



BUCHAREST STOCK EXCHANGE

STANDALONE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY
THE EUROPEAN UNION

31 December 2022

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BUCHAREST STOCK EXCHANGE
SEPARATE INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2022 (RON)

	Note	Financial year ended at 31 December 2022	Financial year ended at 31 December 2021
Revenues from services	7	31,688,695	26,281,738
Other revenues		<u>1,013,763</u>	<u>322,610</u>
Operating revenues		<u>32,702,458</u>	<u>26,604,348</u>
Staff expenses and indemnities of the Board of Directors	8	(12,167,799)	(9,920,763)
Third party services expenses	8	(3,439,080)	(2,827,603)
Other operational expenses	8	<u>(7,249,771)</u>	<u>(6,212,568)</u>
Operating profit		<u>9,845,808</u>	<u>7,643,414</u>
	9		
Net financial income	6	2,900,730	2,059,753
Profit before tax		<u>12,746,538</u>	<u>9,703,167</u>
	10		
Corporate income tax expense		<u>(1,710,832)</u>	<u>(1,496,607)</u>
Profit for the period		<u>11,035,706</u>	<u>8,206,560</u>
Total comprehensive income for the period		<u>11,035,706</u>	<u>8,206,560</u>
Earnings per share:	22		
Earnings per share basic / diluted (RON)		1.3710	1.0200

The separate financial statements were approved by the Board of Directors on 13 March 2023 and were signed by:

President,
Radu Hanga

General Manager,
Adrian Tanase

Financial Manager,
Virgil Adrian Stroia

The Explanatory Notes to the Financial Statements from page 8 to 60 are an integral part of these separate Financial Statements.

BUCHAREST STOCK EXCHANGE

FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2022 (RON)

	<u>Note</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Assets			
Non-current assets			
Tangible assets	11	5,276,255	5,170,026
Intangible assets	12	1,533,668	1,096,889
Right-of-use assets	13	2,968,222	3,481,098
Investments in subsidiaries	6	67,743,735	67,743,735
Financial assets at amortised cost	14	17,297,417	19,291,177
Total non-current assets		<u>94,819,297</u>	<u>96,782,925</u>
Current assets			
Trade and other receivables	15	5,223,733	2,863,407
Prepayments	16	619,492	637,781
Bank deposits at amortized cost		5,604,674	3,191,526
Financial assets at amortized cost	14	13,397,434	11,089,859
Cash and cash equivalents at amortized cost	17	1,628,206	3,149,786
Total current assets		<u>26,473,539</u>	<u>20,932,359</u>
Total assets		<u>121,292,836</u>	<u>117,715,284</u>
Equity			
Share capital	21	80,492,460	80,492,460
Treasury Shares and Share-base benefits	21	(75,528)	110,096
Share premium	21	6,303,263	6,303,263
Legal reserve	21	10,798,007	10,160,680
Revaluation reserve	21	1,748,513	1,748,513
Retained current earnings	21	<u>12,675,674</u>	<u>9,933,606</u>
Total equity		<u>111,942,389</u>	<u>108,748,618</u>

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BUCHAREST STOCK EXCHANGE

FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2022 (RON)

	<u>Note</u>	<u>31 decembrie 2022</u>	<u>31 decembrie 2021</u>
Liabilities			
Operating lease liabilities	19	2,178,409	2,753,360
Total non-current liabilities		<u>2,178,409</u>	<u>2,753,360</u>
Trade and other payables	18	4,428,738	3,565,633
Deferred income	20	1,612,834	1,381,369
Operating lease liabilities	19	948,605	853,734
Current corporate income tax payables		181,861	412,570
Total current liabilities		7,172,037	6,213,306
Total liabilities		<u>9,350,447</u>	<u>8,966,666</u>
Total liabilities and equity		<u>121,292,836</u>	<u>117,715,284</u>

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BUCHAREST STOCK EXCHANGE

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2022

(RON)

	Share capital	Treasury shares and Share-base benefits	Share premium	Retained earnings	Revaluation reserve for land	Legal reserve	Total shareholders' equity
Balance as at 1 January 2022	<u>80,492,460</u>	<u>110,096</u>	<u>6,303,263</u>	<u>9,933,606</u>	<u>1,748,513</u>	<u>10,160,680</u>	<u>108,748,618</u>
Other items of comprehensive income							
Profit or loss	-	-	-	11,035,706	-	-	11,035,706
Other items of comprehensive income							
Legal reserve increase	-	-	-	(637,327)	-	637,327	-
Other reserves	-	-	-	-	-	-	-
Total other items of comprehensive income	-	-	-	(637,327)	-	637,327	-
Total comprehensive income for the period	=	=		<u>10,398,379</u>	-	<u>637,327</u>	<u>11,035,706</u>
Contributions from and distributions to shareholders:							
Acquisition of own shares	-	(1,074,170)	-	-	-	-	(1,074,170)
Benefits granted to employees settled in shares	-	914,303	-	-	-	-	914,303
Losses as effect of granting shares for free within SOP		(25,757)		25,757			-
Dividend paid to BVB shareholders	-	-	-	(7,682,067)	-	-	(7,682,067)
Total transactions with shareholders	-	<u>(185,624)</u>	-	<u>(7,656,310)</u>	-	-	<u>(7,841,934)</u>
Balance as at 31 December 2022	<u>80,492,460</u>	<u>(75,528)</u>	<u>6,303,263</u>	<u>12,675,674</u>	<u>1,748,513</u>	<u>10,798,007</u>	<u>111,942,389</u>

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BUCHAREST STOCK EXCHANGE

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2022

(RON)

	Share capital	Treasury shares and Share-based benefits	Share premium	Retained earnings	Revaluation reserve for land	Legal reserve	Total shareholders' equity
Balance as at 1 January 2021	<u>80,492,460</u>	<u>(246,950)</u>	<u>6,303,263</u>	<u>10,706,592</u>	<u>1,748,513</u>	<u>9,675,522</u>	<u>108,679,400</u>
Other items of comprehensive income							
Profit or loss	-	-	-	8,206,560	-	-	8,206,560
Other items of comprehensive income							
Legal reserve increase	-	-	-	(485,158)	-	485,158	-
Other reserves	-	-	-	-	-	-	-
Total other items of comprehensive income	-	-	-	(485,158)	-	485,158	-
Total comprehensive income for the period	-	-		<u>7,721,402</u>	-	<u>485,158</u>	<u>8,206,560</u>
Contributions from and distributions to shareholders							
Acquisition of own shares	-	-	-	-	-	-	-
Benefits granted to employees settled in shares	-	436,647	-	-	-	-	436,647
Losses as effect of granting shares for free within SOP		(79,602)		79,602			-
Dividend paid to BVB shareholders	-	-	-	(8,573,989)	-	-	(8,573,989)
Total transactions with shareholders	-	<u>357,046</u>	-	<u>(8,494,388)</u>	-	-	<u>(8,137,342)</u>
Balance as at 31 December 2021	<u>80,492,460</u>	<u>110,096</u>	<u>6,303,263</u>	<u>9,933,606</u>	<u>1,748,513</u>	<u>10,160,680</u>	<u>108,748,618</u>

The Explanatory Notes to the Financial Statements from page 8 to 60 are an integral part of these separate Financial Statements.

BUCHAREST STOCK EXCHANGE

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2022 (RON)

		Financial year ended at	Financial year ended at
	Note	<u>31 December 2022</u>	<u>31 December 2021</u>
Cash flows used in operating activities			
Net profit for the period		11,035,706	8,206,560
Adjustments to remove non-cash items and items included in investing and financing activities:			
Depreciation of fixed assets	11,12,13	2,234,661	1,968,701
Net interest income and amortization of premiums for government bonds	9	(1,173,007)	(964,638)
Dividends income	9	(1,532,490)	(575,453)
(Gain) / loss from the sale financial assets			-
Loss from writing off receivables		6,700	20,941
Expense / (revenue) from impairment of uncollected receivables	15	47,477	(342,139)
Reclassification in expense with corporate income tax	10	1,710,832	1,496,608
Expected credit losses – IFRS 9	9	12,687	(9,285)
Income from production of intangible assets		(370,756)	(456,963)
Expense with employees' benefits settled in shares	21	<u>914,303</u>	<u>436,647</u>
		<u>12,886,293</u>	<u>9,780,979</u>
Change in trade and other receivables	15	(2,420,677)	93,717
Change in prepayments	16	18,288	(163,801)
Change in trade and other payables	18	969,389	683,343
Change in deferred income	20	231,465	160,051
Corporate income tax paid		<u>(1,941,541)</u>	(1,150,016)
Net cash from operating activities		<u>9,743,218</u>	<u>9,404,272</u>
Cash flows from investing activities			
Interest received	9	1,553,179	1,711,175
Dividends received	9	1,532,490	575,453
Bank deposits movement	14	(2,433,118)	(1,159,331)
(Payments for acquisitions) / receipts from other financial assets	14	680,710	534,263
Acquisitions of tangible and intangible assets	11,12	(1,459,049)	(979,970)
Change in held for sale assets		-	<u>215,040</u>
Net cash from investment activities		<u>(1,487,208)</u>	<u>896,630</u>

The Explanatory Notes to the financial statements from page 8 to 60 are an integral part of these separate financial statements.

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BUCHAREST STOCK EXCHANGE

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2022 (RON)

		Financial year ended at	Financial year ended at
	Note	<u>31 December 2022</u>	<u>31 December 2021</u>
Cash flows from financing activities			
Dividends paid		(7,788,352)	(8,534,715)
Principal elements of operating lease payments, including interests	19	(915,068)	(768,177)
Acquisition of own shares		(1,074,170)	-
Net cash used in financing activities		<u>(9,777,590)</u>	<u>(9,302,892)</u>
Net Increase / (Decrease) in cash and cash equivalents		(1,521,580)	998,010
Cash and cash equivalents as at 1 January	17	<u>3,149,786</u>	<u>2,151,776</u>
Cash and cash equivalents as at 31 December	17	<u>1,628,206</u>	<u>3,149,786</u>

Cash and cash equivalents as at 31 December 2022 presents the amounts net of expected credit losses (IFRS 9). The gross amount of cash and cash equivalents is RON 1,641,393 RON (2021: RON 3,201,621) and the expected credit losses is RON 13,187 RON (2021: RON 51.835).

The Explanatory Notes to the financial statements from page 8 to 60 are an integral part of these separate financial statements.

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1. REPORTING ENTITY

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

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

On July 15, 2005, by ruling no 12270/SC/2005 pronounced in file no. 531497/SC/2005, the application of the Bucharest Stock Exchange to reorganize by changing the legal form to a joint stock company, without liquidating the assets and without interrupting the activity of the former public institution, was accepted. The property of the Bucharest Stock Exchange became under Article 285 paragraph 1 of Law no 297/2004 on capital market "the property of S.C. Bursa de Valori Bucuresti S.A." (hereinafter referred to as "BVB" or the "Company"). Upon the change of the legal form, the share capital of the new joint stock company was composed of cumulative earnings of the public institution. This share capital was distributed equally and free of charge between securities companies (the current financial investment service companies) which were active at that time.

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

On 29 December 2017 (the effective date) BVB, as absorbing company, merged by absorption with SIBEX-Sibiu Stock Exchange S.A. Sibiu, as absorbed company, the latter conveying the universal right on its own property to the absorbing company.

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

The main field of activity of BVB is the "Management of the financial markets". Starting on 8 June 2010, the shares of BVB are listed on the regulated market in Romania at the Bucharest Stock Exchange under the symbol "BVB".

2. BASES OF PREPARATION

(a) Statement of compliance

The separate financial statements have been prepared in accordance with the International Financial Reporting Standards ("EU IFRS") and under Rule 39/2015 of the Financial Supervision Authority ("ASF") "on approval of accounting Regulations in accordance with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervision

Authority in the Financial Instruments and Investments Sector" with further amendements ("Rule 39/2015"). The Company has prepared these separate financial statements in order to meet the requirements set out under Instruction no. 2/2014 on the implementation of the International Financial Reporting Standards as enacted by the European Union by the entities authorised, regulated and supervised by the Financial Supervision Authority as further amended.

Stand alone financial statements include the statement of financial position, the profit or loss account, and the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the explanatory notes.

At the time these separate financial statements were approved, the Company also prepared the consolidated financial statements in accordance with EU IFRS for the Company and its subsidiaries, also named "subsidiaries" in these financial statements (together the "Group"), pursuant to IAS 27 provisions.

In the consolidated financial statements, the branches - those companies in which the Group, directly or indirectly, holds more than half of the voting rights or has the power to exercise control over operations - are fully consolidated.

The users of these separate financial statements must read them together with the consolidated financial statements of the Group on and for the year ended at 31 December 2020, in order to get comprehensive information about the financial position, results of the operations and the cash flows of the Group as a whole.

(b) Bases of measurement

The separate financial statements were prepared on the historical or amortized cost basis, except for financial assets at fair value through other comprehensive income which are measured at fair value.

The methods used to establish the fair value are presented in Note 4.

(c) Functional and presentation currency

The items included in these Company's separate financial statements are measured using the currency of the economic primary environment in which the entity operates ("functional currency"), *i.e.* leu (RON). The financial statements are presented in RON, which is the functional and presentation currency of BVB, all amounts being rounded up to the nearest integer.

2. BASES OF PREPARATION (CONTINUED)**(d) Use of estimates and professional judgements**

The preparation of the separate financial statements according to EU IFRS adopted by the European Union requires management to make estimates and assumptions that affect the application of accounting policies and the reported value of assets, liabilities, income and expenses. Estimates and related judgements are based on historical data and on other factors deemed to be eloquent in the given circumstances, and the result of these factors forms the basis of the judgments used in establishing the carrying amount of assets and liabilities for which there are no other measurement sources available. Actual results may differ from estimates.

Estimates and judgements are revised on a periodical basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision only affects that period or in the current period, and in the future periods, if the revision affects both current and future periods.

The significant accounting methods and policies have been consistently applied by BVB during the financial years presented in these separate financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES**a) Foreign currency**

Operations in foreign currency are recorded in RON using the official exchange rate on the transaction settlement date. Monetary assets and liabilities registered in foreign currency on the date on which the statement of financial-accounting position was prepared are expressed in RON at the exchange rate of the National Bank of Romania on the reporting day. The gains or losses originating from their settlement and from the conversion of the monetary assets and liabilities denominated in foreign currency using the exchange rate at the end of the financial year are recognized in the profit or loss account. Non-monetary assets and liabilities measured at historical cost in the foreign currency are registered in RON using the exchange rate at the date of the transaction and are not revalued at the end of the financial year at the exchange rate of the National Bank of Romania. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are registered in RON using the exchange rate at the date that the fair value was determined.

Conversion differences are recognized in the profit or loss account, except for the differences arising from the conversion of the financial assets at fair value through other comprehensive income included in the reserve resulting from the change in the fair value of these financial instruments (non-cash items). The exchange rates of the main foreign currencies were as follows:

<u>Currency</u>	<u>Spot exchange rate</u> <u>31 December 2022</u>	<u>Spot exchange rate</u> <u>31 December 2021</u>	<u>Average exchange</u> <u>rate 2022</u>	<u>Average exchange</u> <u>rate 2021</u>
EUR	4.9474	4.9481	4.9315	4.9204
USD	4.6346	4.3707	4.1604	4.6885

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**b) Accounting of the hyperinflation effect**

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

c) Financial assets and liabilities***Financial assets***

The Company initially recognizes the receivables and deposits on the date that they are initiated. All other financial assets (including assets designated at fair value through the profit or loss account) are initially recognized on the trading date when the Company becomes a party of the contractual conditions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows generated by the asset expire or when the rights to receive the contractual cash flows of the financial asset are transformed through a transaction in which the risks and benefits of the ownership right over the financial asset are significantly transformed. Any interest in the transferred financial asset that is created or retained by the Company is recognized as a separate asset or liability.

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

As per IFRS 9 "Financial Instruments" the recognition and measurement of financial assets is based on the evaluation of the business model and the contractual cash flows and implements a new model for the recognition of impairment adjustments based on expected credit losses.

IFRS 9 presents three main categories of financial assets: measured at amortized cost, measured at fair value through other comprehensive income (FVOCI), and measured at fair value through profit or loss (FVPL).

Classification for debt instruments is determined by the entity business model for the financial asset class and if the contractual cash flows represent solely the payment of principal and interest (SPPI). If debt instruments are held to be cashed, they can be recorded at amortized cost if they also meet the SPPI requirement.

The Company's financial investment business model is to held-to-collect of the contractual cash-flows and the types of financial assets held (government securities and bank deposits) give rise, at certain dates, to cash flows that are solely payments of principal and interests on the balance due. Thus, all Company financial investments are measured at amortised cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in equity instruments are always measured at fair value. However, management may make an irrevocable choice to present fair value changes in other items of comprehensive income, provided that the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in the income statement. As at December 31, 2022, the Company does not own equity instruments.

Receivables and cash and cash equivalents

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

Cash and cash equivalents comprise cash in hand, amounts available in current bank accounts, other highly liquid short-term investments and with initial maturity terms of up to three months and bank overdraft less the expected credit losses.

Financial liabilities

The Company does not hold financial liabilities designated to be recorded at fair value through the profit and loss account in accordance with the provisions of IFRS 9 so all the Company's liabilities are measured at amortized cost.

d) Investments in related entities (subsidiaries, associates)

Subsidiaries refer to companies or other entities (including special purpose entities) in which the Company, directly or indirectly owns more than half of the voting rights or has the power to determine the financial and operating policies in order to obtain benefits.

The existence and effect of potential voting rights that are currently exercisable or convertible are taken into account to determine whether the Company controls another entity or not.

Associates are entities over which the Company has significant influence (directly or indirectly), but which do not exercise control, generally holding between 20 and 50 per cent of the voting rights. These separate financial statements contain information about Bursa de Valori Bucuresti SA as an individual entity and do not contain consolidated financial statements as Group parent.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measuring investments in subsidiaries, associates

The Company uses the cost method to account for its investments in subsidiaries and associates in the separate financial statements. Transaction costs regarding the purchase of a subsidiary, associate or joint venture are recognized as expenses in the profit or loss account. Dividends received from investments in subsidiaries and associates are recognized in the profit or loss account when the Company's right to receive payment is established and there is probability that dividends will be collected.

If the recoverable amount in subsidiaries and associates (the higher of the fair value less costs assimilated to sale and the value in use) is less than the net carrying amount, the Company will reduce the net carrying amount to the level of the recoverable amount. The reduction is a value adjustment. The net carrying amount of the investments carried at cost is the initial cost less the previously registered value adjustments. Typically, the recoverable amount of investments will be calculated based on the economic benefits generated by the dividends received from subsidiaries and associates.

e) Assets classified as held for sale and discontinued operations

The Company classifies an asset (or disposal group) as held for sale when its carrying amount is recovered principally through a sale (or an exchange) rather than through its continued use.

A fixed asset (or disposal group) is (are) classified as held for sale as soon as the following criteria are met: - the asset (or disposal group) must be available for immediate sale current; - the sale must be very probable.

For the sale to be considered probable, the following criteria must be met:

- management has developed a plan to sell the asset (or disposal group);
- a plan to identify a buyer has been initiated;
- the asset (or disposal group) must be actively promoted for sale at a reasonable price and in relation to its current fair value;
- it is expected that the sale will be completed within one year from the date of classification in the category of assets held for sale;
- the sale plan is unlikely to change significantly or be canceled.

If the above classification criteria are no longer satisfied, the immobilized asset in question (the disposal group) ceases to be classified as held for sale.

Assets held for sale must be recognized at the minimum between the carrying amount and the fair value, less the costs of the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets held for sale are not depreciated even if they are still used by the company. If the fair value less costs to sell is less than the carrying amount, the difference between the two should be treated as an impairment loss and the asset's value will be reduced by this loss.

In accordance with IFRS 5, the Company presents a non-current asset classified as held for sale and the assets belonging to a disposal group classified as held for sale separately from the other assets on the balance sheet under current assets.

f) Tangible and intangible assets***Tangible assets******(i) Recognition and measurement***

Tangible assets are initially recognized at cost. Thereafter the assessment is made according to their category, respectively:

- land is stated at fair value, determined based on periodical valuations, by outside independent valuers. Revaluations are made regularly enough to ensure that the fair value of a revalued asset does not differ significantly from its book value.
- all the other tangible assets are stated at historical cost, less accumulated depreciation and value impairments.

(ii) Subsequent costs

The Company recognizes in the carrying amount of a tangible asset the cost of its replacement when such cost is incurred or if the economic benefits included in that tangible asset are likely to be transferred to the Company and the cost of this tangible asset can be reliably measured. All other costs are recognized as expenses in the profit or loss account when incurred.

The costs incurred to replace a component of tangible asset items reflected separately, including inspections or overhauls, are capitalized. Other subsequent expenditure is capitalized to the extent that it enhances the future performances of those tangible asset items. All other repair and maintenance costs are included in profit or loss account when incurred.

(i) Tangible asset depreciation

Depreciation is calculated using the straight-line method over the estimated useful life of each tangible asset item. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not subject to depreciation.

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

Machinery and equipment	3-20 years
Plant, furniture and fittings	2-15 years

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Intangible assets

(i) *Recognition and measurement*

Intangible assets (including software) purchased and with determined useful lives are measured at their cost less accumulated depreciation and accumulated impairment losses.

(ii) *Subsequent expenses*

Development costs that can be directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- Technical possibility to complete the software product so that it will be available for use;
- Management intends to complete the software product and use it or sells it;
- There is the ability to use or sell the software product;
- It can be demonstrated how the software product will generate future economic benefits;
- There are available technical, financial and other resources appropriate to complete the development and to use or sell the software product; and
- Expenses attributable to the software product during its development can be measured reliably.

Directly attributable costs that are capitalized as part of the software product include the costs of employees involved in developing software and an appropriate portion of the relevant overheads.

Other development costs that do not meet these criteria are recognized as expenses. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Development costs of computer software recognized as assets are depreciated over the estimated useful life, not exceeding three years.

(iii) *Intangible asset depreciation*

Depreciation is registered in the profit or loss account using the straight-line method over the estimated useful life of the intangible asset. Intangible assets are depreciated from the date the asset is ready to use. The useful operating period for software and licences is between 1 and 5 years.

The methods of depreciation, the duration of the useful life and the remaining values are reviewed at the end of each financial year and adjusted properly.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***Right-of-use assets***

IFRS 16 establishes new requirements for accounting of the leasing contracts so that the operating or financial leasing classifications from IAS 17 are eliminated, with only one model for registering leasing contracts. By applying this model, the lessee is obliged to register the right of use the assets and liabilities related to the leasing contracts according to IFRS 16 provisions. The right of use the assets is amortized using the linear method for the shortest period between the useful life of the asset and the duration lease agreement. For more details, see Note 13.

g) Deferred expenses and revenues

The costs incurred and the revenues achieved during the current period, but concerning future periods, are included in the statement of financial position as deferred expenses or revenues, as appropriate. Each month, the share of the deferred expenses or revenues related to that month is included in expenses or revenues, in the profit or loss account.

h) Impairment***(i) Financial assets***

IFRS 9 “Financial Instruments” requires the application of the model for estimated credit losses and thus the earlier recognition of losses on financial assets that lead to increased impairment for the relevant items. Impairment losses are calculated on a three-step model using the credit risk swap, the internal or external counterparty assessments and the related default probability. According to IFRS9, an asset moves from Stage 1 (12 months expected credit losses) to Stage 2 (lifetime expected credit losses) at the time when the associated credit risk increase significantly. The Company assessed as a significant increase in the credit risk, the downgrade of the rating of the debt’ issuer in the “non-investment” grade category.

For some financial instruments, such as trade receivables, impairment losses are estimated based on a simplified approach, recognising of the expected credit losses on receivables over their lifetime.

The interest for an asset accounted for at amortized cost and moved to Stage 2 (lifetime expected credit losses) is recognized hereafter. When a subsequent event determines the decrease in the impairment loss, it is reversed through the profit or loss account.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses on financial assets at fair value through other comprehensive income are recognized by transferring the loss accumulated recognized in other comprehensive income items and reflected in the fair value reserve in equity to the profit or loss account. The cumulated loss that is transferred from other comprehensive income items to the profit or loss account is the difference between the acquisition cost, net of any principal repayments and depreciation, and the current fair value, less any impairment loss recognized previously in the profit or loss account. Changes in provisions for impairment attributable to the time value of money are reflected as a component of interest income.

If, in a subsequent period, the fair value an impaired financial assets at fair value through other comprehensive income increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the profit or loss account, then the impairment loss is reversed, and the amount of the reversal is recognized in the profit or loss account.

However, any subsequent recovery in the fair value of an impaired financial assets at fair value through other comprehensive income equity instrument is recognized in other comprehensive income items.

(ii) Non-financial assets

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

The recoverable amount of an asset or a cash-generating unit is the maximum of its value in use and its fair value, less costs to sell. In determining the value in use, the estimated future cash flows are discounted to determine their present value using a pre-tax discount

rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

i) Employee benefits*(i) Short-term employee benefits*

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) *Determined contribution plans*

The Company makes payments on behalf of its employees to the Romanian state pension, health insurance and unemployment funds, during the performance of its usual activity. All the employees of the Company

are members and are also legally bound to contribute (through social contributions) to the Romanian state pension fund (a state determined contribution plan). All related contributions are recognized in the income for the period they are incurred.

(iii) *Other benefits*

The fixed and variable remuneration may also be granted through a stock option plan agreement, in shares. The variable component of the total remuneration is the remuneration which may be granted by the Company in addition to fixed remuneration, conditioned upon meeting certain performance indicators. The variable remuneration may be granted either in cash or in BVB shares. In case of the identified personnel, when establishing the variable part of the annual remuneration, the limitation of excessively taking risks shall be considered.

Based on the mandate granted through shareholder resolutions, the Company's

Board of Directors shall decide on the number of shares included in the employees' loyalty program.

The fair value on the date of offering the shares to employees as a premium shall be recognized in the category of personnel expenses.

See also Note 8.

(iv) *Other long-term employee benefits*

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

j) **Trade liabilities and other liabilities**

Trade liabilities and other liabilities are obligations to pay for goods or services that were purchased during the normal course of activity from suppliers and other creditors. Trade liabilities and other liabilities are classified as current debts if the payment is due in one year or less. Otherwise they will be presented as long-term debts. Trade liabilities and other liabilities are initially recognized at fair value and subsequently are measured at amortized cost based on the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Operating lease liabilities

By applying IFRS 16 the lessee is obliged to register the right of use the assets and liabilities related to the leasing contracts in the statement of financial position.

The lease liabilities are updated using the implicit interest rate in the lease contract. If this rate cannot be easily determined, which is generally the case for group leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee should pay to borrow the necessary funds to obtain an asset of similar value to the right of use the asset in a similar economic environment, with similar terms and conditions.

l) Provisions

Provisions are recognized in the statement of financial position when a Company's obligation is born related to a past event, and it is probable that a future consumption of economic resources will be required to settle the obligation and the obligation value may be reasonably estimated. To determine the provisions, the future cash flows are discounted at a pre-tax discount rate that reflects current market conditions and the risks specific to the liability. The discount depreciation is recognized as financial cost.

m) Revenues

(i) *Revenues from services*

Revenues from services rendered are recognized in the profit or loss account in the period during which such services are provided.

The main sources of revenues are:

- revenues from fees for transactions with shares and fixed income instruments - revenues are recognized as services are rendered;
- fees charged for admission to trading – revenues are recognized at the date of admission to trading;
- fees charged for maintaining the trading– revenues are recognized on a straight-line basis over the period to which they relate;
- sales of stock exchange information – revenues are recognized as services are rendered.

(ii) *Financial income*

Financial income includes interest income on amounts invested (including available-for-sale assets), dividends income, gains on the re-measurement of assets and liabilities in other currencies, the discount accounting for the financial assets held to maturity (titles) by determining the amortized cost using the effective interest method.

Dividends income is recognized in the profit or loss account on the date that the Company's right to receive dividends is established, which in the case of quoted instruments is the registration date.

Financial costs comprise losses on disposal of financial assets, losses on the re-measurement of assets and liabilities in other currencies and interest expenses related to lease liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**n) Reflection of legal mergers by absorption**

The Company applies the provisions of IFRS 3 “Business combinations” to register merger by absorption operations in the separate financial statements of the absorbing entity. By applying this policy, the separate financial statements of the absorbing company after the merger are a continuation of the consolidated financial statements drafted starting with the absorbed company purchase date.

In absence of the specific requirements of the International Financial Reporting Standards for the legal mergers by absorption, the Company opted to present the book value of the acquired identifiable assets and of the taken over assumed debts, in the separate financial statements on the legal merger date, after their initial recognition at fair value on the date when control was obtained.

o) Business combinations

The Company accounts the business combination by applying the purchase method on the date when the control is obtained, except for when it is about a combination involving entities or enterprises under common control or the acquired entity is a subsidiary of an investment entity.

The goodwill is measured by deducting the net identifiable assets acquired from the aggregation of the transferred counter performance, any non-controlling interests in the acquired entity and the fair value on the purchase date of the participations in the share capitals of the acquired entity previously held by the acquirer. If the acquirer obtained a gain from a purchase under advantageous conditions, such gain is recognized in the profit or loss after the management reanalyzed if all the purchased assets were identified and all the liabilities and contingent liabilities were accepted at their value was assumed. The counter performance transferred in a business combination is measured at fair value, being calculated as the sum of fair values as of the purchase date of the assets transferred by the acquirer, of the debts incurred by the acquirer to the former owners of the acquired entity and of the participations in the equity issued by the acquirer, but excluding the costs related to the purchase with intermediation, counselling, legal, accounting, assessment fees, and other professional or consultancy fees, the general administrative costs, the costs related to the registration and issuance of debt securities and shares, which are recognized in the profit and loss account.

p) Current and deferred corporate income tax

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current income tax expense is calculated based on the fiscal regulations adopted or adopted to a large extent on the balance sheet date, in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically assesses the positions in the tax returns with regard to those cases where applicable fiscal regulations are interpretable.

Whenever needed, it sets up provisions based on the estimated amounts payable to the tax authorities.

Deferred income tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying value in consolidated financial statements. However, the debts related to the deferred tax are not recognized if they result from the initial recognition of the goodwill; the deferred income tax is not accounted for if it results from the initial recognition of an asset or liability from a transaction other than a business combination, and which does not affect, at the time of the transaction, either the accounting profit or loss, or the fiscal profit or loss. Deferred income tax is determined based on tax rates (and laws) enacted or enacted to a large extent until the balance sheet date and that would be applied during the period when receivables related to deferred tax will be valorized or the debts regarding deferred tax will be paid.

According to the local tax legislation, the tax loss registered by the company ceasing its existence as an effect of a legal merger by absorption operation may be taken over and recovered by the entity taking over the property of the absorbed company. The annual tax loss made starting with 2011, established through the income tax return is recovered from the taxable profits obtained in the next 7 consecutive years. To report unused tax losses, the deferred tax receivable is recognized only to the extent that taxable profit is likely to be obtained in the future after the compensation with the tax loss of the previous years and with the income tax to be recovered. The deferred tax receivable is diminished to the extent that the related tax benefit is unlikely to be achieved.

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

Deferred income tax receivables are calculated for deductible temporary differences resulted from investments in subsidiaries, in associates and common agreements only if it is likely that the temporary difference is reversed in the future and there is enough taxable income available from which the temporary difference can be used.

Deferred tax receivables and debts are offset when there is the legal applicable right to offset current tax receivables with current tax debts, and when receivables and debts related to deferred tax refer to income taxes levied by the same tax authority, either to the same taxable entity or to different taxable entities if there is an intent of compensating the balances on a net basis.

The income tax rate used to calculate current and deferred tax at 31 December 2022 was of 16% (31 December 2021: 16%).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Share capital

Ordinary shares are classified as shareholders' equity.

Additional costs directly attributable to the issuance of new ordinary shares or options are included in shareholders' equity as deductions, net of tax, from collections.

r) Own shares

The necessary equity instruments (own shares) are deducted from equity. The gain or loss from purchases, sales or cancelations of BVB capital instruments are not recognized in the year income.

s) Earnings per share

The Company presents the basic earnings per share ("EPS") for its ordinary shares. The basic EPS is calculated by dividing the gain or loss attributable to ordinary shareholders of the Company by a weighted average of ordinary shares outstanding during that period. Diluted earnings per share is determined by adjusting the profit or loss Diluted gain per share is determined by adjusting the profit or loss attributable to ordinary shareholders and by adjusting a weighted average of ordinary shares outstanding to the effect of potential ordinary shares, including preferential shares. Until now it has not been necessary to calculate the diluted EPS because there are no potential ordinary shares, all issued shares having equal rights to dividends.

t) Legal reserve

In accordance with the legislation in Romania, companies must distribute an amount equal to at least 5% of profit before tax in legal reserves, until they reach 20% of the share capital. When this level is reached, the Company can make additional allocations of the net profit alone. Legal reserve is deductible within the limit of 5% applied to the accounting profit before establishing the corporate income tax.

u) Dividends

Dividends distribution by the Company's shareholders is recognized as debt in the Company's financial statements in the period when dividends are approved by the Company's shareholders.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v) New accounting standards

- a) Initial application of new amendments to the existing standards effective for the current reporting period

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to IAS 16 “Property, Plant and Equipment” - Proceeds before Intended Use adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022).**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

- **Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” - Onerous Contracts - Cost of Fulfilling a Contract adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022).**

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

- **Amendments to IFRS 3 “Business Combinations” - Reference to the Conceptual Framework with amendments to IFRS 3 adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022).**

The amendments:

- (a) update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- (b) add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- (c) add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

- **Amendments to various standards due to “Improvements to IFRSs (cycle 2018 -2020)” resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 28 June 2021 (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.).**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amendments:

- (a) clarify that subsidiary which applies paragraph D16(a) of IFRS 1 is permitted to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs (IFRS 1);
- (b) clarify which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf (IFRS 9);
- (c) removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example (Illustrative Example 13 accompanying IFRS 16); and
- (d) removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique (IAS 41).

The adoption of amendments to the existing standards has not led to any material changes in the Company's financial statements.

b) Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU and which are not yet effective:

- **IFRS 17 "Insurance Contracts" including amendments to IFRS 17 issued by IASB on 25 June 2020 - adopted by the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023).**

The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 "Insurance Contracts" and related interpretations while applied. Amendments to IFRS 17 "Insurance Contracts" issued by IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, the amendments issued on 25 June 2020 introduce simplifications and clarifications of some requirements in the Standard and provide additional reliefs when applying IFRS 17 for the first time.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Amendments to IFRS 17 “Insurance contracts” - Initial Application of IFRS 17 and IFRS 9 – Comparative Information, adopted by the EU on 8 September 2022 (effective for annual periods beginning on or after 1 January 2023).**

It is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.

- **Amendments to IAS 1 “Presentation of Financial Statements” - Disclosure of Accounting Policies adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023).**

Amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers in deciding which accounting policies to disclose in their financial statements.

- **Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” – Definition of Accounting Estimates adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023).**

Amendments focus on accounting estimates and provide guidance how to distinguish between accounting policies and accounting estimates.

- **Amendments to IAS 12 “Income Taxes” - Deferred Tax related to Assets and Liabilities arising from a Single Transaction adopted by the EU on 11 August 2022 (effective for annual periods beginning on or after 1 January 2023).**

According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.

c) New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at [date of publication of financial statements] (the effective dates stated below is for IFRS as issued by IASB):

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Amendments to IAS 1 “Presentation of Financial Statements” - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023).**

The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments to IAS 1 issued by IASB on 15 July 2020 defer the effective date by one year to annual periods beginning on or after 1 January 2023.

- **Amendments to IAS 1 “Presentation of Financial Statements” - Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024).**

Amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

- **Amendments to IFRS 16 “Leases” - Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024).**

Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

- **IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.**

This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded).**

The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

The Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Company in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

According to the entity estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39: “Financial Instruments: Recognition and Measurement”** would not significantly impact the financial statements, if applied as at the balance sheet date.

4. FAIR VALUE MEASUREMENT

A number of the Company's accounting policies and disclosure requirements require the determination of fair value, for both financial assets and liabilities. Fair values have been determined for measurement and/or taking over information based on the following methods. When applicable, further information about the assumptions used in determining fair values is disclosed in the explanatory notes specific to that asset or liability.

(a) Investments in equity and debt securities

The fair value of held-to-maturity and available-for-sale financial assets is determined by reference to the closing quotation of the bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(b) Trade and other receivables and other financial liabilities

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

(c) Fair value hierarchy

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

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

BUCHAREST STOCK EXCHANGE

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2022

(RON)

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

	31 December 2022		31 December 2021	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
Assets carried at amortized cost				
Other non-current financial assets	17,297,417	17,378,824	19,291,177	21,437,180
Bank deposits	5,604,674	5,604,674	3,191,526	3,191,526
Trade and other receivables	5,223,733	5,223,733	2,863,409	2,863,409
Other current financial assets	13,397,434	13,462,036	11,089,859	12,369,900
Cash and cash equivalents	<u>1,628,206</u>	<u>1,628,206</u>	<u>3,149,786</u>	<u>3,149,786</u>
Total	43,151,465	43,297,474	39,585,756	43,011,800
Liabilities carried at amortized cost				
Financial liabilities	2,964,032	2,964,032	2,542,823	2,542,823
Operating lease liabilities	<u>3,127,014</u>	<u>3,127,014</u>	<u>3,607,093</u>	<u>3,607,093</u>
Total	6,091,046	6,091,046	6,149,917	6,149,917

4. FAIR VALUE MEASUREMENT (CONTINUED)

Financial assets carried at amortized cost representing government securities are classified at Level 1: quoted prices in active markets. Government securities denominated in EUR, RON and USD included in Financial assets at amortized cost, with maturities above one year, were acquired from the banking secondary market and we consider that their fair value approximates the book value.

Deposits from banks and cash and cash equivalent in cash are classified in Level 2.

Trade receivables and other receivables are classified at Level 3.

5. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks:

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

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

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

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

- a) principle of delegation of powers from the Exchange Council, as steering committee;
- b) principle of decision-making autonomy;
- c) principle of objectivity;
- d) principle of investors' protection;
- e) principle of promoting stock market development;
- f) principle of active role.

(a) Risk management general framework

The Board of Directors is also responsible for examining and approving the strategic, operational and financial plan of BVB, as well as the corporate structure of the Company.

The Company's risk management policies are defined to ensure the identification and analysis of risks faced by the Company, setting appropriate limits and controls, and monitoring of risks and compliance with the

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

limits established. Risk management systems and policies are reviewed regularly to reflect the changes occurred in market conditions and in the Company's activities. The Company, through its training and management standards and procedures, aims to develop an orderly and constructive control environment in which all employees understand their roles and obligations. Internal audit of the Company's entities oversees how the management monitors compliance with management risk policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the entities.

(b) Credit risk

Credit risk is the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises mainly from the Company's trade receivables and financial investments.

(i) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the separate characteristics of each customer and of the country where it operates. The majority of the company's customers are doing business in Romania. The Company's customer base is comprised of issuers of securities, financial investment service companies and other financial institutions participating in Bucharest Stock Exchange. The Company calculates a provision for receivable impairment that represents its estimates of losses in respect of trade receivables, other receivables and investments. The main component of this adjustment is the specific loss component related to doubtful customers for whom the receivable recovery process has begun. The second component is the collective loss component corresponding to losses that have been incurred but not yet identified, calculated on the basis of the receivables age analysis, after the application of the contamination principle, using historical loss rates.

(ii) Financial investments

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

	<u>31 December 2022</u>	<u>31 December 2021</u>	<u>Rating agency</u>
BRD - Groupe Societe Generale S.A.	BBB+	Baa1	Fitch Ratings /Moody's
Banca Transilvania S.A.	BB+	BB+	Fitch Ratings
Banca Comerciala Romana S.A.	BBB+	Baa1	Fitch Ratings /Moody's
Libra Bank	BB-	BB-	Fitch Ratings

Exposure to credit risk

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

<u>Name</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Non-current financial assets at amortized cost	17,297,417	19,291,177
Bank deposits	5,604,674	3,191,526
Trade and other receivables	5,223,733	2,863,407
Prepayments	619,492	637,781
Current financial assets at amortized cost	13,397,434	11,089,859
Cash and cash equivalents	<u>1,628,206</u>	<u>3,149,786</u>
Total	<u>43,770,957</u>	<u>40,223,535</u>

The Company monitors the exposure to credit risk by analysing the age of the receivables that it owns, as reflected in the table below:

BUCHAREST STOCK EXCHANGE

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2022

(RON)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Name	Trade and other receivables		Financial assets at <u>amortized</u> cost		Cash and cash <u>equivalents</u>		Bank deposits	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Individually provisioned								
Significant risk	<u>487,452</u>	<u>439,975</u>	-	-	-	-	-	-
Gross amount	<u>487,452</u>	<u>439,975</u>	-	-	-	-	-	-
Adjustment for impairment	<u>(487,452)</u>	<u>(439,975)</u>	-	-	-	-	-	-
Net amount	-	-	-	-	-	-	-	-
Outstanding amounts, individually not provisioned								
Outstanding less than 90 days	765,171	354,853						
Outstanding between 90 and 180 days	55,238	42,085	-	-	-	-	-	-
Outstanding between 180 and 360 days	<u>37,495</u>	<u>23,856</u>	-	-	-	-	-	-
Gross amount	<u>857,905</u>	<u>420,795</u>	-	-	-	-	-	-
Expected credit losses – IFRS 9	<u>(2,148)</u>	<u>(971)</u>	-	-	-	-	-	-
Net amount	<u>855,757</u>	<u>419,824</u>	-	-	-	-	-	-
Current, not provisioned								
No significant risk	4,376,963	2,447,574	30,946,171	30,629,788	1,641,393	3,201,621	5,650,562	3,191,526
Gross amount	<u>4,376,963</u>	<u>2,447,574</u>	<u>30,946,171</u>	<u>30,629,788</u>	<u>1,641,393</u>	<u>3,201,621</u>	<u>5,650,562</u>	<u>3,191,526</u>
Expected credit losses – IFRS 9	(8,987)	(3,991)	(251,320)	(248,752)	(13,187)	(51,835)	(45,888)	-
Net amount	<u>4,367,976</u>	<u>2,443,582</u>	<u>30,694,851</u>	<u>30,381,036</u>	<u>1,628,206</u>	<u>3,149,786</u>	<u>5,604,674</u>	<u>3,191,526</u>
Total gross amount	<u>5,722,320</u>	<u>3,308,344</u>	<u>30,946,171</u>	<u>30,629,788</u>	<u>1,641,393</u>	<u>3,201,621</u>	<u>5,650,562</u>	<u>3,191,526</u>
Total net amount	<u>5,223,733</u>	<u>2,863,407</u>	<u>30,694,851</u>	<u>30,381,036</u>	<u>1,628,206</u>	<u>3,149,786</u>	<u>5,604,674</u>	<u>3,191,526</u>

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its obligations associated with its financial liabilities that are settled in cash or through the transfer of another financial asset. The Company's approach to liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressful conditions, without incurring unacceptable losses or endangering the Company's reputation.

The Company does not have loans and needs cash only to cover its current operating expenses. Given that a significant percentage of the Company's assets consist of investments with high liquidity degree, the liquidity risk faced by the Company is low.

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

	Carrying amount	Contractual cash flows	Less than 12 months	More than 12 months
31 December 2022				
Non-derivative financial liabilities				
Financial liabilities*	2,964,032	2,964,032	2,964,032	-
Operating lease liabilities	<u>3,127,014</u>	<u>3,127,014</u>	<u>948,605</u>	<u>2,178,409</u>
Total	<u>6,091,046</u>	<u>6,091,046</u>	<u>3,912,637</u>	<u>2,178,409</u>
	Carrying amount	Contractual cash flows	Less than 12 months	More than 12 months
31 December 2021				
Non-derivative financial liabilities				
Financial liabilities*	2,542,823	2,542,823	2,542,823	-
Operating lease liabilities	<u>3,607,093</u>	<u>3,607,093</u>	<u>853,734</u>	<u>2,753,360</u>
Total	<u>6,149,917</u>	<u>6,149,917</u>	<u>3,396,557</u>	<u>2,753,360</u>

* It contains balance sheet positions: Trade liabilities, dividends payable, Details in Note 18.

It is not anticipated that the cash flows included in the maturity analysis will occur significantly earlier or at significantly different values.

The Company maintains sufficient liquid assets (residual maturity of less than 3 months) to cover all liabilities as they become due.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk

Market risk is the risk that variation in market prices, such as foreign exchange rates, interest rate and equity instrument prices will affect the Company's income or the value of its held financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on investment.

Exposure to currency risk

The Company's exposure to currency risk is presented below, based on notional amounts in RON equivalent:

<u>31 December 2022</u>	<u>EUR</u>	<u>USD</u>	<u>RON</u>	<u>Total</u>
Financial assets				
Trade and other receivables	460,349	1,278	4,762,106	5,223,733
Investments (government bonds, government securities, bank deposits, cash and cash equivalents)*	<u>12,173,441</u>	<u>6,944,079</u>	<u>18,810,211</u>	<u>37,927,731</u>
Total financial assets	<u>12,633,790</u>	<u>6,945,358</u>	<u>23,572,317</u>	<u>43,151,465</u>
Financial liabilities				
Financial liabilities	507,498	18,993	2,437,541	2,964,032
Operating lease liabilities	<u>3,127,014</u>	=	=	<u>3,127,014</u>
Total financial liabilities	<u>3,634,513</u>	<u>18,993</u>	<u>2,437,541</u>	<u>6,091,046</u>
Net financial assets / (liabilities)	<u>8,999,278</u>	<u>6,926,365</u>	<u>21,134,776</u>	<u>37,060,419</u>

* It contains balance sheet positions: Financial assets at amortised cost above and below one year, bank deposits, cash and cash equivalents.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

<u>31 December 2022</u>	<u>EUR</u>	<u>USD</u>	<u>RON</u>	<u>Total</u>
Financial assets				
Trade and other receivables	253,481	150	2,609,776	2,863,409
Investments (government bonds, government securities, bank deposits, cash and cash equivalents)*	<u>10,388,259</u>	<u>6,373,148</u>	<u>19,960,940</u>	<u>36,722,347</u>
Total financial assets	<u>10,641,740</u>	<u>6,373,298</u>	<u>22,570,718</u>	<u>39,585,756</u>
Financial liabilities				
Financial liabilities	116,372	2,915	2,423,536	2,542,823
Operating lease liabilities	<u>3,607,094</u>	-	-	<u>3,607,094</u>
Total financial liabilities	<u>3,723,466</u>	<u>2,915</u>	<u>2,423,536</u>	<u>6,149,917</u>
Net financial assets	<u>6,918,274</u>	<u>6,370,383</u>	<u>20,147,182</u>	<u>33,435,839</u>

* It contains balance sheet positions: Financial assets at amortised above and below one year, bank deposits, cash and cash equivalents.

Sensitivity analysis

A depreciation of the RON on 31 December 2022 versus 31 December 2021 as indicated below against EUR and USD would have caused an increase in the Company's income, with values listed below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	<u>31 December 2022</u>	<u>31 December 2021</u>
RON depreciation by 10 % against EUR	899,928	691,828
RON depreciation by 10 % against USD	<u>692,637</u>	<u>637,038</u>
Total	<u>1,592,564</u>	<u>1,328,866</u>

An appreciation of the RON on 31 December 2022 versus 31 December 2021 against the other currencies would have resulted in the same effect, but opposite, on the amounts shown above, assuming that all other variables remain constant.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Exposure to interest rate risk

The Company does not hold financial instruments with a variable interest rate. Held-to-maturity financial instruments are not affected by interest rate variation. Therefore, a change in interest rates at the reporting date would not affect the profit or loss account or the equity.

(e) Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide variety of causes associated to Company's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risk, such as the losses arising from legal and regulatory requirements and generally accepted standards concerning organizational behaviour. Operational risks arise from all Company's operations. The main responsibility of the Company's management is to develop and implement operational risk-related controls. Responsibility is supported by the development of the Company's general standards of operational risk management in the following areas:

- Segregation of duties requirements, including independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Alignment with regulatory and legal requirements
- Documentation of controls and procedures
- Requirements for periodic review of the operational risk the Company is exposed to and the adequacy of controls and procedures to prevent the risks identified
- Reporting requirements for operational losses and proposals to remedy the causes that generated them
- Development of operational continuity plans
- Vocational development and training
- Setting ethical standards
- Prevent the risk of litigation, including insurance where applicable
- Risk mitigation, including efficient use of insurances where appropriate.

(f) Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain the investors', creditors' and market confidence and to support future development of the entity. The Board of Directors monitors the return on engaged capital, defined as net profit resulting from operating activity divided by total equity.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company's debt report to capital at the end of the period was as follows:

	<u>2022</u>	<u>2021</u>
Total liabilities	9.350.447	8,966,666
Cash and cash equivalents	<u>1.628.206</u>	<u>3,149,786</u>
Net debts	<u>(7.722.241)</u>	<u>(5,816,880)</u>
Total capitals	<u>111.942.389</u>	<u>108,748,618</u>
Gearing ratio	8%	8%

(g) Economic environment risk

Global risks are assessed to be increasing after the outbreak of the war in Ukraine, expectations regarding economic developments have decreased significantly compared to previous estimates, and inflationary pressures have increased. Although, the direct exposures of the European financial system to Russia are generally low, the indirect effects generated by rising commodity prices, tightening financing conditions, possible cyber incidents or pressures generated by the trade-off between energy security and energy transition can be significant.

Current fears, that the deterioration of financial conditions could contribute at a later stage to a further decrease in investor confidence, have determined a joint effort by governments and central banks to adopt special measures to counteract the vicious circle of increasing risk aversion and to ensure the normal operation of the market.

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

The management is unable to estimate reliably the effects on the Company's financial statements resulting from financial market liquidity deterioration, impairment of financial assets influenced by illiquid market conditions and high volatility of national currency and financial markets. The Company's management believes that it takes all necessary measures to support the Company's business growth in current market conditions by:

- developing the liquidity management strategies and establishing specific measures of liquidity management in crisis situations;
- making forecasts of current liquidity;
- daily monitoring the cash flows and estimating their effects on Company's borrowers, due to limited access to financing and low possibilities to support business growth in Romania;
- carefully examining the conditions and clauses included in the existing and future clearing and settlement commitments.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(h) Tax risk

Interpretation of texts and practical implementation of the procedures of new applicable tax regulations harmonized with European legislation might vary from entity to entity and there is a risk that in some cases the tax authorities could adopt a different position from that of the Company.

In addition, there are several agencies subordinated to the Romanian Government that are authorised to conduct control over companies operating in Romania. These controls are similar to tax audits in other countries and may cover not only tax issues but also other legal and regulatory issues of interest to these agencies. It is possible that the Company continues to be subject to tax controls as new tax regulations are issued. The remaining fiscal control period is open for 5 years.

6. INVESTMENTS IN SUBSIDIARIES

In the 2022 year, the Company's participation to the group entities is the following:

	<u>1 January 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>31 December 2022</u>
Depozitarul Central S.A.	20,243,735	-	-	20,243,735
BVB Corporate Governance Institute Foundation	<u>50,000</u>	-	-	<u>50,000</u>
CCP.RO Bucharest SA	<u>47,500,000</u>	=	=	<u>47,500,000</u>
Total	<u>67,793,735</u>	=	-	<u>67,793,735</u>

The structure of participations in subsidiaries is presented in Note 23.

The Company acquired control over Depozitarul Central S.A. on 11 May 2006, by subscription to share capital increase and the contribution in kind to the share capital of the subsidiary.

As at 31 December 2022 the holding value in BVB Corporate Governance Institute Foundation in amount of RON 50,000 was fully impaired.

The Company approved, at the Extraordinary General Meeting of Shareholders on January 29, 2019, the establishment of the local central counterparty, to which BVB will contribute up to EUR 10 million. Thus, on November 4, 2019, the company CCP.RO Bucharest SA (CCP.RO) was established, with a share capital of RON 79,800,000, of which BVB holds 59.52% representing RON 47,500,000.

On December 30, 2022, the increase in share capital of CCP RO from RON 79,800,000 to 86,800,000 lei was recorded, following the payment of cash contribution of RON 7,000,000 by the new shareholder Societatea Energetică ELECTRICA S A.

Thus, BVB's participation in CCP.RO subsidiary decreased from 59.52% to 54.72%.

6. INVESTMENTS IN SUBSIDIARIES(CONTINUED)

As of 31.12.2022, CCP.RO is still in the process of obtaining the necessary authorizations from the Financial Supervisory Authority and the European Securities and Markets Authority ("ESMA"). As CCP.RO is not yet operational as a central counterparty, no operating income or profit was recorded.

The company considered that these elements may constitute indicators of impairment of the participation in CCP.RO and carried out an impairment test, in accordance with the requirements of IAS 36 "Impairment of Assets".

The impairment test took into account the determination of the value in use of the participation in CCP.RO, starting from the cash flows expected in the future, according to the business plan approved by the shareholders of CCP.RO. The cash flows have been discounted to the present value using as a discount rate an estimated cost of capital of 10.89 %, which takes into account the specifics of the activity of CCP.RO.

The results of the impairment test showed that it is not necessary to register an impairment adjustment of the participation in CPP.RO, the value of use exceeding the investment cost on 31.12.2022.

The movements in adjustments for the impairment of investments in subsidiaries in 2022 is as follows:

	<u>2022</u>	<u>2021</u>
Balance as at 1 January	<u>50,000</u>	<u>50,000</u>
Increase of adjustment for impairment of investments	-	-
Reversals during the year	-	-
Balance as at 31 December	<u>50,000</u>	<u>50,000</u>

7. OPERATING REVENUES

Service revenues consist of the following:

	<u>2022</u>	<u>2021</u>
Trading revenues	22,584,429	18,065,545
Revenues from issuers admission and maintaing fees	4,527,256	4,221,266
Revenues from sale of market data	3,212,208	2,906,858
Other revenues	<u>1,364,802</u>	<u>1,088,069</u>
Total	31,688,695	26,281,738

The Other services category also includes the reinvocings to Depozitarul Central SA for the maintenance of the operational IT system, Arena and other software developments.

8. OPERATING EXPENSES

The operating expenses comprise the following:

8.1 Staff costs and indemnities of the Board of Directors

	<u>2022</u>	<u>2021</u>
Remunerations – management and personnel	9,295,563	8,278,945
Indemnities of the Board of directors members including other amounts payable to such members as approved by the GSM	1,074,632	873,840
Other staff and Board expenses (SOP and bonuses)	1,558,999	555,419
Contributions and taxes related to personnel and indemnities	<u>238,604</u>	<u>212,559</u>
Total	12,167,799	9,920,763

8. OPERATING EXPENSES (CONTINUED)

The number of Company's employees was:

		<u>2022</u>		<u>2021</u>
	At the end of the year	Annual average	At the end of the year	Annual Average
Managers based on agency agreements	2	2	2	2
Employees	44	45	43	42

Share-based payments (SOP)

The realized and estimated expenses of the employer for the benefits granted and related to the transactions based on payment based on shares, are presented separately in 2022 and amounted to RON 888,546 (2021: RON 436,647).

In 2021, a number of 14.402 shares were transferred free of charge, granted for 2021, with a market value at vesting date of RON 397.495, to the employees, according to the Share Allocation Plan approved by GSM.

In 2021 the Company granted options, according to the Stock Option Plan, to the members of the Board of Governors, management and employees.

For the year 2021, the Non-Executive Administrators fulfilled the performance condition provided for in the Share Allocation Plan, respectively BVB achieved good financial results, recording profits, but they took the decision, taking into account the degree of achievement of the 2021 budget, not to submit to the GSM approval the granting of the shares, and thus not exercising the received options.

Based on the evaluation of the results for 2021, taking into account the degree of achievement of the 2021 budget, the Non-Executive Directors decided not to grant shares to the Directors.

8. OPERATING EXPENSES (CONTINUED)

The shares options and the free shares of BVB granting is made for the non-executive directors and directors of BVB based on the Remuneration Policy of the management structure of BVB, approved by BVB GSM in 2022 and of the BVB Share Allocation Plan.

The granting of stock options and free BVB shares for BVB employees is based on the internal remuneration policy of BVB employees (employees), approved by the Board of the Exchange in 2018.

In 2022, the Company granted options for free BVB shares, according to the Stock Option Plan, members of the Stock Exchange Board, management and employees.

According to BVB's remuneration of the management structure regarding the Non-Executive Directors:

„4.2.4.1. Non-Executive Directors are entitled to an annual allowance in the form of BVB shares (through zero exercise share options) in the amount of four gross monthly fixed allowances in accordance with the BVB Share Allocation Plan.

4.2.4.2. Non-Executive Directors may exercise the option to acquire the shares within 12 months from the date of their granting subject to the fulfillment of certain performance conditions, respectively:

- (a) BVB achieved good financial results by recording profits; and / or
- (b) any other relevant performance criteria approved by the shareholders at the general meeting of shareholders.

4.2.4.3. The evaluation of the fulfillment of the performance conditions is performed by the OGMS which approves the granting of BVB shares to the Non-Executive Directors.

4.2.4.4. The maximum number of shares that can be transferred to a Non-Executive Director is calculated as follows: $4 \times \text{Fixed Gross Monthly Allowance} / \text{BVB Share Price}$ (closing price of the BVB share on the business day immediately preceding the date on which the share option is exercised in accordance with the BVB Share Allocation Plan). If the mathematical calculation results in fractions of shares, the number of shares will be rounded down to the nearest natural number.

4.2.4.5. The transfer of the allocated shares to the Non-Executive Directors is made within a maximum of 3 months from the OGMS date by which they were allocated.

4.2.4.6. Non-Executive Directors are obliged not to alienate the shares of BVB allotted in accordance with 4.2.4.4 for a period of one year from the date of acquisition. "

According to BVB's remuneration policy for the Board of Directors regarding Directors:

„5.5.2. The variable remuneration component in shares is granted and paid in accordance with the BVB Share Allocation Plan.

5.5.2.1. In order to determine the number of shares to be transferred to the Director, the closing price for a BVB share on the business day immediately preceding the day on which the Board finds that the performance targets are met and approves the granting of variable remuneration shall be taken into account. If the mathematical calculation results in fractions of shares, the number of shares will be rounded down to the nearest natural number.

5.5.2.2. If between the date of the allotment of the shares and the date of the actual transfer of the BVB shares to the Directors corporate actions are implemented which determine the adjustment of the market price of the BVB share, these adjustments will change the number of allotted shares. BVB rules.

5.5.2.3. The transfer of shares is carried out within 12 months from the date of granting the options on the shares due to the Directors as a component in shares of the variable remuneration.

5.5.2.4. The directors are obliged not to alienate the shares allocated as variable remuneration for a period of one year from the date of acquisition. "

8. OPERATING EXPENSES (CONTINUED)

8.2 Expenses with services provided by third parties include:

	<u>2022</u>	<u>2021</u>
Business consulting services	1,021,984	730,991
Financial, IT and internal audit services	322,470	234,005
Commissions and fees (legal, contributions, etc.)	331,442	329,540
Services provided by third parties for events	588,599	548,166
Services provided by third parties	<u>1,174,584</u>	<u>984,901</u>
Total	3,439,080	2,827,603

The statutory auditor of the Company for the year 2022 was Mazars Romania SRL. The audit fee, in accordance with the services agreement, was of EUR 13,800. During 2022, the statutory auditor did not

provided allowed non-audit services. During 2021, the statutory auditor provided no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council to the Group.

During 2022, the projects started in 2021, carried out in order to promote the BVB and the capital market, were continued, the most important being the BVB Research Hub and the implementation of ESG ratings as well as Made in Romania with a value a total of RON 1,021,983, presented separately on a new line "Services provided by third parties for business development", extracted and presented separately also for the year 2021 from the line "Services provided by third parties for events" in amount of 730,991.

8.3 Other operating expenses include expenses with:

	<u>2022</u>	<u>2021</u>
Rent and utilities for rented spaces	1,031,518	759,850
Tangible asset depreciation (Note 11)	700,452	606,533
Intangible asset depreciation (Note 12)	586,345	488,811
Right of use assets depreciation (Note 13)	947,865	873,356
Expenses with ASF tax and other fees	868,333	839,528
Consumables	165,131	233,989
IT Maintenance, service and repairs	727,872	700,419
Insurance for professional equipment, etc.	103,553	88,844
Protocol	641,239	262,051
Marketing, advertising and promotion	702,240	1,166,556
Transport and travels	336,833	222,933
Telecommunications and mail services	137,576	125,685
Bank fees	27,000	21,868
Loss from writing off clients	6,700	20,941
Expenses/ (Revenues) from receivables adjustment	47,477	(342,139)
Other expenses	<u>219,638</u>	<u>143,342</u>
Total	7,249,771	6,212,568

8. OPERATING EXPENSES (CONTINUED)

In 2022, the administrative expenses recorded were higher, impact from the increase in inflation, including inflation rate indexation of the headquarter rental contract.

9. FINANCIAL INCOME AND EXPENSES

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

	<u>2022</u>	<u>2021</u>
Interest income from financial assets and bank deposits	1,173,007	964,638
Dividends income	1,532,490	575,453
	382,029	676,513
Net gain / (loss) from exchange rate differences		
Interest expense with lease contracts IFRS 16		
and other financial expenses	(173,929)	(166,136)
Expected credit losses – IFRS9	<u>(12,867)</u>	<u>9,285</u>
Net financial income	2,900,730	2,059,753

The interest income related to financial assets at amortised cost and bank deposits include interest related to the investments in government bonds, government securities and deposits.

10. CORPORATE INCOME TAX EXPENSE

Reconciliation of profit before tax to corporate income tax expense in profit or loss account

	<u>2022</u>	<u>2021</u>
Before-tax accounting profit	12,746,538	9,703,167
Theoretical income tax (16%)	2,039,446	1,552,507
Income tax for non-taxable income tax and assimilated	(268,654)	(165,336)
Income tax for non-deductible expenses tax and assimilated	149,489	249,316
Income tax on fiscal profit	1,920,281	1,636,487
Corporate income tax (16%) computed	<u>1,920,281</u>	<u>1,636,487</u>
Sponsorship deducted from corporate income tax	(209,449)	(139,880)
10% deduction according to Law 54/2020	-	-
Current tax expense	<u>1,710,832</u>	<u>1,496,607</u>
Income from deferred income tax	-	-
Corporate income tax expense/(income)	<u>1,710,832</u>	<u>1,496,607</u>

11. TANGIBLE ASSETS

	Land and buildings <i>i)</i>	Machinery and equipment	IT equipment, office automation and furniture <i>ii)</i>	Fixed assets in progress	Total
2022					
Cost					
Balance as of 1 January 2022	<u>3,920,026</u>	<u>8,599,273</u>	<u>1,786,495</u>	<u>2,660</u>	<u>14,308,454</u>
Purchases	-	650,076	166,116	89,327	905,520
Disposals	-	(19,552)	(27,854)	(91,987)	(139,394)
Balance as of 31 December 2022	<u>3,920,026</u>	<u>9,229,797</u>	<u>1,924,757</u>	<u>-</u>	<u>15,074,580</u>
Depreciation					
Balance as of 1 January 2022	-	<u>7,853,721</u>	<u>1,284,708</u>	-	<u>9,138,428</u>
Depreciation during the year	-	525,980	174,471	-	700,452
Disposals	-	(16,499)	(24,056)	-	(40,555)
Balance as of 31 December 2022	-	<u>8,363,202</u>	<u>1,435,123</u>	-	<u>9,798,325</u>
Net carrying amounts					
Balance as of 1 January 2022	<u>3,920,026</u>	<u>745,552</u>	<u>501,788</u>	<u>2,660</u>	<u>5,170,026</u>
Balance as of 31 December 2022	<u>3,920,026</u>	<u>866,595</u>	<u>489,634</u>	<u>-</u>	<u>5,276,255</u>

	Land and buildings <i>i)</i>	Machinery and equipment	IT equipment, office automation and furniture <i>ii)</i>	Fixed assets in progress	Total
2021					
Cost					
Balance as of 1 January 2021	3,920,026	8,510,319	1,588,450	-	14,018,795
Purchases	-	174,162	372,778	199,054	745,994
Disposals	-	(85,208)	(174,732)	(196,394)	(456,335)
Balance as of 31 December 2021	<u>3,920,026</u>	<u>8,599,273</u>	<u>1,786,495</u>	<u>2,660</u>	<u>14,308,454</u>
Depreciation					
Balance as of 1 January 2021	-	7,484,956	1,306,632	-	8,791,589
Depreciation during the year	-	453,799	152,735	-	606,533
Disposals	-	(85,034)	(174,659)	-	(259,694)
Balance as of 31 December 2021	-	<u>7,853,721</u>	<u>1,284,708</u>	-	<u>9,138,428</u>
Net carrying amounts					
Balance as of 1 January 2021	<u>3,920,026</u>	<u>1,025,363</u>	<u>281,818</u>	-	<u>5,227,206</u>
Balance as of 31 December 2021	<u>3,920,026</u>	<u>745,552</u>	<u>501,788</u>	<u>2,660</u>	<u>5,170,026</u>

11. TANGIBLE ASSETS (CONTINUED)

- i) IT equipment, office automation and furniture mainly include the value of servers and specialized equipment used in specific trading and settlement activities.
- ii) During 2022, modernizations were made at the company's headquarters, represented by improvements and furniture amounting to RON 648,281.

12. INTANGIBLE ASSETS

2022	<u>Licenses,</u>	<u>Intangible assets</u>	
Cost	<u>software</u>	<u>under development</u>	<u>Total</u>
Balance as at 1 January 2022	<u>6,669,360</u>	<u>244,858</u>	<u>6,914,218</u>
Purchases	782,643	240,713	1,023,356
Outflows	<u>(260,046)</u>	-	<u>(260,046)</u>
Balance as at 31 December 2022	<u>7,191,956</u>	<u>485,571</u>	<u>7,677,527</u>
Depreciation			
Balance as at 1 January 2022	<u>5,817,329</u>	-	<u>5,817,329</u>
Depreciation during the year	586,345	-	586,345
Outflows	<u>(259,814)</u>	-	<u>(259,814)</u>
Balance as at 31 December 2022	<u>6,143,860</u>	<u>-</u>	<u>6,143,860</u>
Net carrying amounts			
Balance as at 1 January 2022	<u>852,031</u>	<u>244,858</u>	<u>1,096,889</u>
Balance as at 31 December 2022	<u>1,048,097</u>	<u>485,571</u>	<u>1,533,668</u>

12. INTANGIBLE ASSETS (CONTINUED)

2021	<u>Licenses.</u>	<u>Intangible assets</u>	<u>Total</u>
Cost	<u>software</u>	<u>under development</u>	
Balance as at 1 January 2021	6,223,604	64,353	6,287,956
Purchases	707,075	311,521	1,018,596
Outflows	<u>(261,320)</u>	<u>(131,015)</u>	<u>(392,335)</u>
Balance as at 31 December 2021	<u>6,669,360</u>	<u>244,858</u>	<u>6,914,218</u>
Depreciation			
Balance as at 1 January 2021	5,589,837	-	5,589,837
Depreciation during the year	488,811	-	488,811
Outflows	<u>(261,320)</u>	-	<u>(261,320)</u>
Balance as at 31 December 2021	<u>5,817,329</u>	<u>-</u>	<u>5,817,329</u>
Net carrying amounts			
Balance as at 1 January 2021	<u>633,766</u>	<u>64,353</u>	<u>698,119</u>
Balance as at 31 December 2021	<u>852,031</u>	<u>244,858</u>	<u>1,096,889</u>

Software and licenses include mainly the value of the software used by the company for the specific activities they carry out, such as the use of trading systems.

The company recorded in 2022 investments and acquisitions of intangible assets in the amount of RON 782,643 (2021: RON 707,075) and were mainly represented by updates of the trading system (ARENA) (the inventory value of ARENA increased as a result internal development cost capitalization), operating system licenses and other licenses.

13. RIGHT OF USE ASSETS

2022	Cladiri	Autoturisme	Total
Cost			
Balance as at 1 January 2022	<u>4,026,728</u>	<u>328,181</u>	<u>4,354,909</u>
Purchases	279,149	155,840	434,989
Outflows	0	(59,561)	(59,561)
Balance as at 31 December 2022	<u>4,305,877</u>	<u>424,460</u>	<u>4,730,337</u>
Depreciation			
Balance as at 1 January 2022	<u>699,236</u>	<u>174,576</u>	<u>873,811</u>
Depreciation during the year	870,045	77,819	947,865
Outflows	0	(59,561)	(59,561)
Balance as at 31 December 2022	<u>1,569,281</u>	<u>192,834</u>	<u>1,762,115</u>
Net carrying amounts			
Balance as at 1 January 2022	<u>3,327,492</u>	<u>153,605</u>	<u>3,481,098</u>
Balance as at 31 December 2022	<u>2,736,596</u>	<u>231,626</u>	<u>2,968,222</u>
2021	Cladiri	Autoturisme	Total
Cost			
Balance as at 1 January 2021	1,614,263	258,928	1,873,191
Purchases	3,942,385	93,107	4,035,492
Outflows	(1,529,920)	(23,854)	(1,553,774)
Balance as at 31 December 2021	<u>4,026,728</u>	<u>328,181</u>	<u>4,354,909</u>
Depreciation			
Balance as at 1 January 2021	1,426,291	127,938	1,554,229
Depreciation during the year	802,865	70,492	873,356
Outflows	(1,529,920)	(23,854)	(1,553,774)
Balance as at 31 December 2021	<u>699,236</u>	<u>174,576</u>	<u>873,811</u>
Net carrying amounts			
Balance as at 1 January 2021	<u>187,972</u>	<u>130,990</u>	<u>318,962</u>
Balance as at 31 December 2021	<u>3,327,492</u>	<u>153,605</u>	<u>3,481,098</u>

13. RIGHT OF USE ASSETS (continued)

The company had concluded on January 1, 2022, 2 leases for the main and secondary headquarters for which the default interest rate used was 5% / year, a value determined by the cost of borrowing from the financial market to finance an asset of a similar value for a comparable time period.

During 2022, the value of the main office rental contract was indexed with the inflation rate of February 2022, respectively 8.53%, and an additional lease liability in amount of RON 278,149 was recognized.

The company had concluded on January 1, 2022, 4 car rental contracts (operational leasing) for which the interest used was 4.2% / year, a value offered by the lessor to finance the same assets under a financial leasing contract.

During the year 2022, one of the car rental agreements (operational leasing) was renewed, recognizing an right-of-use asset in the amount of RON 155,840 lei, the interest rate used being 8.16%.
For interest expense on liabilities arising from leases, see Note 9.

14. FINANCIAL INSTRUMENTS

The Company's financial instruments (net values, including expected credit losses – IFRS 9) are:

	<u>31 December</u> <u>2022</u>	<u>31 December</u> <u>2021</u>
Financial assets carried at amortized cost - gross value	17,378,323	19,369,515
Expected credit losses (IFRS 9)	(251,320)	(248,752)
Other assets – guarantees iii)	<u>170,414</u>	<u>170,414</u>
Total non-current financial instruments	<u>17,297,417</u>	<u>19,291,177</u>
Bank deposits with maturity between 3 months and one year iii)	5,650,562	3,191,526
Expected credit losses (IFRS 9)	(45,888)	-
Current financial assets carried at amortized cost	<u>13,397,434</u>	<u>11,089,859</u>
Total current financial instruments	<u>19,002,108</u>	<u>14,281,384</u>

The financial assets are represented by government securities issued by the Ministry of Finance denominated in RON, USD and EUR, with initial maturities between 10 months and 5 years at coupon rates between 2.75% and 5.85% per year.

Term deposits are made in RON and EUR, at banks in Romania with initial maturities between 3 months and 1 year at interest rates between 6.25% and 8.2% for deposits in RON and 0.8% for deposits in EUR.

14. FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets present the amounts net of expected credit losses (IFRS9). The gross value of financial assets (government securities and bank deposits) amounts RON 36,426,319 and the expected credit losses is RON 297,208.

<i>Expected credit losses IFRS 9</i>	2022	2021
Balance as at 1 January	<u>248,752</u>	<u>259,239</u>
Impairment losses	152,176	37,505
Impairment reversals	<u>(103,720)</u>	<u>(47,992)</u>
Balance as at 31 December	297,208	248,752

Impairment losses are calculated based on a model using the credit risk swap and for the Company's financial assets, the expected credit loss is computed for 12 months (Stage 1, according with IFRS 9).

Variation of financial instruments carried at amortized cost:

	Financial assets at <u>amortized</u> <u>cost</u>	Held-to-maturity <u>financial assets</u>
	2022	2021
1 January	<u>30,381,036</u>	<u>31,662,854</u>
Acquisitions (less interest) and exchange rate differences	13,822,806	8,499,857
Interest computed and purchased	1,320,264	1,530,250
Interest collected (cash -in)	(1,431,367)	(1,654,495)
Redeems (less interest)	<u>(13,146,569)</u>	<u>(9,408,678)</u>
31 December	<u>30,946,171</u>	<u>30,629,788</u>
Expected credit losses, IFRS 9	(251,320)	(248,752)
Net value	<u>30,694,851</u>	<u>30,381,036</u>

15. TRADE AND OTHER RECEIVABLES

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
Trade receivables – gross value i)	5,452,731	3,089,941
Adjustment for trade receivable impairment	(487,452)	(439,975)
Expected credit losses IFRS 9	(11,135)	(4,960)
VAT undue	25,505	3,119
Other receivables	<u>244,085</u>	<u>215,282</u>
Total	5,223,733	2,863,407

Trade and other receivables considered financial assets and presented in Note 5 - Management of financial risk - amount to RON 5,223,733 as at 31 December, 2022 and RON 2,863,407 as at 31 December 2021 and represent net trade receivables and other receivables.

Trade receivables are mostly receivables from financial investment services companies which were invoiced for the services provided in the last month of the financial year, and receivables for services invoiced to issuers listed on the stock exchange and other clients: maintenance fee for trading system, use fee for additional terminal, online sale of information, charges for providing index license, fee for data dissemination and other.

The movement in the adjustment for receivables impairment during the year was as follows:

	2022	2021
<i>Adjustment for impairment – Individual component</i>		
Balance as at 1 January	439,975	782,114
Impairment losses	78,211	(132,983)
Impairment reversals	<u>(30,734)</u>	<u>(209,156)</u>
Balance as at 31 December	487,452	439,975

Considering the amendment in 2021 of the Regulation no. 5/2018 regarding the issuers of financial instruments and market operations, respectively the introduction of the obligation of the listed issuers to prove the payment of the payment amounts to the Stock Exchange, the recovery of the uncollected amounts will be possible until delisting / withdrawal from trading, the latest.

Article 115 - Withdrawal from trading of securities in the situations provided in art. 115 regarding art. 62 lit. a) and c) of Law no. 24/2017 is made under the conditions of transmission to the A.S.F. of the confirmation received by the issuer from the market operator and the central depository regarding the non-existence of unpaid financial obligations of the issuer towards the market operator and the Central Depository”.

15. TRADE AND OTHER RECEIVABLES (CONTINUE)

Starting 2021, the adjustment for the value of uncollected invoices issued for the annual maintenance fee was calculated as follows:

- the adjustment will be calculated for arrears older than 270 days (unchanged)
- the amount related to the adjustment will represent a percentage of 30% of the rest to be collected, compared to 100% provided so far.

The reduction of the percentage to 30% of the remaining receivables of uncollected receivables from maintenance fees of issuers, compared to 100% as provided in the past, generated at the end of 2021, a reduction of the expense with the impairment of uncertain receivables of RON 332,647.

<i>Expected credit losses IFRS 9</i>	<u>2022</u>	<u>2021</u>
Balance as at 1 January	<u>4,960</u>	15,263
Impairment losses	6,175	-
Impairment reversals	=	<u>(10,303)</u>
Balance as at 31 December	11,135	4,960

The Company computes an impairment loss on trade receivables using the simplified approach according to IFRS 9, recognizing expected credit losses on receivables over their lifetime. The expected credit loss for trade receivables was calculated using the ratio determined by the amount of customer receivables that became uncertain during the reporting period in the total revenues generated by the Company over the same period of time. The determined ratio was applied to the receivables balance outstanding at 31 December 2022.

The change in the provision policy for the uncollected receivables related to issuers maintaining fees had an impact on the decrease of the rate used in the calculation of the anticipated loss of credit for commercial receivables.

16. PREPAYMENTS

Prepayments in amount of RON 619,492 (31 December 2021: RON 637,781) are mainly ESG consultancy services, prepaid rents, insurance premiums for equipment, IT equipment maintenance, insurance premiums for civil liability insurance for administrators and contributions to international bodies and various subscriptions.

17. CASH AND CASH EQUIVALENTS

The held cash and cash equivalents comprise the following:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Deposits at banks with original maturity less than 3 months	-	1,221,954
Bank current accounts	1,623,657	1,969,365
Petty cash	17,736	10,302
Expected credit losses IFRS 9	<u>(13,187)</u>	<u>(51,835)</u>
Total	1,628,206	3,149,786

Cash and cash equivalents as of 31 December 2022 presents the amounts net of expected credit losses (IFRS 9). The gross amount of cash and cash equivalents is RON 1,641,393 (2021: 3,201,621) and the expected credit losses is RON 13,187 (2021: RON 51,835).

<i>Expected credit losses IFRS 9</i>	2022	2021
Balance as at 1 January	<u>51,835</u>	<u>34,188</u>
Impairment losses	12,617	53,192
Impairment reversals	<u>(51,625)</u>	<u>(35,545)</u>
Balance as at 31 December	<u>13,187</u>	<u>51,835</u>

Impairment losses are calculated based on a model using the credit risk swap and for the Company's financial assets, the expected credit loss is computed for 12 months (Stage 1, according with IFRS 9).

18. TRADE LIABILITIES AND OTHER LIABILITIES

The Company's trade and other liabilities comprise the following:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Trade liabilities	1,478,309	960,927
Salary contributions due	362,337	327,779
Taxes due	7,006	10,316
VAT payable	146,437	5,777
Dividends payable	1,342,859	1,449,144
Advances received from customers	769	800
Other debts to management and personnel	948,926	678,938
Other liabilities	<u>142,096</u>	<u>131,953</u>
Total	4,428,738	3,565,633

Trade and other liabilities considered financial debts and presented in Note 5 - Management of financial risk - amount to RON 2,964,032 as at 31 December 2022 and RON 2,542,823 as at 31 December 2021 and consist of trade liabilities, and dividends payable and other payables to lenders.

Trade liabilities are mainly obligations to internal suppliers, some of them with a maturity less than 30 days, paid in early 2023.

19. OPERATING LEASE LIABILITIES

	<u>31 December 2022</u>	<u>31 December 2021</u>
Operating lease liabilities – current	948,605	853,734
Operating lease liabilities – non-current	<u>2,178,409</u>	<u>2,753,360</u>
Total	3,127,014	3,607,094

For the interest expense related to the liabilities arising from the lease agreements, see Note 9.

20. DEFERRED INCOME

Deferred income/revenues include:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Revenues from maintenance of stock exchange listing	1,545,054	1,381,369
Other deferred income	<u>67,780</u>	-
Total	<u>1,612,834</u>	<u>1,381,369</u>

Deferred income represents amounts not due with regard to the fees for maintainance at the trading system of listed issuers and are registered as revenues over 12 months and gradually recognized as revenues as the services are performed.

21. CAPITAL AND RESERVES

a) *Share capital*

On 31 December 2022, BVB had a share capital amounting to RON 80,492,460 (31 december 2021: RON 80,492,460) divided in 8,049,246 shares with a nominal value of RON 10 /share, dematerialized, with the same voting right, divided into the following categories:

Shareholding structure at 31 December 2022	Number of <u>shares</u>	% from share <u>capital</u>
Legal entities, of which:	6,646,434	82.57%
- Romanian	6,599,588	81.99%
- foreign	46,846	0.58%
Individuals, of which:	1,362,393	16.93%
- Romanian	1,256,153	15.61%
- foreign	106,240	1.32%
Bucharest Stock Exchange	40,419	0.50%
Total	<u>8,049,246</u>	<u>100%</u>

Share types:

	31 December 2022	31 December 2021
Ordinary shares	8,049,246	8,049,246
Preferential shares	-	-
Total	8,049,246	8,049,246

In compliance with the provisions of amending 136, paragraph 5 on Law no. 126/2018 regarding the capital market, a shareholder of a market operator shall not hold, either directly or indirectly, more than 20% of the total voting rights. As a consequence, none of the BVB shareholders held more than 20% as at 31 December 2022.

By Decision No 632/18.05.2010 issued by CNVM the prospectus drawn up with a view to admission to trading on the regulated market operated by BVB of its own shares was approved. On 8 June 2010 the first transactions with shares issued by BVB on the regulated Romanian market took place.

The closing price for the last trading session of 2022 was of RON 35.30/share (2021: RON 25.50 /share).

22. CAPITAL AND RESERVES (CONTINUED)

b) Treasury shares and share-based awards granted to the directors and employees

In 2022, the Company granted options, according to the Share Allocation Plan (Stock Option Plan type), to eligible members of the Stock Exchange Council, management and employees.

The benefit granted in equity instruments (own shares) amounted to RON 888.546 (2021: RON 436,647). Also see Note 8.

Movements as at 31 December 2022 are as follows

	2022	2021
Balance as at 1 January	(110,096)	246,950
Own shares redeemed	1,074,170	-
Share-based benefits granted to Members of the Board, Management and employees, including estimations	(888,546)	(436,647)
Losses as effect of granting shares for free within SOP	-	<u>79,601</u>
Balance as at 31 December	<u>75,528</u>	<u>(110,096)</u>

c) Dividends

The Board of Directors of BVB submits to the approval of the General Shareholders Meeting the proposal for distribution of the statutory net profit for 2022 of the Company, in amount of RON 11.035.706, as follows: the amount of RON 637,327 for the legal reserve, and the rest in the form of gross dividends. Thus, the amount proposed for approval by the General Shareholders Meeting established for April 26/27, 2023, for distribution in 2023 in the form of gross dividends for 2022 is RON 10,398,379. Through the full distribution of the amount of RON 10,398,379 in the form of dividends, each share, including its own shares, will have to correspond to a gross dividend in the amount of RON 1,2918.

The BVB General Meeting of Shareholders on April 28, 2022 approved the proposal to distribute the statutory net profit for the year 2021 of the Bucharest Stock Exchange, in amount of RON 8,206,560, as follows: the amount of RON 485,158 for the legal reserve, and the rest, in the form gross dividends. The amount distributed in 2022 in the form of gross dividends related to 2021 is RON 7,721,402, with a corresponding dividend of 0.9592 lei/share. The dividend payment date set by the AGM was June 22, 2022

21. CAPITAL AND RESERVES (CONTINUED)

d) *Legal reserve*

According to legal requirements, the Company establishes legal reserves in the amount of minimum 5% of the profit registered according to RCR up to a level of 20% of share capital. Legal reserves are not distributable to shareholders.

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

e) *Revaluation reserve*

This reserve includes the net cumulated changes of the fair values of fixed assets on their classification date in this category and until the date when they were derecognized or impaired.

Movements from reserves as at are as follows:

Revaluation reserve	2022	2021
Balance as of 1 January	<u>1,748,513</u>	<u>1,748,513</u>
Revaluation reserve set up during the year	-	-
Balance as of 31 December	<u>1,748,513</u>	<u>1,748,513</u>

22. EARNINGS PER SHARE

The calculation of basic earnings per share at 31 December 2022 is based on profit attributable to Company's shareholders in the amount of RON 11,035,706 (2021: RON 8,206,560) and the weighted average number of ordinary shares outstanding of 8,049,246 (2021: 8,049,246).

23. TRANSACTIONS WITH RELATED PARTIES

Management key personnel

31 December 2022

Starting with February 13, 2020, the new composition of the Board of Directors of BVB (Stock Exchange Council / CB) and the positions held in the Stock Exchange Council are the following:

- | | | |
|---|--------------------------|-------------------|
| • | Hanga Radu | President |
| • | Paul Dan-Viorel | Vice-President |
| • | Pană Robert-Cosmin | Vice-President |
| • | Ionescu Claudia-Gabriela | General Secretary |
| • | Neacșu Dragoș-Valentin | Member |
| • | Bîciu Mihaela-Ioana | Member |
| • | Molnar Octavian | Member |
| • | Raț Răzvan Legian | Member |
| • | Szitas Stefan | Member |

Executive management was formed of:

- | | | |
|---|------------------|------------------------|
| • | Mr Adrian Tanase | General Manager |
| • | Mr. Alin Barbu | Deputy General Manager |

In 2022, the remuneration granted to the key management personnel of BVB amounted to RON 1,601,339 (2021: to RON 1,499,179).

In 2022, the remuneration granted to the members of the Board of Governors and members of the Special Committees were RON 1,052,692 (2021: RON 873,840).

The total gross remuneration granted to administrators and directors was, according to the 2022 remuneration report, of RON 3,218,499.

The Company has not granted loans, advances or guarantees to members of Board of Governors and to Executive Directors of BVB.

23. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Related parties

<u>Related party</u>	<u>Field of activity</u>	<u>Percentage of ownership</u> <u>31 December 2022</u>	<u>Percentage of ownership</u> <u>31 December 2021</u>
Depozitarul Central SA	Compensation / settlement of transactions with shares and bonds performed at the Bucharest Stock Exchange and maintaining the register of shareholders	69.04%	69.04%
BVB's Corporate Governance Institute	Vocational training of listed companies and capital market participants in the fields of corporate governance and sustainable development	100%	100%
CCP.RO Bucharest SA	It 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	54.72%	59.52%

23. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Transactions with related parties

	<u>2022</u>	<u>2021</u>
Operating income from	<u>651,371</u>	<u>532,916</u>
- Central Depository	651,371	532,916
BVB income from dividends received, from	<u>1,532,490</u>	<u>575,453</u>
- Central Depository	1,532,490	575,453
Purchases of goods and services, from	<u>14,720</u>	<u>15,616</u>
- Central Depository	14,720	15,616
Trade Receivables, out of which from:	<u>394,331</u>	<u>253,370</u>
- Central Depository	394,331	253,370
Other receivables, out of which from:	<u>63,627</u>	<u>63,659</u>
- Central Depository	63,627	63,659
Liabilities out of which to	<u>173</u>	<u>22</u>
- Central Depository	173	22

The revenues recorded in connection with the entities in which BVB holds participations are based on IT services for administration and maintenance for the equipment that ensures the realization of the object of activity, and income from dividends distributed by Depozitarul Central S.A. The expenses recorded with the affiliated entities consist in services provided by the Central Depository.

24. COMMITMENTS AND CONTINGENT LIABILITIES

Court actions

On 31 December 2022, BVB was is subject to a number of court actions arising during the ordinary performance of its activities. BVB's management believes that in addition to the amounts already recorded in these separate financial statements as adjustments for asset impairment and described in the notes to these separate financial statements, other court actions shall not have significant effects on the Company's economic results and financial position.

25. ASPECTS TO BE MENTIONED

Following the end of the financial year, in February 2022, an armed conflict broke out between Russia and Ukraine, which affected the economies of the two countries and resulted in, among other things, a significant influx of refugees from Ukraine to neighboring countries (including Romania), as well as a series of sanctions imposed by the international community on Russia and Belarus and some of the companies of Russian origin. The medium and long-term impact of this conflict and of the sanctions imposed on Russia cannot be anticipated at this time with sufficient accuracy.

At the date of the financial statements, the conflict is still ongoing. Taking into account that the Company does not have activities significantly dependent on the area in conflict or affected by sanctions (especially Russia, Ukraine, Belarus), neither in terms of purchases, nor sales or investments, we consider that the ability of the Company to continue its activity in the foreseeable future it will not be significantly affected, although there are still uncertainties related to the evolution of the conflict and the potential impact on the countries in the vicinity of the conflict zone and the global economy.

26. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

No subsequent events to be reported.

BUCHAREST STOCK EXCHANGE

**CONSOLIDATED FINANCIAL STATEMENTS PREPARED
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL
REPORTING STANDARDS AS ADOPTED BY THE
EUROPEAN UNION**

31 DECEMBER 2022

BURSA DE VALORI BUCURESTI SA
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2022

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BUCHAREST STOCK EXCHANGE

CONSOLIDATED PROFIT OR LOSS AND

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2022

(RON)

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Revenues from services		55,374,485	45,729,969
Other revenues		1,169,855	440,509
Operating revenue	7	<u>56,544,340</u>	<u>46,170,478</u>
Staff costs and benefits of the members of Board of Governors	8	(26,674,786)	(22,104,868)
Expenses with services provided by third parties	8	(6,179,756)	(8,095,224)
Other operational expenses	8	<u>(14,901,774)</u>	<u>(13,309,168)</u>
Operating profit		<u>8,788,024</u>	<u>2,661,218</u>
Net financial income	9	<u>3,517,939</u>	<u>3,688,560</u>
Profit before tax		<u>12,305,963</u>	<u>6,349,778</u>
Corporate income tax (expense) / revenue	10	<u>(1,874,970)</u>	<u>(1,057,655)</u>
Profit from continuing operations		<u>10,430,992</u>	<u>5,292,124</u>
Profit for the year		<u>10,430,992</u>	<u>5,292,124</u>
Profit attributable to:			
Non-controlling interests		(196,405)	(1,171,547)
Owners of the Company		<u>10,627,397</u>	<u>6,463,671</u>
Profit for the year		<u>10,430,992</u>	<u>5,292,124</u>
		-	-
Reserves from the reevaluation of tangible assets			
Total comprehensive income for the year		<u>10,430,992</u>	<u>5,292,124</u>
Attributable amounts:			
Non-controlling interests		(196,405)	(1,171,547)
Owners of the Company		<u>10,627,397</u>	<u>6,463,671</u>
Total comprehensive income for the year		<u>10,430,992</u>	<u>5,292,124</u>
Basic/ diluted earnings per share		<u>1.3020</u>	<u>0.8030</u>

The consolidated financial statements were approved by the Board of Directors on 13 March 2023 and were signed by:

President,
Radu Hanga

General Manager,
Adrian Tănase

Financial Manager,
Virgil Adrian Stroia

The explanatory notes to the financial consolidated statements on pages 8 to 68 are an integral part of these consolidated financial statements.

BUCHAREST STOCK EXCHANGE

CONSOLIDATED PROFIT OR LOSS AND

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2022

(RON)

	<u>Note</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Assets			
Tangible assets	11	8,679,773	7,665,725
Intangible assets	12	4,559,157	3,684,671
Right-of-use assets	13	4,819,904	6,406,691
Deferred Tax Receivable	14	1,976,856	1,343,385
Financial assets at amortised cost	15	<u>57,501,111</u>	<u>51,663,280</u>
Total non-current assets		<u>77,536,801</u>	<u>70,763,752</u>
Trade and other receivables	16	9,844,887	7,318,472
Prepayments	17	870,502	847,220
Bank deposits	15	33,052,253	14,203,018
Restricted bank deposits covering the guarantee fund and the margin at amortised cost	15	3,087,625	3,005,471
Other financial assets at amortised cost	15	21,247,852	39,594,235
Cash and cash equivalents	19	33,309,069	32,746,712
Other restricted assets at amortised cost	18	<u>19,062,207</u>	<u>21,085,052</u>
Total current assets		<u>120,474,395</u>	<u>118,800,180</u>
Total assets		<u>198,011,196</u>	<u>189,563,932</u>
Equity			
Share capital	25	80,492,460	80,492,460
Treasury shares and and Share-base benefits	25	(75,528)	110,096
Share Premiums	25	6,297,386	6,297,386
Legal reserve	25	12,969,425	12,076,959
Revaluation reserve	25	3,385,355	3,385,355
Retained earnings	25	<u>6,242,878</u>	<u>3,796,969</u>
Total equity attributable to the owners of the Company		<u>109,311,976</u>	<u>106,159,225</u>
Non-controlling interests		<u>44,915,398</u>	<u>39,166,249</u>
Total shareholders' equity		<u>154,227,374</u>	<u>145,325,474</u>

The explanatory notes to the financial consolidated statements on pages 8 to 68 are an integral part of these consolidated financial statements.

BUCHAREST STOCK EXCHANGE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2022 (RON)

	<u>Note</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Liabilities			
Operating lease liabilities	21	<u>3,103,995</u>	<u>4,677,633</u>
Total non-current liabilities		<u>3,103,995</u>	<u>4,677,633</u>
Trade and other payables	20	32,437,892	32,079,437
Deferred income	22	1,648,237	1,401,234
Operating lease liabilities	21	2,057,984	2,084,773
Current corporate income tax payables		315,203	552,480
Provisions	23	1,146,332	542,519
Guarantee and clearing funds and settlement operation margin	24	<u>3,074,179</u>	2,900,382
Total current liabilities		<u>40,679,827</u>	<u>39,560,825</u>
Total liabilities		<u>43,783,822</u>	<u>44,238,458</u>
Total liabilities and equity		<u>198,011,196</u>	<u>189,563,932</u>

The consolidated financial statements were approved by the Board of Directors on 13 March 2023 and were signed by:

President,
Radu Hanga

General Manager,
Adrian Tănase

Financial Manager,
Virgil Adrian Stroia

The explanatory notes to the financial consolidated statements on pages 8 to 68 are an integral part of these consolidated financial statements.

BUCHAREST STOCK EXCHANGE

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2022

(RON)

	Share capital	Own shares	Share premium	Retained earnings	Revaluation reserve	Legal reserve	Total attributable to shareholders	Non- controlling interests	Total shareholders' equity
Balance as at 01 January 2022	<u>80,492,460</u>	<u>6,297,386</u>	<u>110,096</u>	<u>3,796,969</u>	<u>3,385,355</u>	<u>12,076,959</u>	<u>106,159,225</u>	<u>39,166,249</u>	<u>145,325,474</u>
Comprehensive income for the year									
Profit or loss	-	-	-	10,627,397	-	-	10,627,397	(196,405)	10,430,992
Other items of comprehensive income									
Legal reserve increase	-	-	-	(892,466)	-	892,466	-	-	-
Total items of comprehensive income	=	=	=	<u>(892,466)</u>	=	<u>892,466</u>	=	=	=
Total comprehensive income for the year	=	=	=	<u>9,734,930</u>	=	<u>892,466</u>	<u>10,627,397</u>	<u>(196,405)</u>	<u>10,430,992</u>
Contributions by and distributions to owners of the Company									
Acquisition of own shares	-	-	(1,074,170)	-	-	-	(1,074,170)	-	(1,074,170)
Benefits granted to employees settled in shares			914,303	-	-	-	914,303	-	914,303
Losses/Gains as effect of granting shares for free within SOP	-	-	(25,757)	25,757	-	-	-	-	-
Dividend paid to BVB shareholders	=	=	0	(7,682,022)	-	-	(7,682,022)	-	(7,682,022)
Increase/(Decrease) of subsidiaries	=		<u>(185,624)</u>	<u>(7,656,265)</u>	=	=	<u>(7,841,889)</u>	=	<u>(7,841,889)</u>
Total contributions by and distributions to owners of the Company									
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(687,202)	(687,202)
Share Capital increase of minority interests	-	-	-	-	-	-	-	7,000,000	7,000,000
Variation of interests in subsidiaries				<u>367,243</u>			<u>367,243</u>	<u>(367,243)</u>	-
Total changes in interests in subsidiaries	=	=	=	<u>367,243</u>	<u>0</u>	<u>0</u>	<u>367,243</u>	<u>5,945,555</u>	<u>6,312,798</u>
Total transactions with owners	=	=	<u>(185,624)</u>	<u>(7,289,022)</u>	<u>0</u>	<u>0</u>	<u>(7,474,646)</u>	<u>5,945,555</u>	<u>(1,529,091)</u>
Balance as at 31 December 2022	<u>80,492,460</u>	<u>6,297,386</u>	<u>(75,528)</u>	<u>6,242,878</u>	<u>3,385,355</u>	<u>12,969,425</u>	<u>109,311,976</u>	<u>44,915,398</u>	<u>154,227,374</u>

The explanatory notes to the financial consolidated statements on pages 8 to 68 are an integral part of these consolidated financial statements.

BUCHAREST STOCK EXCHANGE

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2022

(RON)

	Share capital	Own shares	Share premium	Retained earnings	Revaluation reserve	Legal reserve	Total attributable to shareholders	Non- controlling interests	Total shareholders' equity
Balance as at 01 January 2021	<u>80,492,460</u>	<u>6,303,263</u>	<u>(246,950)</u>	<u>6,584,132</u>	<u>3,385,355</u>	<u>11,519,745</u>	<u>108,038,005</u>	<u>40,816,355</u>	<u>148,854,360</u>
Comprehensive income for the year									
Profit or loss	-	-	-	6,463,671	-	-	6,463,671	(1,171,547)	5,292,124
Other items of comprehensive income									
Legal reserve increase	-	-	-	(626,084)	-	626,084	-	-	-
Total items of comprehensive income	=	=	=	(626,084)	=	626,084	=	=	=
Total comprehensive income for the year	=	=	=	<u>5,837,587</u>	=	<u>626,084</u>	<u>6,463,671</u>	<u>(1,171,547)</u>	<u>5,292,124</u>
Contributions by and distributions to owners of the Company									
Acquisition of own shares	-	-	-	-	-	-	-	-	-
Benefits granted to employees settled in shares			436,647	-	-	-	436,647	-	436,647
Losses as effect of granting shares for free within SOP	-	-	(79,601)	(79,601)	-	-	-	-	-
Dividend paid to BVB shareholders	=	=	=	(8,573,989)	-	-	(8,573,989)	-	(8,573,989)
Increase/(Decrease) of subsidiaries		<u>(5,877)</u>		<u>(130,362)</u>		<u>(68,870)</u>	<u>(205,109)</u>	<u>(48,426)</u>	<u>(253,535)</u>
Total contributions by and distributions to owners of the Company	=	<u>(5,877)</u>	<u>357,046</u>	<u>(8,624,750)</u>	-	<u>(68,870)</u>	<u>(8,342,451)</u>	<u>(48,426)</u>	<u>(8,390,876)</u>
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(258,045)	(258,045)
Variation of interests in subsidiaries			-	-	-		-	(172,088)	(172,088)
Total changes in interests in subsidiaries	=	=	-	=	=	=	=	<u>(430,133)</u>	<u>(430,133)</u>
Total transactions with owners	=	<u>(5,877)</u>	<u>357,046</u>	<u>(8,624,750)</u>	=	<u>(68,870)</u>	<u>(8,342,451)</u>	<u>(478,559)</u>	<u>(8,821,010)</u>
Balance as at 31 December 2021	<u>80,492,460</u>	<u>6,297,386</u>	<u>110,096</u>	<u>3,796,969</u>	<u>3,385,355</u>	<u>12,076,959</u>	<u>106,159,225</u>	<u>39,166,249</u>	<u>145,325,474</u>

The explanatory notes to the financial consolidated statements on pages 8 to 68 are an integral part of these consolidated financial statements.

BUCHAREST STOCK EXCHANGE

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2022 (RON)

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities			
Profit for the year		10,430,992	5,292,124
Adjustment for the elimination of non-monetary items and re-classifications:			
Amortization of tangible and intangible non-current assets	11,12	5,461,144	4,992,272
Net interest income and amortization of premiums for government bonds	9	(3,581,371)	(2,543,354)
(Gain) / loss from the sale financial assets	9	106,325	-
Loss from writing off receivables		101,044	104,861
Expense / (revenue) with litigation provisions	23	603,813	542,519
Expense / (revenue) from impairment of uncollected receivables	16	27,324	(394,548)
Corporate income tax expense - reclass	10	1,874,970	1,057,655
Income from the production of intangible assets		(370,756)	(456,963)
Expected credit losses IFRS 9	9	76,851	(27,933)
Expense with employees' benefits settled in shares	8	<u>914,303</u>	<u>436,647</u>
<i>Net cash from operating activities before changes in working capital</i>		<u>15,644,638</u>	<u>9,003,280</u>
Changes in working capital:			
Change in trade and other receivables	16	(2,140,129)	4,894,085
Change in prepayments	17	(23,281)	(200,661)
Change in trade and other payables	20	1,779,666	(3,089,305)
Change in deferred income	22	247,004	80,029
Change in the guarantee and clearing funds and the margin	24	173,798	(36,930)
Corporate income tax paid		<u>(2,745,718)</u>	<u>(1,445,699)</u>
<i>Net cash from operating activities</i>		<u>12,935,978</u>	<u>9,204,799</u>

The explanatory notes to the financial consolidated statements on pages 8 to 68 are an integral part of these consolidated financial statements.

BUCHAREST STOCK EXCHANGE

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2022 (RON)

Cash flows from investing activities	Note	2022	2021
Interest received		4,237,988	4,763,089
Payments for acquisitions of financial assets	15	(49,246,953)	(44,667,526)
Proceeds from sales/maturation of financial assets	15	61,237,016	72,201,947
Change of deposits balance	15	(18,953,041)	(2,459,526)
Acquisition of tangible and intangible assets	12,12	(4,803,542)	(2,169,782)
Subsidiary elimination, net of cash		-	14,926
Proceeds from sale of investments		(106,325)	-
Net cash from investing activities		<u>(7,634,857)</u>	<u>27,683,128</u>
Cash flows from financing activities			
Dividends paid shareholders of the parent		(7,788,352)	(8,534,715)
Dividends paid to minority interests		(687,222)	(258,101)
Principal elements of operating lease payments, including interests	21	(2,189,020)	(1,921,707)
Cash contribution in subsidiaries equity by minority shareholders		7,000,000	-
Acquisition of treasury shares	25	(1,074,170)	-
Net cash used in financing activities		<u>(4,738,763)</u>	<u>(10,714,523)</u>
Net (decrease)/increase of cash and cash equivalents		<u>562,357</u>	<u>26,173,404</u>
Cash and cash equivalents at the beginning of the financial year	19	<u>32,746,712</u>	6,573,308
Cash and cash equivalents at the end of the financial year	19	<u>33,309,069</u>	<u>32,746,712</u>

Cash and cash equivalents as at 31 December 2022 presents the amounts net of expected credit losses (IFRS 9). The gross amount of cash and cash equivalents is 33,605,930 RON (2021: RON 33,217,427) and the expected credit losses is 296,862 RON (2021: RON 470,715).

1. REPORTING ENTITY

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

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

On July 15, 2005 the Bucharest Stock Exchange, by closing no 12270/SC/2005 pronounced in case no. 531497/SC/2005, was reorganized by changing the legal form to a joint stock company, without liquidating the assets and without interrupting the activity of the former public institution. The assets of the Bucharest Stock Exchange became according to Article 285 paragraph 1 of Law No 297/2004 on capital market the assets of Bursa de Valori Bucuresti S.A. (hereinafter referred to "BVB" or "the Company"). Upon the change of the legal form, the share capital of the new joint stock company was composed of cumulative earnings of the public institution. This share capital was distributed equally and free between securities companies (current financial investment service companies) which were active at that time.

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

On 29 December 2017 (the effective date) BVB, as absorbing company, merged by absorption with SIBEX-Sibiu Stock Exchange S.A. Sibiu, as absorbed company, the latter conveying the universal right on its own property to the absorbing company.

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

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

The consolidated statements of the Company for the year ended 31 December 2022 comprise the financial information of the Company and its subsidiaries (hereinafter referred to as the "Group").

BUCHAREST STOCK EXCHANGE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2022

(RON)

1 REPORTING ENTITY (CONTINUED)

The following entities are subsidiaries of BVB:

<u>Subsidiary</u>	<u>Line of business</u>	Percentage of ownership at 31 December <u>2022</u>	Percentage of ownership at 31 December <u>2021</u>
Depozitarul Central SA	Clearing / settlement operations for transactions with securities carried out on the Bucharest Stock Exchange and keeping the register of shareholders	69.0421%	69.0421%
CCP.RO Bucharest SA	It 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	54.72%	59.5238%

Institutul de Guvernanta Corporativa had on 31 December 2022 a total of net assets amounting to RON 2,060 and a result for 2022 which amounted RON 0. This entity was considered to be insignificant by the BVB management for inclusion in the Group's consolidated financial statements.

2. BASIS OF PREPARATION**(a) Statement of compliance**

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union ("EU IFRS") and in compliance with Norm 39/2015 of the Financial Supervision Authority („ASF”) „to approve accounting regulations compliant with the International Financial Reporting Standards, applicable to entities authorised, regulated and supervised by the Financial Supervision Authority in the sector of financial instruments and investments” as further amended („Norm 39/2015”), applicable on the annual reporting date for the Group, i.e. 31 December 2022. The Company has prepared these consolidated financial statements in order to meet the requirements of

2. BASIS OF PREPARATION (CONTINUED)

Instruction no. 2/2014 regarding the application of International Financial Reporting Standards adopted by the European Union by authorized entities, regulated and supervised by the Financial Supervisory Authority, as amended.

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

(b) Bases of measurement

The financial statements have been prepared on the historical or amortised cost basis, except for financial assets at fair value through other comprehensive income and land which are measured at fair value.

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

(a) Basis of consolidation

(i) Business combinations

All business combinations that have occurred are accounted using the acquisition method.

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

The Group assesses the goodwill at fair value of the consideration transferred including the recognised value of the non-controlling interests in the acquired entity minus the

recognised net value (fair value) of the identifiable assets acquired and the payables assumed, all measured at the acquisition date. If the Group obtained a gain from a bargain purchase, that gain is recognized in profit or loss after the management has reanalyzed if all of the purchased assets have been identified and all liabilities and contingent liabilities have been accepted and their value assumed.

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

Any contingent payable of the acquired entity is assumed in a business combination only if such a payable represents a current liability resulting from a previous event and its value may be measured in a reliable manner.

The Group assesses non-controlling interests as part owned by minority shareholders in the identifiable net assets of the acquired entity.

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*(iii) Subsidiaries*

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

(iv) Transactions eliminated on consolidation

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

(v) Reflection of legal mergers by absorption

The Company applies the provisions of IFRS 3 "Business combinations" to register merger by absorption operations in the stand alone financial statements of the absorbing entity. By applying this policy, the stand alone financial statements of the absorbing company after the merger are a continuation of the consolidated financial statements drafted starting with the absorbed company purchase date.

In absence of the specific requirements of the International Financial Reporting Standards for the legal mergers by absorption, the Company opted to present the book value of the acquired identifiable assets and of the taken over assumed debts, in the stand alone financial statements on the legal merger date, after their initial recognition at fair value on the date when control was obtained.

(b) Foreign currency

Transactions in foreign currencies are recorded in RON using the official exchange rate on the transaction settlement date. Monetary assets and payables, denominated in foreign currencies on the date on which the consolidated statement of financial position are prepared, are translated in RON at the exchange rate of the National Bank of Romania from the reporting day. The gains or losses originating from their settlement and from the translation of monetary assets and payables denominated in foreign currency using the exchange rate at the end of the financial year are recognised in the year profit and loss account. Non-monetary assets and payables in a foreign currency that are measured based on historical cost are translated in Ron using the exchange rate at the date of the transaction and are not revalued at the end of the financial year based on the exchange rate published by the National Bank of Romania. Non-monetary assets and payables denominated in foreign currencies that are measured at fair value are retranslated in RON at the exchange rate at the date that the fair value was determined.

Foreign currency differences are recognised in profit or loss, except for the differences arising on the retranslation of the financial assets at fair value through other comprehensive income included in the reserve resulting from the change in fair value of these financial instruments (non-monetary elements). The exchange rates of the main foreign currencies are as follows:

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

<u>Currency</u>	<u>Spot exchange rate</u> <u>31 December 2022</u>	<u>Spot exchange rate</u> <u>31 December 2021</u>	<u>Average exchange</u> <u>rate 2022</u>	<u>Average exchange</u> <u>rate 2021</u>
EUR	4.9474	4.9481	4.9315	4.9204
USD	4.6346	4.3707	4.1604	4.6885

(c) Going concern

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

(d) Accounting for effects of hyperinflation

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

According to IAS 29 an economy is considered hyperinflationary if, among other factors, the accumulated inflation index exceeds 100% over a period of three years.

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

(e) Financial assets and liabilities

Financial assets

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

As per IFRS 9 “Financial Instruments” the recognition and measurement of financial assets is based on the evaluation of the business model and the contractual cash flows and implements a new model for the recognition of impairment adjustments based on expected credit losses.

IFRS 9 presents three main categories of financial assets: measured at amortized cost, measured at fair value through other comprehensive income (FVOCI), and measured at fair value through profit or loss (FVPL).

Classification for debt instruments is determined by the entity business model for the financial asset class and if the contractual cash flows represent solely the payment of principal and interest (SPPI). If debt instruments are held to be cashed, they can be recorded at amortized cost if they also meet the SPPI requirement.

The Group's financial investment business model is to held-to-collect of the contractual cash-flows and the types of financial assets held (government securities and bank deposits) give rise, at certain dates, to cash flows that are solely payments of principal and interests on the balance due. Thus, all Group financial investments are measured at amortised cost.

Investments in equity instruments are always measured at fair value. However, management may make an irrevocable choice to present fair value changes in other items of comprehensive income, provided that the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in the income statement. As at December 31, 2022, the Group does not own equity instruments.

Receivables and cash and cash equivalents

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

Cash and cash equivalents comprise cash in hand, amounts available in current bank accounts, other highly liquid short-term investments and with initial maturity terms of up to three months and bank overdraft less the expected credit losses.

Financial liabilities

The Group does not hold financial liabilities designated to be recorded at fair value through the profit and loss account in accordance with the provisions of IFRS 9 so all the Company's liabilities are measured at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Guarantee fund and margin managed by the Depozitarul Central SA

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The financial assets and liabilities from the guarantee, compensation and margin fund belonging to Fondul de Compensare a Investitorilor SA ("FCI") are no longer included in the consolidated financial statements as of December 31, 2021, as a result of the change in FCI's legal status from a joint-stock company to legal person under public law.

(g) Assets classified as held for sale and discontinued operations

The Group classifies an asset (or disposal group) as held for sale when its carrying amount is recovered principally through a sale (or an exchange) rather than through its continued use.

A fixed asset (or disposal group) is (are) classified as held for sale as soon as the following criteria are met: - the asset (or disposal group) must be available for immediate sale current; - the sale must be very probable.

For the sale to be considered probable, the following criteria must be met:

- management has developed a plan to sell the asset (or disposal group);
- a plan to identify a buyer has been initiated;
- the asset (or disposal group) must be actively promoted for sale at a reasonable price and in relation to its current fair value;
- it is expected that the sale will be completed within one year from the date of classification in the category of assets held for sale;
- the sale plan is unlikely to change significantly or be canceled.

If the above classification criteria are no longer satisfied, the immobilized asset in question (the disposal group) ceases to be classified as held for sale.

Assets held for sale must be recognized at the minimum between the carrying amount and the fair value, less the costs of the sale.

Assets held for sale are not depreciated even if they are still used by the company. If the fair value less costs to sell is less than the carrying amount, the difference between the two should be treated as an impairment loss and the asset's value will be reduced by this loss.

In accordance with IFRS 5, the Group presents a non-current asset classified as held for sale and the assets belonging to a disposal group classified as held for sale separately from the other assets on the balance sheet under current assets.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Tangible and intangible fixed assets

Tangible fixed assets

(i) *Recognition and measurement*

Tangible fixed assets are initially recognised at cost. Thereafter, they are assessed according to their category, namely:

- Land is carried at fair value, determined based on annual assessments by external independent assessors. The re-assessments are carried out at sufficient intervals to ensure that the fair value of a re-assessed asset does not differ significantly from carrying amount.
- All the other tangible assets are stated at restated, less accumulated depreciation and impairment.

(ii) *Subsequent expenditure*

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

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

(iii) *Tangible asset depreciation*

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

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

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

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

Goodwill

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent measurement

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

Other intangible assets

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

Intangible assets (including software) purchased and with determined useful lives are measured at their cost or revalued cost, less accumulated depreciation and accumulated impairment losses.

(i) Subsequent expenditure

The expenses allowing intangible fixed assets to generate future economic benefits above the initially estimated performance are added to their original cost. These expenditures are capitalized as intangible assets if they are not part of tangible assets.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- Technical ability to complete the software product so that it will be available for use;
- Management intends to complete the software and use it or sell it;
- There is the ability to use or sell the software product;
- It can be demonstrated how the software product will generate future economic benefits; There are technical resources available, financial and otherwise appropriate to complete the development and to use or sell the software product; and
- Costs attributable to the software product during its development can be measured reliably.

Directly attributable costs that are capitalized as part of the software include employee costs involved in the software development and an appropriate portion of relevant overheads.

Other development costs that do not meet these criteria are recognized as expenses. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Development costs of computer software recognized as assets are amortized over the estimated useful life, not exceeding three years.

(ii) Intangible asset amortisation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-use assets

IFRS 16 establishes new requirements for accounting of the leasing contracts so that the operating or financial leasing classifications from IAS 17 are eliminated, with only one model for registering leasing contracts. By applying this model, the lessee is obliged to register the right of use the assets and liabilities related to the leasing contracts according to IFRS 16 provisions. The right of use the assets is amortized using the linear method for the shortest period between the useful life of the asset and the duration lease agreement. For more details, see Note 13.

(i) **Prepayd expenses and deferred revenues**

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

(j) **Impairment**

(i) *Financial assets*

IFRS 9 “Financial Instruments” requires the application of the model for estimated credit losses and thus the earlier recognition of losses on financial assets that lead to increased impairment for the relevant items. Impairment losses are calculated on a three-step model using the credit risk swap, the internal or external counterparty assessments and the related default probability. According to IFRS9, an asset moves from Stage 1 (12 months expected credit losses) to Stage 2 (lifetime expected credit losses) at the time when the associated credit risk increase significantly. The Group assessed as a significant increase in the credit risk, the downgrade of the rating of the debt’ issuer in the “non-investment” grade category.

For some financial instruments, such as trade receivables, impairment losses are estimated based on a simplified approach, recognising of the expected credit losses on receivables over their lifetime.

The interest for an asset accounted for at amortized cost and moved to Stage 2 (lifetime expected credit losses) is recognized hereafter. When a subsequent event determines the decrease in the impairment loss, it is reversed through the profit or loss account.

Impairment losses on financial assets at fair value through other comprehensive income are recognized by transferring the loss accumulated recognized in other comprehensive income items and reflected in the fair value reserve in equity to the profit or loss account. The cumulated loss that is transferred from other comprehensive income items to the profit or loss account is the difference between the acquisition cost, net of any principal repayments and depreciation, and the current fair value, less any impairment loss recognized previously in the profit or loss account. Changes in provisions for impairment attributable to the time value of money are reflected as a component of interest income.

If, in a subsequent period, the fair value an impaired financial assets at fair value through other comprehensive income increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the profit or loss account, then the impairment loss is reversed, and the amount of the reversal is recognized in the profit or loss account.

However, any subsequent recovery in the fair value of an impaired financial assets at fair value through other comprehensive income equity instrument is recognized in other comprehensive income items.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*(ii) Non-financial assets*

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

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

(iii) Other benefits

The fixed and variable remuneration may also be granted through a stock option plan agreement, in shares. The variable component of the total remuneration is the remuneration which may be granted by the Group in addition to fixed remuneration, conditioned upon meeting certain performance indicators. The variable remuneration may be granted either in cash or in BVB shares. In case of the identified personnel, when establishing the variable part of the annual remuneration, the limitation of excessively taking risks shall be considered.

Based on the mandate granted through shareholder resolutions, the Group's Board of Directors shall decide on the number of shares included in the employees' loyalty program.

The fair value on the date of offering the shares to employees as a premium shall be recognized in the category of personnel expenses.

See also Note 8.

(iv) Other long-term employee benefits

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

(l) Trade payables and other payables

Trade payables and other payables are obligations to pay for goods or services that were purchased during the course of normal activity from suppliers and other creditors. Trade payables and other payables are classified as current debt if the payment is due in one year or less. Otherwise they will be presented as long-term debt. Trade payables and other debt are initially recognized at fair value and subsequently at amortized cost based on the effective interest method.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Operating lease liabilities

By applying IFRS 16 the lessee is obliged to register the right of use the assets and liabilities related to the leasing contracts in the statement of financial position.

The lease liabilities are updated using the implicit interest rate in the lease contract. If this rate cannot be easily determined, which is generally the case for group leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee should pay to borrow the necessary funds to obtain an asset of similar value to the right of use the asset in a similar economic environment, with similar terms and conditions. For more details, see Note 13.

(n) Provisions

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

(o) Revenues

(i) *Revenues from services*

Revenues from services rendered are recognised in the profit or loss account for the period during which such services are provided.

The main sources of revenues are:

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

(p) Financial income and financial costs

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Financial costs comprise losses on disposal of financial assets, losses on the re-measurement of assets and liabilities in other currencies and interest expenses related to lease liabilities.

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

During their specific activities, the Group's subsidiaries obtain interest income from the investment of financial resources made available through the guarantee and clearing funds and margin accounts.

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

- Income from the investment of the compensation fund's resources managed by the Investors Compensation Fund (FCI) may be used to cover the expenses related to the administration and functioning of FCI and/or for increasing the compensation fund's resources, which are not returned to the fund participants. Therefore, the Group recognises the interest income from the investment of the compensation fund's resources in profit or loss.
- Interests related to the guarantee fund managed by the Central Depository are distributed quarterly to the participants through their capitalisation in guarantee fund and margin, after retaining the management fee presented in the profit or loss for service revenue. Furthermore, the margin and the guarantee fund shall be distributed to participants after the membership ceases or the Central Depository is dissolved. They are capitalised and included in the total resources of the guarantee fund and are not available to the Central Depository.

(r) Current and deferred corporate income tax

Corporate income tax for the year comprises current tax and deferred tax. Corporate income tax is recognized in the income of the year, unless it is related to items recognized in other comprehensive income or directly in equity. In such a case, the related income is also recognized directly in equity or in other comprehensive income.

The current tax expense is calculated as provided under fiscal provisions enacted or substantively enacted at the balance sheet date, in countries in which the Group and its subsidiaries are operational and generate taxable profits. The management considers the fiscal statements items which are open to interpretation on a regular basis. Whenever needed, it sets up provisions based on the estimated amounts payable to the authorities.

Deferred tax is determined in respect of temporary differences arising between the tax base for calculating the tax on assets and liabilities and their carrying value used for reporting in the financial statements. Deferred tax is not recognized for initial recognition of goodwill, the initial recognition of assets and liabilities arising from transactions that are not business combinations and that affects neither the accounting nor tax income

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and differences. Deferred tax is calculated based on tax rates (and laws) enacted in full or to a large extent at the statement of financial position date and that would be applied during the period when receivables (obligations) related to deferred tax will be realized (settled).

Under local tax law, the tax loss recorded by the company that ceases to exist as a result of a legal merger by absorption can be taken over and recovered by the entity that takes over the assets of the company being absorbed. The annual tax loss achieved as of 2011, as determined by the profit tax statement, is recovered from the taxable profits obtained over the next 7 consecutive years. In order to carry forward unused tax losses, the deferred tax asset is recognized only to the extent that it is probable that taxable profit will be available in the future after offsetting the tax loss of previous years and the corporation tax to be recovered. The deferred tax asset is diminished to the extent that the related tax benefit is unlikely to occur.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be deducted from which the temporary differences will be deducted.

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

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

Deferred tax receivables and obligations are offset when there is a legal basis for offsetting current tax receivables with current tax obligations, and when receivables and obligations related to deferred tax refer to income tax levied by the same fiscal authority, either to the same taxable entity or to different taxable entities if there is an intent of compensating the balances on a net basis.

Tax rate used to calculate current and deferred tax at 31 December 2022 was of 16% (31 December 2021: 16%).

(s) Share capital

Ordinary shares are classified as shareholders' equity.

Additional costs directly attributable to the issuance of new ordinary shares or options are included in shareholders' equity as deductions, net of tax, from amounts raised.

(t) Own shares

The necessary equity instruments (own shares) are deducted from equity. The gain or loss from purchases, sales or cancelations of BVB capital instruments are not recognized in the year income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(u) Earnings per share**

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

(v) Legal reserve

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

(w) Dividends

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

(x) Segment reporting

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

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

(y) New accounting standards**a) Initial application of new amendments to the existing standards effective for the current reporting period**

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to IAS 16 "Property, Plant and Equipment" - Proceeds before Intended Use adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022).**

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

- **Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” - Onerous Contracts - Cost of Fulfilling a Contract adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022).**

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

- **Amendments to IFRS 3 “Business Combinations” - Reference to the Conceptual Framework with amendments to IFRS 3 adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022).**

The amendments:

- (a) update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- (b) add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- (c) add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

- **Amendments to various standards due to “Improvements to IFRSs (cycle 2018 -2020)” resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 28 June 2021 (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.).**

The amendments:

- (a) clarify that subsidiary which applies paragraph D16(a) of IFRS 1 is permitted to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs (IFRS 1);

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) clarify which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf (IFRS 9);

(c) removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example (Illustrative Example 13 accompanying IFRS 16); and

(d) removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique (IAS 41).

The adoption of amendments to the existing standards has not led to any material changes in the Group's financial statements.

b) Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU and which are not yet effective:

- **IFRS 17 "Insurance Contracts" including amendments to IFRS 17 issued by IASB on 25 June 2020 - adopted by the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023).**

The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 "Insurance Contracts" and related interpretations while applied. Amendments to IFRS 17 "Insurance Contracts" issued by IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, the amendments issued on 25 June 2020 introduce simplifications and clarifications of some requirements in the Standard and provide additional reliefs when applying IFRS 17 for the first time.

- **Amendments to IFRS 17 "Insurance contracts" - Initial Application of IFRS 17 and IFRS 9 – Comparative Information, adopted by the EU on 8 September 2022 (effective for annual periods beginning on or after 1 January 2023).**

It is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.

- **Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure of Accounting Policies adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023).**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers in deciding which accounting policies to disclose in their financial statements.

- **Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” – Definition of Accounting Estimates adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023).**

Amendments focus on accounting estimates and provide guidance how to distinguish between accounting policies and accounting estimates.

- **Amendments to IAS 12 “Income Taxes” - Deferred Tax related to Assets and Liabilities arising from a Single Transaction adopted by the EU on 11 August 2022 (effective for annual periods beginning on or after 1 January 2023).**

According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.

c) New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at [date of publication of financial statements] (the effective dates stated below is for IFRS as issued by IASB):

- **Amendments to IAS 1 “Presentation of Financial Statements” - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023).**

The amendments provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments to IAS 1 issued by IASB on 15 July 2020 defer the effective date by one year to annual periods beginning on or after 1 January 2023.

- **Amendments to IAS 1 “Presentation of Financial Statements” - Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024).**

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

- **Amendments to IFRS 16 “Leases” - Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024).**

Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

- **IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.**

This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded).**

The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

According to the Group estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to **IAS 39: “Financial Instruments: Recognition and Measurement”** would not significantly impact the financial statements, if applied as at the balance sheet date.

3. DETERMINATION OF FAIR VALUES

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

(a) Investments in equity and debt securities

The fair value of the financial assets is determined by reference to their quoted closing bid price at the reporting date. The fair value of investments is determined for disclosure purposes only.

(b) Trade and other receivables and liabilities

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

(c) Fair value hierarchy

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

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

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4. DETERMINATION OF FAIR VALUES (CONTINUED)

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

		<u>31 December 2022</u>		<u>31 December 2021</u>
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
Assets carried at amortized cost				
Financial assets with a maturity longer than one year	57,501,111	53,853,612	51,663,280	53,091,116
Bank deposits	33,052,253	33,052,253	14,203,018	14,203,018
Bank deposits restricted in order to cover the guarantee and clearing fund and the margin	3,087,625	3,087,625	3,005,471	3,005,471
Trade and other receivables	9,844,888	9,844,888	7,318,472	7,318,472
Other financial assets with a maturity under one year	21,247,852	21,251,873	39,594,235	40,847,982
Other assets, including restricted assets	19,062,207	19,062,207	21,085,052	21,085,052
Cash and cash equivalents	<u>33,309,069</u>	<u>33,309,069</u>	<u>32,746,712</u>	<u>32,746,712</u>
Total	<u>177,105,005</u>	<u>173,461,526</u>	<u>169,616,239</u>	<u>172,297,823</u>
Liabilities carried at amortized cost				
Guarantee and clearing funds and margin	3,074,179	3,074,179	2,900,382	2,900,382
Dividends to be distributed on behalf of customers	19,112,049	19,112,049	21,075,904	21,075,904
Financial liabilities	8,870,425	8,870,425	8,560,193	8,560,193
Operating lease liabilities	<u>5,161,979</u>	<u>5,161,979</u>	<u>6,762,406</u>	<u>6,762,406</u>
Total	<u>36,218,632</u>	<u>36,218,632</u>	<u>39,298,885</u>	<u>39,298,885</u>

Financial instruments at fair value through other comprehensive income representing shares quoted on different markets, as well as financial assets at amortized cost (restricted or not) representing mainly government securities are classified at Level 1, quoted prices in active markets. Bank deposits cash and cash equivalent as well as restricted cash (please see note 18) are classified as level 2. Trade and other receivables are classified as level 3.

4. FINANCIAL RISK MANAGEMENT

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

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

4. DETERMINATION OF FAIR VALUES (CONTINUED)

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

(a) The general risk management framework

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

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

- a. principle of objectivity;
- b. principle of investor protection;
- c. principle of promoting stock market development;
- d. principle of active role.

The Board of Governors is also responsible for examining and approving the strategic, operational and financial plan of BVB, as well as the corporate structure of the Group.

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

(b) Credit risk

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

(i) Commercial liabilities and other liabilities

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and of the country where it operates. Most of the Group's clients operate in Romania. The Group's customer base is comprised of issuers of securities, companies of investment services and other financial institutions participating in the Bucharest Stock Exchange. The Group has as clients for registry activity of shareholders all the companies that have been listed on the Rasdaq Electronic Stock Exchange. Currently, although some of these companies are in a process of legal reorganisation or in default, however there is a legal requirement for registry services to be invoiced to delisting. For these customers the receivables are completely impaired. The Group calculates an impairment loss on trade receivables using the simplified approach in accordance with IFRS 9, recognizing expected credit losses from receivables over their lifetime. The Group also calculates a specific impairment adjustment related to the uncertain clients for whom the debt recovery process has begun.

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Financial investments

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

	<u>31 December 2022</u>	<u>31 December 2021</u>	<u>Rating agency</u>
BRD - Groupe Societe Generale S.A.	BBB+	BBB+	Fitch Ratings
Banca Transilvania S.A.	BB+	BB+	Fitch Ratings
ING Bank NV, Bucharest branch	A+	A+	S&P Ratings
RAIFFEISEN BANK S.A.	Baa1	Baa1	Moody's
Banca Comerciala Romana S.A.	BBB+	BBB+	Fitch Ratings
UniCredit Bank S.A.	BBB	BBB	Fitch Ratings
Citibank Europe Plc, Bucharest branch	A+	A+	Fitch/Moody's
Banca Romaneasca	Fără rating	Fără rating	Fără Rating
Libra Bank	BB-	BB-	Fitch Ratings
CEC Bank	BB	Fără rating	Fitch Ratings
Romania for government securities	BAA3	BAA3	Moody's

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Exposure to credit risk

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
Other financial assets carried at amortized cost	57,501,111	51,663,280
Bank deposits carried at amortized cost	33,052,253	14,203,018
Bank deposits carried at amortized cost covering the guarantee and clearing funds and the margin	3,087,625	3,005,471
Financial receivables	9,844,887	7,318,472
Prepayments	870,502	847,220
Other financial assets with a maturity less than one year	21,247,852	39,594,235
Other financial assets carried at amortized cost restricted	19,062,207	21,085,052
Cash and cash equivalents	<u>33,309,069</u>	<u>32,746,712</u>
Total	<u>177,975,506</u>	<u>170,463,460</u>

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2022

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Financial receivables		Financial assets at amortized cost		Cash and cash equivalents and other restricted assets		Bank deposits	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Individually impaired								
Significant risk	810,376	783,051	-	-	-	-	-	-
Gross amount	810,376	783,051	-	-	-	-	-	-
Adjustment for impairment	<u>(810,376)</u>	<u>(783,051)</u>	-	-	-	-	-	-
Net amount	-	-	-	-	-	-	-	-
Outstanding, individually non-impaired								
Outstanding less than 90 days	765,171	354,853	-	-	-	-	-	-
Outstanding between 90 and 180 days	99,571	187,418	-	-	-	-	-	-
Outstanding between 180 and 360 days	<u>96,798</u>	<u>60,575</u>	-	-	-	-	-	-
Gross amount	961,541	602,847	-	-	-	-	-	-
Expected credit losses- IFRS 9	649	<u>2,652</u>	-	-	-	-	-	-
Net value	<u>962,190</u>	<u>605,498</u>	=	=	=	=	=	=
Current, non-impaired								
Without a significant risk	<u>8,979,204</u>	<u>6,766,177</u>	<u>79,344,802</u>	<u>91,940,375</u>	<u>52,668,138</u>	<u>54,302,479</u>	<u>36,435,412</u>	<u>17,208,489</u>
Gross amount	8,979,204	6,766,177	79,344,802	91,940,375	52,668,138	54,302,479	36,435,412	17,208,489
Expected credit losses- IFRS 9	<u>(96,506)</u>	<u>(53,203)</u>	<u>(595,839)</u>	<u>(682,860)</u>	<u>(296,862)</u>	<u>(470,715)</u>	<u>(295,535)</u>	-
Net amount	8,882,697	6,712,974	78,748,963	91,257,515	52,371,276	53,831,764	36,139,878	17,208,489
Total gross amount	<u>10,751,120</u>	<u>8,152,075</u>	<u>79,344,802</u>	<u>91,940,375</u>	<u>52,668,138</u>	<u>54,302,479</u>	<u>36,435,412</u>	<u>17,208,489</u>
Total net amount	<u>9,844,887</u>	<u>7,318,472</u>	<u>78,748,963</u>	<u>91,257,515</u>	<u>52,371,276</u>	<u>53,831,764</u>	<u>36,139,878</u>	<u>17,208,489</u>

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group is exposed to credit risk through the activity carried out by its subsidiaries such Depozitarul Central SA.

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

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

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

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

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

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

On 31 December 2022, the value of transactions having as trading date the end of the year 2022 and paid during 2023, was of RON 202,605 thousand (31 December 2021: there were transactions amounting to RON 155,827 thousand at the end of 2021 and paid in 2022).

(c) Liquidity risk

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

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group has no committed any loans and needs liquid assets only to cover the current operating expenses and deductions made within the clearing and settlement systems the

Group operate. Given that a significant percentage of the Group's assets consist of investments with high liquidity, the liquidity risk faced by the Group is low.

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

31 December 2022	Carrying amount	Contractual cash flows	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Guarantee and clearing funds and margin	3,074,179	3,074,179	3,074,179	-
Financial liabilities	8,870,425	8,870,425	8,870,425	-
Dividends to be distributed on behalf of customers	19,112,049	19,112,049	19,112,049	-
Operating lease liabilities	<u>5,161,979</u>	<u>5,161,979</u>	<u>2,057,984</u>	<u>3,103,995</u>
Total	<u>36,218,632</u>	<u>36,218,632</u>	<u>33,114,638</u>	<u>3,103,995</u>

31 December 2021	Carrying amount	Contractual cash flows	Less than 12 months	More than 12 months
Non-derivative financial liabilities				
Guarantee and clearing funds and margin	2,900,382	2,900,382	2,900,382	-
Financial liabilities	8,560,193	8,560,193	8,560,193	-
Dividends to be distributed on behalf of customers	21,075,904	21,075,904	21,075,904	-
Operating lease liabilities	<u>6,762,406</u>	<u>6,762,406</u>	<u>2,084,773</u>	<u>4,677,633</u>
Total	<u>39,298,885</u>	<u>39,298,885</u>	<u>34,621,252</u>	<u>4,677,633</u>

The Group presented the gouaranty and compensation found of FCI with maturity less then 12 months even if there are no indicators that the payment will be made in this time frame.

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

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable payments, while optimising the return.

Exposure to currency risk

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

31 December 2022	<u>EUR</u>	<u>USD</u>	<u>RON</u>	<u>Total</u>
Financial assets				
Financial receivables	2,510,781	1,359	7,332,747	9,844,887
Securities (government securities, bank deposits, cash and cash equivalents)*	36,427,689	7,013,466	123,818,962	167,260,117
Total financial assets	<u>38,938,471</u>	<u>7,014,825</u>	<u>131,151,709</u>	<u>177,105,004</u>
Financial liabilities				
Guarantee and clearing funds and margin	-	-	3,074,179	3,074,179
Financial liabilities	5,482,627	19,010	3,368,788	8,870,425
Dividends to be distributed on behalf of customers	15,013	-	19,097,036	19,112,049
Operating lease liabilities	<u>5,161,979</u>	-	-	<u>5,161,979</u>
Total financial liabilities	<u>10,659,619</u>	<u>19,010</u>	<u>25,540,003</u>	<u>36,218,632</u>
Net financial assets/(liabilities)	<u>28,278,852</u>	<u>6,995,815</u>	<u>105,611,706</u>	<u>140,886,372</u>

* It contains balance sheet positions: Other financial assets at amortised cost (non-current assets), Financial assets covering the guarantee and clearing funds and the margin at amortised cost (non-current assets), Other financial assets at amortised cost (current assets), Financial assets covering the guarantee and clearing funds and the margin at amortised cost (current assets), Bank deposits (current assets), Bank deposits covering the guarantee and clearing funds and the margin (current assets), Cash and cash equivalents, Other restricted assets.

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5. FINANCIAL RISK MANAGEMENT (CONTINUED)

31 December 2021	<u>EUR</u>	<u>USD</u>	<u>RON</u>	<u>Total</u>
Financial assets				
Financial receivables	2,303,914	230	5,014,328	7,318,472
Securities (government securities, bank deposits, cash and cash equivalents)*	<u>59,028,965</u>	<u>7,210,430</u>	<u>96,058,372</u>	<u>162,297,767</u>
Total financial assets	<u>61,332,879</u>	<u>7,210,660</u>	<u>101,072,700</u>	<u>169,616,239</u>
Financial liabilities				
Guarantee and clearing funds and margin	-	-	2,900,382	2,900,382
Financial liabilities	4,589,267	2,931	3,967,996	8,560,194
Dividends to be distributed on behalf of clients	15,000	(1,467)	21,062,371	21,075,904
Operating Lease Liabilities	<u>6,762,406</u>	-	-	<u>6,762,406</u>
Total financial liabilities	<u>11,366,673</u>	<u>1,464</u>	<u>27,930,749</u>	<u>39,298,886</u>
Net financial assets/(liabilities)	<u>49,966,206</u>	<u>7,209,196</u>	<u>73,141,951</u>	<u>130,317,353</u>

* It contains balance sheet positions: Other financial assets at amortised cost (non-current assets), Financial assets covering the guarantee and clearing funds and the margin at amortised cost (non-current assets), Other financial assets at amortised cost (current assets), Financial assets covering the guarantee and clearing funds and the margin at amortised cost (current assets), Bank deposits (current assets), Bank deposits covering the guarantee and clearing funds and the margin (current assets), Cash and cash equivalents, Other restricted assets.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis

A depreciation of the RON on 31 December 2022 versus 31 December 2021 as indicated below against EUR and USD would have caused an increase in the Company's income, with values listed below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	<u>31 December 2022</u>	<u>31 December 2021</u>
RON depreciation by 10% against EUR	2.827.885	4,996,621
RON depreciation by 10 % against USD	<u>699.593</u>	<u>720,920</u>
Total	<u>3.527.478</u>	<u>5,717,540</u>

An appreciation of the RON on 31 December 2022 versus 31 December 2021 against other currencies would have the same effect, but opposite, on the amounts shown above, assuming that all other variables remain constant.

Exposure to interest rate risk

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

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated to Group's processes, staff, technology and infrastructure, and from external factors other than credit, market and liquidity risk, such as the loss arising from legal and regulatory requirements and generally accepted standards concerning organisational behaviour.

Operational risks come from all the Group's operations and arise in all entities. The main responsibility of the management of each institution is to develop and implement operational risk-related controls. Such responsibility is complemented by the development of the Group's general standards of operational risk management in the following areas:

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

(f) Capital management

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

The Group's debts-equity ratio at the end of the reporting date was as follows:

	<u>2022</u>	<u>2021</u>
Total liabilities	43,783,822	44,238,458
Cash and cash equivalents and other assets retracted	<u>52,371,276</u>	<u>53,831,764</u>
Net debt	<u>8,587,454</u>	<u>9,593,306</u>
Total equity	<u>154,227,374</u>	<u>145,325,474</u>
Gearing ratio	6%	7%

5. FINANCIAL RISK MANAGEMENT (CONTINUED)**(g) Economic environment risk**

Global risks are assessed to be increasing after the outbreak of the war in Ukraine, expectations regarding economic developments have decreased significantly compared to previous estimates, and inflationary pressures have increased. Although the direct exposures of the European financial system to Russia are generally low, the indirect effects generated by rising commodity prices, tightening financing conditions, possible cyber incidents or pressures generated by the trade-off between energy security and the energy transition can be significant .

Current fears, that the deterioration of financial conditions could contribute in a later stage to a further decrease in investor confidence, have determined a joint effort by governments and central banks to adopt special measures to counter the vicious circle of increasing risk aversion and to ensure the normal functioning of the market.

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

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

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)**(h) Tax risk**

Interpretation of texts and practical implementation of new tax regulation procedures applicable and harmonized with European legislation may vary from entity to entity and there is a risk that in some cases the tax authorities to adopt a different position from that of the Company.

In addition, there are several agencies subordinated to the Romanian Government that are authorised to conduct controls over companies operating in Romania. These controls are similar to tax audits in other countries and may cover not only tax issues but also other legal and regulatory issues of interest to these agencies. It is possible that the Company continues to be subject to tax audits as the issue of new tax regulations, the remaining fiscal control period is open for 5 years.

6. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

On April 21, 2021, Law no. 88/2021 on the Investor Compensation Fund which came into force on June 20, 2021 by introducing a new organizational and operational framework for the Investor Compensation Fund (FCI). Thus, the legal status of FCI in the joint stock company was changed to a legal entity under public law.

On August 27, 2021, the value of the shares held by BVB in Fondul de Compensare a Investitorilor SA (FCI) in the amount of RON 215,040 was collected. As of that date, FCI ceased to be a subsidiary of BVB.

On November 4, 2019, the company CCP.RO Bucharest SA (CCP.RO) was established, with a share capital of RON 79,800,000, of which BVB holds 59.52% representing RON 47,500,000. The contribution to the share capital of CCP.RO by the non-controlling interests is RON 32,300,000.

On December 30, 2022, the increase in the share capital of CCP RO was recorded, from 79,800,000 lei to 86,800,000 lei, following the cash contribution of 7,000,000 lei by the new shareholder Societatea Energetică ELECTRICA S A.

Thus, BVB's ownership in CCP.RO subsidiary decreased from 59.52% to 54.72%.

7. SEGMENT REPORTING

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

The Group consists of the following main business segments:

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

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The companies in the Group have been organised by segments as follows: BVB is the segment of "trading", 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 the new subsidiary CCP.RO Bucharest are part of the services segment "FCI services and other services". For the services rendered within the business segments described above the income is obtained mainly from fees charged to the capital market participants and other revenues from services related to the activity provided.

The Group's revenues, expenses and gross income for the financial year 2022 are shown below by the segments described:

<u>2022</u>	<u>Trading services</u>	<u>Post-trading services</u>	<u>Registry services</u>	<u>CCP.RO</u>	<u>Group</u>
Revenues from external clients	32,051,087	15,443,384	9,049,870	-	56,544,340
Revenues from transactions with other segments (eliminated on consolidation)	651,371	111,836	51,456	-	814,663
Operating expenses - out of which personnel and members of the Board of Governors expenses	(22,693,356)	(11,049,135)	(8,968,207)	(5,045,617)	(47,756,315)
	<u>(12,167,799)</u>	<u>(6,294,462)</u>	<u>(5,116,978)</u>	<u>(3,095,547)</u>	<u>(26,674,786)</u>
Operating profit	9,357,731	4,394,248	81,663	(5,045,617)	8,788,025
Net financial income	<u>1,368,242</u>	<u>677,892</u>	<u>437,063</u>	<u>1,034,743</u>	<u>3,517,939</u>
Earnings before Tax	10,725,972	5,072,140	518,726	(4,010,874)	12,305,963
Corporate income tax	<u>(1,710,832)</u>	<u>(714,613)</u>	<u>(82,996)</u>	<u>633,472</u>	<u>(1,874,970)</u>
Net profit	9,015,140	4,357,527	435,730	(3,377,403)	10,430,993

In 2022, a more accurate expenses allocation for the post-trading and registry segments was carried out, in the sense that, in the first phase, the direct costs of the settlement and registry departments were considered, then the indirect expenses were allocated according to the revenues realized by each of the segments.

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7. SEGMENT REPORTING (CONTINUED)

The Group's revenues, expenses and gross income for the financial year 2021 are shown below by the segments described:

<u>2021</u>	<u>Trading services</u>	<u>Post-trading services</u>	<u>Registry services</u>	<u>CCP.RO</u>	<u>Group</u>
Revenues from external clients	26,071,431	13,095,057	7,003,989	-	46,170,478
Revenues from transactions with other segments (eliminated on consolidation)	532,916	11,703	4,071	-	548,690
Operating expenses	(18,945,159)	(11,316,639)	(5,916,743)	(7,330,719)	(43,509,260)
- out of which personnel and members of the Board of Governors expenses	(9,920,763)	(6,100,245)	(3,225,599)	(2,858,261)	(22,104,868)
Operating profit	7,126,272	1,778,418	1,087,247	(7,330,719)	2,661,218
Net financial income	1,484,300	321,564	147,643	1,735,053	3,688,560
Earnings before Tax	8,610,573	2,099,982	1,234,889	(5,595,666)	6,349,778
Corporate income tax	(1,496,608)	(296,234)	(160,923)	896,111	(1,057,654)
Profit from continuing operations	7,113,965	1,803,748	1,073,966	(4,699,555)	5,292,124
Net profit	7,113,965	1,803,748	1,073,966	(4,699,555)	5,292,124

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

	<u>Trading services</u>	<u>Post-trading services</u>	<u>Registry services</u>	<u>CCP.RO</u>	<u>Group</u>
31 December 2022					
Assets	52,914,170	30,945,305	32,607,747	81,543,974	198,011,196
Liabilities	9,350,447	6,684,927	21,976,167	5,772,281	43,783,822
Capital expenditure	1,836,888	1,223,960	712,455	767,483	4,540,785
31 December 2021					
Assets	49,907,889	27,879,622	34,222,810	77,553,612	189,563,932
Liabilities	8,966,665	5,972,612	23,894,667	5,404,515	44,238,458
Capital expenditure	1,437,181	434,587	230,609	133,866	2,236,243

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8. OPERATING EXPENSES

The operating expenses comprise the following:

8.1 Staff costs and benefits of the Board of Governors

	<u>2022</u>	<u>2021</u>
Staff costs	20,300,414	19,253,938
Benefits of the members of the Board of Governors	2,086,796	1,828,414
Other staff and Board expenses (estimated for SOP and bonuses)	3,756,223	555,419
Contributions and taxes related to personnel and benefits	<u>531,352</u>	<u>467,097</u>
Total	<u>26,674,786</u>	<u>22,104,868</u>

During the year 2022, the Central Depository started recording, in line with BVB Group accounting policies, monthly the estimated expenses with performance bonuses related to the year 2022 in the amount of 1,344,751 lei. At the same time, also recorded expenses with performance bonuses related to the year 2021 in the amount of 852,472 lei.

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

	<u>2022</u>		<u>2021</u>	
	<u>At the end of</u>	<u>Annual</u>	<u>At the end of</u>	<u>Annual</u>
	<u>the year</u>	<u>average</u>	<u>the year</u>	<u>average</u>
Bucharest Stock Exchange	44	43	45	44
Depozitarul Central SA	47	49	49	49
CCP.RO Bucharest SA	<u>9</u>	<u>9</u>	<u>11</u>	<u>8</u>
Total number of employees	<u>100</u>	<u>101</u>	<u>105</u>	<u>101</u>

Share-based payments (SOP)

The expenses recorded and estimates made by the employer for the benefits granted and related to shares option plan transactions, are presented separately in 2022 and were in the amount of RON 888,546 (2021: RON 436,647).

In 2022, a number of 14,402 shares granted for 2021, with a market value at the time of grant of 397,495 lei, were transferred free of charge to employees, according to the Share Allocation Plan approved by the GSM.

For the year 2021, the Non-Executive Directors have fulfilled the performance condition stipulated in the Share Allocation Plan, respectively BVB has achieved good financial results, recording profits, but they have taken the decision, considering the degree of achievement of the 2021 budget, not to submit to the approval of the GSM granting the shares, and thus not exercising the received options.

Based on the evaluation of the results of 2021, taking into account the degree of achievement of the 2021 budget, the Non-Executive Directors decided not to grant shares to the Directors.

8. OPERATING EXPENSES (CONTINUED)

The granting of stock options and BVB free shares is carried out for non-executive administrators and BVB directors based on the remuneration policy of the BVB management structure, approved by the BVB AGM in 2021 and the BVB share allocation plan.

The granting of stock options and free BVB shares for BVB employees is carried out on the basis of the internal remuneration policy for BVB employees (salaried employees), approved by the Stock Exchange Council in 2018.

In 2022, the Company granted options for free BVB shares, according to the Stock Option Plan, to members of the Stock Exchange Council, management and employees.

According to BVB's remuneration of the management structure regarding the Non-Executive Directors:

„4.2.4.1. Non-Executive Directors are entitled to an annual allowance in the form of BVB shares (through zero exercise share options) in the amount of four gross monthly fixed allowances in accordance with the BVB Share Allocation Plan.

4.2.4.2. Non-Executive Directors may exercise the option to acquire the shares within 12 months from the date of their granting subject to the fulfillment of certain performance conditions, respectively:

(a) BVB achieved good financial results by recording profits; and / or (b) any other relevant performance criteria approved by the shareholders at the general meeting of shareholders.

4.2.4.3. The evaluation of the fulfillment of the performance conditions is performed by the OGMS which approves the granting of BVB shares to the Non-Executive Directors.

4.2.4.4. The maximum number of shares that can be transferred to a Non-Executive Director is calculated as follows: $4 \times \text{Fixed Gross Monthly Allowance} / \text{BVB Share Price}$ (closing price of the BVB share on the business day immediately preceding the date on which the share option is exercised in accordance with the BVB Share Allocation Plan). If the mathematical calculation results in fractions of shares, the number of shares will be rounded down to the nearest natural number.

4.2.4.5. The transfer of the allocated shares to the Non-Executive Directors is made within a maximum of 3 months from the OGMS date by which they were allocated.

4.2.4.6. Non-Executive Directors are obliged not to alienate the shares of BVB allotted in accordance with 4.2.4.4 for a period of one year from the date of acquisition. "

According to BVB's remuneration policy for the Board of Directors regarding Directors:

„5.5.2. The variable remuneration component in shares is granted and paid in accordance with the BVB Share Allocation Plan.

5.5.2.1. In order to determine the number of shares to be transferred to the Director, the closing price for a BVB share on the business day immediately preceding the day on which the Board finds that the performance targets are met and approves the granting of variable remuneration shall be taken into account. If the mathematical calculation results in fractions of shares, the number of shares will be rounded down to the nearest natural number.

5.5.2.2. If between the date of the allotment of the shares and the date of the actual transfer of the BVB shares to the Directors corporate actions are implemented which determine the adjustment of the market price of the BVB share, these adjustments will change the number of allotted shares. BVB rules.

5.5.2.3. The transfer of shares is carried out within 12 months from the date of granting the options on the shares due to the Directors as a component in shares of the variable remuneration.

5.5.2.4. The directors are obliged not to alienate the shares allocated as variable remuneration for a period of one year from the date of acquisition. "

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8. OPERATING EXPENSES (CONTINUED)

8.2 Services provided by third parties

	<u>2022</u>	<u>2021</u>
Business consulting services	344,900	3,446,624
Financial, IT and internal Audit Services	793,012	447,781
Commissions fees (legal, contributions, etc.)	655,486	607,003
Services provided by third parties for events	588,599	765,224
Other services provided by third parties	2,775,775	2,097,601
Business development third party services expenses	<u>1,021,983</u>	<u>730,991</u>
Total	<u>6,179,755</u>	<u>8,095,224</u>

In 2022, CCP.RO recorded lower consulting services expenses, result of the capitalization of a component of the authorization consultancy contract, which met the classification criteria as intangible asset.

Following the transposition of the Decision of the General Meeting of Shareholders of BVB, establishing the central counterparty (CCP Project), CCP.RO contracted, in 2021, expenses with consulting services and assistance for authorization and operation as Central Counterparty, amounting to RON 3,446,624, highlighted in the category of expenses "Business consulting services".

In 2022, business development expenses incurred by BVB were separately presented, representing mainly third-party services expenses, related to the BVB Research Hub, ESG Ratings and Made in Romania projects. Thus, these expenses were separately presented for the year 2021 as well, being extracted from the expenses for event services and other third-party services.

The statutory auditor of the Group for the year 2022 was Mazars Romania SRL. The audit fee, in accordance with the services agreement, was of EUR 29,800. During 2022, the statutory auditor did not provide allowed non-audit services. During 2022, the statutory auditor provided no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council to the Group.

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8. OPERATING EXPENSES (CONTINUED)

8.3 Other operating expenses

	<u>2022</u>	<u>2021</u>
Rent and office utilities	1,877,627	1,447,981
Tangible asset depreciation (Note 11)	1,681,874	1,467,601
Intangible asset amortization (Note 12)	1,603,890	1,436,228
Right of use assets depreciation (Note 13)	2,175,380	2,088,443
Expenses with ASF tax and other fees	1,512,838	1,457,981
Consumables	275,184	347,194
IT Maintenance, service and repairs	2,013,823	2,004,929
Insurance for professional equipment, etc.	335,605	317,979
Protocol	761,447	350,410
Marketing and Advertising	744,473	1,199,084
Transport of goods and personnel	366,326	246,458
Postage and telecommunications	381,891	340,979
Bank charges	82,054	71,790
Loss from writing off clients	101,044	104,861
Litigation provisions	603,813	542,519
Expenses/ (Revenues) from receivables adjustment-	27,324	(394,548)
Other expenses	<u>357,182</u>	<u>279,279</u>
Total	<u>14,901,774</u>	<u>13,309,168</u>

In 2022, the administrative expenses increased, impact from the inflation increase, including headquarters rental contract inflation indexation.

9. FINANCIAL NET INCOME

Financial net income recognised in profit or loss account include:

	<u>2022</u>	<u>2021</u>
Interest income from financial assets	3,581,372	2,543,354
Gain / (loss) from exchange rate differences	436,013	1,461,851
Income from sale of financial assets	(106,325)	-
Interest expense with lease contracts IFRS 16 and other financial expenses	(316,269)	(344,580)
Net expected credit losses (IFRS 9)	<u>(76,851)</u>	<u>27,933</u>
Net financial income	<u>3,517,939</u>	<u>3,688,560</u>

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10. CORPORATE INCOME TAX EXPENSE

Reconciliation of profit before tax to corporate income tax expense in profit or loss account

	<u>2022</u>	<u>2021</u>
Before-tax accounting profit	12,305,963	6,349,778
Theoretical income tax (16%)	1,968,954	1,015,964
Income tax for non-taxable income tax and assimilated	(355,952)	5,643
Income tax for non-deductible expenses tax and assimilated	576,952	379,078
Income tax for IFRS adjustments and for fiscal loss used	633,472	751,929
Current Corporate income tax (tax profit *16 %)	<u>2,823,426</u>	<u>2,152,614</u>
Sponsorship deducted from corporate income tax	(314,984)	(198,849)
Current tax expense	2,508,442	1,953,765
Income from deferred income tax	(633,472)	(896,111)
Total corporate income tax expense	<u>1,874,970</u>	<u>1,057,654</u>

11. TANGIBLE ASSETS

	<u>Land and buildings i)</u>	<u>IT, office equipment and furniture ii)</u>	<u>Assets in progress</u>	<u>Total</u>
Cost				
Balance as at 1 January 2022	<u>5,262,826</u>	<u>17,063,623</u>	<u>365,509</u>	<u>22,691,958</u>
Purchases	19,687	3,048,596	1,312,936	4,381,218
Disposals	-	(494,095)	(1,678,445)	(2,172,540)
Balance as of 31 December 2022	<u>5,282,513</u>	<u>19,618,124</u>	<u>=</u>	<u>24,900,636</u>
Depreciation				
Balance as at 1 January 2022	<u>490,198</u>	<u>14,536,035</u>	<u>=</u>	<u>15,026,233</u>
Depreciation during the year	249,785	1,432,089	-	1,681,874
Disposals	-	(487,244)	-	(487,244)
Balance as of 31 December 2022	<u>739,984</u>	<u>15,480,880</u>	<u>=</u>	<u>16,220,863</u>
Net carrying amounts				
Balance as of 1 January 2022	<u>4,772,627</u>	<u>2,527,588</u>	<u>365,509</u>	<u>7,665,725</u>
Balance as of 31 December 2022	<u>4,542,529</u>	<u>4,137,244</u>	<u>=</u>	<u>8,679,773</u>

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11. TANGIBLE ASSETS (CONTINUED)

- i) In the category Land and buildings, land and building arrangements are included, for which the applied accounting policy is cost less accumulated depreciation and accumulated impairment losses.
- ii) The category "IT equipment, office and furniture" mainly includes the value of the specialized servers and equipment used in the specific trading and settlement activities, as well as the furniture from the Group's headquarters.
- iii) During the year 2022, purchases from the "IT equipment, office and furniture" category in the amount of 3,048,596 lei include, mainly, technological equipment purchased in order to improve current performances, respectively, servers, storage and storage network equipment replacements.
- iv) Disposals made in 2022 from the category "IT equipment, office and furniture" represents IT equipment, mainly servers and other equipment out of use, replaced in Central Depository.
- v) Tangible assets in progress purchased during 2022 by the Central Depository represented storage units that were put in function during 2022, being included in the IT Equipment category.

	<u>Land and buildings i)</u>	<u>IT, office equipment and furniture ii)</u>	<u>Assets in progress</u>	<u>Total</u>
Cost				
Balance as at 1 January 2021	<u>5,218,260</u>	<u>16,756,173</u>	=	<u>21,974,433</u>
Purchases	44,566	901,585	546,904	1,493,055
Outflows	-	(594,135)	(181,395)	(775,530)
Balance as of 31 December 2021	<u>5,262,826</u>	<u>17,063,623</u>	<u>365,509</u>	<u>22,691,958</u>
Depreciation				
Balance as at 1 January 2021	249,736	13,893,039	-	14,142,775
Depreciation during the year	240,462	1,227,139	-	1,467,601
Outflows	-	(584,143)	-	(584,143)
Balance as of 31 December 2021	<u>490,198</u>	<u>14,536,035</u>	=	<u>15,026,233</u>
Net carrying amounts				
Balance as of 1 January 2021	<u>4,968,524</u>	<u>2,863,135</u>	=	<u>7,831,658</u>
Balance as of 31 December 2021	<u>4,772,627</u>	<u>2,527,588</u>	<u>365,509</u>	<u>7,665,725</u>

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12. INTANGIBLE ASSETS

	<u>Goodwill i)</u>	<u>Licenses, software ii)</u>	<u>Assets in progress</u>	<u>Total</u>
Cost				
Balance as at 1 January 2022	135,000	18,121,072	615,192	18,871,264
Purchases	-	2,220,786	1,001,889	3,222,674
Outflows	<u>(135,000)</u>	<u>(277,113)</u>	<u>(744,066)</u>	<u>(1,156,179)</u>
Balance as at 31 December 2022	<u>-</u>	<u>20,064,745</u>	<u>873,015</u>	<u>20,937,759</u>
Depreciation				
Balance as at 1 January 2022	135,000	15,051,593	-	15,186,593
Depreciation during the year	-	1,603,890	-	1,603,890
Outflows	<u>(135,000)</u>	<u>(276,881)</u>	-	<u>(411,881)</u>
Balance as at 31 December 2022	<u>-</u>	<u>16,378,602</u>	<u>-</u>	<u>16,378,602</u>
Net carrying amounts				
Balance as at 1 January 2022	-	<u>3,069,479</u>	<u>615,192</u>	<u>3,684,671</u>
Balance as at 31 December 2022	-	<u>3,686,142</u>	<u>873,015</u>	<u>4,559,157</u>

- (i) Licenses and software mainly include the value of the trading, clearing-settlement and registry systems used by the Group companies in their specific activities.
- (ii) During 2022, software license purchases were made in order to ensure the operational improvement of the trading (ARENA), post-trading (ARENA Post-Trading, Sogel) and registry systems, as well as the putting in function of the Digital Platform Aurachain investor enrollment
- (iii) During 2022, intangible assets acquisitions classified as *Assets in progress* are represented by developments performed for the trading systems (ARENA Trading) for the derivatives market, post-trading (ARENA Post-Trading, Sogel) and the registry segment.

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12. INTANGIBLE ASSETS (CONTINUED)

	<u>Goodwill i)</u>	<u>Licenses, software ii)</u>	<u>Assets in progress</u>	<u>Total</u>
Cost				
Balance as at 1 January 2021	162,320	17,793,052	82,353	18,037,725
Purchases	-	782,492	635,955	1,418,447
Disposals	<u>(27,320)</u>	<u>(454,473)</u>	<u>(103,115)</u>	<u>(584,907)</u>
Balance as at 31 December 2021	135,000	18,121,072	615,192	18,871,264
Depreciation				
Balance as at 1 January 2021	135,000	14,069,217	-	14,204,217
Depreciation during the year	-	1,436,228	-	1,436,228
Disposals	-	(453,852)	-	(453,852)
Balance as at 31 December 2021	135,000	15,051,593	-	15,186,593
Net carrying amounts				
Balance as at 1 January 2021	<u>27,320</u>	<u>3,723,836</u>	<u>82,353</u>	<u>3,833,508</u>
Balance as at 31 December 2021	<u>-</u>	<u>3,069,479</u>	<u>615,192</u>	<u>3,684,671</u>

13. RIGHT OF USE ASSETS

2022	<u>Buildings</u>	<u>Cars</u>	<u>Total</u>
Cost			
Balance as of 1 January 2022	9,212,542	523,173	9,735,716
Purchases	527,506	155,840	683,346
Outflows	<u>(206,047)</u>	<u>(59,561)</u>	<u>(265,608)</u>
Balance as of 31 December 2022	<u>9,534,001</u>	<u>619,453</u>	<u>10,153,453</u>
Depreciation			
Balance as of 1 January 2022	3,113,246	215,779	3,329,025
Depreciation during the year	2,052,612	122,768	2,175,380
Outflows	<u>(111,294)</u>	<u>(59,561)</u>	<u>(170,855)</u>
Balance as of 31 December 2022	5,054,564	278,985	5,333,550
Net carrying amounts			
Balance as of 1 January 2022	<u>6,099,296</u>	<u>307,395</u>	<u>6,406,691</u>
Balance as of 31 December 2022	<u>4,479,436</u>	<u>340,467</u>	<u>4,819,904</u>

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2021	<u>Buildings</u>	<u>Cars</u>	<u>Total</u>
Cost			
Balance as at 1 January 2021	6,190,045	469,991	6,660,035
Purchases	4,938,740	93,107	5,031,847
Outflows	(1,916,242)	(39,924)	(1,956,166)
Balance as at 31 December 2021	<u>9,212,542</u>	<u>523,173</u>	<u>9,735,716</u>
Depreciation			
Balance as at 1 January 2021	3,072,729	142,772	3,215,501
Depreciation during the year	1,872,156	112,931	1,985,087
Outflows	(1,831,640)	(39,924)	(1,871,564)
Balance as at 31 December 2021	<u>3,113,246</u>	<u>215,779</u>	<u>3,329,025</u>
Net carrying amounts			
Balance as at 1 January 2021	<u>3,117,316</u>	<u>327,218</u>	<u>3,444,534</u>
Balance as at 31 December 2021	<u>6,099,296</u>	<u>307,395</u>	<u>6,406,691</u>

The Group had concluded as of December 31, 2022, 4 lease contracts for the main and secondary headquarters for which the implicit interest rate used was 5% / year, a value determined by the cost of borrowing funds from the financial market to finance an asset of a similar value for a comparable time period

The group had concluded as of December 31, 2022, 6 lease contracts for cars (operating leasing) for which the interest rate used was 4.2% - 8,16% / year, value offered by the lessor for financing the same assets under a financial leasing contract or, in the event that the interest rate could not be provided by the lessor, the cost of borrowing from the financial market of an asset of a similar value for a comparable period of time

For the interest expense related to the liabilities arising from the lease agreements, see Note 9.

14. DEFERRED TAX RECEIVABLE

	<u>2022</u>	<u>2021</u>
<i>Deferred Tax Receivable</i>		
Opening Balance January 1st	1,343,385	447,274
Recognized in the result of the period	<u>633,472</u>	<u>896,111</u>
Closing Balance December 31	1,976,857	1,343,385

The deferred income tax receivable was calculated for the deductible temporary differences resulting from the investment in the CCP.RO subsidiary and is based on the loss recorded by CCP.RO in the current year. The recognized temporary differences are estimated to be deducted from the taxable profit obtained in the following years.

BUCHAREST STOCK EXCHANGE

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15. FINANCIAL INSTRUMENTS

The Group's financial instruments are the following:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Financial assets carried at amortized cost – gross value i)	57,572,439	51,819,479
Expected credit losses (IFRS 9)	(595,839)	(682,860)
Other assets – guarantees <i>iii)</i>	<u>524,511</u>	<u>526,661</u>
Total long term financial instruments	<u>57,501,111</u>	<u>51,663,280</u>
	<u>31 December 2022</u>	<u>31 December 2021</u>
Bank deposits with maturity between 3 months and one year <i>iv)</i>	33,347,787	14,203,018
Bank deposits with maturity between 3 months and one year restricted in order to cover the guarantee and clearing funds and the margin the margin – gross value <i>v)</i>	3,087,625	3,005,471
Expected credit losses (IFRS 9)	(295,535)	-
Financial assets at amortised cost – gross value <i>vi)</i>	21,247,852	39,594,235
Total current assets	<u>57,387,730</u>	<u>56,802,724</u>

Financial assets presents the amounts net of expected credit losses (IFRS9). The gross value of financial assets (government securities and bank deposits) amounts RON 115,780,215 (2021: RON 109,148,865) and the expected credit losses is 891,374 RON (2021: RON 682,860).

- i)* The financial assets carried at amortized cost are bonds issued by the Romanian Government in RON, acquired at an annual coupon rate between 3.25% and 8.45%, and bonds denominated in USD and EUR, at a coupon rate of 3% for USD and between 2% and 2.88% for EUR.
- ii)* Term deposits with Romanian with maturity from 3 months to one year are made in RON and EUR with Romanian banks, at interest rates, between 5.2% and 8.2% for deposits in RON and of 0.8% deposits in EUR.
- iii)* Other assets – guarantees are recorded in the consolidated financial position as financial assets at amortized cost.
- iv)* Term deposits restricted in order to cover the guarantee and clearing funds are made in RON in romanian banks and have initial maturities ranging from 3 months and one year, at interest rates from 7.6% to 8%, presented in balance sheet as Restricted bank deposits covering the guarantee fund and the margin at amortised cost
- v)* Financial assets at amortized cost are treasury bills and bonds issued by the Romanian government in RON, with a residual maturity of maximum 1 year, acquired at yields from 3.8% to 8.3%.

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15 FINANCIAL INSTRUMENTS (CONTINUED)

<i>Expected credit losses IFRS 9</i>	2022	2021
Balance as at 1 January	<u>682,860</u>	<u>1,098,205</u>
Impairment losses	619,495	58,850
Impairment reversals	<u>(410,982)</u>	<u>(474,195)</u>
Balance as at 31 December	891,374	682,860

Impairment losses are calculated based on a model using the credit risk swap and for the Company's financial assets, the expected credit loss is computed for 12 months (Stage 1, according with IFRS 9).

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

	Government bonds with a maturity over one year	Government bonds less than one year
1 January 2022	51,136,619	39,594,235
Purchases (less effective interest) and exchange rate differences	22,473,353	11,295,114
Reclass	(13,397,434)	13,397,434
Redemptions (less effective interest*)	<u>(3,235,938)</u>	<u>(43,038,931)</u>
31 December 2022	<u>56,976,600</u>	<u>21,247,852</u>

*Less effective interest is included the coupon and the amortization of premium discount

The elimination of restricted government securities to cover the guarantee fund, compensation and margin is due to the withdrawal from the consolidation of the Investor Compensation Fund, as it is no longer a subsidiary of the Group.

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16. TRADE AND OTHER RECEIVABLES

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
Trade receivables – gross value i)	9,679,796	7,305,065
Adjustment after trade receivable Impairment ii)	(810,376)	(783,051)
Expected credit losses – IFRS 9	(95,857)	(50,551)
VAT not due	63,567	41,067
Other receivables	<u>1,007,757</u>	<u>805,943</u>
Total	<u>9,844,887</u>	<u>7,318,472</u>

Financial receivables taken into account in the calculations of Note 5 are made of 8,870,425 RON at 31 December 2022 and RON 7,318,472 at 31 December 2021.

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

Adjustment for receivable impairment is divided as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Adjustment after receivable impairment – individual component	810,376	783,051
Anticipated credit losses – IFRS 9	<u>95,857</u>	<u>50,551</u>
Total	<u>906,233</u>	<u>833,602</u>

Adjustment variations after the receivables impairment during the year was as follows:

	<u>2022</u>	<u>2021</u>
<i>Adjustment for impairment – individual component</i>		
Balance as at 1 January	783,051	1,177,599
Impairment losses	219,645	(5,999)
Impairment reversal	<u>(192,321)</u>	<u>(388,549)</u>
Balance as at 31 December	810,376	783,051

Considering the amendment in 2021 of the Regulation no. 5/2018 regarding the issuers of financial instruments and market operations, respectively the introduction of the obligation of the listed issuers to

BUCHAREST STOCK EXCHANGE

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prove the payment of the payment amounts to the Bucharest Stock Exchange, the recovery of the uncollected amounts will be possible until delisting / withdrawal from trading, the latest.

This change together with the requests received in the second half of 2021 to confirm the non-existence of obligations to BVB from customers who withdrew / delisted, including the payment of receivables provisioned in previous years, led to a change in the calculation of the adjustment for uncollected receivables. related to the maintenance fees of issuers, respectively the calculation of an adjustment based on the estimated actual losses.

The percentage reduction to 30% of the remaining uncollected receivables from issuers maintaining fees, compared to 100% according to the previous provisioning policy, generated a reduction of the expense with the depreciation in BVB profit and loss account of uncertain receivables of RON 332,647.

	<u>2022</u>	<u>2021</u>
<i>Expected credit losses IFRS 9</i>		
	50.551	
Balance as at 1 January		64,895
Impairment losses	45.306	(4,041)
Impairment reversals	=	<u>(10,303)</u>
Balance as at 31 December	95.857	50,551

The Group computes an impairment loss on trade receivables using the simplified approach according to IFRS 9, recognizing expected credit losses on receivables over their lifetime. The expected credit loss for trade receivables was calculated using the ratio determined by the amount of customer receivables that became uncertain during the reporting period in the total revenues generated by the Company over the same period of time. The determined ratio was applied to the receivables balance outstanding at 31 December 2022.

17. PREPAYMENTS

Prepayments amounting to 870,502 RON (31 December 2021: RON 847,220) are primarily prepaid rent, insurance premiums for equipment, IT equipment maintenance, insurance premiums for liability insurance for administrators and various subscriptions.

18. OTHER RESTRICTED ASSETS

As at 31 december 2022, Depozitarul Central holds on behalf of customers amounts to be distributed to shareholders qualified as dividends amounting to 19,112,049 RON (31 December 2021: RON 21,078,857).

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19. CASH AND CASH EQUIVALENTS

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
Deposits at banks with original maturity less than 3 months	30,829,249	24,331,874
Bank current accounts	2,744,954	8,865,126
Petty cash	31,727	20,427
Expected credit losses IFRS 9	<u>(296,862)</u>	<u>(470,715)</u>
Total	33,309,069	32,746,712

Cash and cash equivalents as at 31 December 2022 presents the amounts net of expected credit losses (IFRS 9). The gross amount of cash and cash equivalents is RON 33,605,930 (2021: RON 33,217,427) and the expected credit losses is RON 296,862RON (2021: RON 470,715).

<i>Expected credit losses IFRS 9</i>	2022	2021
Balance as at 1 January	<u>470,715</u>	<u>228,973</u>
Impairment losses	202,018	306,687
Impairment reversals	<u>(375,871)</u>	<u>(64,946)</u>
Balance as at 31 December	296,862	470,715

Impairment losses are calculated based on a model using the credit risk swap and for the Company's financial assets, the expected credit loss is computed for 12 months (Stage 1, according with IFRS 9).

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20. TRADE AND OTHER PAYABLES

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
Trade liabilities i)	6,576,740	6,377,748
Salary contributions due	787,193	689,043
Taxes due	7,095	10,405
VAT payable	152,621	(1,473)
Dividends payable to the Company's shareholders	1,343,207	1,449,558
Dividends to be distributed to the Central Depository	19,112,049	21,075,904
Prepayments received from customers	279,293	281,193
Guarantees received	227,278	227,278
Other payables related to management and staff ii)	3,281,230	1,518,088
Other liabilities	<u>671,185</u>	<u>451,693</u>
Total	<u>32,437,892</u>	<u>32,079,437</u>

Financial payables presented in the calculations of Note 5 are made of RON 8,870,425 at 31 December 2022 and RON 8,560,193 at 31 December 2021.

- i) Trade payables are mainly, accruals for CCP's external consultancy service providers, in amount of RON 4,675,293 (RON 4,329,563 in 2021), but also obligations to internal providers, some less than 30 days old, paid at the beginning of 2023;
- ii) Other liabilities to management and staff represent estimates related to performance bonuses according to the Remuneration Policies, as well as related to unused vacations related to the activity of 2022, to be paid during 2023.

21. OPERATING LEASE LIABILITIES

	<u>31 December 2022</u>	<u>31 December 2021</u>
Operating lease liabilities – current	2,057,984	2,084,773
Operating lease liabilities – non-current	<u>3,103,995</u>	<u>4,677,633</u>
Total	5,161,979	6,762,406

During 2022, for all Group's entities the lease contract for the main office was indexed by 8.53%, the inflation rate valid in February 2022, thus an additional lease liability was recognized
For the interest expense related to the liabilities arising from the lease agreements, see Note 9.

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22. DEFERRED INCOME

Deferred income/revenue include:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Revenues from registry activities	35,403	19,864
Revenues from fees for continuance of trading activity	1,545,054	1,381,369
Other deferred income	<u>67,780</u>	-
Total	1,648,237	1,401,234

Deferred income are non-exigible amounts related to maintenance fees to the trading system of listed issuers and register activities, being accounted for as income during a 12-month period and recognised progressively as income as services are provided.

23. PROVISIONS

The provisions in balance as at December 31, 2022 consist of:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Litigations provisions	<u>1,146,332</u>	<u>542,519</u>
Total	<u>1,146,332</u>	<u>542,519</u>

Provisions movement during 2022 is presented below.

	<u>2022</u>	<u>2021</u>
Provisions		
Balance as of 1st of January	542,519	-
Recognised during current period	648,813	542,519
Provisions write-off	<u>(45,000)</u>	-
Balance as of December 31st	<u>1,146,332</u>	<u>542,519</u>

During 2022 were recognised extra amounts related to Provisions of the nature of provisions for litigation by the Central Depository. (see note 28).

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24. GUARANTEE AND CLEARING FUNDS AND MARGIN

The guarantee and clearing funds and margin comprise:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Guarantee fund for transactions in securities	2,407,526	2,231,219
Margin for transactions in securities	<u>666,653</u>	669,163
Total	<u>3,074,179</u>	<u>2,900,382</u>

25. CAPITAL AND RESERVES

(a) *Share capital*

On 31 December 2022, 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:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Ordinary shares (no)	<u>8,049,246</u>	<u>8,049,246</u>
Total	8,049,246	8,049,246

	<u>Number of shares</u>	<u>% of the Share capital</u>
Shareholding structure as at 31 decembrie 2022		
Legal entities, of which:	6,646,434	82.57%
- romanian	6,599,588	81.99%
- foreign	46,846	0.58%
Individuals, of which:	1,362,393	16.93%
- romanian	1,256,153	15.61%
- foreign	106,240	1.32%
Bucharest Stock Exchange	40,419	0.50%
Total	8,049,246	100%

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. On 31 December 2022, there were no shareholders holding stakes exceeding this threshold.

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25. CAPITAL AND RESERVES (CONTINUED)

By Decision No 632/18.05.2010 issued by CNVM the prospectus drawn up with a view to admission to trading on the regulated market operated by BVB of its own shares was approved. On 8 June 2010 the first transactions with shares issued by BVB on the regulated Romanian market took place.

The closing price for the last trading session of 2022 was of 35.30 RON /share (2021: RON 25.50 /share).

(b) Treasury shares and benefits to directors and employees

In 2022, the Company granted options, according to the Stock Option Plan, to members of the Board of Governors, Management and employees.

The Board of Governors decided not to grant shares to the management and eligible members of the Stock Exchange Council for the year 2021.

The benefit granted in equity instruments (own shares) amounted to RON 888,546 (2021: RON 436,647). Also see Note 8.

Movements on 31 December 2022 are as follows:

	<u>2022</u>	<u>2021</u>
Balance at January 1	<u>(110,096)</u>	<u>246,950</u>
Own shares redeemed	1,074,170	-
Share-based benefits granted to Members of the Board, Management and employees, including estimations	(888,546)	(436,647)
Losses as effect of granting shares for free within SOP	-	<u>79,601</u>
Balance at December 31	75,528	(110,096)

(c) Dividends

The Board of Governors of BVB submits to the approval of the General Meeting of Shareholders the proposal to distribute the statutory net profit for 2022 of the Company, in the amount of RON 11,035,706, as follows: the amount of RON 637,327 for the legal reserve, and the rest in the form of gross dividends, Thus, the amount proposed for approval by the General Meeting of Shareholders set for April 26/27, 2023 for distribution in 2022 in the form of gross dividends for 2022 is RON 10,398,379. Through the full distribution of the amount of RON 10,398,379 in the form of dividends, each share, including its own shares, will receive a gross dividend in the amount of RON 1.2918.

25. CAPITAL AND RESERVES (CONTINUED)

The General Meeting of BVB Shareholders of April 28, 2022 approved the proposal for the distribution of the statutory net profit for 2021 of the Bucharest Stock Exchange, in the amount of RON 8,206,560, as follows: the amount of RON 485,158 for the legal reserve, and the rest in the form of dividends brute. Thus, the amount to be distributed in 2022 in the form of gross dividends related to 2021 is RON 7,721,402. The payment date set by the GMS was June 22, 2022.

Through the full distribution of the amount of RON 8,590,384 in the form of dividends, each share, including its own shares, corresponded to a gross dividend in the amount of RON 0.9592.

The General Meeting of Shareholders of Central Depository from May 26, 2022 approved the distribution of dividends in amount of RON 2,360,572 from the net profit of 2021 as follows: the amount of RON 140,926 as legal reserve and the remaining amount of RON 2,219,646 as dividends. The dividend payment was made in September 2022.

(d) Legal reserve

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

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

(e) Revaluation reserves

The reserves resulting from the following:

- the re-measurement the land owned by BVB, for which the accounting policy is the fair value;
- the historical reserve related to the Soger system owned by Depozitarul Central, generated by the merger with Regisco. The revaluation reserve shall be realized when the asset shall be sold/discarded.

26. EARNINGS PER SHARE

The calculation of basic earnings per share at 31 December 2022 is based on profit attributable to Company's shareholders in the amount of RON 10,627,397 (2021: RON 6,463,671) and the weighted average number of ordinary shares outstanding of 8,049,246 (2022: 8,049,246).

27 TRANSACTIONS WITH RELATED PARTIES

Management key personnel

31 December 2022

Starting with February 13, 2020, the new composition of the Board of Directors of BVB (Stock Exchange Council / CB) and the positions held in the Stock Exchange Council are the following:

- | | | |
|---|--------------------------|-------------------|
| • | Hanga Radu | President |
| • | Paul Dan-Viorel | Vice-President |
| • | Pană Robert-Cosmin | Vice-President |
| • | Ionescu Claudia-Gabriela | General Secretary |
| • | Neacșu Dragoș-Valentin | Member |
| • | Bîciu Mihaela-Ioana | Member |
| • | Molnar Octavian | Member |
| • | Raț Răzvan Legian | Member |
| • | Szitas Stefan | Member |

The executive management was ensured by:

- | | | |
|---|-------------------|------------------------|
| • | Mr. Adrian Tanase | General Manager |
| • | Mr. Alin Barbu | Deputy General Manager |

In 2022, the remuneration granted to the key management personnel of BVB amounted to RON 1,601,339 (2021: RON 1,499,179).

In 2022, the remuneration granted to the members of the Board of Governors and members of the Special Committees were RON 1,052,692 (2021: RON 873,840).

The total gross remuneration granted to administrators and directors was, according to the 2022 remuneration report, of RON 3,218,499.

The Company has not granted loans, advances or guarantees to members of Board of Governors and to Executive Directors of BVB.

28. COMMITMENTS AND CONTINGENT LIABILITIES**(a) Litigation**

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

Litigation regarding the case of Bucur Obor - Central Depository

By the criminal sentence no. 172 / F / 25.02.2011, pronounced by the Bucharest Tribunal - criminal section II in file no. 12458.01 / 3/2004 - the court ordered "cancellation of all fraudulent transactions carried out on the basis of stock trading orders" which were executed between December 1998 and January 1999, without the consent of the owners of the respective securities, "putting the ownership of the stolen shares [...] and from which they were dispossessed through illicit virtual transactions, carried out on the basis of trading orders by: SVM EXPERT BROKER GROUP SA, by WEST BANK SA, by SVM INVEST SA and by SVM KGT - INVEST SA." as well as "obliging the holder of the register of shares (registrar) respectively the commercial companies where the civil parties in question hold shares, to re-register these civil parties (shareholders) in the register of shareholders."

Although the Central Depository was not a party to the litigation in which the above-mentioned sentence was handed down, various actions were brought against the Central Depository, having as its object:

- the obligation of DC to update the register of shareholders of Bucur Obor company according to the criminal Sentence no. 172 / F / 2011;
- obliging DC to pay the delay penalties in the amount of 500 lei / day of delay, until the date of execution of the obligation to update the register of Bucur Obor shareholders;
- order the Central Depository and Bucur Obor, jointly and severally, to pay to the plaintiffs and to the interveners the compensations consisting of dividends related to the years 2010, 2012, 2013, 2014, 2015 and 2016 uncollected as a result of the fact that they were not re-registered as shareholders;

At the end of 2022, discussions were started between the involved parties with a view to the amiable settlement of all disputes derived from Criminal Sentence no. 172/F/2011.

28. ASPECTS TO BE MENTIONED

In February 2022, an armed conflict broke out between Russia and Ukraine, which affected the economies of the two countries and resulted in, among other things, a significant influx of refugees from Ukraine to neighboring countries (including Romania), as well as a series of sanctions imposed by the international community on Russia and Belarus and some Russian-based companies. On the medium and long-term impact of this conflict and of the sanctions imposed on Russia cannot be anticipated at this time with sufficient accuracy.

As of the date of the consolidated financial statements, the conflict is still ongoing. Taking into account that the Group does not have activities significantly dependent on the area in conflict or affected by sanctions (especially Russia, Ukraine, Belarus), neither in terms of acquisitions, nor sales or investments, we consider that the ability of the Group to continue its activity in the foreseeable future it will not be significantly affected, although there are still uncertainties related to the evolution of the conflict and the potential impact on the countries in the vicinity of the conflict zone and the global economy.

29. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

In the Ordinary General Meeting of the Shareholders of the Central Depository on 09.02.2023, the new composition of the Board of Directors, elected for a 4-year mandate, starting with the date of approval (individual validation of the new members) by the Financial Supervision Authority, but no earlier than 19.04.2023, the date of expiry of the mandate of the current Board of Directors and the President of the Board of Directors, as follows:

1. Mr. Radu Hanga – President of the Board of Administration;
2. Mr. Laurentiu Ravis – independent administrator;
3. Mr. Adrian Simionescu – administrator;
4. Mr. Marin Serban Valentin – independent administrator;
5. Mrs. Andreea Cosmanescu – independent administrator;
6. Mr. Dan Viorel Paul – administrator;
7. Mr. Robert Cosmin Pana – administrator;
8. Mrs. Claudia Gabriela Ionescu – administrator;
9. Mr. Radu Claudiu Rosca – independent administrator.

In accordance with the provisions of ASF Regulation no. 1/2019, the new composition of the Board of Administration will be subject to ASF approval.

In January 2023, the official request for the authorization of the central counterparty CCP.RO, together with the related documentation, was submitted to the Financial Supervisory Authority (FSA), in accordance with the provisions of art. 14 and art. 17 of Regulation (EU) no. 648/2012 on OTC derivatives, central counterparties and central transaction registries (EMIR).

Independent Auditor's Report*

(*This represents a non-official English translation of the original audit report issued in Romanian language)

To the shareholders of **Bursa de Valori Bucuresti S.A.**

Report on the audit of the separate financial statements

Opinion

1. We have audited the accompanying separate financial statements of **Bursa de Valori Bucuresti S.A.** ("the Company" or "BVB"), with registered office in 34-36 Carol I Blvd., 14th floor, 2nd district, Bucharest, Romania, registered with the Bucharest Trade Registry under no. J40/12328/2005 and having sole registration code RO17777754, which comprise the separate statement of financial position as at 31 December 2022, the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and in accordance with the Financial Supervisory Authority ("FSA") Norm no. 39/2015 for "approving accounting regulations in accordance with the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority from the Capital Market Sector" as subsequently amended ("FSA Norm 39/2015"), presenting the following:

• Total equity:	RON	111,942,389
• Net profit of the year:	RON	11,035,706

2. In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at 31 December 2022, and its separate financial performance and its separate cash flows for the year then ended, in accordance with IFRS and FSA Norm 39/2015.

Basis for Opinion

3. We conducted our audit in accordance with the International Standards on Auditing ("ISA"), the EU Regulation No. 537/2014 of the European Parliament and of the Council of the European Union ("Regulation (EU) 537/2014") and with the Law 162/2017 ("Law"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and in accordance with all other ethical requirements relevant for the audit of financial statements in Romania, and we have fulfilled our other ethical

responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter Paragraph – Valuation of investment in CCP.RO

4. As presented in Note 6 to the accompanying financial statements, at 31 December 2022 the Company holds an investment of RON 47,500,000 in CCP.RO Bucharest SA (“CCP.RO”), entity set up in 2019 with the purpose of acting as a central counterparty on the local market. At the current date, the process of obtaining the approvals and authorizations required from the FSA and from the European Securities and Markets Authority (“ESMA”) is still in progress, therefore CCP.RO is not yet operational as central counterparty, and does not yet generate revenues from the activity for which it was intended. At 31 December 2022, the Company has tested the investment in CCP.RO for potential impairment, using a method which is considering the expected cash flows included in the business plan approved by the shareholders of CCP.RO, and has concluded that no impairment adjustment is necessary, as the value in use exceeds the cost of the investment at 31 December 2022. The valuation of the investment in CCP.RO at the amount reflected in the Company’s financial statements depends on the successful finalization of the process of authorization of this entity as a central counterparty, as well as on the fulfilment of the assumptions used in the valuation analysis, after the entity starts its intended activity. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. For the audit of the year 2022 we have not identified any key audit matters to be communicated in our report.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

6. The Management of the Company is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS and FSA Norm 39/2015 and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the separate financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
8. Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the separate financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these separate financial statements.
10. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure, and content of the separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. As part of the audit process, we communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Conformity of the Administrators' Report with the Financial Statements

The Company's Administrators are responsible for the preparation and presentation, in accordance with the requirements of articles 8 - 13 of the Accounting Regulations approved by FSA Norm 39/2015, of an Administrators' Report which is free from significant misstatements, and for such internal control as the Management considers necessary to enable the preparation of the Administrators' Report which shall be free from material inconsistencies, whether due to fraud or error.

The Administrators' Report is presented on pages 1 to 65 and is not part of the Company's separate financial statements.

Our opinion on the accompanying separate financial statements does not cover the Administrators' Report.

In connection with our audit of the separate financial statements of the Company as at 31 December 2022, we have read the Administrators' Report attached to the separate financial statements and we report the following:

- a) we have not identified in the Administrators' Report any information which is not consistent, in all material respects, with the information presented in the accompanying separate financial statements;
- b) the Administrators' Report identified above includes, in all material respects, the information required by articles 8 - 13 of the Accounting Regulations approved by FSA Norm 39/2015;
- c) based on our knowledge and understanding acquired during the audit of the separate financial statements for the year ended 31 December 2022 regarding the Company and its environment, we have not identified in the Administrators' Report any information that would be significantly misstated.

Report on Other Legal and Regulatory Requirements

(a) Requirements regarding the information in the Remuneration Report

In compliance with the requirements of art. 107 (7) of Law 24/2017, as subsequently amended ("Law 24/2017"), we have read the Remuneration Report prepared by the Company for the year ended 31 December 2022 and we confirm that, in our opinion, the above-mentioned Remuneration Report presents, in all material respects, the information requested in art. 107 of the Law 24/2017.

(b) Requirements for Audits of Public Interest Entities

In compliance with Article 10(2) of Regulation (EU) No. 537/2014, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of the Auditor and the Period of Engagement

We were appointed as auditors of the Company by the General Meeting of Shareholders ("GMS") on 12 April 2017 to audit the separate and consolidated financial statements of the Company for the financial years 2017-2019, by GMS on 29 April 2020 to audit the separate and consolidated financial statements of the Company for the financial years 2020-2021, and by GMS on 20 October 2021 to audit the separate and consolidated financial statements of the Company for the financial years 2022-2023. Our uninterrupted engagement is of 7 years, covering the financial years ended from 31 December 2017 until 31 December 2023.

Consistency with the Additional Report to the Audit Committee

We confirm that our audit opinion on the separate financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 8 March 2023 in accordance with Article 11 of Regulation (EU) No. 537/2014.

Provision of Non-audit Services

We declare that no prohibited non-audit services, as referred to in Article 5(1) of Regulation (EU) No. 537/2014, were provided by us to the Company. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings and which have not been disclosed in the separate financial statements.

(c) Report on compliance with the Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standards

We have undertaken a reasonable assurance engagement on the compliance of the separate financial statements in XHTML format of **Bursa de Valori Bucuresti S.A.** ("the Company") for the year ended 31 December 2022 (the "XHTML Statements"), with the European Commission Delegated Regulation (EU) 2018/815, which sets the regulatory technical standards on the specification of a single electronic reporting format ("ESEF RTS").

The Company's management responsibility for the XHTML Statements prepared in compliance with the ESEF RTS

The Company's management is responsible for preparing XHTML Statements that comply with the ESEF RTS. This responsibility includes:

- ensuring consistency between the XHTML Statements and the financial statements prepared for filing to the relevant authorities in accordance with FSA Norm 39/2015; and
- the design, implementation and maintenance of internal control relevant to the preparation and presentation of XHTML Statements in accordance with ESEF RTS that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a conclusion on whether the XHTML Statements comply, in all material respects, with the requirements of ESEF RTS. We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) - *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the ESEF RTS. The nature, timing and extent of selected procedures depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in ESEF RTS, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the Company's processes and internal controls relevant for preparing the XHTML Statements in accordance with ESEF RTS;
- assessing whether the financial statements have been prepared in a valid XHTML format;
- reconciling the XHTML Statements with the audited financial statements prepared by the Company in accordance with FSA Norm 39/2015 for filing to the relevant authorities.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the XHTML Statements for the year ended 31 December 2022 comply, in all material respects, with the requirements of ESEF RTS.

In this report we do not express an audit opinion, review conclusion or any other assurance conclusion on the financial statements. Our audit opinion relating to the separate financial statements prepared by the Company for the year ended 31 December 2022 is set out in the section *Report on the audit of the separate financial statements* above.

Bucharest, 15 March 2023

Vasile Andrian

Auditor registered in the Public Electronic Register under no. 1554 / 2004

On behalf of Mazars Romania SRL

Audit firm registered in the Public Electronic Register under no. 699 / 2007

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Independent Auditor's Report*

(*This represents a non-official English translation of the original audit report issued in Romanian language)

To the shareholders of **Bursa de Valori Bucuresti S.A.**

Report on the audit of the consolidated financial statements

Opinion

1. We have audited the accompanying consolidated financial statements of **Bursa de Valori Bucuresti S.A.** ("the Parent Company" or "BVB") and its subsidiaries (together "the Group"), with registered office in 34-36 Carol I Blvd., 14th floor, 2nd district, Bucharest, Romania, registered with the Bucharest Trade Registry under no. J40/12328/2005 and having sole registration code RO17777754, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and in accordance with the Financial Supervisory Authority ("FSA") Norm no. 39/2015 for "approving accounting regulations in accordance with the International Financial Reporting Standards, applicable for entities authorized, regulated and supervised by the Financial Supervisory Authority from the Capital Market Sector" as subsequently amended ("FSA Norm 39/2015"), presenting the following:

- Total equity: RON 154,227,374
- Net profit of the year: RON 10,430,992

2. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with IFRS and FSA Norm 39/2015.

Basis for Opinion

3. We conducted our audit in accordance with the International Standards on Auditing ("ISA"), the EU Regulation No. 537/2014 of the European Parliament and of the Council of the European Union ("Regulation (EU) 537/2014") and with the Law 162/2017 ("Law"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and in accordance with all other ethical requirements relevant for the audit of financial statements in Romania, and we have fulfilled our other ethical

responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	Audit procedures performed to address the key audit matter
Revenue recognition (Depozitarul Central S.A.)	
<p>As disclosed in the Note 7 to the accompanying consolidated financial statements, the Group records revenue from compensation, settlement and registry services from the activity of Depozitarul Central SA. The total value of these services is significant in the total revenues recorded by the Group at the reporting date.</p> <p>The method of computation of the amounts representing fees and tariffs for the post-transaction and registry activity is a complex one, based on both an automated and a manual algorithm.</p> <p>Due to the significance and complexity of these revenues, we consider this matter to be a key audit matter.</p>	<p>The procedures performed to obtain a reasonable assurance regarding the revenue recognition are as follows:</p> <ul style="list-style-type: none"> • a thorough understanding of the service rendering and of the related invoicing process; • testing the design and operating effectiveness of relevant controls (where applicable); • inspection of relevant supporting documents; • performing analytical and substantive procedures; • obtaining written confirmation letters for the significant transactions; • analysis of the transactions and estimates recorded by the Group at the end of the audited period to reflect the revenues in the period they relate to.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

5. The management of the Group is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and FSA Norm 39/2015 and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

6. In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated financial statements.
9. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
10. As part of the audit process, we communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Conformity of the Administrators' Report with the Consolidated Financial Statements

The Company's Administrators are responsible for the preparation and presentation, in accordance with the requirements of articles 29-30 of the Accounting Regulations approved by FSA Norm 39/2015, of an Administrators' Report which is free from significant misstatements, and for such internal control as the Management considers necessary to enable the preparation of the Administrators' Report which shall be free from material inconsistencies, whether due to fraud or error.

The Administrators' Report is presented on pages 1 to 65 and is not part of the Group's consolidated financial statements.

Our opinion on the accompanying consolidated financial statements does not cover the Administrators' Report.

In connection with our audit of the consolidated financial statements of the Group as at 31 December 2022, we have read the Administrators' Report attached to the consolidated financial statements and we report the following:

- a) we have not identified in the Administrators' Report any information which is not consistent, in all material respects, with the information presented in the accompanying consolidated financial statements;
- b) the Administrators' Report identified above includes, in all material respects, the information required by articles 29-30 of the Accounting Regulations approved by FSA Norm 39/2015;
- c) based on our knowledge and understanding acquired during the audit of the consolidated financial statements for the year ended 31 December 2022 regarding the Group and its environment, we have not identified in the Administrators' Report any information that would be significantly misstated.

Report on Other Legal and Regulatory Requirements

(a) Requirements for audits of public interest entities

In compliance with Article 10(2) of Regulation (EU) No. 537/2014, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of the Auditor and the Period of Engagement

We were appointed as auditors of the Company and of the Group by the General Shareholders Meeting ("GSM") of BVB on 12 April 2017 to audit the separate and the consolidated financial statements of BVB for the financial years 2017-2019, by the GSM of BVB on 29 April 2020 to audit the separate and the consolidated financial statements of BVB for the financial years 2020-2021, and by the GSM of BVB on 20 October 2021 to audit the separate and the consolidated financial statements of BVB for the financial years 2022-2023. Our uninterrupted engagement is of 7 years, covering the financial years ended from 31 December 2017 until 31 December 2023.

Consistency with the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 8 March 2023 in accordance with Article 11 of Regulation (EU) No. 537/2014.

Provision of Non-audit Services

We declare that no prohibited non-audit services, as referred to in Article 5(1) of Regulation (EU) No. 537/2014, were provided by us to the Group. In addition, there are no other non-audit services which were provided by us to the Group and which have not been disclosed in the consolidated financial statements.

(b) Report on compliance with the Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standard (“ESEF RTS”)

We have undertaken a reasonable assurance engagement on the compliance of the digital format consolidated financial statements of **Bursa de Valori Bucuresti S.A.** (“the Company”) for the year ended 31 December 2022, as presented in the digital files prepared by the Company „2549004BOCU15LMNDJ92-2022-12-31_v4.zip”, identified by the key 08cdc92aaaa19167932c37b5ed81905cad8d19297014e2d5dda7f8cc5da8aaca (the “Digital Files”), with the European Commission Delegated Regulation (EU) 2018/815, which sets the regulatory technical standards on the specification of a single electronic reporting format (“ESEF RTS”).

The Company’s management responsibility for the Digital Files prepared in compliance with the ESEF RTS

The Company’s management is responsible for preparing Digital Files that comply with the ESEF RTS. This responsibility includes:

- the selection and application of appropriate iXBRL tags, using professional judgement where necessary;
- ensuring consistency between the Digital Files and the consolidated financial statements presented in human-readable format in accordance with FSA Norm 39/2015; and
- the design, implementation and maintenance of internal control relevant to the preparation and presentation of Digital Files in accordance with ESEF RTS that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a conclusion on whether the consolidated financial statements, as presented in the Digital Files, comply, in all material respects, with the requirements of ESEF RTS. We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) – *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (“ISAE 3000”), issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF RTS. The nature, timing and extent of selected procedures depend on the auditor’s judgment, including the assessment of the risks of material departures from the requirements set out in ESEF RTS, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the Company’s process and internal controls relevant for preparing the Digital Files in accordance with ESEF RTS;

- reconciling the Digital Files, including the marked-up data, with the audited consolidated financial statements prepared by the Company in accordance with FSA Norm 39/2015 in human-readable format;
- assessing whether the consolidated financial statements have been prepared in a valid XHTML format;
- analysing whether the disclosures specified in Annex II of the ESEF RTS are marked-up in accordance with ESEF RTS;
- evaluating if the XBRL mark-ups, including the voluntary mark-ups, comply with the requirements of ESEF RTS.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the consolidated financial statements of the Company for the year ended 31 December 2022, as presented in the Digital Files, comply, in all materials respects, with the requirements of ESEF RTS.

In this report we do not express an audit opinion, review conclusion or any other assurance conclusion on the consolidated financial statements. Our audit opinion relating to the consolidated financial statements prepared by the Company for the year ended 31 December 2022 is set out in the section *Report on the audit of the consolidated financial statements* above.

Bucharest, 15 March 2023

Vasile Andrian

Auditor registered in the Public Electronic Register under no. 1554 / 2004

On behalf of Mazars Romania S.R.L.

Audit firm registered in the Public Electronic Register under no. 699 / 2007

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BVB BOARD OF GOVERNORS CONSOLIDATED REPORT 2022

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Note

The report herein presents the annual consolidated financial results 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 31 December 2022 are audited.

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

The information presented in the report herein are compliant with the FSA Rule no. 39/2015 for the approval of accounting regulations compliant with the International Financial Reporting Standards, applicable to entities regulated, authorized and/or supervised by the FSA, within the Financial Instruments and Investments Sector, as well as with the FSA Regulation no. 5/2018 on issuers of financial instruments and market operations (the information presented herein is equivalent to that required by Annex no. 15).

In order to comply with the requirements of FSA Rule no. 39/2015, the BVB Board of Governors, the parent company of BVB Group, has the obligation to prepare the consolidated directors’ report that presents the development and performance as well as the financial position of the entities included in the consolidation process. BVB shall not prepare a directors’ report for the parent company and shall include all relevant information in the consolidated directors’ report, in accordance with art. 30, par. (4) of the FSA Rule no. 39/2015.

Message from the BVB Chairman



The capital market in Romania managed to break new records last year, after the all-time high performances from 2021, but the multiple advancements ticked off in 2022 were not without emotions in a difficult regional and international context, marked by increased volatility.

In what follows, I will focus on 5 positive aspects that made 2022 a successful year: 1) all-time high for all liquidity levels, 2) record number of investors, 3) continuation of financing rounds, 4) BVB evolution as an issuer, with the share price at the maximum of the last 7 years, and 5) increasing the visibility of the exchange in the domestic and international public space. And because we started this message also talking about difficult times, it is important to also look at the 5 risks that have significantly influenced the capital markets: 1) the war in Ukraine, 2) the increase in monetary policy interest rates, 3) the double-digit inflation rates and the persistence of the inflationary phenomenon, 4) rising energy prices, as well as 5) disruption of supply chains.

First of all, the Bucharest Stock Exchange (BVB) reached new records in 2022 on all 3 levels of liquidity: total trading value, average daily value, and number of transactions. More precisely, with regard to the total value of trading carried out on all markets with all types of financial instruments, this exceeded RON 24 billion, an increase of 11% compared to the level of 2021. In 2022, 251 trading sessions were held, and this translated into an average daily trading liquidity for all types of financial instruments listed on the Regulated Market (PR) and the Multilateral Trading System (SMT) of RON 95.6 million. It is a new record set at the BVB for this liquidity indicator, where the increase was 11% compared to 2021. Investors achieved a new record in 2022 in terms of the number of transactions with all types of financial instruments carried out on all markets: over 1.67 million transactions. Compared to 2021, when 1.53 million transactions were made cumulatively on PR and SMT, the increase was more than 9%.

Also last year, we witnessed a new first: the number of investors reached 133,000, the absolute maximum for the Romanian capital market. By comparison, data from the Investor Compensation Fund (FCI) shows that at the end of 2021 there were almost 82,000 investors. This represents an increase of more than 60% achieved in 2022 compared to the value at the end of 2021.

Thirdly, 42 financing rounds were listed on the BVB, more than half of the 2021 record. The total value of last year's financing rounds reached EUR 1.9 billion, being very close to the maximum in 2021, of EUR 2

billion. In the last 4 years, 149 financing rounds took place on the BVB, which totaled EUR 6.1 billion. Of the 149 rounds, 38 were equity issues and 111 were bond issues. Fourthly, our efforts to significantly improve liquidity, especially in the area of equities, continued in a sustained manner, the efforts of recent years to make the market more efficient being reflected also by the evolution of the BVB share, which last year recorded the best performance from the BET index, with an increase of almost 40%, taking into account only the price appreciation. If we also take into account dividends, then the yield is over 42%. The price of the BVB share, of RON 35.3 at the end of last year, is at the highest level in the last 7 and a half years, a higher value being recorded in June 2015.

Last but not least, the Bucharest Stock Exchange became increasingly visible in the domestic and international public space, through the capital market promotion projects it initiated and continued to develop. After the rebranding carried out in 2021, when it adopted a new visual identity, last year BVB celebrated 140 years since the establishment of the first stock exchange in Romania. The anniversary event was organized under the High Patronage of the President of Romania. The Central Counterparty project has entered a technical stage of implementation and authorization, and the first derivative products will be available on the capital market in 2023. The Made in Romania project, launched in 2017 by BVB to promote Romanian companies, has reached the 5th edition, and since the beginning of the program, 16 companies have listed shares or bonds on the stock exchange, so that their financing rounds exceeded EUR 212 million. More than 70 analysis reports were published in 2022 alone under the BVB Research Hub project, a tool aimed at improving the coverage of analysis reports for local issuers and increasing access to fundamental analysis for local investors. ESG scores for 11 listed companies are also available on bvbresearch.ro. Part of the efforts to promote Romania as a regional financing hub, BVB organized together with Moldova Agroindbank, the largest bank in the Republic of Moldova, the first high-level forum "Moldova - Romania: Capital bridges", in Bucharest, and the conference "Accessing international capital markets", in Chisinau, events dedicated to promoting opportunities in the capital market.

Of course, when we talk about performances it is also important to understand in what context it was obtained. All these record results that I mentioned earlier were achieved in a difficult regional and international context marked mainly by the war in Ukraine, the increase in monetary policy interest rates, double-digit inflation rates and the persistence of the inflationary phenomenon, rising prices energy, as well as disrupted supply chains. These factors affected all international capital markets and, in such a difficult regional and international context, all BVB indices ended 2022 in the red, but with a decline below the level shown by the S&P500 in the US or the STOXX600 in the EU. More precisely, the BET index, which includes the 20 most liquid companies listed on the BVB, recorded a 10.7% drop at the end of last year, to a level of 11,663 points. The BET-TR index, which also takes into account the dividend yield, fell by almost 1.9% and reached 22,686 points. Is it a lot or a little? I think it is more relevant to look comparatively and we can see, for example, that the European STOXX600 index fell last year by 12.9%, while the US S&P500 index fell by 19.4%. Therefore, the capital market in Romania managed to move across this timeframe in a very mature way.



In conclusion, I believe that the Bucharest Stock Exchange has successfully fulfilled its role as an essential pillar for the financing of the economy and has demonstrated unequivocally how important it is to have a strong capital market to support Romania's future development. BVB joined the efforts of the Financial Supervision Authority and the Ministry of Public Finance to launch the national capital market development strategy. We have an excellent dialogue with the state authorities to develop the capital market for the benefit of Romania and the future listings that have been announced, such as the listing of Hidroelectrica, have the potential to increase interest in the Romanian capital market both among individual investors and among large international investors.

Radu Hanga

President of the Board, Bucharest Stock Exchange

Executive summary

Key events, 2022

- Bucharest Stock Exchange (BVB) reached a new record in 2022 in terms of the total trading value recorded on all markets with all types of financial instruments after total transactions exceeded RON 24 billion.
- Average daily liquidity reached a new high: RON 95.6 million, 11% above the level of 2021.
- In 2022, investors present at the BVB achieved a new record for the number of transactions with all types of financial instruments: over 1.67 million transactions.
- Funding rounds through the capital market continued, even if at a slower pace, being clear evidence that BVB is effectively fulfilling its role as an essential pillar for financing the economy. Thus, 42 funding rounds were conducted (almost 2/3 of the 2021 record), totaling €1.9 billion (slightly below the 2021 maximum of €2 billion).
- The number of investors continued to grow, reaching over 133,000 at the end of the year, the absolute maximum for the Romanian capital market, according to data from the Investor Compensation Fund (FCI). Over the past three years, the number of investors has more than doubled, from nearly 54,000 at the end of 2019.
- At the same time, the number of investors in investment funds also increased, to almost 550,000, according to the data of the Association of Fund Managers (AAF). Over the past three years, the number of investors in investment funds has increased by more than 29%, from the end of 2019 level of 425,000.
- Romania's representativeness in the Emerging Markets indices continued to improve, despite the tense global context, marked by inflationary pressures that determined the start of a cycle of aggressive increases in key interest rates by central banks, but also by the war in Ukraine. Thus, the number of Romanian companies present in indices dedicated to Emerging Markets increased from 7 to 13. At the same time, for comparison, in September 2020, Romania entered the FTSE indices with 3 companies.
- The Global All Cap indices include the shares of Banca Transilvania (TLV), MedLife (M), Nuclearelectrica (SNN), OMV Petrom (SNP), One United Properties (ONE) and Teraplast (TRP);
- The Global Micro Cap indices include the shares of Aquila (AQ), Bittnet Systems (BNET), Bursa de Valori Bucharest (BVB), Conpet (COTE), Purcari Wineries (WINE), Sphera Franchise Group (SFG) and Transport Trade Services (TTS).
- The net assets of privately managed pension funds, where more than 8.5 million Romanians contribute to Pillar II and III of pensions, exceeded the level of 100 billion lei at the end of 2022, according to APAPR data.
- The BVB share increased by 40%, the best evolution in the BET index, reflecting the results of the efforts made in recent years to make the capital market more efficient.
- BVB joined the efforts of the Financial Supervisory Authority and the Ministry of Finance to launch the National Capital Market Development Strategy.



Evolution of financial performance, 2022 - consolidated results BVB Group

- **Consolidated operating revenues** in 2022 recorded a 22% increase up to the value of RON 56.54 million (RON 46.17 million in 2021), generated by the 23% advance or RON 5.98 million of revenues from the trading segment, but also by the increases recorded on the other active segments of the Group.

Standalone results:

Standalone BVB revenues * in 2022 increased by 23% or RON 6.10 million compared to the previous period, from RON 26.60 million to RON 32.70 million, generated by the advance of 25 % of trading revenues, mainly of revenues from public offers-shares, which were higher by RON 4 million compared to previous year, but also of shares regular transactions on the main market by 7%.

Revenues from issuer fees increased by 7% compared to 2021, (increase including from the tariffs inflation rate indexation), and market data revenues by 10%, based on the increase in the number of users.

The increase is also sustained by the revenues from media partnerships and events, which are over 3x higher compared to the previous year, exceeding RON 1 million.

Standalone DC revenues* increased by 23% or RON 4.54 million vs. 2021 to the value of RON 24.66 million, increase generated by the advance of revenues from both the post-trading segment and the registry, result of the increase of some tariffs, the average value of the portfolio of financial instruments and the value of settled transactions.

Revenues related to the post-trading segment (DC) in 2022: RON 15.44 million, +18% compared to the previous period, as a result of the advance of revenues from the admission and retention of participants (+12% y/y), following the maintaining participant commission increase, evolution amplified by the increase in the value of the portfolios managed by the custodians, while the revenues from local settlement from the BVB markets have increased by 35% y/y, being influenced by the values traded at the BVB.

This segment represents 63% of DC's operating income.

*Revenues related to the registry segment** (DC) in 2022 recorded a 29% increase, up to the value of RON 9.05 million, due to the 32% advance of revenues from operations provided for issuers of financial instruments following the increase of some tariffs, including the issuers maintaining fee but also the revenues collected from the holders of financial instruments (+8%) as a result of the increase in the number of requested services, some of them one-off.

This segment represents 37% of DC's operating income.



CCP.RO Bucharest did not record operating revenues in 2022.

- **Consolidated operating expenses** in 2022, recorded a 10% increase compared to 2021 up to the value of RON 47.75 million, being influenced by:
 - The advance of 21%, respectively RON 4.57 million up to the value of RON 26.67 million of consolidated personnel expenses, influenced by the impact of estimates related to annual performance bonuses, including the alignment of the Central Depository to the Group accounting policies and the annual application of the Remuneration Policy - indexation and adjustment at the market level (in the case of BVB and DC).
 - Decrease of 24% in third party services expenses by 24% from RON 8.1 million to RON 6.2 million, result of the lower consulting services recorded by CCP.RO
 - The advance of 12% or RON 1.59 million of other operating expenses up to the value of RON 14.90 million following the increase in depreciation expenses related to intangible and tangible assets, IT maintenance expenses, as well as administrative expenses, negative impact of rising inflation.

Operating expenses, BVB standalone in 2022 increased by 21% or RON 3.90 million compared to 2021 to the value of RON 22.85 million, mainly influenced by the advance of personnel expenses following the annual salary indexation according to the Remuneration Policy and the advance of other operating expenses by RON 1.06 million, respectively 17% compared to 2021, influenced by lower positive impact of the reversal of the adjustments from the impairment of receivables made in 2021, as well as the increase in administrative expenses, a negative impact generated of rising inflation.

Operating expenses, standalone DC increased by 16% or RON 2.90 million compared to 2021, up to the value of RON 20.67 million, an increase generated by the 22% advance of personnel expenses from the impact of the company's alignment to Group accounting policies (monthly recognition of bonus estimates for the current year), as well as the indexation and annual adjustment of salaries according to the Remuneration Policy.

The increase is amplified by the evolution of other operating expenses, the impact of inflation increase, but also as a result of higher IT maintenance expenses, depreciation of fixed assets, and the higher provisions for litigation expenses.

Operational expenses, standalone CCP.RO in 2022 are in the amount of RON 5.04 million, down from RON 7.33 million in 2021, -31% y/y, determined by lower consulting expenses related to the authorization as Central Counterparty, a component of the consulting contract meeting the capitalization criteria in the category of intangible assets.



➤ **Consolidated operating profit of the BVB Group** in 2022, is RON 8.79 million, increased 2x or RON 6.13 million compared to the previous period, mainly due to the advance of consolidated operating income, with increases recorded in all segments with activity of the Group.

Operating profit, standalone BVB * of 2022 is of RON 9.85 million, +29% compared to 2021 (RON 7.64 million), with an improved operating margin of 30%, the evolution of operating income being superior to the advance of operating expenses.

Operating profit, standalone DC * in 2022 reached RON 3.99 million, +70% compared to 2021, with an operating margin of 16%, the result of the increase in operating income higher than the advance of operating expenses.

Operating loss of standalone CCP.RO * in 2022 is of RON 5.05 million, decrease of 31% compared to 2021 (RON 7.33 million), a similar evolution to that of operating expenses considering that the company does not record operating revenues.

Consolidated net financial income in 2022 is in amount of RON 3.52 million, decrease of 5% compared to 2021

Net financial income, standalone BVB was RON 2.90 million, increase of 41% compared to 2021 (RON 2.06 million), mainly generated by the dividends income from Central Depository received from 2021 result, in amount of RON 1.53 million, while the unrealized income from exchange rate differences was lower, as a result of the appreciation of RON vs. EUR, but also result of the adverse impact of USD E/R oscillations from 2022, on financial investments in USD.

Net financial income, standalone DC* - increase of 138% up to the value of RON 1.11 million generated by the increase in interest revenues following higher interest rates for the financial investments owed by the company.

Net financial income, standalone CCP.RO * - decrease of 40% to the value of RON 1.03 million compared to RON 1.74 million in 2021 due to the appreciation of RON vs. EUR, adverse impact on the value of investments denominated in EUR.

Consolidated net profit of the BVB Group in 2022 reached RON 10.43 million, +97% compared to the previous period (RON 5.29 million in 2021), being directly influenced by the positive evolution of the operating result.

Net profit, standalone BVB * in 2022 reached RON 11.04 million, an increase of 34% or RON 2.83 million compared to 2021 (RON 8.21 million), with a net margin of 34%, directly influenced by the evolution of the operating result as well as the financial result.

Net profit, standalone DC * in 2022, RON 4.31 million, 82% increase compared to previous year (2021: RON 2.36 million), result of the positive impact generated by the evolution of the operating result and the financial result.

Net loss, standalone CCP.RO * in 2022, RON 3.38 million, an improved result compared to the previous period (2021: RON 4.70 million) influenced by the evolution of the operating loss.

** including intra-group transactions*

Financial highlights

Standalone and consolidated financial results – BVB Group (RON mn, unless otherwise stated)

	BVB Standalone			GROUP		
	2022	2021	Change (%)	2022	2021	Change (%)
Operating revenue	32.70	26.60	23%	56.54	46.17	22%
Operating expenses	(22.85)	(18.96)	21%	(47.75)	(43.51)	10%
Operating profit	9.85	7.64	29%	8.79	2.66	230%
<i>Operating margin</i>	<i>30%</i>	<i>29%</i>		<i>16%</i>	<i>6%</i>	
Net financial revenue/(expenses)	2.90	2.06	41%	3.52	3.69	-5%
Profit before tax	12.75	9.70	31%	12.31	6.35	94%
Net profit for the period	11.04	8.21	34%	10.43	5.29	97%
<i>Net margin</i>	<i>34%</i>	<i>31%</i>		<i>18%</i>	<i>11%</i>	
EPS attributable to owners (RON/share)**	1.3710	1.0200	34%	1.3203	0.8030	97%
<i>Return on equity</i>	<i>10%</i>	<i>8%</i>		<i>7%</i>	<i>4%</i>	

** Consolidated attributable profit and consolidated earnings per share are information that is presented in accordance with the requirements of International Financial Reporting Standards (IFRS) and do not represent the basis for granting BVB dividends.

The proposal for the distribution of BVB's profit in the form of dividends is made from the net profit of the Bucharest Stock Exchange SA (BVB individual) according to the dividend policy published on the BVB website, in the "Investor Relations" section.

Standalone and consolidated financial position – BVB Group (RON mn, unless otherwise stated)

	BVB Standalone			BVB GROUP		
	31 Dec. 2022	31 Dec. 2021	Change (%)	31 Dec. 2022	31 Dec. 2021	Change (%)
Total assets, out of which:	121.29	117.72	3%	198.01	189.56	4%
Investments in associated entities	67.74	67.74	0%	-	-	-
Trade receivables and other receivables	5.22	2.86	82%	9.84	7.32	35%
Cash & cash equivalents	1.58	3.15	-50%	33.31	32.75	2%
Financial assets at amortized cost	30.69	30.38	1%	78.75	91.26	-14%
Restricted financial assets at amortized cost	-	-	-	22.15	24.09	-8%
Payables, out of which:	9.35	8.96	4%	43.78	44.24	0%
Trade and other payables	4.43	3.57	24%	32.44	32.08	1%
Equity, out of which:	111.94	108.75	3%	154.23	145.33	6%
Total shareholders' equity attributable to the owners of the Company	111.94	108.75	3%	109.31	106.16	3%
Non-controlling interests	-	-	-	44.92	39.17	15%

BVB Group information

Identification data

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

J40/12328/2005
Trade Register No

17777754
Tax Identification Number

Main activity

Administration of financial
markets
NACE code 6611

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 operator 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;
- Multilateral trading system. The AeRO market (SMT Listed Financial Instruments Section) is intended for start-ups and SMEs and was relaunched on February 25, 2015; separate sections of the SMT are intended for trading foreign shares listed on another market.

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)
ROBVBAACNORO (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 December 2022, there were no shareholders holding stakes exceeding this threshold.

As at 31 December 2022, the company's shareholders' structure was as follows: Romanian legal entities 81.99%, foreign legal entities 0.58%, Romanian individuals 15.61%, foreign individuals 1.32%, own shares held by BVB, 0.5%.

BVB shares are 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, ROTX., as well as in FTSE Russel indices for Emergent Markets (FTSE Global Micro Cap), starting September 2022.

Subsidiaries

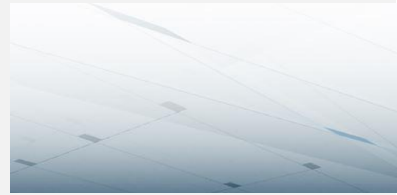
BVB is the parent company of BVB Group, which includes the following subsidiaries:

- 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;
- CCP.RO Bucharest, 54.72% 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.

On December 30, 2022, the increase in share capital of CCP RO was recorded, from RON 79.8 million to RON 86.8 million, following the payment of cash contribution of RON 7 million by the new shareholder Societatea Energetică ELECTRICA S A .

Thus, BVB's ownership in the CCP.RO subsidiary decreased from 59.52% to 54.72%.

The consolidated financial statements of BVB for the financial year ended as at 31 December 2022 include the financial information of the Company and its subsidiaries, except for the Corporate Governance Institute-dormant, an entity considered by BVB management as insignificant for inclusion in the Group's consolidated financial statements.



Financing rounds in 2022

In the tense context that marked the year 2022, 42 financing rounds were carried out at BVB, almost 2/3 of the 2021 record. The total value of last year's financing rounds reached EUR 1.9 billion, being very close of the maximum in 2021, of EUR 2 billion, continuing the trend of financing through the capital market from the previous three years. Thus, in the last 4 years, 149 financing rounds took place at the BVB, which totaled EUR 6.1 billion. Of the 149 rounds, 38 were equity issues and 111 were bond issues.

In 2022, the financing rounds carried out by the 11 companies that listed this year totaled EUR 28 million, and the 31 fixed income issues listed on the BSE totaled approximately EUR 1.9 billion.

The Ministry of Finance attracted RON 1.2 billion, through 15 issues of Fidelis government bonds, companies carried out 15 rounds of financing through corporate bonds, in the amount of EUR 558 million, and Bucharest City Hall issued municipal bonds of EUR 112 million.

Bond issuer	Value(mln)	Currency	Interest	Segment	Listing
Roca Industry Holdingrock1	9,1	25,4%	SMT	PP	BT Capital Partners
DN Agrar	5	25,7%	SMT	PP	BRK Financial Group
ABN Systems	1,1	5,5%	SMT	IPO	TradeVille
Dr Fischer Dental	1	15,2%	SMT	PP	TradeVille
Grup Serban	2,6	3,5%	SMT	PP	TradeVille
Bento	2,5	20,4%	SMT	PP	TradeVille
Brikston Construction Solutions			SMT	Listare tehnica	Estinvest
Chromosome Dynamics	0,7	18,2%	SMT	PP	Goldring
STK Properties	0,7	16,6%	SMT	PP	BRK Financial Group
Sipex	2,1	6,2%	SMT	PP	BRK Financial Group
Meta Estate Trust	2,8	13,8%	SMT	IPO	BRK Financial Group

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Bond issuer	Value(mln)	Currency	Interest	Segment	Listing	Bond issuer
Elefant Online	17.5	RON	9.00%	SMT	PP	TradeVille
Stanleybet Capital	20	RON	10.00%	SMT	PP	Goldring
Life is Hard	4.5	RON	8.00%	SMT	PP	BRK Financial Group
Inox	1	EUR	8.00%	SMT	PP	BRK Financial Group
Ministerul Finanțelor	921.9	RON	4.75%	PR	IPO	BT Capital Partners, BCR, BRD, Alpha Bank Romania
Ministerul Finanțelor	198.2	RON	5.50%	PR	IPO	BT Capital Partners, BCR, BRD, Alpha Bank Romania
Ministerul Finanțelor	110.6	EUR	1.20%	PR	IPO	BT Capital Partners, BCR, BRD, Alpha Bank Romania
Ministerul Finanțelor	60.9	EUR	1.60%	PR	IPO	BT Capital Partners, BCR, BRD, Alpha Bank Romania
BCR27	351.5	RON	6.76%	PR	PP	BCR
PMB 2032	555	RON	7.33%	PR	PP	BRD si Raiffeisen
OMRO IFN	10	RON	9.50%	SMT	PP	Goldring
BCR27A	702	RON	9.08%	PR	PP	BCR
Crama La Salina	2	EUR	8.00%	SMT	PP	BRK Financial Group
Raiffeisen Bank	525	RON	8.93%	PR	PP	Raiffeisen Centrobank
Ministerul Finanțelor	748.6	RON	7.20%	PR	IPO	BT Capital Partners, BCR, BRD, Alpha Bank Romania
Ministerul Finanțelor	179.1	RON	7.80%	PR	IPO	BT Capital Partners, BCR, BRD, Alpha Bank Romania
Ministerul Finanțelor	38.5	EUR	1.40%	PR	IPO	BT Capital Partners, BCR, BRD, Alpha Bank Romania
Ministerul Finanțelor	65.4	EUR	2.30%	PR	IPO	BT Capital Partners, BCR, BRD, Alpha Bank Romania
Raiffeisen Bank	500.9	RON	8.92%	PR	PP	Raiffeisen Centrobank
Ministerul Finanțelor	423.1	RON	8.00%	PR	IPO	BT Capital Partners, BCR, BRD, Alpha Bank Romania

Bond issuer	Value(mln)	Currency	Interest	Segment	Listing	Bond issuer
Ministerul Finanțelor	76.3	EUR	2.65%	PR	IPO	BT Capital Partners, BCR, BRD, Alpha Bank Romania
Ministerul Finanțelor	44.3	EUR	1.85%	PR	IPO	BT Capital Partners, BCR, BRD, Alpha Bank Romania
BCR28C	334	RON	9.57%	PR	PP	BCR
RBRO27B	325.5	RON	9.40%	PR	PP	Raiffeisen Centrobank
GFS25	1.1	EUR	9.50%	SMT	PP	BRK Financial Group
ASC27	4.5	RON	10.00%	SMT	PP	TradeVille
LIBRA32E	4.3	EUR	6.50%	PR	PP	TradeVille
Ministerul Finanțelor	65.4	EUR	2.70%	PR	IPO	BT Capital Partners, BCR, BRD, Alpha Bank Romania
Ministerul Finanțelor	643.3	RON	7.65%	PR	IPO	BT Capital Partners, BCR, BRD, Alpha Bank Romania
Ministerul Finanțelor	97.3	EUR	3.70%	PR	IPO	BT Capital Partners, BCR, BRD, Alpha Bank Romania
Ministerul Finanțelor	210.7	RON	8.00%	PR	IPO	BT Capital Partners, BCR, BRD, Alpha Bank Romania

Projects and accomplishments

Bucharest Stock Exchange

The Bucharest Stock Exchange has intensified its efforts in those directions, in which to determine the reaching of the maximum potential of the market in terms of liquidity, diversification of market mechanisms and development of market infrastructure, attracting new issuers in the two markets managed by BVB and increasing the number of investors. retail.



Architecture, market mechanisms and infrastructure

Preparation of the relaunch of the derivatives market at BVB

BVB completed in 2022 the development of the trading infrastructure for derivatives, which consisted of 3 important platforms whose projects were carried out successively during the last year and which until the end of the year were available to intermediaries on test systems. These modules are:

- Arena Derivatives Module
- Arena Energy Derivatives
- Arena-XT Derivatives Module (Web and iOS & Android smartphones)

Software developments of the BVB platform and of the Central Depository

BVB, as a software technology provider for the Central Depository, developed software applications based on the beneficiary's specifications delivering several versions of the settlement system serving the Romanian capital market through which the requirements related to the Settlement Discipline (SDR), the advertising register were implemented for guarantees, new versions for SRD II and T2S Release 6.0 – ESMIG.

Services for market participants and retail investors

Meeting the needs of participants, BVB has developed the following versions for derivative products of the Arena-XT platform:

- Arena-XT web trading for derivative products - the web-based platform for online trading intended for retail brokers to be offered to their clients
- Arena-XT mobile trading for derivatives - online trading applications for iOS and Android smartphones

Liquidity support

Providing means to improve the liquidity of financial instruments is one of the pillars of development considered by BVB.

The BVB provides Issuers and Participants with a flexible and secure framework for running different types of offers through the BVB, both for the primary market and for the secondary market, so that specific requirements can be accommodated.

Another direction to support liquidity consists in the further promotion of the Market Maker and Market Maker programs of the Issuer, based on the establishment of partnerships with the factors involved (BVB Participants, Issuers):

- the Issuer's Market Maker program consolidated its development in 2022, regarding the number of issuers that were involved in supporting the liquidity of the shares, based on the partnerships between the Participant and the Issuer. Activation by a Participant as Market Maker of the Issuer implies for the Participant maintaining a dialogue with the Issuer, as well as direct activation in the market of the instruments concerned.
- the respective programs consider shares and bonds in the regulated market and the alternative trading system.

In the context of the relaunch of the derivatives market, BVB will consider ensuring the premises for improving the trading activity within this market, taking into account, but not limited to: promotion and familiarization measures regarding these instruments, liquidity support programs them, including Market Making programs, etc.

By implementing the derivatives market, investors will have a new class of assets at their disposal, which will involve the analysis of new investment opportunities.

Thus, in the framework proposed to be implemented for futures contracts on assets available at BVB (traded shares, index), investors will have the opportunity to analyze investment opportunities/strategies between the asset market





Increase of market data sales segment

In 2022, we continued to grow our customer base and users of market data, with revenues advancing by 10% compared to 2021. Also in 2022, we implemented updates to the rates charged on this segment with the effective date of January 1, 2023 .

In the medium term, we aim to reach a share of data sales revenue in total operating revenue similar to that of exchanges in the region.



Attracting companies for listing on BVB - Made in Romania / BVB Research HUB

BVB Research Hub is a platform with useful information about companies listed on BVB, essential in the investment process, through which the Bucharest Stock Exchange aims to increase the visibility of issuers and facilitate investors' access to quality resources. The platform is dedicated to individual and institutional investors, listed companies and brokers, as well as the public. Access to the resources available on the platform - analysis reports made by financial analysts and, in the future, other useful information for investors - is free. More than 70 analysis reports were published in 2022 alone. Their number will increase in the next period considering that the number of companies covered by analysis reports has also increased. BVB's intention is to cover all companies in BET through analysis reports, but also other companies that are now on the AeRO market. At the same time, the ESG scores for 19 companies are currently available on www.bvbresearch.ro.

Made in Romania is the flagship program of the Bucharest Stock Exchange dedicated to the development and promotion of the Romanian entrepreneurial environment. Through Made in Romania we are building an ecosystem whose core is the Romanian stock market, a framework in which local entrepreneurs have the opportunity to promote their businesses and make contact with capital providers active on the local market, using a modern technological platform that centralizes as much several financing alternatives. Through the <http://investingromania.com> platform, we offer the possibility of direct connection of entrepreneurs with investors and consultants, as well as with other entrepreneurs registered in the platform. Since the beginning of the program, 20 companies have listed shares or bonds on the stock exchange, so that the financing rounds carried out by them are close to EUR 233 million.

Promoting Romania as a regional financing hub

The first high-level Forum "Moldova - Romania: Capital bridges", dedicated to the promotion of capital market opportunities in the two countries, took place on September 13, in Bucharest. On the agenda of the forum's discussions were topics of international current affairs, the implementation of favorable policies for the development of the investment and business climate, the strengthening of the connection between the capital markets of the two countries, the good practices to be adopted in the context of the status of the Republic of Moldova as a candidate country for the Union European.



Increasing the notoriety of the Bucharest Stock Exchange among the Romanian public

The Bucharest Stock Exchange has become increasingly visible in the domestic and international public space, through the capital market promotion projects it initiated and continued. Thus, after the rebranding campaign in 2021 when we implemented a new visual identity and promoted BVB and listed companies through a large-scale campaign carried out on several media, the Bucharest Stock Exchange continued its popularization efforts in 2022 to the public. BVB celebrated last year 140 years since the establishment of the first stock exchange in Romania, during the anniversary event organized under the High Patronage of the President of Romania. The event had in the audience representatives of the local capital market authorities and stakeholders as well as representatives of the stock exchanges in the region and positioned BVB as an elite organization of the local capital market and highlighted the role it can play in the region. The recognition of the particularly important role that the BVB has, also came from the National Bank of Romania, which issued a silver anniversary coin with the theme "140 years since the establishment of the BVB", on the occasion of the anniversary.

All the promotional activities carried out during 2022 had a specific purpose, namely the promotion of the stock exchange, together with its stakeholders to attract as many investors and companies with the potential of listing on the stock exchange.



Central Depository (DC)

The main coordinates of the DC activity for the year 2022

1. Ensuring compliance by the Central Depository with the authorization requirements according to CSDR; Evaluation and monitoring of the Central Depository according to CSDR
2. Implementation of the mechanisms related to settlement discipline
3. The new guarantee system
4. Modification of the Central Depository system as a result of the changes made on the T2S Platform – A2A Interface
5. Ensuring compliance by the Central Depository with GLEIF requirements as LOU
6. Development and implementation of new digital services
7. Implementation of the AMI-SeCo Standards regarding corporate events and invoicing
8. Communication and promotion activities
9. International cooperation

1. Ensuring the compliance with the authorization requirements according to CSDR; Evaluation and monitoring of Depozitarul Central according to CSDR

The Central Depository was authorized by the Financial Supervisory Authority (ASF), as the competent authority, the National Bank of Romania (NBR) and the European Central Bank (ECB), as relevant authorities, in accordance with EU Regulation no. 909/2014, regarding the improvement of the securities settlement in the European Union and regarding the central securities depositories (CSDR), through Authorization no. 176/19.12.2019, being registered in the Register of central depositories kept by the European Securities and Markets Authority (ESMA).

These authorities carry out complex annual examination and evaluation activities of the Central Depository's activity, from the perspective of compliance with post-authorization CSDR requirements, which aim at the agreements, strategies, processes, procedures and mechanisms implemented by the Central Depository, in order to verify how they are respected in continuously the requirements of the CSDR and the delegated regulations. Also, the risks to which the Central Depository could be exposed, as well as the risks generated by it to the functioning of the securities markets, are evaluated.

During the second semester of 2022, the FSA together with the BNR and the ECB carried out the third annual evaluation process of the activity of the Central Depository from the perspective of the CSDR. The Central Depository sent all the documents requested by the ASF and the ECB within the deadline. Later, as a result of additional requests for documents and information, the Central Depository sent the ASF, the NBR and the ECB, as the case may be, through the competent authority, other internal procedures and clarifications regarding both the ongoing evaluation process and those 4 recommendations with "open" status resulting from the re-authorization process, proposing to change their status based on the progress made.

Until this moment, the Central Depository has not received the evaluation result.



2. Implementation of the mechanisms related to settlement discipline

Starting from 01.02.2022, the provisions of Regulation (EU) no. 1229/2018 supplementing Regulation (EU) no. 909/2014 of the European Parliament and of the Council regarding the regulatory technical standards regarding settlement discipline (SDR), a regulation that includes rules for the application of art. 6 and art. 7 of the CSDR and is directly applicable in all European Union states.

In application of the provisions of the SDR, the developments of the Central Depository system were operationalized for the implementation of the mechanism of sanctions in monetary funds in situations of non-execution of the settlement. Thus, on 28.01.2022, the Central Depository system and SWIFT messages were upgraded for the implementation of settlement discipline.

The provisions of the SDR in connection with the sanctioning mechanism in monetary funds apply to transactions with settlement on a net basis (transactions concluded in trading venues and allocation transactions) as well as to cross-border operations. Implementation of mechanisms related to the discipline in terms of settlement.

3. The new guarantee system

In order to comply with the provisions of ASF Regulation no. 16/2021 regarding the establishment, advertising and execution of real guarantees, at the level of the Central Depository both normative changes were identified (e.g. the regulation in the Central Depository Code of the operator quality of the central advertising register, of the relevant account in which the real guarantees are highlighted on the portfolios of financial instruments, drawing up some rules for operating the system by the agents of the participants, by means of some technical specifications, etc.), as well as those of a technical nature (e.g. the effective method of registering guarantees in the accounts in Section 2 and the establishment of ranks) .

The technical developments were implemented in the production environment on 28.07.2022, when the Central Warehouse system was upgraded for the changes necessary to implement the new guarantee system.

The project was operationalized with the approval by the ASF of the additions to the Central Depository Code, with entry into force from 12.12.2022.

4. Modification of the Central Depository system as a result of the changes made on the T2S Platform – A2A interface

The system version T2S Release 6.0, with entry into production on 2.07.2022, brought far-reaching changes to T2S services through the following main elements:

- the use of a new interface for connecting to T2S in the sense of using a single platform for connecting to all TARGET - ESMIG (Eurosystem Single Market Infrastructure Gateway) services;
- the use of a new digital signature solution for operations carried out through the graphical interface;
- the operationalization of new components and graphic interfaces, common to all TARGET services (e.g. for static data management).



In order to prepare for the operationalization of ESMIG, the Central Depository concluded a new contract with SWIFT and carries out new configurations, connectivity and, as the case may be, business tests in relation to the 3 ESMIG T2S environments available to depositories: EAC – the test environment where more first the new functionalities, UTEST – the test environment where participants can also perform activities and PROD – the production environment.

Also, a series of technical changes were made for the automatic communication of the Central Depository system with the new TARGET static data management module.

5. Ensuring compliance by the Central Depository with GLEIF requirements as

After the end of the third year of activity as LOU, following the submission of documentation in accordance with GLEIF requirements, in April 2022, the Central Depository received confirmation of the successful completion of the annual verification of the LEI code management activity (AAV - Annual Accreditation Verification).

During 2022, GLEIF monthly monitored the LEI code management activity carried out by the Central Depository through indicators of data quality and adherence to contractual terms (SLA - Service Levels).

On 03.04.2022, the upgrade was carried out on the production environment of the new functionalities of the LEI application for the implementation of the new ROC policies in connection with (i) the relationships applicable to investment funds, (ii) the specific elements of government entities and (iii) information in connection with corporate events. At the same time, the records in the database were updated so that they comply with the new requirements of GLEIF. In September 2022, a new upgrade of the LEIonline application was carried out, which includes a series of improvements to the graphic interface and some data verification processes for historical relationships associated with legal entities - in accordance with GLEIF requirements.

6. Development and implementation of new digital services

Depozitarul Central continued the digital transformation process and together with BVB and partners from Aurachain and eVOTE launched the Investor Enrollment Platform in August 2022.

The platform allows individual investors to open their user accounts, after going through a rigorous identification process. Through these user accounts, investors can participate and vote online at the general meetings of shareholders held by the issuers in which they have holdings and which use the solution offered by e-Vote.

Access to the Enrolare Investitori online platform is achieved, in a first phase, from any desktop or laptop device connected to the Internet, using the Google Chrome web browser, by accessing the link <https://www.rocLEAR.ro/Inrolare> - Investors or directly from the main website of the Central Depository <https://www.depozitarulcentral.ro>.

The opening of the user account is done following a process of facial identification or on the basis of the digital signature, for holders of qualified digital certificates. The chosen technical solution allows the shareholders of listed companies to benefit much more easily from the services of capital market entities, with only one user account, through a single point of contact.



7. Implementation of the AMI-SeCo Standards regarding corporate events and invoicing

In order to facilitate the integration of the Romanian capital market into the European financial market, the Central Depository initiated steps to implement the AMI-SeCo Standards, which aim to harmonize the post-transaction processes in terms of the management of financial instrument holdings and the administration of guarantees.

During 2022, at the level of the Central Depository, the necessary technical changes were identified to comply with the standards regarding the processing of corporate events related to fixed income financial instruments and the processing of invoicing, as well as for the implementation of communication messages in the format XML ISO 20022.

AMI-SeCo carries out the biannual evaluation exercise of the level of implementation of the standards in European markets, with the implementation deadlines as a benchmark: April 2024 – Stage I associated with central depositories, respectively November 2025 – Stage II associated with market participants. In 2022, the Central Depository also participated in the assessment exercise of the degree of implementation of the standards carried out under the coordination of the ECB.

In November 2022, the Central Depository presented the implementation plan of the AMI-SeCo standards regarding the processing of corporate events and invoicing, during the meetings held with the representatives of the RO AMI-SeCo NSG group (both in a limited framework - with its own participants, and in a larger framework wide – organized by the BNR).

8. Communication and promotion activities

During 2022, Central Depository participated as a partner in important events of the financial community, such as: Investors' Forum, organized by Bursa newspaper, Capital Market Forum, organized by Profit, Capital Market Forum 5th edition, Financial Intelligence, The Bursa Newspaper Gala, the WALL-STREET Gala, the Financial Intelligence Awards Gala, the Profit Financial Forum event.

Central Depository joined the educational initiatives of the Financial Supervisory Authority and offered free of charge the service of registering the IBAN code used to make dividend payments by bank transfer, both in the week of March 21-25, 2022 during the Global Money Week event and in week 3 -October 7, 2022, during the World Investor Week event - "World Investor Week" (WIW).

Also, the Central Depository granted extensive interviews and the company's communiqués regarding the activity carried out and the services offered were taken up in the specialized media. (Interview in Piața Financiară no. 4/2022 "15 years of challenges, but also satisfactions, in which the Central Depository implemented significant projects, strengthening the safety of operations with financial instruments" - April 2022 and in the publication Raiffeisen Bank International - Global Investor Services GIS Press May 2022 "Facing the new reality")

At the same time, the Central Depository had meetings and teleconferences with representatives of financial institutions, global custodians, clients of local custodians (Thomas Murray, State Street Global Services) as part of the annual due diligence process carried out by them on the Romanian market and presented the activity and the projects of the Central Depository - "Recent developments and Future Projects" - June 2022, during the teleconference with Clearstream Banking Luxembourg.



9. International cooperation

In order to harmonize its own activity with the new European regulatory trends, the Central Depository continued its collaboration with the European Association of Central Depositories (ECSDA). Through the Public Policy Working Group WG2, the Settlement Working Group WG3, the Risk Management Working Group RMWG, the Compliance Working Group (Compliance Working Group) as well as the Board of Directors of ECSDA. The Central Depository was also actively involved during 2022 in the projects under ECSDA analysis, through meetings organized by means of remote communication.

The development of international cooperation was also supported by the activity of the Central Depository carried out as a member of ANNA (Association of National Numbering Agencies) - as a national numbering agency, as well as by the activity carried out as a member of ISSA (International Securities Services Association).

CCP.RO Bucharest SA

Established in 2019 through BVB's 59.52% participation in its capital together with eight other shareholders, financial and energy companies, the mission of CCP.RO Bucharest S.A. (CCP.RO) is to provide the specific clearing and settlement services for transactions concluded on the markets operated by BVB and OPCOM – Electric Energy and Natural Gas Market Operator, also a shareholder of the company.

The main directions of CCP.RO activity carried out during 2022, covered the areas and objectives assumed at the time of reporting the activity for the year 2021 and are circumscribed to its vision, considering the fulfillment of the Company's mission, in compliance with the principles of corporate governance:

- i. Elaboration of the necessary documentation for the authorization of the company as a central counterparty by the Financial Supervisory Authority (FSA) as the competent authority and the National Bank of Romania (NBR), as the relevant authority according to the requirements of EU Regulation 648/2012 regarding OTC derivative financial instruments, central counterparties and central trade repositories (EMIR) and nationally approved regulations applicable to central counterparties and financial market infrastructures,
- ii. Validation of the proposed risk model for the risk management of the products for which CCP.RO will request its authorization as a central counterparty,
- iii. Carrying out the first End-to-End tests to confirm the operation in accordance with the proposed business model of the clearing system,
- iv. Promotion of CCP services, operating principles and implications for the markets served, clearing members and settlement banks through presentation sessions, presentations in bilateral meetings with stakeholders and in events,
- v. The progress of the project activities and the completion of the stages expected to be completed during 2022 within the consultancy an technological services contract with Euronext Clearing (Cassa di Compensazione i Garanzia SpA – CC&G) for the implementation of the clearing system and the authorization of CCP.RO as the central counterparty according to EMIR and accordingly the performance analysis and management activity within the mentioned consultancy project,
- vi. Collaboration within the inter-institutional working group for the analysis of the working versions of the documents prepared for the establishment of the authorization file and the establishment of the final versions based on the proposals, observations and comments received from the FSA and the NBR,



- vii. Increasing the share capital of CCP.RO through the participation of Societatea Energetica Electrica S.A. with the amount of EUR 1,400,000 (equivalent to RON 7,000,000), representing 8.06% of the increased share capital,
- viii. Expanding the contractual relations of the company to accommodate the necessary services in order to launch the operating activity,
- ix. Approval within the governance structures of CCP.RO of the necessary documentation for the establishment of the authorization file as a central counterparty regarding: the company's statutory documents, the company's management, the committees to be organized at the level of CCP.RO, the contracts with the trading venues served (the markets served within BVB and OPCOM) and the framework of policies, procedures and methodologies applicable to the provision of services and the operation of the clearing system,
- x. Participation in the projects carried out within the BVB Group.

The main directions of CCP.RO's activity carried out during 2022 covered the areas and objectives assumed at the time of reporting the activity for the year 2021 and are circumscribed to its vision, considering the fulfillment of the Company's mission, in compliance with the principles of corporate governance.

Thus, according to the directions of action, the main objectives targeted and achieved were those related to:

- (i) Preparation of the authorization file under conditions of completeness and compliance with both the EMIR requirements and the requirements of the FSA Regulation no. 3/2013 for the authorization and operation of central counterparties and those of the NBR Regulation no. 3/2018 on the monitoring of financial market infrastructures and payment instruments.

The documentation developed at the CCP.RO level was the subject of continuous, iterative, analysis and evaluation processes carried out by:

- Leveraging the experience of the Euronext Clearing consultant in the specific fields documented through policies, procedures and methodologies developed at the CCP.RO level,
- Amending and consolidating the comments and recommendations received from the competent authorities in the prepared documents,
- Completing the set of documents based on the recommendations received as a result of the prior evaluation processes by the competent authorities both in terms of the approach principles in the implementation of compensation services and of the specific documentation prepared,
- Completing the set of documents to be attached to the authorization request following the completion of new project implementation stages and the concretization through contractual documents or, as the case may be, through proposals for framework documents, of the applicable contractual framework in relation to service providers, members and settlement banks.
- (ii) Completion on 14.11.2022 of the review report by an independent auditor, respectively by Deloitte Consultanță S.R.L., of the margin risk model and the validation of the simulation in accordance with the European and national legal framework, as well as the standards technical regulations applicable to central counterparties, as established in the provisions of article 49 of EU Regulation no. 648/2012.

The audit report covers the framework of the margin calculation methodology used in the construction of ordinary initial margins, variation margins, total initial margins, the guarantee fund, as well as the use and appropriateness of stress simulations performed on the product portfolio for which the CCP.RO aims to act as a central counterparty.

The report became part of the documentation for the authorization of CCP.RO, the conclusions of the report supporting the appropriateness and soundness of the risk models adopted and documented by CCP.RO in order to be authorized as a central counterparty.

- (iii) The successful running between 05 to 07.12.2022 of a first series of End-to-End tests during which the connectivity of the clearing system with the ReGIS payment system via the SWIFT network was also checked.

During the tests:

- CCP.RO verified the compliant operation of the processes carried out at the level of the clearing system for the configuration of participants, the configuration of position accounts and collateral accounts for clearing members and their clients, the uploading of information related to the series of instruments and related transactions and the corresponding update of the positions of the members, the way of application in the clearing system of the specific rules and formulas for the calculation of the margin requirements, the evaluation of the collateral and the determination of the payment obligations as the case may be (cash call), the issuing of payment notices to the debtor clearing member, and, if it is case, to the settlement bank.
- the external participants had access to the graphic interface of the clearing system and were able to verify and confirm the compliance of the tested functionalities, respectively: (i) the appropriate access to the graphical user interface, (ii) the appropriate access to the information related to the clearing member represented in the tests by the respective external participant, the sections, instrument classes and respectively the instrument series corresponding to their participation in the E2E tests, the information and the corresponding update of this information from the accounts configured for each of the external participants, the information on the prices used (ISP, DSP, as applicable, M2M) for determining intraday or end-of-day margin requirements, availability of collateral amount at collateral account level, availability and compliance of results at the level of margin requirements, availability and compliance of financial results based on details at the level of collateral accounts, after each application of margin calculation (INT/EOD), (iii) the compliant operation of available menus to users, including data export (iv) the receipt/availability of relevant reports and the compliance of position information, the balance of the guarantees, the determined margin requirements, the financial position statement and (v) the transmission by the debtor external participants/settlement bank, within the established term, of the SWIFT payment message in favor of CCP.RO, for the total amount posted in the notification issued by CCP.RO.
- Euronext Clearing – CC&G provided the objective documents regarding the fulfillment of data security standards according to ISO 22301 and ISO 27001, for the development and implementation of the technology services that CCP.RO also benefits from and the certifications for the premises where operate its data centers.



- (iv) Organizing throughout 2022 CCP.RO and participating based on the invitations received at various events to present the implications for the markets to be served of the implementation of central counterparty services. Thus, 22 presentation sessions took place in which more than 75 representatives of 30 energy companies and 10 banks and representatives of the regulatory authorities participated for each of the evaluation areas covered by the CCP.RO authorization process as a central counterparty and clearing system.

Such presentations were organized in partnership with professional associations in the banking field (Romanian Banks Association) and in the energy field (Association of Electric Energy Suppliers), as sessions over two days each, and included the entire theme of the operation of the central counterparty and the process of enrolling members and settlement banks.

At the same time, CCP.RO initiated presentation sessions during which aspects specific to each of the areas of operation of the central counterparty were clarified, the availability of financial institutions and energy companies to assume membership was investigated, in bilateral discussions /or settlement bank, as appropriate and investigated, based on the presentation of the test framework, the availability of external participants to participate in the tests.

- (v) The management of the generic project carried out in partnership with Euronext Clearing – CC&G for the management and completion of the stages and deliverables provided by the consultancy and technological services contract for the implementation of the clearing system and the EMIR authorization of CCP.RO as the central counterparty.

In this way, the recommendations and observations of the competent authorities regarding the documentation drawn up were dynamically taken over and the impact was managed at the level of development, implementation and testing of the IT solution for the clearing system and the sub-systems that are the subject of the technology services of Euronext Clearing – CC&G in compliance with technical and IT security standards imposed by the European and national regulatory framework.

- (vi) Managing the flow of documents and information at the level of the Inter-institutional Working Group in order to capitalize on and implement the recommendations and comments received regarding the working versions of the documents drawn up for the establishment of the authorization file and establishing the final versions based on the proposals, observations and comments and the results of the actions taken based on the recommendations received from the FSA and the NBR.
- (vii) Increasing the share capital of CCP.RO following the ongoing institutional processes starting from the intention of Societatea Energetica Electrica S.A. sent to CCP.RO during July 2022 for participation in the Company's share capital with the amount of EUR 1,400,000 (equivalent to a maximum of RON 7,000,000), representing approximately 8.06% of the increased share capital.



The process of increasing the capital of CCP.RO according to the intention of Electrica SA was approved by the CCP.RO' EGM in its meeting of 28.10.2022.

(viii) The conclusion of contracts for the fulfillment of operationalization conditions aimed at:

- Enrollment of CCP.RO in the SWIFT network,
- Contracting services for the disaster recovery center and secondary data center,
- Contracting the network services necessary to connect CCP.RO with external partners,
- Contracting services for the development of the technical solution for the interfacing of the clearing system provided by Euronext Clearing – CC&G with external systems,
- Contracting services with a data provider for information and derived information on prices necessary in the activity of CCP.RO as a central counterparty.

(ix) Carrying out specific processes for the analysis and approval within the governance structures of CCP.RO of the developed documentation and the iteratively updated versions of the documents, as the successive stages of prior evaluation and implementation of the resulting technical solutions were completed, for the preparation of the authorization file as a central counterparty.

(x) Cooperation and active participation and on time in the projects carried out within the BVB Group such as: the project on the Development of a Performance Management System and the project on establishing the list of Key Risk Indicators (KRI) applicable at the level of each of the entities in BVB Group..



Analysis of financial results for 2022

Analysis of the consolidated financial results for 2022 and of the consolidated financial position of BVB

The consolidated operating revenues of the BVB Group in 2022 increased by 22% to the value of RON 56.54 million (RON 46.17 million in 2021), generated by the advance of 23% or RON 5.98 million in revenues from the trading segment, but also by the increases registered on the other active segments of the Group.

The breakdown of BVB's operating revenues by business lines is presented below:

Operating revenues	2022	2021	Change (%)
Trading services	32,051,087	26,071,431	23%
Post-trading services	15,443,384	13,095,057	18%
Registry services	9,049,870	7,003,989	29%
Total operating revenues	56,544,340	46,170,478	22%

The main operational trading ratios registered by BVB during the reporting period, compared to the similar period of the previous year are mentioned below:

Trading value	2022	2021	Change (%)
Shares, units, rights	13,703	12,325	11%
Out of, Shares traded on regulated market, without offers	10,340	10,057	3%
Certificates	821	871	-6%
Fixed-income	9,499	8,437	13%
Total	24,023	21,633	11%
Avg. daily value (shares, without offers)*	41.19	39.59	4%
Avg. daily value (shares, including offers)*	51.98	43.63	19%

*Value for the Regulated market

As regards the operating results for the other companies in BVB Group that enter the consolidation process, the table below presents the main indicators registered by the Central Depository:

Indicatori segment post-tranzacționare și registru	2022	2021	Variație (%)
Registry activity			
No. companies with a registry contract at the Depository	859	875	-2%
No. procedures resulted from issuers' corporate events	786	708	11%
Settlement activity			
<u>Local settlement</u>	38.26	31.90	20%
Value of trades settled on net basis (RON bn)*	3.05	2.37	29%
Value of trades settled on gross basis (RON bn)**			
<u>Settlements through T2S platform (euro)</u>	725.18	738.26	-2%
Value of trades settled on gross basis (EUR mn)			
Avg. monthly portfolio managed by custodians (RON bn)	62.44	56.81	10%

* 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.

- **Consolidated operating expenses in 2022**, recorded a 10% increase compared to 2021 up to the value of RON 47.75 million, being influenced by:
- The advance of 21%, respectively RON 4.57 million up to the value of RON 26.67 million of consolidated personnel expenses, influenced by the impact of estimates related to annual performance bonuses, including the alignment of the Central Depository to the Group accounting policies and the annual application of the Remuneration Policy - indexation and adjustment at the market level (in the case of BVB and DC).
 - Decrease of 24% in third party services expenses from RON 8.1 million to RON 6.2 million, result of the lower consulting services recorded by CCP.RO
 - The advance of 12% or RON 1.59 million of other operating expenses up to the value of RON 14.90 million following the increase in depreciation expenses related to intangible and tangible assets, IT maintenance expenses, as well as administrative expenses, negative impact of rising inflation.

Consolidated operating profit of the BVB Group in 2022, is RON 8.79 million, increased 2x or RON 6.13 million compared to the previous period, mainly due to the advance of consolidated operating income, with increases recorded in all segments with activity of the Group.

A breakdown of the operating profit by main business segments of BVB Group is presented below:

Operating profit	2022	2021	Change (%)
Trading services	9,357,731	7,126,272	31%
Post-trading services	4,394,248	1,778,418	147%
Registry services	81,663	1,087,247	-92%
FCI services and CCP.RO	<u>(5,045,617)</u>	<u>(7,330,719)</u>	<u>-31%</u>
Total operating profit	8,788,025	2,661,218	230%

The increase in the operating profit of the post-trading segment by 147% and the decrease by 92% of the registry segment are based on a more precise allocation of the operating expenses of these segments, in the sense that, in the first phase, the direct costs of the post-trading and registry segments were considered, then the indirect expenses were allocated according to the revenues realized by each segment.

In 2021, DC's total operating expenses were allocated directly to the segments depending on the revenues achieved by each segment.

Consolidated net financial income in 2022, is in amount of RON 3.52 million, decrease of 5% compared to 2021

Consolidated net profit of the BVB Group in 2022, reached RON 10.43 million, +97% compared to the previous period (RON 5.29 million in 2021), being directly influenced by the positive evolution of the operating result.

Review of the consolidated financial position as of end-December 2022

Total assets as of December 31, 2022, +4% compared to December 31, 2021, in the amount of RON 198.01 million, consisting of:

- **Fixed assets** in amount of RON 77.54 million, +10% compared to the beginning of the year, influenced by the acquisitions of financial investments with a maturity of over one year, carried out during 2022.
- **Current assets** in the amount of RON 120.47 million, +1% compared to the beginning of the year, due to the increase in trade receivables in the trading segment, result of higher trading revenues realized in December 2022.
- **The Group's total debts** are mainly short-term, on December 31, 2022 in amount of RON 43.78 million, a similar level compared to December 31, 2021 (RON 44.24 million).

44% of the total debts are represented by the payment dividends held on behalf of customers by the Central Depository, in the amount of RON 19.06 million, and 6% represent guarantee, compensation and margin funds for the settlement of transactions, in the amount of RON 3,07 million.

- **Equity** as of December 31, 2022 in amount of RON 154.23 million, +6% compared to the beginning of the year, impact from the increase in the share capital of CCP.RO carried out at the end of December, through the cash contribution of RON 7 million by a new shareholder, which determined the increase of minority interests, and the decrease of BVB participation in CCP.RO from 59.52% to 54.72%.



Analysis of financial results for 2022 compared to the budget for BVB standalone

The operating revenues of the year 2022 in amount of RON 32.73 million exceeded the budgeted value of RON 29.53 million, by RON 3.20 million or 11%, result of trading revenues higher by 12%, mainly, due to higher traded volumes, mainly in the first part of the year, as well as significant public offers that generated higher revenues by RON 4.6 million compared to the budgeted amount.

The operating expenses of the year 2022, in amount of RON 22.88 million, + 9% compared to the budget, following the increase of other operating expenses, mainly due to the impact of inflation which was higher than estimated (IPC 2022 – 13.8% vs 5 % estimated in 2022 Budget), higher expenses in the area of marketing and events as well as of personnel expenses due to SOP expenses and bonuses that exceeded the budgeted amounts, in line with the financial results obtained in 2022.

Operating profit – RON 9.85 million, 15% compared to the budget (RON 8.54 million), influenced by the positive impact from the increase in operating revenues.

The financial result – RON 2.90 million, + 13% compared to the budgeted amount, due to higher interest income, the positive impact from unrealized exchange rate differences, from the revaluation of financial investment in currency, as well as lower expenses with the provision for expected credit losses.

Net profit - RON 11.04 million, 14% compared to the budget (RON 9.67 million) with a net margin of 34% vs 33%, influenced by the evolution of the operating profit, amplified by that of the financial result.



Perspectives

In the tense context that marked the year 2022, 42 financing rounds were carried out at BVB, almost 2/3 of the 2021 record. The total value of last year's financing rounds reached EUR 1.9 billion, being very close of the maximum in 2021, of EUR 2 billion, continuing the trend of financing through the capital market from the previous three years.

Thus, in the last 4 years, 149 financing rounds took place at the BVB, which totaled EUR 6.1 billion. Of the 149 rounds, 38 were equity issues and 111 were bond issues.

The signs for 2023 are positive, with continued interest in stock market financing among local companies, but also a high appetite for new titles from investors. The most anticipated transaction for this year is the Hidroelectrica IPO, the listing being approved as early as 2022 by the energy producer's shareholders, respectively by the Romanian State and by Fondul Proprietatea. This IPO has the prospects of being the largest held in the region, and interest is high both from Romanian and foreign institutional investors, as well as from retail investors.

The main project of the BVB to attract new companies to the market, the Made in Romania program will reach its sixth edition. 20 of the companies that came to the market with shares and/or bonds in the last four years came into contact with the capital market through the Made in Romania program, and BVB's objective is to further develop this project, to improve the platform created in 2021 to attract more and more entrepreneurs to the exchange.

BVB will also continue in 2023 the projects launched in recent years, such as the BVB Research Hub portal and the ESG coverage project of listed companies. Thus, in 2022, 17 listed companies were covered with fundamental analysis through the BVB Research program and 43 companies received ESG analyzes following the partnership with Sustainalytics. At the beginning of 2023, a new section, for Contributors, was included in the BVB Research Hub, where materials written by individual investors from the local capital market, but also those who are passionate about stock markets, and who have relevant knowledge and experience are published they want to share them. BVB will focus on optimizing these programs, by expanding the number of companies covered by analysis reports, to include most of the companies in the BET index, as well as other companies, aiming, at the same time, to support the expenses generated by these projects by initiating partnerships .

The year 2023 is also a very important year from the perspective of the biggest project initiated by BVB, the establishment of the Central Counterparty, CCP.RO Bucharest. Thus, in the fourth quarter of this year, BVB anticipates the operationalization of the central counterparty, following its authorization.



BVB plans for 2023 channeled investments in the following areas:

- Investments in the operating technological infrastructure oriented in 3 directions of action: cyber security, operational risk related to the operating platform and ensuring technological support for the derivatives market.
- Investments intended for the development of the new headquarters of the company, which also include the recognition of the new rental contract in the Right-of-use Assets category, according to the requirements of IFRS 16.
- BVB contribution within the Consolidated Tape project for the establishment of a new entity aimed to consolidate market data.

These projects will require a significant allocation of capital resources, as shown in the table below:

Investments planned for BVB in 2023 (thousand RON)	Budget 2023	% total
Update and replacement of the current IT systems	1,727	50%
Acquisition of new software. Renewal of existing software	1,728	50%
Total IT & Operational projects	3,455	100%
Fixed assets for the BVB head office	4,979	
Digitalization project (work flows and processes)	<u>395</u>	
Total investments in tangible and intangible assets	8,829	
Right-of-use assets - long-term contracts	9,397	
Consolidated Tape - BVB contribution	1,511	
BVB share buy-back program (max. value)	3,018	



Other information

Statistics for BVB shares

BVB shares ended 2022 at a price of RON 35,3 per share, while the weighted average price registered during the year was RON 28,65

(RON, unless otherwise stated)

	2022	2021	Change (%)
Closing price (e-o-p, RON)	35.30	25.50	38%
Weighted average price (RON)	28.65	24.81	15%
High – intraday (RON)	36.50	26.90	36%
Low – intraday (RON)	22.70	23.10	-2%
Total trading value (RON mn)	32.36	36.33	-11%
Average trading value (RON mn)	0.13	0.14	-11%

Dividend policy

The Bucharest Stock Exchange distributed 100% of the net profit, after the legal reserves are deducted. Detailed information regarding the dividends paid during the last 3 years, including those to be approved for distribution in 2022, is presented in the table below:

Year	Gross dividend/share (RON)	Total dividends (RON)	GMS date	Registration date	Payment date
2022	1.2918	10,398,379	26/27 April 2023	21 June 2023	27 June 2023
2021	0.9592	7,721,402	28/29 April 2022	3 June 2022	22 June 2022
2020	1.0672	8,590,384	19/20 April 2021	10 June 2021	22 June 2021
2019	0.81491	6,559,457	29/30 April 2020	19 May 2019	05 June 2020

By distributing in full the amount of RON 10,398,379 the form of dividends, each share, including treasury shares, is to correspond a gross dividend of RON 1.2918.

The Dividend Policy of BVB is available on the Company's website at [http://bvb.ro/info/BVB%20politica%20dividend decembrie%202015.pdf](http://bvb.ro/info/BVB%20politica%20dividend%20decembrie%202015.pdf).

Assessment of details regarding employees

The change of the number of employees is presented in the table below:

	2022		2021	
	End-year	Average	End-year	Average
Bucharest Stock Exchange	44	43	45	44
Central Depository	47	49	49	49
CCP.RO Bucharest SA	9	9	11	8
Total number of employees	100	101	105	101

Investments in subsidiaries

As of 31 December 2022, the Bucharest Stock Exchange was a shareholder in other entities, as follows:

Value of share	31 December 2022	31 December 2021
Central Depository	20,243,735	20,243,735
Foundation Corporate Governance	50,000	50,000
CCP.RO Bucharest SA	<u>47,500,000</u>	<u>47,500,000</u>
Total	67,793,735	67,793,735

Use of financial investments. Financial risk management

The Company's activities expose it to various risks such as market risk, which in its turn includes currency risk and interest rate risk, credit risk, liquidity risk. The management of BVB aims at reducing the potential adverse effects associated with these risk factors upon the Company's financial performance.

Market risk. The market risk is the risk that changes in market prices, such as the foreign exchange rate, interest rate and price of equity instruments, to affect the Company's revenues or the value of the financial instruments held. The company operates in a developing economy, with fluctuant exchange rates, which may lead to value losses for assets denominated in foreign currencies.

The objective of the market risk management is to manage and control exposures to market risk in acceptable parameters and at the same time to optimize the return on investment.

The company is exposed to the market risk through its cash denominated in foreign currencies and through investments in bank deposits and treasury certificates. However, based on the analysis of the net assets and sensitivities to changes EUR and USD exchange rates, BVB management does not expect significant losses.

Credit risk. The financial assets that lead to potential concentrations of credit risk mainly relate to receivables from the core activity and financial investments. Receivables are presented at their net value, after the provision for doubtful receivables. The credit risk is limited due to a low number of clients from the Company's portfolio of clients. Thus, management considers that the company has no significant concentration of credit risk.

As regards financial investments, BVB limits its exposure to credit risk by investing only in liquid instruments issued by counterparties who have a satisfactory credit quality. The Company's management constantly monitors the credit quality and, given that the Company has invested only in instruments with high credit quality, its management does not expect the counterparties to fail to meet their contractual obligations.

Liquidity risk. A prudent liquidity risk management implies keeping enough cash to cover working capital needs to run the business. The Company's cash & equivalents policy is to maintain sufficient resources in order to fulfill its obligations as they become due.

More details regarding the Company's exposure to each of the above-mentioned risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's procedures for managing of capital, are available in the financial statements.

Corporate Governance

In 2022, BVB shareholders met in 2 (two) general meetings:

The Ordinary General Meeting of Shareholders dated 28.04.2022 – during which the individual and consolidated annual financial statements of the Company for the 2021 financial year and the method of profit distribution, the discharge of the administrators for the activity carried out in 2021, were subject to approval, the budget of revenues and expenses and the business plan for 2022, the remuneration of administrators for the financial year 2022, the general limits of additional remuneration, the remuneration report of the management structure of the Company for the financial year 2021, subject to the consultative vote of the shareholders according to the provisions of art. 107 of Law no. 24/2017.

The Ordinary General Meeting of Shareholders dated 19.12.2022 during which the conclusion of a lease agreement for a period of 10 years with the company Complexul Multifuncțional Victoria S.R.L. was subject to approval, having as its object the rental of a location intended for the Company's headquarters and development works, as well as the mandate of the General Director and the Board of the Stock Exchange to negotiate the clauses of the contract based on the commercial conditions presented in the information material available to the shareholders.

The documents of the BVB General Meetings of Shareholders are available on the BVB website in the Investor Relations/General Meetings of Shareholders section.

Regarding the Company's compliance with the principles defined by the BVB Corporate Governance Code, it fully complies with them, as set out in the Statement in the Annex.

BVB also respects the principles of corporate governance provided by the FSA Regulation no. 2/2016 on the application of governance principles by entities authorized, regulated and supervised by the Financial Supervisory Authority.

Board of Governors

The management of the Company is performed in the unitary system and entrusted to a Board of Directors (Board of Governors), elected by the General Meeting of Shareholders, made out of 9 members, individual persons, for a mandate of 4 years.

On November 20, 2019, the Ordinary General Meeting of Shareholders was organized for the election by cumulative voting of the members of the Stock Exchange Board, for a term of 4 years, starting with the date of individual validation by the Financial Supervisory Authority, respectively:

- Radu HANGA - President
- Mihaela Ioana BÎCIU - Member
- Claudia Gabriela IONESCU - Member
- Octavian MOLNAR - Member
- Dragoş Valentin NEACŞU - Member
- Robert Cosmin PANĂ - Vice President
- Dan Viorel PAUL - Vice President
- Răzvan Legian RAŢ - Member
- Stefan SZITAS - Member

Mr. Radu Hanga – President, independent

Date of birth: 1971

Nationality: Romanian

Education:

- Strategy Execution Programme, INSEAD
- MBA Program, INDE
- Postgraduate studies in Business Administration, European Institute for Business Administration UBB
- Specialization in International Financial System, IBR in partnership with Chartered Institute of Bankers Scotland
- Erasmus Program, University of East London
- Postgraduate studies, School of Academic Postgraduate Studies UTCN
- Licensed in engineering, Faculty of Electrical Engineering UTCN

Professional Experience:

- 2020 - present: President, Board of Governors, Bucharest Stock Exchange
- 2020-2022: Member of the Executive Committee, AAFR
- 2017-2020: Senior Advisor for the Board of Directors, Banca Transilvania
- 2017-2020: Member of the Board of Directors, SIF Oltenia
- 2015-2020: President of the Executive Committee, AAFR
- 2017-2020: Member, Board of Governors, Bucharest Stock Exchange
- 2013-2020: President of the Board of Directors of BT Leasing Transilvania IFN
- 2013-2019: President of the Board of Directors of BT Direct IFN
- 2013-2018: Member of the Board of Directors of BT Operational Leasing

- 2013-2018: Member of the Board of Directors of BT Leasing Moldova
- 2013-2017: Strategy Executive Officer-Group Coordination, Banca Transilvania
- 2013-2017: Member of the Board of Directors, Boromir Prod SA
- 2013-2017: Member of the Board of Directors, SIF Moldova
- 2005-2013: CEO, SAI BT Asset Management
- 2002-2013: Head of Capital market Department, Banca Transilvania
- 2001-2005: Vice-President of the Board of Directors, BT Securities
- 1999-2002: Capital market officer, Banca Transilvania
- 1997-1998: Analyst, SSIF Broker SA

Other professional commitments: Sole administrator, Metis Advisory SRL

Other positions in the BSE Committees:

- Chairman, Index Commission
- Member, Nomination Committee

Relationship with BSE shareholders owning more than 5%: -

Mrs. Mihaela Ioana Biciu – Member, independent

Date of birth: 1974

Nationality: Romanian

Education:

- Executive MBA – ASEBUSS / Kennesaw State University Atlanta
- Academy of Economic Studies Bucharest– Finance, Banking and Accounting

Professional Experience:

- 2022 - present: General Manager and Member of the Board of Governors, Investimental SA
- 2020 - present: Member of the Board of Governors, Bucharest Stock Exchange
- 2001 – 2021: President/General Manager, Tradeville
- 2010 – 2021: Member al Board of directors, Libra Internet Bank
- 2000 – 2001: Development Manager, SSIF Vanguard
- 1998 – 1999: Relationship Manager, SSIF Vanguard
- 1997 – 1998: Financial analyst, SSIF Vanguard

Other professional commitments: -

Other positions in the BSE Committees:

- Vice President, Appeal Committee
- President, Nomination Committee
- Relationship with BSE shareholders owning more than 5%:-
-

Mrs. Claudia – Gabriela Ionescu – Member, independent**Year of birth:** 1967**Nationality:** Romanian**Education:**

- Trainings and certifications in capital markets, custody & registry, management: INSEAD, Societe Generale, IBR, The Oxford Group
- Bachelor degree in Banks and Stock Exchanges, ASE Bucharest
- Bachelor degree in Calculus and Automatization Equipment, University Politehnica of Bucharest

Professional experience:

- 2017.-present: Secretary General of the Board of Governors, Bucharest Stock Exchange
- 2019-present: Secretary General of the Board of Directors, Depozitarul Central
- 2012-present: Member of the Board of Directors, Association for Privately Administered Pensions in Romania
- 2008-present: Director of Securities Division, BRD-Groupe Societe Generale
- 2005-2008: Deputy Director of Securities Division, BRD-Groupe Societe Generale
- 2000-2005: Head of Market Operations Division, BRD-Groupe Societe Generale
- 1997-2000: Analyst, Privatization Department, BRD-Groupe Societe Generale
- 1994-1997: Analyst, Strategy Division, BRD
- 1991-1994: Evaluation Inspector, Division for Expertise, Evaluation and Consulting, BRD

Other professional commitments: Member of the Board of Directors, Association for Privately Pension Funds in Romania**Other positions in the BSE Special Commissions/ Advisory Committees:**

- Chairperson, Remuneration Committee

Relationship with BSE shareholders owning more than 5%: -**Mr. Octavian Molnar – Member, independent****Year of birth:** 1966**Nationality:** Romanian**Education:**

- Degree in Economics, University "Aurel Vlaicu", Arad
- Degree in Mechanical Engineering, Polytechnic Institute "Traian Vuia", Timisoara

Professional experience:

- 2009- present: Member of the Board of Governors, Bucharest Stock Exchange
- 2012-present: CEO & President of the Board of Directors, SSIF IFB Finwest SA, Arad

- 2006-2008: Member of the Board of Directors, Sibiu Financial and Commodity Exchange
- 2004-2012: Deputy CEO, SSIF IFB Finwest SA, Arad
- 1999-2004: CEO, SSIF IFB Finwest SA, Arad
- 1997-1999: CEO, COMTEX SA, Arad
- 1994-1997: Reviewer/ Chief of Feasibility Studies Unit, New Investments Compartment, Financing Department, FPP I Banat Crisana
- 1991-1994: Process engineer/ Design engineer/ Engineer, Marketing Department, ARIS SA, Arad
- 1990-1991: Engineer, Process Design Unit, SEVAM SA, Drobeta Tr.Severin

Other professional commitments: -

Other positions in the BSE Special Commissions/ Advisory Committees:

- Chairman, Listing Commission
- Member, Audit Committee

Relationship with BSE shareholders owning more than 5%: -

Mr. Dragoş Valentin Neacşu – Member, independent

Year of birth: 1965

Nationality: Romanian

Education:

- Master in Business Management (MBA), University of Quebec in Montreal (UQAM) - the first generation of the Canadian MBA Program, in cooperation with McGill University and the University of Quebec in Montreal (UQAM)
- Diploma of Engineer, Faculty of Construction Installations, Technical University of Bucharest (former Construction Institute)
- “Mircea cel Batran” National College Constanta

Professional experience:

- 2020 - present: Member of the Board of Governors, Bucharest Stock Exchange S.A.
- 2022 - present: Member of the Board of Directors, Central Depository.
- 2021 - present: Independent non-executive member of the Board of Directors, S.E. Electrica SA, member of the Audit and Risk Committee
- 2008 - 2019: Chief Executive Officer, Chairman of the Board, SAI Erste Asset Management S.A.
- 2007 - 2008: Chief Executive Officer, Chief Executive Officer, SAI BCR Asset Management S.A.
- 2006 - 2007: Director, Financial Services, Deloitte Consultanta S.R.L.
- 2005 - 2005: Minister of State Secretary, Public Debt and State Treasury, Ministry of Public Finance
- 2005 - 2006: Non-executive member of the Board of Directors, CEC Bank S.A.

- 2001 - 2005: Non-executive member of the Stock Exchange Committee, non-executive member of the first Board of Directors, Bucharest Stock Exchange S.A.
- 1998 - 2005: President - General Manager, SSIF Raiffeisen Capital & Investment S.A.
- 1996 - 1998: General Manager, Bucharest Clearing House S.A. (former SNCDD S.A.)
- Other professional commitments:
- 2017 - present: Member of the Board of Directors, Romanian Business Leaders Foundation
- 2018 - present: Non-executive member of the Board of Directors, FINS IFN S.A.
- 2013 - 2016: Member of the Board of Directors, European Asset and Fund Management Association
- 2011 - 2015: President of the Board of Directors, Romanian Association of Fund Managers
- 2008 - 2011: Vice President of the Board of Directors, Romanian Association of Fund Managers

Other professional commitments: -

Other positions in the BSE Special Commissions/ Advisory Committees:

- Chairman, Appeal Commission
- Member, Audit Committee

Relationship with BSE shareholders owning more than 5%: -

Mr. Robert Cosmin Pană – Vice-President, independent

Year of birth: 1979

Nationality: Romanian

Education:

- EU's Markets in Financial Instruments Directive – MiFID program, OMX – Nordic Exchange
- Financial Derivatives Training, Wiener Borse & CAPMEX
- Investments and Operations of US Derivatives Markets program, Georgetown University
- Nis/Cee Disclosure and Corporate Governance Conference, SEC & UNSAID
- Capital Market Role in Emerging Markets Economic Development program, Thessaloniki Stock Exchange Center
- Degree in Law

Professional experience:

- 2016-present: Vice President of the Board of Governors, Bucharest Stock Exchange
- 2019-present: Vice President of the Board of Directors, Depozitarul Central
- 2022-present: member of the Board of Directors, Transportul Auto Giulești S.A
- 2019-present: member of the Board of Shareholders' Representatives of Investitii Financiare Muntenia S.A.
- 2011-present: Legal Advisor, Swiss Capital SA
- 2016-2017: Member of the Supervisory Board, SPEEH Hidroelectrica
- 2012-2016: Secretary General of the Board of Directors, Bucharest Stock Exchange
- 2008-2011: Legal Adviser, Central Depository SA
- 2002-2008: Legal Adviser, Bucharest Stock Exchange

Other professional commitments: -

Other positions in the BSE Special Commissions/ Advisory Committees:

- Member, Nomination Committee

Relationship with BSE shareholders owning more than 5%: -

Mr. Dan Viorel Paul – Vice president

Year of birth: 1968

Nationality: Romanian

Education:

- PhD. student in Commercial Law, Law Faculty, University of Bucharest
- Master's in business law, Law Faculty, University of Bucharest
- Member of the advisory working group of the Investor Protection and Intermediaries Standing Committee, ESMA
- Capital Markets Specialist, BVB in collaboration with University of Wisconsin (USA)
- Degree in Economics, Academy of Economic Studies, Bucharest

Professional Experience:

- 2020 - present: Vice-president, Board of Governors, Bucharest Stock Exchange
- 2006-present: President, Brokers Association
- 1997-present: President & CEO, SSIF Finaco Securities SA
- 2016-Jan. 2020: Member of the Board of Directors, Bucharest Stock Exchange
- 2017-2018: interim Member of Supervisory Board, SIF Transilvania
- 2012-2016: Vice-President of the Board of Directors, Bucharest Stock Exchange
- 2006-2010: Vice-President of the Board of Directors, Bucharest Stock Exchange
- 2001-present: Corporate governance experience as non-executive member in various Boards

Other professional commitments: -

Other positions in the BSE Special Commissions/ Advisory Committees:

- Member, Remuneration Committee

Relationship with BSE shareholders owning more than 5%: -

Mr. Razvan Legian Rat – Member, independent**Year of birth:** 1983**Nationality:** Romanian**Education:**

- Bachelor's degree, Faculty of Economics - Accounting and Management Informatics, Dimitrie Cantemir Christian University
- “Andrei Mureșanu” Dej National College, IT profile

Professional Experience:

- 2020 - present: Member of the Board of Governors, Bucharest Stock Exchange
- 2018 - present: Deputy General Manager, SSIF BRK Financial Group
- 2017 - 2018: Operations Director, SSIF BRK Financial Group
- 2013 - 2017: Trader, SSIF BRK Financial Group
- 2010– 2013: Trader, Target Capital SA (Avantgarde-Finance SA)
- 2007 - 2010: Broker, Nova Invest SA

Other professional commitments: Administrator, Lauraz Trading SRL**Other positions in the BSE Special Commissions/ Advisory Committees:**

- Vice president, Listing Committee
- Member, Remuneration Committee

Relationship with BSE shareholders owning more than 5%: -**Mr. Stefan Szitas – Member, independent****Year of birth:** 1954**Nationality:** Romanian**Education:**

- Derivatives financial instruments market, RCE Business Consulting, Bucharest
- Certification Financial Auditor of capital market entities, Financial Training Center - Millennium
- Investment Consulting Course, Financial Training Center - Millennium (Romania)
- Financial Analysis Course of the Company according to International Accounting Standards (IAS), Romanian Financial Institute
- Financial Auditor Certification, Romanian Chamber of Auditors
- International Investment and Capital Markets Analysis Course, U.S.A.I.D. / Booz Allen & Hamilton, Bucharest
- Certification of Accounting Expert, CECCAR (Romania)
- Bachelor's degree, Bucharest Academy of Economic Studies, Specialization in Economics of Industry, Construction and Transport

Professional Experience:

- 2020 - present: Member of the Board of Governors, Bucharest Stock Exchange
- 2022 - present: Member of the Board of Directors, Fermit SA
- 2015- present: President Virola S.A.
- 2017 - 2020: Member of the Management Board, S.I.F. Transylvania
- 2006 - 2020: Member / Chairman of the Board of Directors in companies in the portfolio of S.I.F. Transylvania
- 1993-2017: Head of the Investment-Marketing-Capital Markets Department, S.I.F. Transylvania
- 1992-1993: Inspector Spec., D.G.F.P. State Financial Control, Braşov
- 1990-1992: Deputy Director, CEC - Braşov County Branch
- 1980-1990: Economist / Head of financial office, Industrial Center of Tractors, Vehicles and Agricultural Machinery Braşov

Other professional commitments: -

Other positions in the BSE Special Commissions/ Advisory Committees:

- President, Audit Committee

Relationship with BSE shareholders owning more than 5%: -

Information on the professional experience of the Board of Governors members can be found on the Company's website <http://www.bvb.ro/AboutUs/ManagementStructure>.

Members are elected by the Ordinary General Meeting of Shareholders, by the vote of shareholders in compliance with legal requirements regarding quorum and majority. BSE is not aware of agreements, arrangements or family connections between members of the Board of Governors and others, due to which those members were appointed directors of the Company. Also, the members of the Board of Governors have an obligation to submit an annual declaration of conflict of interest.

The members of the new Board of Governors have been individually validated by the Financial Supervisory Authority according to the authorizations no. 15 – 23 of 13.02.2020.

In the meeting of February 2020, the Board of Governors elected among its members the Vice Presidents and the Secretary General of the Board, namely: Mr. Robert Cosmin Pana – Vice President, Mr. Dan Viorel Paul – Vice President and Mrs. Claudia Gabriela Ionescu – Secretary General.

The activity framework for the Board of Governors is regulated by the Constitutive Act, as well as by the BSE Regulation on the Organization and Operation, documents which can be found on the BSE website <http://www.bvb.ro/InvestorRelations/Overview>.

In exercising its prerogatives, during 2022, the Exchange Council met in 32 meetings - of which 20 were organized exclusively through the remote participation of its members (video conference and/or email), and 12 in a mixed system (presence physical and videoconferencing) - with an average participation of 92%.

The secretariat of the meetings of the Exchange Council was provided by Mrs. Diana Mureşan – Head of Legal Department and General Secretariat. In the course of 2022, the Exchange Council discussed, mainly, the following topics:

- The individual Financial Statements of the Company concluded on December 31, 2021 and prepared in accordance with the International Financial Reporting Standards, the consolidated financial statements of the Company concluded on December 31, 2021 and prepared in accordance with the International Financial Reporting Standards;
- The Annual Report of the administrators for the financial year 2021;
- The proposal regarding the distribution of the Company's net profit achieved in 2021;
- The proposal regarding the administrators' remuneration for the financial year 2022 and the general limits of the additional remunerations for the Company's administrators;
- The remuneration report of the management structure of the Company;
- The Revenue and Expenditure Budget Project and the Business Plan for 2022;
- Convening the Ordinary General Meeting of the Company's Shareholders on 28.04.2022 for the approval of the individual and consolidated annual financial statements of the Company for the financial year 2021 and the method of distribution of the net profit, the discharge of management of the administrators for the activity carried out in 2021, the approval of the remuneration the Company's administrators for the 2022 financial year and the general limits of additional remuneration for the company's administrators, the submission of the remuneration report of the Company's management structure for the 2021 financial year to the AGOA's consultative vote according to art. 107 of Law no. 24/2017;
- The procedure regarding the organization and conduct of the BVB Shareholders' General Meetings;
- Renewal of the General Director's mandate;
- Evaluation of the individual and collective suitability of the members of the management structure (members of the Stock Exchange Council and Directors), according to ASF Regulation no. 1/2019;
- Exercising the Company's rights as a shareholder in the entities in which it holds shares, including the appointment of B.V.B. candidates. in the Boards of Directors;
- Financial and operational reports of BVB Group companies;
- The annual self-assessment report of the market operator for the year 2021;
- The report on the preliminary financial results of BVB, prepared on December 31, 2021;
- The market operator's activity report for 2021;
- BVB sustainability report "ESG Update";
- The activity of the Advisory Committees and Special Commissions;
- Appointing external members of the Trading Admission Commission, the Indices Commission and the Appeals Commission;
- Admission and withdrawal from trading of some financial instruments; The admission document drawn up for admission to trading on the Regulated Market of municipal bonds;
- Admission and withdrawal from trading of some Participants in the trading system of BVB.;

- Changes to the B.V.B. Code. – Regulated Market Operator and B.V.B. Code. – Multilateral Trading System;
- The establishment of the Derivatives Market on financial assets and other types of assets and the approval of the B.V.B. Code. – Derivatives market on financial support assets and other types of assets;
- Updating the BET, BET-TR and BET-TRN index manuals; B.V.B. data sale policy;
- Updating the remuneration policy for employees within BVB.;
- Modification of the Procedure regarding the assessment of the suitability of the members of the management structure and of the persons holding key positions;
- The procedure regarding the identification and management of conflicts of interest at the level of the BVB. Group;
- Diversity, Equality and Inclusion Policy of BVB.;
- Corporate environmental policy of B.V.B. and Supply Chain Policy;
- B.V.B procedure for the prevention and combating of money laundering (MS) and the financing of terrorism (FT); The methodology regarding the assessment of BVB's exposure to the risk of SB/FT;
- Business continuity and recovery plan after incidents;
- Implementation of the updated Share Allocation Plan (SOP) related to 2021 for BVB Directors and employees and the granting of share options related to 2022 to BVB employees and Directors, according to the SOP;
- Evaluation of the internal control activity, internal audit and risk management, analysis of the stage of implementation of the recommendations from the related reports;
- Internal audit status;
- The investigation plan of the Compliance Department for the year 2022; Info analysis

Activity of the Special Commissions and the Advisory Committees

Special Commissions

By the decision of the Board of Governors were created the BVB Special Commissions – with no legal status and having a consultative role for the activity of the Board of Governors, which perform their activity as per the terms of reference stipulated in the BVB Regulation on the Organization and Operation.

Listing Commission provides consultancy in order to ensure conformity, order and efficiency in the process of admission, upgrading, downgrading and withdrawal to/ from the regulated market and the multilateral trading systems operated by BVB.

In the course of 2022, the Commission met in 21 meetings, in which it analyzed and gave a favorable opinion on admission to trading for:

1. Regulated Market - 9 financial instruments (7 corporate bond issues, 1 municipal bond, 1 share). It also favorably approved the admission in principle of some structured products issued by 1 issuer, as well as a withdrawal from trading for an international bond.
2. For the multilateral trading system - 19 financial instruments (11 share issues and 8 corporate bond issues).

Appeal Commission provides consultancy in solving the appeals introduced by the Participants on the BVB trading system and by stock / derivatives following the penalizations or the preventive measures issued by the BVB CEO or Deputy CEO, as the case may be.

During 2022, the Commission was not met, with no complaints incident to its activity.

Index Commission provides consultancy for the development of new BVB indices and administrative support for the necessary index adjustments.

During 2022, the Commission met in 4 regular meetings and 1 extraordinary meeting, both for index administration activities and for decisions regarding the development of indices, in line with the strategic objectives assumed by BVB.

The operational decisions of the Indices Commission, to review, modify and/or adjust the composition of the indices, in accordance with the provisions of the manuals of these indices, brought the BET index to 20 companies, for the first time in the history of BVB, thus increasing the degree of sectoral diversification.

And regarding the BET-XT, BET-XT-TR, BET-XT-TRN, BET-BK and BET Plus indices, indices with a higher number of constituents, and with a greater degree of diversification, the changes to the composition were relatively low, they practically offer a high degree of stability.

The BET AeRO index has reached its second year since its launch and during 2022 the Indices Commission decided, in accordance with the provisions of the manual, to include 14 new companies, the index reaching a number of 33 constituents, thus providing an improved representation of structure of the AeRO market from BVB.

The composition of the BET-FI and BET-NG indices did not changed.

Also, during a meeting of the Index Commission, updates were approved on the rules for selecting companies for inclusion in the BET, BET-TR and BET-TRN indices, with the aim of providing better clarity and predictability for investors. These updates went into effect in the first month of 2023.

The composition of the Special Commissions in 2022 was the following:

Listing Commission:

Up to 30.03.2022

Octavian Molnár – Chairman

Răzvan Legian Raț – Vice Chairman

Ovidiu Lucian Isac - Member

Șerban Valentin Marin - Member

Mircea Ștefan Solovăstru – Member

Starting 31.03.2022

Octavian Molnár – Chairman

Răzvan Legian Raț – Vice Chairman

Ovidiu Lucian Isac - Member

Șerban Valentin Marin - Member

Mircea Ștefan Solovăstru – Member

Appeal Commission:

Up to 30.03.2022

Dragoş Valentin Neacşu – Chairman

Mihaela Ioana Bîciu – Vice Chairman

Monica Adriana Ivan – Member

Ioan Mihai Vlad - Member

Vasile Cristian Sabău – Member

Starting 31.03.2022

Dragoş Valentin Neacşu – Chairman

Mihaela Ioana Bîciu – Vice Chairman

Monica Adriana Ivan – Member

Elena Uleia - Member

Marcel Murgoci – Member

Index Commission:

Up to 30.03.2022

Radu Hanga – BVB President

Adrian Tănase – BVB CEO

Dorin Alexandru Badea – Member, member of CFA Association Romania

Bogdan Câmpianu – Member, Participants' representative

Georgian Alin Brendea – Member, Participants' representative

Starting 31.03.2022

Radu Hanga – BVB President

Adrian Tănase – BVB CEO

Dorin Alexandru Badea – Member, member of CFA Association Romania

Bogdan Câmpianu – Member, Participants' representative

Paul Ştiopei – Member, Participants' representative

Advisory Committees

According to Companies Law no. 31/1990, within BVB Board of Governors operate Advisory Committees made out of two or more Board members, which are bodies having an advisory role for the Board of Governors in areas such as audit, remuneration of administrators, directors as defined by the Law 31/1990, or nomination of candidates for various management positions.

The Advisory Committees are organized and function based on the stipulations of the Regulation on the Organization and Operation of BVB, which are complemented by the stipulations of the regulations/ terms of reference for each committee (the specific terms of reference for each advisory committee are available on BVB website <http://www.bvb.ro/AboutUs/ManagementStructure>).

The Audit Committee assists the Board of Governors in evaluation of the efficiency and functionality of Company's management, resources allocation efficiency, the way the risks facing the Company are mitigated, including the organization and functioning framework of the internal control, the implementation of corporate governance rules and the way the Company audit is performed.

As of February 2020, the members of the Audit Committee (non-executive directors, most of them independent) were elected, its composition being as follows:

Stefan Szitas – Chairman,

Octavian Molnár – Member

Dragoş Valentin Neacşu – Member.

All members of the Audit Committee are both non-executive, independent administrators.

During 2022, the Audit Committee met in 16 meetings, in which it analyzed the following main topics, making recommendations to the Stock Exchange Board, where appropriate:

- Approval of the Internal Audit Statute;
- Presentation of the Internal Auditor's Report on the activity of admission to trading, on the activity of human and financial resources, on the evaluation of operational risks related to the development and provision of benchmarks.
- Information on the implementation of the recommendations from the Internal Auditor's Reports;
- Approving changes to the Procedure for preventing and combating money laundering and terrorist financing; Approving the Methodology regarding the assessment of the BVB's exposure to the risk of SB/FT and the BVB's Risk Strategy;
- BVB's operational and financial reports for 2022;
- Approving the proposed changes to the Procedure regarding the identification and management of conflicts of interest at the BVB Group level;
- Presentation of the Report on the assessment of BVB exposure to the risk of SB/FT on 31.12.2021;
- Approval of the preliminary financial statements on 31.12.2021 and the related report;
- Approval of the investigation plan of the Compliance Department for the year 2022;
- Presentation of the Risk Report, the annual compliance report for 2021;
- Approval of the Report on the evaluation of the effectiveness of the risk management system for the period July-December 2021;
- Adopting the individual and consolidated financial statements related to the 2021 financial year and drawn up in accordance with the International Financial Reporting Standards;

- Presentation of the Report of the financial auditor and the internal auditor of BVB for 2021;
- Approval of the method of distribution of the profit made in 2021;
- Adopting the Budget of revenues and expenses and the business plan for the year 2022 of the Company;
- Presentation of the Risk Management Report for 2021;
- Designation of the SB/FT Compliance Officer;
- Approval of the Audit Committee's Annual Report and Self-Assessment for the activity carried out in 2021;
- Information on the IFRS simplified interim consolidated financial statements and report;
- Approval of the 2021 Activity Report of the BVB market operator drawn up by Directors in accordance with ASF Regulation no. 13/2018 on trading venues;
- Approval of the Report on the efficiency of the related risk management system for 2022;
- Presentation of the 2022 Risk Management Report;
- Approval of the BVB self-evaluation report drawn up in accordance with ASF Regulation 13/2018;
- Approval of BVB's Corporate Environmental Policy and Supply Chain Policy;
- Presentation of the draft Budget of revenues and expenses and the Business Plan of the Company related to the year 2023.

The Audit Committee carried out the self-evaluation of the activity carried out in 2021, concluding that, as a whole, it was effective in terms of its composition, the way the activity was carried out, the supervision of the financial reporting process, of the audit systems, internal control, risk management and corporate governance and their effectiveness, and provided effective support to the Board of Governors in fulfilling its responsibilities.

Nomination Committee is a consultative committee created within the Board of Governors, which provides support in connection with identification, selection and evaluation of candidates recommended to the Board for a position as member of executive management, make recommendations to the Board regarding the filling of the vacancies within the Board, elaborates the requirements regarding the filling in of positions as members of the Board, Advisory Committees / Special Commissions and executive management.

As of February 2020, the members of the Nomination Committee (non-executive, independent directors) were elected, its new composition being as follows:

- Mihaela Ioana Bîciu - President,
- Radu Hanga - Member
- Robert Cosmin Pană – Member
-

During 2022, the Nomination Committee met in 4 meetings, in which it analyzed the following main topics, making recommendations to the Exchange Board, where appropriate:

- Approving the changes to the Procedure for evaluating the suitability of the members of the management structure and of the persons holding key positions;
- The annual evaluation of the individual and collective suitability of the members of the Stock Exchange Council, according to the provisions of ASF Regulation no. 1/2019, individual and collective of BVB Directors according to the provisions of Regulation no. 1/2019;
- Approval of the Activity Report for 2021;
- Designation of SB/FT compliance officer
- Regarding the mandate of the General Director under the conditions of expiry on 31.12.2022

The Remuneration Committee is an advisory committee created within the Board of Governors, which formulates proposals with regard to the policy of remuneration for the executive and non-executive members of BVB management structure.

As of February 2020, the new members of the Remuneration Committee (non-executive directors, independent majority) were elected, the new composition being as follows:

Claudia Gabriela Ionescu – Chairperson
Dan Viorel Paul – Member
Răzvan Legian Raț – Member.

During 2022, the Remuneration Committee met in 5 meetings, where it discussed and made recommendations to the Stock Exchange Board, where applicable, the following topics:

- Approval of the amendment to the remuneration policy of BVB employees;
- Establishing the DGA and CFO KPIs and approving the conclusion of additional documents to the DGA's mandate contract/CFO's employment contract;
- Presentation of the Remuneration and Rewards Scheme at Group level;
- Approval of the implementation of the Share Grant Plan for BVB Employees with an employment contract for the year 2022 – grant of stock options to employees
- Presentation of the BVB share allocation plan to accommodate the granting of shares to Directors/staff of BVB subsidiaries;
- Evaluation of the General Director, the Deputy General Director and the Financial Director
- Approving the Remuneration Report of the management structure drawn up in accordance with Law 24/2017 and the Remuneration Policy of the management structure;
- Approval of the proposal regarding the remuneration of the Company's administrators for the financial year 2022, the general limits of the additional remuneration for the Company's administrators;
- Approval of the Activity Report for 2021

Executive management

During 2022 the executive management of BVB was assured as follows:

Person	Position
Adrian Tănase	General Manager, director within the meaning of the Law on companies no. 31/1990, 4-year contract, Jan. 2018 - Dec. 2022. Based on the Decisions of the Board of Governors from October 2022, the mandate was extended until 31.12.2023. ASF authorized the extension of the mandate according to the Decision of the Board of Governors.
Marius - Alin Barbu	Deputy CEO, officer as per Law no. 31/1990, contract for unlimited period

BVB is not aware of any agreements, understandings or family relations between members of executive management and others, due to which the respective persons have been appointed to the executive management, also, the members of the executive management have the obligation to submit annual statement on conflict of interest.

Moreover, at the date when preparing this report, BVB is not aware of the existence in 2022 of any litigation or administrative proceedings against members of the Board of Governors or the executive management directly related to their activities concerning the Company or their ability to perform their duties within the Company.

The holdings in BVB shares as of December 31, 2022 of the members of the Board of Governors and the executive management are presented below:

Radu Hanga	8,662 BVB Shares
Robert-Cosmin Pană	2,744 BVB Shares
Dan Viorel Paul	8,336 BVB Shares
Claudia-Gabriela Ionescu	4,561 BVB Shares
Octavian Molnar	4,300 BVB Shares
Razvan- Legian Raț	500 BVB Shares
Mihaela-Ioana Bîciu	1,202 BVB Shares
Dragoș Valentin Neacșu	1,202 BVB Shares
Ștefan Szitaș	1,095 BVB Shares
Adrian Tănase	5,728 BVB Shares
Marius-Alin Barbu	6,344 BVB Shares

Remuneration for the members of the Board and executives

The remuneration of the directors and the executive management was made on the basis of the Remuneration Policy of the management structure and of the mandate contracts, as well as of the OGMS decision of BVB no. 4 / 28.04.2022, which approved the remuneration of the directors for the financial year 2022, the general limits of the additional remuneration for the directors of the Company.

To consult the remuneration policy of the management structure, please visit the BVB website at <http://www.bvb.ro/InvestorRelations/Overview>.

Internal control and risk management systems

The compliance function at the BVB level is organized in the form of procedures aimed at detecting and minimizing any risk of the BVB not fulfilling its obligations according to the provisions of the FSA Regulation no. 13/2018, of Regulation (EU) no. 600/2014 and of the European regulations issued in application of Directive 2014/65 / EU. The compliance function is performed independently and operatively, based on written procedures and an annual investigation plan approved by the Board of Governors.

The risk management function at BVB level is organized in the form of procedures that establish the necessary framework for identifying, evaluating, monitoring, managing and reporting the risks faced by the market operator, in a controlled and efficient way, in order to achieve the specific BVB objectives. To achieve the proposed purpose, through the risk management procedures, the limits of risk tolerance, the activities necessary to identify and evaluate the risks as well as the specific type of risk response are established.

The internal audit function is outsourced and is carried out in accordance with the regulations in force.

President,	CEO,
Radu Hanga	Adrian Tanase

Annex 1 – Statement with regard to BVB's compliance with the Corporate Governance Code

Principle	Requirement	Status at 31 December 2022	If does not comply, action towards compliance
A1	All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	Comply	
A2	Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	Comply	
A3	The Board of Directors should have at least five members.	Comply	
A4	The majority of the members of the Board of Directors should be non-executive. Not less than two non-executive members of the Board of Directors should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgment in practice and according to the criteria from the BVB Corporate Governance Code.	Comply	
A5	A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	Comply	
A6	Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	Comply	
A7	The company should appoint a Board secretary responsible for supporting the work of the Board.	Comply	
A8	The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points	Comply	

	and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	
A9	The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	Comply
A10	The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors.	Comply
A11	The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.	Comply
B1	The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	Comply
B2	The audit committee should be chaired by an independent non-executive member.	Comply
B3	Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	Comply
B4	The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.	Comply
B5	The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	Comply
B6	The audit committee should evaluate the efficiency of the internal control system and risk management system.	Comply

B7	The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	Comply
B8	Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	Comply
B9	No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	Comply
B10	The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.	Comply
B11	The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	Comply
B12	To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	Comply
C1	The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. The remuneration policy should be formulated in such a way that allows stakeholders to understand the principles and rationale behind the remuneration of the members of the Board and the CEO, as well as of the members of the Management Board in two-tier board systems. It should describe the remuneration governance and decision-making process, detail the components of executive remuneration (i.e. salaries, annual bonus, long term stock-linked incentives, benefits in kind, pensions, and others) and describe each component's purpose, principles and assumptions (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should disclose the duration of the executive's contract and their notice period and eventual compensation for revocation without cause. The remuneration report should present the implementation of the remuneration policy vis-à-vis the persons identified in the remuneration policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.	Comply

D1	<p>The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including: D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures; D.1.2. Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions; D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code; D.1.4. Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken; D.1.5. Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions; D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request; D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.</p>	Comply
D2	<p>A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.</p>	Comply
D3	<p>A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.</p>	Comply

D4	The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	Comply
D5	The external auditors should attend the shareholders' meetings when their reports are presented there.	Comply
D6	The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	Comply
D7	Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	Comply
D8	The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	Comply
D9	A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.	Comply
D10	If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	Comply

Anexa 2 – BVB reporting on sustainability

The sustainability reporting of the Bucharest Stock Exchange SA as issuer is voluntary and refers to non-financial data and information related to 2022.

In presenting the information in this report, BVB analyzed the reporting frameworks such as GRI, TCFD, CDP, SFDR, CSDR, the UN Sustainable Development Goals, the EBRD's ESG Policy, but also the expectations of stakeholders, the ESG rating offered by Sustainalytics, as well as the demands and interests of investors in recent years.

In this report, the terms sustainability and ESG are considered equivalent and interchangeable.

Sustainability events

In March 2015, the Bucharest Stock Exchange became the partner stock exchange of the United Nations (UN) Sustainable Stock Exchanges (EEA) initiative. UN SEE is a peer-to-peer learning platform to explore how stock exchanges, in collaboration with investors, regulators and companies, can strengthen corporate transparency and, ultimately, how they can perform on environmental, social issues and corporate governance issues, but also how to encourage sustainable investment. The initiative is supported by the Principles for Responsible Investment, UNCTAD, UNEP FI and UN Global Compact.

BVB was the fourth European stock exchange to join this global initiative alongside Deutsche Borse, the London Stock Exchange and the Warsaw Stock Exchange.

Through participation in the UNSEE initiative, BVB intends to strengthen its commitment to create a sustainable and transparent environment for all stakeholders, as well as to participate in global forums and projects carried out in various countries, to discuss best practices and learn from partner exchanges, as well as other stakeholders.

Also in support of the development of corporate governance of listed companies, increasing their transparency and improving the quality of reporting, BVB launched in September 2015 a new Corporate Governance Code incident to companies listed on the regulated market, with the support of the European Bank for Reconstruction and Development (EBRD), as part of a new corporate governance framework applicable since January 2016. Subsequently, in 2016, BVB launched a simplified version of the Corporate Governance Code dedicated to companies listed on AeRO. In order to increase the transparency of the listed companies, BVB supported the Association Romanian for Investor Relations in the development of [VEKTOR](#), the indicator of communication with investors for listed companies, which is published on the BVB website. The VEKTOR indicator is calculated annually from the financial year 2019 onwards. Also, starting with the financial year 2022, this indicator is calculated for the companies listed on the AeRO market and members of the BETAero index.

In September 2020, the Bucharest Stock Exchange launched the first ESG project on the local capital market aimed at providing quality ESG information for listed companies.

Through Sustainalytics' ESG risk ratings, BVB's objectives are to provide most local issuers with an initial assessment, the opportunity to improve their reporting from one assessment to another, to promote responsible investment and to highlight the importance of ESG standards among local participants. The initiative also aims to encourage local companies to align their standards with ESG best practices, which have seen spectacular growth globally in recent years.

Sustainalytics' ESG risk ratings are designed to help investors identify and understand the material risks of the companies they own and how these risks can affect the performance of companies. Ratings measure the specific sector risks of companies and assess how well they are managed. Ratings are comparable across different industries and provide a quantitative dimension to the level of risk to which

companies are exposed. Risk ratings are divided into 5 categories: negligible, low, medium, high and severe.

The Bucharest Stock Exchange envisages the development of the ESG infrastructure in Romania starting from this step by involving as many local participants as possible, publishing presentation materials and guides for issuers, as well as launching new products.

The first ESG scores on the local capital market are available free of charge starting with February 8, 2022 on the BVB Research Hub platform of the Bucharest Stock Exchange, more information being available [here](#).

The launch of the first ESG scores on the local capital market takes place in a favorable global context, where the total assets invested in funds that take into account the ESG criteria in the allocation of investments represent about a third of the total global assets, and the investment funds dedicated to ESG strategies have assets of over USD 2 trillion. The initiation by the Bucharest Stock Exchange of the first approach dedicated to ESG on the Romanian capital market, in 2020, and its continuous development, acquires in this global context an even greater relevance, in order to support the competitiveness of the Romanian market and to maintain the visibility of the assets listed on the BVB internationally.

BVB published on April 11, 2022 its first reporting guide according to environmental, social and governance (ESG) standards for listed companies, a guide developed with the technical assistance of the EBRD. The ESG reporting guide for issuers was developed together with the sustainability consulting firm Steward Redqueen with the aim of being an essential tool for companies determined to contribute to the reduction of carbon emissions in Romania. The guidelines also provide clear and comparable information to investors and provide a necessary platform for alignment with future EU reporting requirements under the Sustainable Finance Disclosure Regulation (SFDR) and the Corporate Sustainability Reporting Directive (CSRD).

The shift towards green and sustainable capital essentially depends on additional and more detailed data on the ESG activities to help investors in their decision-making. Thus, reporting has become an essential tool for measuring how companies manage climate and sustainability risks. Implementing measures to mitigate global challenges such as climate change, supply chain risks or biodiversity loss has never been more critical.

BVB has a significant role in streamlining the flow of ESG information between companies and investors, by ensuring transparency, providing support, services and raising awareness among customers and stakeholders.

The guide to ESG reporting is available on the BVB website and can be downloaded from this [link](#).

Romanian Commercial Bank (BCR) listed on June 22, 2022 a new issue of green bonds, worth RON 702 million, under the stock exchange symbol BCR27A. It is the second green bond issue listed by BCR on the Bucharest Stock Exchange, after the one in October 2021 worth RON 500 million. The senior non-preferential green bonds that have been listed have a maturity of 5 years and an annual fixed interest rate of 9.079%. The new green bond issue is part of the bank's efforts to align with the ESG criteria. The bonds received a long-term rating of BBB+ from fitch rating agency.

Raiffeisen Bank listed on 24 June 2022 a new issue of green bonds on BVB worth RON 525 million. The bonds, which are traded under the stock symbol RBRO27, is the third issue of green bonds that Raiffeisen Bank lists on BVB, after the 2 issues in 2021. The non-preferential senior green bonds that went to trading on June 24 have a maturity of 5 years and an annual fixed interest rate of 8.927% per year. Raiffeisen Bank issued and sold to 13 legal entities a number of 1,000 corporate bonds with a nominal value of RON 525,000. On November 2, it listed the ninth issue of sustainable BVB bonds in 2022, worth RON 325.5 million. The bonds, which were traded under the stock exchange symbol RBRO27B on the Regulated Market of the stock exchange, representing the second issue of sustainable

bonds that Raiffeisen Bank lists on BVB and the sixth issue of bonds tradable on the stock exchange, the value of all six bonds issued by Raiffeisen Bank being over RON 3.3 billion.

BVB awarded its winners for the implementation and promotion in 2022 of green financing through the capital market (BCR and Raiffeisen Bank) and for the best ESG valuation (OMV Petrom).

As the main entity of the Romanian capital market, the Bucharest Stock Exchange is a promoter of good practices both in the sector in which it operates and within the community in which it operates. Thus, BVB works actively and strategically taking into account all aspects of risk, responsibility and liability, in the relationship with its stakeholders. At the same time, the last years have been marked by the transformation of the local capital market towards a financing lever of Romanian SMEs and the emerging market status offered by the index rating agencies.

All these factors have made BVB to rethink and restructure its activities in the field of sustainability, towards a more increased promotion of ESG to its customers and a specific implementation of its own, corporate ESG approaches.

In August 2022, BVB initiated a process of consulting internal and external stakeholders in order to establish the level at which topics related to the activities of the Bucharest Stock Exchange are important for them from the perspective of sustainability (ESG). As of August 31, there were 69 respondents to the BVB survey, out of the following 5 categories, in descending order of the number of respondents: customers (intermediaries, listed companies and data vendors), investors (shareholders and investors), employees, civil society, authorities. Most of the respondents considered as important or very important the aspects included in the survey regarding the market, the environment, the BVB employees or the civil society. The result of the survey is summarized in the sections of a dedicated report available [here](#).

Regarding the sustainability reporting by the Bucharest Stock Exchange SA, as a listed company, for the financial years 2015-2021, it has drawn up exclusively an Annual Environmental and Social Reporting, as part of the Consolidated Annual Reports of BVB administrators, available [here](#), based on the EBRD's Environmental and Social Policy. 2022 is the first year in which BVB has a dedicated sustainability chapter in its annual report.

Environmental responsibility

As a basic activity, BVB is a service provider, carrying out its activity in office-type facilities for employees. These are considered to have a negligible impact on the environment, therefore, from the company's point of view, the environmental risk is considered insignificant. However, in view of the fact that climate change is a reality of the days we live in and that it depends on the current generation what legacy will leave to the next generation, BVB is aware of the fact that it must act in support of this global effort of humanity to preserve the environment, with all the necessary prevention, implementation and monitoring measures.

Also, BVB, as an active market operator in the non-banking financial sector, strives to be a promoter of the global sustainability agenda, and promotes ESG reporting of listed companies and green financing.

Social responsibility

The social responsibility of the BVB covers aspects that concern both the human capital of the BVB and civil society.

Regarding human capital, BVB is an employer that respects fundamental labor rights and promotes constructive relations with its employees. BVB's commitment is based on compliance with applicable local legislation, as well as relevant UN and OECD principles. Through its internal procedures and policies, but also through an adequate human resources structure, BVB manages and develops its

relations with employees. Regarding the workplace, health and safety at work, equal opportunities, diversity and inclusion, coaching and training, but also the involvement of employees in volunteer activities, BVB applies, in addition to the legal framework in force, the best international practices in the field.

Regarding the local community and the social impact that BVB has on it, BVB has the regulatory framework for carrying out activities on three levels:

- Social impact on local communities: through its activity, BVB promotes Romania as investment destination for foreign investors; it also supports and contributes in financial education programs for the general public.
- CSR activities: through its Sponsorships and Donations Policy, BVB actively supports social projects in the community where it operates.
- Compliance with regulations, Ethics, Integrity, Anti-corruption and non-discrimination in business and within society: Considering its quality as a market operator, but also as an Issuer, BVB is subject to a varied and specific regulatory framework. For its administration, BVB has effective internal control and risk management systems, as detailed in the previous chapters of the present Report.

Corporate Governance

The BVB Corporate Governance Framework is presented in detail in the Corporate Governance chapter of this Report.

As regards the BVB's compliance with the principles defined by the BVB Code of Corporate Governance, it fully complies with them, as presented in Annex 1 of the Consolidated Report of Directors for the financial year 2022. Also, BVB complies with the principles of corporate governance provided by the ASF Regulation no. 2/ 2016 on the application of the governance principles by the entities authorized, regulated and supervised by the Financial Supervisory Authority.

The organizational structure of the BVB with its internal bodies/structures (Board of Directors, Audit Committee, Risk Management Committee, Risk Management Department and risk holders) and their responsibilities regarding the risk management and control framework are presented in the BVB Risk Strategy.

ESG risk is part of the BVB risk matrix. The integration of ESG criteria into capital allocation decisions by large institutional investors is a dominant theme in the global capital markets landscape in recent years. In the context of the subsequent Paris Agreement and against the background of the implementation of new regulations at European level aimed at improving the sustainability of capital markets, this trend is likely to accelerate in the coming years. The Bucharest Stock Exchange focuses on increasing the visibility and competitiveness of the Romanian capital market by implementing sustainability standards and, in this way, will contribute to the transition of Romania's economy towards a green economy. Although the ESG reporting for BVB in 2022 is voluntary, BVB published in September 2022 the company's first report on ESG, which reflects the results of the stakeholders engagement survey. At the end of 2022, BVB had two employees from two different departments covering the sustainability and reporting framework on ESG. Also in 2022, BVB approved [Policy for Diversity, Equity and Inclusion](#), [BVB Corporate Environmental Policy](#), and [BVB Policy for Supply Chain](#).

As measures to control the risk of the ESG: to carry out the annual reporting of BVB on ESG; the annual reassessment, or whenever necessary, of the policies and procedures incidental to the transposition of the ESG legislation in force, and the creation of new policies and procedures, as appropriate; communication to the IR public of reporting on ESG.

The measures incident to the ESG risk for BVB will be reassessed in 2023, following the entry into force of the relevant European legislation.

BVB recognizes the expectations of the stakeholders from the company, given its central role in the development of the local capital market, to have implemented ESG practices, mechanisms and management systems, aimed at its entire activity. Thus, as a result of the feedback received by BVB following the survey with its internal and external stakeholders regarding the importance of ESG factors, BVB reports on the following aspects:

- **BVB Sustainability Strategy:** BVB will establish its sustainability strategy in 2023, after analyzing the new incident legislative framework and the materiality of the ESG factors for its activity. Also, in establishing its strategy, BVB will consider both reducing or eliminating the negative impact of some ESG factors, as appropriate, and increasing the positive impact in the sphere of sustainability for some ESG factors, as appropriate. BVB will also establish its reporting framework on the ESG. Although BVB is through its activity an institution of public interest, in the spirit of the concept of sustainability and its corporate mission, BVB will analyze the extent of expanding the categories of stakeholders who can benefit from its projects.
- **Measures/action plans on financial education:** in 2022 BVB expanded its educational activity on two levels. The first is aimed at concluding partnerships with universities in the country in order to cooperate on educational programs in the classroom or capital market events, covering saving and investing, entrepreneurship, internships, and research. The second layer covers the delivery of a free workshop on savings and investments for employees of companies in Romania. These activities will be intensified in 2023, in parallel with the existing educational projects and partnerships of BVB.
- **Instructions and clarifications for listed companies on ESG reporting indicators, taxonomy reports, sanctions on non-application of ESG standards:** BVB has initiated discussions with international consulting partners in order to continue the regular publication of updated guidelines on sustainability reporting of listed companies.
- **Sustainability ratings obtained by listed issuers:** BVB continued in 2022 to work with Sustainalytics in order to ensure the evaluation and reporting framework for listed companies, as presented in the platform [BVB Research Hub](#).
- **Revision of the BVB Corporate Governance Code with details of the requirements on ESG:** BVB has initiated discussions in this regard, so that the draft reassessment of the Code can start in 2023.

Chairman,

Radu Hanga

CEO,

Adrian Tanase

Financial Manager

Virgil Adrian Stroia

Statement

The statement herein concerns the extent to which the financial report of Bucharest Stock Exchange SA, prepared on 31 December 2022, contains an accurate presentation of all significant matters related to the financial position of Bucharest Stock Exchange SA as of 31 December 2022, and of the results of its operations ended on this date according to the accounting standards required by Romanian legal framework, namely the Accounting Law no. 82/1991, republished, and the Rule of the Financial Supervisory Authority no. 39/2015, for the approval of accounting regulations compliant with the International Financial Reporting Standards, applicable to entities regulated, authorized and/or supervised by the FSA, from the Financial Instruments and Investments Sector.

We undertake responsibility for the accurate presentation of the financial reports according to the above-mentioned lawful regulations. We confirm with full knowledge of the facts that the yearly financial and accounting report was drawn up according to the Accounting Regulations in compliance with the International Financial Reporting Standards, the accountancy policies used observing the same and providing an accurate and true to reality image of the assets, liabilities, financial position, profit and loss account and that the report of the Board of Governors includes an accurate analysis of the company development and performance, as well as a description of the main risks and uncertainties specific to the activity carried out.

Chairman,
Radu Hanga

CEO,
Adrian Tanase

Financial Manager
Virgil Adrian Stroia

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Financial reports availability

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

Conference calls for results

The recording of our conference calls to present financial results and related presentations is available [here](#)

The conference call will be streamed live over the web [here](#)

Upcoming corporate events

26/27 of April 2023

General Meeting of the Shareholders

26/27 of April 2023

Release of the 2022 Annual Report

5 May 2023

Release of the Quarterly report for the 1st Quarter of 2023 & conference call

4 August 2023

Release of the Half-yearly report for the 1st Half of 2023& conference call

3 November 2023

Release of the Quarterly report for the 3rd Quarter of 2023 & conference call

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Corporate website www.bvb.ro

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BVB app



BVB Trading app

