



QUARTERLY REPORT

as of 31 March 2016

 BUCHAREST
STOCK
EXCHANGE

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Notes

The report herein presents the interim condensed consolidated financial statements of the Bucharest Stock Exchange, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and in compliance with the rules and regulations of the Financial Supervisory Authority (FSA) which determined the change in accounting policies and use of IFRS reporting starting with 31 December 2015. The financial results as of 31 March 2016 are not audited.

The financial figures presented in the executive management commentary which are expressed in million RON are rounded off to the nearest integer and may result in small reconciliation differences.

Entities included in the consolidation process: Bucharest Stock Exchange, Central Depository, Bucharest Clearing House, Investors Compensation Fund.

Disclaimer

This English language report is a convenience translation of the Romanian language "*Raport trimestrial la 31 martie 2016*". The Romanian version of the report is the official document.

Executive summary

RON 2 bn

Total trading value
(first 3 months of 2016, all markets, offers included)

BVB continued to promote the capital market to the population through projects and events already present in the range of measures dedicated to retail investors. Thus, the *Fluent in Finance* project was added a third component, addressed to universities, the Retail Investors Forum reached the 3rd edition and the presence of investors clubs was enhanced with new ones added on the country map in large cities. Financial culture remains one of BVB's priorities, indispensable for the long-term development of the local market, and in the following period new events and actions will be organized aiming at attracting new investors.

EUR 16.2 bn

Domestic market cap
(end-Mar, regulated shares market)

The Bucharest Stock Exchange (BVB) ended the first quarter of 2016 with a consolidated operating profit of RON 0.36 mn, on the back of lower trading values as a reaction to an unfavorable international context that sent uncertainty vibes on financial markets throughout the globe.

RON 6.5 mn

Operating revenues of BVB Group in 1Q
(as per consolidated IFRS reporting)

The trading activity retracted during the analyzed period and the total value of trades executed on all BVB's markets reached RON 2 bn, 12% below the similar period of the previous year. The activity of the Central Depository declined on the registry segment, mainly following the reduction in the number of companies that have their registries managed by the Depository, following the closure of RASDAQ market.

BVB Group's operating revenues registered an 11% y-o-y decline during the first three months of the year, to RON 6.49 mn. The revenues generated by BVB, representing the trading segment of the Group, were RON 3.64 mn (excluding intra-group transactions), down by 11% y-o-y. The revenues' decrease was also determined by the weakening of the revenues from the registry segment, which declined from RON 1.12 mn to RON 0.76 mn. Revenues from the post-trading segment remained unchanged compared to the year-ago period at RON 1.97 mn.

Operating expenses cumulated RON 6.13 mn, down by 9% compared to the first quarter of 2015, as variable expenses were reduced. The operating profit of BVB Group was RON 0.36 mn, down from RON 0.57 mn in the first quarter of 2015, given the lower trading activity.

Net financial expenses of RON 0.25 mn, mainly representing unrealized unfavorable foreign exchange differences resulted from the revaluation of financial instruments denominated in foreign currencies of RON 0.88 mn, versus RON 1.14 mn in favorable differences in the year-ago period, have further reduced the Group's profitability.

As a consequence, the net consolidated profit registered in the first quarter was RON 0.04 mn.

Financial and operating highlights

Financial performance, consolidated (RON mn, unless otherwise stated)

| | 1Q 2016 | 1Q 2015* | Change (%) |
|--|---------|----------|------------|
| Operating revenue | 6.49 | 7.31 | -11% |
| Operating expenses | 6.13 | 6.75 | -9% |
| Operating profit | 0.36 | 0.57 | -37% |
| Net financial revenue/(expenses) | (0.25) | 1.80 | n/a |
| Profit before tax | 0.10 | 2.36 | -96% |
| Profit for the period | 0.04 | 1.95 | -98% |
| Total comprehensive income | (0.16) | 1.98 | n/a |
| EPS attributable to owners (RON/share) | 0.0115 | 0.2424 | -95% |

* The financial results for first quarter of 2015 represent restated figures in accordance with IFRS and are not audited

Profitability ratios (%)

| | 1Q 2016 | 1Q 2015* | Change (%) |
|------------------|---------|----------|------------|
| Operating margin | 6% | 8% | - |
| Net margin | 1% | 27% | - |
| Return on equity | 0% | 2% | - |

* Indicators based on consolidated financial results. The ratios for first quarter of 2015 are based on restated figures in accordance with IFRS

Operating highlights, trading segment (RON mn, all markets)

| | 1Q 2016 | 1Q 2015 | Change (%) |
|---|--------------|--------------|-------------|
| Trading value – shares, rights, units* | 1,798 | 2,110 | -15% |
| Trading value – certificates | 136 | 100 | 36% |
| Trading value – fixed-income* | 126 | 121 | 4% |
| Total | 2,060 | 2,331 | -12% |
| Avg. daily value (shares, incl. offers)** | 26.9 | 33.5 | -19% |
| Avg. daily value (shares, excl. offers)** | 26.6 | 33.4 | -20% |

* Including offers **Value for the Regulated market

Operating indicators, post-trading and registry segments

| | 1Q 2016 | 1Q 2015 | Change (%) |
|--|---------|---------|------------|
| No. companies with whom the Depository has a registry contract | 879 | 1,365 | -36% |
| No. procedures resulted from issuers' corporate events | 77 | 41 | 88% |
| Value of trades settled on net basis (RON bn) | 4.38 | 5.44 | -19% |
| Value of trades settled on gross basis (RON bn) | 0.51 | 0.64 | -20% |

Share statistics for BVB as parent company (RON, unless otherwise stated)

| | 1Q 2016 | 1Q 2015 | Change (%) |
|--------------------------------|---------|---------|------------|
| Closing price (e-o-p) | 26.90 | 36.58 | -26% |
| Weighted average price | 26.17 | 38.28 | -32% |
| High (intraday) | 28.00 | 40.50 | -31% |
| Low (intraday) | 25.10 | 33.66 | -25% |
| Total trading value (RON mn) | 4.41 | 35.59 | -88% |
| Average trading value (RON mn) | 0.07 | 0.57 | -88% |

Analysis of the consolidated results for the first quarter of 2016

Macroeconomic background and financial markets overview in the first quarter of 2016. During the first part of the analyzed period, new episodes of heightened volatility occurred, on the back of worries that the global economy could decelerate, issues weighing on China's economy and further declines of the oil prices. Wall Street thus went through the weakest start of a year in its history.

In mid-February, the trend reversed, supported by signals transmitted by the Federal Reserve with regard to the future policy rate increases, by the additional stimulus implemented by the European Central Bank (ECB) within its QE programme and by the oil price recovery. As regards macroeconomics, in the US the economy indicators improved, while in the Euro Zone the GDP growth rate remained subdued and inflation stayed well below the target. In addition, Europe was also confronted with security concerns following the terrorist attacks in Brussels in March.

MSCI Emerging Markets (EM) index ended the quarter with a 5.4% advance in USD terms, recovering the lost ground after a 13% hike in March. US indices reached levels close to those registered at the beginning of the year, while European markets remained in the red.

As regard the local economy, Romania's GDP continued its expansion, with a real y-o-y 3.8% advance in 2015, the best dynamics since 2008, supported by internal demand (private and public consumption) and investments reinforced by low financing rates. Inflation remained low and registered the most significant decline after 1989 in March, i.e. -2.98% as compared to March 2015.

The local capital market remained connected to international markets during the first month of the year and marked a 10.5% decline. Subsequently, the main market index BET got back on the upward trend, with good performances in February (+1.9%) and March (+5.5%) but insufficient to end the quarter with a gain.

Review of the consolidated financial results the first quarter of 2016. Operating revenues of BVB Group reached RON 6.49 mn during the reporting period, lower by 11% y-o-y, mainly on reduced trading activity which consequently led to a decline in trading fees registered by BVB, but also on lower revenues from registry operations performed by the Central Depository.

The stock market trading activity at BVB was less intense during the first quarter of the year, with a decline of 15% in y-o-y terms, down to RON 1.80 bn (including offers). As compared to the previous quarter, when the accelerated book building operations for Romgaz and Banca Transilvania took place, the decline was 33%. For the regulated market alone, the average daily turnover for the quarter was RON 26.6 mn (excluding offers). The most significant deal in the offers market was the public takeover bid for the shares of Banca Comerciala Carpatica, amounting to RON 21.7 mn.

The fixed-income market (bonds and government securities) registered a 4.4% increase compared to the year-ago period, to RON 126 mn. Compared to the previous quarter, when International Investment Bank bonds were sold, a 54% decline was recorded.

The structured products market climbed to RON 136 mn, up 36% y-o-y and 61% q-o-q compared to the fourth quarter of 2015.

The main operating indicators for the trading activity registered by BVB during the reporting period, compared to the year-ago period, are presented below:

| Trading value (RON mn) | 1Q 2016 | 1Q 2015 | Change (%) |
|--------------------------|--------------|--------------|-------------|
| Shares, rights, units | 1,798 | 2,110 | -15% |
| Certificates | 136 | 100 | 36% |
| Fixed-income instruments | 126 | 121 | 4% |
| Total | 2,060 | 2,331 | -12% |

Note: Figures refer to all markets and include offers

Revenues from registry operations performed by the Central Depository are heterogeneous in nature, and changes are not generally that significant to indicate the trend for these revenues. During the first quarter of 2016, the decline was mainly determined by the lower number of companies with whom the Depository had registry contracts, and consequently lower maintenance fees paid by these companies. In addition, revenues from services offered to owners of financial instruments declined compared to the first quarter of 2015 when transfers of holdings in the State portfolio were operated, from one ministry to another.

As regards the post-trading activities of the Central Depository, related revenues remained relatively unchanged, as additional revenues from admission and maintenance fees paid by participants to the clearing and settlements system and custodians compensated the decline in revenues directly related to the trading activity, i.e. local settlement revenues.

The table below presents the main operating indicators registered by the Central Depository during the reporting period as compared to the year-ago period:

| Indicator | 1Q 2016 | 1Q 2015 | Change (%) |
|--|---------|---------|------------|
| Registry activity | | | |
| No. companies with whom the Depository has a registry contract: | 879 | 1,365 | -36% |
| - listed companies | 398 | 933 | -57% |
| - closed companies | 481 | 432 | 11% |
| No. procedures resulted from issuers' corporate events, of which: | 77 | 41 | 88% |
| - share capital changes | 18 | 15 | 20% |
| - dividend payments | 59 | 26 | 127% |
| Settlement activity | | | |
| a) Admission and maintenance | | | |
| No. of intermediaries / participants to the clearing & settlement system | 38 | 38 | 0% |
| No. of custodians | 11 | 11 | 0% |
| Average monthly portfolio managed by custodians (RON bn) | 32.17 | 31.88 | 1% |
| No. of clearing participants paying maintenance fees | 3 | 4 | -25% |
| b) Local settlement | | | |
| Value of trades settled on net basis (RON bn)* | 4.38 | 5.44 | -19% |
| Value of trades settled on gross basis (RON bn)** | 0.51 | 0.64 | -20% |

** Trades executed at BVB as well as allocation transactions. Value presented on a single-counted basis

*** Trades executed outside trading systems and deal-type trades executed at BVB and settled on gross basis. Value presented on a single-counted basis

As in 2015, the Bucharest Clearing House has not performed any compensation activities related to trades with derivative financial instruments executed at BVB, taking into consideration that BVB no longer holds a license for the derivatives regulated market.

The revenues of the Investors Compensation Fund are represented by interest revenues for the Fund's investments reclassified as operating, i.e. the revenues to be used to cover operating expenses of FCI or to increase the Fund's resources. They have a relatively low weight in overall operating revenues of BVB Group and only cover the Fund's expenses, without influencing the Group's profitability.

As regards the **operating expenses**, they reached RON 6.13 mn for BVB Group, down 9% compared to the year-ago period. Personnel expenses increased by 8% versus the first three months of 2015, following the higher number of employees of the Group, personnel turnover, changes in capitalized costs for in-house developed intangible assets and the appointment of the remaining members in the Board of Directors of the Central Depository. The increase was countered by declines in third-party services costs, mainly of BVB's promotion expenses, and in other operating expenses, mainly travel expenses and fees owed to the regulator. Depreciation expenses continued to grow following investments that resulted in additional tangible and intangible assets.

The **operating profit** of BVB Group was RON 0.36 mn for the quarter, down 37% following the more severe decline in operating revenues as compared to expenses, given the lower volume and value of services offered by BVB Group

The **net financial result** had a negative contribution to BVB Group's result. Financial revenues of RON 0.84 mn were mainly represented by interest for the group entities' investments in government securities and bank deposits. Financial expenses cumulated RON 1.1 mn, of which almost 90% were unrealized unfavorable foreign exchange losses related to the investments in foreign currencies, following the appreciation of the RON vs. the US dollar and EUR. In the year-ago period, unrealized foreign exchange gains of RON 1.14 mn were registered. Thus, a net financial loss of RON 0.25 mn was registered, as compared to a profit of RON 1.80 mn during the first three months of 2015.

The **net profit for the period** was RON 0.04 mn, while the profit attributable to the shareholders of the parent company was RON 0.09 mn. The comprehensive result for the quarter, which also includes the adjustments from the revaluation of available-for-sale financial assets, not recognized in profit and loss, was a RON 0.16 mn loss.

Review of the consolidated financial position as of end-March 2016. At the end of March 2016, **total assets** of BVB Group were RON 173.60 mn, down by 3% compared to the beginning of the year, mainly due to lower current assets. In more detail, **non-current assets** declined by 1% or RON 1.08 mn since the beginning of the year, while **current assets** declined to RON 93.41 mn, following the payment of dividends operated by the Central Depository to the shareholders of listed companies, also clients of the Depository. This amount of RON 38.18 mn at the end of the quarter is included in cash and cash equivalents in the financial position, but is excluded from this category in the statement of cash flows.

All the Group's **payables** are short-term and at the end of March 2016 they amounted to RON 64.45 mn. Approximately 60% of this amount is represented by dividends to be paid by the Central Depository on behalf of its clients, while 30% is represented by the guarantee funds and margin. The decline of the liabilities since the beginning of the year was determined by the payments of dividends made by the Depository, and by the payment made by the Investors Compensation Fund to investors in Harinvest case, in amount of RON 1.26 mn, following the final decision of Valcea Court.

The rest of the liabilities include dividends payable to BVB's shareholders', trade payables to various suppliers, other liabilities to the state budget and the social security budget, not due at the end of the analyzed period.

Shareholders' equity reached RON 109.15 mn, similar to the level registered at the beginning of the year.

Expectations for the second quarter of 2016

Regarding BVB Group's operating revenues, during the second quarter there will be a positive influence of the private placement of Romgaz shares completed by Fondul Proprietatea, amounting to RON 487 mn (EUR 109 mn). This deal shall generate additional revenues from both trading fees and fees for the settlement of the transaction.

With regard to the financial position, as mentioned in the notes to the consolidated financial statements that follow, BVB's General Shareholders Meeting of 26 April 2016 approved the proposal for the distribution of the company's statutory net profit for 2015, amounting to RON 7,004,148, as follows: RON 337,593 as legal reserve and the rest as gross dividends. Thus, the amount to be distributed as gross dividends for 2015 amounts to RON 6,666,555. The value of the dividend for 2015 is RON 0.8687 gross dividend/share and the payment date is 6 June 2016.

Out of the 2015 profit, Depozitarul Central SA proposes to distribute in 2016 as dividends the amount of RON 1,242,857. The General Shareholders Meeting was convened for 24/25 May 2016, after the publication of this report.

The payments of dividends made by the two entities of the Group shall generate outflows of cash and consequently the total assets of the Group may decline.



Condensed consolidated interim financial statements as at and for the period ended 31 March 2016

**Prepared in accordance with
International Financial Reporting Standards
as adopted by the European Union**

Condensed consolidated income statement and statement of comprehensive income

All amounts are indicated in RON, unless otherwise stated

| | Three month period ended | |
|---|--------------------------|-----------------------------|
| | 31 Mar 2016 | 31 Mar 2015 |
| | Unaudited | Restated to IFRS, unaudited |
| Revenues from services | 6,401,256 | 7,209,012 |
| Other revenues | <u>87,881</u> | <u>103,022</u> |
| Operating revenue | 6,489,137 | 7,312,034 |
| Personnel expenses and Director's fees | (3,633,990) | (3,379,218) |
| Expenses with services provided by third parties | (459,639) | (958,532) |
| Other operating expenses | <u>(2,038,823)</u> | <u>(2,407,953)</u> |
| Operating profit | <u>356,685</u> | <u>566,331</u> |
| Financial income | 839,624 | 1,961,084 |
| Financial expenses | (1,100,533) | (200,730) |
| Net income from interest related to assets covering the guarantee and clearing funds and the margin | 8,837 | 37,010 |
| Net financial revenues/(expenses) | <u>(252,072)</u> | <u>1,797,364</u> |
| Profit before tax | 104,613 | 2,363,695 |
| Corporate income tax expense | (61,384) | (412,617) |
| Profit for the period | <u>43,229</u> | <u>1,951,078</u> |
| Profit attributable to: | | |
| Non-controlling interests | (45,063) | 91,051 |
| Owners of the Company | <u>88,292</u> | <u>1,860,027</u> |
| Profit for the period | <u>43,229</u> | <u>1,951,078</u> |
| Differences from evaluation of financial assets available for sale and related deferred tax | <u>(201,785)</u> | <u>26,966</u> |
| Total comprehensive income for the period | <u>(158,556)</u> | <u>1,978,044</u> |
| Attributable to: | | |
| Non-controlling interests | (45,063) | 91,051 |
| Owners of the Company | <u>(113,493)</u> | <u>1,886,993</u> |
| Total comprehensive income for the period | <u>(158,556)</u> | <u>1,978,044</u> |
| Earnings per share | | |
| Earnings per share – base/diluted (RON) | 0.0115 | 0.2424 |

The notes on pages 15 to 21 are an integral part of these condensed consolidated financial statements.

General Manager,
Ludwik Leszek Sobolewski

Financial Manager,
Virgil Adrian Stroia

Condensed consolidated statement of financial position

All amounts are indicated in RON, unless otherwise stated

| | 31 Mar 2016 | 31 Dec 2015 |
|--|---------------------------|--------------------------------|
| | Unaudited | Restated to IFRS, unaudited |
| Non-current assets | | |
| Tangible assets | 6,834,386 | 6,478,444 |
| Intangible assets | 1,848,276 | 1,363,377 |
| Held-to-maturity financial assets covering the guarantee and clearing funds and the margin | 13,068,476 | 11,142,669 |
| Held-to-maturity financial assets | 56,420,607 | 60,192,933 |
| Available-for-sale financial assets | <u>2,010,893</u> | <u>2,083,434</u> |
| Total non-current assets | <u>80,182,638</u> | <u>81,260,857</u> |
| Current assets | | |
| Trade and other receivables | 3,685,160 | 3,412,127 |
| Prepayments | 491,678 | 242,143 |
| Bank deposits | 38,344,670 | 34,499,468 |
| Bank deposits covering the guarantee fund and the margin | 2,131,628 | 3,632,561 |
| Held-to-maturity financial assets covering the guarantee and clearing funds and the margin | 4,297,218 | 6,290,657 |
| Other held-to-maturity financial assets | 2,265,932 | 4,621,571 |
| Cash and cash equivalents | 42,023,808 | 45,521,778 |
| Other assets | <u>176,813</u> | <u>122,227</u> |
| Total current assets | <u>93,416,907</u> | <u>98,342,532</u> |
| Total assets | <u>173,599,545</u> | <u>179,603,389</u> |
| Equity | | |
| Share capital | 76,741,980 | 76,741,980 |
| Legal reserve | 8,300,415 | 8,300,415 |
| Revaluation reserve | 2,810,429 | 2,810,429 |
| Fair value reserve | 678,528 | 880,313 |
| Retained earnings | <u>8,138,637</u> | <u>8,050,343</u> |
| Total shareholders' equity attributable to the owners of the Company | <u>96,669,989</u> | <u>96,783,480</u> |
| Non-controlling interests | 12,484,460 | 12,529,523 |
| Total shareholders' equity | <u>109,154,449</u> | <u>109,313,003</u> |

Condensed consolidated statement of financial position (continued)

All amounts are indicated in RON, unless otherwise stated

| | 31 Mar 2016 | 31 Dec 2015 |
|--|---------------------------|--------------------------------|
| | Unaudited | Restated to IFRS, unaudited |
| Payables | | |
| Trade and other payables | 42,319,067 | 47,706,371 |
| Deferred income | 836,301 | 744,021 |
| Current corporate income tax payables | 61,384 | 515,825 |
| Deferred tax liabilities | 129,244 | - |
| Provisions | 1,676,088 | 1,676,088 |
| Guarantee and clearing funds and settlement operation margin | 19,423,012 | 19,648,081 |
| Total current payables | <u>64,445,096</u> | <u>70,290,386</u> |
| Total payables and equity | <u>173,599,545</u> | <u>179,603,389</u> |

The notes on pages 15 to 21 are an integral part of these condensed consolidated financial statements.

General Manager,
Ludwik Leszek Sobolewski

Financial Manager,
Virgil Adrian Stroia

Condensed consolidated statement of changes in equity

All amounts are indicated in RON, unless otherwise stated

| Unaudited | 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 2016 | <u>76,741,980</u> | <u>8,050,343</u> | <u>2,810,429</u> | <u>880,313</u> | <u>8,300,415</u> | <u>96,783,480</u> | <u>12,529,523</u> | <u>109,313,003</u> |
| Total comprehensive income for the year | | | | | | | | |
| Profit or loss | - | 88,292 | - | - | - | 88,292 | (45,063) | 43,229 |
| Other items of comprehensive income | | | | | | | | |
| Reserve of available-for-sale financial assets | - | - | - | (201,785) | - | (201,785) | - | (201,785) |
| Total items of comprehensive income | - | - | - | (201,785) | - | (201,785) | - | (201,785) |
| Total comprehensive income for the year | - | <u>88,292</u> | - | <u>(201,785)</u> | - | <u>(113,493)</u> | <u>(45,063)</u> | <u>(158,556)</u> |
| Transactions with owners of the Company, recognised directly in equity | | | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | | | |
| Legal reserve increase | - | - | - | - | - | - | - | - |
| Dividend paid to owners of BVB | - | - | - | - | - | - | - | - |
| Total contributions by and distributions to owners of the Company | - | - | - | - | - | - | - | - |
| Total transactions with owners | - | - | - | - | - | - | - | - |
| Balance as at 31 March 2016 | <u>76,741,980</u> | <u>8,138,635</u> | <u>2,810,429</u> | <u>678,528</u> | <u>8,300,415</u> | <u>96,669,987</u> | <u>12,484,460</u> | <u>109,154,447</u> |

Condensed consolidated statement of changes in equity (continued)

All amounts are indicated in RON, unless otherwise stated

| Audited | 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 2015 | <u>76,741,980</u> | <u>13,211,690</u> | <u>2,810,429</u> | <u>(26,966)</u> | <u>7,881,771</u> | <u>100,618,904</u> | <u>12,989,295</u> | <u>113,608,199</u> |
| Total comprehensive income for the year | | | | | | | | |
| Profit or loss | - | 6,472,489 | - | - | - | 6,472,489 | 128,430 | 6,600,919 |
| Other items of comprehensive income | | | | | | | | |
| Reserve of available-for-sale financial assets | - | (26,966) | - | 907,279 | - | 880,313 | - | 880,313 |
| Total items of comprehensive income | - | <u>(26,966)</u> | - | <u>907,279</u> | - | <u>880,313</u> | - | <u>880,313</u> |
| Total comprehensive income for the year | - | <u>6,445,523</u> | - | <u>907,279</u> | - | <u>7,352,802</u> | <u>128,430</u> | <u>7,481,232</u> |
| Transactions with owners of the Company, recognised directly in equity | | | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | | | |
| Legal reserve increase | - | (418,644) | - | - | 418,644 | - | - | - |
| Dividend paid to owners of BVB | - | <u>(11,188,226)</u> | - | - | - | <u>(11,188,226)</u> | - | <u>(11,188,226)</u> |
| Total contributions by and distributions to owners of the Company | - | <u>(11,606,870)</u> | - | - | <u>418,644</u> | <u>(11,188,226)</u> | - | <u>(11,188,226)</u> |
| Change in interests in subsidiaries that do not result in a loss of control | | | | | | | | |
| Dividend paid to minority shareholders | - | - | - | - | - | - | (588,202) | (588,202) |
| Total changes in interests in subsidiaries | - | - | - | - | - | - | <u>(588,202)</u> | <u>(588,202)</u> |
| Total transactions with owners | - | <u>(11,606,870)</u> | - | - | <u>418,644</u> | <u>(11,188,226)</u> | <u>(588,202)</u> | <u>(11,776,428)</u> |
| Balance as at 31 December 2015 | <u>76,741,980</u> | <u>8,050,343</u> | <u>2,810,429</u> | <u>880,313</u> | <u>8,300,415</u> | <u>96,783,480</u> | <u>12,529,523</u> | <u>109,313,003</u> |

The notes on pages 15 to 21 are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows

All amounts are indicated in RON, unless otherwise stated

| | Three month period ended | |
|--|---------------------------|--------------------------------|
| | 31 Mar 2016 | 31 Mar 2015 |
| | Unaudited | Restated to IFRS, unaudited |
| Cash flows used in operating activities | | |
| Profit for the year | 43,229 | 1,951,078 |
| Adjustments to remove non-cash items: | | |
| Depreciation of fixed assets | 443,634 | 353,791 |
| Amortisation of costs from the acquisition of government securities | 133,665 | 115,073 |
| Interest income | (743,211) | (726,615) |
| Net income from interests related to assets covering the guarantee and clearing funds and the margin | (8,837) | (37,010) |
| Loss from impairment of uncollected receivables | 205,401 | 210,522 |
| Provisions - net | (20,603) | - |
| Net expenses/(revenue) with receivables adjustment | (205,401) | (238,457) |
| Corporate income tax expense – reclassification | 61,384 | 412,617 |
| Other adjustments | <u>(6,302)</u> | <u>(6,534)</u> |
| | <u>(97,041)</u> | <u>2,034,465</u> |
| Change in trade and other receivables | (327,619) | 3,413,523 |
| Change in prepayments | (249,535) | (105,495) |
| Change in trade and other payables | (5,349,989) | (383,568) |
| Change in deferred income | 92,280 | 2,758 |
| Changes to deferred tax | (225,069) | (161,269) |
| Corporate income tax paid | <u>(386,581)</u> | <u>(557,602)</u> |
| Net cash from operating activities | <u>(6,543,554)</u> | <u>4,242,812</u> |
| Cash flows from investing activities | | |
| Interest received | 361,737 | 108,248 |
| Interest received from assets covering the guarantee and clearing funds and margin | 211,786 | 89,528 |
| (Purchases)/Repurchases of held-to-maturity financial assets | 5,992,647 | 1,488,443 |
| Change in bank deposits balance | (2,096,460) | (8,490,847) |
| Acquisition of tangible and intangible assets | (1,284,475) | (556,681) |
| Dividends received | 6,302 | 6,534 |
| Acquisition of other financial assets | (129,244) | - |
| Receipts of amounts to be used for paying customers' dividends | <u>4,194,627</u> | <u>934,570</u> |
| Net cash from investing activities | <u>7,256,920</u> | <u>(6,420,205)</u> |
| Cash flows from financing activities | | |
| Dividends paid | <u>(16,712)</u> | <u>(120,776)</u> |
| Net cash used in financing activities | <u>(16,712)</u> | <u>(120,776)</u> |
| Net increase / (decrease) in cash and cash equivalents | 696,654 | (2,298,169) |
| Cash and cash equivalents 1 January | <u>3,151,884</u> | <u>20,250,343</u> |
| Cash and cash equivalents 31 March | <u>3,848,541</u> | <u>17,952,174</u> |

The notes on pages 15 to 21 are an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

All amounts are indicated in RON, unless otherwise stated

1. General information

Identification data

34-36 Carol I Blvd., floors 13-14,
District 2, Bucharest

Address

J40/12328/2005

Trade Register No

1777754

Sole Registration Code

The Bucharest Stock Exchange (BVB) was established on 21 June 1995 as a public non-profit institution, based on the Decision of the National Securities Commission (NSC) no. 20/1995 and in July 2005 it became a joint stock company.

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

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

Main activity

Administration of financial
markets

CAEN code 6611

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

Share tickers

BVB

BVB.RO (Bloomberg)

BBG000BBWMN3 (Bloomberg
BBGID)

ROBVB.BX (Reuters)

ROBVBAAACNORO (ISIN)

Since 8 June 2010, BVB is a listed company on its own spot regulated market and is included in the Premium Tier. The company's share capital consists of 7,674,198 shares with a nominal value of RON 10.

In accordance with the provisions of article 129 paragraph 1 of Law no. 297/2004 on the capital market, no shareholder of a market operator can hold, directly or indirectly, more than 20% of the total voting rights. At the end of March 2016, there were no shareholders holding stakes exceeding this threshold. BVB did not hold shares in its own name, nor did its subsidiaries hold any BVB shares on 31 March 2016.

BVB is included in indices focused on listed exchanges and other trading venues (FTSE Mondo Visione Exchanges Index and Dow Jones Global Exchanges Index), as well as in local market indices: BET and its total return version BET-TR, BET-XT and BET-XT-TR, BET-BK, BET Plus.

Subsidiaries

BVB is the parent company of BVB Group, which includes the following subsidiaries:

- Central Depository (Depozitarul Central), 69.042% owned by BVB, performs clearing / settlement operations for transactions with securities carried out at BVB and keeps the register of shareholders;
- Investors' Compensation Fund (Fondul de Compensare a Investitorilor), 62.4481% owned by BVB, pays compensations when 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;
- Bucharest Clearing House (Casa de Compensare București), 52.508% owned by BVB, used to perform operations such as registration, guarantee, clearing and settlement of derivative financial instrument transactions carried out at BVB. Currently, BVB no longer holds a license for the derivatives regulated market;
- Corporate Governance Institute (Institutul de Guvernare Corporativă), fully owned by BVB, offers training services to listed companies and capital market participants, in corporate governance and sustainable development areas.

The consolidated financial statements of BVB for the three month period ended 31 March 2016 include the financial information of the Company and its subsidiaries, except for the Corporate Governance Institute, an entity considered by BVB management as insignificant for inclusion in the Group's consolidated financial statements and reports.

2. Basis of preparation

The interim condensed consolidated financial statements for the three month period ended 31 March 2016 have been prepared in accordance with IAS 34, 'Interim financial reporting'. They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards. These interim condensed consolidated financial statements should be read in conjunction with the annual standalone financial statements for the year ended 31 December 2015, which have been prepared in accordance with IFRSs.

In the consolidated financial statements, subsidiaries – those companies in which the Group, directly or indirectly, holds more than half of the voting rights or which have the power to exercise control over operations – will be fully consolidated.

3. Accounting policies

The accounting policies and methods of computation followed in these condensed consolidated financial statements are consistent with those used in the most recent annual financial statements, prepared for the year ended 31 December 2015.

Taxes on income in the interim periods are accrued using the tax rate and calculation methodology that would be applicable to expected total annual profit or loss.

4. Estimates

The preparation of standalone condensed preliminary financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual standalone financial statements for the year ended 31 December 2015.

5. Financial risk management and financial instruments

5.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The standalone condensed preliminary financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the company's annual financial statements as at 31 December 2015.

There have been no changes in risk management or in any risk management policies since the year end.

5.2 Liquidity risk

Compared to year end, there was no material change in the company's liquidity position.

5.3 Fair value estimation

The various levels at which the company measures the fair value of financial instruments have been defined as follows:

- Quoted prices (unadjusted) in active markets for similar instruments (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the financial instrument, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the financial instrument that are not based on observable market data (that is, unobservable inputs) (Level 3).

During the reporting period there have been no significant changes in carrying amounts and fair values of the main categories of assets and liabilities, as compared to 31 December 2015.

5.4 Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Other current financial assets
- Cash and cash equivalents
- Trade and other payables

6. Income taxes

The segment information is reported by the Group's activities. Intra-group transactions 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's activity consists of the following main business segments:

- Capital markets - trading (securities and financial instruments transactions on regulated markets and alternative trading systems);
- 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 based on the weight of the respective revenues in total, while the activity of Investors Compensation Fund was stated separately, considering the specific activities of the FCI.

The Group's revenues, expenses and operating profit for the first quarter of 2016 are shown below, by segment:

| 1Q 2016 | Trading services | Post-trading services | Registry services | FCI services | Group |
|--|-----------------------|-----------------------|---------------------|------------------------|-------------------------|
| Revenues from clients outside the Group | 3,644,500 | 1,968,266 | 760,071 | 116,299 | 6,489,137 |
| Revenues from intra-group transactions* | 84,458 | - | 36,867 | - | 121,325 |
| Operating expenses | (3,281,963) | (1,919,098) | (760,305) | (171,087) | (6,132,452) |
| - out of which tangible and intangible asset impairment expenses | (309,072) | (95,198) | (38,920) | (444) | (443,634) |
| Operating profit | <u>362,537</u> | <u>49,169</u> | <u>(234)</u> | <u>(54,788)</u> | <u>356,685</u> |
| Financial income | | | | | 839,624 |
| Financial expenses | | | | | (1,100,533) |
| Net income from interests related to assets covering the guarantee and clearing funds and the margin | | | | | 8,837 |
| Net financial income | | | | | <u>(252,072)</u> |
| Pre-tax profit | | | | | 104,613 |
| Corporate income tax | | | | | (61,384) |
| Net profit | | | | | <u>43,229</u> |

* eliminated on consolidation

The Group's revenues, expenses and operating profit for the first quarter of 2015 are shown below, by segment:

| 1Q 2015 | Trading services | Post-trading services | Registry services | FCI services | Group |
|--|-----------------------|-----------------------|-----------------------|------------------------|-------------------------|
| Revenues from clients outside the Group | 4,083,788 | 1,971,493 | 1,117,395 | 139,358 | 7,312,034 |
| Revenues from intra-group transactions* | 80,000 | - | 47,902 | - | 127,902 |
| Operating expenses | (3,905,878) | (1,677,603) | (978,556) | (183,666) | (6,745,703) |
| - out of which tangible and intangible asset impairment expenses | <u>(270,781)</u> | <u>(51,004)</u> | <u>(30,085)</u> | <u>(1,922)</u> | <u>(353,792)</u> |
| Operating profit | <u>177,910</u> | <u>293,890</u> | <u>138,839</u> | <u>(44,308)</u> | <u>566,331</u> |
| Financial income | | | | | <u>1,961,084</u> |
| Financial expenses | | | | | (200,730) |
| Net income from interests related to assets covering the guarantee and clearing funds and the margin | | | | | 37,010 |
| Net financial income | | | | | <u>1,797,364</u> |
| Pre-tax profit | | | | | 2,363,695 |
| Corporate income tax | | | | | (412,617) |
| Net profit | | | | | <u>1,951,078</u> |

* eliminated on consolidation

The Group's assets and payables and capital expenses are presented below, by segment:

| 1Q 2016 | Trading services | Post-trading services | Registry services | FCI services | Group |
|----------------------|------------------|-----------------------|-------------------|--------------|-------------|
| Assets | 74,902,980 | 60,076,708 | 22,245,314 | 16,374,543 | 173,599,545 |
| Liabilities | 2,905,178 | 33,822,424 | 13,329,489 | 14,388,005 | 64,445,096 |
| Capital expenditures | 1,253,008 | 22,332 | 9,134 | - | 1,284,474 |

| 1Q 2015 | Trading services | Post-trading services | Registry services | FCI services | Group |
|----------------------|------------------|-----------------------|-------------------|--------------|-------------|
| Assets | 81,815,667 | 36,147,964 | 17,593,828 | 19,863,007 | 155,420,466 |
| Liabilities | 5,034,643 | 11,353,076 | 5,810,023 | 17,636,481 | 39,834,223 |
| Capital expenditures | 420,405 | 85,620 | 50,654 | - | 556,680 |

7. Operating expenses

The operating expenses include the following:

7.1 Personnel expenses and Director's fees

| | 1Q 2016 | 1Q 2015 |
|---|-------------------------|-------------------------|
| Personnel expenses and Director's fees | 3,062,009 | 2,808,689 |
| Personnel-related accruals – net impact | (61,128) | (43,488) |
| Contributions and taxes related to personnel and fees | <u>633,109</u> | <u>614,017</u> |
| Total | <u>3,633,990</u> | <u>3,379,218</u> |

7.2 Services provided by third parties

| | 1Q 2016 | 1Q 2015 |
|--|-----------------------|-----------------------|
| Financial, IT and internal audit services | 45,246 | 47,882 |
| Commissions & fees (legal, contributions, etc.) | 63,329 | 58,655 |
| Promotion activities of BVB Group | 104,504 | 460,645 |
| Services provided by third parties for business purposes | <u>246,560</u> | <u>391,350</u> |
| Total | <u>459,639</u> | <u>958,532</u> |

7.3 Other operating expenses

| | 1Q 2016 | 1Q 2015 |
|--|-------------------------|-------------------------|
| Rent and office utilities | 570,802 | 527,885 |
| Tangible asset amortisation | 197,991 | 185,282 |
| Intangible asset amortisation | 245,643 | 168,510 |
| Costs related to FSA fees and other taxes | 241,686 | 373,154 |
| Consumables | 62,207 | 70,504 |
| IT maintenance and service | 331,111 | 302,155 |
| Protocol | 107,872 | 67,533 |
| Marketing and advertising | 56,849 | 95,054 |
| Transport of goods and personnel | 108,160 | 431,875 |
| Post and telecommunications | 74,298 | 104,649 |
| Loss from non-paying customers | 205,401 | 210,522 |
| Expenses/(Income) from provisions for disputes | (20,603) | - |
| Net expenses/(income) from adjustment of receivables | (205,401) | (238,457) |
| Other expenses | <u>62,807</u> | <u>109,287</u> |
| Total | <u>2,038,823</u> | <u>2,407,953</u> |

8. Financial income and financial costs

Financial income and expenses recognised in profit or loss account include:

| | 1Q 2016 | 1Q 2015 |
|--|-------------------------|-------------------------|
| Interest income from held-to-maturity financial assets | 743,211 | 726,615 |
| Dividend income | 6,302 | 6,534 |
| (Net loss)/Net gain from exchange rate differences | <u>(876,757)</u> | <u>1,142,278</u> |
| Financial income | <u>(127,244)</u> | <u>1,875,427</u> |
| Expenses with amortization of government bonds premiums | <u>(133,665)</u> | <u>(115,073)</u> |
| Financial expense | <u>(133,665)</u> | <u>(115,073)</u> |
| Net income from interests related to assets covering the guarantee and clearing funds and the margin | 8,837 | 37,010 |
| Net financial income | <u>(252,072)</u> | <u>1,797,364</u> |

9. Income taxes

The income tax expense is recognised based on the annual income tax rate and calculation methodology for the full financial year. The annual tax rate used for the period ended 31 March 2016 is 16% (the tax rate for the year ended 31 December 2015 was 16%).

For the temporary differences from the evaluation to fair value of the available-for-sale financial assets, a deferred tax of RON 129,244 was also registered, included in the revaluation reserve of available-for-sale financial assets which is part of the shareholders' equity.

10. Dividends

BVB's General Shareholders Meeting of 26 April 2016 approved the proposal for the distribution of the company's statutory net profit for 2015, amounting to RON 7,004,148, as follows: RON 337,593 as legal reserve and the rest as gross dividends. Thus, the amount to be distributed as gross dividends for 2015 amounts to RON 6,666,555. The value of the dividend for 2015 is RON 0.8687 gross dividend/share. The payment date approved by the GSM is 6 June 2016.

Out of the 2015 profit, Depozitarul Central SA proposes to distribute in 2016 as dividends the amount of RON 1,242,857. The General Shareholders Meeting was convened for 24/25 May 2016.

11. Share capital

On 31 March 2016, BVB had a share capital amounting to RON 76,741,980 divided into 7,674,198 shares with a nominal value of RON 10/share, dematerialized, with the same voting rights, divided into the following categories:

| | Number of shares | % of the share capital |
|----------------------------------|-------------------------|------------------------|
| Legal entities, of which: | <u>6,620,454</u> | <u>86.27%</u> |
| Romanian | 5,543,057 | 72.23% |
| Foreign | 1,077,397 | 14.04% |
| Individuals, of which: | <u>1,053,744</u> | <u>13.73%</u> |
| Romanian | 1,009,870 | 13.16% |
| Foreign | 43,874 | 0.57% |
| Total | <u>7,674,198</u> | <u>100.00%</u> |

In accordance with the provisions of the Government Emergency Ordinance no. 90/2014 amending and supplementing the Law no. 297/2004 regarding the capital market, a shareholder of a market operator cannot own directly or indirectly more than 20% of the total voting rights. On 31 March 2016, there were no shareholders holding stakes exceeding this threshold. BVB does not hold shares in its own name.

12. Subsequent events

There are no events to be reported.

Contact us

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Financial reports availability

Financial reports are available in our Investor Relations section on our corporate website at this [link](#)

Earnings conference calls

Permanent replays of our recorded earnings conference calls and the related presentations are available [here](#)

Presentation slides and sound will be streamed live over the web [here](#)

Upcoming corporate events

11 Aug 2016

Release of the Half-yearly report for the 1st Half of 2016 & conference call

10 Nov 2016

Release of the Quarterly report for the 3rd Quarter of 2016 & conference call

Find out more about the Bucharest Stock Exchange



Corporate website www.bvb.ro

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Call Center 'Bursa e Pentru Oameni': 0372 409 846

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