured based on historical cost are translated in Ron using the exchange rate at the date of the transaction. Non-monetary assets and payables denominated in foreign currencies that are measured at fair value are retranslated in RON at the exchange rate at the date that the fair value was determined.

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency differences are recognised in profit or loss, except for the differences arising on the retranslation of the available-for-sale financial instruments included in the reserve resulting from the change in fair value of these financial instruments. The exchange rates of the main foreign currencies are as follows:

Currency	Spot exchange rate 31 December 2013	Spot exchange rate 31 December 2012	Average exchange rate 2013	Average exchange rate 2012
EUR	4.4847	4.4287	4.4190	4.4560
USD	3.2551	3.3575	3.3279	3.4682

(c) Going concern

These financial statements are prepared on a going concern basis which assumes that the Group will carry on its activity in the future. In order to assess the reasonability of this assumption, the management reviews the forecasts of the future cash inflows.

Bucharest Clearing House SA ("CCB") recorded a net loss of 778 thousand RON in individual financial statements prepared according to IFRS UE during the year ended as at 31 December 2013 (2012: net loss of 262 thousand RON) and on 31 December 2013 the reported loss was of 1,584 thousand RON. These issues together with the details described in Note 26 indicate an uncertainty concerning the capacity of the Bucharest Clearing House to continue its activity in normal conditions.

BVB, the majority shareholder of CCB, approved in the General Meeting of Shareholders of 25 April 2014 the participation in the share capital of CCB with 500,000 EUR, as investment, stated in its revenues and expense budget for 2014. BVB is currently negotiating with potential contributors to the increase of the CCB share capital. The management believes that CCB will be able to continue its activity in the near predictable future and therefore the application of the going concern principle on the financial statements is justified.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Accounting for effects of hyperinflation

According to IAS 29 ("Financial Reporting in Hyperinflationary Economies"), the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy should be presented in terms of current purchasing power of that currency on the date on which the consolidated statement of the financial position is prepared, i.e. the non-monetary items are retranslated by applying the general price index on the acquisition or contribution date.

According to IAS 29 an economy is considered hyperinflationary if, among other factors, the accumulated inflation index exceeds 100% over a period of three years.
The steady decrease in the inflation rate and other factors related to the characteristics of the Romanian economic environment indicate that the economy whose functional currency was adopted by the Group ceased to be hyperinflationary affecting the financial periods starting from 1 January 2004. The provisions of IAS 29 were adopted in preparing the financial statements only for those holdings older than 1 January 2004. Amounts expressed in the current measuring unit used at 31 December 2003 are considered as basis for the reported accounting amounts included in these consolidated financial statements and are not measured values, replacement cost or any other measurement of the current value of assets or prices at which transactions would take place at present.

(e) Financial assets and liabilities

Financial assets

The Group initially recognises receivables and deposits on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are initially recognised on the trade date, which is the date when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when their contractual rights over the cash flows from the asset expire, or their the rights to receive the contractual cash flows of the financial asset are transformed by a transaction by which all the risks and rewards of ownership of the financial asset are substantially transformed. Any interest in such transferred financial asset that is created or retained by the Group is recognised as a separate asset or payable.

Financial assets and payables are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the payable simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group classifies financial assets held into the following categories: held-to-maturity financial assets, receivables and available-for-sale financial assets.

(i) Held-to-maturity financial assets

If the Group has the intent and ability to hold the debt securities to maturity, then such financial assets may be classified as held-to-maturity investments. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs.

The interest related to held-to-maturity assets, calculated according to the effective interest rate method, is carried in the profit or loss under Financial Income.

Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification before maturity of more than an insignificant amount of held-to-maturity investments and that does not occur near their maturity leads to the reclassification of all held-to-maturity investments as available-for-sale assets, and the Group will not be able to classify the investment instruments as held-to-maturity during the current year and the next two financial years.

During its activities, the Group performs also government securities repurchase operations. These involve placements with banks using government securities as collateral from banks. Repurchase securities have fixed maturities and are treated as bank deposits with the same rules for recognition, measurement and derecognition.

(ii) Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value, and subsequently measured at amortized cost, using the effective interest rate method, less the depreciation provision.

Cash and cash equivalents comprise cash balances, the funds available in bank current accounts, other high-liquidity short term investments with initial maturity deadlines of up to three months.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any of the above categories of financial assets. The Group's investments in equity securities and in certain debt instruments are classified as available-for-sale financial assets.

Subsequent to the initial recognition, they are measured at fair value and changes therein, other than impairment losses (see Note 3 (i)) and foreign currency differences on available-for-sale equity securities are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in other comprehensive income is reclassified to profit or loss.

If the fair value cannot be reliably determined, the shares designated as available-for-sale financial assets are recorded at restated cost except the provision for impairment losses.

(f) Financial assets and payables which cover the guarantee and clearing funds and the margin

Financial assets and payables from the guarantee and clearing funds and the margin refer to the services provided by following subsidiaries: Casa de Compensare Bucuresti SA, Depozitarul Central SA and Fondul de Compensare a Investitorilor SA.

Guarantee fund and margin accounts managed by the Bucharest Clearing House S.A.

Casa de Compensare Bucuresti SA ("CCB") acts as a central counterparty for all clearing members admitted in CCB system for registration, guarantee, clearing and settlement of derivative transactions concluded on the Bucharest Stock Exchange. Its role is to perform the registration, guarantee, clearing and settlement operations of the financial derivatives transactions concluded on the Bucharest Stock Exchange.

Since the date when the clearing and settlement reports are confirmed, CCB is interposed between clearing members, becoming the counterparty to transactions required to be performed by them on the post-trading platform. The CCB obligations as a central counterparty cease on the daily settlement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED*)*

If a clearing member cannot fulfil its obligations, CCB takes over those obligations and fulfils them by replacing the incapacitated party.

In order to provide resources necessary for the proper functioning of derivative financial instruments clearing and settlement mechanism, the participants in the clearing - settlement system (clearing members) set up financial guarantees and make available collaterals in margin accounts in order to guarantee the financial obligations arising from derivative financial instruments transactions developed in the derivative market.
For the same purpose, CCB has established the guarantee fund which consists of contributions in cash, securities and letter of bank guarantee for the benefit of CCB filed by each clearing member to cover the flows recorded after liquidation of amounts recorded at clearing members.

The CCB registers in the balance sheet or a payable equal to the financial guarantees and the guarantee fund set up by participants in the clearing and settlement system, along with the registration of the corresponding asset (cash, deposits, securities, etc.). As a result, the assets and payables resulted from the CCB activity, are of similar sizes.

The financial resources from the investment of amounts of margin accounts managed by the Casa de Compensare Bucuresti SA go entirely to the CCB (in the May 2011 – December 2012 period, only 10% of these resources went to the CCB, with the remaining 90% going to clearing members). Therefore, as of 2013, CCB recognises 100% of the interest income from the investment of amounts of margin accounts in profit or loss.

Financial resources from the investment of the guarantee fund administered by the Bucharest Clearing House - namely 90% - are not distributed to the clearing members, but are capitalised and included in the total resources of the guarantee fund and cannot be disposed of by CCB.

The financial resources resulted from the investment of the guarantee fund managed by the Bucharest Clearing House – equivalent to 10% – go to the CCB. Therefore, CCB recognises interest income from the investment of guarantee fund – equivalent to 10% of the financial resources resulting from the investment of the guarantee fund.

The contributions to the guarantee fund of a clearing member, and the not used financial guarantees are given back only after their removal from the Register of the Clearing Members based on the decision of the CCB Board of Directors to withdraw the clearing membership. The capitalised resources from the investment of the guarantee fund are not distributed to the clearing members.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Clearing fund managed by Fondul de Compensare a Investitorilor SA

Fondul de Compensare a Investitorilor SA (Investors Compensation Fund) („FCI") aims at providing financial services to the investors in case the intermediaries which provide financial services for an investment management company is not able to meet its obligations towards their customers. All intermediaries authorised to provide financial investment services and investment management companies managing individual investment portfolios must be members of the Fund.

The compensation fund consists of non-reimbursable contributions from its members (financial investment companies, asset management companies, banks). FCI does not distribute dividends.

FCI registers in the balance or a payable equal to the compensation fund established by its members, along with the registration of the corresponding asset (cash deposited as a contribution by the Fund's members). As a result, the assets and payables resulted from the FCI activity, have similar sizes. Income from the investment of the Fund is mentioned as profit or loss and may be used to cover expenses related to the administration and the operation of FCI or to increase the resources of the Compensation Fund.

Guarantee fund and margin managed by the Depozitarul Central SA

Depozitarul Central SA (The Central Depository) provides depository, registry, clearing and settlement of transactions in financial instruments (stocks, fixed income securities, bonds, funds, etc.) carried out on the Bucharest Stock Exchange.

The clearing participants are required to contribute to the setting up of a guarantee fund with the Central Depository. The interests related to the guarantee fund administration shall be quarterly distributed to the participants in the clearing and settlement and registry system, after retaining of the management fee of the funds, which is carried in the profit or loss under Service revenue, in terms of their capitalisation in the guarantee fund contributions and of updating participants' contributions.

The contributions to the guarantee fund of any participant in the clearing and settlement and registry system shall be returned to that participant in case the quality of participant to the clearing and settlement and registry system of the Central Depository ceases, after the deduction of any of its payment obligations to the Central Depository.

The guarantee fund shall be dissolved in case of dissolution of the Central Depository and the contributions to the guarantee fund of the participants in the clearing and settlement and registry system shall be returned to them.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The margins of the participants in the clearing and settlement and registry system are established by depositing the initial and the additional margins by each participant in the clearing, settlement and registry system. The interests related to the margin administration shall be quarterly distributed to the participants in the clearing and settlement and registry system, after retaining of the management fee of the funds, which is carried in the profit or loss under Service revenue, in terms of their capitalisation in the initial margin and of updating participants' contributions.

The margin of any participant in the clearing and settlement and registry system shall be returned to that participant in case the quality of participant to the clearing and settlement and registry system of the Central Depository ceases, after the deduction of any of its payment obligations to the Central Depository. The amounts related to margins of the participants in the clearing and settlement and registry system shall be returned to them in case of dissolution of the Central Depository.

The Central Depository recorded in the balance or a payable equal to guarantee fund and the margin set up by participants, along with the registration of the corresponding asset (cash deposited by participants).

The accounting treatment for specific transactions of the Casa de Compensare Bucuresti SA (Bucharest Clearing House), Fondul de Compensare a Investitorilor SA (the Investors Compensation Fund) and the Depozitarul Central SA (Central Depository) is as follows:

- the current receivables and payables in relation to the participants in the Bucharest Clearing House, the Central Depository and Investors Compensation Fund represents amounts receivable or payable for settlement and margin calls and are recorded initially at fair value and subsequently recognised at amortised cost.
- collaterals, guarantee fund and investors compensation fund are amounts received from participants for setting up the margins and the financial guarantees or contributions to the guarantee fund and, respectively, the investors compensation fund and are initially recognised at fair value; subsequently such amounts are recognised at amortised cost.
- the interest related to guarantees, the guarantee fund and the investment compensation fund are capitalized or carried in the profit or loss according to the accounting policy described above.
- assets covering the collaterals, the guarantee fund and the compensation fund consist of cash at banks, deposits at banks or securities; they are divided into long-term assets and short-term assets by residual maturity on balance sheet date; they are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Tangible and intangible fixed assets

Intangible fixed assets

(i) Recognition and measurement

Land is carried at fair value, determined based on annual assessments by external independent assessors. The re-assessments are carried out at sufficient intervals to ensure that the fair value of a re-assessed asset does not differ significantly from carrying amount. Any amortization cumulated on the re-assessment date is removed from the gross carrying amount of the assets, and the net value is restated at the re-assessed value of the asset. All other tangible assets are carried at their historical cost, less cumulated amortization. The historical cost includes expenses directly attributable to the purchase of the respective items.

(ii) Subsequent costs

The Group recognises in the carrying amount of a tangible asset the cost of its replacement when such cost is incurred or the economic benefits included in that tangible asset are likely to be transferred to the Group and the cost of this tangible asset may be measured in a reliable manner. All other costs are recognised as expense in profit or loss since they are incurred.

The costs incurred to replace a component of tangible assets reflected separately, including inspections or overhauls, are capitalised. Other subsequent expense is capitalised to the extent that it enhances the future performance of those tangible assets. All other repair and maintenance costs are included in profit or loss since they are performed.

(iii) Amortisation of tangible assets

Amortisation is calculated using the straight-line method over the estimated useful life of each tangible asset. Land is not subject to amortisation.

The useful lives for the current and comparative years are as follows:

Building arrangement	8-16 years
Plant and equipment	3-20 years
Fixtures and fittings	2-15 years

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortisation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurements of goodwill at initial recognition, see Note 3(a)(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a possible impairment.

Other intangible assets

Other intangible assets (including IT licenses) that are acquired by the Group and have finite useful lives are measured at cost, less accumulated amortisation and accumulated impairment losses.

(i) Subsequent expenditure

The expenditure enabling intangible assets to generate future economic benefits beyond the originally forecast performance is added to the original cost thereof. Such expenses are capitalised as intangible assets if not integral part of intangible assets.

(ii) Intangible asset amortisation

Amortisation is recorded in profit or loss using the straight-line method over the estimated useful lives of intangible assets. Intangible assets are depreciated starting from the date when the asset is ready to be used. The useful life of IT programmes and licenses is between 1 and 5 years.

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted accordingly.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Prepaid expenses and revenues

The costs incurred and the incomes achieved during the current period, but which concern the next periods, are included in the consolidated financial statement as prepaid expenses or revenues, as appropriate. Each month, the share of the prepaid expenses or revenues related to that month is included in expenses or revenues.

(i) Impairment

(i) Financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had a negative impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in payment status of borrowers or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities measured at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All receivables which are not significantly impaired are subsequently collectively assessed for any impairment that has been incurred but not yet identified.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.
In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than the suggested by historical trends.
An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's initial effective interest rate. Losses are recognised in profit or loss and reflected in a receivables adjustment account. Interest on the impaired asset continues to be recognised through the discount amortisation. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investments are recognised by reclassifying in profit or loss the losses accumulated recognised in other comprehensive income and reflected in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in provisions for impairment losses attributable to time value of money are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill the recoverable amount is estimated each year.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value, less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets which cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets ("cash-generating unit").

In order to test the goodwill impairment and subject to an operating segment ceiling, the cash-generating units to which goodwill has been allocated are monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit exceeds the estimated recoverable amount. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of cash-generating units are used first of all for reducing the carrying amount of any goodwill allocated to units, as the case may be, and then for reducing the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed in profit or loss. In respect to other assets, impairment losses recognised during prior periods are assessed at each reporting date to determine whether there is evidence that the loss has decreased or no longer exists. An impairment loss is reversed in profit or loss if there has been changes in the estimates used to determine the recoverable amount. An impairment loss is reversed in profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of impairment or amortisation, if no impairment loss had been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits

(i) *Short-term employee benefits*

Short-term employee benefits include salaries, compensations and social security contributions. Short-time employee benefits are recognised as expenses as the services are provided.

(ii) *Defined contribution plans*

The Group's entities make payments on behalf of their own employees to the Romanian state pension, health insurance and unemployment funds, during the performance of their usual activities. All Group's members and employees are also legally bound to contribute (through social contributions) to the Romanian state pension fund (a state defined contribution plan). All contributions are recognised in the income for the period they are incurred.

(iii) Other long-term employee benefits

The company may grant, but it is not obliged to grant, post-pensioning benefits without creating a legal or constructive obligation. That is why the Company did not recognize any debt in these financial statements.

(k) Commercial liabilities and other liabilities

Commercial liabilities and other liabilities consist in obligations to pay for the goods or services provided by suppliers and other creditors during the normal course of business. Commercial liabilities and other liabilities are classified as current liabilities if the payment is due within no more than one year. Otherwise, they will be presented as long-term liabilities. The commercial liabilities and other liabilities are initially recognized at fair value, and subsequently measured at amortized cost, using the effective interest rate method.

(l) Provisions

A provision is recognised in consolidated statement of the financial position if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market conditions and the risks specific to that payable. The discount amortisation is recognised as financial cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Revenues

(i) Revenues from services

Revenues from services rendered are recognised in profit or loss for the period during which such services are provided.
The main sources of revenue are:

- revenues from fees for transactions in shares and fixed income instruments – revenues are recognised as services are rendered;
- fees charged for admission to trading – revenues are recognised at the date of admission to trading;
- fees charged for maintaining to trading – revenues are recognised on a straight-line basis over the period to which it relates;
- sales of exchange information – revenues are recognised as services are rendered;
- revenues from charges for storage operations for issuers of financial instruments – revenues are recognised as services are rendered;
- revenues from registry operations for issuers of financial instruments – revenues are recognised as services are rendered;
- revenues from clearing and settlement operations of the financial instrument transactions (shares and fixed-income instruments and derivatives) – revenues are recognised as services are rendered.

(ii) Fees

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of the commission made by the Group.

(n) Financial income and financial costs

Financial income includes interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the re-measurement of assets and payables in other currencies and gains on the disposal of available-for-sale financial assets.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which is the cum-dividend date in the case of listed securities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Finance costs comprise losses on disposal of available-for-sale financial assets, losses on the re-measurement of assets and payables in other currencies.

(o) Net income from interests related to assets covering the guarantee and clearing funds and the margin

During their specific activities, the Company's subsidiaries obtain interest income from the investment of financial resources made available through the guarantee and clearing funds and margin accounts. These are reflected separately in profit or loss.

The accounting treatment for interest income from the investment of these financial resources is detailed below:

- Income from the investment of the compensation fund's resources managed by the Investors Compensation Fund (FCI) may be used to cover the expenses related to the administration and functioning of FCI and/or for increasing the compensation fund's resources, which are not returned to the fund participants. Therefore, the Group recognises the interest income from the investment of the compensation fund's resources in profit or loss.
- The financial resources from the investment of amounts of margin accounts managed by the Casa de Compensare Bucuresti SA go entirely to the CCB (in the May 2011 – December 2012 period, only 10% of these resources went to the CCB, with the remaining 90% going to clearing members). Therefore, as of 2013, CCB recognises 100% of the interest income from the investment of amounts of margin accounts in profit or loss;
- Financial resources from the investment of the guarantee fund managed by the Bucharest Clearing House – namely 90% – are not distributed to clearing members, but are capitalised and included in the total resources of the guarantee fund which are not available to the CCB.
- The financial resources resulted from the investment of the guarantee fund managed by the Bucharest Clearing House – equivalent to 10% – come to the CCB. Therefore, the Group recognises interest income from the investment of guarantee fund – equivalent to 10% of the financial resources resulting from the investment of the guarantee fund.
- Interests related to the guarantee fund managed by the Central Depository are distributed quarterly to the participants through their capitalisation in guarantee fund and margin, after retaining the management fee presented in the profit or loss for service revenue. Furthermore, the margin and the guarantee fund shall be distributed to participants after the membership ceases or the Central Depository is dissolved. They are capitalised and included in the total resources of the guarantee fund and are not available to the Central Depository.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Current income tax and deferred tax

The tax expenses for the period include the current tax and the deferred tax. Income tax is recognised in the income and expense statement, unless it is related to the items recognised directly in equity or in other comprehensive income. In such a case, the related income is also recognized directly in equity or in other comprehensive income.

The current tax expense is calculated as provided under fiscal provisions enacted or substantively enacted at the balance sheet date, in countries in which the Company and its subsidiaries are operational and generate taxable profits. The management considers the fiscal statements items which are open to interpretation on a regular basis. It sets-up provisions where applicable, on the basis of the amounts assessed as payable to the fiscal authorities.

The deferred income tax is recognized for the temporary differences occurring between the fiscal bases of the assets and liabilities, on one hand, and their book values as shown in the consolidated financial statements, on the other. However, deferred tax liabilities are not recognized if resulting from the initial recognition of goodwill; the deferred income tax is not carried if resulting from the initial recognition of an asset or liability from a transaction, other than a business combination, which did not affect neither the profit, nor the accounting and fiscal loss at the time of the transaction. The deferred income tax is determined on the basis of tax rates (and legislation) enacted or substantively enacted before the balance sheet date, which will be implemented in the period within which the deferred tax assets will be utilized, or the deferred tax liabilities paid.

Deferred tax assets are recognized only to the extent that it is likely to obtain a taxable profit in the future, from which the temporary differences will be deducted.

Deferred tax assets are calculated for the deductible temporary differences resulting from investments in subsidiaries, affiliated entities and joint agreements, only where it is likely that the temporary difference will be reversed in the future, and there is sufficient taxable income available to use the temporary difference.

The deferred tax assets and liabilities are offset when there is an applicable legal right to offset current tax assets with current tax liabilities, and when the deferred tax assets and liabilities refer to income taxes charged by the same tax authority to either the same taxable entity, or to different tax entities, when there is an intention to offset balances on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The tax rate used to calculate current and deferred tax at 31 December 2013 was of 16% (31 December 2012: 16%).

(q) Share capital

Ordinary shares are classified as equity.

Additional costs directly attributable to the issuance of new ordinary shares or options are stated in equity as deductions from cash proceeds, net of tax.

(r) Earnings per share

The Group presents basic earnings per share ("EPS") for its ordinary shares. The basic EPS are calculated by dividing profit or loss attributable to ordinary shareholders of the parent-company by a weighted average number of ordinary shares outstanding during that period. Diluted earnings per share are determined by adjusting the profit or loss attributable to ordinary shareholders and by adjusting a weighted average number of ordinary shares outstanding to the effects of all potential ordinary shares, including preferred shares. Until now it was not necessary to calculate the diluted CPA because there is no potential ordinary shares, all issued shares having equal rights to dividends.

(s) Legal reserve

In accordance with the legislation in Romania, companies must distribute an amount equal to at least 5% of profit before tax, in legal reserves, until it reaches 20% of the share capital. When this stage has been reached, the company can make additional allocations of net profit only. Legal reserve is deductible within the limit of 5% applied to the accounting profit before determining the corporate income tax.

(t) Dividends

Dividends are considered as a profit distribution for the period during which they are declared and approved by the General Assembly of Shareholders. The only profit available for distribution is the annual profit recorded in the statutory accounts, which is different of the profit from these separate financial statements prepared in accordance with IFRSs, due to differences between IFRSs and the Romanian accounting law.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Segment reporting

An operating segment is a distinct component of the Group that involves in activities following which it could obtain revenues and incur expenses, including revenues and expenses relating to transactions with any of the other components of the Group and is subject to risks and rewards different from those of other segments. The primary format for segment reporting of the Group is the activity segmentation.

The segment reporting is consistent with the internal reporting to the operational decision making body, i.e. the Company's Board of Governors.

(v) New accounting regulations

i) New or revised standards and interpretations which are mandatory for the Group's accounting periods, beginning on or after 1 January 2012.

Hyperinflation and Removal of fixed data for entities adopting IFRS for the first time - Amendments to IFRS 1 (issued in December 2010 and effective for the annual periods beginning on or after July 1, 2011, inclusive; applicable to EU IFRS beginning with 1 January 2013). The amendment had no impact on the Group's consolidated financial statements.

Recovery of underlying assets - Amendments to IAS 12 (issued in December 2010 and effective for the annual periods beginning on or after 1 January 2012; ***applicable to EU IFRS from 1 January 2013).*** The amendment had no impact on the Group's consolidated financial statements.

IFRS 13, Fair value measurement, (issued in May 2011 and effective for the annual periods beginning on or after January 1, 2013, inclusive; applicable to EU IFRS from 1 January 2013). The standard resulted in additional presentations in these financial statements (Note 5).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amendments to IAS 1, Presentation of Financial Statements (issued in June 2011, effective for the annual periods beginning on or after July 1, 2012, inclusive; applicable to EU IFRS from 1 January 2013), the changes in the presentation of items included in other items of the comprehensive income. The amendments require entities to separate the items presented in other items of comprehensive income into two groups, depending on whether or not they can be reclassified to profit or loss in the future. The title suggested used by IAS 1 has been changed from "profit or loss account in the comprehensive income". The amendment did not have a significant effect on these financial statements.

IAS 19 amended, Employee Benefits (issued in June 2011, effective for the annual periods beginning on or after 1 January 2013, inclusive; applicable to EU IFRS from 1 January 2013), brings significant changes in recognition and assessment of pension benefit expenses and termination benefits, as well as in the information to be provided for all employee benefits. The standard requires recognition of all changes in the net obligation (receivable) on the benefits determined when they occur, as follows: (i) the service cost and net interest in profit or loss; and (ii) revaluations in other comprehensive income items. The amendment did not have a significant effect on these financial statements.

IFRIC 20, Stripping costs in the production phase of a surface mine (issued in October 2011 and effective for the annual periods beginning on or after January 1, 2013, inclusive; applicable to EU IFRS from 1 January 2013). The interpretation specifies that benefits from the stripping activity are accounted in accordance with the principles of IAS 2, Inventories, insofar as they are made in the form of stock products. To the extent in which the benefits represent the improved access to the ore, the entity must recognize those costs as "stripping activity asset" within fixed assets, subject to certain criteria. The amendment did not have a significant effect on these financial statements.

Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7 (issued in December 2011 and effective for the annual periods beginning on or after 1 January 2013, including applicable to the EU IFRS from 1 January 2013).

The amendment stipulates the provision of information which will allow users of financial statements within an entity to assess the effect or the potential effect of the offsetting commitments, including the offsetting rights. The amendment did not have a significant effect on these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Government loans. The amendments, which treat state loans with a discounted interest rate, grant the entities adopting IFRS for the first time an exemption from the full retrospective application of IFRS, when they account these loans in transition. The same exemption will be applied both to the entities adopting IFRS for the first time and to those already applying these standards. The amendment did not have a significant effect on these financial statements.

ii) New or revised standards and interpretations which are mandatory for the Company's accounting periods beginning on and after 1 January 2014, but which have not been previously applied by the Group.

Recoverable amount disclosures of non-financial assets – Amendments to IAS 36 (issued on 29 May 2013 and applicable for annual periods subsequent to 1 January 2014, previous application allowed if IFRS 13 is applied for the same comparable accounting period). The amendment excluded the requirement to present the recoverable amount where CGU contains goodwill or intangible assets with an indefinite useful life, but no provision for loss of value has been set up. This amendment had no impact on the Group's consolidated financial statements.

IFRS 10, Consolidated financial statements (issued in May 2011 and effective for the annual periods beginning on or after 1 January 2013; applicable to EU IFRS from 1 January 2014). It is estimated that the amendment will have no impact on the Company's consolidated financial statements.

IFRS 11, Joint arrangements (issued in May 2011 and effective for the annual periods beginning on or after 1 January 2013; applicable to EU IFRS from 1 January 2014) replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities-Non-Monetary Contributions by Venturers". It is estimated that the amendment will have no impact on the Company's consolidated financial statements.

IFRS 12, Disclosure of Interests in Other Entities (issued in May 2011 and effective for the annual periods beginning on or after 1 January 2013; applicable to EU IFRS from 1 January 2014). The company analyzes the effect of applying this change.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IAS 27, Separate Financial Statements (revised in May 2011 and effective for the annual periods beginning on or after 1 January 2013, inclusive; applicable to EU IFRS from 1 January 2014), was modified and its purpose now is to prescribe the accounting and presentation dispositions for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. Recommendations referring to control and consolidated financial statements have been replaced by IFRS 10, Consolidated Financial Statements. The Group analyzes the effect of applying this change.

IAS 28, Investments in Associates and Joint Ventures (revised in May 2011 and effective for the annual periods beginning on or after 1 January 2013, inclusive; applicable to EU IFRS from 1 January 2014). The amendment to IAS 28 resulted from the IASB project on joint ventures. When debating this project, the Council decided to include the accounting of joint ventures on the basis of the equity method in IAS 28, as this method applies to both joint ventures and associated entities. Besides this exception, the recommendations remain unchanged. The Group analyzes the effect of applying this change.

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (issued in December 2011 and effective for the annual periods beginning on or after 1 January 2014, inclusive; applicable to EU IFRS from 1 January 2014). The amendment added recommendations on implementing IAS 32 in order to correct the inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of the expression “currently has a legally enforceable right of set-off” and the fact that some gross offsetting systems may be considered equivalent to net offsetting. It is estimated that the amendment will have no impact on the Company’s consolidated financial statements.

Amendments to International Financial Reporting Standards (issued in May 2012 and applicable from 1 January 2013; applicable for EU IFRS from 1 January 2014). The amendments consist of changes made to the five standards. It is estimated that the amendments will have no significant impact on the Group’s consolidated financial statements.

Transitional provisions, amendments to IFRS 10, IFRS 11 and IFRS 12 (issued on 28 June 2012 and applicable from 1 January 2013; applicable for EU IFRS from 1 January 2014). It is estimated that the amendments will have no significant impact on the Group’s consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities (issued on 31 October 2012 and applicable from 1 January 2014). It is estimated that the amendments will have no significant impact on the Group's consolidated financial statements.

iii) New or revised standards and interpretations not yet enacted by the European Union

IFRS 9, Financial instruments: Classification and measurement. IFRS 9, issued in November 2009, replaces those parts of IAS 39 relating to the classification and measurement of financial assets. IFRS 9 was further amended in October 2010 in order to comply with the classification and measurement of financial liabilities in December 2011 and (i) to replace the date of entry into force with the annual periods beginning on or after 1 January 2015, inclusive, and (ii) to add transitional information to be provided. The main features of this standard are the following:

- Financial assets are classified into two measurement categories: those subsequently measured at fair value and those subsequently measured at amortized cost. Decision will be made upon initial recognition. The classification depends on the entity's business model used in managing its financial instruments and on the contractual cash flow characteristics of the instrument.
- An instrument is subsequently measured at amortized cost only if it is a debt instrument and if (i) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (ii) the asset's contractual cash flows represent only loan and interest payments (i.e., have only "basic loan features"). All the other debt instruments will be measured at fair value through profit or loss.
- All equity instruments will be subsequently measured at fair value. Equity instruments held for trading will be measured at fair value through profit or loss. For all the other equity instruments, an irrevocable election can be done upon initial recognition, consisting of recognition of gains and losses realized and unrealized at fair value, through other comprehensive income items and not through profit or loss. There will be no reversal of fair value gains and losses in profit or loss.
  This choice will be made separately, for each instrument. Dividends will be presented in profit or loss, as long as they represent the productivity of investment.
- Most IAS 39 provisions on the classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The main change was that the entity will have to present the effects of changes in credit risk of financial liabilities designated at fair value through profit or loss in other items of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amendments to the 2012 International Financial Reporting Standards (issued in December 2013 and applicable from 1 January 2013; applicable for EU IFRS from 1 July 2014; not yet enacted in the European Union). The amendments consist of changes made to seven standards. It is estimated that the amendments will have no significant impact on the Group's consolidated financial statements.

Amendments to the 2013 International Financial Reporting Standards (issued in December 2013 and applicable from 1 January 2013; applicable from 1 July 2014; not yet enacted in the European Union). The amendments consist of changes made to four standards. It is estimated that the amendments will have no significant impact on the Group's consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014, applicable for annual periods subsequent to 1 January 2017; not yet enacted in the European Union).
The standard introduces the basic revenue recognition principle in cases where goods or services are transferred to the customer at the transfer price. Any combined severable goods must be recognized separately, and any reduction of the contract price must be allocated separately. Where the price varies, minimum values must be recognized, as long as they are not subject to a significant reversal risk. The costs for the securization of customer contracts must be capitalized and depreciated for the lucrative period of the contract. The Group is assessing the impact of this standard.

Amendments to IAS 16 (issued in May 2014, applicable for annual periods subsequent to 1 January 2016; not yet enacted in the European Union). The Group is assessing the impact of this standard.

Employee benefits – Amendments to IAS 19 (issued in November 2013 and applicable for annual periods subsequent to 1 July 2014; not yet enacted in the European Union). The amendment allows companies to deduct employee contributions as costs from the period in which they are paid, instead of carrying them for the period when the services are rendered. This amendment does not apply where the amount is independent from the number of employment years. It is estimated that the amendment will have no significant impact on the Company's consolidated financial statements.

4. FAIR VALUE MEASUREMENT

A number of Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and payables. Fair values have been determined for measurements and/or disclosures purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the note specific to that asset or liability.

(a) Investments in equity and debt securities

The fair value of held-to-maturity and available-for-sale equity and debt securities is determined by reference to their quoted closing bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(b) Trade receivables and other financial receivables and liabilities

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes only. For financial instruments such as short-term receivables and liabilities, the management believes that the carrying amount is a reasonable approximation of fair value.

(c) Fair value hierarchy

The Group measures the fair value of financial instruments using one of the following hierarchy methods:

- Level 1: quoted prices in active markets for identical assets and liabilities.
- Level 2: Measurement techniques based on observable market data. This category includes instruments measured using: market quotations for similar instruments in markets that are considered less active: or other measurement techniques where all significant inputs are directly or indirectly observable in market inputs.
- Level 3: Measurements techniques that are not based on observable market data. This category includes all instruments whose valuation method is not based on observable and unobservable inputs and have a significant influence on the instrument measurement. This category includes instruments that are measured based on market quotations for similar instruments where unobservable adjustments or assumptions are required to reflect differences between the instruments.

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4. DETERMINATION OF FAIR VALUES (CONTINUED)

Fair values of financial assets and financial payables together with the carrying amounts included in the statement of financial position are as follows:

	31 December 2013		31 December 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at fair value				
Available-for-sale financial assets	1,358	1,358	1,124	1,124
Assets carried at amortised cost				
Other held-to-maturity financial assets with a maturity longer than one year	40,604	40,604	4,220	4,220
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin, with a maturity longer than one year	6,189	6,189	-	-
Bank deposits	34,829	34,829	52,333	52,333
Bank deposits covering the guarantee and clearing fund and the margin	4,463	4,463	5,863	5,863
Financial receivables	4,161	4,161	2,495	2,495
Other held-to-maturity financial assets with a maturity under one year	8,609	8,609	24,756	24,756
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin, with a maturity longer than one year	14,678	14,678	20,624	20,624
Cash and cash equivalents	27,222	27,222	27,211	27,211
Total assets carried at amortized cost	140,755	140,755	137,502	137,502
Liabilities carried at amortized cost				
Guarantee and clearing funds and margin	22,945	22,945	24,171	24,171
Dividends to be distributed on behalf of customers	8,143	8,143	5,898	5,898
Financial liabilities	1,037	1,037	772	772
Total payables	32,125	32,125	30,841	30,841

All available-for-sale financial instruments representing shares quoted on different markets, amounting to 1,358 thousand RON (31 December 2012: 1,124 thousand RON) are classified at Level 1: quoted prices in active markets.
Held-to-maturity financial assets representing government bonds are classified at Level 1: quoted prices in active markets. Government bonds denominated in USD and RON, classified as held-to-maturity financial assets with a maturity longer than one year, have been purchased from the secondary banking market at the end of 2013, and we believe their fair value is approximately equal to their carrying value.

5. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks arising from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk, including interest risk and currency risk
- Tax risk
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Group's management of capital.

(a) The general risk management framework

BVB's Board of Governors has overall responsibility for the establishment and oversight of the Group's risk management framework. BVB's Board of Governors is assisted in this endeavour by special committees which have an advisory role.

The activity of BVB's special committees is governed by the following principles:

a. principle of objectivity;
b. principle of investors' protection;
c. principle of promoting the stock market development;
d. principle of active role.

The Board of Governors is also responsible for examining and approving the strategic, operational and financial plan of BVB, as well as the corporate structure of the Group.
The Group's risk management policies are defined to ensure the identification and analysis of risks facing the Group, setting appropriate limits and controls, and monitoring of risks and compliance with the limits established. Risk management systems and policies are reviewed regularly to reflect the changes in market conditions and in Group's activities. The Group, through its training and management standards and procedures, aims to develop an orderly and constructive control environment in which all employees understand their roles and obligations. The Internal audit of the Group's entities oversees how the management monitors compliance with management risk policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the entities.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk is the risk of a possible financial loss the Group can bear if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities as well as from compensation and settlement activities carried out by the Group branches.

(i) *Commercial liabilities and other liabilities*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and of the country where it operates. Most of the Group's clients operate in Romania. The Group's customer base is comprised of issuers of securities, companies of investment services and other financial institutions participating in the Bucharest Stock Exchange. The Group has as clients for registry activity of shareholders all the companies that have been listed on the Rasdaq Electronic Stock Exchange. Currently, although some of these companies are in a process of legal reorganisation or in default, however there is a legal requirement for registry services to be invoiced to delisting. For these customers the receivables are completely impaired. The Group establishes a provision for receivable impairment that represents their estimates of losses from trade and other liabilities and investments. The main component of this adjustment is the specific loss component related to doubtful customers for whom the receivable recovery process has begun. The second is the collective loss component corresponding to losses incurred but not yet identified, calculated on the basis of the age of receivables, after the application of the contamination principle, using historical loss rates.

(ii) *Financial investments*

The Group limits its exposure to credit risk by investing only in liquid instruments issued by counterparties who have a satisfactory credit quality. The Group's management constantly monitors the credit quality and, given that the Group has invested only in instruments with high credit quality, its management does not expect the counterparties to fail to meet their contractual obligations. The table below shows the ratings given by rating agencies of banks in which the Group has cash and deposits at the end of financial reporting periods:

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

	31 December 2013	31 December 2012	Rating agency
BRD - Groupe Societe Generale S.A.	BBB+	BBB+	Fitch Ratings
Banca Transilvania S.A.	BB-	BB-	Fitch Ratings
ING Bank NV, sucursala Bucuresti	A+	A+	Fitch Ratings
RBS BANK (ROMANIA) S.A.	A-	A	Standard & Poor’s
PIRAEUS BANK ROMANIA S.A.	B-	CCC+	Fitch Ratings
RAIFFEISEN BANK S.A.	Ba1	Ba1	Moody's
Banca Comerciala Romana S.A.	BBB+	BBB+	Fitch Ratings
Bancpost S.A.	B-	CCC+	Fitch Ratings
Credit Europe Bank (Romania) S.A.	BB-	BB	Fitch Ratings
ALPHA BANK ROMANIA S.A.	B-	CCC+	Fitch Ratings
VOLKSBANK ROMANIA S.A.	Baa3	Baa3	Moody's
UniCredit Tiriac Bank S.A.	BBB	BBB+	Fitch Ratings
Credit Agricole Bank Romania S.A.	A2	A2	Moody’s
Citibank Europe Plc, Sucursala Bucuresti	A3	A3	Moody’s

Exposure to credit risk

The maximum exposure to credit risk is equal to the exposure in the balance sheet at the reporting date and it was as follows:

	31 December 2013	31 December 2012
Other held-to-maturity financial assets with a maturity longer than one year	40,604	4,220
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin	6,189	-
Available-for-sale financial assets – long term	1,358	1,124
Bank deposits	34,829	52,333
Bank deposits covering the guarantee and clearing funds and the margin	4,463	5,863
Financial receivables	4,161	2,495
Other held-to-maturity financial assets with a maturity less than one year	8,609	24,756
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin, with a maturity less than one year	14,678	20,624
Cash and cash equivalents	27,222	27,211
Total	142,113	138,626

The Group monitors credit risk exposure by analyzing the age of liabilities it owns, as reflected in the table below:

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Financial receivables		Held-to-maturity financial assets		Cash and cash equivalents		Available-for-sale financial assets		Bank deposits	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Individually impaired										
Significant risk	1,793	1,057	-	-	-	-	-	-	-	-
Gross value	1,793	1,057	-	-	-	-	-	-	-	-
Adjustment for impairment	1,793	1,057	-	-	-	-	-	-	-	-
Net amount	-	-	-	-	-	-	-	-	-	-
Outstanding, individually non-impaired										
Outstanding less than 90 days	1,470	847	-	-	-	-	-	-	-	-
Outstanding from 90 to 180 days	144	148	-	-	-	-	-	-	-	-
Outstanding from 180 to 360 days	161	169	-	-	-	-	-	-	-	-
Gross value	1,775	1,164	-	-	-	-	-	-	-	-
Adjustment for impairment	49	78	-	-	-	-	-	-	-	-
Net amount	1,726	1,086	-	-	-	-	-	-	-	-
Current, non-impaired										
Without a significant risk	2,435	1,410	70,080	49,600	27,222	27,211	1,358	1,124	39,292	58,196
Gross value	2,435	1,410	70,080	49,600	27,222	27,211	1,358	1,124	39,292	58,196
Adjustment for impairment	-	-	-	-	-	-	-	-	-	-
Net amount	2,435	1,410	70,080	49,600	27,222	27,211	1,358	1,124	39,292	58,196
Total gross amount	6,003	3,630	70,080	49,600	27,222	27,211	1,358	1,124	39,292	58,196
Total net amount	4,161	2,495	70,080	49,600	27,222	27,211	1,358	1,124	39,292	58,196

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group is exposed to credit risk through the activity carried out by its subsidiaries such as the Casa de Compensare Bucuresti SA, Fondul de Compensare a Investitorilor SA and Depozitarul Central SA.

Casa de Compensare Bucuresti SA

Casa de Compensare Bucuresti SA ("CCB") acts as a central counterparty for all clearing members admitted in the system. The CCB role is to perform the registration, guarantee, clearing and settlement operations of the financial derivative transactions concluded on the derivative market at the Bucharest Stock Exchange.

Since the date when the clearing and settlement reports are confirmed, CCB is interposed between clearing members, becoming the counterparty to transactions required to be performed by them on the post-trading platform. The CCB obligations as a central counterparty cease on the daily/final settlement.

The clearing members participate together with their contributions to the guarantee fund in case the guarantee fund's resources corresponding to one or more clearing members are not covering.

The guarantee fund may be used if the collateral and other financial guarantees deposited by the clearing members in a default situation are not sufficient to cover the debts arising after the liquidation of the open positions of those members.

The order of execution of the guarantee fund is as follows:

a) individual contribution (initial, annual and special) of the clearing member that is in default situation;
b) other reserve funds available to CCB;
c) financial resources from the CCB receivable liquidation related to the guarantee fund;
d) financial resources from the investment of the guarantee fund;
e) contributions of other clearing members (initial, annual and special);
f) short-term loans contracted by the CCB if the guarantee fund's resources are not sufficient.

If the guarantee fund's resources available are not sufficient to fully cover the CCB actual obligations, the Board of Directors may decide on the contracting of short-term loans. The expenses resulting from the contracted loans of CCB shall be assigned to the clearing member that established the use of the guarantee fund's resources.

On 31 December 2013, the fair value of derivative settlement agreements for which CCB acts as central counterparty, being both creditor and debtor party in relation to the clearing members, was of zero RON, without ongoing contracts, i.e. open positions (31 December 2012: 509 thousand RON).

Since its establishment until now, CCB has not recorded any event likely to generate the use of guarantee fund.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fondul de Compensare a Investitorilor (Investors Compensation Fund)
Fondul de Compensare a Investitorilor SA („FCI”) is intended to pay compensations to investors when a member fails to return the money and/or the financial instruments owed by or belonging to investors, which have been held on their behalf for the provision of financial investment or individual investment portfolio management services.
The investors compensation is made in the limit established according to the C.N.V.M./FSA regulations.

To ensure financial resources necessary to pay compensation and to operate the Fund, its members are required to pay to the Fund an initial contribution and an annual contribution.

If the Fund's resources are insufficient to meet obligations to pay compensations, each member shall pay a special contribution equal to twice the maximum annual contribution corresponding to that financial year. If not in this case the Fund's resources are not sufficient to fully cover its actual obligations, the Fund may borrow short-term to cover exclusively the obligations arising from the payment of compensations.

Since its establishment until now, the Fund has not recorded any event likely to generate the payment of compensations (see Note 25(b)).

Depozitarul Central SA
Depozitarul Central SA (“DC”) provides clearing and settlement of transactions in financial instruments (stocks, fixed income securities, bonds, funds, etc.) carried out on the Bucharest Stock Exchange on the spot regulated market. The clearing participants are required to contribute to the setting up of a guarantee fund with the Depozitarul Central SA.

In order to limit exposure to the risk of default of obligations arising from transactions concluded in trading systems and recorded in the Central Depository system, a trading limit is established for each participant.

If it is found that, on the settlement date, the participant in the clearing and settlement and registry system does not have sufficient funds in the settlement account to cover the payment obligation, it may require a loan either from the compensation participant with whom the latter has concluded a settlement agreement or from any other credit institution under a contractual relationship or require to the market operator making special sale transactions to cover his/her position.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

If the participant does not obtain the necessary resources necessary for settlement, the Central Depository shall use the following financial resources in this order:

a) margin of that participant in the clearing and settlement and registry system;
b) guarantee fund corresponding to the participant in the clearing and settlement and registry system;
c) guarantee fund established by other participants in the clearing and settlement and registry system;
d) margins posted by the other participants in the clearing and settlement and registry system.

If the application of the above mentioned measures results in transactions whose settlement cannot be performed successfully, they shall be excluded from the settlement based on the net value of the current day, and will be postponed for later settlement.

On 31 December 2013, the value of transactions having as trading date the end of the year 2013 and paid during 2014, was of 68,691 thousand RON (31 December 2012: there were transactions amounting to 130,104 thousand RON at the end of 2012 and paid in 2013).

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial payables that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its payables when due, under both normal and stressed conditions, without incurring unacceptable losses and risking damage to the Group's reputation.

The Group has no committed any loans and needs liquid assets only to cover the current operating expenses and deductions made within the clearing and settlement systems the Group operate. Given that a significant percentage of the Group's assets consist of investments with high liquidity, the liquidity risk faced by the Group is low.

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2013	**Carrying amount**	**Contractual cash flows**	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Guarantee and clearing funds and margin	22,945	22,945	21,659	1,286		-	-
Financial liabilities	1,037	1,037	1,037	-	-	-	-
Dividends to be distributed on behalf of customers	8,143	8,143	8,143	-	-	-	-
Total	32,125	32,125	30,839	1,286		-	-

31 December 2012	**Carrying amount**	**Contractual cash flows**	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Guarantee and clearing funds and margin	24,171	24,171	22,727	1,444	-		-
Financial liabilities	772	772	772	-	-	-	-
Dividends to be distributed on behalf of customers	5,898	5,898	5,898	-	-	-	-
Total	30,841	30,841	29,397	1,444	-		-

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The cash flows included in the maturity analysis are not expected to occur significantly earlier or at significantly different values. The Group keeps sufficient liquid assets (residual maturity less than 3 months) to cover all outstanding payables.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.
The objective of market risk management is to manage and control market risk exposures within acceptable payments, while optimising the return.

Exposure to currency risk
The Group's exposure to currency risk is presented below, based on notional amounts in RON equivalent (thousands):

31 December 2013	**EUR**	**USD**	**RON**	**Total**
Financial assets				
Financial receivables	418	1	3,742	4,161
Securities (government securities, bank deposits, cash and cash equivalents)*	16,920	10,940	108,734	136,594
Total financial assets	17,338	10,941	112,476	140,755
Financial liabilities				
Guarantee and clearing funds and margin	-	-	22,945	22,945
Financial liabilities	144	-	893	1,037
Dividends to be distributed on behalf of customers	-	-	8,143	8,143
Total financial payables	144	-	31,981	32,125
Net financial assets	17,194	10,941	80,495	108,630

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

* It contains balance sheet positions: Other held-to-maturity financial assets (assets), Held-to maturity financial assets covering the guarantee and clearing funds and the margin (assets), Other Held-to-maturity financial assets (current assets), Held-to-maturity financial assets covering the guarantee and clearing funds and the margin (current assets), Bank deposits (current assets), Bank deposits covering the guarantee and clearing funds and the margin (current assets), Cash and cash equivalents

31 December 2012	**EUR**	**USD**	**RON**	**Total**
Financial assets				
Financial receivables	344	-	2,151	2,495
Securities (government securities, bank deposits, cash and cash equivalents)*	14,892	11,066	109,049	135,007
Other available-for-sale assets	1,124	-	-	1,124
Total financial assets	16,360	11,066	111,200	138,626
Financial liabilities				
Guarantee and clearing funds and margin	-	-	24,171	24,171
Financial liabilities	118	-		9,503
Dividends to be distributed on behalf of customers	-	-	5,898	5,898
Total financial payables	118	-	39,454	39,572
Net financial assets	16,242	11,066	71,746	99,054

* It contains balance sheet positions: Other held-to-maturity financial assets (assets), Held-to maturity financial assets covering the guarantee and clearing funds and the margin (assets), Other Held-to-maturity financial assets (current assets), Held-to-maturity financial assets covering the guarantee and clearing funds and the margin (current assets), Bank deposits (current assets), Bank deposits covering the guarantee and clearing funds and the margin (current assets), Cash and cash equivalents

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis

A depreciation of the RON on 31 December as indicated below against EUR and USD would have caused an increase in the Company's income, with values listed below. This analysis assumes that all other variables, especially interest rates, remain constant.

	31 December 2013	31 December 2012
RON depreciation by 10% against EUR	1,719	1,624
RON depreciation by 10% against USD	1,094	1,107
Total	2,813	2,731

An appreciation of the RON on December 31 against other currencies would have had an opposite effect on the amounts shown above, assuming that all other variables remain constant.

Exposure to interest rate risk

The Group does not have financial instruments with variable interest rates. Held-to-maturity financial instruments are not affected by the variation in interest rate. Therefore, a change in interest rates at the reporting date would not affect profit or loss nor equity.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated to Group's processes, staff, technology and infrastructure, and from external factors other than credit, market and liquidity risk, such as the loss arising from legal and regulatory requirements and generally accepted standards concerning organisational behaviour. Operational risks come from all the Group's operations and arise in all entities. The main responsibility of the management of each institution is to develop and implement operational risk-related controls. Such responsibility is complemented by the development of the Group's general standards of operational risk management in the following areas:

- Segregation of duties requirements;
- Reconciliation requirements and monitoring of transactions;
- Alignment with regulatory requirements;
- Documentation of controls and procedures;

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

- Requirements for periodic review of operational risk faced by the Group and the adequacy of controls and procedures to prevent the risks identified;
- Reporting requirements for operational losses and proposals to remedy the causes that generated them;
- Development of business continuity plans;
- Vocational development and training;
- Development of ethical standards;
- Prevention of risk of litigation, including insurance where applicable;
- Risk mitigation, including efficient use of insurances where appropriate.

(f) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to support future development of the business. The Board of Governors monitors the return on equity, defined by the Group as net operational profit divided by total equity, less non-controlling interests.
The Group's debts-equity ratio at the end of the reporting date was as follows:

	2013	**2012**
Total payables	41,772	36,551
Cash and cash equivalents	(27,222)	(27,211)
Net debt	14,550	9,340
Total equity	108,524	108,211
Gearing ratio	13%	9%

(g) Economic environment risk

Last year, the European financial sector faced a public debt crisis, triggered by major fiscal imbalances and high public debts in several European countries. Current fears, such as deterioration of financial conditions that could contribute in a later stage to further reduce investors' confidence, led to a joint effort of governments and central banks to adopt special measures to counter the vicious circle of increasing risk aversion and to ensure normal functioning of the market.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Identification and assessment of the influence of market liquidity shortages, analysis of compliance with loan agreements and other contractual obligations, evaluation of significant uncertainties, including uncertainties related to the ability of an entity to continue to operate for a reasonable period of time, all bringing their own challenges.

Their effects on the financial market in Romania were decreases in prices and liquidity in the capital markets and increases in long-term interest rates due to international liquidity conditions.

The Group's borrowers may also be influenced by the liquidity crisis that might affect their ability to meet their current payables. The deterioration of operating conditions for creditors also affects the management of the cash flow forecasts and the assessment of the impairment of financial and non-financial assets. To the extent that information is available, the Group's management has included revised estimates of future cash flows in its impairment policy.

The Group's management cannot estimate in a reliable manner the effects on the Group's financial statements resulting from the financial market liquidity deterioration, the depreciation of financial assets influenced by non-liquid market conditions and by a high volatility of national currency and financial markets. The Group's management believes that it takes all necessary measures to support the Group's business growth under the current market conditions through:

- development of the liquidity management strategies and the establishment specific measures of liquidity management under crisis situations;
- forecasts of current liquidity;
- daily monitoring of the treasury flows and the estimation of their effects on Group's borrowers, due to a limited access to financing and a limited possibility to support business growth in Romania;
- careful examination of conditions and clauses included in the clearing and settlement commitments, at present and in the near future.

(h) Tax risk

Since 1 January 2007, following the accession of Romania to European Union, the Group had to observe the EU regulations and therefore it prepared itself for changes brought by European law enforcement. The Group has implemented these changes, but how to implement them shall be subject to fiscal audits for 5 years.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The text interpretation and the practical implementation of new tax regulation procedures applicable and harmonised with European legislation may vary from entity to entity and there is a risk that the tax authorities adopt in some cases a different position from that of the Group.

In addition, the Romanian Government has a number of agencies authorised to conduct audits (controls) for companies operating in Romania. These controls are similar to tax audits in other countries and may cover not only tax issues but also other legal and regulatory issues of interest to these agencies. It is possible that the Group continues to be subject to tax audits as new tax regulations are issued.

6. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

In 2012, BVB acquired additional shares from the Investors' Compensation Fund, thus holding 61.4935% of the subsidiary's net assets.

In 2013, 52 shares were purchased from the Fondul de Compensare a Investitorilor SA, with the BVB thus holding 62.4481% of the net assets of the subsidiary. The Group already controlled FCI since 2006.

The Group took over the control on the Investors Compensation Fund during the year ended 31 December 2006, by subscribing cash to the subsidiary's share capital increase. As a result of this transaction by which BVB has won 56.9% of the net assets of the subsidiary, the Group recognised a goodwill amounting to 27 thousand RON, represented by the difference between the fair value of the consideration transferred amounting to 196 thousand RON and a percentage of fair value of net assets acquired amounting to 169 thousand RON. The goodwill is included under the intangible assets of these financial statements (see Note 12).

7. SEGMENT REPORTING

The segment information is reported by the Group's activities. Transactions between business segments are conducted under normal market conditions. Segment assets and payables include both items directly attributable to these segments and items that may be allocated using a reasonable basis.

The Group consists of the following main business segments:

- Capital markets - trading (securities and financial instruments transactions on regulated markets);
- Post-trading services (services provided after a transaction is completed and the bank account is debited and the securities are transferred to the portfolio);
- Registry services (storage and updating of the registry of stakeholders for the listed companies);
- Services of the Investors Compensation Fund (FCI) related to the investors compensation scheme.

The companies in the Group have been organised by segments as follows: BVB is the segment of "capital markets – trading", the Bucharest Clearing House falls in the segment "post-trading services", while the activities carried out by the Central Depository are divided between the "post-trading services" and "registry services" segments, while the activity of Investors Compensation Fund was stated separately, considering the specific activities of the FCI.

For the services rendered within the business segments described above the income is obtained mainly from fees charged to the capital market participants.

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

7. SEGMENT REPORTING (CONTINUED)

The Group's revenues, expenses and gross income for the financial year 2013 are shown below by the segments described:

2013	Trading services	Post-trading services	Registry services	FCI services	Group
Revenues from external clients	24,092	6,905	5,538	1	36,536
- Revenues from transactions with other segments (eliminated on consolidation)	*320*	*93*	*127*	*-*	*540*
Operating expenses	(17,135)	(7,502)	(6,925)	(917)	(32,479)
- out of which tangible and intangible asset impairment expenses	(681)	(174)	(142)	(6)	(1,003)
Operating profit	6,957	(597)	(1,387)	(916)	4,057
Financial income	2,803	1,127	718	-	4,648
Financial expenses	(182)	(24)	(20)	-	(226)
Net income from interest related to assets covering the guarantee and clearing funds and the margin	-	28	-	958	986
Net financial income	2,621	1,131	698	958	5,408
Pre-tax profit	9,578	534	(689)	42	9,465
Corporate income tax	(1,547)	(237)	(195)	-	(1,979)
Net profit	8,031	297	(884)	42	7,486

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

7. SEGMENT REPORTING (CONTINUED)

The Group's revenues, expenses and gross income for the financial year 2012 are shown below by the segments described:

2012	Trading services	Post-trading services	Registry services	FCI services	Group
Revenues from external clients	17,182	5,353	5,339	1	27,875
- Revenues from transactions with other segments (eliminated on consolidation)	*320*	*456*	*36*	*-*	*812*
Operating expenses	(11,899)	(6,918)	(6,126)	(705)	(25,648)
- out of which tangible and intangible asset impairment expense	(579)	(578)	(238)	(9)	(1,404)
Operating profit	5,283	(1,565)	(787)	(704)	2,227
Financial income	4,074	1,388	1,037	-	6,499
Financial expenses	-	-	-	-	-
Net income from interest related to assets covering the guarantee and clearing funds and the margin	-	43	-	1,063	1,106
Net financial income	4,074	1,431	1,037	1,063	7,605
Pre-tax profit	9,357	(134)	250	359	9,832
Corporate income tax	(1,415)	(29)	(30)	-	(1,474)
Net profit	7,942	(163)	220	359	8,358

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7. SEGMENT REPORTING (CONTINUED)

The Group's assets and payables and capital expense are presented below by the segments described:

	Trading services	Post-trading services	Registry services	FCI services	Group
31 December 2013					
Assets	77,868	32,768	20,804	18,856	150,296
Liabilities	6,243	11,443	7,636	16,450	41,772
Capital expenditure	1,027	81	61	1	1,170
31 December 2012					
Assets	73,594	31,336	21,961	17,871	144,762
Liabilities	3,498	10,440	7,111	(15,502)	36,551
Capital expenditure	490	171	163	1	825

8. OPERATING EXPENSES

The operating expenses comprise the following:

8.1 Staff costs and benefits of the Board of Governors include:

	2013	2012
Staff costs	12,454	10,605
Benefits of the members of the Board of Governors	1,818	1,041
Contributions and taxes related to personnel and benefits	3,432	3,335
Total	17,704	14,981

The number of the Group's employees, including part-time contracts, was as follows:

	2013 End-year	2013 Annual average	2012 End-year	2012 Annual average
Bursa de Valori Bucuresti SA	40	50	57	56
Depozitarul Central SA	56	63	70	70
Fondul de Compensare a Investitorilor SA	4	4	6	4
Casa de Compensare Bucuresti SA	8	5	8	4
Total number of employees	108	122	141	134

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8. OPERATING EXPENSES (CONTINUED)

8.2 Services provided by third parties include:

	2013	2012
Recruitment and business consultancy services	541	618
Financial, IT and internal audit services	303	293
Commissions fees (legal, contributions, etc.)	824	651
Other services provided by third parties	2,432	1,743
Total	4,100	3,305

8.3 Other operating expenses include:

	2013	2012
Rent and office utilities	2,156	2,307
Tangible asset amortisation (Note 11)	632	647
Intangible asset amortisation (Note 12)	371	756
Provision reversal – land (Note 11)	-	(1,019)
Costs related to non-deductible VAT, FSA (CNVM) fees and other taxes	1,739	1,487
Consumables	212	238
IT Maintenance, service and repairs	368	503
Assuring professional equipment, etc.	185	205
Protocol	235	198
Marketing and Advertising	935	498
Transport and trips	729	505
Telecommunications and mail services	444	543
Bank fees	151	222
Loss from non-paying customers	274	216
Expenses from provisions for disputes (Note 20)	1,517	18
Net expenses from adjustment of receivables (Note 15)	707	15
Other expenses	20	23
Total	10,675	7,362

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

9. FINANCIAL INCOME AND FINANCIAL COSTS

Financial income and expenses recognised in profit or loss include:

	2013	2012
Interest income from held-to-maturity financial assets	4,617	6,121
Dividend income	31	34
Net gain from exchange rate differences	-	344
Financial income	4,648	6,499
Expenses with amortization of government bonds premiums	(55)	-
Net loss from exchange rate differences	(171)	(-)
Financial expenses	(226)	-
Net income from interests related to assets covering the guarantee and clearing funds and the margin	986	1.106
Net financial income	5,408	7,605

Financial income and expenses recognised in other items of comprehensive income:

	2013	2012
Change in fair value of available-for-sale financial assets	222	76

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

10. CORPORATE INCOME TAX EXPENSE

Reconciliation between the pre-tax profit and the corporate income tax expense in profit or loss

	2013	2012
Pre-tax profit	9,465	9,832
Non-taxable and assimilated income (-)	2,822	4,118
Non-deductible and assimilated expenses (+)	4,058	1,435
Impact of EU IFRS adjustments and removal of tax loss impact (+)	2,037	527
Tax profit	12,738	7,676
Current Corporate income tax (tax profit *16 %)	2,038	1,228
Sponsorship deducted from corporate income tax	(64)	(44)
Current tax expense after deduction of sponsorship amounts	1,974	1,184
Deferred tax expense	5	290
Total corporate income tax expense	1,979	1,474

The impact of the EU IFRS adjustments was determined by the restatement of the statutory figures, as follows: the amount of the land adjustment included in the EU IFRS for 2012 and in the statutory figures in 2013, the impact of the deferred tax related to this restatement and to other adjustments.

At the end of 2013, the Bucharest Clearing House recorded a tax loss of 1,696 thousand RON. However, the management does not estimate a recovery of this loss over the next years.

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings *i)*	Plant and equipment	IT and office equipment and furniture) *ii)*	Assets in progress	Total
Cost					
Balance at 1 January 2013	2,526	284	12,190	-	15,000
Acquisitions	22	-	772	50	844
Revaluations	1,174	-	-	-	1,174
Disposals	-	-	(672)	(50)	(722)
Balance as of 31 December 2013	3,722	284	12,290	-	16,296
Depreciation					
Balance at 1 January 2013	43	250	10,454	-	10,747
Amortisation during the year	31	-	601	-	632
Disposals	-	-	(668)	-	(668)
Balance as of 31 December 2013	74	250	10,387	-	10,711
Net carrying amount					
Balance as of 1 January 2013	2,483	34	1,736	-	4,253
Balance as of 31 December 2013	3,648	34	1,903	-	5,585

i) In 2013, the land owned by BVB was revaluated on 30 June 2013 by an ANEVAR certified expert, resulting in an increase of its gross value by 1,174 thousand RON. The BVB management believes that the fair value on 31 December 2013 does not differ significantly from the fair value determined on 30 June 2013 based on the assessment report.

ii) The IT, office equipment and furniture-related costs include mainly the value of servers and specialised equipment used in specific activities of trading or settlement.

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings *i)*	Plant and equipment	IT, office equipment and furniture *ii)*	Assets in progress	Total
Cost					
Balance at 1 January 2012	2,507	398	11,811	620	15,336
Acquisitions	19	-	784	-	808
Disposals	-	(114)	(405)	(620)	(1,144)
Balance as of 31 December 2012	2,526	284	12,190	-	15,000
Depreciation					
Balance at 1 January 2012	2,183	317	10,238	-	12,738
Amortisation during the year	31	-	616	-	647
Disposals	(2,171)	(67)	(400)	-	(2,639)
Balance as of 31 December 2012	43	250	10,454	-	10,747
Net carrying amount					
Balance as of 1 January 2012	324	81	1,573	620	2,598
Balance as of 31 December 2012	2,483	34	1,260	-	4,253

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

12. INTANGIBLE ASSETS

	Goodwill *i)*	Licenses, software *ii)*	Total
Cost			
Balance at 1 January 2013	162	12,084	12,246
Acquisitions	-	326	326
Disposals	-	(70)	(70)
Balance at 31 December 2013	162	12,340	12,502
Depreciation			
Balance at 1 January 2013	135	11,882	12,017
Amortisation during the year	-	371	371
Disposals	-	(70)	(70)
Balance at 31 December 2013	135	12,183	12,318
Net carrying amount			
Balance at 1 January 2013	27	202	229
Balance at 31 December 2013	27	157	184

(i) On 31 December 2013, the outstanding goodwill, amounting to 27 thousand RON resulted from the acquisition of 57% of the Investors Compensation Fund in 2006. The Investors Compensation Fund recorded profit between 2008 and 2011. The Group considers that goodwill resulting from the subscription for shares of the Investors Compensation Fund was not subject to any impairment.

The goodwill resulting from the capital contribution to the Bucharest Clearing House ("CCB") in 2007, amounting to 135 thousand RON, has been fully impaired before 1 January 2009, in the context of losses recorded by CCB, which led to an increase in the net assets compared to the time of setting-up the goodwill.

(ii) The software and license-related costs include mainly the value of trading, clearing and settlement and registry systems used by the Group's companies during their specific activities.

As of 31 December 2013, the Group owns the ARENA operational system, which is fully amortized, and has a gross value of 3,288 thousand RON.

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

12. INTANGIBLE ASSETS (CONTINUED)

	Goodwill *i)*	Licenses, software *ii)*	Total
Cost			
Balance at 1 January 2012	162	11,609	11,771
Acquisitions	-	493	493
Disposals	-	18	18
Balance as of 31 December 2012	162	12,084	12,246
Depreciation			
Balance as of 1 January 2012	135	11,141	11,276
Amortisation during the year	-	756	756
Disposals	-	16	16
Balance as of 31 December 2012	135	11,882	12,017
Net carrying amount			
Balance as of 1 January 2012	27	468	495
Balance as of 31 December 2012	27	202	229

13. DEFERRED TAX

Deferred tax receivables and liabilities are attributable to the following items:

	31 December 2013	31 December 2012
Held-to-maturity financial assets	13	55
Tangible assets	-	(184)
Trade and other receivables	8	14
Receivables/(Liabilities) on deferred tax	21	(115)

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13. DEFERRED TAX (CONTINUED)

Variation in temporary differences during the year:

	Tangible assets	Trade and other receivables	Available-for-sale financial assets	Investments in associates	Total
Balance as of 1 January 2013	(184)	14	55	-	(115)
Recognized in profit or loss	-	(6)	-	-	(6)
Recognised in other items of comprehensive income	184	-	(42)	-	142
Balance as of 31 December 2013	-	8	13	-	21

	Tangible assets	Trade and other receivables	Available-for-sale financial assets	Investments in associates	Total
Balance as of 1 January 2012	24	11	69	292	396
Recognized in profit or loss	-	3	-	(292)	(289)
Recognised in other items of comprehensive income	(208)	-	(14)	-	(222)
Balance as of 31 December 2012	(184)	14	55	-	(115)

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

14. FINANCIAL INSTRUMENTS

The Group's financial instruments are the following:

	31 December 2013	31 December 2013
Financial assets with residual maturity longer than one year *i)*	40,604	4,220
Financial assets with residual maturity longer than one year to cover the guarantee and clearing funds and the margin *ii)*	6,189	-
Available-for-sale financial assets *iii)*	1,358	1,124
Total fixed assets	48,151	5,344
Bank deposits with maturity between 3 months and one year *iv)*	34,829	52,333
Bank deposits with maturity from 3 months to one year covering the guarantee and clearing funds and margin *v)*	4,463	5,863
Held-to-maturity financial assets *vi)*	8,609	24,756
Held-to-maturity financial assets covering the guarantee and clearing funds and the margin *vii)*	14,678	20,624
Total current assets	62,579	103,576

i) The held-to-maturity financial assets are bonds issued by the Romanian government in RON, acquired at yields between 3.00% and 6.25%, and bonds denominated in USD, at a yield of 4.55%.

ii) The held-to-maturity financial assets which cover the guarantee and clearing fund and the margin are bonds issued by the Romanian government, with maturities between 2015 and 2023, and a coupon rate between 4.75% and 6.75%.

iii) The available-for-sale financial assets are shares at foreign stock exchanges, listed on international markets and shares held in the Sibiu Clearing House and Chisinau Stock Exchange. Listed shares are measured at closing price on the stock exchanges listed on the last trading day before the balance sheet date.

iv) Term deposits with Romanian with maturity from 3 months to one year are made in RON with Romanian banks, at interest rates between 2.3% and 5.75% depending on period, for deposits in RON, between 2% and 3% for deposits in EUR and between 2.5 % and 3% for deposits in USD.

v) Term deposits in RON with banks in Romania have initial maturities ranging from 3 months and one year, covering the guarantee and clearing funds and the, made in RON with Romanian banks, at interest rates from 2.75 % to 5.75% (2012: 4.25% and 6.00%).

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14. FINANCIAL INSTRUMENTS (CONTINUED)

vi) Held-to-maturity financial assets are treasury bills and bonds issued by the Romanian government in RON, with a residual maturity of maximum 1 year, acquired at yields from 2.50 % to 4.2 %.

vii) Held-to-maturity financial assets with maturity less than 1 year covering the guarantee and compensation funds and the margin are treasury bills with discount issued by the Ministry of Finance with maturity in 2013 and yields from 3.5% and 6.21% and bonds issued by the Ministry of Finance, held for short-term with maturity in 2014 and a coupon rate from 2.50% to 6.25%.

The acquisitions and redemptions of government bonds for all the above mentioned financial assets are presented below:

	Government bonds with a maturity over one year	Government bonds with maturity over one year to cover the guarantee and clearing funds and the margin	Government bonds less than one year	Government securities with maturity less than one year to cover the guarantee and clearing funds and the margin
1 January 2013	4,220	-	24,756	20,541
Acquisitions	36,384	6,189	24,510	23,933
Redemptions	-	-	40,657	29,796
31 December 2013	40,604	6,189	8,609	14,678

Variation in available-for-sale financial instruments is shown below:

	Available-for-sale financial assets
1 January 2013	1,124
Acquisitions	-
Increase / decrease in value after re-measurement (before deferred tax)	264
Sales	(30)
31 December 2013	1,358

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15. TRADE AND OTHER RECEIVABLES

The Group's trade and other receivables comprise the following:

	31 December 2013	31 December 2012
Trade receivables – gross value *i)*	5,676	3,634
Adjustment for trade receivables impairment *ii)*	(1,842)	(1,134)
Debit balance from trading – FSA tax	1,766	501
Undue VAT	68	32
Other receivables	491	189
Total	6,159	3,222

Financial receivables taken into account in the calculations of Note 5 are made of 4,161 thousand RON at 31 December 2013 and 2,495 thousand RON at 31 December 2012.

i) Trade receivables are mostly receivables from investment service companies whose services provided during the last month of the financial year have been invoiced, and receivables for services invoiced to issuers listed and to other clients: maintenance fee for trading system, use fee for additional terminal, online sale of information, charges for providing license indices, fee for data dissemination and others.

The adjustment to receivable impairment is divided as follows:

	31 December 2013	31 December 2012
Adjustment for receivable impairment – individual component	1,793	1,056
Adjustment for receivable impairment – collective component	49	78
Total	1,842	1,134

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15. TRADE AND OTHER RECEIVABLES (CONTINUED)

Adjustment variation for the receivables impairment during the year was as follows:

	2013	2012
Adjustment for impairment – individual component		
Balance at 1 January	1,057	1,050
Impairment losses	1,045	309
Impairment reversal	(309)	(302)
Balance at 31 December	1,793	1,057
Adjustment for impairment – collective component		
Balance at 1 January	78	68
Impairment losses	-	9
Impairment reversal	(29)	-
Balance at 31 December	49	77
Total	1,842	1,134

16. PREPAID EXPENSES

Prepaid expenses amounting to 363 thousand RON (31 December 2012: 195 thousand RON) mainly represent, prepaid rent, equipment and IT equipment maintenance-related insurance premiums, liability insurance premiums for managers and various subscriptions.

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17. CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents comprise the following:

	31 December 2013	31 December 2012
Deposits with banks with original maturity less than 3 months	14,093	24,405
Current accounts with banks	13,096	2,765
Cash	33	41
Total	27,222	27,211

On 31 December 2013, the Central Depository holds on behalf of customers amounts to be distributed to its shareholders as dividends in the amount of RON 8,144 thousand RON (31 December 2012: 5,898 thousand RON). These amounts were not included in the cash and cash equivalents item of the cash flow statement.

18. TRADE AND OTHER PAYABLES

The Group's trade and other payables comprise the following:

	31 December 2013	31 December 2012
Trade payables *i)*	928	631
Credit balance of BVB trading – FSA tax	1,915	675
Salary contributions due	291	397
Taxes due	119	184
VAT payable	74	12
Dividends payable to the Company's shareholders	584	691
Dividends to be distributed to the Central Depository	8,144	5,898
Prepayments received from customers	255	287
Guarantees received	27	27
Other payables related to management and staff *iii)*	925	-
Estimates for leave days not taken and for compensation of Board of Governors members *ii)*	685	557
Other payables	1,232	1,713
Total	15,179	11,072

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18. TRADE AND OTHER PAYABLES (CONTINUED)

Financial receivables taken into account in the calculations of exposures in Note 5 are made of 1,037 thousand RON at 31 December 2013 and 722 thousand RON at 31 December 2012.

i) The trade payables consist mainly in obligations to internal suppliers, some of them with a maturity less than 30 days, paid in early 2014.

ii) In 2013, the estimates for leave days not taken and for the compensation of the Board members include the estimated amounts of provisions related to leaves not taken, and the amounts consisting in compensation for the BVB Board members.

iii) Other payables to the management and staff consist in amounts related to performance bonuses granted to the BVB management and staff for 2013, and paid in 2014.

19. PREPAID REVENUES

Prepaid revenues consists in:

	31 December 2013	31 December 2012
Revenues from registry activities	143	153
Revenues from maintenance to trading	662	692
Total	805	845

20. PROVISIONS

Provisions include:

	31 December 2013	31 December 2012
Provisions for litigations	1,839	322

Provision variations during the financial years 2013 and 2012 are as follows:

	2013	2012
Provisions on 1 January	322	305
Provisioning during the year	1,517	17
Provisions on 31 December	1,839	322

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20. PROVISIONS (CONTINUED)

Provision for litigation – Pitesti Court

In 2007, 295 people have been defrauded by a criminal group made of 22 people, 5 of them being employees of the Depozitarul Central SA. The victims were holders of shares registered with the Central Depository, and the criminal group defrauded them by unlawful trading of their shares.

The legal proceedings in this case began in 2009, under file no. 2320/109/2009 pending before the Pitesti Tribunal – The Criminal Department. By criminal sentence no. 35/27.01.2011, the Court ordered Depozitarul Central SA and the defendants to jointly pay 1,817,742 RON in damages to all the civil parties in this case.

Twenty two defendants have been convicted in this case, 5 of them being employees of the Depozitarul Central SA. The total loss inflicted by the 5 former employees of the Central Depository was 304,880 RON. Depozitarul Central SA filed an appeal against the criminal sentence, which suspended any actions against the Central Depository for the recovery of the said amounts.

The final and irrevocable decision was given on 1 November 2013 by the Court of Appeal Pitesti. The Court rejected the appeal filed by the Central Depository and ordered it to pay, jointly with the defendants, the amount of 1,765,742.24 RON representing damages for the civil parties of the case and the amount of 73,400 RON in court fees.

On 31 December 2013, the Group set-up a provision of 1,516,762 RON following the above-mentioned court decision. The 322,380 RON amount was recorded as a provision on 31 December 2012, pending the payment of the amount ordered by the Court.

21. GUARANTEE AND CLEARING FUNDS AND MARGIN

The guarantee and clearing funds and margin comprise:

	31 December 2013	31 December 2012
Guarantee fund for transactions with derivative financial instruments	1,286	1,444
Margin for transactions in derivatives	603	1,913
Guarantee fund for transactions in securities	3,546	4,014
Margin for transactions in securities	1,087	1,300
Investors compensation fund	16,423	15,500
Total	22,945	24,171

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22. CAPITAL AND RESERVES

(a) Share capital

On 31 December 2013 and 2012, BVB had the same share capital amounting to 76,741,980 RON, divided into 7,674,198 shares with a nominal value of 10 RON/share, dematerialized, with the same voting rights, divided into the following categories:

	31 December 2013	31 December 2012
Ordinary shares (number)	7,674,198	7,674,198

Shareholding structure on 31 December 2013	Share number	% in share capital
Legal entities, of which:	6,271,748	81.7251
- Romanian	5,278,580	68.7834
- foreign	993,168	12.9417
Individuals, of which:	1,402,450	18.2749
- Romanian	1,336,366	17.4138
- foreign	66,084	0.8611
Total	7,674,198	100

In accordance with the provisions of article 129 paragraph 1 of Law 297/2004 on the capital market, any shareholder of a market operator shall not be able to hold, directly or indirectly, more than 5% of the total voting rights. Also, according to the BVB Articles of Incorporation, the subscription, acquiring and holding the Company's shares will be subject to the condition that no shareholder should own directly or indirectly more than 5% of total voting rights. Accordingly, on 31 December 2012, no shareholder of BVB was a significant shareholder. BVB also does not hold shares in their own name.

By the Decision No. 632/18.05.2010 issued by CNVM the prospectus drawn up with a view to admission to trading on the regulated market operated by BVB of its own shares was approved. On 8 June 2010 the first transactions in shares issued by BVB took place. The closing price for the last trading session of 2012 was of 20 RON/share.

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22. CAPITAL AND RESERVES (CONTINUED)

(b) Dividends

BVB's Board of Governors submitted to the approval of the General Meeting of Shareholders a distribution proposal for 2013 statutory net profit of the company amounting to 9,484 thousand RON, as follows: the amount of 446 thousand RON for the legal reserve, and the rest as gross dividends. Thus, the amount approved by the General Shareholders' Meeting of 25/04/2014 for distribution in 2014 as gross dividends for 2013 was 9,038 thousand RON. The amount of the dividend for 2013 is 1.1777 RON gross per share.

Of the profits for 2012, Depozitarul Central SA has distributed in 2012 dividends amounting to 355 thousand RON, and the Company will not distribute dividends from the 2013 net profit.

(c) Legal reserve

According to legal requirements, the Group constitutes legal reserves in the amount of 5% of the profits registered according to RCR up to a level of 20% of the share capital. Legal reserves are not distributable to shareholders.

Legal reserves may be used to cover losses on operating activities.

(d) Fair value reserve

This reserve includes the cumulative net change in fair values of available-for-sale financial assets from their classification into this category until the date they have been derecognised or impaired.
Movements in other reserves are as follows:

Reserve for available-for-sale assets	**2013**	**2012**
Balance at 1 January	(289)	(365)
Reserve of available-for-sale financial assets - set up during the year (Note 14)	264	90
Reserve of available-for-sale financial assets - impact deferred tax (Note 13)	(42)	(14)
Balance at 31 December	(67)	(289)

22. CAPITAL AND RESERVES (CONTINUED)

(e) Revaluation reserves

The reserves resulting from the re-measurement of intangible assets of the Depozitarul Central SA and of the land owned by BVB.

23. EARNINGS PER SHARE

The calculation of basic earnings per share on 31 December 2013 is based on the profit attributable to parent company's ordinary shareholders amounting to 7,829 thousand RON (2012: 8,195 thousand RON) and the weighted average number of ordinary shares outstanding of 7,674,198 (2012: 7,674,198).

24. TRANSACTIONS WITH ASSOCIATES

Management key personnel
31 December 2013

The Company was managed by the Board of Governors validated by CNVM from 1 February 2012, made up of the following members:

- Mr. Anghel Lucian Claudiu — President
- Mr. Lupsan Pompei — Vice-president
- Mr. Paul Dan-Viorel — Vice-president
- Mr. Pana Robert — Secretary General
- Mr. Valerian Ionescu — Member
- Mr. Matjaz Schroll — Member
- Mrs. Narcisa Oprea — Member
- Mr. Stere Constantin Farmache — Member
- Mr. Octavian Molnar — Member

The executive management was ensured by:

- Mr. Ludwik Sobolewski — General Manager – since 21 August 2013
- Mr. Victor Cionga — General Manager between 7 September 2012 – 31 May 2013
- Mr. Alin Barbu — Deputy General Manager - authorized and having the same powers and responsibilities as the General Manager, from 1 June to 20 August 2013
- Mrs. Anca Dumitru — Deputy General Manager
- Mr. Virgil Stroia — Manager
- Mr. Calin Macedon — Manager
- Mrs. Ileana Botez — Manager

24. TRANSACTIONS WITH ASSOCIATES (CONTINUED)

Throughout the year 2013, the salaries paid to the key management personnel of BVB amounted to 1,981 thousand RON (2012: 1,254 thousand RON). In 2013, the costs related to the compensations for members of the Board of Governors and members of the Special Committees were 568 thousand RON (2012: 1,060 thousand RON). The Company has not granted loans, prepayments or guarantees to members of Board of Governors and to Executive Directors of BVB.

25. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Litigations

The Group is subject to a number of court actions arising during the ordinary performance of its activities. The Group's management believes that in addition to the amounts already recorded in these consolidated financial statements as provisions for disputes or adjustments for asset impairment and described in the notes to these consolidated financial statements and other court actions shall not have significant negative effects on the Group's economic performance and financial position.

(b) Off-balance sheet commitments

In 2013, the Financial Supervisory Authority („FSA") suspended the authorizations of Harinvest SA and Eurosavam SA, capital market brokers and members of the FCI-administered Fund.

According to the regulation, the Fund must compensate investors when the FSA (the successor of the CNVM) or a court of law officially ascertain the payment default and declare the insolvency of a Fund member. To initiate the compensation procedure, the Fund needs to receive, from any stakeholder, the final court decision in the insolvency case of the respective member. Further, the Fund and the liquidator/insolvency administrator agree on a minimum 5 month period from the reference date (Court decision date) for the submission of compensation requests by the defrauded investors.

On 31 December 2013 and until the date of these financial statements, no formal request for the insolvency of Harinvest SA and Eurosavam SA and no compensation request under the current compensation procedure have been submitted. For this reason, the Group management considers that the setting up of a new provision in these financial statements on 31 December 2013 is not required.

26. REAUTHORIZATION OF THE CCB AS CENTRAL COUNTERPARTY

The European Commission has developed and adopted, after going through all the stages and deadlines stipulated by the applicable regulations, the Regulation on OTC derivatives, central counterparties ("CCP") and trade repositories (EMIR Regulation). EMIR Regulation [(EU) Regulation no. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, a text with EEA relevance] was approved by the European Parliament and the Council of Europe.

To implement the provisions contained in this Regulation, ESMA (European Securities and Markets Authority) and EBA (European Banking Authority) were appointed to develop specific technical standards which were published in the Official Journal of the European Union on 23 February 2013. The entry into force of the technical standards triggers the obligation of re-authorization of the existing central counterparties, within six months, in accordance with the requirements of EMIR Regulation. The application for renewal of the CCB authorization must be made within 6 months from 15 March 2013 - the date of entry into force of the technical standards issued in implementation of EMIR Regulation, deadline on 15 September 2013.

The new CCP applicable requirements, established by EMIR Regulation, are accompanied by provisions of regulations issued in its application and are addressed to any entity that provides central counterparty services in the European Union, even if they were previously authorized under national laws. EMIR Regulation stipulates that until a decision is made on the re-authorization of an applicant central counterparty (regulations stipulate a period of six months for issuing the authorization, under EMIR), the national rules on operation and supervision issued by the competent authority of the respective state will continue to apply. This provision ensures the continuity of clearing services and central counterparty provided by CCB after 15 September 2013. For this, the CCB, which holds the functioning authorization issued by CNVM in 14 August 2007, under the Capital Market Law no. 297/2004 and CNVM Regulation no. 13/2005 on the authorization and functioning of the central depository, clearing houses and central counterparties, should meet EMIR requirements by 15 September 2013 and apply for re-authorization under EMIR.

Considering that the share capital requirements (the RON equivalent of at least 7,500,000 EUR) and the other EMIR Regulation requirements have not been met until 15 September 2013, CCB submitted the re-authorization file with the FSA, as provided under the EMIR regulation package (EU) (in September 2013). FSA notified the deadline for the compliance by the CCB with the requirements and conditions under the EMIR Regulation in the FSA Regulation no. 2/2014 and in the FSA notification of 13 November 2013, namely 13 May 2014.

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

26. REAUTHORIZATION OF THE CCB AS CENTRAL COUNTERPARTY (CONTINUED)

By FSA Decision no. 41/23.05.2014 on the extension of the deadline under art. 4 (6) of the FSA Regulation no. 3/2013 on the authorization and operation of central counterparties, issued in accordance with Regulation (UE) no. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, approved by Decision of the FSA Council no. 28/2013, as amended, the deadline for the authorization of the CCB as central counterparty is extended until 30 September 2014.

The share capital of CCB is 6,835,850 RON on 31 December 2013 (equivalent of 1,522,902 EUR), and the shareholding structure on this date is the following:

Shareholder category	Shareholder number	Total shares	% ownership
Bucharest Stock Exchange	1	358,937	52.50%
Financial investment companies	36	122,447	17.91%
Credit companies	20	97,880	14.31%
Brokers' Association	1	14,274	2.08%
SIBEX – Sibiu Stock Exchange SA	1	135	0.01%
Other legal entities	118	89,912	13.15%
Total	177	683,585	100.00%

The authorization of the CCB as central counterparty requires the increase of its share capital with the equivalent of at least 7,500,000 EUR. This objective is not feasible without the involvement of BVB, both as majority shareholder of CCB and as market operator for which CCB provides specific services. The Bucharest Stock Exchange, the majority shareholder of the company, earmarked an investment in amount of 500,000 EUR in its revenue and expense budget for 2014, as approved by the Ordinary General Shareholders' Meeting of 25 April 2014, for increasing the share capital of the CCB. The BVB, together with the CCB, will make all efforts to obtain its re-authorization as a central counterparty in accordance with EMIR by 30 September 2014. The CCB and BVB are currently negotiating with potential contributors to the increase of the CCB share capital. As of the date of these financial statements, it cannot be reliably assessed whether the increase of the CCB share capital can be achieved by 30 September 2014 in order to secure the authorization of the CCB as a central counterparty.

27. EVENTS AFTER THE BALANCE SHEET DATE

The FSA Decision no. 41/23.05.2014 extends the deadline for the authorization of the CCB as central counterparty by 30 September 2014.

The General Shareholders' Meeting of 25 April 2014 approved the payment of gross dividends to the BVB shareholders in amount of 9,038 thousand RON (gross dividend of 1.1777 RON per share).

There were no subsequent events to the balance sheet date that, by not being included, might affect the users' capacity to make assessment or to take proper decisions.