



# QUARTERLY REPORT

as of 31 March 2020

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## Notes

The report herein presents the interim condensed consolidated financial statements of the Bucharest Stock Exchange, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and in compliance with the rules and regulations of the Financial Supervisory Authority (FSA). The financial results as of 31 March 2020 are not audited.

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

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

## Disclaimer

This English language report is a convenience translation of the Romanian language “*Raport preliminar întocmit la data de 31 martie 2020*”. The Romanian version of the report is the official document.

# Executive summary

## Key events, 1Q 2020

- The total value of transactions on the regulated stock market, excluding offers, + 17% from RON 2.64 bn to RON 3.09 bn. Transactions with shares, excluding offers, represent 84% of the total traded values in Q1 2020, respectively 92% in Q1 2019
- The total value of transactions on all markets, including offers, + 29%, from RON 2.87 bn to RON 3.69 bn, due to the increase of “regular” transactions but also of due to the secondary public offers on the main stock market by RON 0.73 bn in total
- The interest of the private companies in our alternative market - SMT kept the momentum started in Q1 2020. The Norofert shares listed on this segment on Feb 27th, followed by the bonds issued by Qualitance on March 30th.
- The annual conference Romania Investor Day in London took place on Feb 25-26. The majority of the Romanian blue-chip attended the event as well as representatives of the Romanian Government and the Romanian Central Bank.
- The first fully digital investor event took place on March 25-26, replacing the CEE Investor Day conference in New York. The participation rate was high, with more than 50 regional companies, including the largest Romanian companies, and roughly 100 institutional investors. This event proved that the investor relations activity can continue successfully in a 100% online environment.
- Q1 2020 marked the significant progress of the issuer market making scheme developed by BVB in 2019. 3 issuers, part of the BET index, opted to use this product with positive evolution in their trading volumes after implementing the new market-making arrangements.
- Regarding the COVID-19 crisis, BVB took early measures during Q1, including the cancellation of all events with physical participation, the implementation of an extensive work from home program and additional investments in the IT capacity. This ensured the protection of the employees as well as the smooth continuation of our activities. BVB functioned at optimal parameters throughout Q1 2020.

## Evolution of financial performance, 1Q 2020 - consolidated results BVB Group

- **The consolidated operating revenues** of the BVB Group in 1Q 2020 were of RON 12.11 mn (1Q 2019: RON 8.86 mn), + 37%, + RON 3.26 mn, growth influenced by all business segments of the Group
  - Revenues from the trading segment (BVB) increased by 49%, + RON 2.57 mn (from RON 5.30 mn to RON 7.87 mn) as a result of the increase in traded values, both “regular” transactions as well as secondary public offers, but also due to the increase of the category of other revenues of this operating segment
  - Revenues related to the post-trading segment (DC) increased by 15% (from RON 2.38 mn to RON 2.73 mn) due to the increase of revenues from maintaining the quality of custodian in the DC system but also due to the increase of revenues from settlement, influenced by the increase of the values traded at BVB, the revenues related to the register segment (DC) also increased, by 30%, from RON 1.05 mn to RON 1.37 mn, mainly due to the registration of “one-off” revenues

Quarterly individual results\*:

- Trading revenues – **BVB individual\***, increased by 48%, + RON 2.57 mn (from RON 5.38 mn to RON 7.95 mn) mainly as a result of the advance of revenues from shares trading on the main market, both “regular” transactions and secondary public offers by RON 1.80 mn
- **DC individual\*** revenues increased by 19%, + RON 0.66 mn in 1Q 2020 compared to 1Q 2019, from RON 3.46 mn to RON 4.12 mn

\* including intra-group transactions

- **Consolidated operating expenses** - 1Q 2020, + 11%, respectively RON 0.78 mn, from RON 7.24 mn to RON 8.02 mn, mainly due to the advance of personnel expenses by RON 0.46 mn and the expenses with services provided by third parties by RON 0.36 mn.

Quarterly individual results\*:

- Operating expenses, **BVB individual\***, 1Q 2020, + 5%, + RON 0.19 mn, from RON 4.01 mn to RON 4.20 mn mainly due to the increase of expenses with services provided by third parties
  - Operating expenses, **DC individual\***, 1Q 2020, + 13%, + RON 0.40 mn, from RON 3.11 mn to RON 3.51 mn mainly due to the advance of personnel expenses by RON 0.28 mn, as a base effect, considering that in 1Q 2019 no expenses with Board allowances were registered, the authorization of the Board by FSA took place in April 2019
- **Consolidated operating profit of the BVB Group** - 1Q 2020, + 153%, from RON 1.62 mn to RON 4.09 mn as a result of the advance of operating revenues by 37% while the advance of operating expenses is 11%
    - Operational profit, **BVB individual\*** - 1Q 2020, + 174%, from RON 1.37 mn to RON 3.76 mn, with an operating margin of 47%. This includes intra-group transactions (for trading segment values, excluding intra-group transactions - see *Note 6 Segment reporting*)
    - Operational profit, **DC individual\*** - 1Q 2020, + 76%, from RON 0.35 mn to RON 0.61 mn, with an operating margin of 15%. This includes intra-group transactions (for post-trading and registry segments values, excluding intra-group transactions - see *Note 6 Segment reporting*)
- **Consolidated net financial income** - 1Q 2020, -54%, from RON 1.69 mn to RON 0.78 mn, mainly determined by the reduction of unrealized exchange rate differences from the revaluation of financial instruments in foreign currency that generated a gain of RON 0.01 mn vs. RON 0.96 mn in 1Q 2019, decrease partially covered by the increase of interest income by RON 0.12 mn, up to the value of RON 0.86 mn
    - Net financial income, **BVB individual\*** - 1Q 2020, -61% or RON 0.87 mn, from RON 1.43 mn to RON 0.55 mn influenced by both the reduction of interest income and unrealized differences of exchange. For the trading segment values, excluding dividend income from the Central Depository - see *Note 6 Segment reporting*
    - Net financial income, **DC individual\*** - 1Q 2020, -44% or RON 0.11 mn, from RON 0.26 mn to RON 0.15 mn. For the post-trading and registry segment values - see *Note 6 Segment reporting*
- **Consolidated net profit of the BVB Group** - 1Q 2020, + 54%, from RON 2.72 mn to RON 4.21 mn, 87% being generated by the trading segment of the Group
    - Net profit, **BVB individual\*** - 1Q 2020, + 59%, from RON 2.34 mn to RON 3.73 mn, with a net margin of 47%. This includes intra-group transactions (for trading segment values, excluding intra-group transactions - see *Note 6 Segment reporting*)
    - Net profit, **DC individual\*** - 1Q 2020, + 29%, from RON 0.52 mn to RON 0.66 mn, with a net margin of 16%. This includes intra-group transactions (for post-trading and registry segments values, excluding intra-group transactions - see *Note 6 Segment reporting*)

\* including intra-group transactions

## Financial and operating highlights

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

	1Q 2020	1Q 2019	Change (%)
Operating revenue	12.11	8.86	37%
Operating expenses	(8.02)	(7.24)	11%
<b>Operating profit</b>	<b>4.09</b>	<b>1.62</b>	<b>153%</b>
<i>Operating margin</i>	<i>34%</i>	<i>18%</i>	
<b>Net financial revenue/(expenses)</b>	<b>0.78</b>	<b>1.69</b>	<b>-54%</b>
Profit before tax	4.88	3.31	47%
Profit from continuing operations	4.21	2.76	52%
Profit from discontinued operation	-	(0.04)	-100%
<b>Profit for the period</b>	<b>4.21</b>	<b>2.72</b>	<b>54%</b>
<i>Net margin</i>	<i>35%</i>	<i>31%</i>	
EPS attributable to owners (RON/share)	0.5064	0.3254	56%
<i>Return on equity</i>	<i>3%</i>	<i>2%</i>	

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

	1Q 2020	31 Dec. 2019	Change (%)
<b>Total assets, out of which:</b>	<b>220.39</b>	<b>217.63</b>	<b>1%</b>
<i>Cash &amp; cash equivalents</i>	<i>88.77</i>	<i>81.71</i>	<i>9%</i>
<i>Financial assets at amortised cost</i>	<i>38.07</i>	<i>37.12</i>	<i>3%</i>
<i>Restricted financial assets at amortised cost</i>	<i>55.22</i>	<i>57.42</i>	<i>-4%</i>
<b>Payables, out of which:</b>	<b>67.15</b>	<b>67.68</b>	<b>-1%</b>
<i>Trade and other payables</i>	<i>40.34</i>	<i>41.33</i>	<i>-2%</i>
<b>Equity, out of which:</b>	<b>153.24</b>	<b>149.95</b>	<b>2%</b>
<i>Total shareholders' equity attributable to the owners of the Company</i>	<i>110.97</i>	<i>107.84</i>	<i>3%</i>
<i>Non-controlling interests</i>	<i>42.24</i>	<i>42.11</i>	<i>0%</i>

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

	1Q 2020	1Q 2019	Change (%)
Operating revenue	7.96	5.38	48%
Operating expenses	(4.20)	(4.01)	5%
<b>Operating profit</b>	<b>3.76</b>	<b>1.37</b>	<b>174%</b>
<i>Operating margin</i>	<i>47%</i>	<i>26%</i>	
<b>Net financial revenue/(expenses)</b>	<b>0.55</b>	<b>1.43</b>	<b>-61%</b>
Profit before tax	4.31	2.80	54%
<b>Profit for the period</b>	<b>3.73</b>	<b>2.34</b>	<b>59%</b>
<i>Net margin</i>	<i>47%</i>	<i>44%</i>	
<i>Return on equity</i>	<i>3%</i>	<i>2%</i>	

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

	1Q 2020	31 Dec. 2019	Change (%)
<b>Total assets, out of which:</b>	<b>115.17</b>	<b>110.93</b>	<b>4%</b>
<i>Cash &amp; cash equivalents</i>	8.91	1.99	347%
<i>Financial assets at amortised cost</i>	25.50	25.19	1%
<i>Investments in subsidiaries</i>	67.96	67.96	0%
<b>Payables, out of which:</b>	<b>5.91</b>	<b>4.48</b>	<b>32%</b>
<i>Trade and other payables</i>	3.27	2.60	26%
<b>Equity, out of which:</b>	<b>109.26</b>	<b>106.45</b>	<b>3%</b>
<i>Share capital</i>	80.49	80.49	0%
<i>Legal reserve</i>	9.36	9.15	2%

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

	1Q 2020	1Q 2019	Change (%)
Closing price (e-o-p)	23.30	21.90	6%
Weighted average price	23.02	22.45	3%
High (intraday)	25.90	24.60	5%
Low (intraday)	19.00	21.10	-10%
Total trading value (RON mn)	11.11	2.42	358%
Average trading value (RON mn)	0.18	0.04	351%

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

	1Q 2020	1Q 2019	Change (%)
<b>Trading value</b>			
Shares, units, rights	3,530	2,766	28%
<i>Out of, Shares traded on regulated market, without offers</i>	3,094	2,644	17%
Certificates	137	37	267%
Fixed-income	25	61	-59%
<b>Total</b>	<b>3,692</b>	<b>2,865</b>	<b>29%</b>
Avg. daily value (shares, without offers)*	55.18	44.17	25%
Avg. daily value (shares, including offers)*	55.18	44.17	25%

\*Value for the Regulated market

## Operating indicators, post-trading and registry segments

	1Q 2020	1Q 2019	Change (%)
No. companies with registry contract at CSD	866	902	-4%
No. procedures resulted from issuers' corporate events	331	285	16%
<u>Local settlement</u>			
Value of trades settled on net basis (RON bn)	7.33	6.71	9%
Value of trades settled on gross basis (RON bn)	0.61	1.07	-43%
<u>Settlements through T2S platform (euro)</u>			
Value of trades settled on gross basis (EUR mn)	11.76	1.21	872%
Avg. monthly portfolio managed by custodians (RON bn)	44.95	37.74	19%

# Analysis of the consolidated results for the first quarter of 2020

**Macroeconomic background and financial markets overview in the first quarter of 2020.** Following the emergence of this unprecedented crisis, the unemployment rate as of March surged from 3.9% to 4.6% and is expected to increase even further over the next period. Inflation in March moved lower towards the 3% mark and expectations are that it will continue to move lower over the medium term as the clues so far point that this crisis seems to have a disinflationary tendency given the suppressed economic activity.

Given the severity and rapidity of the economic shock, the response from the Romanian fiscal and monetary authorities has been quick and material. At an emergency meeting in March, the National Bank of Romania (NBR) decided to lower the key rate from 2.5% to 2.0% as well as to narrow the symmetrical corridor defined by interest rates on standing facilities around the monetary policy rate to  $\pm 0.5$  percentage points from  $\pm 1.0$  percentage points. Further measures taken by the Romanian central bank were to provide liquidity to credit institutions via repo transactions to ensure the smooth functioning of money market and of other financial market segments and to purchase leu-denominated government securities on the secondary market, the latter representing the first quantitative easing program issued by the NBR. From the fiscal side, the finance minister announced a package of measures amounting 2% of GDP with the possibility to add more measures over the next period given the status of the economy.

The EUR/RON exchange rate increased in the 1st quarter, fluctuating, on average, near the level of 4.80. As for the USD/RON exchange rate, it continued to move higher, on average, around the level of 4.35.

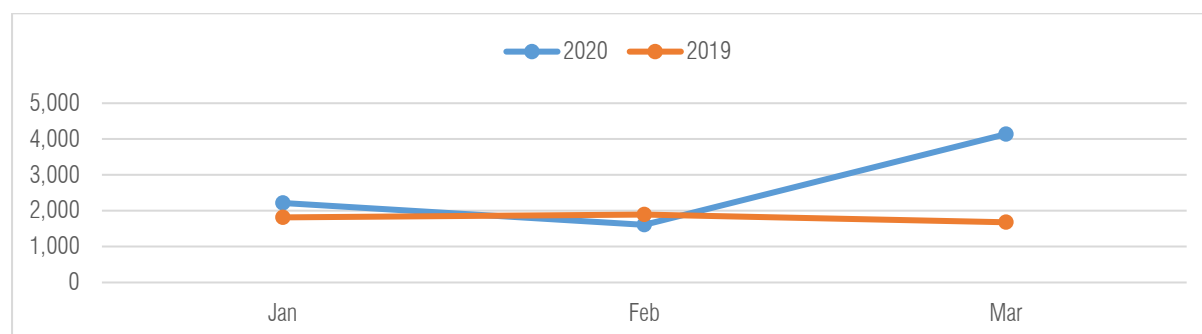
Global financial markets registered one of the worst quarters in history as risk aversion dominated. BET index dropped by 23%, in line with the performance of the EU markets. In the US the S&P 500 decreased by 20%, while in UK the FTSE 100 decreased by 24.8%. The German index, DAX, was down 25.8%, while the MSCI Emerging Markets Index moved lower by 23.8%.

## Review of the consolidated financial results for the first quarter of 2020.

The consolidated operating revenues of the BVB Group in 1Q 2020 were RON 12.11 mn, + 37% compared to the similar period of the previous year (1Q 2019: RON 8.86 mn), an increase influenced by all operating segments of the Group

- **Trading segment revenues (BVB, excluding intra-group transactions),** Q1 2020, + 48%, from RON 5.30 mn to RON 7.87 mn as a result of the advance of revenues from shares trading on the main market, both “regular” transactions and secondary public offers, but also due to the increase of the category of other revenues of this operating segment

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





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

Operating revenues	1Q 2020	1Q 2019	% from total 2020	Abs. Var	% Var
Revenues from Trading fees, out of which:	5,802	3,974	73%	1,828	46%
<i>Revenues from Regulated market</i>	4,218	3,621	53%	598	17%
<i>Revenues from Offers</i>	1,425	221	18%	1,205	546%
Issuers admission & maintenance fees	543	570	7%	-27	-5%
Revenues from data vending	375	361	5%	13	4%
Other revenues	<u>1,237</u>	<u>478</u>	<u>16%</u>	<u>758</u>	<u>159%</u>
<b>Total operating revenues</b>	<b>7,957</b>	<b>5,384</b>	<b>100%</b>	<b>2,573</b>	<b>48%</b>

➤ **Trading revenues, regulated market, excluding offers** - Q1 2020, + 17% (from RON 3.62 mn to RON 4.22 mn) as a result of the increase of the traded value by 17%, representing 53% of BVB total revenues and 72% of trading revenues

➤ Trading activity at BVB on the stock market - Q1 2020, + 28%, reaching the level of RON 3.53 bn, transactions with “regular” shares on the regulated market increasing by 17% from RON 2.64 bn to RON 3.53 bn

➤ Trading revenues, **the regulated market - public offers**, increase by 546% (from RON 0.22 mn to RON 1.43 mn), influenced by the increase of the value of secondary public offers on the stock market from RON 51 mn to RON 328 mn

➤ The market of fixed income instruments (bonds and government securities) - Q1 2020, -59%, from RON 61 mn to RON 25 mn

➤ The revenues from admission and maintenance decreased by 5% in Q1 2020, up to RON 0.54 mn, representing 7% of BVB's operating revenues

➤ Revenue from the data vending - Q1 2020, + 13% up to the value of RON 0.38 mn, representing 5% of BVB's operating revenues

➤ Other operating revenues (revenues from IT services, partnerships, participants feed) - Q1 2020, +159% up to the amount of RON 1.24 mn, increase mainly determined by the re-invoicing of the GAP Study on the establishment of the central counterparty in Romania to the CCP.RO Bucharest SA subsidiary.

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

Trading value (RON mn)	1Q 2020	1Q 2019	Change (%)
Trading value – shares, rights, units*	3,530	2,766	28%
Trading value – certificates	137	37	267%
Trading value – fixed-income*	<u>25</u>	<u>61</u>	<u>-59%</u>
<b>Total</b>	<b>3,692</b>	<b>2,865</b>	<b>29%</b>

**Note:** Figures refer to all markets and include offers

**DC Individual revenues** - 2019, - Q1 2020, + 19% vs. Q1 2019, from RON 3.46 mn to RON 4.12 mn

➤ The revenues related to the post-trading segment (DC) - Q1 2020, + 15% (from RON 2.38 mn to RON 2.73 mn) as a result of the increase of revenues from maintaining the quality of custodian in the DC system but also of increase in settlement revenues, influenced by the increase in values traded on BVB



- The revenues related to the registry segment (DC) - Q1 2020, increased by 30% (from RON 1.05 mn to RON 1.37 mn) mainly due to the registration of “one-off” revenues

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

	1Q 2020	1Q 2019	Change (%)
No. companies with registry contract at CSD	866	902	-4%
No. procedures resulted from issuers' corporate events	331	285	16%
<u>Local settlement</u>			
Value of trades settled on net basis (RON bn)	7.33	6.71	9%
Value of trades settled on gross basis (RON bn)	0.61	1.07	-43%
<u>Settlements through T2S platform (euro)</u>			
Value of trades settled on gross basis (EUR mn)	11.76	1.21	872%
Avg. monthly portfolio managed by custodians (RON bn)	44.95	37.74	19%

\* 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.

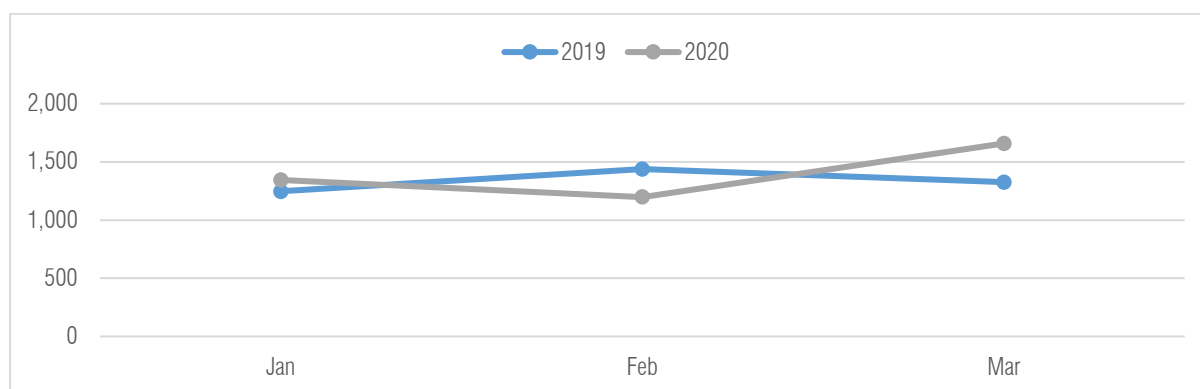
**The incomes of the Investor Compensation Fund (FCI)** are represented by the interest income related to the investments of the FCI, classified as operational revenues, ie those remaining at the disposal of the FCI to cover the administrative expenses or to increase the fund's resources. They have a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

**The consolidated operating expenses of the BVB** in Q1 2020, advanced by 11%, from RON 7.24 mn to RON 8.02 mn

- Consolidated personnel expenses - Q1 2020, + 12% or RON 0.46 mn, from RON 3.90 mn to RON 4.36 mn as a result of the advance of salary expenses, as a result of the application of the Remuneration Policy at the level of the BVB Group, respectively of the salary adjustments that took place starting with 2Q 2019, but also as a base effect considering that in 1Q 2019 at the level of DC no expenses were registered with Board allowances, as its authorization by FSA took place in April 2019. At the same time, the estimated expenses with the benefits to be granted in shares to BVB management and employees decreased compared to 1Q 2019.
- Consolidated expenditure with services provided by third parties - 1Q 2020, + 45%, from RON 0.80 mn to RON 1.16 mn, mainly due to the increase with the estimated consultancy expenses related to the CCP Project.
- The category of consolidated other operating expenses - 1Q 2020, -2% or RON 0.04 mn, from RON 2.54 mn to RON 2.50 mn, influenced by:
  - The net decrease of the rent expenses considering that a part of the events organized annually by the Group in 1Q have been postponed for the second part of the year 2020
  - At the same time, as a result of the application of IFRS 16 at the end of 2019, the rent expenses are capitalized and are found in the depreciation expenses, thus generating variations to the year-on-year comparison between these categories of expenses
  - The advance of the expenses with the IT maintenance services, on the background of the increasing requirements for ensuring a technical infrastructure according to the regulations in force

- Reduction of protocol expenses as a result of the postponement of some events of the Group
  - Increase of net expenses with uncertain clients
- **Operating expenses, BVB individual, Q1 2020, + 5%**, from RON 4.01 mn to RON 4.20 mn mainly due to the increase of expenses for services provided by third parties - consulting services, by RON 0.33 mn and of personnel expenses by RON 0.11 mn, partially offset by the decrease of other operating expenses by RON 0.25 mn.

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



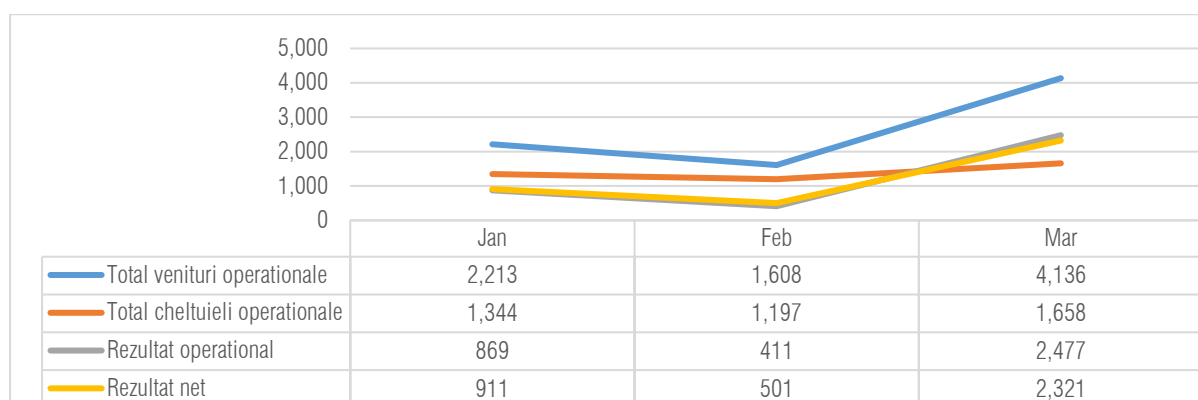
#### Operating expenses BVB Individual, 2020 vs 2019 (thousand RON)

Operating expenses	1Q 2020	1Q 2019	Abs. Var.	Var. %
Personnel expenses and Director's fees., out of which:	<b>2,236</b>	<b>2,127</b>	<b>109</b>	<b>5%</b>
<i>Personnel expenses</i>	1,863	1,616	247	15%
<i>Estimated expenses - SOP &amp; bonuses</i>	178	243	-65	-27%
Services provided by third parties, out of which:	<b>743</b>	<b>416</b>	<b>327</b>	<b>78%</b>
<i>Business consulting services</i>	386	77	310	403%
<i>Other third party services</i>	142	161	-19	-12%
Other operating expenses, out of which:	<b>1,220</b>	<b>1,467</b>	<b>-247</b>	<b>-17%</b>
<i>Rent and office utilities</i>	164	428	-264	-62%
<i>Amortisation and depreciation of fixed assets and right of use assets</i>	566	352	214	61%
<i>Marketing and protocol expenses</i>	59	127	-69	-54%
<i>IT maintenance expenses</i>	107	83	24	29%
<i>Other expenses</i>	3	142	-139	-98%
<b>Total Operating expenses</b>	<b>4,200</b>	<b>4,011</b>	<b>189</b>	<b>5%</b>

- Personnel expenses and Directors' fees, BVB individual, Q1 2020, + 5%, up to 2.24 million lei, the increase being influenced both by the application of the Remuneration Policy (salary adjustment) that took place starting with Q2 2019, but also due to the overlap for several months of the staff left with the new employee, an advance offset by the reduction of the estimated expenses with the benefits granted in financial instruments to the management and employees
- Expenses with the services provided by third parties, BVB individual, Q1 2020, +78%, from 0.42 million lei to 0.74 million lei, mainly due to the increase with the estimated expenses with the consultancy for the CCP Project.
- The category of other operating expenses, BVB individual - Q1 2020, -17% or 0.25 million lei, from 1.47 million lei to 1.22 million lei, influenced by:

- The net decrease of the rent expenses considering that a part of the events organized annually by BVB in 1Q have been postponed for the second part of the year 2020
  - At the same time, as a result of the application of IFRS 16 at the end of 2019, the rent expenses are capitalized and are found in the depreciation expenses, thus generating variations to the year-on-year comparison between these categories of expenses
  - The advance of the expenses with the IT maintenance services, on the background of the increasing requirements for ensuring a technical infrastructure according to the regulations in force
  - Reduction of protocol expenses as a result of the postponement of some BVB events
  - Reduction of other expenses as a base effect considering that in 1Q 2019 BVB granted a donation, without affecting the net profit, this expense being fully deducted from the corporate income tax
- **Operating expenses, DC individual**, Q1 2020, + 13%, from RON 3.11 mn to RON 3.51 mn, influenced by the increase of personnel expenses and other operational expenses, together generating an advance of RON 0.39 mn
- **The consolidated operating profit of the BVB Group - 1Q 2020**, + 153%, from RON 1.62 mn to RON 4.09 mn as a result of the advance of operating revenues by 37% while the advance of operating expenses is 11%
- Operating profit, **BVB individual** - 1Q 2020, + 174%, from RON 1.37 mn to RON 3.76 mn, with an operating margin of 47%. (for trading segment values, excluding intra-group transactions - see Note 6 Segment reporting)

#### 2020 Monthly evolution, BVB individual (thousand RON)



Operating profit, **DC individual** - 1Q 2020, + 76%, from RON 0.35 mn to RON 0.61 mn, with an operating margin of 15%. This includes intra-group transactions (for post-trade and registry segments values, excluding intra-group transactions - see Note 6 Segment reporting)

- **Net financial income - 1Q 2020**, -54%, from RON 1.69 mn to RON 0.78 mn, mainly determined by the reduction of unrealized exchange rate differences from the revaluation of financial instruments in foreign currency that generated a gain of RON 0.01 mn vs. RON 0.96 mn in 1Q 2019, as a result of the reduction of financial investments in Euro and USD at the level of the BVB group, decrease partially covered by the increase of interest income by RON 0.12 mn, up to the value of RON 0.86 mn.

Net financial income, **BVB individual** - 1Q 2020, -61% or RON 0.87 mn, from RON RON 1.43 mn to RON 0.55 mn influenced by both the reduction of interest income and unrealized differences of exchange, the effect of the decrease of the value of investments in government securities and deposits as a result of the investment of

EUR 10 mn in the share capital of CCP.RO. For the trading segment values, excluding dividend income from the Central Depository - see *Note 6 Segment reporting*

Net financial income, **DC individual** - 1Q 2020, -44% or RON 0.11 mn, from RON 0.26 mn to RON 0.15 mn. For the post-trade and registry segment values - see *Note 6 Segment reporting*

- **The consolidated net profit of the BVB Group – 1Q 2020**, + 54%, from RON 2.72 mn to RON 4.21 mn, 87% being generated by the Group's trading segment, while the profit attributable to the shareholders of the parent company is RON 4.08 mn (1Q 2019: RON 2.62 mn)

Net profit, **BVB individual** - 1Q 2020, + 59%, from RON 2.34 mn to RON 3.73 mn, with a net margin of 47%. This includes intra-group transactions (for trading segment values, excluding intra-group transactions - see *Note 6 Segment reporting*)

Net profit, **DC individual** - 1Q 2020, + 29%, from RON 0.52 mn to RON 0.66 mn, with a net margin of 16%. This includes intra-group transactions (for post-trade and registry segments values, excluding intra-group transactions - see *Note 6 Segment reporting*)

### Review of the consolidated financial position as of end-March 2020

- **Total assets** as of March 31, 2020, +1% or RON 2.76 mn vs. the value from December 31, 2019, up to RON 220.39 mn, influenced by the increase of current assets at a higher level than the decrease of non-current assets
- **Non-current assets**, -6% compared to the beginning of the year, from RON 66.12 mn to RON 62.05 mn, mainly due to the reclassification as current assets of some government securities whose maturity decreased below 1 year
- **Current assets**, +5% compared to the beginning of the year, from RON 151.51 mn to RON 158.34 mn, mainly as a result of the increase of short-term financial assets but also of the value of trade receivables due to the increase of the invoiced value at the end of March.
- Also the current assets of the group were influenced by the slight decrease of the current assets represented by funds available for dividend payments to be made by the Central Depository to the shareholders of the listed companies, clients of the Central Depository, from RON 37.00 mn to RON 35.06 mn.
- The **total liabilities** of the Group are mainly short-term, at March 31, 2020 amounting to RON 67.15 mn, -1% compared to the value as of December 31, 2019 of RON 67.70 mn, mainly due to the reduction of debts with dividends to be paid by the Central Depository in the amount of RON 1.93 mn.  
52% of the total liabilities are represented by the payment dividends held on behalf of the clients by the Central Depository, amounting to RON 35.06 mn, and 30% represent guarantee, compensation and margin funds for the settlement of transactions, amounting to RON 20.16 mn
- **Shareholder's equity**, + 2% compared to the beginning of the year, up to RON 153.24 mn, influenced by the registration of the current result of 1Q but also due to the acquisition of treasury shares by BVB. The retained earnings of the year 2019 will be distributed in the second quarter of the year 2020.

## Expectations for the second quarter of 2020

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

Out of the profit 2019 profit, the Central Depository proposes for approval the distribution during the year 2020 of dividends amounting to RON 1,500,415. The General Shareholders Meeting of the Central Depository was convened for May 27/28, 2020, after the date of publication of this report.

Dividend payments made by the two entities of the Group will generate cash outflows and may therefore lead to a decrease in the Group's total assets.

During the 2<sup>nd</sup> quarter we anticipate additional listings on the SMT segment following successful private placements in the period prior to the inception of the lockdown period.

We intend to maintain the international visibility of our issuers by participating in additional investor conferences in online format.

# **Condensed consolidated interim financial statements as at and for the period ended 31 March 2020**

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

## Condensed consolidated income statement and statement of comprehensive income

All amounts are indicated in RON, unless otherwise stated

	Three month period ended	
	31 Mar 2020	31 Mar 2019
	Unaudited	Unaudited
Revenues from services	11,092,499	8,591,827
Other revenues	1,021,138	266,504
<b>Operating revenue</b>	<b>12,113,638</b>	<b>8,858,331</b>
Personnel expenses and Directors' fees	(4,361,205)	(3,897,421)
Expenses with services provided by third parties	(1,155,587)	(799,697)
Other operating expenses	(2,503,945)	(2,544,284)
<b>Operating profit</b>	<b>4,092,900</b>	<b>1,616,929</b>
<b>Net financial revenues/(expenses)</b>	<b>784,575</b>	<b>1,691,093</b>
<b>Profit before tax</b>	<b>4,877,475</b>	<b>3,308,022</b>
Corporate income tax expense	(672,275)	(547,797)
Profit from continuing operations	4,205,200	2,760,225
Profit from discontinued operation	-	(36,922)
<b>Profit for the period</b>	<b>4,205,200</b>	<b>2,723,303</b>
<b>Profit attributable to:</b>		
Non-controlling interests	129,028	104,455
Owners of the Company	4,076,172	2,618,848
<b>Profit for the period</b>	<b>4,205,200</b>	<b>2,723,303</b>
<b>Earnings per share</b>		
Earnings per share – base/diluted (RON)	0.5064	0.3254

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

General Manager,  
Adrian Tănase

Financial Manager,  
Virgil Adrian Stroia



## Condensed consolidated statement of financial position

All amounts are indicated in RON, unless otherwise stated

	31 Mar 2020	31 Dec 2019
	Unaudited	Audited
<b>Non-current assets</b>		
Tangible assets	7,149,921	7,095,733
Intangible assets	4,313,046	3,281,002
Right-of-use assets	4,531,022	5,029,913
Restricted financial assets covering the guarantee and clearing funds and the margin at amortised cost	15,920,321	17,046,415
Financial assets at amortised cost	<u>30,137,117</u>	<u>33,670,059</u>
<b>Total non-current assets</b>	<b><u>62,051,427</u></b>	<b><u>66,123,122</u></b>
<b>Current assets</b>		
Trade and other receivables	5,424,012	3,101,107
Prepayments	965,576	460,106
Bank deposits	15,950,835	22,408,681
Restricted bank deposits covering the guarantee fund and the margin	4,228,800	3,326,358
Restricted financial assets covering the guarantee and clearing funds and the margin at amortised cost	5,555	50,561
Other financial assets at amortised cost	7,935,572	3,449,485
Cash and cash equivalents	88,766,230	81,712,611
Other restricted assets at amortised cost	<u>35,062,010</u>	<u>36,996,156</u>
<b>Total current assets</b>	<b><u>158,338,589</u></b>	<b><u>151,505,066</u></b>
<b>Total assets</b>	<b><u>220,390,017</u></b>	<b><u>217,628,188</u></b>
<b>Equity</b>		
Share capital	80,492,459	80,492,460
Treasury shares and and Share-base benefits	(861,508)	54,429
Share premiums	6,303,263	6,303,263
Legal reserve	11,157,889	10,942,276
Revaluation reserve	3,385,355	3,385,355
Retained earnings	<u>10,519,500</u>	<u>6,662,611</u>
<b>Total shareholders' equity attributable to the owners of the Company</b>	<b><u>110,996,959</u></b>	<b><u>107,840,393</u></b>
Non-controlling interests	42,241,373	42,108,675
<b>Total shareholders' equity</b>	<b><u>153,238,332</u></b>	<b><u>149,949,068</u></b>

## Condensed consolidated statement of financial position (continued)

All amounts are indicated in RON, unless otherwise stated

	<b>31 Mar 2020</b>	<b>31 Dec 2019</b>
	Unaudited	Audited
<b>Liabilities</b>		
Operating lease liabilities	<u>2.824.564</u>	<u>3.244.072</u>
<b>Total non-current liabilities</b>	<b><u>2.824.564</u></b>	<b><u>3.244.072</u></b>
Trade and other payables	40.339.365	41.334.305
Deferred income	1.281.710	901.104
Operating lease liabilities	1.880.786	1.899.667
Current corporate income tax payables	667.215	14.940
Guarantee and clearing funds and settlement operation margin	<u>20.158.045</u>	<u>20.285.032</u>
<b>Total current liabilities</b>	<b><u>64.327.121</u></b>	<b><u>64.435.048</u></b>
<b>Total liabilities</b>	<b><u>67.151.685</u></b>	<b><u>67.679.120</u></b>
<b>Total liabilities and equity</b>	<b><u>220.390.017</u></b>	<b><u>217.628.188</u></b>

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

General Manager,  
Adrian Tănase

Financial Manager,  
Virgil Adrian Stroia

## Condensed consolidated statement of changes in equity

All amounts are indicated in RON, unless otherwise stated

Unaudited	Treasury shares			Retained earnings	Revaluation reserve	Legal reserve	Total		Total shareholders' equity
	Share capital	Share premiums	and Share-base benefits				attributable to shareholders	Non-controlling interests	
Balance as at 1 January 2020	<u>80,492,460</u>	<u>6,303,263</u>	<u>54,429</u>	<u>6,662,611</u>	<u>3,385,355</u>	<u>10,942,276</u>	<u>107,840,393</u>	<u>42,108,675</u>	<u>149,949,068</u>
<b>Comprehensive income for the year</b>									
Profit or loss	-	-	-	4,076,172	-	-	4,076,172	129,028	4,205,200
<b>Other items of comprehensive income</b>									
Legal reserve increase	-	-	-	(215,613)	-	215,613	-	-	-
Total other items of comprehensive income	-	-	-	<u>(215,613)</u>	-	<u>215,613</u>	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	<b>3,860,559</b>	-	<b>215,613</b>	<b>4,076,172</b>	<b>129,028</b>	<b>4,205,200</b>
<b>Contributions by and distributions to owners of the Company</b>									
Acquisition of treasury shares	-	-	(982,999)	-	-	-	(982,999)	-	(982,999)
Benefits granted to employees settled in shares	-	-	<u>67,062</u>	-	-	-	<u>67,062</u>	-	<u>67,062</u>
<b>Total contributions by and distributions to owners of the Company</b>	-	-	<b>(915,937)</b>	-	-	-	<b>(915,937)</b>	-	<b>(915,937)</b>
Reclassification of non-controlling interests	-	-	-	<u>(3,670)</u>	-	-	<u>(3,670)</u>	<u>3,670</u>	-
<b>Total changes in interests in subsidiaries</b>	-	-	-	<b>(3,670)</b>	-	-	<b>(3,670)</b>	<b>3,670</b>	-
<b>Total transactions with owners</b>	<u>-</u>	<u>-</u>	<u>(915,937)</u>	<u>(3,670)</u>	<u>-</u>	<u>-</u>	<u>(919,607)</u>	<u>3,670</u>	<u>(915,937)</u>
Balance as at 31 March 2020	<u>80,492,460</u>	<u>6,303,263</u>	<u>(861,508)</u>	<u>10,519,500</u>	<u>3,385,355</u>	<u>11,157,889</u>	<u>110,996,959</u>	<u>42,241,373</u>	<u>153,238,332</u>

## Condensed consolidated statement of changes in equity (continued)

All amounts are indicated in RON, unless otherwise stated

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

	Three month period ended	
	31 Mar 2020	31 Mar 2019
	Unaudited	Unaudited
<b>Cash flows used in operating activities</b>		
Profit for the year	4,205,200	2,723,305
Adjustments to remove non-cash items and reclassifications:		
Depreciation of fixed assets	1,193,708	670,729
Net interest income	(860,829)	(740,583)
Loss from impairment of uncollected receivables	-	186,571
Net expenses/(revenue) with receivables adjustment	28,248	(247,481)
Corporate income tax expense – reclassification	672,275	547,797
(Revenues)/Expenses with Expected credit losses IFRS 9	24,804	6,600
Expense with employees' benefits settled in shares	<u>67,062</u>	<u>201,308</u>
<b>Cash flows used in operating activities</b>	<b>5,330,467</b>	<b>3,348,246</b>
Change in trade and other receivables	(442,861)	14,458,543
Change in prepayments	(505,470)	(456,703)
Change in trade and other payables, including amounts due for dividends payment to clients	(993,398)	(13,495,708)
Change in deferred income	380,606	462,581
Changes in guarantee and clearing funds and the margin	(126,987)	(2,566,935)
Corporate income tax paid	<u>(14,940)</u>	<u>(277,907)</u>
<b>Net cash from operating activities</b>	<b>3,627,418</b>	<b>1,472,117</b>
<b>Cash flows from investing activities</b>		
Interest received	755,544	598,513
Interest received from assets covering the guarantee and clearing funds and margin	274,184	85,287
(Payments) for acquisitions of financial assets	(5,143,365)	(582,231)
Proceeds from sales/maturation of financial assets	5,188,411	128,479
Change in bank deposits balance	5,555,405	6,462,013
Acquisition of tangible and intangible assets	(1,781,577)	(511,880)
Change in held for sale assets	-	<u>37,206</u>
<b>Net cash from investing activities</b>	<b>4,848,602</b>	<b>6,217,387</b>

## Condensed consolidated statement of cash flows (continued)

All amounts are indicated in RON, unless otherwise stated

	<b>31 Mar 2020</b>	<b>31 Mar 2019</b>
	Unaudited	Unaudited
<b>Cash flows from financing activities</b>		
Dividends paid shareholders of the parent	(1,542)	(19,079)
Principal elements of operating lease payments, including interests	(437,860)	-
Acquisition of treasury shares	(982,999)	-
<b>Net cash used in financing activities</b>	<b>(1,422,401)</b>	<b>(19,079)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>7,053,619</b>	<b>7,670,425</b>
Cash and cash equivalents 1 January	81,712,611	35,292,004
<b>Cash and cash equivalents 31 March</b>	<b>88,766,230</b>	<b>42,962,429</b>

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

1777754  
Sole Registration Code

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

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

- The Regulated Market where financial instruments such as shares and rights issued by international and Romanian entities, debt instruments (corporate, municipality and government bonds issued by Romanian entities and international corporate bonds), UCITs (shares and fund units), structured products, tradable UCITS (ETFs) are traded;
- SMT 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 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 March 2020, there were no shareholders holding stakes exceeding this threshold.

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



## Subsidiaries

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

- Central Depository (Depozitarul Central), 69.04% owned by BVB, performs clearing / settlement operations for transactions with securities carried out at BVB and keeps the register of shareholders;
- Investors' Compensation Fund (Fondul de Compensare a Investitorilor), 62.45% owned by BVB, pays compensations when fund members fail to return the money or the financial instruments owed by or belonging to investors, which have been held on their behalf for the provision of financial investment or individual investment portfolio management services;
- Corporate Governance Institute (Institutul de Guvernanta Corporativa), fully owned by BVB, offers training services to listed companies and capital market participants, in corporate governance and sustainable development areas;
- CCP.RO Bucharest, 59.52% owned by BVB, was registered at the Trade Register on November 4, 2019 and aims to ensure the role of central counterparty in the derivative transactions market. The effective launch of the operations is estimated to last up to 24 months, taking into account the authorization process by the FSA in accordance with EMIR rules;

The consolidated financial statements of BVB for the three months period ended 31 March 2020 include the financial information of the Company and its subsidiaries, except for the Corporate Governance Institute, an entity considered by BVB management as insignificant for inclusion in the Group's consolidated financial statements and reports.

## 2. Basis of preparation

The interim condensed consolidated financial statements for the three-month period ended 31 March 2020 have been prepared in accordance with IAS 34, 'Interim financial reporting'. They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards. These interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with IFRSs.

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

## 3. Accounting policies

The accounting policies and methods of computation followed in these condensed consolidated financial statements are consistent with those used in the most recent annual financial statements, prepared for the year ended 31 December 2019.

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

## 4. Estimates

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

In preparing these condensed interim financial statements, the significant judgments made by management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual standalone financial statements for the year ended 31 December 2019.

## 5. Financial risk management and financial instruments

### 5.1 Financial risk factors

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

The consolidated condensed preliminary financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the company's annual financial statements as at 31 December 2019.

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

### 5.2 Liquidity risk

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

### 5.3 Fair value estimation

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

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

During the reporting period there have been no significant changes in carrying amounts and fair values of the main categories of assets and liabilities, as compared to 31 December 2019.

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

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

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

## 6. Segment reporting

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

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

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

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

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

1Q 2020	Trading services	Post-trading services	Registry services	FCI services and other services	Group
Revenues from clients outside the Group	7,876,974	2,725,853	1,369,083	141,729	12,113,638
Revenues from intra-group transactions*	80,000	17,859	8,920	0	106,779
Operating expenses	(4,199,603)	(2,281,629)	(1,149,560)	(389,946)	(8,020,737)
- out of which Personnel expenses and Director's fees	(2,236,481)	(1,262,031)	(634,029)	(228,664)	(4,361,205)
<b>Operating profit</b>	<b>3,677,372</b>	<b>444,224</b>	<b>219,523</b>	<b>(248,217)</b>	<b>4,092,900</b>
<b>Net financial income /(expenses)</b>	<b>554,890</b>	<b>97,914</b>	<b>47,279</b>	<b>84,492</b>	<b>784,575</b>
<b>Pre-tax profit</b>	<b>4,232,262</b>	<b>542,137</b>	<b>266,802</b>	<b>(163,726)</b>	<b>4,877,475</b>
Corporate income tax	(579,443)	(62,430)	(30,402)	-	(672,275)
<b>Net profit</b>	<b>3,652,819</b>	<b>479,708</b>	<b>236,400</b>	<b>(163,726)</b>	<b>4,205,200</b>

\* eliminated on consolidation

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

1Q 2019	Trading services	Post-trading services	Registry services	FCI services and other services	Group
Revenues from clients outside the Group	5,304,071	2,378,404	1,053,373	122,483	8,858,331
Revenues from intra-group transactions*	80,000	18,029	8,041	0	106,070
Operating expenses	(4,009,971)	(2,095,542)	(934,685)	(201,204)	(7,241,402)
- out of which Personnel expenses and Director's fees	<u>(2,127,394)</u>	<u>(1,078,053)</u>	<u>(538,461)</u>	<u>(153,513)</u>	<u>(3,897,421)</u>
<b>Operating profit</b>	<b>1,294,100</b>	<b>282,862</b>	<b>118,688</b>	<b>(78,721)</b>	<b>1,616,929</b>
<b>Net financial income /(expenses)</b>	<u>1,428,335</u>	<u>178,770</u>	<u>79,737</u>	<u>4,251</u>	<u>1,691,093</u>
<b>Pre-tax profit</b>	<u>2,722,435</u>	<u>461,631</u>	<u>198,426</u>	<u>(74,470)</u>	<u>3,308,022</u>
Corporate income tax	(456,913)	(62,850)	(28,034)	-	(547,797)
Profit from continuing operations	2,265,522	398,781	170,392	(74,470)	2,760,225
Profit from discontinued operation	-	-	-	(36,922)	(36,922)
<b>Net profit</b>	<b><u>2,265,522</u></b>	<b><u>398,781</u></b>	<b><u>170,392</u></b>	<b><u>(111,392)</u></b>	<b><u>2,723,303</u></b>

\* eliminated on consolidation

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

1Q 2020	Trading services	Post-trading services	Registry services	FCI services	Group
Assets	45,757,913	27,109,463	48,601,826	98,920,814	220,390,017
Liabilities	5,906,456	4,844,111	37,480,836	18,920,281	67,151,685
Capital expenditures	267,985	228,414	114,087	1,164,281	1,774,767

1Q 2019	Trading services	Post-trading services	Registry services	FCI services	Group
Assets	94,552,188	26,639,848	63,927,639	16,588,371	201,708,046
Liabilities	4,235,103	3,459,068	54,924,882	15,737,897	78,356,950
Capital expenditures	473,840	26,307	11,734	-	511,881

## 7. Operating expenses

The operating expenses include the following:

### 7.1 Personnel expenses and Director's fees

	1Q 2020	1Q 2019
Personnel expenses and Director's fees, including contributions and taxes	4,246,131	3,654,337
Estimated expenses for personnel and Director's (SOP & bonuses)	<u>115,074</u>	<u>243,084</u>
<b>Total</b>	<b><u>4,361,205</u></b>	<b><u>3,897,421</u></b>

## 7.2 Services provided by third parties

	1Q 2020	1Q 2019
Business consulting services	386,376	77,000
Financial, IT and internal audit services	58,131	74,258
Commissions & fees (legal, contributions, etc.)	150,316	107,177
Promotion activities of BVB Group	98,052	98,931
Services provided by third parties for business purposes	<u>462,712</u>	<u>442,331</u>
<b>Total</b>	<b><u>1,155,587</u></b>	<b><u>799,697</u></b>

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

## 7.3 Other operating expenses

	1Q 2020	1Q 2019
Rent and office utilities	150,816	678,890
Tangible asset depreciation	389,265	371,176
Intangible asset amortisation	306,080	299,554
Right of use assets depreciation	498,363	-
Costs related to FSA fees and other taxes	297,273	336,342
Consumables	80,470	43,238
IT maintenance and service	474,241	351,012
Insurance for professional equipment, etc.	45,531	58,066
Protocol	51,355	113,761
Marketing and advertising	21,387	34,965
Transport of goods and personnel	67,597	84,764
Post and telecommunications	61,883	68,013
Bank charges	22,387	21,219
Net expenses/(income) from adjustment of receivables	28,248	(247,481)
Loss from non-paying customers	-	186,571
Other expenses	<u>9,050</u>	<u>144,195</u>
<b>Total</b>	<b><u>2,503,945</u></b>	<b><u>2,544,284</u></b>

## 8. Financial income and financial costs

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

	1Q 2020	1Q 2019
Net Interest income from financial assets	860,829	740,583
(Net loss)/Net gain from exchange rate differences	10,929	957,049
Interest expense with lease contracts IFRS 16 and other financial expenses	(62,380)	61
Net expected credit losses (IFRS 9)	<u>(24,804)</u>	<u>(6,600)</u>
<b>Net financial income</b>	<b><u>784,575</u></b>	<b><u>1,691,092</u></b>

## 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 31 March 2020 is 16% (the tax rate for the year ended 31 December 2019 was also 16%).

## 10. Dividends

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

Out of the profit 2019 profit, the Central Depository proposes for approval the distribution during the year 2020 of dividends amounting to RON 1,500,415. The General Shareholders Meeting of the Central Depository was convened for May 27/28, 2020, after the date of publication of this report.

## 11. Share capital

As at 31 March 2020, BVB had a share capital amounting to RON 80,492,460 divided into 8,049,246 shares with a nominal value of RON 10/share, dematerialized, with the same voting rights, divided into the following categories:

	Number of shares	% of the share capital
<b>Legal entities, of which:</b>	<u>6,500,350</u>	<u>80.76%</u>
Romanian	5,946,717	73.88%
Foreign	553,633	6.88%
<b>Individuals, of which:</b>	<u>1,489,740</u>	<u>18.51%</u>
Romanian	1,330,247	16.53%
Foreign	159,493	1.98%
<b>Bucharest Stock Exchange</b>	59,156	0.73%
<b>Total</b>	<u>8,049,246</u>	<u>100.00%</u>

In accordance with the provisions of the article 136, paragraph 5 of law no. 1226/2018 on financial instruments, a shareholder of a market operator cannot own directly or indirectly more than 20% of the total voting rights. As at 31 March 2020, there were no shareholders holding stakes exceeding this threshold.

Starting with March 18, 2020, BVB started the share buy-back program in a total amount of maximum RON 2,112,915, a value that was included in the Budget and the Business plan of 2019 to be allocated to this program in 2019 and 2020, in the terms and conditions approved by the Decision of the Extraordinary General Meeting of Shareholders (EGMS) no. 1 of April 24, 2019. In total, during the first quarter of 2020, a number of 42,807 shares were redeemed, amounting to RON 982,999.

## 12. Subsequent events

There are no other events to report.

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

Ratio	Calculation method	Value
1. Liquidity <sup>1)</sup>	Current assets / Current liabilities	2.46
2. Gearing <sup>2)</sup>	Borrowed capital / Total equity x 100	0.02
3. Receivable turnover <sup>3)</sup>	Average receivables / Turnover x 90	32
4. Asset turnover	Turnover / Non-current assets <sup>4)</sup>	0.20

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

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

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

4) Explains the effectiveness of non-current asset management by examining turnover (for S.I.F. the amount of current activity revenue) generated by a certain amount of non-current assets.

General Manager,  
Adrian Tănase

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](#)

### 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

13 Aug 2020

Release of the Half-yearly report for the 1<sup>st</sup> Half of 2020 & conference call

12 Nov 2020

Release of the Quarterly report for the 3<sup>rd</sup> Quarter of 2020 & conference call

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