



QUARTERLY REPORT

as of 30 September 2017

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The report herein presents the interim condensed consolidated financial statements of the Bucharest Stock Exchange, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and in compliance with the rules and regulations of the Financial Supervisory Authority (FSA). The financial results as of 30 September 2017 are not audited.

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

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

Disclaimer

This English language report is a convenience translation of the Romanian language "*Raport trimestrial întocmit la data de 30 septembrie 2017*". The Romanian version of the report is the official document.

Executive summary

**RON 10.88 bn,
+33%**

**Total trading value,
growth compared
with the first 9
months 2016**

(first 9 months 2017, all
markets, offers
included)

The Bucharest Stock Exchange (BVB) recorded for the first nine months of 2017 a traded value on all markets of RON 10.88 bn, up by 33% compared with the same period of the previous year, the third quarter being the best quarter of the last two years. The value traded on all markets exceeded RON 4.18 bn in the third quarter, 27% above the year-ago period.

The average daily trading value on the regulated market segment, excluding the value of the initial public offerings (IPOs), amounted to RON 67.57 mn in September, and at the end of the first nine months of this year the value of the indicator was RON 44.43 mn. Thus, compared with January-September 2016, the average daily trading value increased by almost 35%.

All BVB indices have increased by more than 11% between January and September, and 3 out of the 8 BVB's indices increased by more than 20% each. The BET-XT-TR "total return" index, that tracks the stock price of the 25 most traded companies and the dividends distributed by them, grew by nearly 22% in the first nine months of 2017.

The third quarter was marked by a number of new bonds offerings, floating both on the Main Market as well as AeRO market. During this period, the largest corporate bonds issuance in the history of BVB floated on the Main Market following the admission to trading of Globalworth bonds issue of a total value of EUR 550mn. Unicredit Bank also issued corporate bonds on the main market, attracting RON 610 mn. The International Investment Bank (IIB) became the first issuer on the Bucharest Stock Exchange to place Euro denominated bonds settled in the same currency through the Central Depository (DC) system. Thus IIB managed to attract, in two tranches, RON 300 mn and additional EUR 60 mn through denominated and settled bonds in euro.

The local and cross-border settlement activity of the Central Depository also rose in the third quarter of 2017, due to the increase of the volumes traded on the BVB and the increase of the cross-border activity of the participants. In the first nine months of the year, DC's operating income reached RON 10.00 mn (excluding intra-group transactions), which corresponds to an increase by 15% compared with the similar period of 2016. Starting from September 2017, the Central Depository made available to its clients the settlement services of the euro-denominated transactions on the Bucharest Stock Exchange, for financial instruments denominated in euro, through the TARGET2-Securities Platform (T2S). The first transactions on T2S Platform, for the public offering of euro-denominated bonds issued by the International Investment Bank, were settled in the same period.

**RON 29.20 mn,
+25%**

**Operating revenues
of BVB Group in the
first 9 months of
2017, growth
compared with the
first 9 months of
2016**

(as per consolidated
IFRS reporting)

In the first 9 months of 2017, the BVB Group recorded operating revenues of over RON 29.20 mn (9 months 2016: RON 23.30 mn), a 25% increase year-to-date, generated by all operating segments of the Group.

The revenues generated by BVB, representing the Group's trading segment, amounted to RON 18.28 mn (excluding intra-group transactions) for the first nine months of 2017, up by 28% compared with same period of 2016 (9 months 2016: RON 14.26 mn), amid the increase in traded values.

Revenues from the post-trading segment in the first 9 months of 2017, respectively RON 7.21 mn, increased by 21% compared to the same period in 2016, amid the increase in the trading activity of BVB, which generated an increase by 37% of the local settlement revenues from RON 1.56 mn to RON 2.15 mn, as well as the 14% increase in revenues

from the admission and maintenance of the participants in the clearing-settlement and custodian system from RON 4.22 mn to RON 4.79 mn.

RON 8.32 mn, +101%

Operating profit of BVB Group in the first 9 months of 2017, growth compared with the first 9 months of 2016

(as per consolidated IFRS reporting)

Regarding operational expenses, they accounted for RON 20.88 mn, 9% higher than the expenses incurred in the first nine months of last year (9 months 2016: RON 19.15 mn), mainly due to the increase in personnel expenses, expenses for the preparation of BVB-SIBEX merger and the increase in the Group's promotion and marketing expenses.

The operating profit of the BVB Group reached RON 8.32 mn, two times higher than the result obtained in the first 9 months of 2016, due to a positive evolution of revenues and a moderate increase in expenditures.

The financial income of RON 1.72 mn was mainly represented by the interests generated by government bonds and bank deposits, in RON and foreign currency, of the Group entities. The unrealized adverse exchange rate differences of RON 1.31 mn, related to foreign currency securities were recorded due to the appreciation of RON against the USD, partially counterbalanced by the depreciation of the RON against EURO, increased compare with the same period of 2016 when they amounted to RON 0.86 mn. Thus, a net financial profit of RON 0.45 mn was recorded, compared to a net financial profit of RON 1.02 mn in the first nine months of 2016.

RON 7.38 mn, +72%

Net profit of BVB Group in the first 9 months of 2017, growth compared with the first 9 months of 2016

(as per consolidated IFRS reporting)

The net profit for the first nine months of the year was RON 7.38 mn (9 months 2016: RON 4.29 mn), up by 72% compared to the first 9 months of the previous year, 79% generated by the Group's trading segment, from RON 4.12 mn to RON 5.82 mn. The profit attributable to the shareholders of the parent company was RON 6.92 mn (9 months 2016: RON 4.37 mn).

BVB shares rose in the first nine months of 2017 by more than 7%, up to a price of RON 31.20, with an 126% increase of the total trading value, Wood & Co and IFB Finwest acting as Market Makers for BSE shares.

Financial and operating highlights

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

	9M 2017	9M 2016	Change (%)	3Q 2017	3Q 2016	Change (%)
Operating revenue	29.20	23.30	25%	8.91	9.14	-3%
Operating expenses	20.88	19.15	9%	6.57	6.23	6%
Operating profit	8.32	4.15	101%	2.33	2.91	-20%
Net financial revenue/(expenses)	0.45	1.02	-56%	0.35	0.07	412%
Profit before tax	8.75	5.17	69%	2.67	2.98	-10%
Profit for the period	7.38	4.29	72%	2.23	2.49	-10%
Total comprehensive income	7.63	4.09	87%	2.29	2.53	-9%
EPS attributable to owners (RON/share)	0.9000	0.5700	58%	0.2800	0.3265	-14%

Profitability ratios (%)

	9M 2017	9M 2016	3Q 2017	3Q 2016
Operating margin	28%	18%	26%	32%
Net margin	25%	18%	25%	27%
Return on equity	7%	4%	2%	2%

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

	9M 2017	9M 2016	Change (%)	3Q 2017	3Q 2016	Change (%)
Operating revenue	18.55	14.50	28%	5.40	6.08	-11%
Operating expenses	11.72	10.17	15%	3.35	3.23	+4%
Operating profit	6.82	4.32	58%	2.05	2.85	-28%
Net financial revenue/(expenses)	1.48	1.68	-12%	0.32	0.07	341%
Profit before tax	8.30	5.88	41%	2.36	2.93	-19%
Profit for the period	7.13	5.08	40%	1.98	2.47	-20%

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

	9M 2017	9M 2016	Change (%)	3Q 2017	3Q 2016	Change (%)
Trading value						
Shares, units, rights*	9,392	6,505	44%	2,932	2,142	37%
Certificates	200	330	-40%	50	98	-49%
Fixed-income*	1,287	1,338	-4%	1,200	1,053	14%
Total	10,879	8,173	33%	4,183	3,292	27%
Avg. daily value (shares, including offers)*	49.51	33.01	50%	45.30	32.2	41%

*Value for the Regulated market

Operating indicators, post-trading and registry segments

	9M 2017	9M 2016	Change (%)	3Q 2017	3Q 2016	Change (%)
No. companies with registry contract at CSD	886	886	0%	886	886	0%
No. procedures resulted from issuers' corporate events	260	324	-20%	39	70	-44%
<u>Local settlement</u>						
Value of trades settled on net basis (RON bn)	24.68	17.04	45%	9.49	6.00	58%
Value of trades settled on gross basis (RON bn)	3.21	1.69	90%	1.01	0.46	120%
<u>Settlements through T2S platform (euro)</u>						
Value of trades settled on gross basis (RON bn)	0.12	-	-	0.12	-	-

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

	9M 2017	9M 2016	Change (%)	3Q 2017	3Q 2016	Change (%)
Closing price (e-o-p)	31.20	27.10	15%	31.20	27.10	15%
Weighted average price	32.36	25.50	27%	33.50	25.70	30%
High (intraday)	35.50	28.00	27%	34.80	27.90	25%
Low (intraday)	27.70	20.60	34%	31.10	23.50	32%
Total trading value (RON mn)	20.24	8.95	126%	6.50	1.38	371%
Average trading value (RON mn)	0.11	0.05	132%	0.10	0.02	379%

Analysis of the consolidated results for the first 9 months and the third quarter of 2017

Macroeconomic background and financial markets overview in the third quarter of 2017. Global equity markets recorded robust growth rates in the third quarter of 2017 as a result of solid economic growth and benign levels of inflation as well as due to positive financial results reported by the companies. In Europe, economic growth continued its upward trend managing to consolidate the investors' trust towards the evolution of the main economies as well as the evolution of the emerging economies. In USA, end of September brought back renewed talks about fiscal stimulus which triggered an acceleration in the growth rate of S&P 500 index. Also, September highlighted the German parliamentary elections, where Chancellor Angela Merkel won her 4th mandate which determined the markets to focus on the robustness of the German economy, the DAX index recording and increase towards the end of the quarter. Romania's GDP dynamics revealed in the third quarter regarding the second quarter performance outpaced the analysts' expectations growing at a 5.9% rate year over year. As a result, most economic growth forecasts were revised upwards for the current year by the analysts. Moreover, the investors' sentiment stayed at a high level also due to the expectations towards a gradual normalization of the monetary policies practiced by the main central banks.

The US Federal Reserve (FED) announced that it will start the process of „quantitative tightening” through reducing the central bank's balance sheet, fact that is indented to begin to reverse, to some extent, the very accommodative measures („quantitative easing”) that supported the fixed income instruments during the recent period. However, FED maintained, in the third quarter, the key rate to 1.25%, but nonetheless is suggested a possible interest rate hike, in December, against the current positive economic backdrop. In the Eurozone, the possibility that European Central Bank (ECB) to reduce the size of the incentive measures package was kept in the markets highlight. The ECB, however, decided, in September, to continue its very accommodative monetary policy, meant to bring back inflation, by keeping unchanged the policy rate. At the same time, ECB governing directors confirmed that the current level of asset purchases (EUR 60 bn / month) will be maintained. All these macroeconomic events supported a positive evolution of the financial markets without major influences.

The National Bank of Romania maintained the 1.75% key rate during the analyzed period and kept the credit institutions' minimum reserve requirements for the RON liabilities as well as for the foreign currency liabilities to 8% level, thus continuing the relatively expansionary monetary policy. The liquidity surplus from the banking system decreased significantly towards the end of September which caused an increase in the yields of the Romanian government bonds that consequently decreased their price. From the Bucharest Stock Exchange perspective, the central bank's current monetary policy, characterized by low interest rates, contributes to the investment of population's savings, fact confirmed also by the significant shares turnover from the third quarter.

The inflation rate, measured by the consumer price index continued its upward trend also in the third quarter, following a half year period in which inflation rebounded. The level recorded in September was of 1.77% y-o-y, an increase that outpaced the analysts' expectations, thus, entering the variation range of inflation targeting policy practiced by the NBR. The Central Bank's projection, captured by the inflation report from August is set towards the level of 1.9% for the end of 2017 and 3.2% for the end of 2018, however judging by the September inflation figures, the Central Banks projection might be adjusted upwards at the next monthly report. Additionally, the third quarter captured the government's decision to increase the excise duties applicable to fuels, in 2 steps (each step totaling RON 0.16 / liter) the first one happening on the 15th of September while the second one starting with 1st of October. As a result, the analysts' expectations indicate that the inflation rate will continue its upward trend in the following period due to the increasing inflationary pressures caused by the internal environment, the fiscal and payroll stimulus as well as due to the dissipation of statistical base effects caused by the tax cuts from the first quarter of the current year.

The EUR/RON exchange rate recorded a slight increase in the third quarter of the current year, fluctuating, on average, near the value of 4.58. As for the USD/RON exchange rate, its evolution continued the downward trend started in the second quarter, fluctuating, on average, around the level of 3.90.

International Financial markets recorded positive performance in the third quarter amid strengthening of the global economic growth. Particularly, S&P500 jumped 3.96%, whereas FTSE100 only recorded a slight rise of 0.82% against the floating uncertainties towards future relationships between Great Britain and EU raised by Brexit. The German index,

DAX, went up 4.09% amid very good financial results, whereas MSCI Emerging Markets Index increased with 7.02%. The Romanian markets saw a positive evolution in the first half of the quarter, BET index surpassing, for the second time this year, the 8400 points threshold, followed, however, by a correction in the second half based on information published in the press regarding the government's intention to introduce a tax applied to the bank's assets. Another information that influenced the market's evolution captured discussions, from the beginning of September, of a possible reduction in the Pillar II pensions contributions. Nevertheless, BET index increased by 0.29% in the third quarter, while its total return counterpart, BET-TR index, went up 2.14% due to significant dividend yields offered by Romgaz and Banca Transilvania. The most positive evolution of a Romanian Index, this quarter, was shown by the investments funds sectorial index, BET-FI, which increased 15.2%. The second place in the top was taken by the total return version of the extended Romanian index, BET-XTR, which went up 4.8% in the same period. The aforementioned results were motivated by the second quarter financial results of the listed companies, the continuous increase in the population's interest towards the local capital market as well as the stable macroeconomic environment that Romania is situated in.

Review of the consolidated financial results for the first 9 months and the third quarter of 2017. The operating revenues of the BVB Group recorded a level RON 29.20 mn in the first 9 months of the year, up by 25% compared to the same period of the previous year, mainly due to the increase of BVB's trading activity, but also as a result of the increase in income from the clearing-settlement activity of the Central Depository.

The **trading activity** on the shares market at BVB was more intense in the first nine months of the year, registering an increase by 44% compared to the first 9 months of 2016 up to the amount of RON 9.39 bn. For the regulated market of shares, the average daily value of transactions was RON 49.51 mn.

The fixed-income instruments market (bonds and government securities) registered a slight decrease compared to the same period last year, to a value of RON 1.29 bn (9 months 2016: RON 1.34 bn).

The structured products market decreased by 40% compared to the first nine months of 2016, to RON 200 mn (9 months 2016: RON 330 mn).

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

Trading value (RON mn)	9M 2017	9M 2016	Change (%)	3Q 2017	3Q 2016	Change (%)
Trading value – shares, rights, units*	9,392	6,505	44%	2,932	2,142	37%
Trading value – certificates	200	330	-40%	50	98	-49%
Trading value – fixed-income*	1,287	1,338	-4%	1,200	1,053	14%
Total	10,879	8,173	33%	4,183	3,292	27%

Note: Figures refer to all markets and include offers

The revenues from the **registry activity** carried out by the Central Depository (DC) in the first nine months of 2017, amounting to RON 2.79 mn (9 months 2016: RON 2.76 mn), are heterogeneous and the variations are not generally significant to indicate the trend of these earnings. In the first 9 months of 2017, there was a similar evolution of the revenue over the same period of the previous year.

Regarding the **post-trade activity** carried out by the Central Depository, the related revenues increased by 21% from RON 5.95 mn to RON 7.21 mn, due to the additional revenues from the admission and maintenance of the participants in the clearing-settlement and custodian system, and the increase of the revenues directly proportional to the activity of trading, ie the revenues from local settlement.

In the third quarter of 2017, DC admitted 23 new issues of financial instruments into its system, began dividend payments for SIF 4 - Muntenia (the largest issue among those posted in third quarter), and executed 11 share capital change operations for companies.

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

Post-trading and registry segment indicators	9M 2017	9M 2016	Change (%)	3Q 2017	3Q 2016	Change (%)
Registry activity						
No. companies with a registry contract at the Depository:	886	886	0%	886	886	0%
- listed companies	408	398	3%	408	398	3%
- closed companies	478	488	-2%	478	488	-2%
No. procedures resulted from issuers' corporate events, of which:	260	324	-20%	39	70	-44%
- share capital changes	40	42	-5%	12	15	-20%
- dividend payments	220	282	-22%	27	55	-51%
Settlement activity						
a) Admission and maintenance						
No. of intermediaries / participants to the clearing & settlement system	35	37	-5%	35	37	-5%
No. of custodians	10	11	-9%	10	11	-9%
Avg. monthly portfolio managed by custodians (RON bn)	38.72	32.18	20%	39.99	33.39	20%
No. of clearing participants paying maintenance fees	3	3	0%	3	3	0%
b) Local settlement						
Value of trades settled on net basis (RON bn)*	24.68	17.04	45%	9.49	6.00	58%
Value of trades settled on gross basis (RON bn)**	3.21	1.69	90%	1.01	0.46	120%
c) Settlements through T2S platform (euro)						
Value of trades settled on gross basis (RON bn)	0.12	-	-	0.12	-	-

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

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

The incomes of the Investor Compensation Fund (FCI) are represented by the interest income related to the investments of the Fund, classified as operational revenues, ie those remaining at the disposal of the FCI to cover the administrative expenses or to increase the Fund's resources. They have a small share in the total operating income of the BVB Group and come to cover only a fraction of FCI's expenses.

The BVB Group's **operating income** declined by 3% between July and September of 2017, compared to the same period of the previous year, to a level of RON 8.91 mn. In nominal terms, the traded value in the third quarter of 2017 increased by 27% compared to the traded value in the same quarter of 2016, while trading segment's revenue declined by 11%. This divergent evolution between trading value and trading income was mainly influenced by the registration in the third quarter of 2016 of the public offering for the takeover of Albalact and public buy-in offering in case of Fondul Proprietatea which were commissioned at a higher level.

Regarding **operational expenses**, they accounted for RON 20.88 mn for the BVB Group, 9% higher than the amount recorded in the first nine months of 2016, the Group's personnel expenses increased by 6% during the of the period, due to the registration, during the first 9 months of 2017, of expenses related to the mandate contract of the former general manager, Mr. Ludwik Sobolewski, according to the contract's provisions.

During the same period, there was a 30% increase in expenditures for services provided by third parties, due to the recording of the expenses for the preparation of the BVB-SIBEX merger, amounting to RON 0.28 mn, but also due to other expenses provided by third parties, generated by the ongoing projects of the Group. The category of other operating expenses increased by 10%, mainly as a result of the increase in the Group's promotion and marketing expenses (organization of events and actions to promote the capital market), the increase of operating expenses for rents and

utilities according to the BVB Group's lease agreements, of the expenses with fees and other taxes, respectively those due to Financial Supervisory Authority (FSA) based on operating revenues, partly offset by the decrease of other categories of expenditures, such as transport and travel expenses.

The steady increase in operating revenues at the BVB Group's level since the second half of 2016, as well as the Group's ongoing projects, allowed and generated a 6% increase in operating expenses in the third quarter, which accounted for RON 6.57 mn (3Q.2016: RON 6.23 mn). Compared to the previous quarter of 2017, the operating expenses declined by 19%.

The Group's **operating profit** for the first nine months was RON 8.32 mn, up by 101% compared to the similar period of 2016 (9 months 2016: RON 4.15 mn), as a result of the increase by 25% of the operating revenues while the operating expenses advanced by 9%.

The third quarter of 2017 generated a consolidated operating profit of RON 2.33 mn, a decrease by 20% compared to the same quarter of 2016 (3Q.2016: RON 2.91 mn), due to a slight decreases in operating revenues compounded by an increase in operating expenses, respectively the personnel costs.

The net **financial result** had a limited contribution to the Group's result of RON 0.45 mn. The financial income of RON 1.72 mn was mainly represented by the interests generated by government bonds and bank deposits, in RON and foreign currency, of the Group entities. The unrealized adverse exchange rate differences of RON 1.31 mn, related to foreign currency securities were recorded due to the appreciation of RON against the USD, partially counterbalanced by the depreciation of the RON against EURO, increased compare with the same period of 2016 when they amounted to RON 0.86 mn. Thus, a net financial profit of RON 0.45 mn was recorded, compared to a net financial profit of RON 1.02 mn in the first nine months of 2016.


The financial net profit for the third quarter of 2017, amounting to RON 0.35 mn (3Q.2016: RON 0.07 mn), was influenced by the unrealized adverse exchange rate differences from the revaluation of financial instruments in foreign currency, amounting to RON 0.21 mn (3Q.2016: RON 0.53 mn).

The consolidated **net profit** for the first nine months of 2017 amounted to RON 7.38 mn (9 months 2016: RON 4.29 mn), the profit attributable to shareholders of the parent company was RON 6,92 mn (9 months 2016: RON 4.37 mn). The total comprehensive result of the period, which also includes differences in the revaluation of available-for-sale financial assets not recognized in the income statement, was RON 7.63 mn (9 months 2016: RON 4.09 mn).

The consolidated net profit for the third quarter of 2017 was RON 2.23 mn, down by 10% compared to the net result obtained in the same period of the previous year (3Q.2016: RON 2.49 mn) with a net margin of 25%, 85% of the profit being generated by the Group's trading segment.

Review of the consolidated financial position as of end-September 2017. At the end of September 2017, the **total assets** of the BVB Group amounted to RON 212.59 mn (31 December 2016: RON 173.00 mn), up by 23% compared to the beginning of the year, mainly due to the increase in current assets represented by funds available for dividend payments by the Central Depository to the shareholders of the listed companies, clients of the Central Depository. **Fixed assets** decreased by 2% compared to the beginning of the year, while **current assets** increased by 46% to RON 131.08 mn (31 December 2016: RON 89.87 mn). The amounts available for dividends payment to the Central Depository's clients were presented in **Other restricted assets** and recorded at the end of September 2017 the amount of RON 76.91 mn (31 December 2016: RON 38.47 mn).

The **total debts** of the Group are only short-term and at the end of September 2017 they amounted to RON 104.63 mn (31 December 2016: RON 64.97 mn), approximately 74% of this value, amounting to RON 76.91 mn, is represented by the dividends to be paid by the Central Depository on behalf of its clients and 20% representing guarantee funds, compensation and margin for the settlement of transactions amounting to RON 20.72 mn. The increase in total debts comparing with the beginning of the year is mainly due to the increase in the debts representing funds for dividend payments that the Central Depository must distribute to the shareholders of the listed companies, clients of the Depository.



The remaining debts include the amounts of debts to various suppliers, other liabilities to the state budget and the social security budget, not due at the end of the analyzed period, as well as dividends to be paid from current and previous years, not yet claimed by the BVB shareholders (RON 0.7 mn).

Shareholder's equity reached RON 107.96 mn, a similar level to that from the beginning of the year, amid a 9-month net result comparable to the net result of 2016 which was distributed as dividends in the second quarter of 2017.

The share capital structure was slightly changed, in accordance to the legal provisions the shareholders who did not vote in favor of the BVB-SIBEX merger could withdraw from the shareholding of the company. As a result, in September 2017 the BVB purchased 28,276 of its own shares representing 0.26% of its total share capital. The acquisition price of the shares was RON 35.6376 / share, determined by an independent expert established by the National Trade Register Office.

Expectations for the last quarter of 2017

On November 2, shares of Transilvania Broker de Asigurare (TBK) begun trading on the Main Market of the Bucharest Stock Exchange following a successful IPO. The value of offer exceeded RON 9 mn (EUR 2 mn) for 25% of the company's equity. The sale offer was closed after a day and a half, when subscription rate of over 270% was reached and over 800 orders from institutional and retail investors were introduced into the system, totalling nearly 1.7 mn shares.

A week later, on November 9, Sphera Franchise Group (SFG) begun trading on the Main Market, following a successful IPO. The value of the offer exceeded RON 285 mn (EUR 62 mn).

Starting October 2017, a new trading category was introduced within the AeRO market that includes the shares of issuers that have been transferred from the alternative trading system managed by SIBEX on the alternative trading system administered by BVB. This measure took place following the termination of SIBEX's activity on 9 October 2017 as a result of the merger with BVB.



Condensed consolidated interim financial statements as at and for the period ended 30 September 2017

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

Condensed consolidated income statement and statement of comprehensive income

All amounts are indicated in RON, unless otherwise stated

	Nine-month period ended	
	30 Sept 2017	30 Sept 2016
	Unaudited	Unaudited
Revenues from services	28,364,014	23,013,710
Other revenues	<u>836,841</u>	<u>283,699</u>
Operating revenue	29,200,855	23,297,409
Personnel expenses and Directors' fees	(11,951,789)	(11,307,490)
Expenses with services provided by third parties	(2,162,399)	(1,668,061)
Other operating expenses	<u>(6,768,917)</u>	<u>(6,174,872)</u>
Operating profit	<u>8,317,750</u>	<u>4,146,986</u>
Net financial revenues/(expenses)	445,796	1,024,521
(Losses)/Gains from impairment of assets	<u>(11,165)</u>	-
Profit before tax	8,752,381	5,171,507
Corporate income tax expense	<u>(1,372,440)</u>	<u>(882,468)</u>
Profit for the period	<u>7,379,941</u>	<u>4,289,039</u>
Profit attributable to:		
Non-controlling interests	455,303	(85,511)
Owners of the Company	<u>6,924,638</u>	<u>4,374,550</u>
Profit for the period	<u>7,379,941</u>	<u>4,289,039</u>
Differences from valuation of financial assets available for sale and related deferred tax	<u>248,980</u>	<u>(198,831)</u>
Total comprehensive income for the period	<u>7,628,921</u>	<u>4,090,208</u>
Attributable to:		
Non-controlling interests	455,303	(85,511)
Owners of the Company	<u>7,173,618</u>	<u>4,175,719</u>
Total comprehensive income for the period	<u>7,628,921</u>	<u>4,090,208</u>
Earnings per share		
Earnings per share – base/diluted (RON)	0.9000	0.5700

The notes on pages 21 to 28 are an integral part of these condensed consolidated financial statements.

Interim General Manager,

Marius-Alin Barbu

Financial Manager,

Virgil Adrian Stroia

Condensed consolidated income statement and statement of comprehensive income

All amounts are indicated in RON, unless otherwise stated

	Three-month period ended	
	30 Sept 2017	30 Sept 2016
	Unaudited	Unaudited
Revenues from services	8,893,694	9,096,516
Other revenues	14,901	42,220
Operating revenue	8,908,595	9,138,736
Personnel expenses and Directors' fees	(3,890,738)	(3,872,128)
Expenses with services provided by third parties	(659,747)	(710,672)
Other operating expenses	(2,023,895)	(1,649,256)
Operating profit	2,334,215	2,906,680
Net financial revenues/(expenses)	349,704	68,358
(Losses)/Gains from impairment of assets	(11,165)	-
Profit before tax	2,672,754	2,975,038
Corporate income tax expense	(446,016)	(487,904)
Profit for the period	2,226,738	2,487,134
Profit attributable to:		
Non-controlling interests	59,748	(18,707)
Owners of the Company	2,166,990	2,505,841
Profit for the period	2,226,738	2,487,134
Differences from valuation of financial assets available for sale and related deferred tax	62,747	39,657
Total comprehensive income for the period	2,289,485	2,526,791
Attributable to:		
Non-controlling interests	59,748	(18,707)
Owners of the Company	2,229,737	2,545,498
Total comprehensive income for the period	2,289,485	2,526,791
Earnings per share		
Earnings per share – base/diluted (RON)	0.2800	0.3265

The notes on pages 21 to 28 are an integral part of these condensed consolidated financial statements.

Interim General Manager,
Marius-Alin Barbu

Financial Manager,
Virgil Adrian Stroia

Condensed consolidated statement of financial position

All amounts are indicated in RON, unless otherwise stated

	30 Sept 2017	31 Dec 2016
	Unaudited	Unaudited
Non-current assets		
Tangible assets	7,508,335	6,280,678
Intangible assets	2,543,967	1,859,031
Held-to-maturity restricted financial assets covering the guarantee and clearing funds and the margin	10,941,243	12,574,140
Held-to-maturity financial assets	58,032,221	60,221,776
Available-for-sale financial assets	<u>2,485,538</u>	<u>2,200,297</u>
Total non-current assets	<u>81,511,304</u>	<u>83,135,922</u>
Current assets		
Trade and other receivables	4,554,147	2,850,473
Prepayments	396,847	341,978
Bank deposits	31,411,293	33,554,786
Restricted bank deposits covering the guarantee fund and the margin	2,630,614	1,949,556
Held-to-maturity restricted financial assets covering the guarantee and clearing funds and the margin	7,336,755	5,280,638
Other held-to-maturity financial assets	2,484,269	1,397,551
Cash and cash equivalents	5,343,118	6,028,375
Other restricted assets	<u>76,920,401</u>	<u>38,466,316</u>
Total current assets	<u>131,077,444</u>	<u>89,869,672</u>
Total assets	<u>212,588,748</u>	<u>173,005,594</u>
Equity		
Share capital	76,741,980	76,741,980
Treasury shares	(1,007,689)	-
Legal reserve	8,782,906	8,782,906
Revaluation reserve	3,644,141	2,810,429
Fair value reserve	1,086,608	837,628
Retained earnings	<u>8,349,039</u>	<u>8,489,576</u>
Total shareholders' equity attributable to the owners of the Company	<u>97,596,985</u>	<u>97,662,519</u>
Non-controlling interests	10,358,075	10,372,558
Total shareholders' equity	<u>107,955,060</u>	<u>108,035,077</u>

Condensed consolidated statement of financial position (continued)

All amounts are indicated in RON, unless otherwise stated

	30 Sept 2017	31 Dec 2016
	Unaudited	Unaudited
Payables		
Trade and other payables	82,220,075	43,150,920
Deferred income	1,037,289	930,958
Current corporate income tax payables	446,016	459,477
Deferred tax liabilities	206,973	159,548
Guarantee and clearing funds and settlement operation margin	<u>20,723,335</u>	<u>20,269,614</u>
Total current payables	<u>104,633,688</u>	<u>64,970,517</u>
Total payables and equity	<u>212,588,748</u>	<u>173,005,594</u>

The notes on pages 21 to 28 are an integral part of these condensed consolidated financial statements.

Interim General Manager,
Marius-Alin Barbu

Financial Manager,
Virgil Adrian Stroia

Condensed consolidated statement of changes in equity

All amounts are indicated in RON, unless otherwise stated

Unaudited	Share capital	Treasury shares	Retained earnings	Revaluation reserve	Revaluation reserve of available-for-sale financial assets	Legal reserve	Total attributable to shareholders	Non-controlling interests	Total shareholders' equity
Balance as at 1 January 2017	<u>76.741.980</u>	<u>-</u>	<u>8.489.576</u>	<u>2.810.429</u>	<u>837.628</u>	<u>8.782.906</u>	<u>97.662.519</u>	<u>10.372.558</u>	<u>108.035.077</u>
Total comprehensive income for the year									
Profit or loss	-	-	6.924.638	-	-	-	6.924.638	455.303	7.379.941
Other items of comprehensive income									
Reserve of available-for-sale financial assets	-	-	-	-	248.980	-	248.980	-	248.980
Reserve of land revaluation	-	-	-	833.712	-	-	833.712	-	833.712
Total items of comprehensive income	-	-	-	833.712	248.980	-	1.082.692	-	1.082.692
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>6.924.638</u>	<u>833.712</u>	<u>248.980</u>	<u>-</u>	<u>8.007.330</u>	<u>455.303</u>	<u>8.462.633</u>
Transactions with owners of the Company, recognized directly in equity									
Acquisition of treasury shares	-	(1.007.689)	-	-	-	-	(1.007.689)	-	(1.007.689)
Contributions by and distributions to owners of the Company									
Legal reserve increase	-	-	-	-	-	-	-	-	-
Adjustment of retained earnings	-	-	(2.767)	-	-	-	(2.767)	-	(2.767)
Dividend paid to shareholders	-	-	(7.062.408)	-	-	-	(7.062.408)	(469.786)	(7.532.194)
Total transactions with owners	<u>-</u>	<u>(1.007.689)</u>	<u>(7.065.175)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8.072.864)</u>	<u>(469.786)</u>	<u>(8.542.650)</u>
Balance as at 30 September 2017	<u>76.741.980</u>	<u>(1.007.689)</u>	<u>8.349.039</u>	<u>3.644.141</u>	<u>1.086.608</u>	<u>8.782.906</u>	<u>97.596.985</u>	<u>10.358.075</u>	<u>107.955.060</u>

Condensed consolidated statement of changes in equity (continued)

All amounts are indicated in RON, unless otherwise stated

Audited	Share capital	Retained earnings	Revaluation reserve	Revaluation reserve of available-for-sale financial assets	Legal reserve	Total attributable to shareholders	Non-controlling interests	Total shareholders' equity
Balance as at 1 January 2016	<u>76,741,980</u>	<u>8,050,343</u>	<u>2,810,429</u>	<u>880,313</u>	<u>8,300,415</u>	<u>96,783,480</u>	<u>12,529,523</u>	<u>109,313,003</u>
Total comprehensive income for the year								
Profit or loss	-	7,588,276	-	-	-	7,588,276	173,130	7,761,406
Other items of comprehensive income								
Reserve of available-for-sale financial assets	-	-	-	(42,685)	-	(42,685)	-	(42,685)
Total items of comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,685)</u>	<u>-</u>	<u>(42,685)</u>	<u>-</u>	<u>(42,685)</u>
Total comprehensive income for the year	<u>-</u>	<u>7,588,276</u>	<u>-</u>	<u>(42,685)</u>	<u>-</u>	<u>7,545,591</u>	<u>173,130</u>	<u>7,718,721</u>
Transactions with owners of the Company, recognized directly in equity								
Contributions by and distributions to owners of the Company								
Legal reserve increase	-	(482,491)	-	-	482,491	-	-	-
Dividend paid to owners of BVB	<u>-</u>	<u>(6,666,552)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,666,552)</u>	<u>-</u>	<u>(6,666,552)</u>
Total contributions by and distributions to owners of the Company	<u>-</u>	<u>(7,149,043)</u>	<u>-</u>	<u>-</u>	<u>482,491</u>	<u>(6,666,552)</u>	<u>-</u>	<u>(6,666,552)</u>
Change in interests in subsidiaries that do not result in a loss of control								
Dividend paid to minority shareholders	-	-	-	-	-	-	(384,763)	(384,763)
Decrease of the share capital of CCB's minor shareholders	-	-	-	-	-	-	(3,132,855)	(3,132,855)
Covering the result carried forward – CCB loss	-	-	-	-	-	-	1,187,523	1,187,523
Total changes in interests in subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,330,095)</u>	<u>(2,330,095)</u>
Total transactions with owners	<u>-</u>	<u>(7,149,043)</u>	<u>-</u>	<u>-</u>	<u>482,491</u>	<u>(6,666,552)</u>	<u>(2,330,095)</u>	<u>(8,996,647)</u>
Balance as at 31 December 2016	<u>76,741,980</u>	<u>8,489,576</u>	<u>2,810,429</u>	<u>837,628</u>	<u>8,782,906</u>	<u>97,662,519</u>	<u>10,372,558</u>	<u>108,035,077</u>

The notes on pages 21 to 28 are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows

All amounts are indicated in RON, unless otherwise stated

	Nine-month period ended	
	30 Sept 2017	30 Sept 2016
	Unaudited	Unaudited
Cash flows used in operating activities		
Profit for the year	7.379.941	4,289,039
Adjustments to remove non-cash items and reclassifications:		
Depreciation of fixed assets	1.305.011	1,288,554
Net interest income	(1.718.954)	(1,854,480)
Loss from impairment of uncollected receivables	692.107	205,401
Net expenses/(revenue) with receivables adjustment	(708.466)	(256,273)
Corporate income tax expense – reclassification	1.372.440	882,468
Other adjustments	(25.510)	(32,999)
	8.296.569	4,521,710
Change in trade and other receivables	(1.478.907)	(2,515,734)
Change in other assets - amounts due for dividends payment to issuers	(38.454.086)	(50,710,477)
Change in prepayments	(54.869)	(11,343)
Change in trade and other payables, including amounts due for dividends payment to clients	39.212.906	47,799,057
Change in deferred income	106.331	132,302
Changes in guarantee and clearing funds and the margin	453.721	607,667
Corporate income tax paid	(1.385.901)	(914,744)
Net cash from operating activities	6.695.764	(1,091,562)
Cash flows from investing activities		
Interest received	1.483.258	1,294,951
(Purchases)/Repurchases of held-to-maturity financial assets	534.744	3,006,625
Change in bank deposits balance	1.843.004	5,257,311
Acquisition of tangible and intangible assets	(2.383.892)	(1,773,988)
Dividends received	33.906	32,999
Net cash from investing activities	1.511,020	7,817,898
Cash flows from financing activities		
Dividends paid shareholders of the parent	(7.031.574)	(6,677,318)
Dividends paid to minority interests	(469.786)	-
Released share capital of CCB's to minor shareholders	(382.992)	-
Acquisition of treasury shares	(1.007.689)	-
Net cash used in financing activities	(8.892.041)	(6,677,318)
Net increase / (decrease) in cash and cash equivalents	(685.257)	49,018
Cash and cash equivalents 1 January	6.028.375	3,151,884
Cash and cash equivalents 30 September	5.343.118	3,200,902

The notes on pages 21 to 28 are an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

All amounts are indicated in RON, unless otherwise stated

1. General information

Identification data

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

Address

J40/12328/2005

Trade Register No

17777754

Sole Registration Code

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

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

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

Main activity

Administration of financial
markets

CAEN code 6611

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

Share tickers

BVB

BVB.RO (Bloomberg)

BBG000BBWMN3 (Bloomberg
BBGID)

ROBVB.BX (Reuters)

ROBVBAAACNOR0 (ISIN)

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

In accordance with the provisions of article 129 paragraph 1 of Law no. 297/2004 on the capital market, no shareholder of a market operator can hold, directly or indirectly, more than 20% of the total voting rights. At the end of September 2017, there were no shareholders holding stakes exceeding this threshold.

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

Subsidiaries

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

- Central Depository (Depozitarul Central), 69.042% owned by BVB, performs clearing / settlement operations for transactions with securities carried out at BVB and keeps the register of shareholders;
- Investors' Compensation Fund (Fondul de Compensare a Investitorilor), 62.4481% owned by BVB, pays compensations when fund members fail to return the money or the financial instruments owed by or belonging to investors, which have been held on their behalf for the provision of financial investment or individual investment portfolio management services;
- Bucharest Clearing House (Casa de Compensare București), 52.508% owned by BVB, used to perform market research and public opinion polling (market capital market research services);
- Corporate Governance Institute (Institutul de Guvernare Corporativă), fully owned by BVB, offers training services to listed companies and capital market participants, in corporate governance and sustainable development areas.

The consolidated financial statements of BVB for the nine-month period ended 30 September 2017 include the financial information of the Company and its subsidiaries, except for the Corporate Governance Institute, an entity considered by BVB management as insignificant for inclusion in the Group's consolidated financial statements and reports.

2. Basis of preparation

The interim condensed consolidated financial statements for the nine-month period ended 30 September 2017 have been prepared in accordance with IAS 34, 'Interim financial reporting'. They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards. These interim condensed consolidated financial statements should be read in conjunction with the annual standalone financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRSs.

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

3. Accounting policies

The accounting policies and methods of computation followed in these condensed consolidated financial statements are consistent with those used in the most recent annual financial statements, prepared for the year ended 31 December 2016.

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

4. Estimates

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

In preparing these condensed interim financial statements, the significant judgments made by management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual standalone financial statements for the year ended 31 December 2016.

5. Financial risk management and financial instruments

5.1 Financial risk factors

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

The standalone condensed preliminary financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the company's annual financial statements as at 31 December 2016.

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

5.2 Liquidity risk

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

5.3 Fair value estimation

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

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

Bucharest Stock Exchange

Quarterly report for the period ended 30 September 2017

During the reporting period there have been no significant changes in carrying amounts and fair values of the main categories of assets and liabilities, as compared to 31 December 2016.

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

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

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

6. Segment reporting

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

The Group's activity consists of the following main business segments:

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

The companies in the Group have been organized by segments as follows: BVB represents the "trading services" segment, the activity of the Central Depository is divided between the "post-trading services" segment and the "registry services" segment according to the share of the related revenues, and the Investors Compensation Fund (FCI) and the Bucharest Clearing House (CCB) is part of the services segment "FCI and other services" (for the period of 2016, the expenses and revenues of CCB were recorded in the "post-trading services" segment).

The Group's revenues, expenses and operating profit for the first nine months of 2017 are shown below, by segment:

9M 2017	Trading services	Post-trading services	Registry services	FCI services and other services	Group
Revenues from clients outside the Group	18,280,407	7,213,638	2,790,295	916,515	29,200,855
Revenues from intra-group transactions*	267,270	55,229	21,408	4,466	348,373
Operating expenses	(11,715,106)	(6,036,884)	(2,443,647)	(687,468)	(20,883,105)
- out of which tangible and intangible asset depreciation expenses	<u>(885,611)</u>	<u>(298,321)</u>	<u>(115,637)</u>	<u>(5,442)</u>	<u>(1,305,011)</u>
Operating profit	<u>6,565,301</u>	<u>1,176,754</u>	<u>346,648</u>	<u>229,047</u>	<u>8,317,750</u>
Net financial income /(expenses)	434,067	(4,932)	(1,912)	18,573	445,796
(Losses)/Gains from impairment of assets	<u>(11,165)</u>	=	=	=	<u>(11,165)</u>
Pre-tax profit	<u>6,988,203</u>	<u>1,171,822</u>	<u>344,736</u>	<u>247,620</u>	<u>8,752,381</u>
Corporate income tax	<u>(1,170,847)</u>	<u>(145,279)</u>	<u>(56,314)</u>	=	<u>(1,372,440)</u>
Net profit	<u>5,817,356</u>	<u>1,026,543</u>	<u>288,422</u>	<u>247,620</u>	<u>7,379,941</u>

* eliminated on consolidation

Bucharest Stock Exchange

Quarterly report for the period ended 30 September 2017

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

9M 2016	Trading services	Post-trading services	Registry services	FCI services	Group
Revenues from clients outside the Group	14,256,047	5,949,720	2,755,383	336,259	23,297,409
Revenues from intra-group transactions*	240,000	105,737	49,340	-	395,078
Operating expenses	(10,152,004)	(5,788,708)	(2,681,365)	(528,347)	(19,150,423)
- out of which tangible and intangible asset depreciation expenses	(901,503)	(262,670)	(122,545)	(1,836)	(1,288,554)
Operating profit	4,104,043	161,012	74,018	(192,088)	4,146,986
Net financial income	822,180	129,640	47,916	24,785	1,024,521
Pre-tax profit	4,926,223	290,653	121,934	(167,303)	5,171,507
Corporate income tax	(802,039)	(54,839)	(25,590)	-	(882,468)
Net profit	4,124,184	235,813	96,344	(167,303)	4,289,039

* eliminated on consolidation

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

9M 2017	Trading services	Post-trading services	Registry services	FCI services and other services	Group
Assets	79,353,403	27,427,160	86,057,485	19,750,700	212,588,748
Liabilities	3,922,206	4,320,293	78,584,145	17,807,044	104,633,688
Capital expenditures	1,552,410	1,220,445	473,075	11,638	3,257,568

9M 2016	Trading services	Post-trading services	Registry services	FCI services	Group
Assets	72,853,665	30,490,024	104,897,981	17,411,167	225,652,837
Liabilities	2,436,294	5,872,250	95,403,805	15,588,620	119,300,969
Capital expenditures	1,378,308	150,534	70,244	-	1,599,086

7. Operating expenses

The operating expenses include the following:

7.1 Personnel expenses and Director's fees

	9M 2017	9M 2016
Personnel expenses and Director's fees	10,219,743	9,658,114
Personnel-related accruals – net impact	(149,922)	(348,612)
Contributions and taxes related to personnel and fees	1,881,968	1,997,988
Total	11,951,789	11,307,490

7.2 Services provided by third parties

	9M 2017	9M 2016
Financial, IT and internal audit services	207,862	233,404
Commissions & fees (legal, contributions, etc.)	587,657	319,101
Promotion activities of BVB Group	325,094	371,015
Services provided by third parties for business purposes	<u>1,041,786</u>	<u>744,540</u>
Total	<u>2,162,399</u>	<u>1,668,061</u>

7.3 Other operating expenses

	9M 2017	9M 2016
Rent and office utilities	1,907,287	1,713,514
Tangible asset depreciation	635,012	731,466
Intangible asset amortisation	669,999	557,088
Costs related to FSA fees and other taxes	821,874	765,212
Consumables	184,924	142,154
IT maintenance and service	1,041,854	1,044,140
Protocol	219,220	177,088
Marketing and advertising	481,060	207,980
Transport of goods and personnel	406,472	459,278
Post and telecommunications	206,482	224,794
Loss from non-paying customers	692,107	205,401
Expenses/(Income) from provisions for disputes	-	-
Net expenses/(income) from adjustment of receivables	(708,466)	(256,273)
Other expenses	<u>211,092</u>	<u>203,030</u>
Total	<u>6,768,917</u>	<u>6,174,872</u>

8. Financial income and financial costs

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

	9M 2017	9M 2016
Net Interest income from held-to-maturity financial assets	1,718,954	1,854,480
Dividend income	33,906	32,999
(Net loss)/Net gain from exchange rate differences	<u>(1,307,064)</u>	<u>(862,958)</u>
Net financial income	<u>445,796</u>	<u>1,024,521</u>

9. Income taxes

The income tax expense is recognized based on the annual income tax rate and calculation methodology for the full financial year. The annual tax rate used for the period ended 30 September 2017 is 16% (the tax rate for the year ended 31 December 2016 was 16%).

For the temporary differences from the evaluation to fair value of the available-for-sale financial assets, a deferred tax of RON 206,973 was also registered, included in the revaluation reserve of available-for-sale financial assets which is part of the shareholders' equity.

10. Dividends

The General Shareholders' Meeting held on April 12, 2017 approved the proposed distribution of the statutory net profit for the year 2016 of the Bucharest Stock Exchange in the amount of RON 7,500,525, as follows: the amount of RON 438,102 for the legal reserve and the remaining amount in the form of the gross dividends. Thus, the amount to be distributed in 2017 in the form of gross dividends for the year 2016 is RON 7,062,423. The value of the gross dividend for the year 2016 is RON 0.92028 / share, and the date of payment set by the GSM was 6 June 2017.

The General Shareholders Meeting of the Central Depository held on 24 May 2017 approved the proposal for the distribution of the company's statutory net profit for 2016, amounting to RON 1,600,574, as follows: RON 83,060 as legal reserve and RON 1,517,514 as dividends.

11. Share capital

On 30 September 2017, BVB had a share capital amounting to RON 76,741,980 divided into 7,674,198 shares with a nominal value of RON 10/share, dematerialized, with the same voting rights, divided into the following categories:

	Number of shares	% of the share capital
Legal entities, of which:	6,624,363	86.32%
Romanian	5,529,871	72.06%
Foreign	1,094,492	14.26%
Individuals, of which:	1,049,835	13.68%
Romanian	954,534	12.44%
Foreign	95,301	1.24%
Total	7,674,198	100.00%

In accordance with the provisions of the Government Emergency Ordinance no. 90/2014 amending and supplementing the Law no. 297/2004 regarding the capital market, a shareholder of a market operator cannot own directly or indirectly more than 20% of the total voting rights. On 30 September 2017, there were no shareholders holding stakes exceeding this threshold.

The share capital structure was slightly changed because, in accordance to the legal provisions, the shareholders who did not vote in favor of the BVB-SIBEX merger could withdraw from the shareholding of the company and, as result, in September 2017 the BVB purchased 28,276 of its own shares representing 0.26% of its total share capital. The acquisition price of the shares was RON 35.6376 / share, determined by an independent expert established by the National Trade Register Office.


12. Subsequent events

On 31 August 2017, the Ministry of Public Finance (MFP) published on its website, for public consultation, the draft of Investor Compensation Fund (FCI) Law proposal, which transforms the current Investor Compensation Fund in legal entity governed by public law, whose statute of organization and functioning is approved by the Financial Supervisory Authority (FSA). Within 90 days of the entry into force of the Act, the patrimony of the current Investor Compensation Fund S.A. becomes the FCI's property, and within 90 days, it will be ordered to restitution to the current shareholders of the fund the equivalent of the shares held in the company's share capital. The liquidation of the FCI subsidiary will change the structure of the BVB Group.

On October 5, 2017, the BVB received from the FSA the authorization for the change of the BVB market operator's, as a result of the share capital increase from RON 76,741,980 to RON 80,492,460, following the merger between the BVB (absorbing company) and SIBEX-Sibiu Stock Exchange SA (absorbed company). BVB will continue to take the

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necessary steps to register the increase of the company's share capital and the implementation of the merger with SIBEX at the Trade Register Office, attached to the Bucharest Tribunal.

The following changes took place in the management of the company:

- On October 27, 2017, Mr. Ludwik Sobolewski notified the Society of his resignation as General Manager of the Company;
- On 1 November 2017 Mr. Radu Hanga was approved by the Financial Supervisory Authority as a member of the Board of the Governors;
- On November 1, 2017, the Board of Governors decided to appoint Mr. Marius Alin Barbu, Deputy General Manager, as Interim General Manager.

There are no other events to report.

Contact us

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Financial reports availability

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

Earnings conference calls

Permanent replays of our recorded earnings conference calls and the related presentations are available [here](#)
Presentation slides and sound will be streamed live over the web [here](#)

Upcoming corporate events

14 Nov 2017

Release of the Quarterly report for the 3rd Quarter of 2017 & conference call

Find out more about the Bucharest Stock Exchange



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