



QUARTERLY REPORT

as of 30 September 2020

Contents

Executive summary	2
Financial and operating highlights	4
Analysis of the consolidated results for the third quarter of 2020	6
Expectations for the last quarter of 2020	12
Condensed consolidated interim financial statements as at and for the nine-month period ended 30 September 2020	13
Economic and financial ratios according to FSA Reg. 5 / 2018	30
Contact us	31
Find out more about the Bucharest Stock Exchange	31

Notes

The Directors' consolidated 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). The financial results as of 30 September 2020 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, Investors Compensation Fund, CCP.RO Bucharest.

Disclaimer

This English language report is a convenience translation of the Romanian language "*Raport trimestrial întocmit la data de 30 September 2020*". The Romanian version of the report is the official document.

Executive summary

Key events

- The promotion of the Romanian capital market to the Secondary Emerging Markets status becomes effective on September 20, 2020. Banca Transilvania and Nuclearelectrica become part of the main FTSE Emerging Markets indices while Teraplast is included in the FTSE Small-Cap emerging markets universe
- The value traded in September 2020 exceeds EUR 580 mn, with an average of over EUR 25 mn per day, one of the largest monthly volumes traded on BVB, especially as a result of the effective promotion of the Romanian capital market to emerging market
- The total value of transactions on all markets, including offers, for the first 9 months of 2020, + 56%, from RON 8.12 bn to RON 12.69 bn, especially due to the increase in the value of secondary public offerings traded on the main stock market but also due to the listing of government securities for retail investors in the fixed income market
- The total value of transactions on the regulated stock market, excluding offers, increased by 13% compared to the similar period of 2019 (9M 2020: RON 8.46 bn vs. 9M 2019: RON 7.46 bn), an increase positively influenced by the deals transactions in the amount of RON 790 mn made in September 2020. Transactions with shares, excluding initial and secondary public offerings, represent 67% of the total traded values in the first 9 months of 2020, respectively 92% in the similar period of 2019.
- The value of transactions with structured products (certificates) increased more than 3 times, compared to 9M 2019, from RON 133 mn to RON 591 mn
- The project of the central counterparty, CCP.RO, enters the implementation phase following the signing of the consulting contract for technical support and consultancy with CC&G, signed in July 2020. The management team aims to complete the authorization process and effectively start clearing operations in 2022
- Bucharest Stock Exchanges initiates the first ESG project on the Romanian capital market. Sustainalytics, one of the leaders in the ESG segment, will provide ESG research and ratings for the companies listed on our main market. The next steps include supporting the local issuers for implementing the best practices in terms of ESG reporting. Bucharest Stock Exchange also aims to put the basis for ESG weighted indices and a green bonds segment in 2021
- Three additional companies – OMV Petrom, Electrica and Romcarbon - enter the issuer market making program with the aim of improving daily liquidity and potentially qualifying for inclusion in the FTSE emerging markets indices at the next rebalancing

Evolution of financial performance, 9M 2020 - consolidated results BVB Group

- **The consolidated operating revenues** of the BVB Group in 9M 2020 were RON 31.63 mn (9M 2019: RON 26.45 mn), + 20%, + RON 5.18 mn, growth influenced by all business segments of the Group
- Revenues from the trading segment (BVB) increased by 27%, + RON 4.11 mn (from RON 14.99 mn to RON 19.10 mn) as a result of the increase of the values traded on the main stock market, both regular and offers transactions.
- Revenues related to the post-trading segment (DC) increased by 7% (from RON 7.42 mn to RON 7.92 mn) due to the increase of revenues from maintaining the quality of custodian in the DC system, but also of the increase of revenues from settlement, influenced by the increase of the values traded at BVB. The revenues related to the register segment (DC) also increased by 10%, from RON 3.50 mn to RON 3.86 mn, mainly due to the registration one-off revenues.

9M individual results*:

- Trading revenues - **BVB individual***, increased by 30%, + RON 5.07 mn (from RON 15.24 mn to RON 20.31 mn) mainly due to the advance of trading revenues on the main stock market, both regular and offers transactions.

** including intra-group transactions*

- **DC individual*** revenues, increased by 8%, + RON 0.55 mn in 9M 2020 compared to 9M 2019, from RON 11.00 mn to RON 11.85 mn, as a result of increase in custody and settlement revenues and registry segment revenues
- **Consolidated operating expenses** - 9M2020, + 9%, respectively RON 2.01 mn, from RON 22.43 mn to RON 24.44 mn mainly due to the advance of personnel expenses by RON 1,28 mn and expenses with services provided by third parties by RON 0.68 mn
9M individual results*:
 - Operating expenses, **BVB individual***, 9M 2020, remained constant around RON 12.00 mn, the reduction of other operating expenses covered the advance of expenses with services provided by third parties.
 - Operating expenses, **DC individual***, 9M 2020, + 10%, from RON 10.04 mn to RON 11.00 mn, influenced mainly by the increase of personnel expenses and other operating expenses, together generating an advance of RON 0,86 mn lei
- **Consolidated operating profit of the BVB Group** – 9M 2020, + 79%, from RON 4.02 mn to RON 7.19 mn as a result of the advance of operating revenues by 20% while the advance of operational expenses was 9%
 - Operating profit, **BVB individual*** - 9M 2020, + 156%, from RON 3.24 mn to RON 8.31 mn, with an operating margin of 41%. This includes intra-group transactions (for trading segment values, excluding intra-group transactions - see *Note 6 Segment reporting*)
 - Operating profit, **DC individual*** - 9M 2020, -11%, from RON 0.95 mn to RON 0.85 mn, with an operating margin of 7%. This includes intra-group transactions (for post-trade segment and register values, excluding intra-group transactions - see *Note 6 Segment reporting*)
- **Consolidated net financial income** – 9M 2020, -43%, decrease from RON 3.93 mn to RON 2.22 mn, mainly due to the reduction of the value of unrealized exchange rate differences from the revaluation of financial instruments in currency, which generated a gain of RON 0.04 lei vs. RON 1.28 mn in 9M 2019, but also due to the registration of one-off revenues from the sale of government securities in Q3 2019, revenues that were not recorded in 2020
 - Net financial income, **BVB individual*** 9M 2020, -60% or RON 2.79 mn, from RON 4.63 mn to RON 1.84 mn influenced both by the reduction of interest income and unrealized exchange rate differences foreign exchange, the effect of the decrease in the value of investments in government securities and deposits as a result of the investment of 10 million Euros in the share capital of CCP.RO (for trading segment values, excluding intra-group transactions - see *Note 6 Segment reporting*)
 - Net financial income, **DC individual*** - 9M 2020, -57% or RON 0.38 mn, from RON 0.67 mn to RON 0.28 mn (for post-trade segment and register values, excluding intra-group transactions - see *Note 6 Segment reporting*)
- **Consolidated net profit of the BVB Group** – 9M 2020, +18%, from RON 6.69 mn to RON 7.91 mn, 82% being generated by the Group's trading segment
 - Net profit, **BVB individual*** - 9M 2020, + 29%, from RON 6.82 mn to RON 8.76 mn, with a net margin of 43%. This includes intra-group transactions (for trading segment values, excluding intra-group transactions - see *Note 6 Segment reporting*)
 - Net profit, **DC individual*** 9M 2020, -28%, from RON 1.41 mn to RON 1.02 mn, with a net margin of 9%. This includes intra-group transactions (for post-trade segment and register values, excluding intra-group transactions - see *Note 6 Segment reporting*)

* including intra-group transactions

Financial and operating highlights

Consolidated financial performance – BVB Group (RON mn, unless otherwise stated)

	9M 2020	9M 2019	Change (%)	3Q 2020	3Q 2019	Change (%)
Operating revenue	31.63	26.45	20%	12.05	8.71	38%
Operating expenses	(24.44)	(22.43)	9%	(8.40)	(7.25)	16%
Operating profit	7.19	4.02	79%	3.65	1.46	151%
<i>Operating margin</i>	23%	15%		30%	17%	
Net financial revenue/(expenses)	2.22	3.93	-43%	0.64	1.89	-66%
Profit before tax	9.41	8.01	17%	4.29	3.34	28%
Profit for the period	7.91	6.69	18%	3.67	2.82	30%
<i>Net margin</i>	25%	26%		30%	32%	
EPS attributable to owners (RON/share)	0.9867	0.7844	26%	0.4444	0.3369	32%
<i>Return on equity</i>	5%	6%		2%	2%	

Consolidated financial position – BVB Group (RON mn, unless otherwise stated)

	30 Sep. 2020	31 Dec. 2019	Change (%)
Total assets, out of which:	215.48	217.63	-1%
<i>Cash & cash equivalents</i>	14.08	81.71	-83%
<i>Financial assets at amortised cost</i>	109.78	37.12	196%
<i>Restricted financial assets at amortised cost</i>	54.85	57.42	-4%
Payables, out of which:	65.79	67.68	-3%
<i>Trade and other payables</i>	37.22	41.33	-10%
Equity, out of which:	149.69	149.95	0%
<i>Total shareholders' equity attributable to the owners of the Company</i>	108.08	107.84	0%
<i>Non-controlling interests</i>	41.61	42.11	-1%

Individual financial performance – BVB only, (RON mn, unless otherwise stated), including intra-group transactions

	9M 2020	9M 2019	Change (%)	3Q 2020	3Q 2019	Change (%)
Operating revenue	20.31	15.24	33%	7.87	4.91	60%
Operating expenses	(12.00)	(11.97)	0%	(3.87)	(3.59)	8%
Operating profit	8.31	3.24	156%	4.00	1.32	202%
<i>Operating margin</i>	41%	21%		51%	27%	
Net financial revenue/(expenses)	1.84	4.63	-60%	0.05	1.60	-97%
Profit before tax	10.15	7.93	28%	4.04	2.92	38%
Profit for the period	8.76	6.82	29%	3.41	2.45	39%
<i>Net margin</i>	43%	45%		43%	50%	
<i>Return on equity</i>	8%	6%		3%	2%	

Individual financial position – BVB (RON mn, unless otherwise stated)

	30 Sep. 2020	31 Dec. 2019	Change (%)
Total assets, out of which:	112.68	110.93	2%
Cash & cash equivalents	10.01	1.99	402%
Financial assets at amortised cost	20.72	25.19	-18%
Investments in subsidiaries	67.96	67.96	0%
Payables, out of which:	5.16	4.48	15%
Trade and other payables	2.93	2.60	13%
Equity, out of which:	107.51	106.45	1%
Share capital	80.49	80.49	0%
Legal reserve	9.65	9.15	6%

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

	9M 2020	9M 2019	Change (%)	3Q 2020	3Q 2019	Change (%)
Closing price (e-o-p)	24.80	27.00	-8%	24.80	27.00	-8%
Weighted average price	23.46	23.52	0%	24.57	24.55	0%
High (intraday)	26.70	27.50	-3%	26.70	27.50	-3%
Low (intraday)	19.00	21.10	-10%	23.10	22.30	4%
Total trading value (RON mn)	15.83	13.88	14%	1.73	7.20	-76%
Average trading value (RON mn)	0.08	0.07	13%	0.03	0.11	-76%

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

	9M 2020	9M 2019	Change (%)	3Q 2020	3Q 2019	Change (%)
Trading value	9,930	7,871	26%	4,136	2,447	69%
Shares, units, rights	9,930	7,871	26%	4,136	2,447	69%
<i>Out of, Shares traded on regulated market, without offers</i>	8,461	7,460	13%	3,232	2,205	47%
Certificates	591	133	344%	214	58	271%
Fixed-income	2,167	116	1,776%	2,112	12	17,473%
Total	12,689	8,120	56%	6,462	2,517	157%
Avg. daily value (shares, without initial public offerings)*	51.27	41.00	25%	61.50	36.22	70%
Avg. daily value (shares, including initial public offerings)*	51.27	41.00	25%	61.50	36.22	70%

*Value for the Regulated market

Operating indicators, post-trading and registry segments

	9M 2020	9M 2019	Change (%)	3Q 2020	3Q 2019	Change (%)
No. companies with registry contract at CSD	856	877	-2%	856	877	-2%
No. procedures resulted from issuers' corporate events	388	359	8%	34	28	21%
<u>Local settlement</u>						
Value of trades settled on net basis (RON bn)	22.07	18.62	19%	9.96	5.71	75%
Value of trades settled on gross basis (RON bn)	2.49	2.67	-7%	1.34	0.63	113%
<u>Settlements through T2S platform (euro)</u>						
Value of trades settled on gross basis (EUR mn)	196.84	8.61	2,186%	182.78	5.82	3,041%
Avg. monthly portfolio managed by custodians (RON bn)	43.79	41.54	5%	44.01	44.86	-2%

Analysis of the consolidated results for the first 9 months and the third quarter of 2020

Macroeconomic and financial markets evolution in the third quarter of 2020. Romania's GDP dynamics from the second quarter of the year revealed the intensity of the economic contraction caused by the COVID-19 crisis, the economy decreasing by 10.3% year-on-year. However, given the gradual easing of the restrictions that continued in the third quarter, it is highly probable that the Romanian economy will avoid a technical recession this year. Following the significant increase from the previous quarter, the unemployment rate has remained at the 5.2% level while its future trajectory will depend on the evolution of the pandemic as well as on the eventuality of further restrictive measures. Inflation continued to move slightly lower towards the 2.5% mark and expectations are that it will continue to remain subdued over the medium term given the shock that was caused on the demand side, by the current crisis.

The National Bank of Romania (NBR) decided once again to lower the key rate from 1.75% to 1.50% as well as to keep the symmetrical corridor defined by interest rates on standing facilities around the monetary policy rate at ± 0.5 percentage points. In addition, the Romanian central bank decided to further conduct repo transactions to ensure the smooth functioning of money market and of other financial market segments and to continue the purchase of leu-denominated government securities on the secondary market.

The EUR/RON exchange rate increased further in the third quarter, fluctuating, on average, near the level of 4.84. As for the USD/RON exchange rate, it broke the upward trend decreasing towards the average level of 4.14, mainly due to the prevalence of FED's monetary easing measures.

The further easing of the lockdown measures that occurred during the third quarter further increased risk appetite, the financial markets managing to remain on the positive trend that started in April. The Romanian blue chips index, BET, increased by 4%, mostly in line with the performance of the EU markets. In the US, the S&P 500 jumped by 8.5%, while in the UK the FTSE 100 moved lower by 4.9%. The German index, DAX, moved higher with a 3.7% increase, while the MSCI Emerging Markets Index increased by 8.7%, in line with the US market performance.

Review of the consolidated financial results for the first 9 months of 2020 and the third quarter of 2020

The consolidated operating revenues of the BVB Group in 9M 2020 were RON 31.63 mn, + 20% compared to the similar period of the previous year (9M 2019: RON 26.45 mn), an increase influenced by all business segments of the Group

Trading segment revenues (BVB, excluding intra-group transactions), 9M 2020, + 33%, from RON 15.24 mn to RON 20.31 mn as a result of the increase of the value traded on the main stock market, both regular transactions as well as offers

Monthly operating revenues, BVB individual, 2020 vs. 2019 (thousand RON)



Operating revenues, BVB individual, 2020 vs 2019 (thousand RON), including intra group transactions

Operating revenues	9M 2020	9M 2019	% from total 2020	Abs. Var	% Var
Revenues from Trading fees, out of which:	15,778	11,285	78%	4,493	40%
<i>Revenues from Regulated market</i>	11,708	10,052	58%	1,656	16%
<i>Revenues from Offers, Regulated market</i>	3,381	885	17%	2,497	282%
Issuers admission & maintenance fees	1,678	1,693	8%	-14	-1%
Revenues from data vending	1,165	1,135	6%	29	3%
Other revenues	<u>1,685</u>	<u>1,125</u>	8%	<u>560</u>	50%
Total operating revenues	20,306	15,238	100%	5,068	33%

- Trading revenues, **regulated market, excluding offers** – 9M 2020, +16% compared to the similar period of 2019, from RON 10,05 mn to RON 11,71 mn
 - Trading activity at BVB on the stock market – 9M 2020, +26%, reaching the level of RON 9.65 bn, transactions with “regular” shares advancing by 13% compared to 9M 2019, up to RON 8.86 bn
- Trading revenues, **the regulated market - public offers** increase by 282% (from RON 0.89 mn to RON 3.38 mn), influenced by the increase of the value of secondary public offerings on the stock market from RON 206 mn to RON 1,187 mn
 - The market of fixed income instruments (bonds and government securities) – 9M 2020, increased more than 17 times from RON 116 mn to RON 2,167 mn, mainly due to the listing of government securities for retail investors within market of fixed income instruments amounting to RON 1,225 mn
- The revenues from admission and maintenance in 9M 2020, RON 1.68 mn, representing 8% of BVB's operating revenues, a level similar to the same period in 2019.
- Revenues from the sale of stock exchange data – 9M 2020, + 3% up to the value of RON 1.17 mn, representing 6% of the operating revenues of BVB
- Other operating revenues (revenues from IT services, partnerships, participants feed) – 9M 2020, +50% up to the amount of RON 1.69 mn, increase determined mainly by the re-invoicing of the GAP Study on the establishment of the central counterparty in Romania to the CCP.RO Bucharest SA subsidiary.

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)	9M 2020	9M 2019	Change (%)	3Q 2020	3Q 2019	Change (%)
Trading value – shares, rights, units*	9,930	7,871	26%	4,136	2,447	69%
Trading value – certificates	591	133	344%	214	58	271%
Trading value – fixed-income*	<u>2,167</u>	<u>116</u>	<u>1.776%</u>	<u>2,112</u>	<u>12</u>	<u>17.473%</u>
Total	12,689	8,120	56%	6,462	2,517	157%

Note: Figures refer to all markets and include offers

DC Individual revenues – 9M 2020, +8% vs 9M 2019, from RON 11 mn to RON 11,85 mn

- The revenues related to the post-trading segment (DC) – 9M 2020, + 7% (from RON 7.42 mn to RON 7.92 mn) as a result of the increase of revenues from maintaining the quality of custodian in the DC system but also of increase in settlement revenues, influenced by the increase in values traded on BVB

- The revenues related to the registry segment (DC) – 9M 2020, increased by 10%, from RON 3.50 mn to RON 3.86 mn, mainly due to the registration of “one-off” 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:

	9M 2020	9M 2019	Change (%)	3Q 2020	3Q 2019	Change (%)
No. companies with registry contract at CSD	856	877	-2%	856	877	-2%
No. procedures resulted from issuers' corporate events	388	359	8%	34	28	21%
<u>Local settlement</u>						
Value of trades settled on net basis (RON bn)	22.07	18.62	19%	9.96	5.71	75%
Value of trades settled on gross basis (RON bn)	2.49	2.67	-7%	1.34	0.63	113%
<u>Settlements through T2S platform (euro)</u>						
Value of trades settled on gross basis (EUR mn)	196.84	8.61	2,186%	182.78	5.82	3,041%
Avg. monthly portfolio managed by custodians (RON bn)	43.79	41.54	5%	44.01	44.86	-2%

* 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.

The incomes of the Investor Compensation Fund (FCI) recorded an increase by 40% in the first 9 months of 2020, as a result of the increase in contributions received.

The consolidated operating revenues of the BVB Group – Q3 2020, + 38% vs. Q3 2019, from RON 8.71 mn to RON 12.05 mn, mainly influenced by the increase of revenues of the trading segment by RON 2.95 mn

The consolidated operating expenses of the BVB Group in the first 9 months of 2020, advanced by 9%, from RON 22.43 mn to RON 24.44 mn

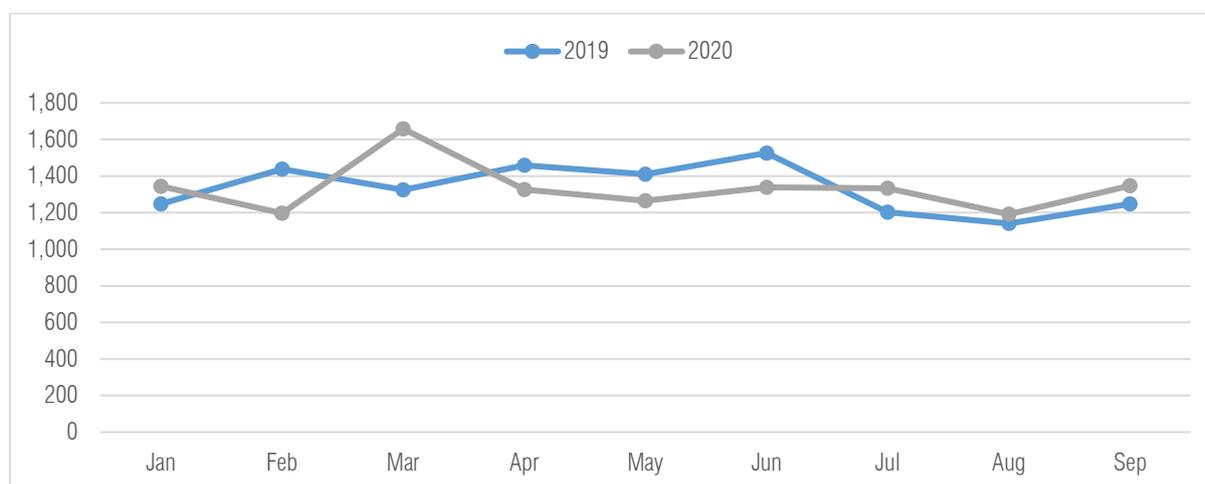
- Consolidated personnel expenses – 9M 2020, +10% or RON 1.27 mn, from RON 12.44 mn to RON 13.72 mn as a result of the advance of salary expenses, following the application of the Remuneration Policy at the level of the BVB Group, respectively of the salary adjustments that took place starting with Q3-Q4 2019, but also as a base effect considering that in Q1 2019 at the DC level no expenses were registered with Board allowances, as its authorization by ASF took place in April 2019. Also, a base effect is generated by the registration of personnel expenses by CCP.RO in 9M 2020 (RON 0.52 mn), because in the similar period of 2019 no such expenses were recorded. At the same time, the estimated expenses with benefits to be granted in shares to BVB management and employees decreased compared to 9M 2019.

During the reporting period, through the Remuneration Policy at BVB level, a number of 30,260 shares were transferred free of charge, for the results of 2019, with a market value at the time of granting of 0.71 mn lei to the Board of the Stock Exchange, management and staff.

- Consolidated expenditure with services provided by third parties – 9M 2020, +30%, from RON 2.28 mn to RON 2.96 mn, mainly due to the increase in estimated consultancy expenditures related to the CCP Project
- The category of consolidated other operating expenses 9M 2020, +1% or RON 0.62 mn, from RON 7.71 mn to RON 7.77 mn, influenced by:
 - The advance of the expenses with the IT maintenance services, on the background of the increase of the requirements for ensuring a technical infrastructure according to the regulations in force
 - Increasing net expenses with uncertain clients
 - Reduction of protocol expenses as a result of the postponement of some events of the Group

- **Operating expenses, BVB individual, 9M 2020**, maintained around RON 12.00 mn, mainly due to the decrease of other operating expenses by RON 0.49 mn, a level that covers the increase of expenses with third party services - consulting services, by RON 0.34 mn and personnel expenses by RON 0.15 mn

➤ **Monthly operating expenses, BVB individual, 2020 vs. 2019 (thousand RON)**



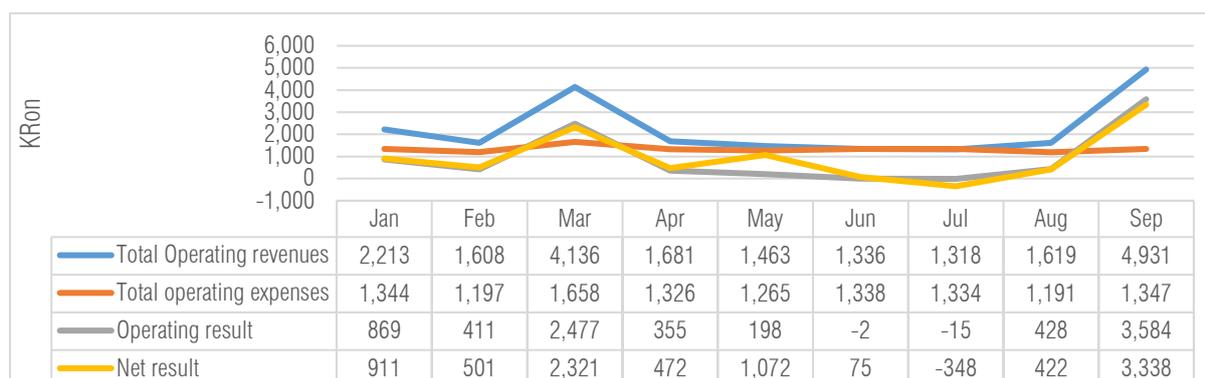
Operating expenses BVB Individual, 2020 vs 2019 (thousand RON)

Operating expenses	9M 2020	9M 2019	Abs. Var.	Var. %
Personnel expenses and Director's fees., out of which:	6,660	6,510	149	2%
<i>Personnel expenses</i>	5,482	5,022	460	9%
<i>Estimated expenses - SOP & bonuses</i>	457	651	-194	-30%
Services provided by third parties, out of which:	1,595	1,252	344	27%
<i>Business consulting services</i>	386	94	293	313%
<i>Other third party services</i>	279	187	92	50%
Other operating expenses, out of which:	3,745	4,235	-490	-12%
<i>Rent and office utilities</i>	186	904	-718	-79%
<i>Amortisation and depreciation of fixed assets and right of use assets</i>	1,718	1,114	604	54%
<i>Marketing and protocol expenses</i>	428	740	-312	-42%
<i>IT maintenance expenses</i>	359	274	85	31%
<i>Other expenses</i>	46	270	-225	-83%
Total Operating expenses	12,000	11,997	3	0%

- Personnel expenses and Directors' fees, BVB individual, 9M 2020, +2%, up to RON 6.66 mn, the increase being influenced both by the application of the Remuneration Policy (salary adjustment) that took place starting with Q2 2019, but also due to the overlap for several months of the staff left with the new employee, an advance offset by the reduction of the estimated expenses with the benefits granted in financial instruments to the management and employees
- Expenses with the services provided by third parties, BVB individual, 9M 2020, + 27%, from RON 1.25 mn to RON 1.60 mn, mainly due to the increase with the estimated expenses with the consultancy for the CCP Project
- The category of other operating expenses, BVB individual – 9M 2020, -12% or RON 0.49 mn, from RON 4.23 mn to RON 3.74 mn, influenced by:

- The net decrease of the rent expenses considering that a part of the events organized annually by BVB in H1 were advanced for the second part of the year
 - At the same time, as a result of the application of IFRS 16 at the end of 2019, the rent expenses are capitalized and are found in the depreciation expenses, thus generating variations to the year-on-year comparison between these categories of expenses
 - The advance of the expenses with the IT maintenance services, on the background of the increasing requirements for ensuring a technical infrastructure according to the regulations in force
 - Reduction of protocol expenses as a result of the postponement of some BVB events
 - Reduction of other expenses as a base effect considering that in 1Q 2019 BVB granted a donation, without affecting the net profit, this expense being fully deducted from the corporate income tax
- **Operating expenses, DC individual, 9M 2020**, + 10%, + RON 0.96 mn, from RON 10.04 mn to RON 11.00 mn mainly due to the advance of personnel expenses by RON 0.63 mn, as a base effect, considering that in the first 3 months of 2019 there were no expenses with Board allowances, the authorization of the Board by ASF taking place in April 2019. Also, in September 2020 a salary indexation was performed in accordance with the remuneration policy, indexation which in 2019 was carried out at the time of adopting the policy, respectively in December, thus amplifying the base effect.
- **The consolidated operating expenses of the BVB Group – in Q3 2020**, +16% or RON 0.15 mn vs. Q3 2019, from RON 7.25 mn to RON 8.40 mn, an increase mainly determined by the advance of personnel expenses but also of the expenses with the services provided by third parties and of the category of other operating expenses.
- **The consolidated operating profit of the BVB Group – 9M 2020**, +79%, from RON 4.02 mn to RON 7.19 mn as a result of the advance of operating revenues by 20% while the advance of operating expenses was 9%.
- Operating profit, **BVB individual – 9M 2020**, +156%, from RON 3.24 mn to RON 8.31 mn, with an operating margin of 41%. This includes intra-group transactions (for trading segment values, excluding intra-group transactions - see Note 6 Segment reporting)

2020 Monthly evolution, BVB individual (thousand RON)



Operating profit, **DC individual – 9M 2020**, -11%, from RON 0.95 mn to RON 0.85 mn, with an operating margin of 7%. This includes intra-group transactions (for post-trade segment and register values, excluding intra-group transactions - see Note 6 Segment reporting)

- **Consolidated operating profit of BVB Group, Q3 2020**, +151% or RON 2.19 mn vs. Q3 2019, from RON 1.46 mn to RON 3.65 mn lei as a result of the advance of revenues by 38% while operating expenses advanced by 16%

- **Net financial income – 9M 2020**, -43%, decrease from RON 3.93 mn to RON 2.22 mn, mainly due to the reduction of the value of unrealized exchange rate differences from the revaluation of financial instruments in foreign currency, which generated a gain of RON 0.04 mn vs. RON 1.28 mn in 9M 2019, but also due to the registration of one-off revenues from the sale of government bonds in Q3 2019, revenues that were not recorded in 2020

Net financial income, **BVB individual** – 9M 2020, -60% or RON 2.79 mn, from RON 4.63 mn to RON 1.84 mn influenced both by the reduction of interest income and unrealized differences of exchange rate, the effect of the decrease of the value of investments in government securities and deposits as a result of the investment of EUR 10 mn in the share capital of CCP.RO. This value also includes dividends income from the Central Depository of RON 1.04 mn. For the trading segment values, excluding dividend income from the Central Depository - see *Note 6 Segment reporting*

Net financial income, **DC individual** – 9M 2020, -57% or 0.38 mn lei, from 0.67 mn lei to 0.28 mn lei. For post-trade segment and register values - see Note 6 Segment reporting

- **The net consolidated financial income – Q3 2020**, -66% vs. Q3 2019, to the value of RON 0.64 mn, decrease marked by the unfavorable variation of the value of unrealized exchange rate differences from the revaluation of financial instruments in foreign currency that generated a loss of RON 0.02 mn lei vs. a gain of RON 0.74 mn in Q3 2019, as well as due to the registration of one-off revenues from the sale of government bonds in Q3 2019 amounting to RON 0.39 mn revenues that were not recorded in 2020

- **The consolidated net profit of the BVB Group – 9M 2020**, + 18%, from RON 6.69 mn to RON 7.91 mn, 82% being generated by the trading segment of the Group, the profit attributable to the shareholders of the parent company being RON 7.94 mn (9M 2019: RON 6.69 mn)

Net profit, **BVB individual** – 9M 2020, +29%, from RON 6.82 mn to RON 8.76 mn, with a net margin of 43%. This includes intra-group transactions (for trading segment values, excluding intra-group transactions - see *Note 6 Segment reporting*)

Net profit, **DC individual** – 9M 2020, -28%, from RON 1.41 mn to RON 1.02 mn, with a net margin of 9%. This includes intra-group transactions (for post-trade and registry segments values, excluding intra-group transactions - see *Note 6 Segment reporting*)

- **The consolidated net profit of the BVB Group – Q3 2020**, +30% or RON 0.85 mn, from RON 2.82 mn to RON 3.67 mn, influenced by the advance of operating profit, with a higher level than the decrease of financial profit.

Review of the consolidated financial position as of end - September 2020

- **Total assets** as of September 30, 2020, -1% or RON 2.15 mn vs. the value from December 31, 2019, up to RON 215.46 mn, influenced by the decrease of current assets with a higher level than the increase of non-current assets
- **Non-current assets**, +19% compared to the beginning of the year, from RON 66.12 mn to RON 78.80 mn, mainly due to the acquisition of government bonds, thus reducing cash
- **Current assets**, -10% compared to the beginning of the year, from RON 151.51 mn to RON 136.67 mn, mainly due to the acquisition of government bonds with maturities of more than 1 year

The change in current assets of the group was also influenced by the slight decrease of the current assets represented by funds intended for dividend payments by the Central Depository to the shareholders of listed companies, clients of the Central Depository, from 37.00 mn lei to RON 31.98 mn, the payment of BVB dividends to shareholders in the amount of RON 6.33 mn and due to the acquisition of own shares by BVB in the amount of RON 1.39 mn.

- The **total liabilities** of the Group are mainly short-term, on September 30, 2020 amounting to RON 65.79 mn -3% compared to the value as of December 31, 2019 of RON 67.70 mn, mainly due to the reduction of trade and other payables.

49% of the total liabilities are represented by the payment dividends held on behalf of the clients by the Central Depository, amounting to RON 31.98 mn, and 35% represent guarantee, compensation and margin funds for the settlement of transactions, amounting to 22.77 mn

- **Shareholder's equity**, value close to that at the beginning of the year, respectively RON 149.69 mn, influenced by the registration of a net result in the first 9 months of the year comparable to the value of dividends distributed from the net result of 2019 and of the acquisition of 60,369 treasury shares by BVB in the amount of RON 1.39 mn.

Expectations for the last quarter of 2020

Several new listings expected on the BVB MTS in the final quarter, both shares and bonds, following successful private placements in the last weeks.

The Ministry of Finance is considering to continue the issuances of Government bonds targeting retail investors, following the successful issuance in August and the listing of the securities on Bucharest Stock Exchange.

Condensed consolidated interim financial statements as at and for the period ended 30 September 2020

**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

	Nine-month period ended	
	30 Sep. 2020	30 Sep. 2019
	Unaudited	Unaudited
Revenues from services	31,561,860	25,903,399
Other revenues	66,140	546,976
Operating revenue	31,628,000	26,450,375
Personnel expenses and Directors' fees	(13,716,810)	(12,442,021)
Expenses with services provided by third parties	(2,955,155)	(2,277,252)
Other operating expenses	<u>(7,770,449)</u>	<u>(7,709,647)</u>
Operating profit	<u>7,185,586</u>	<u>4,021,455</u>
Net financial revenues/(expenses)	2,221,782	3,930,531
(Losses)/Gains from subsidiaries impairment	=	<u>56,204</u>
Profit before tax	9,407,368	8,008,190
Corporate income tax expense	<u>(1,500,264)</u>	<u>(1,316,950)</u>
Profit for the period	<u>7,907,104</u>	<u>6,691,240</u>
Profit attributable to:		
Non-controlling interests	(35,193)	377,026
Owners of the Company	<u>7,942,297</u>	<u>6,314,214</u>
Profit for the period	<u>7,907,104</u>	<u>6,691,240</u>
Earnings per share		
Earnings per share – base/diluted (RON)	0.9867	0.7844

The notes on pages 22 to 29 are an integral part of these condensed consolidated financial statements.

CEO,
Adrian Tănase

CFO,
Virgil Stroia

Condensed consolidated income statement and statement of comprehensive income

All amounts are indicated in RON, unless otherwise stated

	Three month period ended	
	30 Sep. 2020	30 Sep. 2019
	Unaudited	Unaudited
Revenues from services	12.040.714	8.609.520
Other revenues	6.711	98.953
Operating revenue	12.047.425	8.708.473
Personnel expenses and Directors' fees	(4.944.352)	(4.295.443)
Expenses with services provided by third parties	(786.501)	(533.243)
Other operating expenses	<u>(2.667.496)</u>	<u>(2.424.004)</u>
Operating profit	<u>3.649.076</u>	<u>1.455.783</u>
Net financial revenues/(expenses)	644.644	1.887.347
(Losses)/Gains from subsidiaries impairment	-	-
Profit before tax	4.293.720	3.343.130
Corporate income tax expense	<u>(625.780)</u>	<u>(520.291)</u>
Profit for the period	<u>3.667.940</u>	<u>2.822.839</u>
Profit attributable to:		
Non-controlling interests	90.540	111.037
Owners of the Company	<u>3.577.400</u>	<u>2.711.803</u>
Profit for the period	<u>3.667.940</u>	<u>2.822.839</u>
Earnings per share		
Earnings per share – base/diluted (RON)	0,4444	0,3369

The notes on pages 22 to 29 are an integral part of these condensed consolidated financial statements.

CEO,

Adrian Tănase

CFO,

Virgil Stroia

Condensed consolidated statement of financial position

All amounts are indicated in RON, unless otherwise stated

	30 Sep. 2020	31 Dec. 2019
	Unaudited	Audited
Non-current assets		
Tangible assets	6,622,739	7,095,733
Intangible assets	2,683,359	3,281,002
Right-of-use assets	3,732,901	5,029,913
Restricted financial assets covering the guarantee and clearing funds and the margin at amortised cost	13,282,718	17,046,415
Financial assets at amortised cost	<u>52,478,434</u>	<u>33,670,059</u>
Total non-current assets	<u>78,800,150</u>	<u>66,123,122</u>
Current assets		
Trade and other receivables	7,701,448	3,101,107
Prepayments	692,931	460,106
Bank deposits	15,336,274	22,408,681
Restricted bank deposits covering the guarantee fund and the margin	3,291,808	3,326,358
Restricted financial assets covering the guarantee and clearing funds and the margin at amortised cost	6,296,761	50,561
Other financial assets at amortised cost	57,300,256	3,449,485
Cash and cash equivalents	14,076,944	81,712,611
Other restricted assets at amortised cost	<u>31,978,521</u>	<u>36,996,156</u>
Total current assets	<u>136,674,943</u>	<u>151,505,066</u>
Total assets	<u>215,475,093</u>	<u>217,628,188</u>
Equity		
Share capital	80,492,459	80,492,460
Treasury shares and and Share-base benefits	(1,058,692)	54,429
Share premiums	6,303,263	6,303,263
Legal reserve	11,449,597	10,942,276
Revaluation reserve	3,385,355	3,385,355
Retained earnings	<u>7,509,425</u>	<u>6,662,611</u>
Total shareholders' equity attributable to the owners of the Company	<u>108,081,408</u>	<u>107,840,393</u>
Non-controlling interests	41,607,354	42,108,675
Total shareholders' equity	<u>149,688,762</u>	<u>149,949,068</u>

Condensed consolidated statement of financial position (continued)

All amounts are indicated in RON, unless otherwise stated

	30 Sep. 2020	31 Dec. 2019
	Unaudited	Audited
Liabilities		
Operating lease liabilities	<u>2,556,452</u>	<u>3,244,072</u>
Total non-current liabilities	<u>2,556,452</u>	<u>3,244,072</u>
Trade and other payables	37,215,354	41,334,305
Deferred income	1,256,534	901,104
Operating lease liabilities	1,364,182	1,899,667
Current corporate income tax payables	625,780	14,940
Guarantee and clearing funds and settlement operation margin	<u>22,768,029</u>	<u>20,285,032</u>
Total current liabilities	<u>63,229,879</u>	<u>64,435,048</u>
Total liabilities	<u>65,786,331</u>	<u>67,679,120</u>
Total liabilities and equity	<u>215,475,093</u>	<u>217,628,188</u>

The notes on pages 22 to 29 are an integral part of these condensed consolidated financial statements.

CEO,
Adrian Tănase

CFO,
Virgil Stroia

Condensed consolidated statement of changes in equity

All amounts are indicated in RON, unless otherwise stated

Unaudited	Treasury shares			Retained earnings	Revaluation reserve	Legal reserve	Total attributable to shareholders	Non-controlling interests	Total shareholders' equity
	Share capital	Share premiums	and Share-base benefits						
Balance as at 1 January 2020	<u>80,492,460</u>	<u>6,303,263</u>	<u>54,429</u>	<u>6,662,611</u>	<u>3,385,355</u>	<u>10,942,276</u>	<u>107,840,393</u>	<u>42,108,675</u>	<u>149,949,068</u>
Comprehensive income for the year									
Profit or loss	-	-	-	7,942,297	-	-	7,942,297	(35,192)	7,907,104
Other items of comprehensive income									
Legal reserve increase	-	-	-	(507,321)	-	507,321	-	-	-
Total other items of comprehensive income	-	-	-	<u>(507,321)</u>	-	<u>507,321</u>	-	-	-
Total comprehensive income for the year	-	-	-	<u>7,434,976</u>	-	<u>507,321</u>	<u>7,942,297</u>	<u>(35,192)</u>	<u>7,907,104</u>
Contributions by and distributions to owners of the Company									
Acquisition of treasury shares	-	-	(1,389,119)	0	-	-	(1,389,119)	-	(1,389,119)
Benefits granted to employees settled in shares	-	-	250,137	0	-	-	250,137	-	250,137
Losses as effect of granting shares for free within SOP	-	-	25,862	(25,862)	-	-	0	-	-
Dividend paid to BVB shareholders	-	-	-	(6,559,424)	-	-	(6,559,424)	-	(6,559,424)
Total contributions by and distributions to owners of the Company	-	-	<u>(1,113,121)</u>	<u>(6,585,285)</u>	-	-	<u>(7,698,406)</u>	-	<u>(7,698,406)</u>
Reclassification of non-controlling interests	-	-	-	(1,946)	-	-	(1,946)	1,946	-
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(464,529)	(464,529)
Changes in retained earnings - subsidiaries	-	-	-	(929)	-	-	(929)	(546)	(1,475)
Decrease in non-controlling interests	-	-	-	-	-	-	-	(3,000)	(3,000)
Total changes in interests in subsidiaries	-	-	-	<u>(2,875)</u>	-	-	<u>(2,875)</u>	<u>(466,129)</u>	<u>(469,004)</u>
Total transactions with owners	-	-	<u>(1,113,121)</u>	<u>(6,588,160)</u>	-	-	<u>(7,701,281)</u>	<u>(466,129)</u>	<u>(8,167,410)</u>
Balance as at 30 September 2020	<u>80,492,459</u>	<u>6,303,263</u>	<u>(1,058,692)</u>	<u>7,509,425</u>	<u>3,385,355</u>	<u>11,449,597</u>	<u>108,081,408</u>	<u>41,607,354</u>	<u>149,688,762</u>

Condensed consolidated statement of changes in equity (continued)

All amounts are indicated in RON, unless otherwise stated

Audited	Share capital	Share premium	Treasury shares and Share-base benefits	Retained earnings	Revaluation reserve	Legal reserve	Total attributable to shareholders	Non-controlling interests	Total shareholders' equity
Balance as at 1 January 2019	<u>80,492,460</u>	<u>6,303,263</u>	<u>(683,716)</u>	<u>10,021,138</u>	<u>3,644,141</u>	<u>10,458,721</u>	<u>110,236,007</u>	<u>10,190,477</u>	<u>120,426,484</u>
Comprehensive income for the year									
Profit or loss	-	-	-	6,406,121	-	-	6,406,121	312,399	6,718,520
Other items of comprehensive income									
Legal reserve increase	-	-	-	(495,518)	-	495,518	-	-	-
Other reserves (revaluation reserve)	-	-	-	-	(258,786)	-	(258,786)	-	(258,786)
Total items of comprehensive income	-	-	-	<u>(495,518)</u>	<u>(258,786)</u>	<u>495,518</u>	<u>(258,786)</u>	-	<u>(258,786)</u>
Total comprehensive income for the year	-	-	-	5,910,603	(258,786)	495,518	6,147,335	312,399	6,459,734
Contributions by and distributions to owners of the Company									
Benefits granted to employees settled in shares	-	-	562,536	-	-	-	562,536	-	562,536
Losses as effect of granting shares for free within SOP	-	-	175,609	(175,609)	-	-	-	-	-
Dividend paid to BVB shareholders	-	-	-	<u>(9,021,420)</u>	-	-	<u>(9,021,420)</u>	-	<u>(9,021,420)</u>
Total contributions by and distributions to owners of the Company	-	-	738,144	(9,197,029)	-	-	(8,458,884)	-	(8,458,884)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(618,255)	(618,255)
Variation of interests in subsidiaries	-	-	-	(72,102)	-	(11,963)	(84,065)	32,224,054	32,139,989
Total changes in interests in subsidiaries	-	-	-	<u>(72,102)</u>	-	<u>(11,963)</u>	<u>(84,065)</u>	<u>31,605,799</u>	<u>31,521,734</u>
Total transactions with owners	-	-	<u>738,144</u>	<u>(9,269,131)</u>	-	<u>(11,963)</u>	<u>(8,542,949)</u>	<u>31,605,799</u>	<u>23,062,850</u>
Balance as at 31 December 2019	<u>80,492,460</u>	<u>6,303,263</u>	<u>54,429</u>	<u>6,662,611</u>	<u>3,385,355</u>	<u>10,942,276</u>	<u>107,840,393</u>	<u>42,108,675</u>	<u>149,949,068</u>

The notes on pages 22 to 29 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

	Nine month period ended	
	30 Sep. 2020	30 Sep. 2019
	Unaudited	Unaudited
Cash flows used in operating activities		
Profit for the year	7,907,104	6,691,240
Adjustments to remove non-cash items and reclassifications:		
Depreciation of fixed assets	3,672,914	2,067,604
Net interest income	(2,374,096)	(2,256,313)
Income from the sale of financial assets	-	(386,935)
Loss from impairment of uncollected receivables	81,229	293,056
Net expenses/(revenue) with receivables adjustment	(28,848)	(471,405)
Corporate income tax expense – reclassification	1,500,264	1,316,950
(Revenues)/Expenses with Expected credit losses IFRS 9	18,025	(9,587)
(Gains)/Losses from subsidiaries impairment	-	(56,204)
Expense with employees' benefits settled in shares	<u>250,137</u>	<u>449,336</u>
Cash flows used in operating activities	11,026,729	7,637,742
Change in trade and other receivables	339,059	27,479,585
Change in prepayments	(232,824)	(27,510)
Change in trade and other payables, including amounts due for dividends payment to clients	(4,277,272)	(28,970,734)
Change in deferred income	355,429	193,854
Changes in guarantee and clearing funds and the margin	2,482,997	1,403,912
Corporate income tax paid	<u>(884,364)</u>	<u>(1,074,566)</u>
Net cash from operating activities	<u>8,809,754</u>	<u>6,642,284</u>
Cash flows from investing activities		
Interest received	2,535,523	3,926,566
Interest received from assets covering the guarantee and clearing funds and margin	551,791	-
(Payments) for acquisitions of financial assets	(91,839,945)	8,488,851
Proceeds from sales/maturation of financial assets	15,980,066	-
Change in bank deposits balance	7,114,365	6,548,813
Acquisition of tangible and intangible assets	(1,109,093)	(1,101,096)
Change in held for sale assets	-	56,204
Net cash from investing activities	<u>(66,767,294)</u>	<u>17,919,338</u>

Condensed consolidated statement of cash flows (continued)

All amounts are indicated in RON, unless otherwise stated

	30 Sep. 2020	30 Sep. 2019
	Unaudited	Unaudited
Cash flows from financing activities		
Dividends paid shareholders of the parent	(6,401,202)	(8,776,990)
Dividend paid to minority shareholders	(464,431)	(618,127)
Principal elements of operating lease payments, including interests	(1,420,374)	-
Share capital reimbursement to minority shareholders	(3,000)	-
Acquisition of treasury shares	<u>(1,389,119)</u>	<u>-</u>
Net cash used in financing activities	(9,678,127)	(9,395,118)
Net increase / (decrease) in cash and cash equivalents	(67,635,667)	15,166,504
Cash and cash equivalents 1 January	<u>81,712,611</u>	<u>35,292,005</u>
Cash and cash equivalents 30 September	14,076,944	50,458,508

The notes on pages 22 to 29 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;
- SMT/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)

ROBVBAACNOR0 (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 8,049,246 shares with a nominal value of RON 10.

In accordance with the provisions of article 136 paragraph 5 of Law no. 126/2018 on financial instruments, no shareholder of a market operator can hold, directly or indirectly, more than 20% of the total voting rights. At the end of September 2020, there were no shareholders holding stakes exceeding this threshold.

BVB is included in indices focused on listed stock 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), 69.04% 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), 62.45% 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;
- 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;
- CCP.RO Bucharest, 59.52% owned by BVB, was registered at the Trade Register on November 4, 2019 and aims to ensure the role of central counterparty in the derivative transactions market. The effective launch of the operations is estimated to last up to 24 months, taking into account the authorization process by the FSA in accordance with EMIR rules;

The consolidated financial statements of BVB for the nine months period ended 30 September 2020 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 nine-months period ended 30 September 2020 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 consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with IFRSs.

In the preliminary condensed 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 – are 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 2019.

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 2019.

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 consolidated 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 2019.

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 2019.

5.4 Fair value of financial assets and liabilities measured at amortized 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. Segment reporting

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 FCI and other services - related to the investors compensation scheme and other services.

The companies in the Group have been organized by segments as follows: BVB represents the "trading services" segment, the activity of the Central Depository is divided between the "post-trading services" segment and the "registry services" segment according to the share of the related revenues, while the Investors Compensation Fund (FCI) and CCP.RO Bucharest are part of the services segment "FCI services and other services".

The Group's revenues, expenses and operating profit for the first nine months of 2020 are shown below, by segment:

9M 2020	Trading services	Post-trading services	Registry services	FCI services and other services	Group
Revenues from clients outside the Group	19,099,407	7,917,590	3,855,543	755,460	31,627,999
Revenues from intra-group transactions*	1,206,450	53,395	27,132	-	1,286,977
Operating expenses	(12,000,336)	(7,266,663)	(3,495,569)	(1,679,846)	(24,442,414)
- out of which Personnel expenses and Director's fees	(6,660,272)	(4,121,116)	(1,954,171)	(981,251)	(13,716,810)
Operating profit	7,099,070	650,927	359,974	(924,386)	7,185,586
Net financial income /(expenses)	804,973	189,598	94,829	1,132,382	2,221,782
Pre-tax profit	7,904,043	840,525	454,803	207,996	9,407,368
Corporate income tax	(1,381,592)	(75,290)	(43,382)	-	(1,500,264)
Net profit	6,522,451	765,235	411,421	207,996	7,907,104

* eliminated on consolidation

The Group's revenues, expenses and operating profit for 2019 are shown below, by segment:

9M 2019	Trading services	Post-trading services	Registry services	FCI services and other services	Group
Revenues from clients outside the Group	14,993,651	7,423,500	3,495,934	537,290	26,450,375
Revenues from intra-group transactions*	244,395	52,956	24,983	-	322,334
Operating expenses	(11,996,553)	(6,662,208)	(3,136,247)	(633,912)	(22,428,920)
- out of which Personnel expenses and Director's fees	(6,510,050)	(3,704,875)	(1,743,025)	(484,071)	(12,442,021)
Operating profit	<u>2,997,098</u>	<u>761,291</u>	<u>359,688</u>	<u>(96,622)</u>	<u>4,021,455</u>
Net financial income /(expenses)	<u>3,250,349</u>	<u>453,835</u>	<u>213,190</u>	<u>13,157</u>	<u>3,930,531</u>
Pre-tax profit	<u>6,303,651</u>	<u>1,215,126</u>	<u>572,877</u>	<u>(83,465)</u>	<u>8,008,190</u>
Corporate income tax	(1,108,946)	(141,272)	(66,732)	-	(1,316,950)
Profit from continuing operations	5,194,705	1,073,854	506,146	(83,465)	6,691,240
Profit from discontinued operation	-	-	-	-	-
Net profit	<u>5,194,705</u>	<u>1,073,854</u>	<u>506,146</u>	<u>(83,465)</u>	<u>6,691,240</u>

* eliminated on consolidation

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

9M 2020	Trading services	Post-trading services	Registry services	FCI services	Group
Assets	44,445,068	29,855,395	41,385,296	99,789,334	215,475,093
Liabilities	5,164,742	6,226,637	33,935,851	20,459,101	65,786,331
Capital expenditures	469,813	398,914	125,766	101,396	1,095,889

9M 2019	Trading services	Post-trading services	Registry services	FCI services	Group
Assets	89,908,611	24,676,937	52,172,520	17,828,912	184,586,979
Liabilities	3,991,287	3,362,556	42,330,080	17,135,681	66,819,604
Capital expenditures	982,074	78,762	36,370	3,890	1,101,096

7. Operating expenses

The operating expenses include the following:

7.1 Personnel expenses and Director's fees

	9M 2020	9m 2019
Personnel expenses and Director's fees, including contributions and taxes	13,322,637	11,791,179
Estimated expenses for personnel and Director's (SOP & bonuses)	<u>394,173</u>	<u>650,842</u>
Total	<u>13,716,810</u>	<u>12,442,021</u>

7.2 Services provided by third parties

	9M 2020	9M 2019
Business consulting services	569,395	94,000
Financial, IT and internal audit services	219,116	303,351
Commissions & fees (legal, contributions, etc.)	473,522	366,908
Promotion activities of BVB Group	246,459	297,617
Services provided by third parties for business purposes	<u>1,446,663</u>	<u>1,215,376</u>
Total	<u>2,955,155</u>	<u>2,277,252</u>

Within the category of expenditures "Business consultancy services", are included the expenditures related to the CCP Project.

7.3 Other operating expenses

	9M 2020	9M 2019
Rent and office utilities	548,341	2,030,446
Tangible asset depreciation	1,236,532	1,141,722
Intangible asset amortization	943,199	918,842
Right of use assets depreciation	1,493,184	7,040
Costs related to FSA fees and other taxes	858,893	931,172
Consumables	200,271	193,748
IT maintenance and service	1,491,405	1,110,970
Insurance for professional equipment, etc.	155,129	181,424
Protocol	126,708	404,914
Marketing and advertising	231,065	155,238
Transport of goods and personnel	130,001	330,384
Post and telecommunications	182,680	212,918
Bank charges	59,149	54,119
Loss from non-paying customers	81,229	293,056
Net expenses/(income) from adjustment of receivables	(28,848)	(471,405)
Other expenses	<u>61,512</u>	<u>215,060</u>
Total	<u>7,770,449</u>	<u>7,709,647</u>

8. Financial income and financial costs

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

	9M 2020	9M 2019
Net Interest income from financial assets	2,374,096	2,256,313
(Net loss)/Net gain from exchange rate differences	36,537	1,284,837
Income from the sale of financial assets	-	386,935
Interest expense with lease contracts IFRS 16 and other financial expenses	(170,826)	(7,141)
Net expected credit losses (IFRS 9)	<u>(18,025)</u>	<u>9,587</u>
Net financial income	2,221,782	3,930,531

9. Income taxes

The income tax expense is recognized based on the annual income tax rate and calculation methodology for the full financial year. The annual tax rate used for the period ended 30 September 2020 is 16% (the tax rate for the year ended 31 December 2019 was also 16%).

10. Dividends

The General Shareholders' Meeting (GSM) held on April 29, 2020 approved the proposed allocation of the statutory net profit for the year 2019 of the Bucharest Stock Exchange in the amount of RON 6,962,791, as follows: the amount of RON 403,334 for the legal reserve and the remaining amount in the form of the gross dividends. Thus, the amount to be distributed in 2020 in the form of gross dividends for 2019 is RON 6,559,457. The payment date set by the GSM was 5 June 2020.

The General Shareholders Meeting of the Central Depository held on 27 May 2020 approved the distribution of the company's statutory net profit for 2019, amounting to RON 1,590,835, as follows: RON 90,420 as legal reserve and RON 1,500,415 as dividends.

11. Share capital

As at 30 September 2020, BVB had a share capital amounting to RON 80,492,460 divided into 8,049,246 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>6,487,742</u>	<u>80.60%</u>
Romanian	5,929,051	73.66%
Foreign	558,691	6.94%
Individuals, of which:	<u>1,506,887</u>	<u>18.72%</u>
Romanian	1,348,858	16.76%
Foreign	158,029	1.96%
Bucharest Stock Exchange	<u>54,617</u>	<u>0.68%</u>
Total	<u>8,049,246</u>	<u>100.00%</u>

In accordance with the provisions of the article 136, paragraph 5 of law no. 1226/2018 on financial instruments, a shareholder of a market operator cannot own directly or indirectly more than 20% of the total voting rights. As at 30 September 2020, there were no shareholders holding stakes exceeding this threshold.

Starting with March 18, 2020, BVB started the share buy-back program in a total amount of maximum RON 2,112,915, a value that was included in the Budget and the Business plan of 2019 to be allocated to this program in 2019 and 2020, in the terms and conditions approved by the Decision of the Extraordinary General Meeting of Shareholders (EGMS) no. 1 of April 24, 2019. In total, during the first nine-months of 2020, a number of 60,369 shares were redeemed, amounting to RON 1,389,119.

12. Subsequent events

There are no subsequent events to report.

13. Economic and financial ratios according to FSA Reg. 5 / 2018

Ratio	Calculation method	Value
1. Liquidity ¹⁾	Current assets / Current liabilities	2.16
2. Gearing ²⁾	Borrowed capital / Total equity x 100	0.03
3. Receivable turnover ³⁾	Average receivables / Turnover x 270	46
4. Asset turnover	Turnover / Non-current assets ⁴⁾	0.40

1) Provides the guarantee to cover current debts from current assets. The recommended acceptable value is about 2.

2) Explains the effectiveness of credit risk management, indicating potential financing, liquidity issues, with influences in meeting the commitments. Borrowed Capital = Loans over 1 year, Employed Capital = Borrowed Capital + Equity

3) Expresses the company's effectiveness in collecting its receivables, ie the number of days until the debtors pay their debts to the company.

4) Explains the effectiveness of non-current asset management by examining turnover (for financial investment companies the amount of current activity revenues) generated by a certain amount of non-current assets.

CEO,
Adrian Tănase

CFO,
Virgil Adrian Stroia

Contact us

Investor Relations contact information

Tel: (+40)(21) 307 95 00
 Fax: : (+40)(21) 307 95 19
 Email: ir@bvb.ro

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](#)

Find out more about the Bucharest Stock Exchange



Corporate website www.bvb.ro

Follow us on    



Mobile apps for smartphones and tablets

BVB app

BVB Trading app

