



# HALF-YEARLY REPORT

as of 30 June 2017

 BUCHAREST  
STOCK  
EXCHANGE

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## Notes

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

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

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

## Disclaimer

This English language report is a convenience translation of the Romanian language "*Raport semestrial la 30 iunie 2017*". The Romanian version of the report is the official document.

# Executive summary

**RON 3.77 bn, +34%**

**Total trading value, growth compared with 2Q 2016**

(2<sup>nd</sup> quarter 2017, all markets, offers included)

The Bucharest Stock Exchange (BVB) had the best quarter of the last two years, in terms of trading value in all markets, with new public offerings from private companies and new educational projects dedicated to both investors and entrepreneurs. The shareholders' decisions adopted in April determined the continuation of the merger by absorption of SIBEX - Sibiu Stock Exchange, the modification of the tariffs, the implementation of a plan for the Company's redemption of its own shares and the implementation of a share option plan for the employees and the directors of the Company, as well as to the Board members.

The value traded on all markets exceeded RON 3.7 bn in the second quarter, 34% increase comparing to the same quarter of the previous year. For the first six months, the value traded on all markets was RON 6.7 bn, 37% above the year-ago period.

The main indices of the BVB, BET and BET-TR have tested the maxims of the last 9 years. The BET index, extended from March to 12 companies, reached 8,769 points in May, the highest value recorded in the first half of 2017.

The Bucharest Stock Exchange is one of the two capital markets in Central and Eastern Europe where initial public offerings (IPOs) were successfully completed in the second quarter, with a cumulative value of over EUR 208 mn, as per IPO Watch Europe Q2 2017 report made by PricewaterhouseCoopers. Digi Communications (DIGI), a major provider of telecommunication services in Romania and Hungary, entered BVB on May 16, 2017 following the successful completion of the largest IPO launched by a private company on the Romanian capital market, over RON 944 mn (EUR 207 mn). The AAGES shares (AAG), a company that designs and manufactures induction heating systems for a wide range of applications, started to trade at BVB on June 19, 2017, following an offer through which shareholders sold 15% of the company for RON 5.49 mn (EUR 1.2 mn).

BVB has intensified its promoting actions and projects through initiatives for both investors and entrepreneurs that have led to an increase in the audience interest regarding the capital market.

Regarding Romania's progress in obtaining emerging market status, BVB has continued the dialogue with the institutions evaluating the markets, such as FTSE Russell, MSCI, S&P Dow Jones and STOXX.

At group level, Central Depository (DC) local and cross-border settlement activity rose in the second quarter of 2017, due to the increase in volumes traded on BVB and the increase of the cross-border activity of the participants. There was an upward trend in revenues from the maintenance of participants in the DC system, due to the increase in the portfolio managed, following the registration of new financial instruments listed on the BVB in the DC system. Registry operations were reported at a level similar to the 2016 period.

The operating revenues of BVB Group increased by 45% between April and June 2017 compared to the same period of the previous year, up to a level of RON 11.10 mn, mainly driven by the increase in the total value of transactions on BVB markets.

The sustained increase in operating revenues, started since the second half of 2016, as well as the ongoing projects of BVB Group, have allowed and generated a 19% increase in operating expenses in the second quarter, amounting RON 8.08 mn.

**RON 51.69 mn, +55%**

**Average daily trading value, growth compared with 1H 2016**

(1<sup>st</sup> semester 2017, regulated shares market, offers included)

**RON 11.10 mn, +45%**

**Operating revenues of BVB Group in 2Q, growth compared with 2Q 2016**

(as per consolidated IFRS reporting)

**RON 3.02 mn,**  
**+242%**

Operating profit of  
BVB Group in 2Q  
2017, growth  
compared with 2Q  
2016

(as per consolidated  
IFRS reporting)

The Bucharest Stock Exchange closed the second quarter of 2017 with a 242% increase in the consolidated operating profit to the amount of RON 3.02 mn (2Q.2016: RON 0.88 mn) based on the significant increase in trading activity.

The net financial expenses of the second quarter of 2017, of RON 0.36 mn (2Q.2016: RON 1.07 mn profit), were influenced by the unfavorable unrealized exchange rate fluctuations in the revaluation of foreign currency financial instruments in 2Q 2017, amounting to RON 0.95 mn (2Q.2016: RON 0.55 mn, net gain from FX differences).

Consolidated net profit for the second quarter of 2017 amounted to RON 2.32 mn, up by 32% comparing with the net result obtained in the same period of the previous year (2Q.2016: RON 1.76 mn) with a net margin of 22%, while 76% of the net profit being obtained from the Group's trading segment.

**RON 20.29 mn,**  
**+43%**

Operating revenues  
of BVB Group in 1H  
2017, growth  
compared with 1H  
2016

(as per consolidated  
IFRS reporting)

In the first half of 2017, the BVB Group recorded operating revenues of over RON 20.29 mn (1H.2016: RON 14.16 mn), an increase by 43% generated by all operating segments of the Group.

The revenues generated by BVB, representing the Group's trading segment, amounted to RON 12.97 mn (excluding intra-group transactions) in the first half of 2017, a 57% y-o-y increase (1H.2016: RON 8.26 mn).

Revenues from the post-trading segment in the first half of 2017 of RON 4.75 mn, rose by 20% compared to the same period in 2016 as a result of the increase in the trading activity of BVB, were generated by an increase by 22% of local settlement revenues, as well as a 15% increase in revenue from admission and maintenance of the clearing-settlement and custodial system participants.

**RON 5.98 mn,**  
**+382%**

Operating profit of  
BVB Group in 1H  
2017, growth  
compared with 1H  
2016

(as per consolidated  
IFRS reporting)

Regarding operational expenses, they amounted to RON 14.31 mn for the BVB Group, up by 11% compared to the first six months of previous year.

The operating profit of the BVB Group amounted to RON 5.98 mn, almost 5 times higher than the result obtained in the similar semester of 2016.

The net financial income for the first half, mainly driven by interest on financial assets, was influenced by unfavorable unrealized exchange rate fluctuations in the revaluation of foreign currency financial instruments.

The net profit for the first half amounted RON 5.15 mn (1H.2016: RON 1.80 mn), the profit attributable to the shareholders of the parent company being RON 4.76 mn (1H.2016: RON 1.87 mn).

**RON 5.15 mn,**  
**+186%**

Net profit of BVB  
Group in 1H 2017,  
growth compared  
with 1H 2016

(as per consolidated  
IFRS reporting)

On June 6, 2017, BVB paid the dividends from the 2016 net profit of RON 7.06 mn, representing 100% of the net profit after reserves. The gross dividend approved for 2016 was RON 0.92028/share.

BVB shares rose by 37% more than the market average in the first 6 months of 2017, up to the amount of RON 32.7, with an 82% increase of the total trading value, Wood & Co and IFB Finwest acting as Market Makers for BVB' shares. In June, BVB launched APPLY BVB, the first application for investors of a listed company, available for free on [Google Play](#) and the [App Store](#).

# Financial and operating highlights

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

	1H 2017	1H 2016	Change (%)	2Q 2017	2Q 2016	Change (%)
Operating revenue	20.29	14.16	43%	11.10	7.67	45%
Operating expenses	14.31	12.92	11%	8.08	6.79	19%
Operating profit	<b>5.98</b>	<b>1.24</b>	<b>382%</b>	<b>3.02</b>	<b>0.88</b>	<b>242%</b>
Net financial revenue/(expenses)	0.09	0.96	-90%	(0.35)	1.21	-129%
Profit before tax	<u>6.08</u>	<u>2.20</u>	177%	<u>2.67</u>	<u>2.09</u>	27%
Profit for the period	<b>5.15</b>	<b>1.80</b>	<b>186%</b>	<b>2.32</b>	<b>1.76</b>	<b>32%</b>
Total comprehensive income	5.34	1.56	242%	2.39	1.72	39%
EPS attributable to owners (RON/share)	0.6200	0.2435	155%	0.2577	0.2320	11%

## Profitability ratios (%)

	1H 2017	1H 2016	2Q 2017	2Q 2016
Operating margin	31%	9%	29%	12%
Net margin	26%	13%	22%	23%
Return on equity	5%	2%	2%	2%

\* Indicators based on consolidated financial results

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

	1H 2017	1H 2016	Change (%)	2Q 2017	2Q 2016	Change (%)
Operating revenue	13.15	8.42	56%	7.04	4.69	50%
Operating expenses	<u>8.37</u>	<u>6.95</u>	20%	<u>4.98</u>	<u>3.67</u>	36%
Operating profit	<b>4.78</b>	<b>1.47</b>	<b>225%</b>	<b>2.06</b>	<b>1.02</b>	<b>102%</b>
Net financial revenue/(expenses)	1.16	1.61	-28%	0.76	1.91	-60%
Profit before tax	5.94	2.96	101%	2.82	2.80	1%
<b>Profit for the period</b>	<b>5.14</b>	<b>2.61</b>	<b>97%</b>	<b>2.53</b>	<b>2.49</b>	<b>2%</b>

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

	1H 2017	1H 2016	Change (%)	2Q 2017	2Q 2016	Change (%)
<b>Trading value</b>						
Shares, units, rights*	6,459	4,363	48%	3,687	2,565	43%
Certificates	150	233	-36%	54	97	-44%
Fixed-income*	<u>87</u>	<u>286</u>	-70%	<u>32</u>	<u>159</u>	-80%
<b>Total</b>	<b>6,696</b>	<b>4,881</b>	<b>37%</b>	<b>3,773</b>	<b>2,821</b>	<b>34%</b>
Avg. daily value (shares, including offers)*	51.69	33.41	55%	60.40	39.98	51%

\*Value for the Regulated market

## Operating indicators, post-trading and registry segments

	1H 2017	1H 2016	Change (%)	2Q 2017	2Q 2016	Change (%)
No. companies with registry contract at CSD	876	891	-2%	876	891	-2%
No. procedures resulted from issuers' corporate events	221	170	30%	202	93	117%
Value of trades settled on net basis (RON bn)	15.19	11.04	38%	8.66	6.66	30%
Value of trades settled on gross basis (RON bn)	2.20	1.22	80%	1.31	0.71	85%

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

	1H 2017	1H 2016	Change (%)	2Q 2017	2Q 2016	Change (%)
Closing price (e-o-p)	32.70	23.80	37%	32.70	23.80	37%
Weighted average price	31.84	25.45	25%	33.24	23.89	39%
High (intraday)	35.50	28.00	27%	35.50	27.00	31%
Low (intraday)	27.70	20.60	34%	29.90	20.60	45%
Total trading value (RON mn)	13.74	7.57	82%	8.32	3.16	163%
Average trading value (RON mn)	0.11	0.06	88%	0.14	0.05	176%

# Analysis of the consolidated results for the first half of 2017

**Macroeconomic background and financial markets overview in the second quarter of 2017.** International Financial markets recorded a moderate start for the second quarter, month of April marking a modest evolution being preceded by a first quarter highlighted by significant returns, followed by the return of the positive trend in May. In June, European and UK markets recorded a correction, however, managing to hold on a positive advance year to date, while, United States, Japan and the emerging markets managed to consolidate their second quarter returns. The analyzed period was also highlighted by the French presidential elections, from May, and the respective victory of Emmanuel Macron that brought back the investors' trust and positive sentiment in the equity markets. At the same time, investor's trust relative to the evolution of the main economies and the emerging economies was consolidated by the expectations towards a gradual normalization of the monetary policies practiced by the main central banks.

The US Federal Reserve (FED) increased its monetary policy rate by 25 basis points, in June, amid growing confidence in a more robust economic growth, while maintaining its gradual policy of rate increase estimated for the current year. The European Central Bank decided, in June, to continue its very accommodative monetary policy to bring back inflation by keeping unchanged the policy rate. At the same time, ECB governing directors confirmed that the current level of asset purchases (€ 60 bn/ month) will remain still until the end of the year, or even beyond this term should there be the need. All these macroeconomic events supported a positive evolution of the financial markets without major influences.

The National Bank of Romania (NBR) maintained the 1.75% key rate during the analyzed period and kept the credit institutions' minimum reserve requirements for the liabilities in RON to 8% level while reducing the foreign currency liabilities minimum reserve requirements to 8% from the previous level of 10%, thus continuing the relatively expansionary monetary policy and maintaining liquidity in the banking system at a high level, which is confirmed by the lower level of interest rates on the money market relative to the monetary policy rate. From the Bucharest Stock Exchange perspective, the central bank's current monetary policy, characterized by low interest rates, contributes to the investment of population's savings, fact confirmed also by the significant traded volumes from the second quarter.

The inflation rate, measured by the consumer price index continued its upward trend also in the second quarter, thus confirming the analysts' expectations, increasing towards 0.85% (Jun. 2017/ Jun 2016), remaining, however, below the inferior level of the variation range of inflation targeting policy practiced by the NBR. The Central Bank's projection,

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captured by the inflation report from May is set towards the level of 1.6% for the end of 2017 and 3.1% for the end of 2018. The increase in inflationary expectations, at a lower level, however, relative to the previous period, is due to fiscal stimulus and payroll increases from the private sector as well as the increase in price of the imported goods, as the external inflation will rebound.

The EUR/RON exchange rate recorded a slight increase in the second quarter of the current year, fluctuating, on average, near the value of 4.55. As for the USD/ RON exchange rate, its evolution captured a slight decrease relative to the levels from the first quarter, fluctuating, on average, around the level of 4.14.

International Financial markets recorded a moderate performance relative to the very strong evolution from the first period of the year. S&P rose by 2.57% in the second quarters, FTSE saw a 0.14% decrease on the grounds of uncertainty with regards to the future relations between UK and European Union due to Brexit, the German index, DAX, rose only by 0.1% and MSCI Emerging Markets index recorded a return of 5.47%. The Romanian markets saw a positive evolution in the first half of the quarter, similar to the one from the start of the year, followed by a correction in the second half due to political tensions as a result of the government change as well as some declarations of some members of the new government related to fiscal policy and the second pillar of the pensions system. As a result, BET recorded a correction of -2.65% in the second quarter, while its total return variant, BET-TR, climbed by 1.48% considering the high dividend yields of the Romanian companies. To this extent, BET-TR managed to remain above the psychological threshold of 10,000 points (10,226 as of 30.06.2017). The aforementioned results were motivated by the positive feeling of investors and the systematic increase in the population's interest towards the capital market as well as the financial results for the first quarter of the companies listed and internal political factors.

**Review of the consolidated financial results the first half of 2017.** The operating revenues of the BVB Group recorded a level of RON 20.29 mn in the first half of the year, up by 43% compared to the same period last year, mainly due to the increase of the BVB share trading activity, but also as a result of the increase in the income from the clearing-settlement activity of the Central Depository.

The **trading activity** at BVB was more intense in the first half of the year, registering an increase by 37% compared to the first half of 2016 to a level of RON 6.70 bn. For the regulated market of shares, the average daily trading value was RON 51.69 mn. The Bucharest Stock Exchange has successfully completed 2 initial public offerings (IPOs) in the second quarter, with a cumulative value of more than EUR 208 mn - Digi Communications (DIGI), an important provider of telecommunication services in Romania and Hungary, with an offer of RON 944 mn and AAGES (AAG), a company that designs and manufactures induction heating installations for a wide range of applications, with an offer of RON 5.49 mn. The January-June 2017 period was one of significant increases for both the number of transactions and traded values. Thus, the best first semester in the last 6 years was registered in terms of number of transactions (418 thousands).

The fixed-income instruments market (bonds and government securities) registered a decrease compared to the same period last year, to the value of RON 87 mn (1H.2016: RON 286 mn). In the first half of 2017, Vrancart sold bonds of RON 38.25 mn.

The structured products market declined by 36% compared to the first half of 2016, to the amount of RON 150 mn (1H.2016: RON 233 mn).

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

	1H 2017	1H 2016	Change (%)	2Q 2017	2Q 2016	Change (%)
<b>Trading value (RON mn)</b>						
Trading value – shares, rights, units*	6,459	4,363	48%	3,687	2,565	43%
Trading value – certificates	150	233	-36%	54	97	-44%
Trading value – fixed-income*	87	286	-70%	32	159	-80%
<b>Total</b>	<b>6,696</b>	<b>4,881</b>	<b>37%</b>	<b>3,773</b>	<b>2,821</b>	<b>34%</b>

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

The revenues from the **registry activity** carried out by the Central Depository are heterogeneous and variations are not generally significant to indicate the trend of these revenues. In the first half of 2017, there was a similar evolution of the revenue over the same period of the previous year.

As regards to the **post-trading activity** carried out by the Central Depository, the related revenues increased by 20% on the basis of the additional revenues from the admission and maintenance of the participants in the clearing-settlement and custodian system and the increase of the revenues directly proportional to the activity of trading, ie the revenues from local settlement.

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

<b>Post-trading and registry segment indicators</b>	<b>1H 2017</b>	<b>1H 2016</b>	<b>Change (%)</b>	<b>2Q 2017</b>	<b>2Q 2016</b>	<b>Change (%)</b>
<b>Registry activity</b>						
No. companies with a registry contract at the Depository:	<u>876</u>	<u>891</u>	-2%	<u>876</u>	<u>891</u>	-2%
- listed companies	395	397	-1%	395	397	-1%
- closed companies	481	494	-3%	481	494	-3%
No. procedures resulted from issuers' corporate events, of which:	<u>221</u>	<u>170</u>	30%	<u>202</u>	<u>93</u>	117%
- share capital changes	28	27	4%	17	9	89%
- dividend payments	193	143	35%	45	84	-46%
<b>Settlement activity</b>						
<b>Admission and maintenance</b>						
No. of intermediaries / participants to the clearing & settlement system	37	37	0%	37	37	0%
No. of custodians	10	11	-9%	10	11	-9%
Avg. monthly portfolio managed by custodians (RON bn)	38.09	31.58	21%	39.04	30.98	26%
No. of clearing participants paying maintenance fees	3	3	0%	3	3	0%
<b>Local settlement</b>						
Value of trades settled on net basis (RON bn)*	15.19	11.04	38%	8.66	6.66	30%
Value of trades settled on gross basis (RON bn)**	2.20	1.22	80%	1.31	0.71	85%

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

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

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

Regarding **operational expenses**, they amounted to RON 14.31 mn for the BVB Group, up by 11% compared with the first six months of last year, personnel expenses recording a change with one digit, according to the Group policies.

During the same period, there was an increase of 57% of the expenses for services rendered by third parties, due to the recording of the expenses for the preparation of the BVB-SIBEX merger, amounting to RON 0.26 mn, but also due to other expenses incurred by third parties, generated by the ongoing projects of the Group. The increase in other operating expenses was recorded mainly as a result of the increase in the Group's promotion and marketing expenses (organization of events and actions for the promotion of the capital market), the increase in operating expenses for rents and utilities according to the BVB Group's lease agreements, of other fees, ie those due to ASF based on operating revenues, and were partly offset by the decrease of other categories of expenditure, such as maintenance and maintenance costs of IT systems.

The **operating profit** of the BVB Group was RON 5.98 mn, almost 5 times higher than the similar semester of 2016 (1H.2016: RON 1.24 mn), as a result of a 43% increase in operating revenues, while the operating expenses advanced by 11%.

The **net financial result** had a modest contribution to the Group's result of only RON 0.09 mn. The financial income of RON 1.19 mn was mainly represented by the interests related to the placements in RON and foreign currency, in government securities and bank deposits of the Group entities. The unrealized adverse exchange rate fluctuations related to foreign currency deposits registered as a result of the appreciation of RON against the USD and EUR were RON 1.10 mn, increasing compare with the same period of 2016 when they amounted to RON 0.33 mn. Thus, a net financial gain of RON 0.09 mn was recorded, compared to a net profit of RON 0.96 mn in the first six months of 2016.

The **net profit** for the period reach the amount of RON 5.15 mn (1H.2016: RON 1.80 mn), the profit attributable to the shareholders of the parent company being RON 4.76 mn (1H.2016: RON 1.87 mn). The total comprehensive result of the period, which also includes differences in the revaluation of available-for-sale financial assets not recognized in profit or loss, was RON 5.34 mn (1H.2016: RON 1.56 mn).

**Review of the consolidated financial position as of end-June 2017.** At the end of June 2017, **total assets** of the BVB Group amounted to RON 185.88 mn (31 December 2016: RON 173.00 mn), up by 7% compared with the beginning of the year, mainly as a result of the increase in current assets represented by funds available for dividend payments by the Central Depository to the shareholders of the listed companies, clients of the Central Depository. **Fixed assets** decreased by 3% compared to the beginning of the year, while **current assets** increased by 17% to RON 105.44 mn (31 December 2016: RON 89.87 mn). The amounts available for dividends payment to the Central Depository's clients were shown in **Other restricted assets** and represented at the end of June 2017 the amount of RON 51.78 mn (31 December 2016: RON 38.47 mn).

The **total debts** of the Group are only short-term and at the end of June 2017 they amounted to RON 80.04 mn (31 December 2016: RON 64.97 mn), approximately 65% of this value, in amount of RON 51.76 mn, is represented by dividends to be paid by the Central Depository on behalf of its clients while 26% representing guarantee funds, compensation and margin for the settlement of transactions amounting to RON 20.82 mn. The increase in debts comparing with the beginning of the year is mainly due to the increase in the debts representing funds for dividend payments that the Central Depository must distribute to the shareholders of the listed companies, clients of the Depository.

The remaining debts include dividends payable to BVB's shareholders', trade payables to various suppliers, other liabilities to the state budget and the social security budget, not due at the end of the analyzed period.

**Shareholder's equity** reached RON 105.84 mn, down by 2% compared with the beginning of the year, as a result of the distribution of dividends from the retained earnings of 2016.

## Expectations for the second half of 2017

In the second half of year, a series of new issues of shares and bonds are expected both on the Main Market and on AeRO, which shows an increased interest of the romanian entrepreneurs towards the opportunities offered by the capital market. In July and August a series of listings of corporate bonds, such as Globalworth (EUR 550 mn) and Unicredit Bank (RON 610 mn), took place.

The Bucharest Stock Exchange will continue in the second half of 2017 its efforts to popularize the capital market among local and foreign individual investors by organizing the 7<sup>th</sup> edition of the Individual Investors Forum and the launch of the of the second edition of the trading contest in the real environment named "*Driven by Return*".

The BVB shareholders' decisions will be put into practice, according to the Ordinary and Extraordinary General Meeting of Shareholders of the Bucharest Stock Exchange held on 12 April. These include:

- Better cost of access to the market for various groups of clients - According to the decisions of the General Shareholders Meeting (GSM), BVB will decrease the variable fee on the traded value on the regular market, by 0.5 basis points for both the buyers and the sellers. Bucharest Stock Exchange and will introduce a fixed fee charged on each executed order (regardless of the number of transactions through which the order will be executed).
- Romania very close to "One country-One stock exchange" model – Consistently with the continuous efforts and the program for the abolishment of the regulatory and infrastructural barriers impeding the growth of the local capital market, BVB's GSM decided to approve the conditions of the absorption of the Sibex-Sibiu Stock Exchange by the BVB.
- Carrying out a plan for the redemption by the Company of its own shares in order to implement a share option plan for the employees and directors of the Company, as well as the Board of Governors.



# **Condensed consolidated interim financial statements as at and for the period ended 30 June 2017**

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

## Condensed consolidated income statement and statement of comprehensive income

All amounts are indicated in RON, unless otherwise stated

	Six-month period ended	
	30 Jun 2017	30 Jun 2016
	Unaudited	Unaudited
Revenues from services	19,470,320	13,917,194
Other revenues	821,940	241,479
<b>Operating revenue</b>	<b>20,292,260</b>	<b>14,158,673</b>
Personnel expenses and Directors' fees	(8,061,051)	(7,435,362)
Expenses with services provided by third parties	(1,502,652)	(957,389)
Other operating expenses	(4,745,022)	(4,525,616)
<b>Operating profit</b>	<b>5,983,535</b>	<b>1,240,306</b>
Net financial revenues/(expenses)	96,092	956,163
<b>Profit before tax</b>	<b>6,079,627</b>	<b>2,196,469</b>
Corporate income tax expense	(926,424)	(394,564)
<b>Profit for the period</b>	<b>5,153,203</b>	<b>1,801,905</b>
<b>Profit attributable to:</b>		
Non-controlling interests	395,555	(66,804)
Owners of the Company	4,757,648	1,868,709
<b>Profit for the period</b>	<b>5,153,203</b>	<b>1,801,905</b>
Differences from valuation of financial assets available for sale and related deferred tax	186,233	(238,488)
<b>Total comprehensive income for the period</b>	<b>5,339,436</b>	<b>1,563,417</b>
<b>Attributable to:</b>		
Non-controlling interests	395,555	(66,804)
Owners of the Company	4,943,881	1,630,221
<b>Total comprehensive income for the period</b>	<b>5,339,436</b>	<b>1,563,417</b>
<b>Earnings per share</b>		
Earnings per share – base/diluted (RON)	0.6200	0.2435

The notes on pages 19 to 25 are an integral part of these condensed consolidated financial statements.

President,

Lucian Anghel

CEO,

Ludwik Sobolewski

CFO,

Virgil Stroia

## Condensed consolidated income statement and statement of comprehensive income

All amounts are indicated in RON, unless otherwise stated

	Three-month period ended	
	30 Jun 2017	30 Jun 2016
	Unaudited	Unaudited
Revenues from services	10,404,770	7,515,938
Other revenues	697,793	153,598
<b>Operating revenue</b>	<b>11,102,563</b>	<b>7,669,536</b>
Personnel expenses and Directors' fees	(4,562,092)	(3,801,372)
Expenses with services provided by third parties	(890,444)	(497,750)
Other operating expenses	(2,627,567)	(2,486,793)
<b>Operating profit</b>	<b>3,022,460</b>	<b>883,621</b>
Net financial revenues/(expenses)	(355,123)	1,208,235
<b>Profit before tax</b>	<b>2,666,948</b>	<b>2,091,856</b>
Corporate income tax expense	(345,512)	(333,180)
<b>Profit for the period</b>	<b>2,321,825</b>	<b>1,758,676</b>
<b>Profit attributable to:</b>		
Non-controlling interests	344,514	(21,741)
Owners of the Company	1,977,311	1,780,417
<b>Profit for the period</b>	<b>2,321,825</b>	<b>1,758,676</b>
Differences from valuation of financial assets available for sale and related deferred tax	68,608	(36,703)
<b>Total comprehensive income for the period</b>	<b>2,390,433</b>	<b>1,721,973</b>
<b>Attributable to:</b>		
Non-controlling interests	344,514	(21,741)
Owners of the Company	2,045,919	1,743,714
<b>Total comprehensive income for the period</b>	<b>2,390,433</b>	<b>1,721,973</b>
<b>Earnings per share</b>		
Earnings per share – base/diluted (RON)	0.2577	0.2320

The notes on pages 19 to 25 are an integral part of these condensed consolidated financial statements.

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## Condensed consolidated statement of financial position

All amounts are indicated in RON, unless otherwise stated

	<b>30 Jun 2017</b>	<b>31 Dec 2016</b>
	Unaudited	Unaudited
<b>Non-current assets</b>		
Tangible assets	5,988,022	6,280,678
Intangible assets	2,541,199	1,859,031
Held-to-maturity restricted financial assets covering the guarantee and clearing funds and the margin	11,955,521	12,574,140
Held-to-maturity financial assets	57,535,537	60,221,776
Available-for-sale financial assets	<u>2,422,004</u>	<u>2,200,297</u>
<b>Total non-current assets</b>	<b><u>80,442,283</u></b>	<b><u>83,135,922</u></b>
<b>Current assets</b>		
Trade and other receivables	3,781,764	2,850,473
Prepayments	666,909	341,978
Bank deposits	34,534,978	33,554,786
Restricted bank deposits covering the guarantee fund and the margin	2,615,342	1,949,556
Held-to-maturity restricted financial assets covering the guarantee and clearing funds and the margin	6,227,445	5,280,638
Other held-to-maturity financial assets	1,278,915	1,397,551
Cash and cash equivalents	4,558,467	6,028,375
Other restricted assets	<u>51,778,447</u>	<u>38,466,316</u>
<b>Total current assets</b>	<b><u>105,442,267</u></b>	<b><u>89,869,672</u></b>
<b>Total assets</b>	<b><u>185,884,550</u></b>	<b><u>173,005,594</u></b>
<b>Equity</b>		
Share capital	76,741,980	76,741,980
Legal reserve	8,782,906	8,782,906
Revaluation reserve	2,810,429	2,810,429
Fair value reserve	1,023,861	837,628
Retained earnings	<u>6,182,049</u>	<u>8,489,576</u>
<b>Total shareholders' equity attributable to the owners of the Company</b>	<b><u>95,541,225</u></b>	<b><u>97,662,519</u></b>
Non-controlling interests	10,298,327	10,372,558
<b>Total shareholders' equity</b>	<b><u>105,839,552</u></b>	<b><u>108,035,077</u></b>

## Condensed consolidated statement of financial position (continued)

All amounts are indicated in RON, unless otherwise stated

	<b>30 Jun 2017</b>	<b>31 Dec 2016</b>
	Unaudited	Unaudited
<b>Payables</b>		
Trade and other payables	57,429,726	43,150,920
Deferred income	1,259,515	930,958
Current corporate income tax payables	345,123	459,477
Deferred tax liabilities	195,021	159,548
Guarantee and clearing funds and settlement operation margin	<u>20,815,613</u>	<u>20,269,614</u>
<b>Total current payables</b>	<b><u>80,044,998</u></b>	<b><u>64,970,517</u></b>
<b>Total payables and equity</b>	<b><u>185,884,550</u></b>	<b><u>173,005,594</u></b>

The notes on pages 19 to 25 are an integral part of these condensed consolidated financial statements.

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CEO,

Ludwik Sobolewski

CFO,

Virgil Stroia

## Condensed consolidated statement of changes in equity

All amounts are indicated in RON, unless otherwise stated

Unaudited	Share capital	Retained earnings	Revaluation reserve	Revaluation reserve of available-for-sale financial assets	Legal reserve	Total attributable to shareholders	Non-controlling interests	Total shareholders' equity
<b>Balance as at 1 January 2017</b>	<u>76,741,980</u>	<u>8,489,576</u>	<u>2,810,429</u>	<u>837,628</u>	<u>8,782,906</u>	<u>97,662,519</u>	<u>10,372,558</u>	<u>108,035,077</u>
Total comprehensive income for the year								
Profit or loss	-	4,757,648	-	-	-	4,757,648	395,555	5,153,203
<b>Other items of comprehensive income</b>								
Reserve of available-for-sale financial assets	-	-	-	186,233	-	186,233	-	186,233
Total items of comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,233</u>	<u>-</u>	<u>186,233</u>	<u>-</u>	<u>186,233</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>4,757,648</u>	<u>-</u>	<u>186,233</u>	<u>-</u>	<u>4,943,881</u>	<u>395,555</u>	<u>5,339,436</u>
<b>Transactions with owners of the Company, recognized directly in equity</b>								
<b>Contributions by and distributions to owners of the Company</b>								
Legal reserve increase	-	-	-	-	-	-	-	-
Adjustment of retained earnings	-	(2,767)	-	-	-	(2,767)	-	(2,767)
Dividend paid to shareholders	<u>-</u>	<u>(7,062,408)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,062,408)</u>	<u>(469,786)</u>	<u>(7,532,194)</u>
<b>Total transactions with owners</b>	<u>-</u>	<u>(7,065,175)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,065,175)</u>	<u>(469,786)</u>	<u>(7,534,961)</u>
<b>Balance as at 30 June 2017</b>	<u>76,741,980</u>	<u>6,182,049</u>	<u>2,810,429</u>	<u>1,023,861</u>	<u>8,782,906</u>	<u>95,541,225</u>	<u>10,298,327</u>	<u>105,839,552</u>

## Condensed consolidated statement of changes in equity (continued) All amounts are indicated in RON, unless otherwise stated

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

The notes on pages 19 to 25 are an integral part of these condensed consolidated financial statements.

## Condensed consolidated statement of cash flows

All amounts are indicated in RON, unless otherwise stated

	Six-month period ended	
	30 Jun 2017	30 Jun 2016
	Unaudited	Unaudited
<b>Cash flows used in operating activities</b>		
Profit for the year	5,153,203	1,801,905
Adjustments to remove non-cash items and reclassifications:		
Depreciation of fixed assets	866,028	864,656
Net interest income	(1,165,276)	(1,263,716)
Loss from impairment of uncollected receivables	692,107	205,401
Net expenses/(revenue) with receivables adjustment	(698,560)	(205,401)
Corporate income tax expense – reclassification	926,424	394,564
Other adjustments	<u>(29,908)</u>	<u>(24,146)</u>
	<b>5,744,018</b>	<b>1,773,263</b>
Change in trade and other receivables	(914,380)	(1,752,474)
Change in other assets - amounts due for dividends payment to issuers	(13,312,132)	5,105,506
Change in prepayments	(324,931)	(184,110)
Change in trade and other payables, including amounts due for dividends payment to clients	14,373,833	(5,271,427)
Change in deferred income	328,557	198,330
Changes in guarantee and clearing funds and the margin	545,999	560,316
Corporate income tax paid	<u>(1,040,779)</u>	<u>(577,209)</u>
<b>Net cash from operating activities</b>	<b><u>5,400,185</u></b>	<b><u>(147,805)</u></b>
<b>Cash flows from investing activities</b>		
Interest received	844,834	849,899
(Purchases)/Repurchases of held-to-maturity financial assets	2,319,597	1,917,490
Change in bank deposits balance	(1,168,446)	5,213,210
Acquisition of tangible and intangible assets	(1,255,540)	(1,484,367)
Dividends received	<u>27,142</u>	<u>24,146</u>
<b>Net cash from investing activities</b>	<b>767,587</b>	<b>6,520,378</b>
<b>Cash flows from financing activities</b>		
Dividends paid shareholders of the parent	(6,784,897)	(6,389,219)
Dividends paid to minority interests	(469,791)	-
Released share capital of CCB's to minor shareholders	<u>(382,992)</u>	-
<b>Net cash used in financing activities</b>	<b>(7,637,680)</b>	<b>(6,389,219)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(1,469,908)</b>	<b>(16,646)</b>
Cash and cash equivalents 1 January	<u>6,028,375</u>	<u>3,151,884</u>
<b>Cash and cash equivalents 30 June</b>	<b>4,558,467</b>	<b>3,135,240</b>

The notes on pages 19 to 25 are an integral part of these condensed consolidated financial statements.

# Notes to the condensed consolidated financial statements

All amounts are indicated in RON, unless otherwise stated

## 1. General information

### Identification data

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

Address

J40/12328/2005

Trade Register No

17777754

Sole Registration Code

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

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

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

### Main activity

Administration of financial  
markets

CAEN code 6611

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

### Share tickers

BVB

BVB.RO (Bloomberg)

BBG000BBWMN3 (Bloomberg  
BBGID)

ROBVB.BX (Reuters)

ROBVBAACNORO (ISIN)

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

In accordance with the provisions of article 129 paragraph 1 of Law no. 297/2004 on the capital market, no shareholder of a market operator can hold, directly or indirectly, more than 20% of the total voting rights. At the end of June 2017, there were no shareholders holding stakes exceeding this threshold. BVB did not hold shares in its own name, nor did its subsidiaries hold any BVB shares on 30 June 2017.

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

## Subsidiaries

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

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

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

## 2. Basis of preparation

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

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

## 3. Accounting policies

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

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

## 4. Estimates

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

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

## 5. Financial risk management and financial instruments

### 5.1 Financial risk factors

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

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

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

### 5.2 Liquidity risk

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

### 5.3 Fair value estimation

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

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

## Bucharest Stock Exchange

Half-yearly report for the period ended 30 June 2017

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

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

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

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

## 6. Segment reporting

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

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

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

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

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

1H 2017	Trading services	Post-trading services	Registry services	FCI services and other services	Group
Revenues from clients outside the Group	12,964,851	4,748,467	1,763,599	815,342	20,292,260
Revenues from intra-group transactions*	187,270	37,914	14,126	3,090	242,400
Operating expenses	(8,368,729)	(3,945,012)	(1,539,569)	(455,416)	(14,308,725)
- out of which tangible and intangible asset depreciation expenses	<u>(596,975)</u>	<u>(193,295)</u>	<u>(72,016)</u>	<u>(3,742)</u>	<u>(866,028)</u>
<b>Operating profit</b>	<b><u>4,596,122</u></b>	<b><u>803,456</u></b>	<b><u>224,031</u></b>	<b><u>359,926</u></b>	<b><u>5,983,535</u></b>
Net financial income/(expenses)	<u>109,548</u>	<u>(19,296)</u>	<u>(7,189)</u>	<u>13,029</u>	<u>96,092</u>
<b>Pre-tax profit</b>	<b><u>4,705,670</u></b>	<b><u>784,160</u></b>	<b><u>216,842</u></b>	<b><u>372,955</u></b>	<b><u>6,079,627</u></b>
Corporate income tax	<u>(792,175)</u>	<u>(97,808)</u>	<u>(36,441)</u>	=	<u>(926,424)</u>
<b>Net profit</b>	<b><u>3,913,495</u></b>	<b><u>686,352</u></b>	<b><u>180,401</u></b>	<b><u>372,955</u></b>	<b><u>5,153,203</u></b>

\* eliminated on consolidation

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

1H 2016	Trading services	Post-trading services	Registry services	FCI services	Group
Revenues from clients outside the Group	8,255,934	3,950,852	1,723,495	228,391	14,158,673
Revenues from intra-group transactions*	160,000	76,894	33,905	-	270,799
Operating expenses	(6,925,482)	(3,924,808)	(1,717,691)	(350,385)	(12,918,367)
- out of which tangible and intangible asset depreciation expenses	(604,835)	(179,626)	(79,181)	(1,014)	(864,656)
<b>Operating profit</b>	<b><u>1,330,452</u></b>	<b><u>26,044</u></b>	<b><u>5,804</u></b>	<b><u>(121,994)</u></b>	<b><u>1,240,306</u></b>
Net financial income	748,668	139,065	51,864	16,566	956,163
<b>Pre-tax profit</b>	<b>2,079,120</b>	<b>165,109</b>	<b>57,669</b>	<b>(105,428)</b>	<b>2,196,469</b>
Corporate income tax	(347,038)	(32,983)	(14,543)	-	(394,564)
<b>Net profit</b>	<b><u>1,732,082</u></b>	<b><u>132,126</u></b>	<b><u>43,126</u></b>	<b><u>(105,428)</u></b>	<b><u>1,801,905</u></b>

\* eliminated on consolidation

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

1H 2017	Trading services	Post-trading services	Registry services	FCI services and other services	Group
Assets	75,990,912	28,874,921	61,095,433	19,923,284	185,884,550
Liabilities	2,431,485	5,842,787	53,940,169	17,830,557	80,044,998
Capital expenditures	608,316	492,180	183,372	7,080	1,290,948

1H 2016	Trading services	Post-trading services	Registry services	FCI services	Group
Assets	71,556,605	33,353,868	47,830,962	17,462,980	170,204,415
Liabilities	3,650,180	8,402,938	38,768,543	15,557,677	66,379,338
Capital expenditures	1,253,008	152,722	67,340	-	1,473,070

## 7. Operating expenses

The operating expenses include the following:

### 7.1 Personnel expenses and Director's fees

	1H 2017	1H 2016
Personnel expenses and Director's fees	6,916,387	6,386,427
Personnel-related accruals – net impact	(99,948)	(287,484)
Contributions and taxes related to personnel and fees	<u>1,244,612</u>	<u>1,336,419</u>
<b>Total</b>	<b><u>8,061,051</u></b>	<b><u>7,435,362</u></b>

## 7.2 Services provided by third parties

	1H 2017	1H 2016
Financial, IT and internal audit services	99,657	141,595
Commissions & fees (legal, contributions, etc.)	406,796	261,331
Promotion activities of BVB Group	289,951	343,847
Services provided by third parties for business purposes	<u>706,248</u>	<u>210,615</u>
<b>Total</b>	<b><u>1,502,652</u></b>	<b><u>957,389</u></b>

## 7.3 Other operating expenses

	1H 2017	1H 2016
Rent and office utilities	1,283,497	1,126,474
Tangible asset depreciation	439,510	462,061
Intangible asset amortisation	426,518	402,595
Costs related to FSA fees and other taxes	581,547	508,705
Consumables	120,206	106,521
IT maintenance and service	677,120	993,816
Protocol	181,858	154,866
Marketing and advertising	420,485	149,257
Transport of goods and personnel	332,427	339,183
Post and telecommunications	144,094	142,395
Loss from non-paying customers	692,107	205,401
Expenses/(Income) from provisions for disputes	-	-
Net expenses/(income) from adjustment of receivables	(698,560)	(205,401)
Other expenses	<u>144,213</u>	<u>139,743</u>
<b>Total</b>	<b><u>4,745,022</u></b>	<b><u>4,525,616</u></b>

## 8. Financial income and financial costs

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

	1H 2017	1H 2016
Net Interest income from held-to-maturity financial assets	1,165,276	1,263,716
Dividend income	27,142	24,146
(Net loss)/Net gain from exchange rate differences	<u>(1,096,326)</u>	<u>(331,699)</u>
<b>Net financial income</b>	<b><u>96,092</u></b>	<b><u>956,163</u></b>

## 9. Income taxes

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

For the temporary differences from the evaluation to fair value of the available-for-sale financial assets, a deferred tax of RON 195,021 was also registered, included in the revaluation reserve of available-for-sale financial assets which is part of the shareholders' equity.

## 10. Dividends

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

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

## 11. Share capital

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

	Number of shares	% of the share capital
<b>Legal entities, of which:</b>	<u>6,621,162</u>	<u>86.28%</u>
Romanian	5,482,358	71.44%
Foreign	1,138,804	14.84%
<b>Individuals, of which:</b>	<u>1,053,036</u>	<u>13.72%</u>
Romanian	960,110	12.51%
Foreign	92,926	1.21%
<b>Total</b>	<b><u>7,674,198</u></b>	<b><u>100.00%</u></b>

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

## 12. Subsequent events

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

- Mrs. Claudia Ionescu was approved by the Financial Supervisory Authority as a member of the Board of Governors;
- Mr. Radu Hanga was appointed as a temporary member of the Board of Governors, taking up his duties associated with this position after his individual validation by the FSA;
- As a result of the request from the European Bank for Reconstruction and Development on 17 July, the process of nominating a permanent member in the Board of Governors is to be carried out in legal terms and according to the request, independently of the appointment of the temporary member;
- As a result of the approval of the merger by absorption between BVB and SIBEX, the shareholders who voted against the merger had the right to withdraw from the Company's shareholding. The price for the shareholders who exercised the right to withdraw from the company was set by the nominated valuator (CMF Consulting SA) at the level of RON 35.6376 per share, which is to be paid within 4 months from the time of submission of the withdrawal request.

## Statement of persons responsible

The statement herein concerns the extent to which the consolidated financial report of Bursa de Valori Bucuresti SA, prepared on 30 June 2017, contains an accurate presentation of all significant matters related to the consolidated financial position as of 30 June 2017, and of the results of its operations concluded 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 ASF, 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 half-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.

President,  
Lucian Anghel

CEO,  
Ludwik Sobolewski

CFO,  
Virgil Stroia

# Annex

## Resolutions of the Extraordinary General Meeting of Shareholders held on 12 April 2017

### **The General Extraordinary Meeting of Shareholders of Bucharest Stock Exchange („The Company”)**

Convened in accordance with the provisions of art. 31 of the Company's Articles of Incorporation through the convening notice sent to the shareholders on 7 March 2017 and the updated convening notice sent to the shareholders on 30 March 2017,

Legally reunited in the meeting held on **12.04.2017**, in the first convening, with the presence of shareholders having at least one fourth of the total number of shares with voting right, being thus fulfilled the statutory quorum requirements provided in art. 36 para 1 of The Articles of Incorporation in order to vote,

**Based on** the provisions of The Articles of Incorporation, Law no. 31/1990 on companies, as republished and Law no. 297/2004 on capital market, as amended and supplemented,

### **ADOPTS:**

#### **RESOLUTION NO. 1**

**Article. 1** With the majority of votes held by the present and represented shareholders, approves the merger by absorption of the Bucharest Stock Exchange SA, as absorbing company and Sibex - Sibiu Stock Exchange SA, J32/28/1994, CUI 6584502, with registered office in Sibiu, Piata Aurel Vlaicu 9-10 3<sup>rd</sup> floor, county Sibiu, Romania ( "SIBEX") as the absorbed company ("Merger"), pursuant to the terms and conditions set forth in the merger plan dated 24.02.2017 ("Merger plan") and therefore the approval of the Merger plan and documents which have been prepared in connection therewith, and all effects of the merger, inclusive, but not limited to (i) the dissolution without liquidation of SIBEX and the universal transfer of SIBEX assets to BVB in exchange for the award of the SIBEX shareholders of newly issued shares of the Company, according to the conditions set forth in the merger plan; (ii) increase the share capital of Bucharest Stock Exchange SA, according to the conditions in the Merger plan, by issuing a maximum of 401,401 new, nominative, ordinary, dematerialized shares, each share having a nominal value of RON 10, following the increase of the share capital of BVB from the amount of RON 76,741,980 to the maximum of RON 80,755,990; SIBEX shareholders will receive a whole number of shares in the Company at the rate indicated in the Merger plan, applied to the number of shares they hold in SIBEX on the registration date of the decision approving the merger, and after rounding down, and Board of Governors will determine the final amount of the capital increase, as indicated in the Merger Plan, including the cancellation of those shares of BVB which have been allocated to the SIBEX shares that exercised the right of withdrawal in accordance with art. 134 of Law no. 31/1990 and the cancellation of those shares issued by BVB and which, because of rounding operations are not allocated to SIBEX shareholders. SIBEX shareholders will be compensated for fractions of shares resulting from rounding down the proper fraction relative to the market value of a BVB share established by the evaluation report, namely RON 35.872416.

## **RESOLUTION NO. 2**

**Article 1.** With the majority of votes held by the present and represented shareholders, approves the empowerment of the Board of Governors and the CEO with the right of sub-delegation to take all measures and perform all administrative, economic, financial or legal operations deemed necessary or appropriate by them to implement the decision approving the Merger and the Merger itself, such as, but not limited to: (i) the formalities required for obtaining any approvals of ASF (ii) any other formalities and procedures required in relation to ASF and any other entity to ensure the withdrawal of authorizations of SIBEX for the operation of regulated markets, the alternative trading system and the certificate for the quality of professional training body starting with the implementation date of the merger, and regulation of financial instruments situation traded on markets operated by SIBEX (iii) to establish and accomplish, as the case, of the procedures to ensure the exercise of the shareholders rights in the context of the Merger (iv) signature and transmission of any documents, notifications, requests necessary or useful to complete and finalize the takeover of the entire assets of SIBEX starting with implementation of the merger, (v) termination of any contracts concluded by SIBEX that are not needed or useful to carry out the activity of the Company after implementation of the merger, (vi) representation before competent Trade Registry Office, competent Court, ASF, Central Depository and any other authorities, legal or natural persons, as necessary.

## **RESOLUTION NO. 3**

**Article 1.** With the majority of votes held by the present and represented shareholders, approves the amendments to the Articles of Incorporation of the Company to reflect the value and the final structure of capital, due to changes arising from implementation of the merger based on the decision of the Board of Governors of finding the final value, taking into account the Company's shareholders, including possible withdrawal, using the structure below: "Art. 14 (1) The share capital is Lei [to be completed on the basis of capital increase], fully subscribed and paid. (2) The share capital is divided into [to be completed on the basis of capital increase] shares, nominative, ordinary, dematerialized shares, each share having a nominal value of RON 10."

## **RESOLUTION NO. 4**

**Article 1.** With the majority of votes held by the present and represented shareholders, approves the amendments to the Articles of Incorporation of the Company, as follows:

- Repeal the dispositions of letter b) of art. 29.

## **RESOLUTION NO. 5**

**Article 1.** With the majority of votes held by the present and represented shareholders, approves the buyback of its own shares by the Company from the market where the shares are listed or by running public offers in accordance with the legal provisions applicable, in the following conditions: a number of maximum 114,285 shares (representing up to 1.49% of the Company's share capital), at a minimum price of RON 18 per share and a maximum price which will be the lesser of (i) RON 35 per share and (ii) the higher of the price of the last independent trade and the highest current purchase bid, in accordance with the provisions of article 3, para. (2) of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buyback programmes and stabilization measures. The aggregate value of the buyback programme will be up to RON 4 mn. The programme will have a maximum duration of

18 months, calculated from the date when the incident shareholders' resolution is published in the Official Gazette of Romania, Part IV and will have as purpose allocation of own shares to the Company's employees and managers, as well as members of the Board of Governors; granting a mandate for the fulfillment of this resolution to the Board of Governors. The buyback transactions will have as object only fully paid shares and will be purchased only out of distributable profits or of the available reserves of the Company, as registered in the last approved annual financial statement, except for the legal reserves.

#### **RESOLUTION NO. 6**

**Article 1.** With the majority of votes held by the present and represented shareholders, approves the implementation of the program for the allocation of own shares held by the Company, to the employees and managers of the Company and the members of the Board of Governors (as this program is described in the presented material, having included information regarding the eligible persons, allocation criteria, way of allocation etc).

#### **RESOLUTION NO. 7**

**Article 1.** With the majority of votes held by the present and represented shareholders, approves the date of : (i) 23.05.2014<sup>7</sup> as Registration Date, according to art. 238 (1) of the Law no. 297/2004 regarding the capital market, as amended and supplemented ; (ii) 22.05.2017 as the "ex-date", according to art. 2, letter f) from the Regulation no. 6/2009; (iii) 24.05.2017 as the Payment Date, according to art. 2, letter g) from the Regulation no. 6/2009 and art. 129<sup>3</sup> para. 2 of the Regulation 1/2006.

#### **RESOLUTION NO. 8**

**Article 1.** With the majority of votes held by the present and represented shareholders, approves to empower the Chief Executive Officer of the Company, Mr. Ludwik Leszek Sobolewski, with the right to delegate the powers, to: (i) execute and/or sign, on behalf of the Company and/or of the Company's shareholders: the resolutions of the present Extraordinary General Meeting of Shareholders, the updated Company's Articles of Incorporation, any and all the decisions, documents, applications, forms and requests adopted/prepared in order to or for the execution of the resolutions of the present Extraordinary General Meeting of Shareholders, in relation with any natural or legal person, private or public and to (ii) fulfill all the legal formalities for implementation, registration, publicity, opposability, execution and publishing of the resolutions made and of the updated Company's Articles of Incorporation.

# Contact us

## Investor Relations contact information

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## Financial reports availability

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

## Earnings conference calls

Permanent replays of our recorded earnings conference calls and the related presentations are available [here](#)

Presentation slides and sound will be streamed live over the web [here](#)

## Upcoming corporate events

14 Nov 2017

Release of the Quarterly report for the 3<sup>rd</sup> Quarter of 2017 & conference call

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Corporate website [www.bvb.ro](http://www.bvb.ro)

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