



# BUCHAREST STOCK EXCHANGE

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

31 December 2023

**BURSA DE VALORI BUCURESTI SA**  
**SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT**  
**31 DECEMBER 2023**

---

**CONTENTS**

The independent auditor's report	
Separate income statement and statement of comprehensive income	1
Separate statement of financial position	2-3
Separate statement of changes in equity	4-5
Statement of cash flows	6-7
Notes to the separate financial statements	8-60

BUCHAREST STOCK EXCHANGE  
 SEPARATE INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023 (RON)

	<u>Note</u>	<u>Financial year ended at 31 December 2023</u>	<u>Financial year ended at 31 December 2022</u>
Revenues from services	8	49,610,768	31,688,695
Other revenues		<u>937,212</u>	<u>1,013,763</u>
<b>Operating revenues</b>		<b><u>50,547,980</u></b>	<b><u>32,702,458</u></b>
Staff expenses and indemnities of the Board of Directors	9	(14,364,805)	(12,167,799)
Third party services expenses	9	(3,304,375)	(3,439,080)
Other operational expenses	9	<u>(10,297,832)</u>	<u>(7,249,771)</u>
<b>Operating profit</b>		<b><u>22,580,968</u></b>	<b><u>9,845,808</u></b>
Net financial income	10	2,561,254	2,900,730
<b>Profit before tax</b>		<b><u>25,142,222</u></b>	<b><u>12,746,538</u></b>
Corporate income tax expense	11	<u>(3,311,250)</u>	<u>(1,710,832)</u>
<b>Profit for the period</b>		<b><u>21,830,972</u></b>	<b><u>11,035,706</u></b>
Revaluation reserves for tangible assets	12	2,682,267	=
<b>Total comprehensive income for the period</b>		<b><u>24,513,239</u></b>	<b><u>11,035,706</u></b>
<b>Earnings per share:</b>	25		
Earnings per share basic / diluted (RON)		2.7122	1.3710

The separate financial statements were approved by the Board of Directors on 19 March 2024 and were signed by:

President,  
Radu Hanga

General Manager,  
Adrian Tanase

Financial Manager,  
Virgil Adrian Stroia

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

BUCHAREST STOCK EXCHANGE

FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023 (RON)

	<u>Note</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets	12	11,343,401	5,276,255
Intangible assets	13	1,567,731	1,533,668
Right-of-use assets	14	8,803,406	2,968,222
Investments in subsidiaries	6	67,743,735	67,743,735
Deferred tax receivable	19	273,037	-
Financial assets at fair value through profit or loss	7	320,877	-
Financial assets at amortised cost	15	18,304,822	17,297,417
<b>Total non-current assets</b>		<b><u>108,357,009</u></b>	<b><u>94,819,297</u></b>
<b>Current assets</b>			
Trade and other receivables	16	7,929,146	5,223,733
Prepayments	17	931,534	619,492
Bank deposits at amortized cost		20,240,524	5,604,674
Financial assets at amortized cost	15	4,554,271	13,397,434
Cash and cash equivalents at amortized cost	18	3,187,243	1,628,206
Other assets		2,185	-
<b>Total current assets</b>		<b><u>36,844,903</u></b>	<b><u>26,473,539</u></b>
<b>Total assets</b>		<b><u>145,201,912</u></b>	<b><u>121,292,836</u></b>
<b>Equity</b>			
Share capital	23	80,492,460	80,492,460
Treasury Shares and Share-based benefits	23	1,536,497	(75,528)
Share premium	23	6,303,263	6,303,263
Legal reserve	23	12,055,118	10,798,007
Revaluation reserve	23	4,430,781	1,748,513
Retained current earnings	23	<u>22,958,690</u>	<u>12,675,674</u>
<b>Total equity</b>		<b><u>127,776,809</u></b>	<b><u>111,942,389</u></b>

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

BUCHAREST STOCK EXCHANGE

FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023 (RON)

	<u>Note</u>	<u>31 decembrie 2023</u>	<u>31 decembrie 2022</u>
<b>Liabilities</b>			
Lease liabilities	21	8,923,013	2,178,409
<b>Total non-current liabilities</b>		<b><u>8,923,013</u></b>	<b><u>2,178,409</u></b>
Trade and other payables	20	5,045,719	4,428,738
Deferred income	22	1,833,550	1,612,834
Operating lease liabilities	21	914,311	948,605
Current corporate income tax payables		<u>708,510</u>	<u>181,861</u>
<b>Total current liabilities</b>		<b>8,502,090</b>	<b>7,172,037</b>
<b>Total liabilities</b>		<b><u>17,425,103</u></b>	<b><u>9,350,447</u></b>
<b>Total liabilities and equity</b>		<b><u>145,201,912</u></b>	<b><u>121,292,836</u></b>

The separate financial statements were approved by the Board of Directors on 19 March 2024 and were signed by:

President,  
Radu Hanga

General Manager,  
Adrian Tanase

Financial Manager,  
Virgil Adrian Stroia

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

BUCHAREST STOCK EXCHANGE  
SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

	Share capital	Treasury shares and Share-base benefits	Share premium	Retained earnings	Revaluation reserve for land	Legal reserve	Total shareholders' equity
<b>Balance as at 1 January 2023</b>	<u>80,492,460</u>	<u>(75,528)</u>	<u>6,303,263</u>	<u>12,675,674</u>	<u>1,748,513</u>	<u>10,798,007</u>	<u>111,942,389</u>
Other items of comprehensive income							
Profit or loss	-	-	-	21,830,972	-	-	21,830,972
<b>Other items of comprehensive income</b>							
Legal reserve increase	-	-	-	(1,257,111)	2,682,268	1,257,111	2,682,268
Revaluation reserves	-	-	-	-	-	-	-
Total other items of comprehensive income	-	-	-	<u>(1,257,111)</u>	<u>2,682,268</u>	<u>1,257,111</u>	<u>2,682,268</u>
<b>Total comprehensive income for the period</b>	=	=	=	<u>20,573,861</u>	<u>2,682,268</u>	<u>1,257,111</u>	<u>24,513,240</u>
<b>Contributions from and distributions to shareholders</b>							
Acquisition of own shares	-	-	-	-	-	-	-
Benefits granted to employees settled in shares	-	1,706,480	-	-	-	-	1,706,480
Losses as effect of granting shares for free within SOP	-	(94,455)	-	94,455	-	-	-
Dividend paid to BVB shareholders	-	-	-	<u>(10,385,301)</u>	-	-	<u>(10,385,301)</u>
<b>Total transactions with shareholders</b>	-	<u>1,612,025</u>	-	<u>(10,290,846)</u>	-	-	<u>(8,678,821)</u>
<b>Balance as at 31 December 2023</b>	<u>80,492,460</u>	<u>1,536,497</u>	<u>6,303,263</u>	<u>22,958,690</u>	<u>4,430,781</u>	<u>12,055,118</u>	<u>127,776,809</u>

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

BUCHAREST STOCK EXCHANGE  
SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

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

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

BUCHAREST STOCK EXCHANGE

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

	Note	Financial year ended at <u>31 December 2023</u>	Financial year ended at <u>31 December 2022</u>
<b>Cash flows used in operating activities</b>			
Net profit for the period		21,830,972	11,035,706
Adjustments to remove non-cash items and items included in investing and financing activities:			
Depreciation of fixed assets	12,13,14	3,313,473	2,234,661
Net interest income and amortization of premiums for government bonds	10	(1,674,234)	(1,173,007)
Dividends income	10	(1,398,115)	(1,532,490)
Loss from writing off receivables	16	21,962	6,700
Expense / (revenue) from impairment of uncollected receivables		59,708	47,477
Expense / (revenue) from impairment of tangible assets	12	163,678	
(Gain) / loss from financial assets measured at FVPL	7	159,847	
Reclassification in expense with corporate income tax	11	3,311,248	1,710,832
Expected credit losses – IFRS 9	9	(197,238)	12,867
Income from intangible assets developments		-	(370,756)
Expense with employees' benefits settled in shares	23	<u>1,706,480</u>	<u>914,303</u>
		<b><u>27,297,781</u></b>	<b><u>12,886,293</u></b>
Change in trade and other receivables	16	(2,789,332)	(2,420,677)
Change in prepayments	17	(312,042)	18,288
Change in trade and other payables	20	828,332	969,389
Change in deferred income	22	220,716	231,465
Corporate income tax paid		<u>(3,057,636)</u>	<u>(1,941,541)</u>
<b>Net cash from operating activities</b>		<b><u>22,187,818</u></b>	<b><u>9,743,218</u></b>
<b>Cash flows from investing activities</b>			
Interest received	10	1,698,861	1,553,179
Dividends received	10	1,398,115	1,532,490
Bank deposits movement	15	(14,636,154)	(2,433,118)
(Payments for acquisitions) / receipts from other financial assets	15	8,016,306	680,710
Acquisitions of tangible and intangible assets	12,13	(5,186,006)	(1,459,049)
Payments for acquisitions of other financial assets		(480,724)	-
<b>Net cash from investment activities</b>		<b><u>(9,189,602)</u></b>	<b><u>(1,487,208)</u></b>

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

6 of 60

BUCHAREST STOCK EXCHANGE

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023 (RON)

	Note	Financial year ended at <u>31 December 2023</u>	Financial year ended at <u>31 December 2022</u>
<b>Cash flows from financing activities</b>			
Dividends paid		(10,240,052)	(7,788,352)
Principal elements of operating lease payments, including interests	21	(1,199,128)	(915,068)
Acquisition of own shares		-	(1,074,170)
<b>Net cash used in financing activities</b>		<b><u>(11,439,179)</u></b>	<b><u>(9,777,590)</u></b>
Net Increase / (Decrease) in cash and cash equivalents		1,559,037	(1,521,580)
Cash and cash equivalents as at 1 January	18	<u>1,628,206</u>	<u>3,149,786</u>
Cash and cash equivalents as at 31 December	18	<b><u>3,187,243</u></b>	<b><u>1,628,206</u></b>

Cash and cash equivalents as at 31 December 2023 presents the amounts net of expected credit losses (IFRS 9). The gross amount of cash and cash equivalents is RON 3,194,404 (2022: RON 1,641,393) and the expected credit losses is RON 7,161 RON (2022: RON 13,187).

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

7 of 60

**1. REPORTING ENTITY**

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

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

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

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

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

At the end of 2023, the registered office of BVB is in Bucharest, at 34-36 Carol I Boulevard, 13th-14th Floor, 2nd District, Romania. BVB has no subsidiaries in other cities.

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

## 2. BASES OF PREPARATION

### (a) Statement of compliance

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

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

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

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

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

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

### (b) Bases of measurement

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

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

### (c) Functional and presentation currency

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

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

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

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

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

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

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

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

<u>Currency</u>	<u>Spot exchange rate 31 December 2023</u>	<u>Spot exchange rate 31 December 2022</u>	<u>Average exchange rate 2023</u>	<u>Average exchange rate 2022</u>
EUR	4.9746	4.9474	4,9465	4.9315
USD	4.4958	4.6346	4,5743	4.1604

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

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

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

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

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

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

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

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

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

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

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

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

As at December 31, 2023, the Company does not own equity instruments.

The equity instruments owned by the company as of December 31, 2023 are measured at fair value through the profit or loss.

*Receivables and cash and cash equivalents*

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

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

*Financial liabilities*

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

**d) Investments in related entities (subsidiaries, associates)**

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

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

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

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

**Measuring investments in subsidiaries, associates**

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

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

**e) Assets classified as held for sale and discontinued operations**

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

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

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

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

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

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

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

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

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

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

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

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

***(ii) Subsequent costs***

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

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

***(i) Tangible asset depreciation***

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

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

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

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

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

***Intangible assets******(i) Recognition and measurement***

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

***(ii) Subsequent expenses***

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

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

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

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

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

***(iii) Intangible asset depreciation***

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

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

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

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

**g) Deferred expenses and revenues**

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

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

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

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

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

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

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

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

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

*(ii) Non-financial assets*

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

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

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

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

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

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***(ii) Determined contribution plans*

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

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

*(iii) Other benefits*

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

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

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

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

See also Note 8.

*(iv) Other long-term employee benefits*

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

**j) Trade liabilities and other liabilities**

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Operating lease liabilities

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

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

l) Provisions

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

m) Revenues

(i) Revenues from services

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

The main sources of revenues are:

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

(ii) Financial income

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

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

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

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

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

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

**o) Business combinations**

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

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

**p) Current and deferred corporate income tax**

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

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

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

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

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

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

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

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

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

The income tax rate used to calculate current and deferred tax at 31 December 2023 was of 16% (31 December 2022: 16%).

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

**q) Share capital**

Ordinary shares are classified as shareholders' equity.

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

**r) Own shares**

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

**s) Earnings per share**

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

**t) Legal reserve**

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

**u) Dividends**

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****v) New accounting standards**

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2023. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective and anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group in the period of initial application.

***New and amended standards and interpretations effective for the current reporting period***

The following new standards, amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period and their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

- **New standard IFRS 17 “Insurance Contracts” including the June 2020 and December 2021 Amendments to IFRS 17** issued by IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 “Insurance Contracts” and related interpretations while applied. Amendments to IFRS 17 “Insurance Contracts” issued by IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, the amendments issued on 25 June 2020 introduce simplifications and clarifications of some requirements in the Standard and provide additional reliefs when applying IFRS 17 for the first time.
- **Amendments to IAS 1 “Presentation of Financial Statements” - Disclosure of Accounting Policies** issued by IASB on 12 February 2021. Amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers in deciding which accounting policies to disclose in their financial statements.
- **Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” - Definition of Accounting Estimates** issued by IASB on 12 February 2021. Amendments focus on accounting estimates and provide guidance how to distinguish between accounting policies and accounting estimates.
- **Amendments to IAS 12 “Income Taxes” - Deferred Tax related to Assets and Liabilities arising from a Single Transaction** issued by IASB on 6 May 2021. According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.
- **Amendments to IAS 12 “Income Taxes” - International Tax Reform – Pillar Two Model Rules** issued by IASB on 23 May 2023. The amendments introduced a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules and disclosure requirements about company’s exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

*New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective*

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued and adopted by the EU but are not yet effective:

- **Amendments to IFRS 16 “Leases” - Lease Liability in a Sale and Leaseback** issued by IASB on 22 September 2022. Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.
- **Amendments to IAS 1 “Presentation of Financial Statements” - Classification of Liabilities as Current or Non-Current** issued by IASB on 23 January 2020 and **Amendments to IAS 1 “Presentation of Financial Statements” - Non-current Liabilities with Covenants** issued by IASB on 31 October 2022. Amendments issued on January 2020 provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments issued on October 2022 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after 1 January 2024.

These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Company.

*New and revised IFRS Accounting Standards in issue but not adopted by the EU*

- **Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures” - Supplier Finance Arrangements** issued by IASB on 25 May 2023. Amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.
- **Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates” - Lack of Exchangeability** issued by IASB on 15 August 2023. Amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
- **IFRS 14 “Regulatory Deferral Accounts”** issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

The Company does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

**4. FAIR VALUE MEASUREMENT**

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

**(a) Investments in equity and debt securities**

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

**(b) Trade and other receivables and other financial liabilities**

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

**(c) Fair value hierarchy**

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

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

BUCHAREST STOCK EXCHANGE

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

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

	31 December 2023		31 December 2022	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
Active financiare contabilizate la valoarea justa prin contul de profit si pierdere	480.724	320.877	-	-
<b>Assets carried at amortized cost</b>				
Other non-current financial assets	18,304,822	17,968,937	17,297,417	17,378,824
Bank deposits	20,240,524	20,240,524	5,604,674	5,604,674
Trade and other receivables	7,929,146	7,929,146	5,223,733	5,223,733
Other current financial assets	4,554,271	4,532,466	13,397,434	13,462,036
Cash and cash equivalents	<u>3,187,243</u>	<u>3,187,243</u>	<u>1,628,206</u>	<u>1,628,206</u>
<b>Total</b>	<b>54.696.730</b>	<b>54.339.040</b>	<b>43,151,465</b>	<b>43,297,474</b>
<b>Liabilities carried at amortized cost</b>				
Financial liabilities	3,186,922	3,186,922	2,964,032	2,964,032
Operating lease liabilities	<u>9,837,325</u>	<u>9,837,325</u>	<u>3,127,014</u>	<u>3,127,014</u>
<b>Total</b>	<b>13,024,247</b>	<b>13,024,247</b>	<b>6,091,046</b>	<b>6,091,046</b>

#### 4. FAIR VALUE MEASUREMENT (CONTINUED)

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

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

Trade receivables and other receivables are classified at Level 3.

#### 5. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks:

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

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

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

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

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

##### (a) Risk management general framework

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

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

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

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

**(b) Credit risk**

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

*(i) Trade and other receivables*

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

*(ii) Financial investments*

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

BUCHAREST STOCK EXCHANGE

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

	<u>31 December 2023</u>	<u>31 December 2022</u>	<u>Rating agency</u>
BRD - Groupe Societe Generale S.A.	BBB+	BBB+	Fitch Ratings
Banca Transilvania S.A.	BB+	BB+	Fitch Ratings
Banca Comerciala Romana S.A.	BBB+	BBB+	Fitch Ratings
Libra Bank	BB-	BB-	Fitch Ratings
Titluri de stat (Romania)	BBB-	BBB-	Fitch Ratings

*Exposure to credit risk*

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

<u>Name</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Non-current financial assets at amortized cost	18,304,822	17,297,417
Bank deposits	20,240,524	5,604,674
Trade and other receivables	7,929,146	5,223,733
Prepayments	931,534	619,492
Current financial assets at amortized cost	4,554,271	13,397,434
Cash and cash equivalents	<u>3,187,243</u>	<u>1,628,206</u>
<b>Total</b>	<b><u>55,147,540</u></b>	<b><u>43,770,956</u></b>

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

BUCHAREST STOCK EXCHANGE

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Name	Trade and other receivables		Financial assets at <u>amortized cost</u>		Cash and cash <u>equivalents</u>		Bank <u>deposits</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Individually provisioned</b>								
Significant risk	<u>547,160</u>	<u>487,452</u>	-	-	-	-	-	-
<b>Gross amount</b>	<b><u>547,160</u></b>	<b><u>487,452</u></b>	-	-	-	-	-	-
Adjustment for impairment	<u>(547,160)</u>	<u>(487,452)</u>	-	-	-	-	-	-
<b>Net amount</b>	<b>-</b>	<b>-</b>	-	-	-	-	-	-
<b>Outstanding amounts, individually not provisioned</b>								
Outstanding less than 90 days	226,702	765,171	-	-	-	-	-	-
Outstanding between 90 and 180 days	51,415	55,238	-	-	-	-	-	-
Outstanding between 180 and 360 days	<u>51,292</u>	<u>37,495</u>	-	-	-	-	-	-
<b>Gross amount</b>	<b><u>329,409</u></b>	<b><u>857,905</u></b>	-	-	-	-	-	-
Expected credit losses – IFRS 9	<u>(526)</u>	<u>(2,148)</u>	-	-	-	-	-	-
<b>Net amount</b>	<b><u>328,884</u></b>	<b><u>855,757</u></b>	-	-	-	-	-	-
<b>Current, not provisioned</b>								
No significant risk	7,610,855	4,376,963	22,911,264	30,946,171	3,196,588	1,641,393	20,286,717	5,650,562
<b>Gross amount</b>	<b><u>7,610,855</u></b>	<b><u>4,376,963</u></b>	<b><u>22,911,264</u></b>	<b><u>30,946,171</u></b>	<b><u>3,196,588</u></b>	<b><u>1,641,393</u></b>	<b><u>20,286,717</u></b>	<b><u>5,650,562</u></b>
Expected credit losses – IFRS 9	(10,593)	(8,987)	(52,172)	(251,320)	(7,161)	(13,187)	(46,193)	(45,888)
<b>Net amount</b>	<b><u>7,600,262</u></b>	<b><u>4,367,976</u></b>	<b><u>22,859,093</u></b>	<b><u>30,694,851</u></b>	<b><u>3,189,428</u></b>	<b><u>1,628,206</u></b>	<b><u>20,240,524</u></b>	<b><u>5,604,674</u></b>
<b>Total gross amount</b>	<b><u>8,487,425</u></b>	<b><u>5,722,320</u></b>	<b><u>22,911,264</u></b>	<b><u>30,946,171</u></b>	<b><u>3,196,588</u></b>	<b><u>1,641,393</u></b>	<b><u>20,286,717</u></b>	<b><u>5,650,562</u></b>
<b>Total net amount</b>	<b><u>7,929,146</u></b>	<b><u>5,223,733</u></b>	<b><u>22,859,093</u></b>	<b><u>30,694,851</u></b>	<b><u>3,189,428</u></b>	<b><u>1,628,206</u></b>	<b><u>20,240,524</u></b>	<b><u>5,604,674</u></b>

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

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

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

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

	Carrying amount	Contractual cash flows	Less than 12 months	More than 12 months
<b>31 December 2023</b>				
<b>Non-derivative financial liabilities</b>				
Financial liabilities*	3,186,922	3,186,922	3,186,922	-
Operating lease liabilities	<u>9,837,325</u>	<u>9,837,325</u>	<u>914,311</u>	<u>8,923,013</u>
<b>Total</b>	<b><u>13,024,247</u></b>	<b><u>13,024,247</u></b>	<b><u>4,101,234</u></b>	<b><u>8,923,013</u></b>
	Carrying amount	Contractual cash flows	Less than 12 months	More than 12 months
<b>31 December 2022</b>				
<b>Non-derivative financial liabilities</b>				
Financial liabilities*	2,964,032	2,964,032	2,964,032	-
Operating lease liabilities	<u>3,127,014</u>	<u>3,127,014</u>	<u>948,605</u>	<u>2,178,409</u>
<b>Total</b>	<b><u>6,091,046</u></b>	<b><u>6,091,046</u></b>	<b><u>3,912,637</u></b>	<b><u>2,178,409</u></b>

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

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

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk

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

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

*Exposure to currency risk*

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

<u>31 December 2023</u>	<u>EUR</u>	<u>USD</u>	<u>RON</u>	<u>Total</u>
<b>Financial assets</b>				
Trade and other receivables	414,032	190	7,514,925	7,929,146
Investments (government bonds, government securities, bank deposits, cash and cash equivalents)*	<u>14,473,437</u>	<u>6,954,836</u>	<u>24,858,586</u>	<u>46,286,860</u>
<b>Total financial assets</b>	<b><u>14,887,469</u></b>	<b><u>6,955,836</u></b>	<b><u>32,373,511</u></b>	<b><u>54,216,006</u></b>
<b>Financial liabilities</b>				
Financial liabilities	405,914	18,577	2,762,431	3,186,922
Operating lease liabilities	<u>9,837,325</u>	<u>0</u>	<u>0</u>	<u>9,837,325</u>
<b>Total financial liabilities</b>	<b><u>10,243,239</u></b>	<b><u>18,577</u></b>	<b><u>2,762,431</u></b>	<b><u>13,024,247</u></b>
<b>Net financial assets / (liabilities)</b>	<b><u>4,644,230</u></b>	<b><u>6,936,449</u></b>	<b><u>29,611,511</u></b>	<b><u>41,191,758</u></b>

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

*Sensitivity analysis*

A depreciation of the RON on 31 December 2023 versus 31 December 2022 as indicated below against EUR and USD would have caused an increase in the Company's income, with values listed below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	<u>31 December 2023</u>	<u>31 December 2022</u>
RON depreciation by 10 % against EUR	464.423	899.928
RON depreciation by 10 % against USD	<u>693.645</u>	<u>692.637</u>
<b>Total</b>	<b><u>1.158.068</u></b>	<b><u>1.592.564</u></b>

An appreciation of the RON on 31 December 2023 versus 31 December 2022 against the other currencies would have resulted in the same effect, but opposite, on the amounts shown above, assuming that all other variables remain constant.

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

### *Exposure to interest rate risk*

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

### (e) Operational risk

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

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

### (f) Capital management

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	<u>2023</u>	<u>2022</u>
Total liabilities	17,405,103	9.350.447
Cash and cash equivalents	<u>3,187,243</u>	<u>1,628.206</u>
<b>Net debts</b>	<b><u>(14,237,860)</u></b>	<b><u>(7.722.241)</u></b>
<b>Total capitals</b>	<b><u>127,776,809</u></b>	<b><u>111.942.389</u></b>
<b>Gearing ratio</b>	<b>14%</b>	<b>8%</b>

(g) Economic environment risk

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

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

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

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

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

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (h) Tax risk

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

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

## 6. INVESTMENTS IN SUBSIDIARIES

As of the end of 2023, the Company's participation to the group entities is the following:

	<u>1 January 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>31 December 2023</u>
Depozitarul Central S.A.	20,243,735	-	-	20,243,735
BVB Corporate Governance Institute Foundation	<u>50,000</u>	-	-	<u>50,000</u>
CCP.RO Bucharest SA	<u>47,500,000</u>	-	-	<u>47,500,000</u>
<b>Total</b>	<b><u>67,793,735</u></b>	<b>=</b>	<b>-</b>	<b><u>67,793,735</u></b>

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

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

As at 31 December 2023 the holding value in BVB Corporate Governance Institute Foundation in amount of RON 50,000 was fully impaired.

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

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

During, 2023, a new increase in share capital of CCP RO from RON 86,800,000 lei to RON 90.675.000 was recorded, following the cash contribution of minority shareholders .

Thus, BVB's participation in CCP.RO subsidiary decreased from 54.72% to 52.38%.

## 6. INVESTMENTS IN SUBSIDIARIES(CONTINUED)

As of 31.12.2023, CCP.RO is still in the process of obtaining the necessary authorizations from the Financial Supervisory Authority and the European Securities and Markets Authority (“ESMA”). As CCP.RO is not yet operational as a central counterparty, no operating income or profit was recorded.

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

The impairment test took into account the determination of the value in use of the participation in CCP.RO, starting from the cash flows expected in the future, according to the business plan approved by the shareholders of CCP.RO. The cash flows have been discounted to the present value using as a discount rate an estimated cost of capital of 9.33 %, which takes into account the specifics of the activity of CCP.RO.

The results of the impairment test showed that it is not necessary to register an impairment adjustment of the participation in CPP.RO, the value of use exceeding the investment cost on 31.12.2023.

The movements in adjustments for the impairment of investments in subsidiaries in 2023 is as follows:

	<u>2023</u>	<u>2022</u>
<b>Balance as at 1 January</b>	<u>50,000</u>	<u>50,000</u>
Increase of adjustment for impairment of investments	-	-
Reversals during the year	-	-
<b>Balance as at 31 December</b>	<u>50,000</u>	<u>50,000</u>

## 7. INVESTMENTS IN OTHER FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

As of the end of 2023, the other financial assets measured at fair value through profit or loss (FVPL) include the Company’s participation in other entities as follows:

	<u>1 January 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>31 December 2023</u>
<u>EuroCTP B.V.</u>	-	<u>480.724</u>	<u>(159.847)</u>	<u>320.877</u>

In 2023, BVB became a shareholder in the new joint venture project for a Consolidated Tape by paying the initial contribution of RON 480,724 lei (EUR 97,000), corresponding to a 1.39% participation held by BVB in the new company EuroCTP B.V., registered in the Netherlands.

The scope is to tender for a provider of a market data consolidation solution for equities in the European Union.

Amounts recognized related to other financial assets measured at fair value through the profit or loss during the year 2023, are presented as follows:

	<u>2023</u>	<u>2022</u>
Loss on the financial assets valued through profit and loss	159.847	-
<b>Total</b>	<u>159.847</u>	-

## 8. OPERATING REVENUES

Service revenues consist of the following:

	<u>2023</u>	<u>2022</u>
Trading revenues	39,128,441	22,584,429
Revenues from issuers admission and maintaining fees	5,032,616	4,527,256
Revenues from sale of market data	4,022,156	3,212,208
Other revenues	<u>1,427,555</u>	<u>1,364,802</u>
<b>Total</b>	<b>49,610,768</b>	<b>31,688,695</b>

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

## 9. OPERATING EXPENSES

The operating expenses comprise the following:

### 8.1 Staff costs and indemnities of the Board of Directors

	<u>2023</u>	<u>2022</u>
Remunerations – management and personnel	10,675,762	9,295,563
Indemnities of the Board of Governors members including other amounts payable to such members as approved by the GMS	1,141,132	1,074,632
Other staff and Board expenses (SOP and bonuses)	2,284,237	1,558,999
Contributions and taxes related to personnel and indemnities	<u>263,674</u>	<u>238,604</u>
<b>Total</b>	<b>14,364,805</b>	<b>12,167,799</b>

The number of Company's employees was:

	<u>At the end of the year</u>	<u>2023</u> Annual average	<u>At the end of the year</u>	<u>2022</u> Annual Average
Managers based on agency agreements	2	2	2	2
Employees	44	44	44	45

## 9. OPERATING EXPENSES (CONTINUED)

### Share-based payments (SOP)

The realized and estimated expenses of the employer for the benefits granted and related to the transactions based on payment based on shares, are presented separately in 2023 and amounted to RON 1,706,480 (2022: RON 888,546).

In 2023, a number of 30.575 shares were transferred free of charge, granted for 2022, with a market value at vesting date of RON 1.482.888, to the employees, management and Board of Governors according to the Share Allocation Plan approved by GSM.

For the year 2022, the Non-Executive Administrators fulfilled the performance condition provided for in the Share Allocation Plan, respectively BVB achieved good financial results, recording profits, taking into account the degree of achievement of the 2022 budget, took the decision to submit to the GSM approval the granting of the shares, and thus exercising the received options.

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

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

In 2023, the Company granted options for free BVB shares, according to the Stock Option Plan, members of the Stock Exchange Board, management and employees.

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

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

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

(a) BVB achieved good financial results by recording profits; and / or

(b) any other relevant performance criteria approved by the shareholders at the general meeting of shareholders.

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

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

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

## 9. OPERATING EXPENSES (CONTINUED)

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

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

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

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

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

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

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

### 9.2 Expenses with services provided by third parties include:

	<u>2023</u>	<u>2022</u>
Business consulting services	1,031,305	1,021,984
Financial, IT and internal audit services	350,812	322,470
Commissions and fees (legal, contributions, etc.)	374,771	331,442
Services provided by third parties for events	600,749	588,599
Services provided by third parties	<u>946,737</u>	<u>1,174,584</u>
<b>Total</b>	<b>3,304,375</b>	<b>3,439,080</b>

The statutory auditor of the Company for the year 2023 was Mazars Romania SRL. The audit fee, in accordance with the services agreement, was of EUR 25,000. During 2023, the statutory auditor did not provide allowed non-audit services. During 2021, the statutory auditor provided no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council to the Group.

During 2023, the projects carried out to promote the BVB and the capital market were continued, the most important of which being the BVB Research Hub, the implementation of ESG ratings and Made in Romania, with a total value of RON 1,031. 305, presented separately on a new line "Services provided by third parties for business development".

Also, in 2023, new projects were implemented in order to promote BVB and increase the number of investors on the stock exchange and in the context of the announced listing of Hidroelectrica.

9. OPERATING EXPENSES (CONTINUED)

9.3 Other operating expenses include expenses with:

	<u>2023</u>	<u>2022</u>
Rent and utilities for rented spaces	1,396,588	1,031,518
Tangible asset depreciation (Note 11)	852,822	700,452
Intangible asset depreciation (Note 12)	750,644	586,345
Right of use assets depreciation (Note 13)	1,710,007	947,865
Expenses with ASF tax and other fees	1,353,508	868,333
Consumables	87,506	165,131
IT Maintenance, service and repairs	802,038	727,872
Insurance for professional equipment, etc.	125,973	103,553
Protocol	584,757	641,239
Marketing, advertising and promotion	1,439,389	702,240
Transport and travels	436,599	336,833
Telecommunications and mail services	153,461	137,576
Bank fees	36,889	27,000
Loss from writing off clients	21,962	6,700
Expenses/ (Revenues) from receivables adjustment	59,708	47,477
Expenses/ (Revenues) from tangible assets impairment adjustment	163,678	-
Other expenses	<u>322,302</u>	<u>219,638</u>
<b>Total</b>	<b>10,297,832</b>	<b>7,249,771</b>

In 2023, higher other operating expenses were recorded, base effect of the increase in inflation, together with the projects carried out during 2023, namely the relocation of the company's headquarters and the campaign to increase the number of investors, as well as from one-off expenses generated by the successful listing of Hidroelectrica.

## 10. FINANCIAL INCOME AND EXPENSES

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

	<u>2023</u>	<u>2022</u>
Interest income from financial assets and bank deposits	1,674,234	1,173,007
Dividends income	1,398,115	1,532,490
Net gain / (loss) from exchange rate differences	(33,699)	382,029
Interest expense related to lease agreements acc. IFRS 16 and other financial expenses	(521,823)	(173,929)
Fair value gains (losses) on financial assets at FVPL	(159,847)	-
Expected credit losses – IFRS9	<u>204,274</u>	<u>(12,867)</u>
<b>Net financial income</b>	<b>2,561,254</b>	<b>2,900,730</b>
Revaluation reserves for tangible assets	2,682,268	-
<b>Total</b>	<b>2,682,268</b>	-

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

Interest expenses related to lease agreements recognized according to IFRS 16, increased in 2023 following the lease agreement for the new headquarter.

## 11. CORPORATE INCOME TAX EXPENSE

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

	<u>2023</u>	<u>2022</u>
Before-tax accounting profit	25,142,222	12,746,538
Theoretical income tax (16%)	4,022,756	2,039,446
Income tax for non-taxable income tax and assimilated	(466,255)	(268,654)
Income tax for non-deductible expenses tax and assimilated	329,963	149,489
Income tax on fiscal profit	3,886,463	1,920,281
<b>Corporate income tax (16%) computed</b>	<b><u>3,886,463</u></b>	<b><u>1,920,281</u></b>
Sponsorship deducted from corporate income tax	(302,176)	(209,449)
Current tax expense	<b><u>3,584,287</u></b>	<b><u>1,710,832</u></b>
Income from deferred income tax	(273,037)	-
<b>Corporate income tax expense/(income)</b>	<b><u>3,311,250</u></b>	<b><u>1,710,832</u></b>

12. TANGIBLE ASSETS

	Land and buildings <i>i)</i>	Machinery and equipment	IT equipment, office automation and furniture <i>ii)</i>	Fixed assets in progress	Total
<b>2023</b>					
<b>Cost</b>					
Balance as of 1 January 2023	<u>3,920,026</u>	<u>9,229,797</u>	<u>1,924,757</u>	-	<u>15,074,580</u>
Purchases	-	2,224,537	61,834	2,132,006	4,418,377
	2,681,268	-	-	-	2,681,268
Disposals	-	(3,430,154)	(390,450)	-	(3,820,604)
<b>Balance as of 31 December 2023</b>	<u><b>6,601,294</b></u>	<u><b>8,023,180</b></u>	<u><b>1,596,141</b></u>	<u><b>2,132,006</b></u>	<u><b>18,353,620</b></u>
<b>Depreciation</b>					
Balance as of 1 January 2023	-	<u>8,363,202</u>	<u>1,435,123</u>	-	<u>9,798,325</u>
Depreciation during the year	-	673,772	179,050	-	852,822
Impairment	-	5,423	158,255	-	163,678
Disposals	-	(3,428,652)	(375,953)	-	(3,804,605)
<b>Balance as of 31 December 2023</b>	-	<u><b>5,613,744</b></u>	<u><b>1,396,475</b></u>	-	<u><b>7,010,220</b></u>
<b>Net carrying amounts</b>					
Balance as of 1 January 2023	<u>3,920,026</u>	<u>866,595</u>	<u>489,634</u>	-	<u>5,276,255</u>
<b>Balance as of 31 December 2023</b>	<u><b>6,601,294</b></u>	<u><b>2,410,436</b></u>	<u><b>199,665</b></u>	<u><b>2,132,006</b></u>	<u><b>11,343,401</b></u>
<b>2022</b>					
<b>Cost</b>					
Balance as of 1 January 2022	<u>3,920,026</u>	<u>8,599,273</u>	<u>1,786,495</u>	<u>2,660</u>	<u>14,308,454</u>
Purchases	-	650,076	166,116	89,327	905,520
Disposals	-	(19,552)	(27,854)	(91,987)	(139,394)
<b>Balance as of 31 December 2022</b>	<u><b>3,920,026</b></u>	<u><b>9,229,797</b></u>	<u><b>1,924,757</b></u>	-	<u><b>15,074,580</b></u>
<b>Depreciation</b>					
Balance as of 1 January 2022	-	<u>7,853,721</u>	<u>1,284,708</u>	-	<u>9,138,428</u>
Depreciation during the year	-	525,980	174,471	-	700,452
Disposals	-	(16,499)	(24,056)	-	(40,555)
<b>Balance as of 31 December 2022</b>	-	<u><b>8,363,202</b></u>	<u><b>1,435,123</b></u>	-	<u><b>9,798,325</b></u>
<b>Net carrying amounts</b>					
Balance as of 1 January 2022	<u>3,920,026</u>	<u>745,552</u>	<u>501,788</u>	<u>2,660</u>	<u>5,170,026</u>
<b>Balance as of 31 December 2022</b>	<u><b>3,920,026</b></u>	<u><b>866,595</b></u>	<u><b>489,634</b></u>	-	<u><b>5,276,255</b></u>

## 12 TANGIBLE ASSETS (CONTINUED)

The movement of the impairment adjustments on tangible assets recorded during the year 2023 is as follows:

	<u>2023</u>	<u>2022</u>
Impairment adjustment as of 1 January	-	-
Impairment losses	163,678	-
Impairment reversals	-	-
<b>Impairment adjustment as of 31 December</b>	<b>163,678</b>	<b>-</b>

- i) At the end of 2023, a revaluation was performed on the land owned by the company. The market value as of December 31, 2023 according to the Revaluation Report was RON 6,601,294.
- ii) Machinery and equipment mainly include the value of servers and specialized equipment used in specific trading and settlement activities
- iii) During 2023, servers and network equipment were acquired valued at RON 2,224,537, representing replacements of obsolete servers which will be placed in the new BVB headquarters in order to carry out operational activity at an optimal level.
- iv) During 2023, fully depreciated and obsolete servers and IT equipment worth RON 3,430,154 were disposed.
- v) During 2023, the relocation project of the BVB headquarters was implemented but still in progress, improvement works and data center set-up worth RON 1,889,623, being presented at the end of 2023 under Tangible fixed assets in progress. Also, advances were paid for renovation works and furniture in amount of RON 242,383.
- vi) At the end of 2023, in the context of the relocation of the BVB headquarters, an impairment adjustment was recognized for fixed assets that will not transferred in the new location in amount of RON 163,678.

## 13 INTANGIBLE ASSETS

<b>2023</b>	<u>Licenses, software</u>	<u>Intangible assets under development</u>	<u>Total</u>
<b>Cost</b>			
Balance as at 1 January 2023	<u>7,191,956</u>	<u>485,571</u>	<u>7,677,527</u>
Purchases	997,638	792,058	1,789,696
Outflows	(192,595)	(1,004,988)	(1,197,583)
<b>Balance as at 31 December 2023</b>	<b><u>7,996,999</u></b>	<b><u>272,641</u></b>	<b><u>8,269,640</u></b>
<b>Depreciation</b>			
Balance as at 1 January 2023	<u>6,143,860</u>	-	<u>6,143,860</u>
Depreciation during the year	750,644	-	750,644
Outflows	(192,595)	-	(192,595)
<b>Balance as at 31 December 2023</b>	<b><u>6,701,908</u></b>	<b><u>-</u></b>	<b><u>6,701,908</u></b>
<b>Net carrying amounts</b>			
Balance as at 1 January 2023	<u>1,048,097</u>	<u>485,571</u>	<u>1,533,668</u>
<b>Balance as at 31 December 2023</b>	<b><u>1,295,091</u></b>	<b><u>272,641</u></b>	<b><u>1,567,731</u></b>

13. INTANGIBLE ASSETS (CONTINUED)

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

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

The company recorded in 2023 investments and acquisitions of intangible assets in the amount of RON 997.638 (2021: RON 782.643) and were mainly represented the implementation of the digitalization project through the purchase of a document management software with an impact in the area of admission to trading, documents registration, procurement and HR, as well as licenses.

14. RIGHT OF USE ASSETS

2023	<u>Cladiri</u>	<u>Autoturisme</u>	<u>Total</u>
<b>Cost</b>			
Balance as at 1 January 2023	<u>4,305,877</u>	<u>424,460</u>	<u>4,730,337</u>
Purchases	9,339,943	171,287	9,511,229
Outflows	(2,050,382)	(90,051)	(2,140,433)
<b>Balance as at 31 December 2023</b>	<b><u>11,595,438</u></b>	<b><u>505,696</u></b>	<b><u>12,101,134</u></b>
<b>Depreciation</b>			
Balance as at 1 January 2023	<u>1,569,281</u>	<u>192,834</u>	<u>1,762,115</u>
Depreciation during the year	1,620,443	89,564	1,710,007
Outflows	(84,343)	(90,051)	(174,394)
<b>Balance as at 31 December 2023</b>	<b><u>3,105,381</u></b>	<b><u>192,347</u></b>	<b><u>3,297,728</u></b>
<b>Net carrying amounts</b>			
Balance as at 1 January 2023	<u>2,736,596</u>	<u>231,626</u>	<u>2,968,222</u>
<b>Balance as at 31 December 2023</b>	<b><u>8,490,056</u></b>	<b><u>313,349</u></b>	<b><u>8,803,406</u></b>
<b>2022</b>	<u>Cladiri</u>	<u>Autoturisme</u>	<u>Total</u>
<b>Cost</b>			
Balance as at 1 January 2022	<u>4,026,728</u>	<u>328,181</u>	<u>4,354,909</u>
Purchases	279,149	155,840	434,989
Outflows	=	(59,561)	(59,561)
<b>Balance as at 31 December 2022</b>	<b><u>4,305,877</u></b>	<b><u>424,460</u></b>	<b><u>4,730,337</u></b>
<b>Depreciation</b>			
Balance as at 1 January 2022	<u>699,236</u>	<u>174,576</u>	<u>873,811</u>
Depreciation during the year	870,045	77,819	947,865
Outflows	0	(59,561)	(59,561)
<b>Balance as at 31 December 2022</b>	<b><u>1,569,281</u></b>	<b><u>192,834</u></b>	<b><u>1,762,115</u></b>
<b>Net carrying amounts</b>			
Balance as at 1 January 2022	<u>3,327,492</u>	<u>153,605</u>	<u>3,481,098</u>
<b>Balance as at 31 December 2022</b>	<b><u>2,736,596</u></b>	<b><u>231,626</u></b>	<b><u>2,968,222</u></b>

#### 14. RIGHT OF USE ASSETS (continued)

The company had concluded on January 1, 2023, 2 leases for the main and secondary headquarters for which the default interest rate used was 5% / year, a value determined by the cost of borrowing from the financial market to finance an asset of a similar value for a comparable time period.

During 2022, the value of the main office rental contract was indexed with the inflation rate of February 2023, respectively 14,53%, and an additional lease liability in amount of RON 387,567 was recognized.

In March 2023, the company concluded a new Lease Agreement with the purpose of relocating the headquarters, for a period of 10 years, which, according to IFRS 16, was recognized as an write-of-use asset in amount of RON 8,915,624, simultaneously recognizing and a lease liability. The value of the recognized asset, respectively of the initially recorded lease liability, represents the present value of the future lease payments for the entire period of the rental contract. The implicit interest rate used was 5,36%/year, a value represented by the cost of borrowing from the financial market to finance an asset of similar value for a comparable period of time.

The company had concluded on January 1, 2023, 4 car rental contracts (operational leasing) for which the interest used was between 4.2% and 8.16% per year, cost of borrowing from the financial market to finance the same asset of similar value for a comparable period of time.

During the year 2023, one of the car rental agreement (operational leasing) was renewed, recognizing an right-of-use asset in the amount of RON 171,286, the interest rate used being 6.14%.

For interest expense on liabilities arising from leases, see Note 10.

#### 15. FINANCIAL INSTRUMENTS

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

	<u>31 December</u> <u>2023</u>	<u>31 December</u> <u>2022</u>
Financial assets carried at amortized cost - gross value	17,609,431	17,378,323
Expected credit losses (IFRS 9)	(52,172)	(251,320)
Other assets – guarantees iii)	<u>747,562</u>	<u>170,414</u>
<b>Total non-current financial instruments</b>	<b><u>18,304,822</u></b>	<b><u>17,297,417</u></b>
Bank deposits with maturity between 3 months and one year iii)	20,286,717	5,650,562
Expected credit losses (IFRS 9)	(46,193)	(45,888)
Current financial assets carried at amortized cost	<u>4,554,271</u>	<u>13,397,434</u>
<b>Total current financial instruments</b>	<b><u>24,794,795</u></b>	<b><u>19,002,108</u></b>

The financial assets are represented by government securities issued by the Ministry of Finance denominated in RON, USD and EUR, with initial maturities between 10 months and 5 years at coupon rates between 2.75% and 4.5% per year.

15. FINANCIAL INSTRUMENTS (CONTINUED)

Term deposits are made in RON and USD, at banks in Romania with initial maturities between 3 months and 1 year at interest rates between 6.3% and 7.65% for deposits in RON and 2.04% for deposits in USD.

Financial assets present the amounts net of expected credit losses (IFRS9). The gross value of financial assets (government securities and bank deposits) amounts RON 42,450,419 and the expected credit losses is RON 98,364.

<i>Expected credit losses IFRS 9</i>	2023	2022
Balance as at 1 January	<u>297,208</u>	<u>248,752</u>
Impairment losses	61,739	152,176
Impairment reversals	<u>(260,582)</u>	<u>(103,720)</u>
<b>Balance as at 31 December</b>	<b>98,364</b>	<b>297,208</b>

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

Variation of financial instruments measured at amortized cost:

	Financial assets at <u>amortized</u> <u>cost</u>	Held-to-maturity <u>financial assets</u>
	2023	2022
<b>1 January</b>	<u>30,694,851</u>	<u>30,381,036</u>
Acquisitions (less interest) and exchange rate differences	7,040,378	13,822,806
Interest computed and purchased	847,146	1,320,264
Interest collected (cash -in)	(1,288,852)	(1,431,367)
Redeems (less interest)	<u>(14,396,830)</u>	<u>(13,146,569)</u>
<b>31 December</b>	<u><b>22,896,693</b></u>	<u><b>30,946,171</b></u>
Expected credit losses, IFRS 9	<u>(37,600)</u>	(251,320)
<b>Net value</b>	<u><b>22,859,093</b></u>	<u><b>30,694,851</b></u>

## 16. TRADE AND OTHER RECEIVABLES

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Trade receivables – gross value i)	8,228,197	5,452,731
Adjustment for trade receivable impairment	(547,160)	(487,452)
Expected credit losses IFRS 9	(11,119)	(11,135)
VAT undue	27,493	25,505
Other receivables	<u>231,736</u>	<u>244,085</u>
<b>Total</b>	<b>7,929,146</b>	<b>5,223,733</b>

Trade and other receivables considered financial assets and presented in Note 5 - Management of financial risk - amount to RON 7,929,146 as at 31 December, 2023 and RON 5,223,733 as at 31 December 2022 and represent net trade receivables and other receivables.

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

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

	<b>2023</b>	<b>2022</b>
<b><i>Adjustment for impairment – Individual component</i></b>		
Balance as at 1 January	487,452	439,975
Impairment losses	79,732	78,211
Impairment reversals	<u>(20,024)</u>	<u>(30,734)</u>
<b>Balance as at 31 December</b>	<b>547,160</b>	<b>487,452</b>

The adjustment for the depreciation of receivables is calculated annually taking into account outstanding receivables older than 270 days, of which for unpaid invoices issued for the annual maintenance fee the amount related to the adjustment represents a percentage of 30% of the remaining receivable.

The percentage of uncollected receivables estimated at 30% and takes into account the 2021 amendment of Regulation no. 5/2018 regarding issuers of financial instruments and market operations, namely the introduction of the obligation of listed issuers to provide proof of payment for the amounts due to BVB, the recovery of due amounts will be possible until the moment of delisting/withdrawal from trading at the latest.

16. TRADE AND OTHER RECEIVABLES (CONTINUARE)

<i>Expected credit losses IFRS 9</i>	<b>2023</b>	<b>2022</b>
Balance as at 1 January	<u>11.135</u>	<u>4,960</u>
Impairment losses	4.310	6,175
Impairment reversals	<u>(4.325)</u>	-
<b>Balance as at 31 December</b>	<b>11.119</b>	<b>11,135</b>

The Company computes an impairment loss on trade receivables using the simplified approach according to IFRS 9, recognizing expected credit losses on receivables over their lifetime. The expected credit loss for trade receivables was calculated using the ratio determined by the amount of customer receivables that became uncertain during the reporting period in the total revenues generated by the Company over the same period of time. The determined ratio was applied to the receivables balance outstanding at 31 December 2023.

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

17. PREPAYMENTS

Prepayments in amount of RON 931,534 (31 December 2022: RON 619,492) are mainly ESG consultancy services, prepaid rents, insurance premiums for equipment, IT equipment maintenance, insurance premiums for civil liability insurance for administrators and contributions to international bodies and various subscriptions.

18. CASH AND CASH EQUIVALENTS

The held cash and cash equivalents comprise the following:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Deposits at banks with original maturity less than 3 months	469,737	-
Bank current accounts	2,674,835	1,623,657
Petty cash	49,832	17,736
Expected credit losses IFRS 9	<u>(7,161)</u>	<u>(13,187)</u>
<b>Total</b>	<b>3,187,243</b>	<b>1,628,206</b>

Cash and cash equivalents as of 31 December 2023 presents the amounts net of expected credit losses (IFRS 9). The gross amount of cash and cash equivalents is RON 3,194,404 (2022: 1,641,393) and the expected credit losses is RON 7,161 (2022: RON 13,187).

<i>Expected credit losses IFRS 9</i>	<b>2023</b>	<b>2022</b>
Balance as at 1 January	<u>13,187</u>	<u>51,835</u>
Impairment losses	28,161	12,617
Impairment reversals	<u>(34,187)</u>	<u>(51,625)</u>
<b>Balance as at 31 December</b>	<b><u>7,161</u></b>	<b><u>13,187</u></b>

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

**19. DEFERRED TAX ASSET**

	<u>2023</u>	<u>2022</u>
<i>Deferred Tax Asset</i>		
Opening Balance January 1st	-	-
Recognized in the result of the period	<u>273,037</u>	-
<b>Closing Balance December 31</b>	<b><u>273,037</u></b>	<b><u>=</u></b>

The deferred tax was calculated for the deductible temporary differences resulting from the estimated expenses for SOP granted to employees and management within the approved Share Option Plan. Recognized temporary differences are estimated to be deducted from the taxable profit obtained in the following year.

**20. TRADE LIABILITIES AND OTHER LIABILITIES**

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Trade liabilities	1,472,542	1,478,309
Salary contributions due	382,508	362,337
Taxes due	14,714	7,006
VAT payable	81,009	146,437
Dividends payable	1,495,756	1,342,859
Advances received from customers	-	769
Other debts to management and personnel	1,380,565	948,926
Other liabilities	<u>218,624</u>	<u>142,096</u>
<b>Total</b>	<b><u>5,045,719</u></b>	<b><u>4,428,738</u></b>

Trade and other liabilities considered financial debts and presented in Note 5 - Management of financial risk - amount to RON 3,186,922 as at 31 December 2023 and RON 2,964,032 as at 31 December 2022 and consist of trade liabilities, and dividends payable and other payables to lenders.

Trade liabilities are mainly obligations to internal suppliers, some of them with a maturity less than 30 days, paid in early 2024.

**21. OPERATING LEASE LIABILITIES**

	<u>31 December 2023</u>	<u>31 December 2022</u>
Operating lease liabilities – current	914,311	948,605
Operating lease liabilities – non-current	<u>8,923,013</u>	<u>2,178,409</u>
<b>Total</b>	<b>9,837,324</b>	<b>3,127,014</b>

For the interest expense related to the liabilities arising from the lease agreements, see Note 10.

**22. DEFERRED INCOME**

Deferred income/revenues include:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Revenues from maintenance of stock exchange listing	1,785,608	1,545,054
Other deferred income	<u>47,942</u>	<u>67,780</u>
<b>Total</b>	<b><u>1,833,550</u></b>	<b><u>1,612,834</u></b>

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

23. CAPITAL AND RESERVES

a) *Share capital*

On 31 December 2023, BVB had a share capital amounting to RON 80,492,460 (31 december 2022: RON 80,492,460) divided in 8,049,246 shares with a nominal value of RON 10 /share, dematerialized, with the same voting right, divided into the following categories:

Shareholding structure at 31 December 2023	Number of <u>shares</u>	% from share <u>capital</u>
<b>Legal entities, of which:</b>	<u>6,555,355</u>	<u>81.44%</u>
- Romanian	6,408,425	79.62%
- foreign	146,930	1.83%
<b>Individuals, of which:</b>	<u>1,484,047</u>	<u>18.44%</u>
- Romanian	1,399,243	17.38%
- foreign	84,804	1.05%
<b>Bucharest Stock Exchange</b>	<u>9,844</u>	<u>0.12%</u>
<b>Total</b>	<b>8,049,246</b>	<b>100.00%</b>

Share types:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Ordinary shares	8,049,246	8,049,246
Preferential shares	-	-
<b>Total</b>	<b>8,049,246</b>	<b>8,049,246</b>

In compliance with the provisions of amending 136, paragraph 5 on Law no. 126/2018 regarding the capital market, a shareholder of a market operator shall not hold, either directly or indirectly, more than 20% of the total voting rights. As a consequence, none of the BVB shareholders held more than 20% as at 31 December 2023.

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

The closing price for the last trading session of 2023 was 65.60 RON /share (2022: RON 35.30/share).

24. CAPITAL AND RESERVES ( CONTINUED)

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

In 2023, the Company granted options, according to the Share Allocation Plan (Stock Option Plan type), to eligible members of the Stock Exchange Council, management and employees.

The benefit granted in equity instruments (own shares) amounted to RON 1,706,480 (2022: RON 888,546). Also see Note 8.

Movements as at 31 December 2023 are as follows

	2023	2022
Balance as at 1 January	75,528	(110,096)
Own shares redeemed	-	1,074,170
Share-based benefits granted to Members of the Board, Management and employees, including estimations	(1,706,480)	(888,546)
Losses as effect of granting shares for free within SOP	<u>94,455</u>	-
Balance as at 31 December	<u>(1,536,497)</u>	<u>75,528</u>

c) Dividends

The Board of Directors of BVB submits to the approval of the General Meeting of Shareholders the proposal for distribution of the statutory net profit for 2023 of the Company, in amount of RON 21,830,972, as follows: the amount of RON 1,257,111 for the legal reserve, the amount of RON 12,524,621 in the form of gross dividends and the rest of RON 8,049,240 is distributed in reserves.

From the reserves constituted from the 2023 net profit, the share capital will be increase by the amount of RON 8,049,240 through the issuance of a number of 804,924 new shares, ordinary, registered and dematerialized, with a nominal value of 10 lei/share ("New Shares").

The New Shares will be allocated to the Company's shareholders in proportion to their holdings in the Company's share capital; as part of the increase of the Share Capital, each shareholder registered on the date of registration established by GMS, will receive free shares, for every 10 shares held, a number of New Shares out of the 804,924 newly issued.

General Meeting of Shareholders approved on April 26/27, 2023 the distribution of the statutory net profit of 2022 of the Company, in amount of RON 11.035.706, as follows: the amount of RON 637,327 for the legal reserve, and the rest in the form of gross dividends. Thus, the amount distributed in 2023 in the form of gross dividends for 2022 is RON 10,398,379. The payment date was 27 June 2023.

21. CAPITAL AND RESERVES ( CONTINUED)

d) *Legal reserve*

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

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

e) *Revaluation reserve*

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

Movements from reserves as at are as follows:

<b>Revaluation reserve</b>	<b>2023</b>	<b>2022</b>
Balance as of 1 January	<u>1,748,513</u>	<u>1,748,513</u>
Revaluation reserve set up during the year	<u>2,682,268</u>	-
Balance as of 31 December	<u>4,430,781</u>	<u>1,748,513</u>

22. EARNINGS PER SHARE

The calculation of basic earnings per share at 31 December 2023 is based on profit attributable to Company's shareholders in the amount of RON 21,830,972 (2022: RON 11,035,706) and the weighted average number of ordinary shares outstanding of 8,049,246 (2022: 8,049,246).

## 23. TRANSACTIONS WITH RELATED PARTIES

### *Management key personnel*

31 December 2023

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

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

Executive management was formed of:

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

In 2023, the remuneration granted to the key management personnel of BVB amounted to 1,684,598 RON (2022: to RON 1,601,339 ).

In 2023, the remuneration granted to the members of the Board of Governors and members of the Special Committees were RON 1,141,132 (2022: RON 1,052,692).

The total gross remuneration granted to administrators and directors was, according to the 2023 Remuneration Report in amount of RON 4,176,457 (2022: RON 3,218,499).

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

23. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

*Related parties*

<u>Related party</u>	<u>Field of activity</u>	<u>Percentage of ownership</u> <u>31 December 2023</u>	<u>Percentage of ownership</u> <u>31 December 2022</u>
<b>Depozitarul Central SA</b>	Compensation / settlement of transactions with shares and bonds performed at the Bucharest Stock Exchange and maintaining the register of shareholders	69.04%	69.04%
<b>BVB's Corporate Governance Institute</b>	Vocational training of listed companies and capital market participants in the fields of corporate governance and sustainable development	100%	100%
<b>CCP.RO Bucharest SA</b>	It was registered at the Trade Register on November 4, 2019 and aims to ensure the role of central counterparty in the derivative transactions market. The effective launch of the operations is estimated to last up to 24 months, taking into account the authorization process by the FSA in accordance with EMIR rules	52.38%	54.72%

23. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

*Transactions with related parties*

	<u>2023</u>	<u>2022</u>
<b>Operating income from</b>	<u>629,594</u>	<u>651,371</u>
- Central Depository	320,000	651,371
CCP.RO	309,594	-
<b>BVB income from dividends received, from</b>	<u>1,398,115</u>	<u>1,532,490</u>
- Central Depository	1,398,115	1,532,490
<b>Purchases of goods and services, from</b>	<u>21,564</u>	<u>14,720</u>
- Central Depository	21,564	14,720
<b>Trade Receivables, out of which from:</b>	<u>64,348</u>	<u>394,331</u>
- Central Depository	48,194	394,331
CCP.RO	16,154	-
<b>Other receivables, out of which from:</b>	<u>61,571</u>	<u>63,627</u>
- Central Depository	61,571	63,627
<b>Liabilities out of which to</b>	<u>175</u>	<u>173</u>
- Central Depository	175	173

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

The revenues recorded in connection with CCP.RO are based on the middleware system development agreement.

The expenses recorded with the affiliated entities consist in services provided by the Central Depository.

## 24. COMMITMENTS AND CONTINGENT LIABILITIES

### 1. Letters of bank guarantee

In order to comply with the obligations assumed in the headquarters rental agreement concluded on March 20, 2023 with Complex Multifunctional Victoria SA, the Board of Governors approved on May 24, 2023 through the Resolution no. 47, for BVB to obtain a letter of bank guarantee by concluding a credit agreement with Banca Comerciala Romana (BCR) based on which the letter of bank guarantee and the mortgage agreement on the accounts opened at BCR should be issued.

Thus, on June 13, 2023, a Credit Agreement was concluded with Banca Comerciala Romana (BCR) for the issuance of a letter of bank guarantee in the amount of EUR 495,000 and a mortgage agreement on the accounts opened at BCR, which will cease at the time of settlement of all amounts and debts that are or may become due according to the Financing Documents.

BVB is also the guarantor, for the amount of EUR 124,999, in a letter of bank guarantee with a value of EUR 244,395, issued in the context of the signing of the credit agreement concluded by CCP.R0 Bucharest SA (branch of BVB) with the Banca Comerciala Romana (BCR) for the headquarters lease agreement signed by CCP.R0 Bucharest SA with Complexul Multifunctional Victoria SA.

### 2. Other contingencies

As a shareholder in EuroCTP BV, the Bucharest Stock Exchange has firmly committed to contribute by the necessary means to the development and implementation of a market data consolidation solution (Consolidated Tape) for shares in the European Union.

The value of the contribution committed by BVB is EUR 305,800.

## 25. ASPECTS TO BE MENTIONED

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

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

## 26. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

1. In the meeting of 7 February 2024, FSA approved the modification of the component of the Board of Directors according to the AGM Decision of 22.11.2023.

Thus, the new component of the Board of Governors as of February 12, 2024 and the position within the committees and commissions established at the BVB level is as follows:

	<b><u>Members BG</u></b>	<b><u>Function BG</u></b>	<b><u>Position held in Comitee/Comision</u></b>
1	Radu Hanga	President	Preşedinte IC, Member NC
2	Şerban Valentin Marin	Vicepresident	Vicepresident ApC
3	Dumitru Remus Vulpescu	Vicepresident	President AC
4	Claudia Gabriela Ionescu	General secretary	President RC
5	Loredana Norica Chiţu	Member	President NC, Member RC
6	Octavian Molnar	Member	President ApC, Member AC
7	Robert Cosmin Pana	Member	Member CN
8	Vasile Cristian Pascu	Member	President LC, Member RC
9	Daniela Secara	Member	Vicepresident CAT, Member AC

Legend:

- AC - Audit Committee
- NC - Nomination Committee
- CR - Remunerararion Committee
- LC – Listing Commision
- ApC – Apeal Commision
- IC – Index Commision

2. On February 28, 2024, Mr. Robert Pana notified the Company regarding his decision to renounce the mandate of the Company's administrator starting from the date of notification.

3. In the meeting of February 7, 2024, FSA approved the request of the "market operator Bursa de Valori Bucureşti S.A. for the authorization of a new regulated market - the derivatives market on financial assets and other types of assets and its registration in the FSA Register".

4. On February 19, 2024, FSA authorized the change in the way of organization and operation of the BVB, as a result of the change of the registered office of the company from the address of Bucharest, Carol I, no. 34-36, etc. 13-14, sector 2 at Bucharest address, sos. Nicolae Titulescu, no. 4-8, et. 1, East Wing, sector 1.

# BUCHAREST STOCK EXCHANGE

**CONSOLIDATED FINANCIAL STATEMENTS  
PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING  
STANDARDS AS ADOPTED BY THE EUROPEAN  
UNION  
31 DECEMBER 2023**

**BURSA DE VALORI BUCURESTI SA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023**

---

**CONTENTS**

Independent Auditor's report	-
Consolidated profit or loss and consolidated statement of comprehensive income	1
Consolidated statement of financial position	2 - 3
Consolidated statement of changes in shareholders equity	4 - 5
Consolidated statement of cash flows	6 - 7
Notes to the consolidated financial statements	8 - 68

**BUCHAREST STOCK EXCHANGE****CONSOLIDATED PROFIT OR LOSS AND****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023****(RON)**

	<b>Note</b>	<b>2023</b>	<b>2022</b>
Revenues from services		81,558,039	55,374,485
Other revenues		1,228,094	1,169,855
<b>Operating revenue</b>	<b>7</b>	<b><u>82,786,133</u></b>	<b><u>56,544,340</u></b>
Staff costs and benefits of the members of Board of Governors	8	(31,613,733)	(26,674,786)
Expenses with services provided by third parties	8	(7,080,608)	(6,179,756)
Other operating expenses	8	(20,447,166)	(14,901,774)
<b>Operating profit</b>		<b><u>23,644,626</u></b>	<b><u>8,788,024</u></b>
<b>Net financial income</b>	<b>9</b>	<b><u>6,305,597</u></b>	<b><u>3,517,939</u></b>
<b>Profit before tax</b>		<b><u>29,950,223</u></b>	<b><u>12,305,963</u></b>
Corporate income tax (expense) / revenue	10	(4,252,003)	(1,874,970)
Profit from continuing operations		25,698,220	<u>10,430,992</u>
<b>Profit for the year</b>		<b><u>25,698,220</u></b>	<b><u>10,430,992</u></b>
<b>Profit attributable to:</b>			
Non-controlling interests		1,005,330	(196,405)
Owners of the Company		<u>24,692,890</u>	<u>10,627,397</u>
<b>Profit for the year</b>		<b><u>25,698,220</u></b>	<b><u>10,430,992</u></b>
Reserves from the reevaluation of tangible assets		2,682,268	-
<b>Total comprehensive income for the year</b>		<b><u>28,380,488</u></b>	<b><u>10,430,992</u></b>
<b>Attributable amounts:</b>			
Non-controlling interests		1,005,330	(196,405)
Owners of the Company		<u>27,375,158</u>	<u>10,627,397</u>
<b>Total comprehensive income for the year</b>		<b><u>28,380,488</u></b>	<b><u>10,430,992</u></b>
Basic/ diluted earnings per share		<u>3.0677</u>	<u>1.3020</u>

The consolidated financial statements were approved by the Board of Directors on 19 March 2024 and were signed by:

President,  
Radu Hanga

General Manager,  
Adrian Tănase

Financial Manager,  
Virgil Adrian Stroia

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

## BUCHAREST STOCK EXCHANGE

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023 (RON)

---

	<u>Note</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>Assets</b>			
Tangible assets	11	17,432,642	8,679,773
Intangible assets	12	6,731,246	4,559,157
Right-of-use assets	13	18,680,123	4,819,904
Deferred Tax asset	14	3,083,173	1,976,856
Financial assets at amortised cost	15	53,131,187	57,501,111
Financial assets measured at fair value through profit or loss	15	<u>320,877</u>	-
<b>Total non-current assets</b>		<b><u>99,379,248</u></b>	<b><u>77,536,801</u></b>
Trade and other receivables	16	12,017,132	9,844,887
Prepayments	17	1,285,850	870,502
Bank deposits	15	71,745,069	33,052,253
Restricted bank deposits covering the guarantee fund and the margin at amortised cost	15	3,394,726	3,087,625
Other financial assets at amortised cost	15	16,065,331	21,247,852
Cash and cash equivalents	19	15,636,686	33,309,069
Other restricted assets at amortised cost	18	18,586,079	19,046,644
Other assets		28,381	15,563
<b>Total current assets</b>		<b><u>138,759,254</u></b>	<b><u>120,474,395</u></b>
<b>Total assets</b>		<b><u>238,138,502</u></b>	<b><u>198,011,196</u></b>
<b>Equity</b>			
Share capital	25	80,492,460	80,492,460
Treasury shares and and Share-base benefits	25	2,201,497	(75,528)
Share Premiums	25	6,297,386	6,297,386
Legal reserve	25	14,751,667	12,969,425
Revaluation reserve	25	6,067,623	3,385,355
Retained earnings	25	18,917,218	6,242,878
<b>Total equity attributable to the owners of the Company</b>		<b><u>128,727,851</u></b>	<b><u>109,311,976</u></b>
Non-controlling interests		49,114,285	44,915,398
<b>Total shareholders' equity</b>		<b><u>177,842,136</u></b>	<b><u>154,227,374</u></b>

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

# BUCHAREST STOCK EXCHANGE

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023 (RON)

---

	<b>Note</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Liabilities</b>			
Lease liabilities	21	18,490,693	3,103,995
<b>Total non-current liabilities</b>		<b><u>18,490,693</u></b>	<b><u>3,103,995</u></b>
Trade and other payables	20	31,648,375	32,437,892
Deferred income	22	1,874,377	1,648,237
Lease liabilities	21	2,425,407	2,057,984
Current corporate income tax payables		1,252,336	315,203
Provisions	23	1,321,302	1,146,332
Guarantee and clearing funds and settlement operation margin	24	3,283,876	3,074,179
<b>Total current liabilities</b>		<b><u>41,805,673</u></b>	<b><u>40,679,827</u></b>
<b>Total liabilities</b>		<b><u>60,296,366</u></b>	<b><u>43,783,822</u></b>
<b>Total liabilities and equity</b>		<b><u>238,138,502</u></b>	<b><u>198,011,196</u></b>

The consolidated financial statements were approved by the Board of Directors on 19 March 2024 and were signed by:

President,  
Radu Hanga

General Manager,  
Adrian Tănase

Financial Manager,  
Virgil Adrian Stroia

# BUCHAREST STOCK EXCHANGE

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

	Share capital	Share premium	Own shares	Retained earnings	Revaluation reserve	Legal reserve	Total attributable to shareholders	Non- controlling interests	Total shareholders ' equity
Balance as at 01 January 2023	<u>80,492,460</u>	<u>6,297,386</u>	<u>(75,528)</u>	<u>6,242,878</u>	<u>3,385,355</u>	<u>12,969,425</u>	<u>109,311,976</u>	<u>44,915,398</u>	<u>154,227,374</u>
<b>Comprehensive income for the year</b>									
Profit or loss	-	-	-	24,692,890	-	-	24,692,890	1,005,330	25,698,220
<b>Other items of comprehensive income</b>									
Revaluation reserve	-	-	-	-	2,682,268	-	2,682,268	-	2,682,268
Legal reserve increase	-	-	-	(1,782,242)	-	1,782,242	-	-	-
Total items of comprehensive income	-	-	-	<u>(1,782,242)</u>	<u>2,682,268</u>	<u>1,782,242</u>	<u>2,682,268</u>	-	<u>2,682,268</u>
<b>Total comprehensive income for the year</b>	=	=	=	<b>22,910,648</b>	<b>2,682,268</b>	<b>1,782,242</b>	<b>27,375,158</b>	<b>1,005,330</b>	<b>28,380,488</b>
<b>Contributions by and distributions to owners of the Company</b>									
Acquisition of own shares	-	-	-	-	-	-	-	-	-
Benefits granted to employees settled in shares	-	-	2,371,480	-	-	-	2,371,480	-	2,371,480
Losses/Gains as effect of granting shares for free within SOP	-	-	(94,455)	94,455	-	-	-	-	-
Dividend paid to BVB shareholders	-	-	-	(10,385,301)	-	-	(10,385,301)	-	(10,385,301)
Increase/(Decrease) of subsidiaries	-	-	-	-	-	-	-	-	-
<b>Total contributions by and distributions to owners of the Company</b>	=	-	<b>2,277,025</b>	<b>(10,290,846)</b>	-	-	<b>(8,013,821)</b>	-	<b>(8,013,821)</b>
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(626,905)	(626,905)
Share Capital increase of minority interests	-	-	-	-	-	-	-	3,875,000	3,875,000
Change in retained earnings -minority interests	-	-	-	54,538	-	-	54,538	(54,538)	-
<b>Total changes in interests in subsidiaries</b>	=	=	-	<u>54,538</u>	-	-	<u>54,538</u>	<u>3,193,557</u>	<u>3,248,095</u>
<b>Total transactions with owners</b>	=	=	<b>2,277,025</b>	<b>(10,236,308)</b>	-	-	<b>(7,959,283)</b>	<b>3,193,557</b>	<b>(4,765,726)</b>
<b>Balance as at 31 December 2023</b>	<u>80,492,460</u>	<u>6,297,386</u>	<u>2,201,497</u>	<u>18,917,218</u>	<u>6,067,623</u>	<u>14,751,667</u>	<u>128,727,851</u>	<u>49,114,285</u>	<u>177,842,136</u>

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

## BUCHAREST STOCK EXCHANGE

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

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

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

## BUCHAREST STOCK EXCHANGE

### CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023 (RON)

---

	<u>Note</u>	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>			
Profit for the year		25,698,220	10,430,992
Adjustment for the elimination of non-monetary items and re-classifications:			
Amortization of tangible and intangible non-current assets	11,12	7,458,543	5,461,144
Net interest income and amortization of premiums for government bonds	9	(6,456,186)	(3,581,371)
(Gain) / loss from the sale financial assets	9	-	106,325
Gain) / loss from financial assets at FVPL	15	159,847	-
Loss from writing off receivables		113,950	101,044
Expense / (revenue) with litigation provisions	23	3,273	27,324
Expense / (revenue) from impairment of tangible assets	11	174,970	603,813
Expense / (revenue) from impairment of uncollected receivables	16	361,693	-
Corporate income tax expense - reclass	10	4,252,003	1,874,970
Income from the production of intangible assets		-	(370,756)
Expected credit losses IFRS 9	9	(800,922)	76,851
Expense with employees' benefits settled in shares	8	<u>2,150,853</u>	<u>914,303</u>
<b>Net cash from operating activities before changes in working capital</b>		<b><u>33,116,244</u></b>	<b><u>15,644,638</u></b>
<b>Changes in working capital:</b>			
Change in trade and other receivables	16	(1,297,317)	(2,140,129)
Change in prepayments	17	(415,348)	(23,281)
Change in trade and other payables	20	(527,137)	1,779,666
Change in deferred income	22	226,140	247,004
Change in the guarantee and clearing funds and the margin	24	209,696	173,798
Corporate income tax paid		<u>(4,421,186)</u>	<u>(2,745,718)</u>
<b>Net cash from operating activities</b>		<b><u>26,891,092</u></b>	<b><u>12,935,978</u></b>

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

## BUCHAREST STOCK EXCHANGE

### CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023 (RON)

---

<b>Cash flows from investing activities</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
Interest received		5,754,302	4,237,988
Payments for acquisitions of financial assets	15	(20,628,074)	(49,246,953)
Proceeds from sales/maturation of financial assets	15	31,482,418	61,237,016
Change in bank deposits	15	(38,853,371)	(18,953,041)
Acquisition of tangible and intangible assets	11,12	(12,387,891)	(4,803,542)
Payments for the acquisition of other financial assets		(480,724)	=
Proceeds from sale of investments		=	(106,325)
<b>Net cash from investing activities</b>		<b><u>(35,113,342)</u></b>	<b><u>(7,634,857)</u></b>
<b>Cash flows from financing activities</b>			
Dividends paid shareholders of the parent		(10,240,052)	(7,788,352)
Dividends paid to minority interests		(626,904)	(687,222)
Principal elements of operating lease payments, including interests	21	(2,458,178)	(2,189,020)
Cash contribution in subsidiaries equity by minority shareholders		3,875,000	7,000,000
Acquisition of treasury shares	25	=	(1,074,170)
<b>Net cash used in financing activities</b>		<b><u>(9,450,133)</u></b>	<b><u>(4,738,763)</u></b>
<b>Net (decrease)/increase of cash and cash equivalents</b>		<b><u>(17,672,383)</u></b>	<b><u>562,357</u></b>
Cash and cash equivalents at the beginning of the financial year	19	<u>33,309,069</u>	<u>32,746,712</u>
Cash and cash equivalents at the end of the financial year	19	<b><u>15,636,686</u></b>	<b><u>33,309,069</u></b>

Cash and cash equivalents as at 31 December 2023 presents the amounts net of expected credit losses (IFRS 9). The gross amount of cash and cash equivalents is RON 15,670,441 (2022: RON 33,605,930) and the expected credit losses is 33,755 RON (2021: RON 296,862).

# BUCHAREST STOCK EXCHANGE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

---

### 1. REPORTING ENTITY

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

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

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

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

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

As of 31 December 2023, the registered office of BVB is in Bucharest, at 34-36 Carol I Boulevard, 13th-14th Floor, 2nd District, Romania. BVB has no subsidiaries in other cities.

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

The consolidated statements of the Company for the year ended 31 December 2023 comprise the financial information of the Company and its subsidiaries (hereinafter referred to as the "Group").

# BUCHAREST STOCK EXCHANGE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

### 1 REPORTING ENTITY (CONTINUED)

The following entities are subsidiaries of BVB:

<u>Subsidiary</u>	<u>Line of business</u>	<u>Percentage of ownership at 31 December 2023</u>	<u>Percentage of ownership at 31 December 2022</u>
Depozitarul Central SA	Clearing / settlement operations for transactions with securities carried out on the Bucharest Stock Exchange and keeping the register of shareholders	69.0421%	69.0421%
CCP.RO Bucharest SA	It was registered at the Trade Register on November 4, 2019 and aims to ensure the role of central counterparty in the derivative transactions market. The effective launch of the operations is estimated to last up to 24 months, taking into account the authorization process by the FSA in accordance with EMIR rules	52.38%	54.72%

Institutul de Guvernanta Corporativa had no activity in 2023. This entity was considered to be insignificant by the BVB management for inclusion in the Group's consolidated financial statements.

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

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

# BUCHAREST STOCK EXCHANGE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

---

### 2. BASIS OF PREPARATION (CONTINUED)

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

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

#### **(b) Bases of measurement**

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

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

#### **(c) Functional and presentation currency**

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

#### **(d) Use of estimates and judgements**

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

# BUCHAREST STOCK EXCHANGE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

---

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

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

#### (a) Basis of consolidation

##### (i) Business combinations

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

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

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

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

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

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

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

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

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

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

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

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

*(iv) Transactions eliminated on consolidation*

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

*(v) Reflection of legal mergers by absorption*

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

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

**(b) Foreign currency**

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

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

# BUCHAREST STOCK EXCHANGE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

<u>Currency</u>	<u>Spot exchange rate 31 December 2023</u>	<u>Spot exchange rate 31 December 2022</u>	<u>Average exchange rate 2023</u>	<u>Average exchange rate 2022</u>
EUR	4.9746	4.9474	4.9465	4.9315
USD	4.4958	4.6346	4.5743	4.1604

#### (c) Going concern

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

#### (d) Accounting for effects of hyperinflation

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

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

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

#### (e) Financial assets and liabilities

##### *Financial assets*

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

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

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

*Receivables and cash and cash equivalents*

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

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

*Financial liabilities*

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(f) Financial assets and payables which cover the guarantee and clearing funds and the margin , restricted**

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

***Guarantee fund and margin managed by the Depozitarul Central SA***

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

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

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

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

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

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

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

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

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

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

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

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

# BUCHAREST STOCK EXCHANGE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

---

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (h) Tangible and intangible fixed assets

##### *Tangible fixed assets*

##### (i) *Recognition and measurement*

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

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

##### (ii) *Subsequent expenditure*

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

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

##### (iii) *Tangible asset depreciation*

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

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

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

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

#### **Goodwill**

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

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

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

***Other intangible assets***

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

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

*(i) Subsequent expenditure*

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

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

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

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

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

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

*(ii) Intangible asset amortisation*

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

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

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

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

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

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

**(j) Impairment*****(i) Financial assets***

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

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

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

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

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

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

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

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

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

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

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

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

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

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(k) Employee benefits***(i) Short-term employee benefits*

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

*(ii) Defined contribution plans*

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

*(iii) Other benefits*

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

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

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

See also Note 8.

*(iv) Other long-term employee benefits*

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

**(l) Trade payables and other payables**

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

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(m) Operating lease liabilities**

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

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

**(n) Provisions**

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

**(o) Revenues***(i) Revenues from services*

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

The main sources of revenues are:

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

**(p) Financial income and financial costs**

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

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

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

**(r) Current and deferred corporate income tax**

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

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

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

# BUCHAREST STOCK EXCHANGE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

---

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

#### **(s) Share capital**

Ordinary shares are classified as shareholders' equity.

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

#### **(t) Own shares**

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

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

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

**(v) Legal reserve**

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

**(w) Dividends**

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

**(x) Segment reporting**

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

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

**(y) New accounting standards**

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective and anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group in the period of initial application.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*****New and amended standards and interpretations effective for the current reporting period***

The following new standards, amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period and their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

- **New standard IFRS 17 “Insurance Contracts” including the June 2020 and December 2021 Amendments to IFRS 17** issued by IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 “Insurance Contracts” and related interpretations while applied. Amendments to IFRS 17 “Insurance Contracts” issued by IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, the amendments issued on 25 June 2020 introduce simplifications and clarifications of some requirements in the Standard and provide additional reliefs when applying IFRS 17 for the first time.
- **Amendments to IAS 1 “Presentation of Financial Statements” - Disclosure of Accounting Policies** issued by IASB on 12 February 2021. Amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers in deciding which accounting policies to disclose in their financial statements.
- **Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” - Definition of Accounting Estimates** issued by IASB on 12 February 2021. Amendments focus on accounting estimates and provide guidance how to distinguish between accounting policies and accounting estimates.
- **Amendments to IAS 12 “Income Taxes” - Deferred Tax related to Assets and Liabilities arising from a Single Transaction** issued by IASB on 6 May 2021. According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.
- **Amendments to IAS 12 “Income Taxes” - International Tax Reform – Pillar Two Model Rules** issued by IASB on 23 May 2023. The amendments introduced a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules and disclosure requirements about company’s exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

***New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective***

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued and adopted by the EU but are not yet effective:

- **Amendments to IFRS 16 “Leases” - Lease Liability in a Sale and Leaseback** issued by IASB on 22 September 2022. Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-

lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

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

- **Amendments to IAS 1 “Presentation of Financial Statements” - Classification of Liabilities as Current or Non-Current** issued by IASB on 23 January 2020 and **Amendments to IAS 1 “Presentation of Financial Statements” - Non-current Liabilities with Covenants** issued by IASB on 31 October 2022. Amendments issued on January 2020 provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments issued on October 2022 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after 1 January 2024.

These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

#### ***New and revised IFRS Accounting Standards in issue but not adopted by the EU***

- **Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures” - Supplier Finance Arrangements** issued by IASB on 25 May 2023. Amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.
- **Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates” - Lack of Exchangeability** issued by IASB on 15 August 2023. Amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
- **IFRS 14 “Regulatory Deferral Accounts”** issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

The Group does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

**4. DETERMINATION OF FAIR VALUES**

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

**(a) Investments in equity and debt securities**

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

**(b) Trade and other receivables and liabilities**

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

**(c) Fair value hierarchy**

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

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

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

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

	<u>31 December 2023</u>		<u>31 December 2022</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
<b>Financial assets carried at FVPL</b>	480,724	320,877	-	-
<b>Assets carried at amortized cost</b>				
Financial assets with a				
maturity longer than one year	53,131,187	50,250,449	57,501,111	53,853,612
Bank deposits	71,745,069	71,745,069	33,052,253	33,052,253
Bank deposits restricted in order to cover the guarantee and clearing fund and the margin	3,394,726	3,394,726	3,087,625	3,087,625
Trade and other receivables	12,017,132	12,017,132	9,844,888	9,844,888
Other financial assets with a				
maturity under one year	16,065,331	16,119,064	21,247,852	21,251,873
Other assets, including restricted assets	18,586,079	18,586,079	19,046,644	19,046,644
Other assets	28,381	28,381	15,563	15,563
Cash and cash equivalents	15,636,686	15,636,686	33,309,069	33,309,069
<b>Total</b>	<b><u>191,085,316</u></b>	<b><u>188,098,464</u></b>	<b><u>177,105,005</u></b>	<b><u>173,461,526</u></b>
<b>Liabilities carried at amortized cost</b>				
Guarantee and clearing funds and margin	3,283,876	3,283,876	3,074,179	3,074,179
Dividends to be distributed on behalf of customers	18,992,865	18,992,865	19,112,049	19,112,049
Financial liabilities	8,331,430	8,331,430	8,870,425	8,870,425
Operating lease liabilities	20,916,100	20,916,100	5,161,979	5,161,979
<b>Total</b>	<b><u>51,524,271</u></b>	<b><u>51,524,271</u></b>	<b><u>36,218,632</u></b>	<b><u>36,218,632</u></b>

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

#### 5. FINANCIAL RISK MANAGEMENT

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

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

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

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) The general risk management framework**

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

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

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

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

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

**(b) Credit risk**

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

*(i) Commercial liabilities and other liabilities*

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

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

#### 5 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (ii) *Financial investments*

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

	<u>31 December 2023</u>	<u>31 December 2022</u>	<u>Rating agency</u>
BRD - Groupe Societe Generale S.A.	BBB+	BBB+	Fitch Ratings
Banca Transilvania S.A.	BB+	BB+	Fitch Ratings
ING Bank NV, Bucharest branch	A+	A+	S&P Ratings
RAIFFEISEN BANK S.A.	Baa1	Baa1	Moody's
Banca Comerciala Romana S.A.	BBB+	BBB+	Fitch Ratings
UniCredit Bank S.A.	BBB	BBB	Fitch Ratings
Citibank Europe Plc, Bucharest branch	A+	A+	Fitch/Moody's
Banca Romaneasca	BB-	BB-	Fitch Ratings
Libra Bank	BB-	BB-	Fitch Ratings
CEC Bank	BB	BB	Fitch Ratings
Romania for government securities	BBB-	BBB-	Fitch Ratings

##### ***Exposure to credit risk***

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Other financial assets carried at amortized cost	53,131,187	57,501,111
Bank deposits carried at amortized cost	71,745,069	33,052,253
Bank deposits carried at amortized cost covering the guarantee and clearing funds and the margin	3,394,726	3,087,625
Financial receivables	12,017,132	9,844,887
Prepayments	1,285,850	870,502
Other financial assets with a maturity less than one year	16,065,331	21,247,852
Other financial assets carried at amortized cost restricted	18,586,079	19,046,644
Other assets	28,381	15,563
Cash and cash equivalents	<u>15,636,686</u>	<u>33,309,069</u>
<b>Total</b>	<b><u>191,890,442</u></b>	<b><u>177,975,506</u></b>

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

# BUCHAREST STOCK EXCHANGE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

### 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Financial receivables		Financial assets at amortized cost		Cash and cash equivalents and other restricted assets		Bank deposits	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Individually impaired</b>								
Significant risk	813,648	810,376	-	-	-	-	-	-
<b>Gross amount</b>	813,648	810,376	-	-	-	-	-	-
Adjustment for impairment	<u>(813,648)</u>	<u>(810,376)</u>	-	-	-	-	-	-
<b>Net amount</b>	-	-	-	-	-	-	-	-
<b>Outstanding, individually non-impaired</b>								
Outstanding less than 90 days	261,745	765,171	-	-	-	-	-	-
Outstanding between 90 and 180 days	69,266	99,571	-	-	-	-	-	-
Outstanding between 180 and 360 days	110,005	96,798	-	-	-	-	-	-
<b>Gross amount</b>	441,016	961,541	-	-	-	-	-	-
Expected credit losses- IFRS 9	<u>(2,720)</u>	<u>649</u>	-	-	-	-	-	-
<b>Net value</b>	438,297	962,190	=	=	=	=	=	=
<b>Current, non-impaired</b>								
Without a significant risk	<u>12,139,340</u>	<u>8,979,204</u>	<u>69,337,276</u>	<u>79,344,802</u>	<u>34,256,520</u>	<u>52,668,138</u>	<u>75,318,599</u>	<u>36,435,412</u>
<b>Gross amount</b>	12,139,340	8,979,204	69,337,276	79,344,802	34,256,520	52,668,138	75,318,599	36,435,412
Expected credit losses- IFRS 9	<u>(122,208)</u>	<u>(96,506)</u>	<u>(140,757)</u>	<u>(595,839)</u>	<u>(33,755)</u>	<u>(296,862)</u>	<u>(178,804)</u>	<u>(295,535)</u>
<b>Net amount</b>	12,017,132	8,882,697	69,196,518	78,748,963	34,222,765	52,371,276	75,139,795	36,139,878
<b>Total gross amount</b>	<b><u>12,952,987</u></b>	<b><u>10,751,120</u></b>	<b><u>69,337,276</u></b>	<b><u>79,344,802</u></b>	<b><u>34,256,520</u></b>	<b><u>52,668,138</u></b>	<b><u>75,318,599</u></b>	<b><u>36,435,412</u></b>
<b>Total net amount</b>	<b><u>12,017,132</u></b>	<b><u>9,844,887</u></b>	<b><u>69,196,518</u></b>	<b><u>78,748,963</u></b>	<b><u>34,222,765</u></b>	<b><u>52,371,276</u></b>	<b><u>75,139,795</u></b>	<b><u>36,139,878</u></b>

# BUCHAREST STOCK EXCHANGE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

---

### 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

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

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

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

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

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

On 31 December 2023, the value of transactions having as trading date the end of the year 2023 and paid during 2024, was of RON 109,497 thousand (31 December 2022: there were transactions amounting to RON 202,605 thousand at the end of 2022 and paid in 2023).

#### (c) Liquidity risk

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

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

#### 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group has not committed any loans and needs liquid assets only to cover the current operating expenses and deductions made within the clearing and settlement systems the

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

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

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Less than 12 months</b>	<b>More than 12 months</b>
<b>31 December 2023</b>				
<b>Non-derivative financial liabilities</b>				
Guarantee and clearing funds and margin	3,283,876	3,283,876	3,283,876	-
Financial liabilities	8,331,430	8,331,430	8,331,430	-
Dividends to be distributed on behalf of customers	18,992,865	18,992,865	8,992,865	-
Leasing liabilities	20,916,101	20,916,101	2,425,407	18,490,693
<b>Total</b>	<b><u>51,524,272</u></b>	<b><u>51,524,272</u></b>	<b><u>33,033,578</u></b>	<b><u>18,490,693</u></b>
<b>31 December 2022</b>				
<b>Non-derivative financial liabilities</b>				
Guarantee and clearing funds and margin	3,074,179	3,074,179	3,074,179	-
Financial liabilities	8,870,425	8,870,425	8,870,425	-
Dividends to be distributed on behalf of customers	19,112,049	19,112,049	19,112,049	-
Operating lease liabilities	<u>5,161,979</u>	<u>5,161,979</u>	<u>2,057,984</u>	<u>3,103,995</u>
<b>Total</b>	<b><u>36,218,632</u></b>	<b><u>36,218,632</u></b>	<b><u>33,114,638</u></b>	<b><u>3,103,995</u></b>

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

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

#### 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (d) Market risk

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

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

##### *Exposure to currency risk*

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

31 December 2023	EUR	USD	RON	Total
<b>Financial assets</b>				
Financial receivables	417,608	270	11,599,254	12,017,132
Securities (government securities, bank deposits, cash and cash equivalents)*	61,530,797	7,054,194	109,974,086	178,559,077
<b>Total financial assets</b>	<b><u>61,948,405</u></b>	<b><u>7,054,464</u></b>	<b><u>121,573,340</u></b>	<b><u>190,576,209</u></b>
<b>Financial liabilities</b>				
Guarantee and clearing funds and margin	-	-	3,283,876	3,283,876
Financial liabilities	2,791,008	18,608	5,521,814	8,331,430
Dividends to be distributed on behalf of customers	15,096	(113)	18,977,882	18,992,865
Leasing liabilities	20,916,100	-	-	20,916,101
<b>Total financial liabilities</b>	<b><u>23,722,204</u></b>	<b><u>18,495</u></b>	<b><u>27,783,572</u></b>	<b><u>51,524,271</u></b>
<b>Net financial assets/(liabilities)</b>	<b><u>38,226,201</u></b>	<b><u>7,035,969</u></b>	<b><u>93,789,768</u></b>	<b><u>139,051,938</u></b>

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

**BUCHAREST STOCK EXCHANGE****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023****(RON)****5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

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

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

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

#### 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### *Sensitivity analysis*

A depreciation of the RON on 31 December 2023 versus 31 December 2022 as indicated below against EUR and USD would have caused an increase in the Company's income, with values listed below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	<u>31 December 2023</u>	<u>31 December 2022</u>
RON depreciation by 10% against EUR	3,822,620	2,827,885
RON depreciation by 10 % against USD	<u>703,597</u>	<u>699,593</u>
<b>Total</b>	<b><u>4,526,217</u></b>	<b><u>3,527,478</u></b>

An appreciation of the RON on 31 December 2023 versus 31 December 2022 against other currencies would have the same effect, but opposite, on the amounts shown above, assuming that all other variables remain constant.

##### *Exposure to interest rate risk*

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

#### (e) Operational risk

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

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

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

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

#### 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

#### (f) Capital management

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

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

	<u>2023</u>	<u>2022</u>
Total liabilities	60,296,366	43,783,822
Cash and cash equivalents and other assets retracted	34,222,765	52,371,276
<b>Net debt</b>	<b><u>26,073,601</u></b>	<b><u>8,587,454</u></b>
<b>Total equity</b>	<b><u>177,842,136</u></b>	<b><u>154,227,374</u></b>
<b>Gearing ratio</b>	<b>15%</b>	<b>6%</b>

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

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

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

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

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

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

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

---

#### 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (h) Tax risk

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

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

#### 6. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

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

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

On December 30, 2022, the increase in the share capital of CCP RO was recorded, from RON 79,800,000 to RON 86,800,000, following the cash contribution of 7,000,000 lei by a new minority shareholder.

Thus, at the end of 2022, BVB's ownership in CCP.RO subsidiary decreased from 59.52% to 54.72%.

During 2023, a new increase in the share capital of CCP RO was registered, from RON 86,800,000 to RON 90,675,000, through the contribution of minority shareholders.

Thus, at the end of 2023, BVB's holding in the CCP.RO subsidiary decreased from 54.72% to 52.38%.

In 2023, BVB became a shareholder in the new joint venture project for the establishment of a Consolidated Tape by paying the initial contribution of RON 480,724, corresponding to a 1.39% participation held by BVB in the new company EuroCTP B.V., established with the scope to tender for a provider of a market data consolidation solution for equities in the European Union.

# BUCHAREST STOCK EXCHANGE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

### 7. SEGMENT REPORTING

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

The Group consists of the following main business segments:

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

The companies in the Group have been organised by segments as follows: BVB is the segment of "trading", the activity of the Central Depository is divided between the "post-trading services" segment and the "registry services" segment according to the share of the related revenues, while the Investors Compensation Fund (FCI) and the new subsidiary CCP.RO Bucharest are part of the services segment "FCI services and other services". For the services rendered within the business segments described above the income is obtained mainly from fees charged to the capital market participants and other revenues from services related to the activity provided.

The Group's revenues, expenses and gross income for the financial year 2023 are shown below by the segments described:

<u>2023</u>	<u>Trading services</u>	<u>Post-trading services</u>	<u>Registry services</u>	<u>CCP.RO</u>	<u>Group</u>
Revenues from external clients	<b>50,227,982</b>	<b>22,299,933</b>	<b>10,258,218</b>	-	<b>82,786,133</b>
<i>Revenues from transactions with other segments (eliminated on consolidation)</i>	320,000	21,774	-	-	341,774
Operating expenses	<b>(27,967,011)</b>	<b>(14,445,755)</b>	<b>(9,139,361)</b>	<b>(7,589,379)</b>	<b>(59,141,506)</b>
<i>- out of which personnel and members of the Board of Governors expenses</i>	(14,364,805)	(7,525,497)	(5,118,540)	(4,604,891)	(31,613,733)
<b>Operating profit</b>	<b>22,260,971</b>	<b>7,854,178</b>	<b>1,118,857</b>	<b>(7,589,379)</b>	<b>23,644,627</b>
<b>Net financial income</b>	1,163,139	1,332,870	697,547	3,112,040	6,305,598
<b>Earnings before Tax</b>	<b>23,424,110</b>	<b>9,187,048</b>	<b>1,816,405</b>	<b>(4,477,339)</b>	<b>29,950,223</b>
Corporate income tax	<u>(3,311,248)</u>	<u>(1,362,514)</u>	<u>(305,121)</u>	<u>726,880</u>	<u>(4,252,003)</u>
<b>Net profit</b>	<b>20,112,862</b>	<b>7,824,534</b>	<b>1,511,284</b>	<b>(3,750,459)</b>	<b>25,698,220</b>

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

#### 7. SEGMENT REPORTING (CONTINUED)

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

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

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

# BUCHAREST STOCK EXCHANGE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

### 7. SEGMENT REPORTING (CONTINUED)

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

	<u>Trading services</u>	<u>Post-trading services</u>	<u>Registry services</u>	<u>CCP.RO</u>	<u>Group</u>
<b>31 December 2023</b>					
Assets	77.305.884	45.441.076	32.351.616	83.039.927	<b>238.138.502</b>
Liabilities	17.425.104	13.176.097	22.551.472	7.143.693	<b>60.296.366</b>
Capital expenditure	5.218.210	2.085.446	960.779	4.043.528	<b>12.307.964</b>

	<u>Trading services</u>	<u>Post-trading services</u>	<u>Registry services</u>	<u>CCP.RO</u>	<u>Group</u>
<b>31 December 2022</b>					
Assets	52,914,170	30,945,305	32,607,747	81,543,974	<b>198,011,196</b>
Liabilities	9,350,447	6,684,927	21,976,167	5,772,281	<b>43,783,822</b>
Capital expenditure	1,836,888	1,223,960	712,455	767,483	<b>4,540,785</b>

### 8. OPERATING EXPENSES

The operating expenses comprise the following:

#### 8.1 Staff costs and benefits of the Board of Governors

	<u>2023</u>	<u>2022</u>
Staff costs	24,524,071	20,300,414
Benefits of the members of the Board of Governors	2,323,839	2,086,796
Other staff and Board expenses (estimated for SOP and bonuses)	4,154,088	3,756,223
Contributions and taxes related to personnel and benefits	611,735	531,352
<b>Total</b>	<b><u>31,613,733</u></b>	<b><u>26,674,786</u></b>

The Board of Directors of Depozitarul Central approved, for the year 2023, a plan for granting free shares (Share Option Plan) to employees and management based on performance criteria.

The value of personnel expenses recorded in 2023 is influenced by the annual adjustment made taking into account the increased inflation recorded in the previous year, as well as the level of wages on the labor market.

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

#### 8. OPERATING EXPENSES (CONTINUED)

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

	<u>2023</u>		<u>2022</u>	
	<u>At the end of the year</u>	<u>Annual average</u>	<u>At the end of the year</u>	<u>Annual average</u>
Bucharest Stock Exchange	44	44	44	43
Depozitarul Central SA	49	49	47	49
CCP.RO Bucharest SA	<u>13</u>	<u>11</u>	<u>9</u>	<u>9</u>
<b>Total number of employees</b>	<b><u>106</u></b>	<b><u>104</u></b>	<b><u>100</u></b>	<b><u>101</u></b>

#### Share-based payments (SOP)

The expenses recorded and accruals performed for the benefits granted and related to shares option plan transactions, are presented separately in 2023 and were in the amount of RON 2,371,480 (2022: RON 888,546).

In 2023, a number of 30.575 shares granted for 2022, with a market value at the time of grant of RON 1,482,888, were transferred free of charge to employees, according to the Share Allocation Plan approved by the GMS.

For the year 2022, the Non-Executive Directors have fulfilled the performance condition stipulated in the Share Allocation Plan, respectively BVB has achieved good financial results, recording profit and considering the degree of achievement of the 2022 budget and they have taken the decision, to submit to the approval of the GMS the granting of shares and thus exercising the received options.

Based on the evaluation of the results of 2022, taking into account the degree of achievement of the 2022 budget, the Non-Executive Directors decided to grant shares to the Directors.

The granting of shares options and BVB free shares is carried out for non-executive administrators and BVB directors based on the remuneration policy of the BVB management structure, approved by the BVB GMS in 2022 and the BVB share allocation plan.

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

In 2023, options for free BVB shares were granted, according to the Share Option Plan, to members of the Board of Governors, management and employees of BVB and to the employees and management of the subsidiary Depozitarul Central.

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

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

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

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

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

#### 8. OPERATING EXPENSES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

#### 8.2 Services provided by third parties

	<u>2023</u>	<u>2022</u>
Business consulting services	294,503	344,900
Financial, IT and internal Audit Services	575,315	793,012
Commissions fees (legal, contributions, etc.)	749,911	655,486
Services provided by third parties for events	600,749	588,599
Other services provided by third parties	3,828,825	2,775,775
Business development third party services expenses	1,031,305	1,021,983
<b>Total</b>	<b><u>7,080,608</u></b>	<b><u>6,179,755</u></b>

In 2022, business development expenses incurred by BVB were separately presented, representing mainly third-party services expenses, related to the BVB Research Hub, ESG Ratings and Made in Romania projects. In 2023, these expenses remained at a constant level.

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

#### 8. OPERATING EXPENSES (CONTINUED)

The increase of *Other services provided by third parties* is based on the new services recorded by CCP.RO in the process of operationalization, by Depozitarul Central from the implementation of the Aurachain project, as well as additional IT maintenance expenses and externalization of some functions.

The statutory auditor of the Group for the year 2023 was Mazars Romania SRL. The audit fee, in accordance with the services agreement, was EUR 40.700. During 2023, the statutory auditor did not provide allowed non-audit services. During 2023, the statutory auditor provided no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council to the Group.

#### 8.3 Other operating expenses

	<u>2023</u>	<u>2022</u>
Rent and office utilities	2,909,566	1,877,627
Tangible asset depreciation (Note 11)	2,088,773	1,681,874
Intangible asset amortization (Note 12)	1,694,816	1,603,890
Right of use assets depreciation (Note 13)	3,674,954	2,175,380
Expenses with ASF tax and other fees	2,478,566	1,512,838
Consumables	226,579	275,184
IT Maintenance, service and repairs	1,984,695	2,013,823
Insurance for professional equipment, etc.	347,260	335,605
Protocol	783,763	761,447
Marketing and Advertising	1,468,739	744,473
Transport of goods and personnel	529,890	366,326
Postage and telecommunications	546,299	381,891
Bank charges	113,473	82,054
Loss from writing off clients	113,950	101,044
Litigation provisions	174,970	603,813
Expenses/ (Revenues) from tangible assets impairment	361,693	-
Expenses/ (Revenues) from receivables adjustment-	3,273	27,324
Other expenses	<u>945,908</u>	<u>357,182</u>
<b>Total</b>	<b><u>20,447,166</u></b>	<b><u>14,901,774</u></b>

In 2023, higher administrative expenses were recorded, the base effect of the increase in inflation, including the indexation of the headquarters rental contract, but also higher expenses with the depreciation of fixed assets, as a result of the investments made in the previous year, of the new expenses caused by the relocation of the headquarters social, including the depreciation of the right-of-use asset related to the new lease agreement, as well as additional expenses, some of them one-off, related to the listing of Hidroelectrica.

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

#### 9. FINANCIAL NET INCOME

Financial net income recognised in profit or loss account include:

	<u>2023</u>	<u>2022</u>
Interest income from financial assets	6,456,186	3,581,372
Gain / (loss) from exchange rate differences	237,280	436,013
Income from sale of financial assets	-	(106,325)
Interest expense with lease contracts IFRS 16 and other financial expenses	(1,035,979)	(316,269)
Net expected credit losses (IFRS 9)	807,958	(76,851)
Gain / (loss) from financial assets at FVPL	(159,847)	-
<b>Net financial income</b>	<b><u>6,305,597</u></b>	<b><u>3,517,939</u></b>

#### 10. CORPORATE INCOME TAX EXPENSE

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

	<u>2023</u>	<u>2022</u>
Before-tax accounting profit	<u>29,950,223</u>	<u>12,305,963</u>
Theoretical income tax (16%)	4,792,036	1,968,954
Income tax for non-taxable income tax and assimilated	(457,288)	(355,952)
Income tax for non-deductible expenses tax and assimilated	664,614	576,952
Income tax for IFRS adjustments and for fiscal loss used	<u>716,374</u>	<u>633,472</u>
<b>Current Corporate income tax (tax profit *16 %)</b>	<b><u>5,715,736</u></b>	<b><u>2,823,426</u></b>
Sponsorship deducted from corporate income tax	(357,416)	(314,984)
Current tax expense	5,358,320	2,508,442
Income from deferred income tax	<u>(1,106,317)</u>	<u>(633,472)</u>
<b>Total corporate income tax expense</b>	<b><u>4,252,003</u></b>	<b><u>1,874,970</u></b>

# BUCHAREST STOCK EXCHANGE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

### 11. TANGIBLE ASSETS

	<u>Land and buildings i)</u>	<u>IT, office equipment and furniture ii)</u>	<u>Tangible Assets under construction</u>	<u>Total</u>
<b>Cost</b>				
Balance as at 1 January 2023	5,282,513	19,618,124	-	24,900,636
Purchases	-	3,654,205	4,546,337	8,200,542
Revaluation	2,682,268	-	-	2,682,268
Disposals	-	(4,151,499)	240,517	(3,910,982)
<b>Balance as of 31 December 2023</b>	<b><u>7,964,781</u></b>	<b><u>19,120,830</u></b>	<b><u>4,786,854</u></b>	<b><u>31,872,464</u></b>
<b>Depreciation</b>				
Balance as at 1 January 2023	739,984	15,480,880	-	16,220,863
Depreciation during the year	253,476	1,835,297	-	2,088,773
Impairment adjustments	-	361,693	-	361,693
Disposals	-	(4,231,507)	-	(4,231,507)
<b>Balance as of 31 December 2023</b>	<b><u>993,460</u></b>	<b><u>13,446,363</u></b>	<b><u>-</u></b>	<b><u>14,439,822</u></b>
<b>Net carrying amounts</b>				
<b>Balance as of 1 January 2023</b>	<b>4,542,529</b>	<b>4,137,244</b>	<b>-</b>	<b>8,679,773</b>
<b>Balance as of 31 December 2023</b>	<b><u>6,971,321</u></b>	<b><u>5,674,467</u></b>	<b><u>4,786,854</u></b>	<b><u>17,432,642</u></b>

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

#### 11. TANGIBLE ASSETS (CONTINUED)

- i) In the category Land and buildings, are presented land and building improvements, for which the applied accounting policy is cost less accumulated depreciation and accumulated impairment losses or revaluation gains.
- ii) The category "IT equipment, office and furniture" mainly includes the value of the specialized servers and equipment used in the specific trading and settlement activities, as well as the furniture from the Group's entities.
- iii) During the year 2023, purchases from the "IT equipment, office and furniture" category in the amount of RON 3,654,205 include, mainly, technological equipment purchased in order to improve the current performances, respectively, servers and storage and network equipment replacements for the current activity, as well as new equipment intended for the set-up of the new BVB headquarters.
- iv) At the end of 2023, the revaluation of the land owned by BVB was carried out, the market value on December 31, 2023, according to the revaluation report, being was RON 6,601,294.
- v) Disposals made in 2023 from the category "IT equipment, office and furniture" represents IT equipment, mainly servers and other equipment out of use, replaced mainly by BVB.
- vi) Tangible assets under construction and advances paid during the year 2023 by the entities in the Group are represented by improvement works and furniture for the new headquarters of the Group.

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

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

#### 12. TANGIBLE ASSETS (CONTINUED)

The movement of the impairment adjustments on tangible assets recorded during the year 2023 is as follows:

	<u>2023</u>	<u>2022</u>
<b>Impairment adjustment as of 1 January</b>	-	-
Impairment losses	361,693	-
Impairment reversals	-	-
<b>Impairment adjustment as of 31 December</b>	<b>361,693</b>	-

#### 13. INTANGIBLE ASSETS

	<u>Intangible Assets</u>		
	<u>Licenses, software ii)</u>	<u>under development</u>	<u>Total</u>
<b>Cost</b>			
Balance as at 1 January 2023	<u>20,064,745</u>	<u>873,015</u>	<u>20,937,759</u>
Purchases	1,619,566	3,730,488	5,350,054
Outflows	(214,627)	(1,483,149)	(1,697,776)
<b>Balance as at 31 December 2023</b>	<b>21,469,684</b>	<b>3,120,354</b>	<b>24,590,037</b>
<b>Depreciation</b>			
Balance as at 1 January 2023	<u>16,378,602</u>	-	<u>16,378,602</u>
Depreciation during the year	1,694,816	-	1,694,816
Outflows	(214,627)	-	(214,627)
<b>Balance as at 31 December 2023</b>	<b>17,858,791</b>	-	<b>17,858,791</b>
<b>Net carrying amounts</b>			
<b>Balance as at 1 January 2023</b>	<u>3,686,142</u>	<u>873,015</u>	<u>4,559,157</u>
<b>Balance as at 31 December 2023</b>	<u>3,610,893</u>	<u>3,120,354</u>	<u>6,731,246</u>

- (i) Licenses and software mainly include the value of the trading, clearing-settlement and registry systems used by the Group companies in their specific activities.
- (ii) During 2023, software license purchases were made in order to ensure the operational improvement of the trading (ARENA), post-trading (ARENA Post-Trading, Sogel) and registry systems, as well as the implementation of a digital Document Management Platform in the trading segment
- (iii) During 2023, intangible assets acquisitions classified as *Intangible assets under development* are represented, mainly, by the capitalizations made from the consultancy contract for the implementation of the central counterparty project carried out by CCP.RO.

**BUCHAREST STOCK EXCHANGE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023**

**(RON)**

**12. INTANGIBLE ASSETS (CONTINUED)**

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

**13. RIGHT OF USE ASSETS**

<b>2023</b>	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
<b>Cost</b>			
Balance as of 1 January 2023	<u>9,534,001</u>	<u>619,453</u>	<u>10,153,453</u>
Purchases	19,329,926	171,287	19,501,212
Outflows	<u>(2,135,052)</u>	<u>(90,051)</u>	<u>(2,225,103)</u>
<b>Balance as of 31 December 2023</b>	<b>26,728,875</b>	<b>700,689</b>	<b>27,429,563</b>
<b>Depreciation</b>			
Balance as of 1 January 2023	<u>5,054,564</u>	<u>278,985</u>	<u>5,333,550</u>
Depreciation during the year	3,540,442	134,512	3,674,954
Outflows	<u>(169,013)</u>	<u>(90,051)</u>	<u>(259,064)</u>
<b>Balance as of 31 December 2023</b>	<b>8,425,993</b>	<b>323,447</b>	<b>8,749,440</b>
<b>Net carrying amounts</b>			
Balance as of 1 January 2023	<u>4,479,436</u>	<u>340,467</u>	<u>4,819,904</u>
<b>Balance as of 31 December 2023</b>	<b><u>18,302,881</u></b>	<b><u>377,242</u></b>	<b><u>18,680,123</u></b>

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

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

The Group had concluded as of December 31, 2023, 7 lease contracts for the main and secondary headquarters for which the implicit interest rate used was between 5% and 5.36% per year, a value determined by the cost of borrowing funds from the financial market to finance an asset of a similar value for a comparable time period

The group had concluded as of December 31, 2023, 6 lease contracts for cars (operating leasing) for which the interest rate used was 4.2% - 8,16% / year, value offered by the lessor for financing the same assets under a financial leasing contract or, in the event that the interest rate could not be provided by the lessor, the cost of borrowing from the financial market of an asset of a similar value for a comparable period of time

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

#### 14. DEFERRED TAX ASSET

	<b><u>2023</u></b>	<b><u>2022</u></b>
<b><i>Deferred Tax Asset</i></b>		
Opening Balance January 1st	1,976,857	1,343,385
<i>Recognized in the result of the period</i>		
Related to the recoverable loss	726,880	633,472
Related to SOP estimated	<u>379,437</u>	-
<b>Closing Balance December 31</b>	<b><u>3,083,173</u></b>	<b><u>1,976,857</u></b>

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

Starting 2023, the deferred tax asset was recognized for the deductible temporary differences resulting from the estimated expense the Share Option Plan for the year 2023, approved at Group level, and which will be deducted from the taxable profit of the following year.

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

#### 15. FINANCIAL INSTRUMENTS

##### 15.a) Financial instruments measured at amortised cost

The Group's financial instruments are the following:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Financial assets carried at amortized cost – gross value i)	52,169,814	57,572,439
Expected credit losses (IFRS 9)	(140,757)	(595,839)
Other assets – guarantees <i>iii)</i>	<u>1,102,130</u>	<u>524,511</u>
<b>Total long term financial instruments</b>	<b><u>53,131,187</u></b>	<b><u>57,501,111</u></b>
	<u>31 December 2023</u>	<u>31 December 2022</u>
Bank deposits with maturity between 3 months and one year <i>iv)</i>	71,923,873	33,347,787
Bank deposits with maturity between 3 months and one year restricted in order to cover the guarantee and clearing funds and the margin the margin – gross value <i>v)</i>	3,394,726	3,087,625
Expected credit losses (IFRS 9)	(178,804)	(295,535)
Financial assets at amortised cost – gross value <i>vi)</i>	<u>16,065,331</u>	<u>21,247,852</u>
<b>Total current assets</b>	<b><u>91,205,126</u></b>	<b><u>57,387,730</u></b>

Financial assets presents the amounts net of expected credit losses (IFRS9). The gross value of financial assets (government securities and bank deposits) amounts RON 144,655,874 (2022: RON 115,780,215) and the expected credit losses is 319,561 RON (2022: RON 891,374).

- i)* The financial assets carried at amortized cost are bonds issued by the Romanian Government in RON, acquired at an annual coupon rate between 2% and 7.2%, and bonds denominated in USD and EUR, at a coupon rate of 3% for USD and between 2% and 2.75% for EUR.
- ii)* Term deposits with Romanian with maturity from 3 months to one year are made in RON and EUR with Romanian banks, at interest rates, between 6.3% and 7.65% for deposits in RON, between 1.5% and 3.5% for deposits in USD and between 2.5% and 3% deposits in EUR.
- iii)* Other assets – guarantees are recorded in the consolidated financial position as financial assets at amortized cost.
- iv)* Term deposits restricted in order to cover the guarantee and clearing funds are made in RON in romanian banks and have initial maturities ranging from 3 months and one year, at interest rates from 6.14% to 8%, presented in balance sheet as Restricted bank deposits covering the guarantee fund and the margin at amortised cost

**BUCHAREST STOCK EXCHANGE****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023****(RON)****15 FINANCIAL INSTRUMENTS (CONTINUED)**

<i>Expected credit losses IFRS 9</i>	<b>2023</b>	<b>2022</b>
Balance as at 1 January	<u>891,374</u>	<u>682,860</u>
Impairment losses	138,994	619,495
Impairment reversals	<u>(710,806)</u>	<u>(410,982)</u>
<b>Balance as at 31 December</b>	<b>319,561</b>	<b>891,374</b>

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

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

	<b>Government bonds with a maturity over one year</b>	<b>Government bonds less than one year</b>
1 January 2023	<u><b>56,976,600</b></u>	<u><b>21,247,852</b></u>
Purchases (less effective interest) and exchange rate differences	9,653,213	8,047,387
Reclass	(9,131,644)	9,131,644
Redemptions (less effective interest*)	<u>(4,366,982)</u>	<u>(22,361,552)</u>
<b>31 December 2023</b>	<u><b>53,131,187</b></u>	<u><b>16,065,331</b></u>

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

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

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

---

#### 15.b) FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

As of the end of 2023, the other financial assets measured at fair value through profit or loss (FVPL) include the Company's participation in other entities as follows:

	<u>1 January 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>31 December 2023</u>
<u>EuroCTP B.V.</u>	=	<u>480,724</u>	<u>(159,847)</u>	<u>320,877</u>

In 2023, BVB became a shareholder in the new joint venture project for a Consolidated Tape by paying the initial contribution of RON 480,724 (EUR 97,000), corresponding to a 1.39% participation held by BVB in the new company EuroCTP B.V., registered in the Netherlands.

The scope is to tender for a provider of a market data consolidation solution for equities in the European Union.

Amounts recognized related to other financial assets measured at fair value through the profit or loss during the year 2023, are presented as follows:

	<u>2023</u>	<u>2022</u>
Loss on the financial assets measured through profit or loss	159,847	-
<b>Total</b>	<b><u>159,847</u></b>	<b>-</b>

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

#### 16. TRADE AND OTHER RECEIVABLES

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Trade receivables – gross value <i>i)</i>	11,815,816	9,679,796
Adjustment after trade receivable Impairment <i>ii)</i>	(813,648)	(810,376)
Expected credit losses – IFRS 9	(122,208)	(95,857)
VAT not due	78,206	63,567
Other receivables	<u>1,058,966</u>	<u>1,007,757</u>
<b>Total</b>	<b><u>12,017,132</u></b>	<b><u>9,844,887</u></b>

Financial receivables taken into account in the calculations of Note 5 are made of RON 12,017,132 at 31 December 2023 and RON 8,870,425 at 31 December 2022.

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

Adjustment for receivable impairment is divided as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Adjustment after receivable impairment – individual component	813,648	810,376
Anticipated credit losses – IFRS 9	<u>122,208</u>	<u>95,857</u>
<b>Total</b>	<b><u>935,856</u></b>	<b><u>906,233</u></b>

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

	<u>2022</u>	<u>2021</u>
<b><i>Adjustment for impairment – individual component</i></b>		
Balance as at 1 January	810,376	783,051
Impairment losses	254,080	219,645
Impairment reversal	<u>(250,807)</u>	<u>(192,321)</u>
<b>Balance as at 31 December</b>	<b>813,648</b>	<b>810,376</b>

The adjustment for the depreciation of receivables is calculated annually taking into account outstanding receivables older than 270 days, of which for unpaid invoices issued for the annual maintenance fee the amount related to the adjustment represents a percentage of 30% of the remaining receivable.

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

The percentage of uncollected receivables estimated at 30% and takes into account the 2021 amendment of Regulation no. 5/2018 regarding issuers of financial instruments and market operations, namely the introduction of the obligation of listed issuers to provide proof of payment for the amounts due to BVB, the recovery of due amounts will be possible until the moment of delisting/withdrawal from trading at the latest.

	<u>2023</u>	<u>2022</u>
<b><i>Expected credit losses IFRS 9</i></b>		
	<b>95,857</b>	<b>50,551</b>
Balance as at 1 January		
Impairment losses	30,676	45,306
Impairment reversals	<u>(4,325)</u>	-
<b>Balance as at 31 December</b>	<b>122,208</b>	<b>95,857</b>

The Group computes an impairment loss on trade receivables using the simplified approach according to IFRS 9, recognizing expected credit losses on receivables over their lifetime. The expected credit loss for trade receivables was calculated using the ratio determined by the amount of customer receivables that became uncertain during the reporting period in the total revenues generated by the Company over the same period of time. The determined ratio was applied to the receivables balance outstanding at 31 December 2023.

#### 17. PREPAYMENTS

Prepayments amounting to 1,285,850 RON (31 December 2022: RON 870,502) are primarily prepaid rent, insurance premiums for equipment, IT equipment maintenance, insurance premiums for liability insurance for administrators and various subscriptions.

#### 18. OTHER RESTRICTED ASSETS

As at 31 december 2023 Depozitarul Central holds on behalf of customers amounts to be distributed to shareholders qualified as dividends amounting to RON 18,586,079 RON (31 December 2022: RON RON 19,112,049).

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

#### 19. CASH AND CASH EQUIVALENTS

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Deposits at banks with original maturity less than 3 months	12,010,893	30,829,249
Bank current accounts	3,591,910	2,744,954
Petty cash	67,638	31,727
Expected credit losses IFRS 9	<u>(33,755)</u>	<u>(296,862)</u>
<b>Total</b>	<b>15,636,686</b>	<b>33,309,069</b>

Cash and cash equivalents as at 31 December 2023 presents the amounts net of expected credit losses (IFRS 9). The gross amount of cash and cash equivalents is RON 15,670,441 (2022: RON 33,605,930) and the expected credit losses is RON 33,755 (2022: RON 296,862).

<b><i>Expected credit losses IFRS 9</i></b>	<b>2023</b>	<b>2022</b>
Balance as at 1 January	<u>296,862</u>	<u>470,715</u>
Impairment losses	49,966	202,018
Impairment reversals	<u>(313,073)</u>	<u>(375,871)</u>
<b>Balance as at 31 December</b>	<b>33,755</b>	<b>296,862</b>

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

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

#### 20. TRADE AND OTHER PAYABLES

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Trade liabilities <i>i)</i>	5,453,479	6,576,740
Salary contributions due	918,534	787,193
Taxes due	14,961	7,095
VAT payable	126,451	152,621
Dividends payable to the Company's shareholders	1,496,104	1,343,207
Dividends to be distributed to the Central Depository	18,992,865	19,112,049
Prepayments received from customers	327,849	279,293
Guarantees received	27,278	227,278
Other payables related to management and staff <i>ii)</i>	3,236,857	3,281,230
Other liabilities	<u>1,053,997</u>	<u>671,185</u>
<b>Total</b>	<b>31,648,375</b>	<b>32,437,892</b>

Financial payables presented in the calculations of Note 5 are made of RON 8,331,430 at 31 December 2023 and RON 8,870,425 at 31 December 2022.

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

#### 21. OPERATING LEASE LIABILITIES

	<u>31 December 2023</u>	<u>31 December 2022</u>
Operating lease liabilities – current	2,057,984	2,084,773
Operating lease liabilities – non-current	<u>3,103,995</u>	<u>4,677,633</u>
<b>Total</b>	<b>5,161,979</b>	<b>6,762,406</b>

During the year 2023, all the Group entities have concluded a new lease agreement for the headquarters for a period of 10 years.

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

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

#### 22. DEFERRED INCOME

Deferred income/revenue include:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Revenues from registry activities	40,827	35,403
Revenues from fees for continuance of trading activity	1,785,608	1,545,054
Other deferred income	<u>47,942</u>	<u>67,780</u>
<b>Total</b>	<b>1,874,377</b>	<b>1,648,237</b>

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

#### 23. PROVISIONS

The provisions in balance as at December 31, 2023 consist of:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Litigations provisions	995,495	1,146,332
Porvision for space restoring to initial condition	<u>325,807</u>	-
<b>Total</b>	<b>1,321,302</b>	<b>1,146,332</b>

Provisions movement during 2022 is presented below.

	<u>2023</u>	<u>2022</u>
<b>Provisions</b>		
Balance as of 1st of January	<b>542,519</b>	-
Recognised during current period	648,813	542,519
Provisions releases	<u>(45,000)</u>	-
<b>Balance as of December 31st</b>	<b><u>1,146,332</u></b>	<b><u>542,519</u></b>

During 2023, provisions releases were made, respectively of the provision for litigation, representing payments made in the Bucur Obor file by the Central Depository (see note 28).

In addition, at the end of 2023, a provision was recognized by Depozitarul Central for bringing the space of the current headquarters to the initial state, according to the agreement, at the time of relocation to the new headquarters

**BUCHAREST STOCK EXCHANGE****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023****(RON)****24. GUARANTEE AND CLEARING FUNDS AND MARGIN**

The guarantee and clearing funds and margin comprise:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Guarantee fund for transactions in securities	2,585,335	2,407,526
Margin for transactions in securities	<u>698,541</u>	<u>666,653</u>
<b>Total</b>	<b>3,283,876</b>	<b>3,074,179</b>

**25. CAPITAL AND RESERVES****(a) Share capital**

On 31 December 2023, BVB had a share capital amounting to RON 80,492,460, divided into 8,049,246 shares with a nominal value of RON 10 /share, dematerialized, with the same voting rights, divided into the following categories:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Ordinary shares (no)	<u>8,049,246</u>	<u>8,049,246</u>
<b>Total</b>	<b>8,049,246</b>	<b>8,049,246</b>

<b>Shareholding structure as at 31 decembrie 2023</b>	<u>Number of shares</u>	<u>% of the Share capital</u>
<b>Legal entities, of which:</b>	<u>6,555,355</u>	<u>81.44%</u>
- romanian	6,408,425	79.62%
- foreign	146,930	1.83%
<b>Individuals, of which:</b>	<u>1,484,047</u>	<u>18.44%</u>
- romanian	1,399,243	17.38%
- foreign	84,804	1.05%
<b>Bucharest Stock Exchange</b>	<u>9,844</u>	<u>0.12%</u>
<b>Total</b>	<b>8,049,246</b>	<b>100.00%</b>

In accordance with the provisions of the article 136, paragraph 5 of law no. 1226/2018 on financial instruments, a shareholder of a market operator cannot own directly or indirectly more than 20% of the total voting rights. On 31 December 2023, there were no shareholders holding stakes exceeding this threshold.

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

#### 25. CAPITAL AND RESERVES (CONTINUED)

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

The closing price for the last trading session of 2023 was 65.60 RON /share (2022: RON 35.30 /share).

#### *(b) Treasury shares and benefits to directors and employees*

In 2023, the Company granted options, according to the Stock Option Plan, to members of the Board of Governors, Management and employees and to the management and employees of Depozitarul Central.

The Board of Governors made the decision to grant shares to the management and employees for the year 2022. At the proposal of the Board of Governors, the BVB General Meeting of Shareholders approved the granting of shares to eligible members of the Board of Governors.

The benefit granted in equity instruments (own shares) amounted to RON 2.371.480 (2022: RON 888.546). Also see Note 8.

Movements on 31 December 2023 are as follows:

	<u>2023</u>	<u>2022</u>
Balance at January 1	<u>75,528</u>	<u>(110,096)</u>
Own shares redeemed	-	1,074,170
Share-based benefits granted to Members of the Board, Management and employees, including estimations	(2,371,480)	(888,546)
Losses as effect of granting shares for free within SOP	94,455	-
Balance at December 31	<u>(2,201,497)</u>	<u>75,528</u>

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

---

#### 25. CAPITAL AND RESERVES (CONTINUED)

##### **(c) Dividends**

The Board of Directors of BVB intends to submit to the approval of the General Meeting of Shareholders the proposal for the distribution of the statutory net profit for the year 2023 of the Company, in the amount of RON 21,830,972, as follows: the amount of RON 1,257,111 for the legal reserve, the amount of RON 12,524,621 are distributed in the form of gross dividends and the rest, respectively RON 8,049,240, are distributed into reserves.

From the reserves constituted from the net profit for the year 2023, will be realized an increase of the share capital by the amount of RON 8,049,240 through the issuance of a number of 804,924 new shares, ordinary, registered and dematerialized, with a nominal value of 10 lei/share ("New Shares").

The New Shares will be allocated to the Company's shareholders in proportion to their holdings in the Company's share capital; as part of the increase of the Share Capital, each shareholder registered on the date of registration established by AGEA, will receive free shares, for every 10 shares held, a number of New Shares out of the 804,924 newly issued.

The General Meeting of Shareholders approved the distribution of statutory net profit for 2022 of the Company, in the amount of RON 11,035,706, as follows: the amount of RON 637,327 for the legal reserve, and the rest in the form of gross dividends, Thus, the amount approved by the General Meeting of Shareholders from April 26/27, 2023 for distribution in 2022 in the form of gross dividends for 2022 is RON 10,398,379. The payment was made on 27 June 2023.

The General Meeting of Shareholders of Depozitarul Central approved distribution the statutory net profit for the year 2022, in the amount of RON 4,305,178, as follows: the amount of RON 255,139 for the legal reserve, respectively the amount of RON 2,025,020 distributed in other reserves and the rest, the amount of RON 2,025,019 in the form of dividends. Dividends were paid starting August 2023.

##### **(d) Legal reserve**

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

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

##### **(e) Revaluation reserves**

The reserves resulting from the following:

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

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

---

#### 26. EARNINGS PER SHARE

The calculation of basic earnings per share at 31 December 2023 is based on profit attributable to Company's shareholders in the amount of RON 24,692,890 (2022: RON 10,627,397) and the weighted average number of ordinary shares outstanding of 8,049,246 (2022: 8,049,246).

#### 27. TRANSACTIONS WITH RELATED PARTIES

##### *Management key personnel*

31 December 2023

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

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

The executive management was ensured by:

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

In 2023, the remuneration granted to the key management personnel of BVB amounted to RON 1,684,598 (2022: RON 1,601,339).

In 2023, the remuneration granted to the members of the Board of Governors and members of the Special Committees were RON 1,141,132 (2022: RON 1,052,692).

The total gross remuneration granted to administrators and directors was, according to the 2023 remuneration report, of RON 4,176,457 (2022: RON 3,218,499).

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

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

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

**Litigation regarding the case of Bucur Obor - Central Depository**

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

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

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

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

In 2023, DC paid the following amounts in the case of Bucur Obor: RON 233,162 to the plaintiffs in file 6411/300/2018 (of the total of RON 466,324 Bucur Obor bore 50%, the parties being jointly and severally liable); RON 98,905 to the plaintiff in file 18239/300/20210.

**b) Letters of bank guarantee**

In order to comply with the obligations assumed in the headquarters rental contract concluded with Complex Multifuncțional Victoria SA, letters of bank guarantee were issued based on the credit contracts concluded with Banca Comercială Română (BCR) as follows: Bursa de Valori București SA – EUR 495,000, Depozitarul Central SA – EUR 637,309, CCP.RO – EUR 244,395.

## **BUCHAREST STOCK EXCHANGE**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023**

**(RON)**

---

BVB is also the guarantor, for the amount of EUR 124,999, in a letter of bank guarantee with a value of EUR 244,395, issued in the context of the signing of the credit agreement concluded by CCP.RO Bucharest SA (branch of BVB) with the Bank Comerciala Romana (BCR) for the headquarters lease agreement signed by CCP.RO Bucharest SA with Complexul Multifuncțional Victoria SA.

#### **c) Other contingencies**

As a shareholder in EuroCTP BV, Bucharest Stock Exchange has firmly committed to contribute by the necessary means to the development and implementation of a market data consolidation solution (Consolidated Tape) for shares in the European Union.

The value of the contribution committed by BVB is EUR 305,800.

## **29. ASPECTS TO BE MENTIONED**

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

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

## BUCHAREST STOCK EXCHANGE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2023

(RON)

#### 30. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

1. In the meeting of 7 February 2024, FSA approved the modification of the component of the Board of Directors according to the AGM Decision of 22.11.2023.

Thus, the new component of the Board of Governors as of February 12, 2024 and the position within the committees and commissions established at the BVB level is as follows:

	<b><u>Members BG</u></b>	<b><u>Function BG</u></b>	<b><u>Position held in Comitee/Comision</u></b>
1	Radu Hanga	President	Președinte IC, Member NC
2	Șerban Valentin Marin	Vicepresident	Vicepresident ApC
3	Dumitru Remus Vulpescu	Vicepresident	President AC
4	Claudia Gabriela Ionescu	General secretary	President RC
5	Loredana Norica Chițu	Member	President NC, Member RC
6	Octavian Molnar	Member	President ApC, Member AC
7	Robert Cosmin Pana	Member	Member CN
8	Vasile Cristian Pascu	Member	President LC, Member RC
9	Daniela Secara	Member	Vicepresident CAT, Member AC

Legend:

- AC - Audit Committee
- NC - Nomination Committee
- CR - Remunerararion Committee
- LC – Listing Commision
- ApC – Apeal Commision
- IC – Index Commision

2. On February 28, 2024, Mr. Robert Pana notified the Company regarding his decision to renounce the mandate of the Company's administrator starting from the date of notification.

3. In the meeting of February 7, 2024, FSA approved the request of the "market operator Bursa de Valori București S.A. for the authorization of a new regulated market - the derivatives market on financial assets and other types of assets and its registration in the FSA Register".

4. On February 19, 2024, FSA authorized the change in the way of organization and operation of the BVB, as a result of the change of the registered office of the company from the address of Bucharest, Carol I, no. 34-36, etc. 13-14, sector 2 at Bucharest address, sos. Nicolae Titulescu, no. 4-8, et. 1, East Wing, sector 1.

# Independent Auditor's Report\*

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

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

## Report on the audit of the separate financial statements

### Opinion

1. We have audited the accompanying separate financial statements of **Bursa de Valori Bucuresti S.A.** ("the Company" or "BVB"), with registered office in Nicolae Titulescu Street no. 4-8, 1st floor, East Wing, 1<sup>st</sup> district, America House building, postal code 011141, Bucharest, Romania, registered with the Bucharest Trade Registry under no. J40/12328/2005 and having sole registration code RO17777754, which comprise the separate statement of financial position as at 31 December 2023, the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and in accordance with the Financial Supervisory Authority ("FSA") Norm no. 39/2015 for "approving accounting regulations in accordance with the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority from the Capital Market Sector" as subsequently amended ("FSA Norm 39/2015"), presenting the following:

• Total equity:	RON	127,776,809
• Net profit of the year:	RON	21,830,972

2. In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at 31 December 2023, and its separate financial performance and its separate cash flows for the year then ended, in accordance with IFRS and FSA Norm 39/2015.

### Basis for Opinion

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

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

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

4. As presented in Note 6 to the accompanying financial statements, at 31 December 2023 the Company holds an investment of RON 47,500,000 in CCP.RO Bucharest SA (“CCP.RO”), entity set up in 2019 with the purpose of acting as a central counterparty on the local market. At the current date, the process of obtaining the approvals and authorizations required from the FSA and from the European Securities and Markets Authority (“ESMA”) is still in progress, therefore CCP.RO is not yet operational as central counterparty, and does not yet generate revenues from the activity for which it was intended. At 31 December 2023, the Company has tested the investment in CCP.RO for potential impairment, using a method which is considering the expected cash flows included in the business plan approved by the shareholders of CCP.RO, and has concluded that no impairment adjustment is necessary, as the value in use exceeds the cost of the investment at 31 December 2023. The valuation of the investment in CCP.RO at the amount reflected in the Company’s financial statements depends on the successful finalization of the process of authorization of this entity as a central counterparty, as well as on the fulfilment of the assumptions used in the valuation analysis, after the entity starts its intended activity. Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. For the audit of the year 2023 we have not identified any key audit matters to be communicated in our report.

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

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

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

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

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

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

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

The Administrators' Report is presented on pages 1 to 73 and is not part of the Company's separate financial statements.

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

In connection with our audit of the separate financial statements of the Company as at 31 December 2023, we have read the Administrators' Report attached to the separate financial statements and we report the following:

- a) we have not identified in the Administrators' Report any information which is not consistent, in all material respects, with the information presented in the accompanying separate financial statements;
- b) the Administrators' Report identified above includes, in all material respects, the information required by articles 8 - 13 of the Accounting Regulations approved by FSA Norm 39/2015;
- c) based on our knowledge and understanding acquired during the audit of the separate financial statements for the year ended 31 December 2023 regarding the Company and its environment, we have not identified in the Administrators' Report any information that would be significantly misstated.

## Report on Other Legal and Regulatory Requirements

### (a) Requirements regarding the information in the Remuneration Report

In compliance with the requirements of art. 107 (7) of Law 24/2017, as subsequently amended (“Law 24/2017”), we have read the Remuneration Report prepared by the Company for the year ended 31 December 2023 and we confirm that, in our opinion, the above-mentioned Remuneration Report presents, in all material respects, the information requested in art. 107 of the Law 24/2017.

### (b) Requirements for Audits of Public Interest Entities

In compliance with Article 10(2) of Regulation (EU) No. 537/2014, we provide the following information in our independent auditor’s report, which is required in addition to the requirements of International Standards on Auditing:

#### **Appointment of the Auditor and the Period of Engagement**

We were appointed as auditors of the Company by the General Meeting of Shareholders (“GMS”) on 12 April 2017 to audit the separate and consolidated financial statements of the Company for the financial years 2017-2019, by GMS on 29 April 2020 to audit the separate and consolidated financial statements of the Company for the financial years 2020-2021, and by GMS on 20 October 2021 to audit the separate and consolidated financial statements of the Company for the financial years 2022-2023. Our uninterrupted engagement is of 7 years, covering the financial years ended from 31 December 2017 until 31 December 2023.

#### **Consistency with the Additional Report to the Audit Committee**

We confirm that our audit opinion on the separate financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 18 March 2024 in accordance with Article 11 of Regulation (EU) No. 537/2014.

#### **Provision of Non-audit Services**

We declare that no prohibited non-audit services, as referred to in Article 5(1) of Regulation (EU) No. 537/2014, were provided by us to the Company. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings and which have not been disclosed in the separate financial statements.

## (c) Report on compliance with the Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standards

We have undertaken a reasonable assurance engagement on the compliance of the separate financial statements in XHTML format of **Bursa de Valori Bucuresti S.A.** (“the Company”) for the year ended 31 December 2023 (the “XHTML Statements”), with the European Commission Delegated Regulation (EU) 2018/815, which sets the regulatory technical standards on the specification of a single electronic reporting format (“ESEF RTS”).

### **The Company’s management responsibility for the XHTML Statements prepared in compliance with the ESEF RTS**

The Company’s management is responsible for preparing XHTML Statements that comply with the ESEF RTS. This responsibility includes:

- ensuring consistency between the XHTML Statements and the financial statements prepared for filing to the relevant authorities in accordance with FSA Norm 39/2015; and
- the design, implementation and maintenance of internal control relevant to the preparation and presentation of XHTML Statements in accordance with ESEF RTS that are free from material misstatement, whether due to fraud or error.

### **Our responsibility**

Our responsibility is to express a conclusion on whether the XHTML Statements comply, in all material respects, with the requirements of ESEF RTS. We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) - *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (“ISAE 3000”), issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the ESEF RTS. The nature, timing and extent of selected procedures depend on the auditor’s judgment, including the assessment of the risks of material departures from the requirements set out in ESEF RTS, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the Company’s processes and internal controls relevant for preparing the XHTML Statements in accordance with ESEF RTS;
- assessing whether the financial statements have been prepared in a valid XHTML format;
- reconciling the XHTML Statements with the audited financial statements prepared by the Company in accordance with FSA Norm 39/2015 for filing to the relevant authorities.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## **Conclusion**

In our opinion, the XHTML Statements for the year ended 31 December 2023 comply, in all material respects, with the requirements of ESEF RTS.

In this report we do not express an audit opinion, review conclusion or any other assurance conclusion on the financial statements. Our audit opinion relating to the separate financial statements prepared by the Company for the year ended 31 December 2023 is set out in the section *Report on the audit of the separate financial statements* above.

Bucharest, 20 March 2024

Vasile Andrian

Auditor registered in the Public Electronic Register under no. 1554 / 2004

On behalf of Mazars Romania SRL

Audit firm registered in the Public Electronic Register under no. 699 / 2007

4B Ing. George Constantinescu street, 5th floor,  
Globalworth Campus, Building B  
Bucharest, Romania  
Tel: +031 229 2600  
[www.mazars.ro](http://www.mazars.ro)

# Independent Auditor's Report\*

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

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

## Report on the audit of the consolidated financial statements

### Opinion

1. We have audited the accompanying consolidated financial statements of **Bursa de Valori Bucuresti S.A.** (“the Parent Company” or “BVB”) and its subsidiaries (together “the Group”), with registered office in Nicolae Titulescu Street no. 4-8, 1st floor, East Wing, 1st district, America House building, postal code 011141, Bucharest, Romania, registered with the Bucharest Trade Registry under no. J40/12328/2005 and having sole registration code RO17777754, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (“IFRS”) and in accordance with the Financial Supervisory Authority (“FSA”) Norm no. 39/2015 for “approving accounting regulations in accordance with the International Financial Reporting Standards, applicable for entities authorized, regulated and supervised by the Financial Supervisory Authority from the Capital Market Sector” as subsequently amended (“FSA Norm 39/2015”), presenting the following:

• Total equity:	RON	177,842,136
• Net profit of the year:	RON	25,698,220

2. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with IFRS and FSA Norm 39/2015.

### Basis for Opinion

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

the audit of financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	Audit procedures performed to address the key audit matter
<b>Revenue recognition (Depozitarul Central S.A.)</b>	
<p>As disclosed in the Note 7 to the accompanying consolidated financial statements, the Group records revenue from compensation, settlement and registry services from the activity of Depozitarul Central SA. The total value of these services is significant in the total revenues recorded by the Group at the reporting date.</p> <p>The method of computation of the amounts representing fees and tariffs for the post-transaction and registry activity is a complex one, based on both an automated and a manual algorithm.</p> <p>Due to the significance and complexity of these revenues, we consider this matter to be a key audit matter.</p>	<p>The procedures performed to obtain a reasonable assurance regarding the revenue recognition are as follows:</p> <ul style="list-style-type: none"> <li>• a thorough understanding of the service rendering and of the related invoicing process;</li> <li>• testing the design and operating effectiveness of relevant controls (where applicable);</li> <li>• inspection of relevant supporting documents;</li> <li>• performing analytical and substantive procedures;</li> <li>• obtaining written confirmation letters for the significant transactions;</li> <li>• analysis of the transactions and estimates recorded by the Group at the end of the audited period to reflect the revenues in the period they relate to.</li> </ul>

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

5. The management of the Group is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and FSA Norm 39/2015 and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

6. In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

8. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated financial statements.
9. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
10. As part of the audit process, we communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

The Company's Administrators are responsible for the preparation and presentation, in accordance with the requirements of articles 29-30 of the Accounting Regulations approved by FSA Norm 39/2015, of an Administrators' Report which is free from significant misstatements, and for such internal control as the Management considers necessary to enable the preparation of the Administrators' Report which shall be free from material inconsistencies, whether due to fraud or error.

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

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

In connection with our audit of the consolidated financial statements of the Group as at 31 December 2023, we have read the Administrators' Report attached to the consolidated financial statements and we report the following:

- a) we have not identified in the Administrators' Report any information which is not consistent, in all material respects, with the information presented in the accompanying consolidated financial statements;
- b) the Administrators' Report identified above includes, in all material respects, the information required by articles 29-30 of the Accounting Regulations approved by FSA Norm 39/2015;
- c) based on our knowledge and understanding acquired during the audit of the consolidated financial statements for the year ended 31 December 2023 regarding the Group and its environment, we have not identified in the Administrators' Report any information that would be significantly misstated.

## Report on Other Legal and Regulatory Requirements

### (a) Requirements for audits of public interest entities

In compliance with Article 10(2) of Regulation (EU) No. 537/2014, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

#### **Appointment of the Auditor and the Period of Engagement**

We were appointed as auditors of the Company and of the Group by the General Shareholders Meeting ("GSM") of BVB on 12 April 2017 to audit the separate and the consolidated financial statements of BVB for the financial years 2017-2019, by the GSM of BVB on 29 April 2020 to audit the separate and the consolidated financial statements of BVB for the financial years 2020-2021, and by the GSM of BVB on 20 October 2021 to audit the separate and the consolidated financial statements of BVB for the financial years 2022-2023. Our uninterrupted engagement is of 7 years, covering the financial years ended from 31 December 2017 until 31 December 2023.

#### **Consistency with the Additional Report to the Audit Committee**

We confirm that our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 8 March 2023 in accordance with Article 11 of Regulation (EU) No. 537/2014.

#### **Provision of Non-audit Services**

We declare that no prohibited non-audit services, as referred to in Article 5(1) of Regulation (EU) No. 537/2014, were provided by us to the Group. In addition, there are no other non-audit services which were provided by us to the Group and which have not been disclosed in the consolidated financial statements.

## (b) Report on compliance with the Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standard (“ESEF RTS”)

We have undertaken a reasonable assurance engagement on the compliance of the digital format consolidated financial statements of **Bursa de Valori Bucuresti S.A.** (“the Company”) for the year ended 31 December 2023, as presented in the digital files prepared by the Company „2549004BOCU15LMNDJ92-2023-12-31\_ro\_viewer”, identified by the key 0558aa2403281bf9029b8591828d6fd1b7e3cd455cac17582152e84f2eef38c1 (the “Digital Files”), with the European Commission Delegated Regulation (EU) 2018/815, which sets the regulatory technical standards on the specification of a single electronic reporting format (“ESEF RTS”).

### **The Company’s management responsibility for the Digital Files prepared in compliance with the ESEF RTS**

The Company’s management is responsible for preparing Digital Files that comply with the ESEF RTS. This responsibility includes:

- the selection and application of appropriate iXBRL tags, using professional judgement where necessary;
- ensuring consistency between the Digital Files and the consolidated financial statements presented in human-readable format in accordance with FSA Norm 39/2015; and
- the design, implementation and maintenance of internal control relevant to the preparation and presentation of Digital Files in accordance with ESEF RTS that are free from material misstatement, whether due to fraud or error.

### **Our responsibility**

Our responsibility is to express a conclusion on whether the consolidated financial statements, as presented in the Digital Files, comply, in all material respects, with the requirements of ESEF RTS. We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) – *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (“ISAE 3000”), issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF RTS. The nature, timing and extent of selected procedures depend on the auditor’s judgment, including the assessment of the risks of material departures from the requirements set out in ESEF RTS, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the Company’s process and internal controls relevant for preparing the Digital Files in accordance with ESEF RTS;

- reconciling the Digital Files, including the marked-up data, with the audited consolidated financial statements prepared by the Company in accordance with FSA Norm 39/2015 in human-readable format;
- assessing whether the consolidated financial statements have been prepared in a valid XHTML format;
- analysing whether the disclosures specified in Annex II of the ESEF RTS are marked-up in accordance with ESEF RTS;
- evaluating if the XBRL mark-ups, including the voluntary mark-ups, comply with the requirements of ESEF RTS.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## **Conclusion**

In our opinion, the consolidated financial statements of the Company for the year ended 31 December 2023, as presented in the Digital Files, comply, in all materials respects, with the requirements of ESEF RTS.

In this report we do not express an audit opinion, review conclusion or any other assurance conclusion on the consolidated financial statements. Our audit opinion relating to the consolidated financial statements prepared by the Company for the year ended 31 December 2023 is set out in the section *Report on the audit of the consolidated financial statements* above.

Bucharest, 20 March 2024

Vasile Andrian

Auditor registered in the Public Electronic Register under no. 1554 / 2004

On behalf of Mazars Romania S.R.L.

Audit firm registered in the Public Electronic Register under no. 699 / 2007

4B Ing. George Constantinescu street, 5th floor,

Globalworth Campus, Building B

Bucharest, Romania

Tel: +031 229 2600

[www.mazars.ro](http://www.mazars.ro)



# BVB DIRECTORS' CONSOLIDATED REPORT 2023

## Table of contents

Message from the BVB Chairman	3
Executive summary	6
Financial highlights	8
BVB Group information	9
Financing rounds in 2023	12
Projects and accomplishments	14
Analysis of financial results for 2023	33
Perspectives	37
Other information	39
Corporate Governance	41
Annex 1 – Statement regarding BVB’s compliance with the Corporate Governance Code	61
Annex 2 – BVB Sustainability Report	66
Statement	71
Contact us	72
Find out more about the Bucharest Stock Exchange	72

### Note

The report herein presents the annual consolidated financial results of the Bucharest Stock Exchange, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and in compliance with the rules and regulations of the Financial Supervisory Authority (FSA). The financial results as of 31 December 2023 are audited.

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

The information presented in the report herein are compliant with the FSA Rule no. 39/2015 for the approval of accounting regulations compliant with the International Financial Reporting Standards, applicable to entities regulated, authorized and/or supervised by the FSA, within the Financial Instruments and Investments Sector, as well as with the FSA Regulation no. 5/2018 on issuers of financial instruments and market operations (the information presented herein is equivalent to that required by Annex no. 15).

In order to comply with the requirements of FSA Rule no. 39/2015, the BVB, the parent company of BVB Group, has the obligation to prepare the Consolidated Directors’ Report that presents the development and performance as well as the financial position of the entities included in the consolidation process. BVB shall not prepare a Directors’ Report for the parent company and shall include all relevant information in the Consolidated Directors’ report, in accordance with art. 30, par. (4) of the FSA Rule no. 39/2015.

## Message from the BVB Chairman



Dear shareholders,  
Ladies and gentlemen,

The year 2023 marked a remarkable chapter for the Romanian capital market, with indices at historical highs and new records set, such as value of transactions, average daily liquidity, number of investors, financing value, and the largest successful stock listing in Europe achieved at the Bucharest Stock Exchange.

Undoubtedly, the unprecedented levels of stock market indices and the numerous records of the past year - which I will detail below - along with the 34 financing rounds totalling 27 billion lei, are a clear signal of investors and issuers confidence in the potential and prospects of the Romanian capital market. Alongside shareholders, authorities and other important stakeholders, we have gone through a year that stood out with numerous excellent results and gains for investors and issuers, but also with episodes of uncertainty that left their mark on capital markets globally.

Bucharest Stock Exchange once again demonstrated how effectively it combines two complex functions: building a solid listed company - with an 86% share price return at a record valuation and a 112% increase in the number of shareholders - and successfully fulfilling, from its role as a fundamental capital market institution, the objectives of supporting the development of the Romanian economy and entrepreneurship.

The BVB share price at the end of 2023 was RON 65.5, which corresponds to a capitalization of RON 528 million, compared to RON 284 million at the end of 2022. And these results came as the number of shareholders increased by about 3,300 to 5,939 at the end of the year. In just three years the number of shareholders has tripled.

The Bucharest Stock Market indices closed the year with double-digit returns. The main index, BET, which broke the 15,000-point threshold for the first time on 8 December 2023, ended 2023 at 15,377 points, up 31.8% on the previous year. The BET-TR index, which includes dividends distributed by BET companies, appreciated by almost 40%, the best performance in the region.

It is relevant to look comparatively, where we can see that, for example, the European STOXX600 index rose 12.7% last year, while the US S&P500 index advanced 24%. This perspective underscores how maturely the Romanian capital market has navigated through 2023.

It is important to note the context and trading activity in which these remarkable appreciations came about, which took companies listed on the Regulated Market to a valuation of RON 294 billion and those on AeRO to RON 14.9 billion.

The total trading value recorded in 2023 on the Bucharest Stock Exchange, across all markets, with all types of financial instruments, exceeded RON 38 billion, up 58% from the previous year. In a year with 248 trading sessions, the average daily liquidity for all types of financial instruments listed on the Regulated Market and the Multilateral Trading System (SMT) reached RON 153 million.

It is a new record set on the Bucharest Stock Exchange for this indicator, where the increase was no less than 60% compared to the previous year. And this development underlines the confidence of investors and issuers in the efficiency and transparency of the capital market and reflects a continuous growth of the capital market.

We maintain constant communication with all market stakeholders and make every effort to improve liquidity levels.

The message we are sending out and hope to spread as widely as possible is that anyone can become a capital market investor. All it takes is to get information from reliable sources and work with brokers authorized to trade on the BVB. The confirmation comes in the form of an increase of approximately 46,000 investors throughout 2023.

According to data published by the Investor Compensation Fund (FCI), the number of investors reached 178,500 in December 2023, the absolute maximum for the Romanian capital market. In the last three months of the year, about 10,000 investors started building for the future. By comparison, at the end of 2022, the FCI statistics showed about 133,000 investors, meaning that over the course of a year, their number increased by 34%.

Any listing of shares and bonds offers every Romanian the opportunity to become an investor and take part in the success stories of the Bucharest Stock Exchange.

Whether in 2023 they participated in the Hidroelectrica's IPO or consolidated positions in companies already in their portfolio, or contributed part of their monthly gross income to a Pillar II or Pillar III pension fund, or subscribed to Fidelis government bond issues for which they are remunerated with tax-free interest, we see that an increasing number of Romanians are beginning to understand that the future belongs to those who invest in it.

The year 2023 proved once again - if it was needed - that the Bucharest Stock Exchange has consolidated its fundamental role as a financing platform for the Romanian economy: last year 11 corporate bond issues worth EUR 1.6 billion were listed, the Romanian state raised over EUR 1.9 billion in financing rounds through the Fidelis primary offerings, and the Bucharest City Hall returned to the Stock Exchange with a municipal bond issue worth EUR 112 million.

The 32 funding rounds through bonds totalled EUR 3.6 billion. We also had two stock listings: that of Millenium Insurance Broker (MIB) in February for €840,000 on the AeRO market and that of Hidroelectrica (H2O) for €1.87bn in July 2023 on the Regulated Market. In total, about €5.5bn, up 175% from the previous record in 2021. The potential to continue and accelerate economic development through the exchange is huge.

In addition to these results, I believe it is appropriate to highlight the efforts that we, the Bucharest Stock Exchange Group team, are making in the directions of developing the Romanian capital market and increasing awareness through ongoing communication with all market stakeholders:

- Nearly 270 analysis reports have been published on the BVB Research Hub ([www.bvbresearch.ro](http://www.bvbresearch.ro)), a platform that provides useful information about listed companies, essential in the investment process, since its launch in 2021. In 2023 alone, our partners contributed around 120 analysis reports. Access to the resources available on the platform is free of charge.
- The sixth edition in 2023 of the Made in Romania program marked an important milestone in our development, building an ecosystem where companies can find business partners, consultants in various fields and have access to various financing alternatives. Since the launch of the programme, 20 companies have entered the stock market with shares or bonds, and the financing rounds they have carried out have totaled around EUR 233 million.
- Reaching its tenth edition in 2023, the BVB Awards event rewards performance on the Romanian capital market every year. Bucharest Stock Exchange recognizes and rewards the performance of the best of the best at the event, which has become a tradition and is organized at the beginning of each year in February. In conclusion, the achievements and performances of 2023 lay the foundation for our future steps forward. The projects we are implementing and the plans we are preparing for 2024 will shape the future development of the Bucharest Stock Exchange Group and the capital market, both in 2025, when we celebrate 30 years since the Romanian stock exchange was re-established, and in the years to come.

Radu Hanga,  
President of the Board of Governors, Bucharest Stock Exchange

# Executive summary

## Key events, 2023

- In 2023, the largest initial public offering (IPO) in Europe was held at the Bucharest Stock Exchange: RON 9.3 billion (EUR 1.8 billion) by listing 20% from Hidroelectrica.
- The total trading value recorded in 2023 on all markets, with all types of financial instruments, exceeded RON 38 billion, an increase of 58% compared to the previous year.
- Average daily liquidity on all types of instruments listed on the Main Market (PP) and the Multilateral Trading System (SMT) reached 153 million lei. This result represents a 60% increase compared to 2022, underlining investors' confidence in the efficiency and transparency of the capital market.
- The share price of the Bucharest Stock Exchange (BVB) rose in 2023 by 86%, to RON 65.6/share, which corresponds to a capitalization of RON 528 million (RON 106.2 million). During 2023, BVB shares were traded between a minimum of RON 35.6 (January 3, 2023) and a maximum of RON 73 (November 17-19, 2023).
- The main BET index rose by 32%, and the BET-TR by 40%. The BET-TR index had the best performance in the region in 2023.
- Record value of €5.5 billion raised through 34 stock and bond listings.
- The number of investors reached more than 178,000 at the end of December, a historical record and increasing by 40,000 investors compared to September 2022. In the last almost four years, the number of investors has tripled, from almost 54,000 at the end of 2019.

## Evolution of financial performance, 2023 – standalone and consolidated results BVB Group

### BVB standalone

*Financial results of 2023 exceeded expectations, being positively influenced by the Hidroelectrica (H2O) listing, the significant increase in trading volumes and the intensification of financing rounds.*

**Operating revenues in 2023 exceeded RON 50 mn, +55% vs. 2022**, due to increased trading revenues, in the context of significant traded volumes generated by the listing of H2O and other successful public offers in the second part of 2023.

**Operating expenses** in 2023 of RON 27.97 mn, +22% vs. 2022, in the context of the additional expenses, generated by the increase in inflation, carried out to maintain the authorized activities at an optimal level, the expenses related to capital market promotion events and the campaign aimed to increase the number of investors, including those related to the successful listing of H2O and the new projects in progress in the year 2023.

**Operating profit of 2023 reached RON 22.58 mn, + 129% vs. 2022.**

**Net financial income** in the amount of RON 2.56 mn, decrease of 12%, the increase in interest income being covered by the decrease in dividend income from Depozitarul Central, as well as the higher leasing interest expenses.

**Net profit of 2023, on individual level, doubled to RON 21.83 mn**, while the net margin rose to 44%, up 10 percentage points in one year.

### BVB Group

*Consolidated financial results of 2023 at a record level, driven by H2O listing, significant increase in liquidity in H2 2023 and record capitalization of listed companies.*

**Operating revenues of 2023** reached a record level of RON 82.79 mn, up 46%, due to trading and post-trading segments significant increase in the context of the H2O listing, higher traded volumes and share prices of listed companies.

**Operating expenses of RON 59.14 mn**, increasing by 24%, base effect of inflation increase on consolidated operating expenses and the implementation of ongoing projects, approved at BVB Group level.

**Operating profit of RON 23.64 m, + 169% vs. 2022.**

**Consolidated net financial income** in 2023 of RON 6.31 mn, an increase of 79% compared to 2022 due to the group-wide increase in interest income as well as higher financial income.

**Consolidated net profit** rose by 146% in 2023 compared to the previous year up to RON 25.70 mn, result of the positive evolution of consolidated operating income, also supported by the increase of financial result compared to previous year.

*\* including intra-group transactions*

## Financial highlights

Standalone and consolidated financial results –BVB and BVB Group (RON mn, unless otherwise stated)

	BVB Standalone			BVB GROUP		
	2023	2022	Change (%)	2023	2022	Change (%)
Operating revenue	50.55	32.70	55%	82.79	56.54	46%
Operating expenses	<u>(27.97)</u>	<u>(22.85)</u>	<u>22%</u>	<u>(59.14)</u>	<u>(47.75)</u>	<u>24%</u>
<b>Operating profit</b>	<b>22.58</b>	<b>9.85</b>	<b>129%</b>	<b>23.64</b>	<b>8.79</b>	<b>169%</b>
<i>Operating margin</i>	<i>45%</i>	<i>30%</i>		<i>29%</i>	<i>16%</i>	
<b>Net financial revenue/(expenses)</b>	<b><u>2.56</u></b>	<b><u>2.90</u></b>	<b><u>-12%</u></b>	<b><u>6.31</u></b>	<b><u>3.52</u></b>	<b><u>79%</u></b>
Profit before tax	<u>25.30</u>	<u>12.75</u>	<u>97%</u>	<u>29.95</u>	<u>12.31</u>	<u>143%</u>
<b>Net profit for the period</b>	<b>21.83</b>	<b>11.04</b>	<b>98%</b>	<b>25.70</b>	<b>10.43</b>	<b>146%</b>
<i>Net margin</i>	<i>43%</i>	<i>34%</i>		<i>31%</i>	<i>18%</i>	
EPS attributable to owners (RON/share)**	2.7122	1.3710	98%	3.0620	1.3203	135%
<i>Return on equity</i>	<i>17%</i>	<i>10%</i>		<i>14%</i>	<i>7%</i>	

\*\* Consolidated attributable profit and consolidated earnings per share are information that is presented in accordance with the requirements of International Financial Reporting Standards (IFRS) and do not represent the basis for granting BVB dividends.

The proposal for the distribution of BVB's profit in the form of dividends is made from the net profit of the Bucharest Stock Exchange SA (BVB individual) according to the dividend policy published on the BVB website, in the "Investor Relations" section.

## Standalone and consolidated financial position – BVB and BVB Group (RON mn, unless otherwise stated)

	BVB Standalone			BVB GROUP		
	31 Dec. 2023	31 Dec. 2022	Change (%)	31 Dec. 2023	31 Dec. 2022	Change (%)
<b>Total assets, out of which:</b>	<b>145.20</b>	<b>121.29</b>	<b>20%</b>	<b>238.14</b>	<b>198.01</b>	<b>20%</b>
<i>Tangible and Intangible assets</i>	12.91	6.81	90%	24.16	13.24	83%
Right-of-use assets	8.80	2.97	197%	18.68	4.82	288%
Investments in associated entities	67.74	67.74	0%	-	-	-
<i>Trade receivables and other receivables</i>	7.93	5.22	52%	12.02	9.84	22%
<i>Cash &amp; cash equivalents</i>	3.19	1.63	96%	15.64	33.31	-53%
<i>Financial assets at amortized cost</i>	20.24	5.60	261%	71.75	33.05	117%
<i>Restricted financial assets at amortized cost</i>	22.86	30.69	-26%	69.20	78.75	-10%
<b>Total liabilities, out of which:</b>	<b>17.42</b>	<b>9.35</b>	<b>86%</b>	<b>60.30</b>	<b>43.78</b>	<b>38%</b>
<i>Trade and other payables</i>	5.05	4.43	14%	31.65	32.44	-2%
<i>Datorii leasing - active cu drept de utilizare</i>	9.84	3.13	215%	20.92	5.16	305%
<b>Equity, out of which:</b>	<b>127.78</b>	<b>111.94</b>	<b>14%</b>	<b>177.84</b>	<b>154.23</b>	<b>15%</b>
<i>Total shareholders' equity attributable to the owners of the Company</i>	127.78	111.94	14%	128.73	109.31	18%
<i>Non-controlling interests</i>	-	-	-	49.11	44.92	9%

## BVB Group information

### Identification data

#### As of 31 December 2023-

Av. Carol I, 34-36, fl.13-14,  
district 2, Bucharest

**Starting 19 February 2024-** Av.  
Nicolae Titulescu, 4-8, America  
House building, fl. 1, East Wing,  
district 1

Address

J40/12328/2005

Trade Register No

17777754

Tax Identification Number

### Main activity

Administration of financial  
markets

NACE code 6611

### Share tickers

BVB

BVB RO (Bloomberg)

BBG000BBWMN3

(Bloomberg [BBGID](#))

ROBVB.BX (Reuters)

ROVBAAACNORO (ISIN)

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

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

- The Regulated Market where financial instruments such as shares and rights issued by international and Romanian entities, debt instruments (corporate, municipality and government bonds issued by Romanian entities and international corporate bonds), UCITs (shares and fund units), structured products, tradable UCITS (ETFs) are traded;
- Multilateral trading system. The AeRO market (SMT Listed Financial Instruments Section) is intended for start-ups and SMEs and was relaunched on February 25, 2015; separate sections of the SMT are intended for trading foreign shares listed on another market.

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

Since 8 June 2010, BVB is a listed company on its own spot regulated market and is included in the Premium Tier. The company's share capital consists of 8,049,246 shares with a nominal value of RON 10.

In accordance with the provisions of article 136 paragraph 5 of Law no. 126/2018 on financial instruments, no shareholder of a market operator can hold, directly or indirectly, more than 20% of the total voting rights. At the end of December 2022, there were no shareholders holding stakes exceeding this threshold.

As at 31 December 2023, the company's shareholders' structure was as follows: Romanian legal entities 79.62%, foreign legal entities 1.83%, Romanian individuals 17.38%, foreign individuals 1.05%, own shares held by BVB, 0.12%.

BVB shares are included in indices focused on listed exchanges and other trading venues (FTSE Mondo Visione Exchanges Index and Dow Jones Global Exchanges Index), as well as in local market indices: BET and its total return version BET-TR, BET-XT and BET-XT-TR, BET-BK, BET Plus, ROTX., as well as in FTSE Russel indices for Emergent Markets (FTSE Global Micro Cap), starting September 2022.

## Subsidiaries

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

- Central Depository (Depozitarul Central), 69.04% owned by BVB, performs clearing / settlement operations for transactions with securities carried out at BVB and keeps the register of shareholders;
- CCP.RO Bucharest, 52.38% 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.

In July 2023, a new increase in share capital of CCP RO was recorded, from RON 86.8 million to RON 90.675 million.

Thus, BVB's ownership in the CCP.RO subsidiary decreased from 54.72% to 52.38%.

The consolidated financial statements of BVB for the financial year ended as at 31 December 2023 include the financial information of the Company and its subsidiaries, except for the Corporate Governance Institute-dormant, an entity considered by BVB management as insignificant for inclusion in the Group's consolidated financial statements.

## Financing rounds in 2023

2023 was a difficult year for the global IPO market, with the number of IPOs down 12% compared to 2022, while the amount raised globally was 81% lower. Despite this unfavorable international context, the capital market in Romania had a record year, with a total financing value of EUR 5.5 billion, with 175% compared to the previous record in 2021 and the largest initial share offering in Europe and the largest in Romania's history, the Hidroelectrica IPO, which attracted EUR 1.88 billion from investors.

In the bond segment, 32 financing rounds took place. The Romanian state attracted approximately RON 3 billion and EUR 1.3 billion during the year in Fidelis issues. The banking sector was also very active, with 5 banks issuing bonds during the year, the amount raised being 2.5 billion RON and 1.1 billion EUR.

Shares	Value (mn. EUR)	Shares listed	Segment	Listing	Broker
Hidroelectrica	1,884	19.94%	PR	IPO	Union 14 banks and brokers
Millenium Insurance Broker	0.85	16.67%	SMT	PP	BRK Financial Group

Bonds	Value (mn)	Ccy	Coupon	Segment	Listing Type	Broker
UniCredit Bank	489	RON	9.07%	PR	PP	Alpha Bank
CEC Bank	175	RON	9.00%	PR	PP	Raiffeisen Bank
CEC Bank	97	EUR	7.50%	PR	PP	Raiffeisen Bank
CEC Bank	119	EUR	7.5% / variabil	PR	PP	Raiffeisen Bank
Raiffeisen Bank	369	RON	8.82%	PR	PP	Raiffeisen Bank
Bittnet	2	EUR	9%	PR	PP	BRK
Ministerul Finanțelor	372	RON	6.70%	PR	IPO	BTCP, BT, BCR, BRD, Alpha
Ministerul Finanțelor	164	RON	7.70%	PR	IPO	BTCP, BT, BCR, BRD, Alpha
Ministerul Finanțelor	199	EUR	3.70%	PR	IPO	BTCP, BT, BCR, BRD, Alpha
Ministerul Finanțelor	179	RON	7.35%	PR	IPO	BTCP, BT, BCR, BRD, Alpha
Ministerul Finanțelor	274	EUR	5.80%	PR	IPO	BTCP, BT, BCR, BRD, Alpha
Primaria București	555	RON	8.90%	PR	PP	Raiffeisen Bank, BRD & BCR

Banca Comerciala Romana	700	EUR	7,625% / variabil	PR	PP	Erste, BNP Paribas, Citigroup , ING Bank, J.P. Morgan
Banca Transilvania	200	EUR	EURIBOR6M + 6.68%	PR	PP	BTCP
Bittnet	5	RON	10%	PR	PP	BRK Financial Group
Ministerul Finanțelor	107	RON	7.30%	PR	IPO	BTCP, BT, BCR, BRD, Alpha
Ministerul Finanțelor	230	RON	6.30%	PR	IPO	BTCP, BT, BCR, BRD, Alpha
Ministerul Finanțelor	119	EUR	3.85%	PR	IPO	BTCP, BT, BCR, BRD, Alpha
Ministerul Finanțelor	422	RON	7.20%	PR	IPO	BTCP, BT, BCR, BRD, Alpha
Ministerul Finanțelor	211	EUR	5.45%	PR	IPO	BTCP, BT, BCR, BRD, Alpha
Ministerul Finanțelor	114	RON	7.25%	PR	IPO	BTCP, BT, BCR, BRD, Alpha
Ministerul Finanțelor	187	RON	6.25%	PR	IPO	BTCP, BT, BCR, BRD, Alpha
Ministerul Finanțelor	97	EUR	3.90%	PR	IPO	BTCP, BT, BCR, BRD, Alpha
Ministerul Finanțelor	233	RON	7.10%	PR	IPO	BTCP, BT, BCR, BRD, Alpha
Ministerul Finanțelor	94	EUR	5.30%	PR	IPO	BTCP, BT, BCR, BRD, Alpha
Banca Comerciala Romana	1,000	RON	7.55%	PR	PP	BCR
Unicredit Bank	480	RON	7.82%	PR	PP	Alpha Bank
Ministerul Finanțelor	137	RON	7.10%	PR	IPO	BTCP, BT, BCR, BRD, Alpha
Ministerul Finanțelor	233	RON	6.10%	PR	IPO	BTCP, BT, BCR, BRD, Alpha
Ministerul Finanțelor	136	EUR	4.00%	PR	IPO	BTCP, BT, BCR, BRD, Alpha
Ministerul Finanțelor	563	RON	7.25%	PR	IPO	BTCP, BT, BCR, BRD, Alpha
Ministerul Finanțelor	174	EUR	5.50%	PR	IPO	BTCP, BT, BCR, BRD, Alpha

# Projects and accomplishments

## Bucharest Stock Exchange

Bucharest Stock Exchange has intensified its focus on optimizing market potential by increasing liquidity, diversifying market mechanisms and developing infrastructure. In addition, efforts are aimed at attracting new issuers to the two markets managed by BVB and increasing the participation of retail investors.



### Architecture, market mechanisms and infrastructure

#### **Preparation of the relaunch of the derivatives market at BVB**

In 2023 BVB prepared the test instances for the derivatives markets and offered the software solution for the CCPRO StarGate platform which has the role of integrating and managing the data/message flows from the CCG Roma EuroNext system interface with the following systems in the financial-banking market architecture from Romania: REGIS, SAFIR, DC/CSD, ARENA/BVB, OPCOM.

#### **Development of new services within the platform for market participants, Arena XT**

The Market Surveillance Tools (MST) service - at the request of the FSA and the market, BVB created a service to support brokers to comply with the requirements imposed by the MAR (Reg. 596/2014 on market abuse and Delegated Reg. no. 957/2016 on technical standards). Thus, we created a module of the Arena-XT brokerage application, as a basic tool to be used in fulfilling market surveillance obligations by every broker using the OMS services of the platform.

"Smart" White-Label (SWL) service - through this service, the BVB Trading mobile application, both in the Android and iOS versions, can be used by an intermediary under its own visual identity.

Arena XT GUI API (XPI) - is the most advanced integration solution available for the Arena XT platform, which completes the list of integration capabilities with any graphical trading interface (GUI) or functionally equivalent implementation. This provides two different communication channels for transmitting commands in real time and facilitating data exchange, thus offering system integrators flexibility in choosing mode and the communication protocol.

#### **Implementation of a version of the trading module for large public offerings**

In order to ensure the technological support for the enrolling of the Hidroelectrica offer, we redesigned the entire offer module of the trading system, so that it operates in the regime of hundreds of thousands of subscriptions/transactions for short periods of time, throughout the chain of operations, including allocation and settlement processes. Also, the order-matching and market-data publish & subscribe mechanisms were revised - redesigning their sensitive parts - to deal with a large number of instructions in the pre-opening of the first day of trading with an issuer of this size. The objective was

achieved - the project was delivered on time, the processing performance was visible and publicly appreciated.

#### **Preparing to move the infrastructure related to the BVB platform to a new data center**

During 2023, we designed and built a new data center for BVB and all entities in the Group, a project of strategic importance for BVB for a period of minimum 10 years.

#### **Support for Liquidity increase**

Providing means to improve the liquidity of financial instruments is one of the pillars of development considered by BVB.

BVB provides Issuers and Participants with a flexible and secure framework for running different types of offers through BVB, both for the primary market and for the secondary market, so that specific requirements can be accommodated. BVB ensured the support for the running of the offers under good conditions, having as their object different types of financial instruments (shares, bonds, government securities), which represent a basis for accessing the stock market by various types of investors, as well as for a potential of their subsequent involvement in the market. Among these offers, we highlight the offer of shares issued by Hidroelectrica, which took place and was successfully completed in 2023.

Another direction to support liquidity consists in the further promotion of the Market Maker and Market Maker programs of the Issuer, based on the establishment of partnerships with the factors involved (BVB Participants, Issuers):

- the Issuer's Market Maker program consolidated its development in 2023. Activation by a Participant as the Issuer's Market Maker implies for the Participant maintaining a dialogue with the Issuer, as well as direct activation in the market of the instruments concerned.
- the respective programs consider shares and bonds in the regulated market and the multilateral trading system.

During 2023, BVB continued the steps related to the relaunch of the derivatives market, from the perspective of the related regulatory framework and other implementation aspects. By implementing the derivatives market, investors will have a new class of assets at their disposal, which will involve the analysis of new investment opportunities.

Thus, in the framework proposed to be implemented for futures contracts on assets available on the BVB (traded shares, index), investors will have the opportunity to analyze investment opportunities/strategies between the market of underlying assets traded on the BVB and the market of futures contracts on related underlying assets.



## Increasing the market data sales and indices licensing segment

In 2023, we continued to grow the business segment related to market data sales and indices licensing through expanding our customer base and number of market data users as well as through updating the commercial policy, having the revenues increased by 25% compared to 2022. Also last year, we implemented new updates to the applicable fees effective from January 1, 2024.

Over the medium term, we aim to reach a share of revenues from this business segment that is close to that of the exchanges in the region, of approximately 20% of total operating revenues.

Also in 2023, as per our communication in this regard ([link](#)), BVB was part of the fourteen European exchange groups, present in twenty-six member states of the European Union, that were involved in a joint initiative to participate in the future selection process for the provision of a consolidated tape (CT) for equities in the European Union.

As a result, the company that will fulfill this role, EuroCTP B.V., was established on August 23, 2023, with the announcement being available at this [link](#). The purpose of the company is to tender to become a Consolidated Tape Provider for equities in the European Union. EuroCTP B.V. will have its own Board of Directors and all participating exchanges will be represented in the supervisory board of the new company.

The shareholders of EuroCTP B.V. have made a clear commitment to implement this important European project for capital markets and are dedicated to the long-term success and prosperity of the retail investors and market participants.

As a shareholder, BVB has committed to contribute through the necessary means towards the development and implementation of this initiative, so that, together with the other exchanges involved in this project, to help with the implementation of an efficient and high-quality solution for the provision of a market data consolidated tape. The establishment of EuroCTP B.V. is the result of work carried out over more than a year in collaboration with the other participating exchanges and through this joint venture, the participants are committed to combine the experience and knowledge accumulated in the European capital market towards the development of an optimal solution for investors.

We remain vigilant regarding these developments and aim to position ourselves favorably to any potential changes concerning the way we conduct our market data and indices licensing business.



## Attracting companies for listing on BVB through the projects implemented

The listing of Hidroelectrica in July 2023 was a historic event for the Bucharest Stock Exchange, its value setting a record for Romania but also being the largest in Europe in 2023. The success of this offer demonstrated the ability of the local market to attract large-scale financing, strengthened the market's chances of being promoted by MSCI to emerging market status and significantly increased the visibility of the Bucharest Stock Exchange at the international level.

**The Central Counterparty project** made significant progress through the authorization of the derivatives market by the Financial Supervisory Authority in January 2024. Authorization and operationalization of the CCP. RO are expected during 2024.

**BVB Research Hub** continued to develop, in 2023 more than 25 companies were covered with research on our platform, and at the same time a new section was developed that allows users to upload educational materials that contribute to a better understanding of capital market basics.

**Made in Romania** is the flagship program of the Bucharest Stock Exchange dedicated to the development and promotion of the Romanian entrepreneurial environment. In 2023, the 6th edition of the program took place, the interest of entrepreneurs and partners in this program being continuously increasing from one year to the next. Through Made in Romania we are building an ecosystem whose core is the Romanian stock market, a framework where local entrepreneurs have the opportunity to promote their businesses and make contact with capital providers active on the local market, using a modern technological platform that centralizes as several financing alternatives. Through the [investingromania.com](https://investingromania.com) platform, we offer the possibility of direct connection of entrepreneurs with investors and consultants, as well as with other entrepreneurs registered in the platform. Since the beginning of the program, 20 companies have listed shares or bonds on the BSE, so that the financing rounds carried out by them are close to EUR 233 million.

The municipal bonds segment is back in the foreground, thus, in addition to the successful listing of Bucharest City Hall bonds, there were two private placements carried out by Cluj County Council and Reșița City Hall in the last quarter of the year.



## Increasing the notoriety of BVB among the Romanian public

Bucharest Stock Exchange continued in 2023 its capital market promotion projects that it initiated with the aim of becoming increasingly visible among the general public.

After the anniversary event organized under the High Patronage of the President of Romania, in 2022, through which the BVB celebrated 140 years since the establishment of the first stock exchange in Romania, the year 2023 was a particularly important one in terms of the listing on the BVB of the Hidroelectrica company and of the capital image attracted following this listing.

All promotional activities carried out during 2023, organized by the BVB or together with its stakeholders, had the objective of attracting as many investors and companies with the potential of listing on the stock exchange as possible, but also to preserve a good image in the ecosystem created in around BVB.

### Depozitarul Central (DC)

#### The main coordinates of the DC activity for the year 2023

##### **1. Ensuring compliance by the Central Depository with the authorization requirements according to CSDR; Evaluation and monitoring of the Central Depository according to CSDR**

The Central Depository was authorized by the ASF, as the competent authority, the National Bank of Romania (BNR) and the European Central Bank (ECB), as relevant authorities, in accordance with EU Regulation no. 909/2014, regarding the improvement of securities settlement in the European Union and regarding central securities depositories (CSDR), through Authorization no. 176/19.12.2019, being registered in the Register of central depositories kept by ESMA.

As a result of the authorization, the provisions of CSDR, of the delegated regulations issued in its application, of Law no. 126/2018 and of the ASF Regulation no. 10/2017. The provisions of the Central Depository Code, updated in accordance with CSDR requirements and terminology, entered into force on 06.01.2020, being subsequently amended and supplemented whenever new regulatory requirements entered into force.

Following the authorization of the Central Depository based on European regulations, the provisions relating to the annual assessment of its activity and compliance with the standards applicable at the time of authorization also became applicable. In this sense, and during the year 2023, the FSA as the competent authority, together with the NBR and the ECB – relevant authorities, carried out the fourth annual evaluation, corresponding to the period July 1, 2022 – June 30, 2023. This annual examination and evaluation process of the Central Depository was a complex one, with a duration of 6 months, which concerned the agreements, strategies, processes, procedures and mechanisms implemented by the Central Depository in order to verify the manner in which the requirements of the CSDR and the delegated regulations are respected. Also, the risks to which the Central Depository could be exposed, as well as the risks generated by it to the functioning of the securities markets, were evaluated.

The Central Depository submitted all the documents requested by the ASF and the ECB within the deadline..

## **2. Ensuring compliance by the Central Depository with the requirements of BNR Regulation no. 3/2018**

The National Bank of Romania fully evaluates, at least once every 3 years, the financial market infrastructures within its sphere of competence, through the lens of the requirements of BNR Regulation no. 3/2018 regarding the monitoring of financial market infrastructures and payment instruments.

The clearing and settlement system for operations with financial instruments - RoClear, owned and managed by the Central Depository, falls under the provisions of BNR Regulation no. 3/2018.

In this sense, as a result of the NBR's request, in the third quarter of 2022, the Central Depository sent to the NBR the questionnaire taken from the Evaluation Methodology based on the PFMI, put in correspondence with the requirements of the BNR Regulation no. 3/2018.

In May 2023, the BNR submitted the RoClear system evaluation report from the perspective of Regulation no. 3/2018, finding that the Central Depository meets most of the evaluated criteria. On this occasion, several recommendations were made to improve some aspects related to governance, completing the regulations of the Central Depository regarding the insolvency of participants, implementing a procedure regarding the criteria for identifying and evaluating significant interdependencies between direct and indirect participants, as well as completing the document Business Continuity Plan and Disaster Recovery Plan (BCP/DRP) with test scenarios to include the settlement of transactions due by the end of the business day in which the disruption occurs.

As a result of the observations communicated by the Central Depository, the BNR retransmitted the final form of the evaluation report in July 2023, maintaining some recommendations and specifying the implementation deadlines established by the BNR.

Thus, the Central Depository updated and revised the BCP/DRP document, completed the Centralizer of critical functions and operations and the Analysis of risk profiles of data centers, revised and completed the Risk Management Manual in the sense of including the recommendations of the BNR and the information requested by the ASF and also reviewed the Central Depository Policy on risk management.

Also, the Strategy of the Central Depository regarding cyber resilience and the revised Central Depository Code were approved in the sense of including provisions in order to comply with the BNR recommendation regarding "the introduction into the RoClear System Rules of the objectives regarding the safety and efficiency of the system, which support in explicitly financial stability, and other relevant considerations of public interest, especially efficient and open financial markets, to fulfill the provisions of art. 4 of the NBR Regulation no. 3/2018".

The Central Depository notified the NBR, in December, of the status of fulfillment of all recommendations with an implementation deadline of 12/31/2023.

### **3. Modification of the Central Depository system as a result of the changes made on the T2S Platform - A2A interface**

In March 2023, following the implementation of the T2-T2S systems consolidation project, the Eurosystem replaced the TARGET2 settlement platform with a new system called T2.

Thus, TARGET2 operations were segregated into two main components CLM (Central Liquidity Management) - system intended for central bank operations and RTGS (Real Time Gross Settlement) - system intended for central bank customer operations.

At the same time, the new T2 system uses communication in ISO 20022 format and has implemented several improvements, including multi-currency settlement.

The implementation of the T2-T2S systems consolidation project, initially set for November 2022, was postponed until March 2023, when B.C.E. operationalized the new T2 system.

In order to prepare for the operationalization of the T2-T2S systems consolidation project, the Central Depository concluded with the BNR a new "Participation Contract in the TARGET-Romania payment system" and, starting from October 2022, carried out the static data configuration activities on the production environment (pre-migration activities).

In the context of the new version of the T2S platform (Release 6.2) operationalized in November 2023, DC carried out the impact analysis from which it emerged that no changes are necessary regarding the automatic interface between the Central Depository and T2S.

### **4. Ensuring compliance by the Central Depository with the authorization requirements as LOU**

After the end of the fourth year of activity as LOU, following the submission of documentation in accordance with GLEIF requirements, in March 2023, the Central Depository received confirmation of the successful completion of the annual verification of the LEI code management activity (AAV - Annual Accreditation Verification).

During 2023, GLEIF monthly monitored the LEI code management activity carried out by the Central Depository, by means of data quality indicators and compliance with the contractual terms (SLA – Service-Level Agreement).

During the annual GLEIS Forum, which took place in November 2023 in Zurich, the Central Depository received the award for the best performing Local Operating Unit regarding data quality and the performing level of services in the small-cap category (up to 5,000 LEI codes managed) for the period July 2022 - June 2023.

## **5. Development and implementation of new digital services**

Depozitarul Central continued the digital transformation process even after the launch of the Investor Enrollment Platform (August 2022), making developments in the direction of the security of the data provided by users who initiate onboarding processes on the platform.

For this purpose, within the rigorous process of identifying natural persons who access the platform to open a user account but also in the case of subsequent connection at any time to the platform, the additional authentication mechanism was also implemented - Two Factor Authentication (2FA), through sms codes, generated on the phone numbers registered by users in the platform.

The 2FA functionalities for accessing the user account opened on the Investor Enrollment Platform were tested by Depozitarul Central and then improved by the platform developers, and their operationalization on the production environment took place in December 2023.

## **6. The highest value settled since incorporation**

On July 10, 2023, the RoClear system recorded the highest value settled since the foundation of the institution, i.e. the amount of RON 29,287,694,635, the largest share of this value being represented by the transactions from the initial public offer carried out at BVB with shares issued by Hidroelectrica and their corresponding allocation transactions, concluded for the clients of the custodian agents.

The Central Depository was actively involved in the process of running the Hidroelectrica offer, in order to facilitate the successful settlement of the transactions concluded within the offer.

## **7. Involvement of the Central Depository in the BVB's actions related to the implementation of the Central Counterparty in Romania**

The Central Depository continued during 2023 to be involved in the BVB's efforts regarding the implementation of CCP.RO.

For this purpose, in order to ensure the testing conditions in relation to the new versions of the ReGIS and SaFIR systems, Depozitarul Central, as a provider of connection services to CCP.RO's SWIFT network, initiated the registration of CCP.RO in the ReGIS CUGs -XML, and SaFIR-MT and XML, on the test environment.

Also, Depozitarul Central granted access to the ArenaPT test environment in order to conduct tests by CCP.RO. In addition, Depozitarul Central presented to the representatives of CCP.RO the functionalities of Arena PT in connection with the specific operations that CCP.RO could carry out in the Depozitarul Central system as a participant.

## **8. Steps to achieve the connection between the Central Depository and the Single Central Depository (DCU) of the Republic of Moldova.**

In 2023, the Central Depository continued the steps from the previous year to establish the connection with the Single Central Depository of Moldova (DCU), in order to transfer the shares of the Commercial Bank of Moldova Agroindbank (MAIB) into the Central Depository system as an investor depository. In this context, the Central Depository supported the meetings and the exchange of information leading

to a correct and unequivocal approach to the legal barriers identified for the connection between the two depositories.

Taking into account the fact that in order to establish a connection with a similar entity, the Central Depository must identify, evaluate, monitor and manage the potential sources of risks arising from that connection, both for itself and for the participants in its system, it involved in the activities regarding the DCU analysis to assess the risks associated with the connection to the DC system, as an investor depository.

Distinct from the identified legal aspects, in order to clarify some aspects of an operational nature, during 2023 the Central Depository carried out tests of the functionalities that would be used by the DC in the DCU application (TMSX) and sent to the DCU observations aimed at improving certain processes.

### **9. Expanding the area of providing registry services for tradable fund units (ETFs) established under the legislation of Croatia.**

Starting from the end of October 2023, the Central Depository fulfills the requirements of the CSDR in order to provide registry services for tradable fund units, constituted under the legislation of Croatia.

Following the steps taken to expand registry services, the Croatian supervisory authority (HANFA) confirmed that the Central Depository fulfills all CSDR requirements in order to provide registry services for issuers under Croatian jurisdiction. As a result of the agreement received, the Central Depository can provide services for the initial registration of securities in an account registration system ("notary service") and for the opening and administration of securities accounts at the highest level ("centralized administration service") and for units issued by undertakings for collective investment in transferable securities (ETFs) established under Croatian law.

The Central Depository provides issuing depository services in accordance with the provisions of art. 23 of the CSDR (notary service and centralized administration service) for issuers of shares based in the following member states of the European Union: the Netherlands, Cyprus and Poland. At the same time, from 2021, the Central Depository provides the above-mentioned services for bonds established under Polish legislation.

### **10. Resizing of participants' contributions to the Guarantee Fund and the introduction of settlement limits**

In February 2022, the BNR Board of Directors approved the proposal to exempt participants from Romania, who can perform and demonstrate at any time to the Central Depository, the pre-validation of financial instruments and funds related to net settlement transactions, from making variable contributions to the Guarantee Fund .

The Central Depository identified the technical solution for the implementation of the principle approved by the BNR, carried out the necessary technical developments together with the BVB and accordingly revised the provisions of the Central Depository Code.

Later, the BNR approved the amendments and additions to the Central Depository Code developed in connection with the new methodology, and the ASF approved - with amendments - the new DC rules, which will be applicable after the implementation of the necessary technical developments.

In October 2023, the Central Depository presented the participants with the new technical functionalities implemented at the level of the Arena Post-Trading application, as well as the new rules provided for in the Central Depository Code, and made available to the participants the Arena Post-Trading test environment together with the mandatory test scenarios and the applicable technical specifications.

Following the request of the Romanian Association of Banks and considering the ASF agreement, in December 2023, the deadline for putting into production the new functionalities regarding the guarantee fund and settlement limits was postponed until 31.03.2024.

Throughout 2023, the Central Depository participated in meetings with representatives of the BNR, ASF, the Brokers' Association, the Romanian Banks' Association, on the subject of the new methodology regarding the guarantee fund and settlement limits aimed at implementing the principle approved by the Board of Directors of the BNR in February 2022.

### **11. Implementation of the AMI-SeCo Standards regarding corporate events and invoicing**

The Central Depository carried out activities related to the implementation of the AMI-SeCo Standards, which aim to harmonize post-trade processes in terms of the management of financial instrument holdings and the administration of guarantees.

In March 2023, the Central Depository sent for consultation within the RO-NMPG working group the ISO 20022 messages applicable to fixed income instruments, configured for the corporate events currently processed by the Central Depository as the issuing depository. The development requirements for the previously mentioned messages have been sent to the developer - Bucharest Stock Exchange.

Taking into account the biannual assessment exercise of the level of implementation of standards in European markets, carried out under the coordination of B.C.E, the Central Depository completed and sent the questionnaire that monitors the degree of implementation of AMI-SeCo standards, in the months of March and November 2023.

### **12. BNR/ASF associated Bail-in project**

In the context of Law no. 312/2015 establishing the legal framework regarding the resolution of credit institutions, the BNR, as the resolution authority for credit institutions and the ASF initiated a project to establish a common framework regarding the measures adopted for the operationalization of internal recapitalization ("bail -in") in the case of a credit institution that has the status of an issuer listed on the BVB

Thus, starting from 2022, the Central Depository participated in the work of a working group established together with representatives of the ASF, BNR and BVB. At its level, a draft document was prepared that establishes the activities to be carried out by each entity involved, in the case of the various scenarios considered.

After the document was finalized and approved by the four institutions, it took the form of a BNR-ASF-BVB-DC Collaboration and Information Exchange Protocol for the implementation of measures ordered by the BNR as the resolution authority.

### **13. Improvement of some technical processes at the level of the applications used by the Central Depository**

During 2023, Depozitarul Central together with BVB have made the necessary developments for the implementation of automatic communication A2A (Application to Application) in the relationship with the entity through which Depozitarul Central conducts cross-border operations - Clearstream Banking S.A. Luxembourg (CBL), through the SWIFT system, in ISO 15022 format.

In this context, a new training interface for cross-border settlement operations was developed within the Arena Post-Trading system.

A2A communication with CBL ensures the operational fluidity between the Central Depository and other central depositories in the sense of the automatic transmission of the cross-border settlement instructions of the Central Depository participants to the Clearstream Banking S.A. system. Luxembourg. The connection no longer requires the intervention of a Central Depository operator, but allows the automatic reception of status messages regarding cross-border settlement instructions and their immediate replication in the Central Depository system.

Technical functionalities of communication through this new interface became operational starting from January 2024.

### **14. The new version of the ReGIS system**

Following the modernization program within the NBR, the national real-time gross settlement funds transfer system for payments in lei - ReGIS has been upgraded at the beginning of February 2024. Among the new functionalities of this version (RTGSv4) are : the use of SWIFT XML messaging, in the ISO 20022 format, increasing the efficiency and speed of processing, as well as the modernization of liquidity management facilities.

In order to ensure the continuity of the operations of the Central Depository, as a participant in the ReGIS system, in the context of the changes made by the BNR, the Central Depository subscribed to the new CUG ReGIS-XML and, starting from November 2023, participated in the connectivity tests and operational tests organized by the NBR.

### **15. Communication and promotion activities**

During 2023, Depozitarul Central participated as a partner in important events of the financial community, such as: Investors' Forum, organized by Bursa newspaper, Capital Market Forum, 6th edition, organized by Financial Intelligence, Bursa Newspaper Gala, Financial Intelligence Awards Gala, Profit News TV event "Financial Education Marathon".

The Central Depository joined the educational initiatives of the Financial Supervisory Authority and offered free of charge the IBAN code registration service used to make dividend payments by bank transfer, during the week of October 16-21, 2023, as part of the World Investor Week event - "World Investor Week" (WIW).

Also, the Central Depository granted interviews and the company's communiqués regarding the activity carried out and the services offered were taken up in the specialized media (e.g. interviews in the Capital Market supplement of the Financial Market magazine, July-August 2023 edition "The Central Depository offers market participants , European-level financial services").

At the same time, the Central Depository held meetings and teleconferences with representatives of financial institutions, central depositories, global custodians and clients of local custodians (Raiffeisen Bank International, BNP Paribas Northern Trust, HSBC, Clearstream Banking Luxembourg) as part of the annual due diligence process carried out by them on the Romanian market.

## 16. International cooperation

In order to harmonize its own activity with the new European regulatory trends, the Central Depository continued its collaboration with the European Association of Central Depositories (ECSDA). Through the Public Policy Working Group WG2, the Settlement Working Group WG3, the Risk Management Working Group RMWG, the Compliance Working Group (Compliance Working Group) as well as the Board of Directors of ECSDA, the Central Depository was also actively involved during 2023 in the projects under analysis by ECSDA, through meetings organized by means of remote communication.

The development of international cooperation was also supported by the activity of the Central Depository carried out as a member of ANNA (Association of National Numbering Agencies) - as a national numbering agency, as well as by the activity carried out as a member of ISSA (International Securities Services Association).

Continuing the tradition of previous years, during 2023 the Central Depository was represented in two working groups of the ISSA - International Securities Services Association, namely the Recovery and Resolution Working Group and the Domestic CSD Working Group participating in the teleconferences organized by each group and in the drafting recommendations regarding good practices applicable in the fields of activity subject to their analysis.

### [CCP.RO Bucharest SA](#)

**Established in 2019 on the initiative and through the participation of BVB in its capital as a majority shareholder alongside shareholders from the financial and energy fields, the mission of CCP.RO Bucharest S.A. (CCP.RO) is to provide specific services for clearing and settlement of transactions concluded on the markets operated by BVB and OPCOM – Power and Gas Market Operator, also a shareholder of the company.**

The activity carried out at the level of CCP.RO during the year 2023 focused on the following main directions of action:

1. Elaboration of the necessary documentation for the authorization of the company as a central counterparty by the Financial Supervisory Authority as the competent authority and the National Bank of Romania, as the relevant authority according to the requirements of Regulation (EU) 648/2012 regarding OTC derivative financial instruments, central counterparties and central trade repositories (EMIR) and nationally approved regulations applicable to central counterparties and financial market infrastructures,
2. Elaboration of the necessary documentation for the designation of CCP.RO as a protected system from the perspective of the settlement finality, according to Law no. 253/2004 regarding the settlement finality in the payment systems and in the systems that settles financial instruments.
3. Carrying out internal and external End-to-End tests to confirm the correct functioning of the clearing system with the proposed business model,

4. Promotion of CCP services, operating principles and implications for the markets served to clearing members and settlement banks through presentation sessions, presentations in bilateral meetings with interested parties and in events,
5. Carrying out activities within the framework of the consultancy contract and the provision of technological services with Euronext Clearing (Cassa di Compensazione I Garanzia SpA – CC&G) for the implementation of the clearing system and the EMIR authorization of CCP.RO as a central counterparty and accordingly carrying out the analysis and management activity within the mentioned consulting project, following the requirements received from ASF, BNR and ESMA.
6. Collaboration within the inter-institutional working group for: (i) identification of approach solutions for completing the steps necessary for the authorization of CCP.RO as a central counterparty, (ii) analysis of the working versions of the documents drawn up for the establishment of the authorization file and establishing the final versions based on the proposals, observations and comments received from the ASF and the BNR,
7. Increasing the share capital of CCP.RO from the level of Lei 86,800,000 to the level of Lei 90,675,000, through the subscription of the share package by the shareholder Tinmar Energy S.A. and the companies: Societatea de Investitioni Financiare Oltenia S.A. and Swiss Capital S.A., with the amount of Lei 3,875,000,
8. Participation in the activities carried out at the BNR level for the transition to the new version of the national payment system - ReGIS V4 and the enrollment of CCP.RO in the ReGIS V4 test environment,
9. Expanding the contractual relations of the company to accommodate the services necessary to launch the operational activity,
10. Approval within the governance structures of CCP.RO of the necessary documentation for the establishment of the authorization file as a central counterparty regarding: (a) the company's statutory documents, (b) the company's management, (c) the committees to be organized at CCP.RO level, (d) the contracts with the trading venues served (markets served within BVB and OPCOM), (e) the framework of policies, procedures and methodologies applicable for (e1) risk management (e2) registration and management participants in the clearing system, (e3) providing services and the functioning of the clearing system, (e4) managing default situations, (e5) managing the liquidity of the central counterparty, (e6) managing IT systems and applications including in cases of crisis and disasters, (e7) the necessary contracts to be concluded as the case may be, between CCP.RO and clearing members, settlement banks, between clearing members and their clients (minimum conditions),
11. Approval within the governance structures of CCP.RO of the Rules of the CCP.RO System and its appendices in order to designate CCP.RO as a protected system from the perspective of settlement finality, according to Law no. 253/2004 regarding the settlement finality in payment systems and in settlement systems of financial instruments,
12. Participation in the projects carried out within the BVB Group, including the process of contracting the necessary services and monitoring the works for the relocation of the main headquarters of CCP.RO alongside those of BVB and the Central Depository.

The main directions of CCP.RO activity carried out during 2023, covered the areas and objectives assumed at the time of reporting the activity for the year 2022 and are circumscribed to its vision, considering the fulfillment of the Company's mission, in compliance with the principles of corporate governance.

Thus, according to the directions of action, the main objectives targeted and achieved were those related to:

1. The submission to the ASF and the BNR, on 31.01.2023, of the request for authorization of CCP.RO as a central counterparty together with the authorization file established in conditions of completeness and compliance with both the requirements of EMIR and the requirements of the ASF Regulation no. 3/2013 for the authorization and operation of central counterparties and those of the BNR Regulation no. 3/2018 regarding the monitoring of financial market infrastructures and payment instruments.  
The documentation developed at the CCP.RO level was the subject of continuous, iterative, analysis and evaluation processes carried out by:
  - ✓ Leveraging the experience of the Euronext Clearing consultant in the specific fields documented by the policies, procedures and methodologies developed at CCP.RO level,
  - ✓ Amending and consolidating the comments and recommendations received from the competent authorities in the prepared documents,
  - ✓ Completing the set of documents based on the recommendations received as a result of the prior evaluation processes by the competent authorities both of the approach principles in the implementation of clearing services and of the specific documentation prepared,
  - ✓ Completing the set of documents to be attached to the authorization request following the completion of new project implementation stages and the concretization through contractual documents or, as the case may be, through proposals for framework contractual documents, of the applicable contractual framework in relation to service providers, members and settlement banks.

On 08.03.2023, CCP.RO received the ASF's response regarding the submitted documentation, which highlighted the following directions for completing the documentation: (i) Documentation identified as necessary and not yet submitted, (ii) documentation that requires completion and review, (iii) tests that must be carried out by CCP.RO and (iv) a series of issues to be clarified regarding the risk models, the deadline set for meeting the requirements being 12 months from the receipt of the aforementioned response from the ASF regarding the documentation required to be completed.

On 31.08.2023, CCP.RO completed the transmission of responses to the requirements of the ASF by iterative correspondence, in accordance with the completion of the internal stages necessary to meet the requirements of the ASF, respectively, the elaboration and amendment of documents, the organization and running of E2E tests, the completion of test reports and of audit reports, including the stages related to the analysis and approval of the documentation submitted to ASF by the Board of Directors of CCP.RO.

In July 2023, the ASF announced that, in relation to the steps taken by CCP.RO Bucharest SA for authorization as a central counterparty according to Regulation (EU) no. 648/2012 of the European Parliament and of the Council of July 4, 2012 regarding OTC derivative financial instruments, central counterparties and central transaction registers, the Financial Supervisory Authority, with the role of competent authority for central counterparties, established and administers the College according to art. 18 of EMIR.

The following authorities currently participate in the EMIR College established for CCP.RO Bucharest SA:

- The Financial Supervision Authority
- The National Bank of Romania
- European Securities and Markets Authority (ESMA).

Following the establishment of the EMIR Board, CCP.RO received requests for clarification and requests for the preparation of additional documents or, as the case may be, for taking over within the already prepared documentation some aspects at the level of recommendation at the ESMA level with the related impact on the development and implementation of new functionalities and modification of those already implemented.

As part of the evaluation process of the documentation attached to CCP.RO's application for authorization, meetings of the EMIR College were organized in which CCP.RO representatives were also invited to participate. Such discussions took place during December 2023.

2. The submission on 13.07.2023, to the National Bank of Romania, of CCP.RO's application for its designation as a protected system from the perspective of settlement finality, according to Law no. 253/2004 regarding the settlement finality in the payment systems and in the settlement systems of financial instruments. The need to submit a separate application was communicated to CCP.RO by the BNR on 27.01.2023, the submission of the application being conditional on: (i) completion of the audited E2E tests, (ii) drawing up a document called System Rules containing consolidated the main aspects related to the participation of the clearing members in the system and the operation of the clearing system and (iii) presentation of the adherence in principle to the System Rules by at least three potential members. After submitting the application, CCP.RO received from the BNR a series of observations and recommendations for amending the System Rules and the documentation established for its authorization as a central counterparty. The BNR's observations and recommendations were taken up at the CCP.RO level and the final form of the CCP.RO System Rules and its annexes was established during the technical working meetings held with the representatives of the BNR and those of the ASF. At the end of December 2023, CCP.RO received the BNR's acceptance regarding the final form of the Rules and regarding the reiteration of the process of accession of potential clearing members to the Rules, together with their availability to assume the status of participant in the system, after the operationalization of CCP.RO's activity in as a central counterparty.

3. During 2023, CCP.RO organized new series of E2E tests, with external participation, with the operation of the clearing system interconnected with external systems. The organized tests were audited by KPMG Advisory, the IT auditor of CCP.RO

The test periods were:

- (i) 30.05 – 06.06.2023 to verify the correct operation of the clearing system under normal market conditions,
- (ii) 13.06 – 16.06.2023 for checking the functionalities used in the management process of a situation of non-fulfillment of obligations (default) by a clearing member
- (iii) on 31.08.2023, the business continuity test took place with the transfer of activities between the main headquarters and the secondary headquarters of CCP.RO starting at 11:00 a.m., participating in the tests as external observers representing the BNR.

During the tests:

- ✓ CCP.RO verified the compliant operation of the processes carried out at the level of the clearing system for (i) configuration of participants, (ii) configuration of position accounts and collateral accounts for clearing members and their clients, (iii) flow retrieval of information regarding the series of instruments and (iv) the related transactions and (v) the corresponding update of the positions of the members, (vi) the application in the clearing system of the specific rules and formulas for the calculation of the margin requirements, (vii) the valuation of the collateral and (viii) establishing payment obligations as the case may be (cash call), (ix) issuing payment notices to the debtor clearing member, and, if applicable, (x) to the settlement bank, (xi) managing the default situation by a clearing member with all related operations related to (xii) closing the positions and (xiii) accessing the guarantees posted by the defaulter, including (xiv) compliance with the communication plan with the authorities involved, the internal structures of CCP.RO and with external participants – the platforms of trading and the clearing member in default.
- ✓ The external participants had access to the graphical interface of the clearing system and were able to verify and confirm the compliance of the tested functionalities, respectively: (i) the appropriate access to the graphical user interface, (ii) the appropriate access to the information related to the clearing member represented in the tests by the respective external participant, the sections, instrument classes and respectively the instrument series corresponding to their participation in the E2E tests, the information and the corresponding update of this information from the accounts configured for each of the external participants, the information on the prices used (ISP, DSP, as applicable, M2M) to determine intraday or end-of-day margin requirements, availability of collateral amount at collateral account level, availability and compliance of results at margin requirements level, availability and compliance of financial results based on details at account level of collateral, after each application of margin calculation (INT/EOD), (iii) compliant operation of the functionalities

available to users, including data export (iv) receipt/availability of relevant reports and compliance of information on positions, collateral balance, determined margin requirements, the statement of the financial position and (v) the transmission by the debtor external participants/settlement bank, within the established term, of the SWIFT payment message in favor of CCP.RO, for the total amount entered in the notification issued by CCP.RO.

- ✓ For the organization of continuity tests of the activity of the Clearing System of CCP.RO in the event of the occurrence of an event that requires moving the activity related to the clearing, settlement and guarantee services provided by CCP.RO to clearing members, from the main headquarter of the company to the secondary headquarter, with use of the secondary data center located in IBM Data Center Building Petrom City, 22 Coralilor Str., Bucharest, a test scenario was developed to simulate a situation of interruption and resumption of activity. The tests took place with the interconnection of the CCP.RO System with the main external systems, respectively with the trading platforms, the payment system and SWIFT.

All operations carried out, respectively: (i) receipt of transactions, (ii) operations of the CCP.RO Clearing System, (iii) data exchange and data processing through CCP.RO Middleware, (iv) cash calls generation and (v) the receipt of payments made by the settlement banks, took place on the basis of continuity of operations and data recording, under conditions of compliance with the test scenarios and the incident regulatory framework for the continuity of activity.

- ✓ KPMG Advisory, the IT auditor of CCP.RO participated in the organized tests and issued the Audit Report according to the requirements of the regulatory framework issued by the ASF and the BNR.
- ✓ Euronext Clearing – CC&G provided the objective documents regarding the fulfillment of data security standards according to ISO 22301 and ISO 27001, for the development and implementation of the technology services that CCP.RO also benefits from and the certifications for the premises where its data centers operate.

4. During 2023, CCP.RO initiated presentation sessions during which aspects specific to each of the central counterparty's areas of operation were clarified, the availability of credit financial institutions and financial investment companies was investigated in bilateral discussions and of the energy companies to assume membership or settlement bank status as appropriate and investigated, based on the presentation of the test framework, the availability of external participants to participate in the tests.

Presentation sessions were organized within the Romanian Association of Banks and within the Brokers Association.

Also, CCP.RO has taken steps to put the banking institutions in Romania in contact, which have confirmed their willingness to assume the role of clearing member within CCP.RO, with the European banks that hold the role of general clearing member in one or many CCPs authorized under EMIR.

5. Management of the generic project carried out in partnership with Euronext Clearing – CC&G for the management and completion of the developments and implementations that

became necessary during the process of evaluating the documentation drawn up by CCP.RO to support its request for authorization as a central counterparty, in accordance with the contract for consulting and provision of technological services for the implementation of the clearing system and authorization according to EMIR of CCP.RO. The recommendations and observations of the competent authorities regarding the prepared documentation were thus dynamically taken over and the impact was managed at the level of the development, implementation and testing of the IT solution for the clearing system and the sub-systems that are the subject of the technology services of Euronext Clearing – CC&G in compliance with the technical and IT security standards imposed by the European and national regulatory framework.

6. Managing the flow of documents and information at the level of the Inter-institutional Working Group in order to capitalize on and implement the recommendations and comments received regarding the working versions of the documents drawn up for the establishment of the authorization file and establishing the final versions based on the proposals, observations and comments and the results of the actions taken based on the recommendations received from the ASF and the BNR. After the submission of CCP.RO's request for authorization as a central counterparty, the iterative processes of amending the documentation drawn up at the CCP.RO level entailed the establishment of new versions of the entire authorization file, with the maintenance of correspondence both directly and through the dedicated Portal on the website the ASF.
7. Increase of the share capital of CCP.RO following the institutional processes carried out starting from the intentions expressed by the shareholder Tinmar Energy S.A. and the companies: Societatea de Investitii Financiare Oltenia S.A. and Swiss Capital S.A..

The General Meeting of CCP.RO Shareholders approved during the extraordinary meeting of 29.05.2023 the increase of the Company's share capital up to the amount of Lei 3,875,000, from the current level of Lei 86,800,000 to the level of Lei 90,675,000, by issuing, without issue premium, a number of 387,500 new registered shares.

8. At the CCP.RO level, a working group was established for active participation in all testing phases of the ReGIS V4 system.  
Access administrators: CCP.RO has two access administrators, persons responsible for CCP.RO's relationship with each of the ReGIS and SaFIR systems.  
Also, at the CCP.RO level, 6 CCP.RO employees are ReGISV4 certified. Of these, three are defined as ReGIS users and have encryption certificates for access to the application.  
Also, 6 CCP.RO employees are SaFIR certified. Of these, three are defined as SaFIR users and have encryption certificates to access the application.  
The enrollment of CCP.RO in CUG SaFIR MT took place in April 2023. The 3 CCP.RO users with access to the ReGIS/SaFIR applications have access to the SWIFT test environment.
9. The conclusion of contracts for the fulfillment of operationalization conditions aimed at:
  - ✓ Enrollment of CCP.RO to access the production environment of ReGIS V4 and its access to the interface of the RCI – PF system (Interbank Communications Network) through certified users,

- ✓ Contracting the network services necessary to ensure the redundancy of CCP.RO connections with external partners,
  - ✓ Contracting IT audit services for auditing the E2E tests carried out,
  - ✓ Contracting of services for the re-validation of the risk model adopted by CCP.RO for the provision of clearing, guarantee and transaction settlement services on the markets served, by a third party, independent auditor, following the additional requirements formulated by ESMA in the month December 2023.
10. Carrying out specific processes for the analysis and approval within the governance structures of CCP.RO of the developed documentation and the iteratively updated versions of the documents, as the successive stages of prior evaluation and implementation of the technical solutions resulting as timely and compliant are completed, for the establishment of the authorization file as the central counterparty regarding: (a) the company's statutory documents, (b) the company's management, (c) the committees to be organized at the CCP.RO level, (d) the contracts with the trading venues served (served markets managed within BVB and OPCOM), (e) the framework of policies, procedures and methodologies applicable for (e1) risk management (e2) registration and management of participants in the clearing system, (e3) provision of services and operation of the clearing system clearing, (e4) management of default situations, (e5) management of central counterparty liquidity, (e6) management of IT systems and applications including in cases of crisis and disasters, (e7) contracts to be concluded, as the case may be, between CCP.RO and clearing members, settlement banks and between clearing members and their clients (minimum conditions).
  11. Carrying out the specific processes for the analysis and approval within the governance structures of CCP.RO of the developed documentation and the iteratively updated versions, as the successive stages of prior evaluation are completed, of the documents necessary to designate CCP.RO as a protected system from the perspective of the settlement finality, according to Law no. 253/2004 regarding the final nature of the settlement in the payment systems and in the settlement systems of financial instruments, respectively the Rules of the CCP.RO System and their annexes. The iterative process carried out was permanently aligned with the versions agreed within the working group organized with the representatives of the BNR and with the participation of the ASF representatives, in order to facilitate the evaluation processes at the level of potential members and later at the level of the BNR and to reduce the time periods for the development of the processes related to the necessary actions for the authorization and operationalization of CCP.RO.
  12. Cooperation and active participation and on time in the projects carried out within the BVB Group such as: the project regarding the establishment of the list of Risk Assessment Indicators (KRI) applicable at the level of each of the entities in the BVB Group.

At the same time, at the level of CCP.RO, the necessary staff, time and financial resources were allocated for CCP.RO to fulfill the commercial, technical and housing conditions for the move of its main headquarters, from the moment of the move of BVB and the Central Depository.

# Analysis of financial results for 2023

## Analysis of the consolidated financial results for 2023 and of the consolidated financial position

The consolidated operating revenues of the BVB Group in 2023 record level of RON 82.79 mn, increase of 46% or RON 26.24 mn compared to the previous period, mainly generated by a significant event, H2O listing, with direct impact on the evolution of revenues both on the trading and post-trading segments

The breakdown of BVB's operating revenues by business lines is presented below:

Operating revenues	2023	2022	Change (%)
Trading services	50,227,982	32,051,087	57%
Post-trading services	22,299,933	15,443,384	44%
Registry services	10,258,218	9,049,870	13%
<b>Total operating revenues</b>	<b>82,786,133</b>	<b>56,544,340</b>	<b>46%</b>

The main operational trading ratios registered by BVB during the reporting period, compared to the similar period of the previous year are mentioned below:

Trading value	2023	2022	Change (%)
Shares, units, rights	24,780	13,703	81%
<i>Out of, Shares traded on regulated market, without offers</i>	<i>13,432</i>	<i>10,340</i>	<i>30%</i>
Certificates	612	821	-25%
Fixed-income	<u>12,647</u>	<u>9,499</u>	<u>33%</u>
<b>Total</b>	<b>38,040</b>	<b>24,023</b>	<b>58%</b>
Avg. daily value (shares, without offers)*	53.73	41.19	30%
Avg. daily value (shares, including offers)*	97.01	51.98	87%

\*Value for the Regulated market

As regards the operating results for the other companies in BVB Group that enter the consolidation process, the table below presents the main indicators registered by the Central Depository:

Indicatori segment post-tranzacționare și registru	2023	2022	Variație (%)
<b>Registry activity</b>			
No. companies with a registry contract at the Depository	773	889	-10%
No. procedures resulted from issuers' corporate events	758	786	-4%
<b>Settlement activity</b>			
<u>Local settlement</u>	67.28	38.26	76%
Value of trades settled on net basis (RON bn)*	7.89	3.05	158%
Value of trades settled on gross basis (RON bn)**			
<u>Settlements through T2S platform (euro)</u>	1,567.47	725	116%
Value of trades settled on gross basis (EUR mn)			
Avg. monthly portfolio managed by custodians (RON bn)	71.68	62.44	15%

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

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

**Consolidated operating expenses in 2023**, recorded a 24% increase y/y up to the value of RON 59.14 million, being influenced by the increase in expenses at the individual level, as follows:

- The advance of 19%, respectively RON 4.94 million up to the value of RON 31.62 million of consolidated personnel expenses determined by the annual application of the Remuneration Policy - indexation and adjustment at the market level implemented starting from April 2023, of expenses with performance bonuses and SOP, of increasing the average number of employees (in the case of CCP.RO), as well as of some one-off expenses caused by the successful listing of Hidroelectrica.
- Advance of 15% of expenses with services provided by third parties up to the value of RON 7.08 million, mainly due to consulting services for the implementation of the central counterparty and SWIFT network user services registered by CCP.RO, as well as higher IT maintenance expenses recorded by DC.
- Advance of 37% or RON 5.55 million of other operating expenses up to the value of RON 20.45 million is based on the effect of the increase in inflation, but it is also supported by new expenses recorded by CCP.RO in order to authorize and implement as the central counterparty, of additional expenses caused by the listing of Hidroelectrica and of campaigns and events carried out with the aim of promoting the capital market and increasing the number of investors, as well as higher administrative expenses, including those related to the relocation of headquarters at the Group level

**Consolidated operating profit of the BVB Group** reached the level of RON 23.64 million, +169% or RON 14.86 million higher compared to the previous period, a level directly influenced by the revenues achieved in the trading segment, also supported by the positive evolution of the revenues of the post-trading and registry segments .

A breakdown of the operating profit by main business segments of BVB Group is presented below:

Operating profit	2023	2022	Change (%)
Trading services	22,260,971	9,357,731	138%
Post-trading services	7,854,178	4,394,248	79%
Registry services	1,118,857	81,663	1,270%
CCP.RO	<u>(7,589,379)</u>	<u>(5,045,617)</u>	<u>50%</u>
<b>Total operating profit</b>	<b>23,644,627</b>	<b>8,788,025</b>	<b>169%</b>

**Consolidated net financial income in 2023** of RON 6.31 million, an increase of 79% compared to 2022 due to increase in interest income as well as higher financial income at Group level.

Consolidated net profit of 2023 had a significant increase reaching the level of RON 25.70 million (approx. RON 5 million), with 146% or RON 15.27 million higher compared to 2022 (RON 10.43 million in 2022), being directly influenced by the positive evolution of the operating result, also supported by the increase in the financial result.

## Review of the consolidated financial position as of end-December 2023

**Total assets** as of December 31, 2023, RON 238.24 million +20% or RON 40.12 million compared to December 31, 2022, consisting of:

- **Fixed assets** of RON 99.38 million, +28% or RON 21.84 million compared to the beginning of the year, influenced by the increase in tangible and intangible fixed assets, as well as right-of-use assets following the recognition, according to IFRS 16, of the lease agreement related to the new headquarters concluded at group level and the improvement works carried out, while the financial assets at amortized cost recorded a decrease as a result of reaching maturity and using the resulting cash for dividends payments or bank deposits
- **Current assets** in the amount of RON 138.76 million, +15% or RON 18.29 million compared to the beginning of the year, an evolution mainly determined by the increase in the balance of deposits in banks and availability at group level as a result of the income achieved but also as a result of the maturity of some financial assets.
- **Group's total liabilities** at the end of 2023 are in amount of RON 60.30 million, an increase of 38% or RON 16.51 million compared to December 31, 2022, mainly influenced by the leasing liability related to the new headquarters concluded at group level, as well as the increase in the debt with the current profit tax, level directly proportional to the incomes achieved, due in January 2024.

31% of the total debts are represented by dividends/payment coupons held on behalf of customers by the Central Depository, in the amount of RON 18.62 million, and 6% represent guarantee, compensation and margin funds for the settlement of transactions, in the amount of RON 3.28 million.

- **Equity** in the amount of RON 177.84 million, +15% compared to the beginning of the year, mainly influenced by the increase in retained earnings, respectively the current year's result, by estimates for benefits granted in free shares, according to the Share Option Plan at the level of the BVB Group (SOP), as well as a result of the increase in the value of minority interests following the increase in share capital contribution performed by minority shareholders.

## Analysis of financial results for 2023 compared to the approved Budget for BVB standalone

### BVB individual

	2023	Buget 2023	Variație (%)
Operating revenue	50.55	46.18	9%
Operating expenses	(27.97)	(28.93)	-3%
<b>Operating profit</b>	<b>22.58</b>	<b>17.25</b>	<b>31%</b>
<i>Operating margin</i>	<i>45%</i>	<i>37%</i>	
<b>Net financial revenue/(expenses)</b>	<b>2.56</b>	<b>3.19</b>	<b>-20%</b>
Profit before tax	25.14	20.44	23%
<b>Net profit for the period</b>	<b>21.83</b>	<b>18.01</b>	<b>21%</b>
<i>Net margin</i>	<i>43%</i>	<i>39%</i>	
EPS attributable to owners (RON/share)**	2.7320	2.2376	22%
<i>Return on equity</i>	<i>17%</i>	<i>14%</i>	

**Operating revenues in 2023** exceeded the budgeted value by 9% or RON 4.37 million due to trading revenues higher by 15% compared to the estimates included in the approved Budget for 2023, respectively approx. RON 5 million, the result of the higher volumes traded after H2O listing, as well as from the income resulted from share buyback carried out by Fondul Proprietatea in December, not included in the Budget.

**Operating expenses** of the year 2023 are below the budgeted amount by 3% or RON 0.97 million as some budgeted expenses were not realized, mainly marketing expenses, as well as from the area of third-party services, respectively expenses with business development events and consultancy.

**Operating profit in 2023** exceeds the budgeted value by 31% or RON 5.33 million, direct impact from higher trading revenues compared to the budgeted figures.

**Net profit in 2023** exceeds the budgeted value for this period by 21% or RON 3.82 million, directly influenced by the evolution of the operating result.

## Perspectives

The success of Hidroelectrica's initial public offering, the largest offering in the history of the capital market in Romania in the amount of RON 9.3 billion and the largest initial public offering held in Europe during 2023, contributed significantly to improving the liquidity of the local market and attracted a significant number of new investors. The Hidroelectrica offer also demonstrated the potential of the local capital market to attract financing of very high values. The main objective for 2024 is to maintain the momentum generated by Hidroelectrica's offer both in terms of liquidity and the number of investors, but also the attractiveness of the primary market through new listings.

Equally, the year 2024 is announced as a very important year from the perspective of implementing the objectives of the National Strategy for the development of the capital market, a strategy approved by the Government of Romania in May 2023. The strategy includes objectives with a major impact in terms of updating the relevant legislation, increasing the investor base but also facilitating the financing of local businesses through the capital market, and the Bucharest Stock Exchange is involved on most levels of the strategy.

Made in Romania program, dedicated to local entrepreneurs, will reach its 7th edition, the program becoming a benchmark for local entrepreneurs in these years. In 2024, BVB plans to adjust the concept, co-opt new partners and align the brand with the BVB group, all for even better visibility at the local level.

BVB will also continue in 2024 the projects launched in recent years, such as the BVB Research Hub portal and the ESG coverage project of listed companies.

The year 2024 is also a vital year from the perspective of the new products that BVB intends to launch, namely the derivatives market with indices, shares and energy as the underlying asset. The launch of these products, estimated to take place in the second half of the year, will involve a substantial effort to promote but also educate partners and investors.

BVB plans for 2024 channeled investments in the following areas:

- Investments in the operating technological infrastructure oriented in 3 directions of action: cyber security, operational risk related to the operating platform and ensuring technological support for the derivatives market.
- Supplementary investments for the improvements of the new headquarters, aimed to increase its visibility.
- One vehicle lease contract renewal

These projects will require a significant allocation of capital resources, as shown in the table below:

Investments planned for BVB in 2024 (thousand RON)	Budget 2024	% total
Update and replacement of the current IT systems	2.053	42%
Acquisition of new software. Renewal of existing software	2.062	42%
<b>Total IT &amp; Operational projects</b>	<b>4.114</b>	<b>84%</b>
Fixed assets for the BVB head office	795	<u>17%</u>
<b>Total investments in tangible and intangible assets</b>	<b>4.909</b>	<b>100%</b>
<b>BVB share buy-back program (max. value)</b>	<b>6.696</b>	

## Other information

### Statistics for BVB shares

BVB shares ended 2023 at a price of RON 65.6 per share, while the weighted average price registered during the year was RON 56.85

(RON, unless otherwise stated)

	2023	2022	Change (%)
Closing price (e-o-p, RON)	65,60	35,30	86%
Weighted average price (RON)	56,85	28,65	98%
High – intraday (RON)	73,00	36,50	100%
Low – intraday (RON)	35,60	22,70	57%
Total trading value (RON mn)	66,52	32,36	105%
Average trading value (RON mn)	0,27	0,13	108%

### Dividend policy

Detailed information regarding the dividends paid during the last 3 years, including those to be approved for distribution in 2023, is presented in the table below:

Year	Gross dividend/share (RON)	Total dividends (RON)	GMS date	Registration date	Payment date
2023	1.5550	12,524,621	24/25 April 2024	20 August 2024	29 August 2024
2022	1.2918	10,398,379	26/27 April 2023	21 June 2023	27 June 2023
2021	0.9592	7,721,402	28/29 April 2022	3 June 2022	22 June 2022
2020	1.0672	8,590,384	19/20 April 2021	10 June 2021	22 June 2021

By distributing by the amount of RON 12,524,621 the form of dividends, each share, including treasury shares, is to correspond a gross dividend of RON 1.5550.

From the reserves constituted from the net profit of the year 2023, it is proposed to increase the share capital by the amount of RON 8,049,240 by issuing a number of 804,924 new, ordinary, registered and dematerialized shares, with a nominal value of 10 lei/share ("New Shares").

The New Shares will be allocated to the Company's shareholders in proportion to their holdings in the Company's share capital; as part of the increase of the Share Capital, each shareholder registered on the registration date set by AGEA will receive, free of charge, for every 10 shares held, a number of New Shares out of the 804,924 newly issued.

The Dividend Policy of BVB is available on the Company's website at [http://bvb.ro/info/BVB%20politica%20dividend\\_decembrie%202015.pdf](http://bvb.ro/info/BVB%20politica%20dividend_decembrie%202015.pdf).

### Assessment of details regarding employees

The change of the number of employees is presented in the table below:

	2023		2022	
	End-year	Average	End-year	Average
Bucharest Stock Exchange	44	44	44	43
Central Depository	49	49	47	49
CCP.RO Bucharest SA	<u>13</u>	<u>11</u>	<u>9</u>	<u>9</u>
<b>Total number of employees</b>	<b><u>106</u></b>	<b><u>104</u></b>	<b><u>100</u></b>	<b><u>101</u></b>

### Investments in subsidiaries

As of 31 December 2023, the Bucharest Stock Exchange was a shareholder in other entities, as follows:

Value of share	31 December 2023	31 December 2022
Central Depository	20,243,735	20,243,735
Foundation Corporate Governance	50,000	50,000
CCP.RO Bucharest SA	<u>47,500,000</u>	<u>47,500,000</u>
<b>Total</b>	<b><u>67,793,735</u></b>	<b><u>67,793,735</u></b>

### Use of financial investments. Financial risk management

The Company's activities expose it to various risks such as market risk, which in its turn includes currency risk and interest rate risk, credit risk, liquidity risk. The management of BVB aims at reducing the potential adverse effects associated with these risk factors upon the Company's financial performance.

**Market risk.** The market risk is the risk that changes in market prices, such as the foreign exchange rate, interest rate and price of equity instruments, to affect the Company's revenues or the value of the financial instruments held. The company operates in a developing economy, with fluctuant exchange rates, which may lead to value losses for assets denominated in foreign currencies.

The objective of the market risk management is to manage and control exposures to market risk in acceptable parameters and at the same time to optimize the return on investment.

The company is exposed to the market risk through its cash denominated in foreign currencies and through investments in bank deposits and treasury certificates. However, based on the analysis of the net assets and sensitivities to changes EUR and USD exchange rates, BVB management does not expect significant losses.

**Credit risk.** The financial assets that lead to potential concentrations of credit risk mainly relate to receivables from the core activity and financial investments. Receivables are presented at their net value, after the provision for doubtful receivables. The credit risk is limited due to a low number of clients from the Company's portfolio of clients. Thus, management considers that the company has no significant concentration of credit risk.

As regards financial investments, BVB limits its exposure to credit risk by investing only in liquid instruments issued by counterparties who have a satisfactory credit quality. The Company's management constantly monitors the credit quality and, given that the Company has invested only in instruments with high credit quality, its management does not expect the counterparties to fail to meet their contractual obligations.

**Liquidity risk.** A prudent liquidity risk management implies keeping enough cash to cover working capital needs to run the business. The Company's cash & equivalents policy is to maintain sufficient resources in order to fulfill its obligations as they become due.

More details regarding the Company's exposure to each of the above-mentioned risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's procedures for managing of capital, are available in the financial statements.

## Corporate Governance

In 2023, BVB shareholders met in 3 general meetings:

The Ordinary General Meeting of Shareholders dated 26.04.2023 – during which there were submitted for approval the individual and consolidated annual financial statements of the Company for the 2022 financial year and the profit distribution, the discharge of liability of the administrators for their activity carried out during the financial year 2022, the budget of revenues and expenses and the business plan for 2023, the remuneration of administrators for the 2023 financial year, the general limits of additional remuneration and the rewarding for the 2022 financial year of the Company's administrators, the remuneration report of the management structure of the Company for the financial year 2022 was subject to the consultative vote of the shareholders according to the provisions of art. 107 of Law no. 24/2017 and the designation of the company Deloitte Audit S.R.L. as financial auditor for the 2024, 2025 and 2026 financial exercises.

The Extraordinary General Meeting of Shareholders dated 26.04.2023 – during which there were submitted for approval the buy-back of its own shares by the Company and the Plan for granting stock option to BVB Group personnel, the terms of which will apply to the stock options programs initiated within the BVB Group thereafter and which will replace for the future the Stock Options Plan for employees, executives and members of the Board of Governors approved by EGMS Resolution 6/12.04.2017 and subsequently modified by the EGMS Resolution 1/16.04.2018.

The Ordinary General Meeting of Shareholders dated 22.11.2023 during which there were submitted for approval the Procedure for election of the members and President of the Board of Governors, the election through cumulative voting method of the members of the Board of Governors for a 4 year mandate starting with the date of their individual approval by the Financial Supervisory Authority and the conclusion of a professional liability insurance, but no sooner than February 13, 2024 which is the date when the mandate of the current members of the Board of Governors expires and the election of the President of the Board of Governors.

The documents of the BVB General Meetings of Shareholders are available on the BVB website in the Investor Relations/General Meetings of Shareholders section.

The Articles of Association of the Company have not undergone any changes during 2023, its current form being available on the Company's website at <http://www.bvb.ro/InvestorRelations/Overview>.

Regarding the Company's compliance with the principles defined by the BVB Corporate Governance Code, it fully complies with them, as set out in the Statement from the Annex.

BVB also respects the principles of corporate governance provided by the FSA Regulation no. 2/2016 on the application of governance principles by entities authorized, regulated and supervised by the Financial Supervisory Authority.

## Board of Governors

The management of the Company is performed in the unitary system and entrusted to a Board of Directors (Board of Governors), elected by the General Meeting of Shareholders, made out of 9 members, individual persons, for a mandate of 4 years.

On November 20, 2019, the Ordinary General Meeting of Shareholders was organized for the election by cumulative voting of the members of the Stock Exchange Board, for a term of 4 years, starting with the date of individual validation by the Financial Supervisory Authority, respectively:

- Radu HANGA - President
- Mihaela Ioana BÎCIU - Member
- Claudia Gabriela IONESCU - Member
- Octavian MOLNAR - Member
- Dragoş Valentin NEACŞU - Member
- Robert Cosmin PANĂ - Vice President
- Dan Viorel PAUL - Vice President
- Răzvan Legian RAŢ - Member
- Stefan SZITAS– Member

### Mr. Radu Hanga – President, independent

**Date of birth:** 1971

**Nationality:** Romanian

**Education:**

- Strategy Execution Programme, INSEAD
- MBA Program, INDE
- Postgraduate studies in Business Administration, European Institute for Business Administration UBB
- Specialization in International Financial System, IBR in partnership with Chartered Institute of Bankers Scotland
- Erasmus Program, University of East London
- Postgraduate studies, School of Academic Postgraduate Studies UTCN
- Licensed in engineering, Faculty of Electrical Engineering UTCN

**Professional Experience:**

- 2020 - present: President, Board of Governors, Bucharest Stock Exchange
- 2023-present: Chairman of the Board, The Federation of Euro-Asian Stock Exchanges (FEAS)
- 2023-present: President of the Board of Directors, Depozitarul Central
- 2022-present: Member of the Board, ENVISIA Boards of Elite
- 2020-2022: Member of the Executive Committee, AAFR
- 2017-2020: Senior Advisor for the Board of Directors, Banca Transilvania
- 2017-2020: Member of the Board of Directors, SIF Oltenia
- 2015-2020: President of the Executive Committee, AAFR
- 2017-2020: Member, Board of Governors, Bucharest Stock Exchange

- 2013-2020: President of the Board of Directors of BT Leasing Transilvania IFN
- 2013-2019: President of the Board of Directors of BT Direct IFN
- 2013-2018: Member of the Board of Directors of BT Operational Leasing
- 2013-2018: Member of the Board of Directors of BT Leasing Moldova
- 2013-2017: Strategy Executive Officer-Group Coordination, Banca Transilvania
- 2013-2017: Member of the Board of Directors, Boromir Prod SA
- 2013-2017: Member of the Board of Directors, SIF Moldova
- 2005-2013: CEO, SAI BT Asset Management
- 2002-2013: Head of Capital market Department, Banca Transilvania
- 2001-2005: Vice-President of the Board of Directors, BT Securities
- 1999-2002: Capital market officer, Banca Transilvania
- 1997-1998: Analyst, SSIF Broker SA

**Other professional commitments:** Sole administrator, Metis Advisory SRL

**Other positions in the BSE Committees:**

- Chairman, Index Commission
- Member, Nomination Committee

**Relationship with BSE shareholders owning more than 5%: -**

**Mrs. Mihaela Ioana Biciu – Member, independent**

**Date of birth:** 1974

**Nationality:** Romanian

**Education:**

- Executive MBA – ASEBUSS / Kennesaw State University Atlanta
- Academy of Economic Studies Bucharest– Finance, Banking and Accounting

**Professional Experience:**

- 2022 - present: General Manager and Member of the Board of Governors, Investimental SA
- 2020 - present: Member of the Board of Governors, Bucharest Stock Exchange
- 2001 – 2021: President/General Manager, Tradeville
- 2010 – 2021: Member al Board of directors, Libra Internet Bank
- 2000 – 2001: Development Manager, SSIF Vanguard
- 1998 – 1999: Relationship Manager, SSIF Vanguard
- 1997 – 1998: Financial analyst, SSIF Vanguard

**Other professional commitments: -**

**Other positions in the BSE Committees:**

- Vice President, Appeal Committee
- President, Nomination Committee
- Relationship with BSE shareholders owning more than 5%:-

**Mrs. Claudia – Gabriela Ionescu – Member, independent**

Year of birth: 1967

Nationality: Romanian

Education:

- Trainings and certifications in capital markets, custody & registry, management: INSEAD, Societe Generale, IBR, The Oxford Group
- Bachelor degree in Banks and Stock Exchanges, ASE Bucharest
- Bachelor degree in Calculus and Automatization Equipment, University Politehnica of Bucharest

Professional experience:

- 2017.-present: Secretary General of the Board of Governors, Bucharest Stock Exchange
- 2019-present: Secretary General of the Board of Directors, Depozitarul Central
- 2012-present: Member of the Board of Directors, Association for Privately Administered Pensions in Romania
- 2008-present: Director of Securities Division, BRD-Groupe Societe Generale
- 2005-2008: Deputy Director of Securities Division, BRD-Groupe Societe Generale
- 2000-2005: Head of Market Operations Division, BRD-Groupe Societe Generale
- 1997-2000: Analyst, Privatization Department, BRD-Groupe Societe Generale
- 1994-1997: Analyst, Strategy Division, BRD
- 1991-1994: Evaluation Inspector, Division for Expertise, Evaluation and Consulting, BRD

**Other professional commitments: Member of the Board of Directors, Association for Privately Pension Funds in Romania**

**Other positions in the BSE Special Commissions/ Advisory Committees:**

- Chairperson, Remuneration Committee

**Relationship with BSE shareholders owning more than 5%: -**

**Mr. Octavian Molnar – Member, independent**

Year of birth: 1966

Nationality: Romanian

Education:

- Degree in Economics, University "Aurel Vlaicu", Arad
- Degree in Mechanical Engineering, Polytechnic Institute "Traian Vuia", Timisoara

**Professional experience:**

- 2009- present: Member of the Board of Governors, Bucharest Stock Exchange
- 2012-present: CEO & President of the Board of Directors, SSIF IFB Finwest SA, Arad
- 2006-2008: Member of the Board of Directors, Sibiu Financial and Commodity Exchange
- 2004-2012: Deputy CEO, SSIF IFB Finwest SA, Arad
- 1999-2004: CEO, SSIF IFB Finwest SA, Arad
- 1997-1999: CEO, COMTEX SA, Arad
- 1994-1997: Reviewer/ Chief of Feasibility Studies Unit, New Investments Compartment, Financing Department, FPP I Banat Crisana
- 1991-1994: Process engineer/ Design engineer/ Engineer, Marketing Department, ARIS SA, Arad
- 1990-1991: Engineer, Process Design Unit, SEVAM SA, Drobeta Tr.Severin

**Other professional commitments:** -

**Other positions in the BSE Special Commissions/ Advisory Committees:**

- Chairman, Listing Commission
- Member, Audit Committee

**Relationship with BSE shareholders owning more than 5%:** -

**Mr. Dragoş Valentin Neacşu – Member, independent**

**Year of birth:** 1965

**Nationality:** Romanian

**Education:**

- Master in Business Management (MBA), University of Quebec in Montreal (UQAM) - the first generation of the Canadian MBA Program, in cooperation with McGill University and the University of Quebec in Montreal (UQAM)
- Diploma of Engineer, Faculty of Construction Installations, Technical University of Bucharest (former Construction Institute)
- “Mircea cel Batran” National College Constanta

**Professional experience:**

- 2020 - present: Member of the Board of Governors, Bucharest Stock Exchange S.A.
- 2022 - present: Member of the Board of Directors, Central Depository.
- 2021 - present: Independent non-executive member of the Board of Directors, S.E. Electrica SA, member of the Audit and Risk Committee
- 2008 - 2019: Chief Executive Officer, Chairman of the Board, SAI Erste Asset Management S.A.
- 2007 - 2008: Chief Executive Officer, Chief Executive Officer, SAI BCR Asset Management S.A.
- 2006 - 2007: Director, Financial Services, Deloitte Consultanta S.R.L.

- 2005 - 2005: Minister of State Secretary, Public Debt and State Treasury, Ministry of Public Finance
- 2005 - 2006: Non-executive member of the Board of Directors, CEC Bank S.A.
- 2001 - 2005: Non-executive member of the Stock Exchange Committee, non-executive member of the first Board of Directors, Bucharest Stock Exchange S.A.
- 1998 - 2005: President - General Manager, SSIF Raiffeisen Capital & Investment S.A.
- 1996 - 1998: General Manager, Bucharest Clearing House S.A. (former SNCDD S.A.)
- Other professional commitments:
- 2017 - present: Member of the Board of Directors, Romanian Business Leaders Foundation
- 2018 - present: Non-executive member of the Board of Directors, FINS IFN S.A.
- 2013 - 2016: Member of the Board of Directors, European Asset and Fund Management Association
- 2011 - 2015: President of the Board of Directors, Romanian Association of Fund Managers
- 2008 - 2011: Vice President of the Board of Directors, Romanian Association of Fund Managers

**Other professional commitments: -**

**Other positions in the BSE Special Commissions/ Advisory Committees:**

- Chairman, Appeal Commission
- Member, Audit Committee

**Relationship with BSE shareholders owning more than 5%: -**

**Mr. Robert Cosmin Pană – Vice-President, independent**

**Year of birth: 1979**

**Nationality: Romanian**

**Education:**

- EU's Markets in Financial Instruments Directive – MiFID program, OMX – Nordic Exchange
- Financial Derivatives Training, Wiener Borse & CAPMEX
- Investments and Operations of US Derivatives Markets program, Georgetown University
- Nis/Cee Disclosure and Corporate Governance Conference, SEC & UNSAID
- Capital Market Role in Emerging Markets Economic Development program, Thessaloniki Stock Exchange Center
- Degree in Law

**Professional experience:**

- 2016-present: Vice President of the Board of Governors, Bucharest Stock Exchange
- 2019-present: Vice President of the Board of Directors, Depozitarul Central
- 2022-present: member of the Board of Directors, Transporturi Auto Giulești
- 2022-present: member of the Board of Shareholders' Representatives of Investitii Financiare Muntenia S.A.
- 2011-present: Legal Advisor, Swiss Capital SA
- 2016-2017: Member of the Supervisory Board, SPEEH Hidroelectrica
- 2012-2016: Secretary General of the Board of Governors, Bucharest Stock Exchange
- 2008-2011: Legal Adviser, Central Depository SA
- 2002-2008: Legal Adviser, Bucharest Stock Exchange

**Other professional commitments: -**

**Other positions in the BSE Special Commissions/ Advisory Committees:**

- Member, Nomination Committee

**Relationship with BSE shareholders owning more than 5%: -**

### **Mr. Dan Viorel Paul – Vice president**

**Year of birth:** 1968

**Nationality:** Romanian

**Education:**

- PhD. student in Commercial Law, Law Faculty, University of Bucharest
- Master's in business law, Law Faculty, University of Bucharest
- Member of the advisory working group of the Investor Protection and Intermediaries Standing Committee, ESMA
- Capital Markets Specialist, BVB in collaboration with University of Wisconsin (USA)
- Degree in Economics, Academy of Economic Studies, Bucharest

**Professional Experience:**

- 2020 - present: Vice-President, Board of Governors, Bucharest Stock Exchange
- 2023-present: Member of the Board of Directors, Central Depository
- 2006-present: President, Brokers Association
- 1997-present: President & CEO, SSIF Finaco Securities SA
- 2016-Jan. 2020: Member of the Board of Directors, Bucharest Stock Exchange
- 2017-2018: interim Member of Supervisory Board, SIF Transilvania
- 2012-2016: Vice-President of the Board of Directors, Bucharest Stock Exchange
- 2006-2010: Vice-President of the Board of Directors, Bucharest Stock Exchange
- 2001-present: Corporate governance experience as non-executive member in various Boards

**Other professional commitments: -**

**Other positions in the BSE Special Commissions/ Advisory Committees:**

- Member, Remuneration Committee

**Relationship with BSE shareholders owning more than 5%: -**

**Mr. Razvan Legian Rat – Member, independent**

**Year of birth:** 1983

**Nationality:** Romanian

**Education:**

- Bachelor's degree, Faculty of Economics - Accounting and Management Informatics, Dimitrie Cantemir Christian University
- “Andrei Mureșanu” Dej National College, IT profile

**Professional Experience:**

- 2020 - present: Member of the Board of Governors, Bucharest Stock Exchange
- 2023 – present: Member of the Board of Directors, BRK Power Energy SA
- 2020 – present: Member of the Board of Directors, Albapam SA
  - 2018 - present: Deputy General Manager, SSIF BRK Financial Group
  - 2017 - 2018: Operations Director, SSIF BRK Financial Group
  - 2013 - 2017: Trader, SSIF BRK Financial Group
  - 2010– 2013: Trader, Target Capital SA (Avantgarde-Finance SA)
  - 2007 - 2010: Broker, Nova Invest SA

**Other professional commitments:** Administrator, Lauraz Trading SRL

**Other positions in the BSE Special Commissions/ Advisory Committees:**

- Vice president, Listing Committee
- Member, Remuneration Committee

**Relationship with BSE shareholders owning more than 5%: -**

**Mr. Stefan Szitas – Member, independent**

**Year of birth:** 1954

**Nationality:** Romanian

**Education:**

- Derivatives financial instruments market, RCE Business Consulting, Bucharest
- Certification Financial Auditor of capital market entities, Financial Training Center - Millennium
- Investment Consulting Course, Financial Training Center - Millennium (Romania)
- Financial Analysis Course of the Company according to International Accounting Standards (IAS), Romanian Financial Institute
- Financial Auditor Certification, Romanian Chamber of Auditors
- International Investment and Capital Markets Analysis Course, U.S.A.I.D. / Booz Allen & Hamilton, Bucharest
- Certification of Accounting Expert, CECCAR (Romania)

- Bachelor's degree, Bucharest Academy of Economic Studies, Specialization in Economics of Industry, Construction and Transport

**Professional Experience:**

- 2020 - present: Member of the Board of Governors, Bucharest Stock Exchange
- 2022 - present: Member of the Board of Directors, Fermit SA
- 2015- present: President Virola S.A.
- 2017 - 2020: Member of the Management Board, S.I.F. Transylvania
- 2006 - 2020: Member / Chairman of the Board of Directors in companies in the portfolio of S.I.F. Transylvania
- 1993-2017: Head of the Investment-Marketing-Capital Markets Department, S.I.F. Transylvania
- 1992-1993: Inspector Spec., D.G.F.P. State Financial Control, Braşov
- 1990-1992: Deputy Director, CEC - Braşov County Branch
- 1980-1990: Economist / Head of financial office, Industrial Center of Tractors, Vehicles and Agricultural Machinery Braşov

**Other professional commitments:** -

**Other positions in the BSE Special Commissions/ Advisory Committees:**

- President, Audit Committee

**Relationship with BSE shareholders owning more than 5%:** -

Information on the professional experience of the Board of Governors members can be found on the Company's website <http://www.bvb.ro/AboutUs/ManagementStructure>.

Members are elected by the Ordinary General Meeting of Shareholders, by the vote of shareholders in compliance with legal requirements regarding quorum and majority. BSE is not aware of agreements, arrangements or family connections between members of the Board of Governors and others, due to which those members were appointed directors of the Company. Also, the members of the Board of Governors have an obligation to submit an annual declaration of conflict of interest.

The members of the new Board of Governors have been individually validated by the Financial Supervisory Authority according to the authorizations no. 15 – 23 of 13.02.2020.

In the meeting of February 2020, the Board of Governors elected among its members the Vice Presidents and the Secretary General of the Board, namely: Mr. Robert Cosmin Pana – Vice President, Mr. Dan Viorel Paul – Vice President and Mrs. Claudia Gabriela Ionescu – Secretary General.

The activity framework for the Board of Governors is regulated by the Constitutive Act, as well as by the BSE Regulation on the Organization and Operation, documents which can be found on the BSE website <http://www.bvb.ro/InvestorRelations/Overview>.

Given that on February 13, 2024, the mandate of the members of the Board of Governors was to end, Ordinary General Meeting of Shareholders was organized on November 22, 2023 for the election by cumulative voting method of the Board of Governors members, for a term of 4 years, starting with the date of individual validation by the Financial Supervisory Authority and contracting insurance for professional liability, but not earlier than 13.02.2024, the expiration date of the term of office of the current members of the Board of Governors, as well as the election of the President of the Board. Thus, the new members of the Board of Governors were elected, namely:

- Mr. Vasile Cristian PASCU
- Mrs. Daniela SECARĂ
- Mr. Șerban Valentin MARIN
- Mrs. Loredana Norica CHITU
- Mr. Radu HANGA
- Mr. Dumitru Remus VULPESCU
- Mr. Robert Cosmin PANĂ
- Mr. Octavian MOLNĂR
- Mrs. Claudia Gabriela IONESCU

Also, Mr. Radu HANGA was also elected as President of the Board of Governors.

The new members of the Board of Governors were authorized by the Financial Supervisory Authority by Authorizations no. 15- 23/February 9, 2024, for a 4 years mandate starting, with February 13, 2024.

At the meeting of the Board of Governors in February 2024, Mr. Șerban Valentin Marin and Mr. Dumitru Remus Vulpescu were elected as Vice-Presidents and Mrs. Claudia Gabriela Ionescu as Secretary General.

The members of the Board of Governors are elected at the Ordinary General Meeting of Shareholders, based on the vote of the shareholders and in accordance with the legal requirements regarding quorum and majority. BVB is not aware of agreements, understandings or family ties between the members of the Board of Governors and other persons, due to which those members were appointed as administrators of the Company, and the members of the Board of Governors have the obligation to submit an annual declaration of conflict of interest.

The activity framework for the Board of Governors is regulated by the Constitutive Act, as well as by the BSE Regulation on the Organization and Operation, documents which can be found on the BSE website <http://www.bvb.ro/InvestorRelations/Overview>.

In exercising its prerogatives, during 2023, the Board of Governors met in 37 meetings - of which 25 were organized exclusively through the remote participation of its members (video conference and/or email), and 12 in a mixed system (in person and videoconference) - with an average participation of 94%.

The secretariat of the meetings of the Board of Governors was provided by Mrs. Diana Mureșan – Head of Legal Department and General Secretariat and Mrs. Corina Mocanu – Senior Financial Banking Expert. During 2023, the Board of Governors discussed the following main topics:

- set up of the Commodities Derivatives Market on Electricity ("Energy Derivatives Market") and the elaboration of the Bucharest Stock Exchange Code – Commodities Derivatives Market on Electricity (Energy Derivatives Market);
- elaboration of the Bucharest Stock Exchange Code –Derivatives Market on Financial Underlying and Other Types of Underlying;
- amendments to the Bucharest Stock Exchange Code – Multilateral Trading System;
- establishing the Market Maker parameters for the units in a tradable UCITS and delegating to the CEO of BVB the powers related to Market Maker for the units in the Local Category tradable UCITS;
- marketing & business development plan on projects in 2023 Budget;
- implementation of the campaign to promote the Bucharest Stock Exchange and attract new investors to the stock exchange;
- plans for development of BVB Research Hub;
- BVB participation in financing of the Consolidated Tape Joint Venture – to meet the legislative package within the review process of MiFID II and MiFIR, which implies the obligation for market data providers (Regulated Markets, MTF, APA, SI) to contribute with data to a *Consolidated Tape Provider*;
- admission / withdrawal of financial instruments;
- admission / withdrawal of Participants to / from the BVB trading system;
- exemption from charging of the trading fee for the Market Makers registered for government securities and the trading fee for the Participants registered as Market Maker and Issuer Market Maker for bonds, until 31 December 2023;
- setting tariffs for new services provided by BVB and intended for market participants, applicable as of April 2023;
- update of tariffs for market data vending starting January 1, 2024;
- exercising the BVB rights as a shareholder in the entities in which holds participations;
- the Company's commitment to financially support the central counterparty project in Romania carried out through CCP.RO Bucharest S.A.;
- the commercial terms of the lease agreement negotiated with America House, the bank guarantee agreement required under the lease agreement with Victoria Multifunctional Complex, the contractor agreement for fit-out works - constructions and installations for the space as headquarter in the America House building, the investment in the Data Center for the new headquarter, the status of the moving the BVB headquarters to the America House building project;
- the internal audit plan for the period 2023-2025, the internal auditor's reports prepared following the audit missions carried out according to the internal audit plan, the stage of implementation of the recommendations in the internal auditor's reports;
- the 2022 activity report and the 2023 investigation plan of the Compliance Department;
- the risk management report for 2022 as well as the quarterly risk management reports for 2023;
- the report on the effectiveness of the risk management system for the 1st semester of 2023;

- reviewing and updating the risk management framework: BVB Risk Strategy; General Policy on identification, evaluation, monitoring, management and reporting of significant risks; Procedure for identifying, reporting and monitoring operational risk events;
- the activity report and the self-assessment report for 2022 of the BVB market operator prepared in accordance with FSA Regulation no. 13/2018;
- appointing the Head directly responsible for preventing and combating money laundering and terrorist financing (AML/FT), the AML/FT Compliance Officer, assessing the need to establish an AML/FT structure, the internal management framework of AML/FT (BVB Strategy on AML/FT; Methodology for assessing BVB exposure to money laundering and terrorist financing risk), analysis of the activity report of the AML/FT Compliance Officer for 2022 and annual report on BVB exposure assessment to AML/FT risks;
- the preliminary Financial Statements of the Company as of 31.12.2022 and the related report;
- the individual and consolidated Financial Statements of BVB for 2022 and prepared in accordance with the International Financial Reporting Standards;
- the Annual Report of the administrators for 2022;
- the proposal regarding the distribution of the Company's net profit achieved in 2022;
- the proposal of the Budget and business plan for 2023;
- the report of BVB financial auditor for 2022;
- the proposal for designation of the BVB financial auditor for the 2024, 2025 and 2026;
- the proposal regarding the administrators' remuneration for the financial year 2023, the general limits of the additional remunerations and the rewarding for the 2022 financial year of the Company's administrators;
- the remuneration report of the Company's management structure for 2022;
- 2023 Quarterly and Half-yearly IFRS Condensed Interim Consolidated Financial Statements and related Reports;
- financial and operational reports of BVB Group companies;
- assessment of the key performance indicators of the CEO, Deputy CEO and CFO for 2022, adjustment of their fixed remuneration, establishment of key performance indicators for 2023;
- extension of the CEO mandate;
- remuneration and rewarding scheme at BVB Group level;
- implementation of the SOP for BVB employees with an employment contract for 2023;
- the proposal for the buy-back of its own shares by the Company, according to the applicable legal provisions, for implementing a new Stock Options Plan to BVB Group personnel, which will replace for the future the Plan for allocating shares to employees, executives and members of the Board of Governors approved by EGMS Resolution 6/12.04.2017 and subsequently modified by the EGMS Resolution 1/16.04.2018;
- annual evaluation of the individual and collective adequacy of the members of the management structure;
- assessment of the individual adequacy of the proposed candidates and the collective evaluation of the persons elected for the positions of member of the Board of Governors within the OGMS of 22.11.2023, as well as identification among the elected members of those who meet the requirements regarding the application of accounting principles and financial audit;

- the activity of the Advisory Committees;
- convening the Ordinary and Extraordinary General Meetings of the Company's Shareholders on 26.04.2023 for the approval of the annual financial statements for 2022 and the profit distribution, the budget and the business plan for 2023, the remuneration of administrators for 2023, the general limits of additional remuneration and the rewarding for the 2022 of the Company's administrators, the discharge of liability of the administrators for their activity carried out during the financial year 2022, the submission to shareholders for their consultative vote of the remuneration report of the management structure of the Company for 2022, the designation of Deloitte Audit S.R.L. as Company's financial auditor for the 2024, 2025 and 2026, the buy-back of its own shares by the Company and the new Stock Options Plan for BVB Group personnel;
- convening the Ordinary General Meeting of the Company's Shareholders on 22.11.2023 for the election through cumulative voting method of the members of the Board of Governors for a 4 year mandate starting with the date of their individual approval by the Financial Supervisory Authority and the conclusion of a professional liability insurance, but no sooner than February 13, 2024 which is the date when the mandate of the current members of the Board of Governors expires and the election of the President of the Board of Governors.

With the support of the Nomination Committee, the Board of Governors conducted the assessment of the individual and collective suitability of the management structure, which concluded that its members are adequate and collectively have the necessary skills, knowledge and experience to manage a market operator, having an appropriate size, diversity of competences and responsibility in the sustainable development of the Company.

## Activity of the Special Commissions and the Advisory Committees

### Special Commissions

By the decision of the Board of Governors were created the BVB Special Commissions – with no legal status and having a consultative role for the activity of the Board of Governors, which perform their activity as per the terms of reference stipulated in the BVB Regulation on the Organization and Operation.

**Listing Commission** provides consultancy in order to ensure conformity, order and efficiency in the process of admission, upgrading, downgrading and withdrawal to/ from the regulated market and the multilateral trading systems operated by BVB.

During 2023, the Commission met in 13 meetings, in which, for the regulated market, it analyzed and granted an favorable advisory opinion to the admission to trading of 3 shares, 12 bonds (11 issues of corporate bonds and one issue of municipal bonds), of an issue of preferential rights and the admission in principle of some structured products issued by 2 issuers. For the multilateral trading system, he gave a favorable advisory opinion for the admission to trading of an issue of shares and 2 issues of preferential rights.

Listing Commission has twice analyzed the amendments proposed by the Listing Department regarding the changes to the ATS Code based on the recommendations received from the Financial Supervision Authority. Also, these proposals were analyzed together with representatives of the most active Authorized Consultants, as well as with the Financial Supervision Authority.

**Appeal Commission** provides consultancy in solving the appeals introduced by the Participants on the BVB trading system and by stock / derivatives following the penalizations or the preventive measures issued by the BVB CEO or Deputy CEO, as the case may be.

During 2023, the Commission was not met, with no complaints incident to its activity.

**Index Commission** holds an advisory role with regard to the creation and management of the BVB indices that take part also in decision making process of the operational adjustments that are required. The members of the Index Commission are capital market professionals, selected once every 2 years.

During the year of 2023, the Commission met in 4 periodical meetings as well as in 5 extraordinary meetings, both for indices management activities as well as to take decisions in terms of the development of the indices, in line with the strategic objectives of BVB.

The operational type of decisions of the Index Commission, in the sense of revisions and adjustments of the indices composition, in line with the indices methodologies, offered a high degree predictability to the indices' users.

For the first time since the BET index reached its maximum numbers of companies (i.e. 20), last year, it was the first time when an existing constituent was replaced by a new company. This happened as a result of the IPO of Hidroelectrica (H2O), which triggered also a fast-track inclusion in the relevant indices.

In terms of BET-XT, BET-BK and BET Plus indices, that have a higher number of constituents and greater diversification, apart from the fast-track inclusion of Hidroelectrica (H2O), the changes to their composition were relatively low, thus offering a high degree of stability.

The BET AeRO index has reached its third year since its launch and during 2023 the Index Commission decided, in accordance with the index methodology, the inclusion of 8 companies and the exclusion of 4 companies, the index reaching a number of 37 constituents, thereby offering a consistent representation of the AeRO market.

The composition of the Special Commissions in 2023 was the following:

**Listing Commission:**

Octavian Molnăr – Chairman

Răzvan Legian Raț – Vice Chairman

Ovidiu Lucian Isac - Member

Șerban Valentin Marin - Member

Mircea Ștefan Solovăstru – Member

Starting 21.02.2024

Vasile Cristian Pascu – Chairman

Daniela Secara – Vice Chairman

Ovidiu Lucian Isac - Member

Mircea Ștefan Solovăstru – Member

**Appeal Commission:**

Dragoş Valentin Neacşu – Chairman

Mihaela Ioana Bîciu – Vice Chairman

Monica Adriana Ivan – Member

Elena Uleia - Member

Marcel Murgoci – Member

Starting 21.02.2024

Octavian Molnăr – Chairman

Şerban Valentin Marin – Vice Chairman

Monica Adriana Ivan – Member

Elena Uleia - Member

Marcel Murgoci – Member

**Index Commission:**

Radu Hanga – BVB President

Adrian Tănase – BVB CEO

Dorin Alexandru Badea – Member, member of CFA Association Romania

Bogdan Câmpianu – Member, Participants’ representative

Paul Ştiopoi – Member, Participants’ representative

**Advisory Committees**

According to Companies Law no. 31/1990, within BVB Board of Governors operate Advisory Committees made out of two or more Board members, which are bodies having an advisory role for the Board of Governors in areas such as audit, remuneration of administrators, directors as defined by the Law 31/1990, or nomination of candidates for various management positions.

The Advisory Committees are organized and function based on the stipulations of the Regulation on the Organization and Operation of BVB, which are complemented by the stipulations of the regulations/ terms of reference for each committee (the specific terms of reference for each advisory committee are available on BVB website <http://www.bvb.ro/AboutUs/ManagementStructure>).

**The Audit Committee** assists the Board of Governors in evaluation of the efficiency and functionality of Company’s management, resources allocation efficiency, the way the risks facing the Company are mitigated, including the organization and functioning framework of the internal control, the implementation of corporate governance rules and the way the Company audit is performed.

Starting with February 2020, the members of the Audit Committee (non-executive directors, most of them independent) are as follows:

Ștefan Szitas – Chairman,

Octavian Molnăr – Member

Dragoș Valentin Neacșu – Member

During 2023, the composition of the Audit Committee remained unchanged.

At the meeting of the Board of Governors in February 2024, the new members of the Audit Committee were elected (non-executive directors, most of them independent), its new composition being as follows: Dumitru Remus Vulpescu – Chairman, Octavian Molnăr – Member and Daniela Secară – Member.

In 2023 the Audit Committee met in 16 meetings, in which it analyzed the following main topics, making recommendations to the Board of Governors, where appropriate:

- internal audit plan for 2023-2025;
- internal auditor's reports drawn up following audit missions carried out according to the internal audit plan (on invoicing and debt collection activity, activities under the responsibility of the Market Surveillance Department - including AML / FT Designated Persons -, activities related to the development and provision of benchmark indices);
- status of implementation of recommendations in the internal auditor's reports;
- marketing & business development plan from BVC 2023 on projects;
- regular operational and financial reports of BVB, CCP and DC;
- preliminary financial statements as of 31.12.2022 and the related report;
- the activity report of the Compliance Department for 2022;
- the Compliance Department's investigation plan for 2023
- BVB's individual and consolidated financial statements for 2022 and prepared in accordance with International Financial Reporting Standards
- annual report of BVB administrators for 2022
- 2022 profit distribution;
- the budget and business plan for 2023, draft budget for 2024;
- designation of BVB's financial auditor for the financial years 2024, 2025 and 2026;
- BVB financial auditor's report for 2022;
- activity report of the AML/FT Compliance Officer for 2022;
- appointing the CEO as the Head directly responsible for preventing and combating money laundering and terrorist financing (AML/FT), assessing of the need to appoint an AML/FT Compliance Officer other than the Head directly responsible for AML/FT, assessing the need to establish an AML/FT structure which to support the AML/FT Compliance Officer;
- the status of the BVB headquarters relocation project, the investment in the Data Center for the new headquarters;
- transactions with shares made by BVB employees and directors in 2022;
- quarterly and half-yearly condensed interim consolidated IFRS financial statements and related reports;
- 2022 risk management report and quarterly ones;
- activity report for 2022 of the BVB as market operator prepared by the management in accordance with FSA Regulation no. 13/2018;

- BVB self-assessment report for 2022 prepared in accordance with FSA Regulation no. 13/2018;
- Risk Management System Efficiency Report for H1, 2023;
- General Policy on identification, assessment, monitoring, management and reporting of significant risks;
- Procedure for identifying, reporting and monitoring operational risk events;
- BVB Risk Strategy;
- BVB Strategy on AML/FT;
- Methodology for assessing BVB exposure to money laundering and terrorist financing risk;
- Annual report on the assessment of BVB's exposure to money laundering and terrorist financing risks;
- Activity Report and Self-assessment Report of the Audit Committee, related to the activity carried out in 2022.

The Audit Committee performed the self-evaluation of the activity carried out in 2023, concluding that, as a whole, it was effective in terms of its composition, the way the activity was carried out, the supervision of the financial reporting process, of the audit systems, internal control, risk management and corporate governance and their effectiveness, and provided effective support to the Board of Governors in fulfilling its responsibilities.

**Nomination Committee** is a consultative committee created within the Board of Governors, which provides support in connection with identification, selection and evaluation of candidates recommended to the Board for a position as member of executive management, make recommendations to the Board regarding the filling of the vacancies within the Board, elaborates the requirements regarding the filling in of positions as members of the Board, Advisory Committees / Special Commissions and executive management.

As of February 2020, the members of the Nomination Committee (non-executive, independent directors) are as follows:

- Mihaela Ioana Bîciu - President
- Radu Hanga - Member
- Robert Cosmin Pană – Member

During 2023, the composition of the Nomination Committee remained unchanged.

At the meeting of the Board of Governors in February 2024, the new members of the Nomination Committee were elected (non-executive directors, most of them independent), its new composition being as follows: Loredana Norica Chitu – Chairperson, Radu Hanga – Member and Robert Cosmin Pană – Member.

In 2023 the Nomination Committee met in 6 meetings, in which it analyzed the following main topics, making recommendations to the Exchange Board, where appropriate:

- designation of the AML/FT Compliance Officer according to FSA Regulation no. 13/2019;
- the procedure for electing the members and Chairman of the Board of Governors at the Ordinary General Meeting of Shareholders on 22.11.2023;
- note to shareholders regarding the election of the members and Chairman of the Board of Governors at the Ordinary General Meeting of Shareholders on 22.11.2023;

- list of candidates for the positions of member or member and Chairman of the Board of Governors during the Ordinary General Meeting of Shareholders on 22.11.2023;
- extension of the mandate of the CEO upon its expiry on 31.12.2023;
- assessment of the individual suitability of the CEO and Deputy CEO of BVB and the annual collective adequacy of the Company's Officers, according to the provisions of FSA Regulation no. 1/2019;
- annual assessment of the individual and collective suitability of the members of the Board of Governors, according to FSA Regulation no. 1/2019;
- assessing the individual suitability of the candidates proposed for the positions of member of the Board of Governors within the OGSM dated 22.11.2023, who have not previously been evaluated and approved by FSA for the position of member of the Board of Governors, according to FSA Regulation no. 1/2019;
- assessing the collective adequacy of the members of the Board elected at the OGMS of 22.11.2023, according to FSA Regulation no. 1/2019;
- verification of compliance with the requirements of Art. 11 para. (2) and (3) of FSA Regulation no. 1/2019 by the elected members of the Board of Governors.

**The Remuneration Committee** is an advisory committee created within the Board of Governors, which formulates proposals with regard to the policy of remuneration for the members of BVB management structure (Board of Governors and executives members), and of the BVB Special Commissions and establishing the variable remuneration of the management structure.

Starting with February 2020, the members of the Remuneration Committee (non-executive directors, independent majority) are as follows:

Claudia Gabriela Ionescu – Chairperson  
Dan Viorel Paul – Member  
Răzvan Legian Raț – Member

During 2023, the composition of the Remuneration Committee remained unchanged.

At the meeting of the Board of Governors in February 2024, the new members of the Remuneration Committee were elected (non-executive, independent directors), its new composition being as follows: Claudia Gabriela Ionescu – Chairperson, Loredana Norica Chitu – Member and Vasile Cristian Pascu – Member.

In 2023 the Remuneration Committee met in 5 meetings, where it discussed and made recommendations to the Board, where applicable, the following topics:

- evaluation of the KPIs of CEO, Deputy CEO and CFO;
- Management Structure Remuneration Report for 2022;
- adjustment of fixed remuneration of Officers with mandate contract & employment contract;
- the proposal on the remuneration of the Company's administrators for 2023, the general limits on additional remuneration as well as the recompensation of for the Company's administrators for 2022;
- the proposal regarding the redemption by the Company of its own shares, in accordance with the applicable legal provisions, in order to implement the Stock Options Plan to BVB Group personnel;
- the Stock Options Plan to BVB Group personnel;

- the procedure and governance for the Individual Performance Management process and for the Individual Performance Bonus system;
- remuneration and rewarding scheme at BVB Group level;
- list of Eligible Employees and the maximum number of shares that will be transferred to Eligible Employees following the exercise of options for 2022;
- implementation of the Stock Options Plan for BVB Employees with employment contract for 2023, including for employees hired in 2023;
- establishing the KPIs of the Deputy CEO and the CFO and concluding addenda to the mandate contract of the Deputy CEO / the employment contract of the CFO.

## Executive management

During 2023 the executive management of BVB was ensured as follows:

Person	Position
Adrian Tănase	CEO, manager within the meaning of the Law on companies no. 31/1990, 4-year contract, Jan. 2018 - Dec. 2022. Based on the Decisions of the Board of Governors from October 2022, the mandate was extended until 31.12.2023 and following the Board decision from October 2023 it was further extended until 31.12.2024. FSA authorized the extension of the mandate according to the Decision of the Board of Governors.
Marius - Alin Barbu	Deputy CEO, officer as per Law no. 31/1990, contract for unlimited period

BVB is not aware of any agreements, understandings or family relations between members of executive management and others, due to which the respective persons have been appointed to the executive management, also, the members of the executive management have the obligation to submit annual statement on conflict of interest.

Moreover, at the date when preparing this report, BVB is not aware of the existence in 2023 of any litigation or administrative proceedings against members of the Board of Governors or the executive management directly related to their activities concerning the Company or their ability to perform their duties within the Company.

The holdings in BVB shares as of December 31, 2023 of the members of the Board of Governors and the executive management are presented below:

Radu Hanga	9,892 BVB Shares
Robert-Cosmin Pană	31 BVB Shares
Dan Viorel Paul	1,650 BVB Shares
Claudia-Gabriela Ionescu	5,427 BVB Shares
Octavian Molnar	2,102 BVB Shares
Razvan- Legian Raț	0 BVB Shares
Mihaela-Ioana Bîciu	2,074 BVB Shares
Dragoș Valentin Neacșu	2,074 BVB Shares
Ștefan Szitaș	1,889 BVB Shares
Adrian Tănase	6,269 BVB Shares
Marius-Alin Barbu	4,306 BVB Shares

### Remuneration for the members of the Board and executives

The remuneration of the directors and the executive management was made based on the Remuneration Policy of the management structure and of the mandate contracts, as well as of the OGMS decision of BVB no. 4 / 28.04.2022, which approved the remuneration of the directors for the financial year 2023, the general limits of the additional remuneration for the directors of the Company.

To consult the remuneration policy of the management structure, please visit the BVB website at <http://www.bvb.ro/InvestorRelations/Overview>.

### Internal control and risk management systems

The compliance function at the BVB level is organized in the form of procedures aimed at detecting and minimizing any risk of the BVB not fulfilling its obligations according to the provisions of the FSA Regulation no. 13/2018, of Regulation (EU) no. 600/2014 and of the European regulations issued in application of Directive 2014/65 / EU. The compliance function is performed independently and operatively, based on written procedures and an annual investigation plan approved by the Board of Governors.

The risk management function at BVB level is organized in the form of procedures that establish the necessary framework for identifying, evaluating, monitoring, managing and reporting the risks faced by the market operator, in a controlled and efficient way, in order to achieve the specific BVB objectives. To achieve the proposed purpose, through the risk management procedures, the limits of risk tolerance, the activities necessary to identify and evaluate the risks as well as the specific type of risk response are established.

The internal audit function is outsourced and is carried out in accordance with the regulations in force.

President,	CEO,
Radu Hanga	Adrian Tanase

## Annex 1 – Statement with regard to BVB’s compliance with the Corporate Governance Code

Principle	Requirement	Status at 31 December 2023	If does not comply, action towards compliance
A1	All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	Comply	
A2	Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	Comply	
A3	The Board of Directors should have at least five members.	Comply	
A4	The majority of the members of the Board of Directors should be non-executive. Not less than two non-executive members of the Board of Directors should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgment in practice and according to the criteria from the BVB Corporate Governance Code.	Comply	
A5	A Board member’s other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	Comply	
A6	Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	Comply	
A7	The company should appoint a Board secretary responsible for supporting the work of the Board.	Comply	
A8	The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points	Comply	

	and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	
<b>A9</b>	The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	Comply
<b>A10</b>	The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors.	Comply
<b>A11</b>	The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.	Comply
<b>B1</b>	The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	Comply
<b>B2</b>	The audit committee should be chaired by an independent non-executive member.	Comply
<b>B3</b>	Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	Comply
<b>B4</b>	The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.	Comply
<b>B5</b>	The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	Comply
<b>B6</b>	The audit committee should evaluate the efficiency of the internal control system and risk management system.	Comply

<b>B7</b>	The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	Comply
<b>B8</b>	Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	Comply
<b>B9</b>	No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	Comply
<b>B10</b>	The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.	Comply
<b>B11</b>	The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	Comply
<b>B12</b>	To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	Comply
<b>C1</b>	The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. The remuneration policy should be formulated in such a way that allows stakeholders to understand the principles and rationale behind the remuneration of the members of the Board and the CEO, as well as of the members of the Management Board in two-tier board systems. It should describe the remuneration governance and decision-making process, detail the components of executive remuneration (i.e. salaries, annual bonus, long term stock-linked incentives, benefits in kind, pensions, and others) and describe each component's purpose, principles and assumptions (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should disclose the duration of the executive's contract and their notice period and eventual compensation for revocation without cause. The remuneration report should present the implementation of the remuneration policy vis-à-vis the persons identified in the remuneration policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.	Comply

<b>D1</b>	<p>The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including: D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures; D.1.2. Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions; D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code; D.1.4. Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken; D.1.5. Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions; D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request; D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.</p>	Comply
<b>D2</b>	<p>A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.</p>	Comply
<b>D3</b>	<p>A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.</p>	Comply

<b>D4</b>	The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	Comply
<b>D5</b>	The external auditors should attend the shareholders' meetings when their reports are presented there.	Comply
<b>D6</b>	The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	Comply
<b>D7</b>	Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	Comply
<b>D8</b>	The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	Comply
<b>D9</b>	A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.	Comply
<b>D10</b>	If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	Comply

## Anexa 2 – BVB reporting on sustainability

The sustainability reporting of the Bucharest Stock Exchange SA as issuer is voluntary and refers to non-financial data and information related to 2023.

In presenting the information in this report, BVB analyzed the reporting frameworks such as GRI, TCFD, CDP, SFDR, CSDR, the UN Sustainable Development Goals, the EBRD's ESG Policy, but also the expectations of stakeholders, the ESG rating offered by Sustainalytics, as well as the demands and interests of investors in recent years.

In this report, the terms sustainability and ESG are considered equivalent and interchangeable.

### Sustainability events

In March 2015, the Bucharest Stock Exchange became the partner stock exchange of the United Nations (UN) Sustainable Stock Exchanges (EEA) initiative. UN SEE is a peer-to-peer learning platform to explore how stock exchanges, in collaboration with investors, regulators and companies, can strengthen corporate transparency and, ultimately, how they can perform on environmental, social issues and corporate governance issues, but also how to encourage sustainable investment. The initiative is supported by the Principles for Responsible Investment, UNCTAD, UNEP FI and UN Global Compact.

BVB was the fourth European stock exchange to join this global initiative alongside Deutsche Borse, the London Stock Exchange and the Warsaw Stock Exchange.

Through participation in the UNSEE initiative, BVB intends to strengthen its commitment to create a sustainable and transparent environment for all stakeholders, as well as to participate in global forums and projects carried out in various countries, to discuss best practices and learn from partner exchanges, as well as other stakeholders.

Also in support of the development of corporate governance of listed companies, increasing their transparency and improving the quality of reporting, BVB launched in September 2015 a new Corporate Governance Code incident to companies listed on the regulated market, with the support of the European Bank for Reconstruction and Development (EBRD), as part of a new corporate governance framework applicable since January 2016. Subsequently, in 2016, BVB launched a simplified version of the Corporate Governance Code dedicated to companies listed on AeRO. In order to increase the transparency of the listed companies, BVB supported the Association Romanian for Investor Relations in the development of [VEKTOR](#), the indicator of communication with investors for listed companies, which is published on the BVB website. The VEKTOR indicator is calculated annually from the financial year 2019 onwards. Also, starting with the financial year 2022, this indicator is calculated for the companies listed on the AeRO market and members of the BETAero index.

In September 2020, the Bucharest Stock Exchange launched the first ESG project on the local capital market aimed at providing quality ESG information for listed companies.

Through Sustainalytics' ESG risk ratings, BVB's objectives are to provide most local issuers with an initial assessment, the opportunity to improve their reporting from one assessment to another, to promote responsible investment and to highlight the importance of ESG standards among local participants. The initiative also aims to encourage local companies to align their standards with ESG best practices, which have seen spectacular growth globally in recent years.

Sustainalytics' ESG risk ratings are designed to help investors identify and understand the material risks of the companies they own and how these risks can affect the performance of companies. Ratings measure the specific sector risks of companies and assess how well they are managed. Ratings are comparable across different industries and provide a quantitative dimension to the level of risk to which

companies are exposed. Risk ratings are divided into 5 categories: negligible, low, medium, high and severe.

The Bucharest Stock Exchange envisages the development of the ESG infrastructure in Romania starting from this step by involving as many local participants as possible, publishing presentation materials and guides for issuers, as well as launching new products.

The first ESG scores on the local capital market are available free of charge starting with February 8, 2022 on the BVB Research Hub platform of the Bucharest Stock Exchange, more information being available [here](#).

Bucharest Stock Exchange and Envisia – Boards of Elite launched on July 5, 2021 an educational partnership dedicated to capital market actors, "Corporate governance that creates value". The program is designed to stimulate the competitiveness of the boards of directors, to promote good business practices and to develop the competences and skills needed by the members of the boards of directors, thus contributing to building a solid culture of corporate governance. The educational initiative is dedicated to all actors in the capital market, listed companies, companies in the process of listing or interested in this process, intermediaries and authorities.

BVB published on April 11, 2022 its first reporting guide according to environmental, social and governance (ESG) standards for listed companies, a guide developed with the technical assistance of the EBRD. The ESG reporting guide for issuers was developed together with the sustainability consulting firm Steward Redqueen with the aim of being an essential tool for companies determined to contribute to the reduction of carbon emissions in Romania. The guidelines also provide clear and comparable information to investors and provide a necessary platform for alignment with future EU reporting requirements under the Sustainable Finance Disclosure Regulation (SFDR) and the Corporate Sustainability Reporting Directive (CSRD).

The shift towards green and sustainable capital essentially depends on additional and more detailed data on the ESG activities to help investors in their decision-making. Thus, reporting has become an essential tool for measuring how companies manage climate and sustainability risks. Implementing measures to mitigate global challenges such as climate change, supply chain risks or biodiversity loss has never been more critical.

BVB has a significant role in streamlining the flow of ESG information between companies and investors, by ensuring transparency, providing support, services and raising awareness among customers and stakeholders.

The guide to ESG reporting is available on the BVB website and can be downloaded from this [link](#).

Raiffeisen Bank, an important player in the Romanian banking sector and one of the most active issuers on the stock exchange in implementing and promoting green financing on the capital market, lists on February 28, 2023 the third sustainable bond issue, worth over RON 369 million, on the Regulated Market of the Bucharest Stock Exchange. The bonds, which are traded under the ticker symbol RBRO27C, represent the first bond issue that Raiffeisen Bank lists on the Bucharest Stock Exchange in 2023 and the 7th bond issue tradable on the stock exchange, their total value being RON 3.7 billion.

Banca Comercială Română (BCR), one of the most important financial groups in Romania, lists on May 30, 2023 the first international green bond issue of a Romanian bank, under the ticker symbol BCR27E, worth EUR 700 million. This is BCR's first bond financing listed on the stock exchange in 2023, and the total value of BCR bonds available for trading is over RON 7.5 billion. BCR's green Eurobond issuance marks the bank's debut on international capital markets.

In February 2023, BVB awarded its winners for implementing and promoting green financing through the capital market (BCR and Raiffeisen Bank) and for the best ESG assessment (OMV Petrom) in 2022. The next edition of the award takes place in February 2024 for the work carried out in 2023.

As the main entity of the Romanian capital market, the Bucharest Stock Exchange is a promoter of good practices both in the sector in which it operates and within the community in which it operates. Thus, BVB works actively and strategically taking into account all aspects of risk, responsibility and liability, in the relationship with its stakeholders. At the same time, the last years have been marked by the transformation of the local capital market towards a financing lever of Romanian SMEs and the emerging market status offered by the index rating agencies.

All these factors have made BVB to rethink and restructure its activities in the field of sustainability, towards a more increased promotion of ESG to its customers and a specific implementation of its own, corporate ESG approaches.

In Q3 2022, BVB conducted the consultation process of internal and external stakeholders (customers, investors, employees, civil society, authorities) in order to establish the level to which topics related to the activities of the Bucharest Stock Exchange are important for them from a sustainability perspective (ESG). Most respondents considered as important or very important the aspects included in the survey on the market, environment, BVB employees or civil society. The result of the survey is summarized in the sections of a dedicated report available [here](#).

Regarding the sustainability reporting by the Bucharest Stock Exchange SA, as a listed company, for the financial years 2015-2021, it has drawn up exclusively an Annual Environmental and Social Reporting, as part of the Consolidated Annual Reports of BVB administrators, available [here](#), based on the EBRD's Environmental and Social Policy. 2022 is the first year in which BVB has a dedicated sustainability chapter in its annual report, 2023 being its second year of reporting.

## Environmental responsibility

As a basic activity, BVB is a service provider, carrying out its activity in office-type facilities for employees. These are considered to have a negligible impact on the environment, therefore, from the company's point of view, the environmental risk is considered insignificant. However, in view of the fact that climate change is a reality of the days we live in and that it depends on the current generation what legacy will leave to the next generation, BVB is aware of the fact that it must act in support of this global effort of humanity to preserve the environment, with all the necessary prevention, implementation and monitoring measures.

Also, BVB, as an active market operator in the non-banking financial sector, strives to be a promoter of the global sustainability agenda, and promotes ESG reporting of listed companies and green financing.

## Social responsibility

The social responsibility of the BVB covers aspects that concern both the human capital of the BVB and civil society.

Regarding human capital, BVB is an employer that respects fundamental labor rights and promotes constructive relations with its employees. BVB's commitment is based on compliance with applicable local legislation, as well as relevant UN and OECD principles. Through its internal procedures and policies, but also through an adequate human resources structure, BVB manages and develops its relations with employees. Regarding the workplace, health and safety at work, equal opportunities, diversity and inclusion, coaching and training, but also the involvement of employees in volunteer activities, BVB applies, in addition to the legal framework in force, the best international practices in the field.

Regarding the indicators in its Diversity and Inclusion Policy, BVB had at the end of 2023, in its organizational chart, 18 department or compartment units, one of which represents an outsourced function, and one does not have a dedicated department head. Of the 16 departments and internal compartments occupied, 7 were headed by a woman, representing 43% women in middle

management positions at the end of 2023. Regarding the inclusion groups for employees, BVB has carried out in 2023, under the BVB Social Club umbrella, numerous events, such as meetings, networking or personal development workshops.

Regarding the local community and the social impact that BVB has on it, BVB has the regulatory framework for carrying out activities on three levels:

- Social impact on local communities: through its activity, BVB promotes Romania as investment destination for foreign investors; it also supports and contributes in financial education programs for the general public.
- CSR activities: through its Sponsorships and Donations Policy, BVB actively supports social projects in the community where it operates. In 2023, BVB supported through its sponsorship activities especially projects in the educational field.
- Compliance with regulations, Ethics, Integrity, Anti-corruption and non-discrimination in business and within society: Considering its quality as a market operator, but also as an Issuer, BVB is subject to a varied and specific regulatory framework. For its administration, BVB has effective internal control and risk management systems, as detailed in the previous chapters of the present Report.

## Corporate Governance

The BVB Corporate Governance Framework is presented in detail in the Corporate Governance chapter of this Report.

As regards the BVB's compliance with the principles defined by the BVB Code of Corporate Governance, it fully complies with them, as presented in Annex 1 of the Consolidated Report of Directors for the financial year 2022. Also, BVB complies with the principles of corporate governance provided by the ASF Regulation no. 2/ 2016 on the application of the governance principles by the entities authorized, regulated and supervised by the Financial Supervisory Authority.

The organizational structure of the BVB with its internal bodies/structures (Board of Directors, Audit Committee, Risk Management Committee, Risk Management Department and risk holders) and their responsibilities regarding the risk management and control framework are presented in the BVB Risk Strategy.

ESG risk is part of the BVB risk matrix. The integration of ESG criteria into capital allocation decisions by large institutional investors is a dominant theme in the global capital markets landscape in recent years. The Bucharest Stock Exchange focuses on increasing the visibility and competitiveness of the Romanian capital market by implementing sustainability standards and, in this way, will contribute to the transition of Romania's economy towards a green economy. At the end of 2023, BVB had two employees from two different departments covering the sustainability and reporting framework on ESG

As measures to control the risk of the ESG: to carry out the annual reporting of BVB on ESG; the annual reassessment, or whenever necessary, of the policies and procedures incidental to the transposition of the ESG legislation in force, and the creation of new policies and procedures, as appropriate; communication to the IR public of reporting on ESG.

The measures incident to the ESG risk for BVB will be reassessed annually.

BVB recognizes the expectations of the stakeholders from the company, given its central role in the development of the local capital market, to have implemented ESG practices, mechanisms and management systems, aimed at its entire activity. Thus, as a result of the feedback received by BVB following the survey with its internal and external stakeholders regarding the importance of ESG factors, BVB reports on the following aspects:

- BVB Sustainability Strategy: BVB initiated internally in 2023 discussions on its sustainability strategy, after analyzing the new legislative framework and the materiality of ESG factors for its activity. Also, in setting its strategy, BVB will analyze both reducing or eliminating the negative impact of some ESG factors, as appropriate, and increasing the positive impact in the sustainability sphere for some ESG factors, as appropriate. BVB will also establish its ESG reporting framework, for the purposes of CSRD and ESRS in force from 2023. According to this reporting framework, BVB, as a listed SME, should report on sustainability starting with 2026. Although BVB is through its activity an institution of public interest, in the spirit of the concept of sustainability and its mission, BVB will analyze the extent of expanding the categories of stakeholders who can benefit from its projects.
- Measures/action plans on financial education: in 2023, BVB expanded its educational activity on three levels. The first aims to conclude partnerships with universities in the country in order to cooperate on classroom educational programs or capital market events, savings and investments, entrepreneurship, internships, research. The second level covers the delivery of a free savings and investment workshop for employees of Romanian companies. The third layer covers supporting Envisia-Boards of Elite in carrying out the corporate governance program for board members, with two editions of the program taking place in 2023. These activities will be intensified in the next year, in parallel with BVB's existing educational projects and partnerships. Also in 2023, BVB refurbished an amphitheater for students within the Bucharest Academy of Economic Studies.
- Sustainability ratings obtained by listed companies: BVB continued in 2023 the collaboration with Sustainalytics in order to ensure the evaluation and reporting framework for listed companies, as presented on the platform [BVB Research Hub](#).
- Revision of BVB Corporate Governance Code with the inclusion of sustainability elements: BVB initiated discussions with stakeholders on the local market in this regard in 2022, respectively with the European Bank for Reconstruction and Development in 2023, the draft revision of the Code being carried out in 2024. BVB considers that good corporate governance is the essential element in assuming and implementing sustainability objectives and approaches by any company.

Chairman,  
Radu Hanga

CEO,  
Adrian Tanase

Financial Manager  
Virgil Adrian Stroia

## Statement

The statement herein concerns the extent to which the financial report of Bucharest Stock Exchange SA, prepared on 31 December 2023, contains an accurate presentation of all significant matters related to the financial position of Bucharest Stock Exchange SA as of 31 December 2023, and of the results of its operations ended on this date according to the accounting standards required by Romanian legal framework, namely the Accounting Law no. 82/1991, republished, and the Rule of the Financial Supervisory Authority no. 39/2015, for the approval of accounting regulations compliant with the International Financial Reporting Standards, applicable to entities regulated, authorized and/or supervised by the FSA, from the Financial Instruments and Investments Sector.

We undertake responsibility for the accurate presentation of the financial reports according to the above-mentioned lawful regulations. We confirm with full knowledge of the facts that the yearly financial and accounting report was drawn up according to the Accounting Regulations in compliance with the International Financial Reporting Standards, the accountancy policies used observing the same and providing an accurate and true to reality image of the assets, liabilities, financial position, profit and loss account and that the report of the Board of Governors includes an accurate analysis of the company development and performance, as well as a description of the main risks and uncertainties specific to the activity carried out.

Chairman,

Radu Hanga

CEO,

Adrian Tanase

Financial Manager

Virgil Adrian Stroia

## Contact us

### Investor Relations contact information

Phone: (+40)(21) 307 95 00

Fax: (+40)(21) 307 95 19

Email: [ir@bvb.ro](mailto:ir@bvb.ro)

### Financial reports availability

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

### Conference calls for results

The recording of our conference calls to present financial results and related presentations is available [here](#)

The conference call will be streamed live over the web [here](#)

### Upcoming corporate events

24/25 of April 2024

General Meeting of the Shareholders

24/25 of April 2024

Release of the 2023 Annual Report

9 May 2024

Release of the Quarterly report for the 1<sup>st</sup> Quarter of 2024 & conference call

8 August 2024

Release of the Half-yearly report for the 1st Half of 2024 & conference call

7 November 2024

Release of the Quarterly report for the 3<sup>rd</sup> Quarter of 2024 & conference call

## Find out more about the Bucharest Stock Exchange



Corporate website [www.bvb.ro](http://www.bvb.ro)

Follow us on    



Mobile apps for smartphones and tablets

BVB app

BVB Trading app

