



PRELIMINARY REPORT

as of 31 December 2020

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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 31 December 2020 are not audited.

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

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

Disclaimer

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

Executive summary

Key events

- BET Total Return index rallied 10% in Q4 up to 16,509.64 points and closed the year 2020 in positive territory, 3.4% higher compared to end-2019.
- Record liquidity on BVB in 2020, total volumes reaching 18.3 billion RON (3.77 bln EUR). This is the highest ever traded value, 25% above the previous record set in 2017.
- The activity on BVB's primary markets accelerated in Q4. 6 new bonds and 2 new stocks were listed in this period, including a new issuance of Government bonds under the Fidelis program which raised a record of RON 2.7bn from the local individual investors.
- The project aiming to digitalize the main capital market institutions reached an important milestone as the Central Depository, part of BVB Group, signed an agreement with the technology company Aurachain. In the first stage of this collaboration, the objective is to implement a fully digital solution for GSM voting and also a fully online KYC process for individual investors. The solutions provided by Aurachain are based on low code technology and DLT (blockchain).
- BVB celebrated its 25th anniversary on November 20th. On this occasion, BVB organized a series of online events focused on the main developments and milestones in its short but exciting history.

Evolution of financial performance, 12M 2020 - consolidated results BVB Group

- **Consolidated operating revenues** of the BVB Group in 12M 2020 were 42.24 mn lei (12L 2019: 34.96 mn lei), + 21% or +7.27 mn lei, an increase influenced by all business segments of the Group.
- Revenues from the trading segment (BVB) increased by 35%, +6.98 mn lei (from 19.68 mn lei to 26.66 mn lei) as a result of the increase of the values traded on the main shares market, both regular transactions as well as offers.
- Revenues related to the post-trading segment (DC) increased by 7% (from 14.97 lei to 15.97 mn lei) due to the increase of revenues from maintaining the quality of custodian in the DC system, but also to the increase of revenues from settlement, influenced by the increase of the values traded at BVB, the revenues related to the register segment (DC) also increased by 9%, from 4.66 mn lei to 5.09 mn lei, mainly due to the registration of revenues of one-off type

12 M individual results*:

- Trading revenues - **BVB individual**, increased by 39%, + 5.67 mn lei (from 14.44 mn lei to 20.11 mn lei) mainly due to the advance of revenues related to trading on the market main actions both regular transactions and offers

** including intra-group transactions*

- **Revenues DC Individual***, increased by 7%, + 1 mn lei in 12M 2020 compared to 12M 2019, from 14.97 mn lei to 15.97 mn lei, as a result of the increase of revenues from maintaining the quality of custodian in the DC system, of the settlement income and of the income related to the register segment
- **CCP.RO Bucharest** did not register operational revenues
- **Consolidated operating expenses** 12M 2020, + 18%, respectively 5.6 mn lei, from 31.16 mn lei to 36.76 mn lei, mainly as a result of the advance of personnel expenses by 3.31 mn lei due to the registration of 1.21 mn lei personnel expenses of the new subsidiary CCP.RO (0.03 mn lei in 2019) and the advance of salary expenses, following of the application of the Remuneration Policy at the level of the BVB Group, of the expenses with the services provided by third parties by 1.94 mn lei, mainly consulting expenses related to the authorization process of CCP.RO, as well as other operational expenses by 0.35 mn lei, additional expenses incurred in the current pandemic context, both in the IT area as well as in the area of preventing the spread of the SARS COV2 virus

12M individual results*:

- Operational expenses, **individual BVB ***, 12M 2020, + 7% from 16.62 to 17.71 mn lei, as a result of the increase in personnel expenses amid the annual salary adjustment according to the Remuneration Policy and the registration of bonuses and estimated for the results of 2020, the advance of expenditure provided by third parties, mainly consulting, an advance partially covered by the reduction of other operational expenditure.
- Operational expenses, **individual DC**, 12M 2020, + 10% or 1.45 mn lei, from 13.86 million lei to 15.31 mn lei, mainly influenced by the increase of personnel expenses, amid the annual adjustment of salaries according to the Remuneration Policy and of the expenses provided by third parties, together generating an advance of 1.24 mn lei
- Operational expenses, **individual CCP.RO**, 12M 2020, 4.22 mn lei (2019: 0.15 mn lei), in 2020 the operating bases of the new branch were laid by hiring staff and concluding related contracts starting the authorization process as a Central Counterparty
- **Consolidated operating profit of the BVB Group** – 12M 2020, + 44%, from 3.8 mn lei to 5.47 mn lei, as a result of the advance of operating revenues by 21% while the advance of operating expenses was 18%
- Operational profit, **individual BVB *** - 12M 2020, + 192%, from 3.06 mn lei to 8.95 mn lei, with an operational margin of 34%. This includes intra-group transactions (for trading segment values, excluding intra-group transactions - see Note 6 Segment reporting
- Operational profit, **individual DC *** - 12M 2020, -41 %%, from 1.11 mn lei to 0.66 mn lei, with an operating margin of 4%. This includes intra-group transactions (for post-trade segment and register values, excluding intra-group transactions - see Note 6 Segment reporting)
- Operational loss of **individual CCP.RO *** - 12M 2020, 4.21 mn lei. This includes intra-group transactions (for post-trade segment and register values, excluding intra-group transactions - see Note 6 Segment reporting)
- **Consolidated net financial income** – 12M 2020, -55%, decrease from 4.19 mn lei to 1.88 mn lei, mainly as a result of a loss from unrealized exchange rate differences from the revaluation of financial instruments in foreign currency , loss of 0.35 mn lei vs. a profit of 1.02 mn lei in 12L 2019, of the increase of the estimates for anticipated credit losses according to IFRS 9, on the background of the increase of the CSD (Credit Default Swap) 12M for Romania, with an impact of 0.66 mn lei, but also due to the registration of one-off revenues of 0.54 mn lei, from the sale of government securities in Q3 2019, revenues that were not registered in 2020.
- Net financial income, **BVB individual** – 12M 2020, -67% or 3.33 mn lei, from 4.95 mn lei to 1.62 mn lei influenced both by the reduction of interest income and unrealized differences of exchange rate from the revaluation of financial instruments in foreign currency, the effect of the decrease of the value of investments in government securities and deposits as a result of the investment of 10 million Euro in the share capital of CCP.RO. For trading segment values, excluding dividend income from the Central Depository - see Note 6 Segment reporting
 - Net financial income, **DC individual*** - 12M 2020, -53% or 0.37 mn lei, from 0.69 mn lei to 0.33 mn lei. For post-trade segment and register values - see Note 6 Segment reporting
 - Net financial income, **individual CCP.RO *** - 12M 2020, 1.07 mn lei. For post-trade segment and register values - see Note 6 Segment reporting
 - **Consolidated net profit of the BVB Group** – 12M 2020, -7%, from 6.72 mn lei to 6.26 mn lei, being generated mainly by the trading segment of the Group

- Net profit, **BVB individual*** - 12M 2020, + 31%, from 6.96 mn lei to 9.12 mn lei, with a net margin of 34%. This includes intra-group transactions (for trading segment values, excluding intra-group transactions - see Note 6 Segment reporting)
- Net profit, **DC individual*** - 12M 2020, -44%, from 1.59 mn lei to 0.88 mn lei, with a net margin of 6%. This includes intra-group transactions (for post-trade segment and register values, excluding intra-group transactions - see Note 6 Segment reporting)
- Net loss, **individual CCP.RO *** - 12M 2020, of 2.7 mn lei, loss registered according to the forecasts from the Business Plan of the CCP Project. This includes intra-group transactions (for post-trade segment and register values, excluding intra-group transactions - see Note 6 Segment reporting)

* including intra-group transactions

Financial and operating highlights

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

	2020 (prelim)	12M 2019	Change (%)	4Q 2020 (prelim)	4Q 2019	Change (%)
Operating revenue	42.24	34.96	21%	10.61	8.51	25%
Operating expenses	36.76	31.16	18%	12.32	8.73	41%
Operating profit	5.47	3.80	44%	(1.71)	(0.22)	679%
<i>Operating margin</i>	13%	11%		-16%	-3%	
Net financial revenue/(expenses)	1.89	4.19	-55%	(0.33)	0.26	-230%
Profit before tax	7.36	8.05	-9%	(2.05)	0.04	-5.605%
Profit for the period	6.26	6.72	-7%	(1.65)	0.03	-6.134%
<i>Net margin</i>	15%	19%		-16%	-0%	
EPS attributable to owners (RON/share)	0.8805	0.7959	11%	(0.1062)	0.0114	-1.030%
<i>Return on equity</i>	4%	4%		-1%	0%	

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

	31 Dec. 2020 (prelim)	31 Dec. 2019	Change (%)
Total assets, out of which:	211.45	217.63	-3%
<i>Cash & cash equivalents</i>	6.57	81.71	-92%
<i>Financial assets at amortized cost</i>	121	37.12	226%
<i>Restricted financial assets at amortized cost</i>	49.51	57.42	-14%
Payables, out of which:	62.6	67.68	-8%
<i>Trade and other payables</i>	34.98	41.33	-15%
Equity, out of which:	148.85	149.95	-1%
<i>Total shareholders' equity attributable to the owners of the Company</i>	108.04	107.84	0.19%
<i>Non-controlling interests</i>	40.82	42.11	-3%

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

	12M 2020 (prelim)	12M 2019	Change (%)	4Q 2020 (prelim)	4Q 2019	Change (%)
Operating revenue	26.66	19.68	35%	6.35	4.44	43%
Operating expenses	17.71	16.62	7%	5.71	4.62	24%
Operating profit	8.95	3.06	192%	0.64	(0.18)	-456%
<i>Operating margin</i>	34%	15%		10%	-5%	
Net financial revenue/(expenses)	1.62	4.95	-67%	(0.22)	0.32	-169%
Profit before tax	10.57	8.07	31%	0.42	0.14	200%
Profit for the period	9.12	6.96	31%	0.35	0.14	144%
<i>Net margin</i>	34%	36%		6%	4%	
<i>Return on equity</i>	8%	7%		0%	0%	

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

	31 Dec. 2020 (prelim)	31 Dec. 2019	Change (%)
Total assets, out of which:	112.93	110.24	2%
<i>Cash & cash equivalents</i>	2.15	1.99	8%
<i>Financial assets at amortized invcost</i>	31.66	25.19	26%
<i>Investments in subsidiaries</i>	67.96	67.96	0%
Payables, out of which:	4.25	3.48	22%
<i>Trade and other payables</i>	2.63	2.69	-2%
Equity, out of which:	108.68	106.76	2%
<i>Share capital</i>	80.49	80.49	0%
<i>Legal reserve</i>	9.68	9.15	6%

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

	12M 2020	12M 2019	Change (%)	4Q 2020	4Q 2019	Change (%)
Closing price (e-o-p)	23.10	25.80	-10%	23.10	25.80	-10%
Weighted average price	23.14	24.06	-4%	22.78	26.09	-13%
High (intraday)	26.70	27.50	-3%	24.90	27.00	-8%
Low (intraday)	19.00	21.10	-10%	22.20	25.10	-12%
Total trading value (RON mn)	28.28	20.50	38%	12.45	6.62	88%
Average trading value (RON mn)	0.11	0.08	38%	0.20	0.11	91%

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

Trading value	12M 2020	12M 2019	Change (%)	4Q 2020	4Q 2019	Change (%)
Shares, units, rights	12,586	9,956	26%	2,656	2,084	27%
<i>Out of, Shares traded on regulated market, without offers</i>	10,849	9,378	16%	2,388	2,084	15%
Certificates	829	186	346%	238	53	350%
Fixed-income investments	5,310	2,014	164%	3,143	1,898	66%
Total	18,725	12,155	54%	6,037	4,035	50%
Avg. daily value (shares, without initial public offerings) *	43.22	38.59	12%	37.91	32.57	16%
Avg. daily value (shares, including initial public offerings)*	50.14	38.59	30%	42.16	32.57	29%

*Value for the Regulated market

Operating indicators, post-trading and registry segments

	12M 2020	12M 2019	Change (%)	4Q 2020	4Q 2019	Change (%)
No. companies with registry contract at CSD	857	870	-1%	857	870	-1%
No. procedures resulted from issuers' corporate events	630	378	67%	506	345	47%
<u>Local settlement</u>						
Value of trades settled on net basis (RON bn)	29.81	27.13	10%	7.73	8.51	-9%
Value of trades settled on gross basis (RON bn)	3.11	3.31	-6%	0.62	0.64	-3%
<u>Settlements through T2S platform (euro)</u>						
Value of trades settled on gross basis (EUR mn)	549.48	116.31	372%	352.64	107.7	227%
Avg. monthly portfolio managed by custodians (RON bn)	43.95	42.98	2%	44.44	47.3	-6%

Analysis of the consolidated results for the year 2020 and the fourth quarter of 2020

Macroeconomic and financial markets evolution in the fourth quarter of 2020 The initial numbers regarding Romania's GDP dynamics from the third quarter of the year revealed a 6% contraction YoY, slightly higher than expected, as the imposed restrictions continued to weigh on the economic recovery. While the unemployment rate has remained around the 5.3% level, the evidence suggests that the labour market is starting to add new open positions which will, most likely, lead to a decrease in unemployment in the next period. Inflation remained at 2.1% level and expectations are that it will continue to remain within the target range of the central bank over the medium term.

The National Bank of Romania (NBR) decided to keep the key interest rate at 1.50% as well as to keep the symmetrical corridor defined by interest rates on standing facilities around the monetary policy rate at ± 0.5 percentage points. In addition, the Romanian central bank decided to further conduct repo transactions to ensure the smooth functioning of money market and of other financial market segments and to continue the purchase of leu-denominated government securities on the secondary market.

The EUR/RON exchange rate increased further in the fourth quarter, fluctuating, on average, near the level of 4.87. As for the USD/RON exchange rate, it moved lower once again towards the average level of 4.09, mainly due to the prevalence of FED's monetary easing measures.

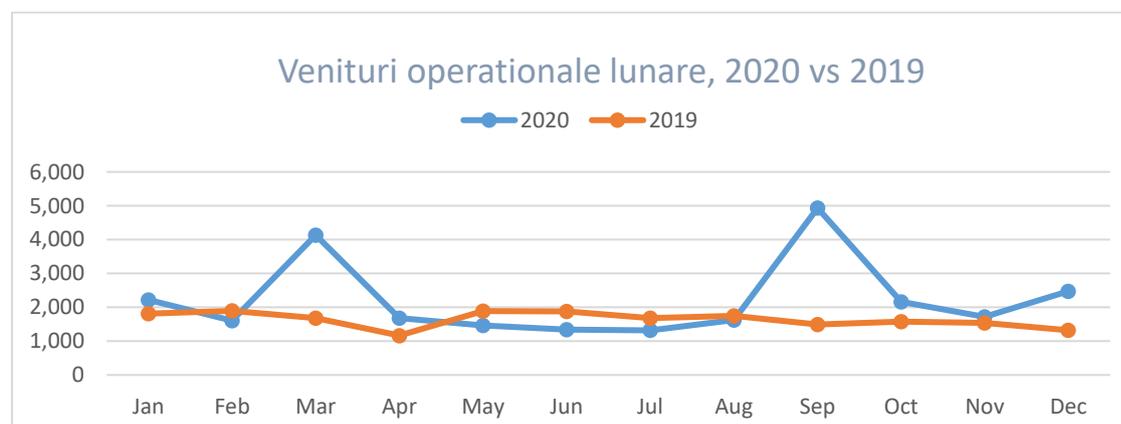
The positive news regarding the rollout of the COVID-19 vaccine further increased risk appetite, the financial markets recording a strong performance in the last quarter of 2020. The Romanian blue chips index, BET, increased by 8.9%, although at a lower pace than the rest of the markets in the EU. In the US, the S&P 500 jumped by 11.7%, while in the UK the FTSE 100 moved higher by 10%. The German index, DAX, moved higher with a 7.5% increase, while the MSCI Emerging Markets Index increased by 19.3%, outperforming both developed and frontier markets indices.

Review of the consolidated financial results for the year 2020 and the fourth quarter of 2020

The consolidated operating revenues of the BVB Group in 2020 were 42.24 mn lei, +21% compared to the same period of the previous year (2019: 34.96 mn lei), an increase influenced by all segments of the Group's activity.

Trading segment revenues (BVB, excluding intra-group transactions), 12M 2020, +35%, from 19.68 mn lei at 26.66 mn due to the increase in the value traded on the main market shares both regular transactions and offers.

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



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

Operating revenues	2020 (prelim.)	2019	% from total 2020	Abs. Var	% Var
Revenues from Trading fees, out of which:	20,105	14,435	75%	5,670	39%
<i>Revenues from Regulated market</i>	14,661	12,652	73%	2,009	16%
<i>Revenues from Offers, Regulated market</i>	4,111	1,317	20%	2,794	212%
Issuers admission & maintenance fees	2,371	2,299	9%	72	3%
Revenues from data vending	1,574	1,532	6%	42	3%
Other revenues	<u>2,608</u>	<u>1,414</u>	10%	<u>1,194</u>	84%
Total operating revenues	26,658	19,681	100%	6,977	35%

- Trading revenues, **regulated market, excluding offers** – 12M 2020, +16% compared to the same period in 2019, from 12.652 thousand lei to 14.661 thousand lei
 - Trading activity at BVB on the stock market – 12M 2020, +16%, up to 10.85 bn lei
- Trading revenues from **public offerings on the regulated market**, an increase of 212% (from 1.32 bn lei to 4.11 bn lei), influenced by:
 - The increase in the value of secondary public offerings on the share market from 307 mn lei lei at 1.4 bn lei.
 - The increase in the value of public offerings on the **fixed-income instruments market** (bonds and government securities) in 2020, from 1.89 mn lei at 4.9 bn lei, mainly as a result of the listing of government securities for retail investors in the fixed income instruments market of 4.74 bn lei
- The revenues from **admission and maintenance** in 12M 2020, +3%, amounting to 2.37 mn. lei, representing 9% of BVB's operating revenues
- Revenues from the **sale of stock market data** – +3% in the amount of 1.57 mil. accounting for 6% of BVB's operating revenues
- **Other operating revenues** (revenues from IT services, partnerships, participants fees) – 12M 2020, +84% up to 2.61 mn lei, an increase mainly due to the recovery of the GAP Study on the establishment of the central counterparty in Romania to the subsidiary CCP.RO Bucharest SA and the revenues from IT services.

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

Trading value (RON mn)	12M 2020	12M 2019	Change (%)	4Q 2020	4Q 2019	Change (%)
Trading value – shares, rights, units*	12,586	9,956	26%	2,656	2,084	27%
Trading value – certificates	829	186	346%	238	53	350%
Trading value – fixed-income*	<u>5,310</u>	<u>2,014</u>	<u>158%</u>	<u>3,143</u>	<u>1,898</u>	<u>66%</u>
Total	18,725	12,155	54%	6,037	4,035	50%

Note: Figures refer to all markets and include offers

- **Revenues Central Depository (DC) Individual**– 12M 2020, +7% vs. 12M 2019, from 14.97 mn lei at 15.97 mn lei

Revenues related to the post-trade segment (DC) – 12M 2020, +7% (from 10.04 mn lei to 10.79 mn lei) as a result of the increase in revenues from maintaining the status of custodian in the DC system but also higher settlement revenues, influenced by the increase in the values traded at BVB

Revenues for the register segment (DC) – 12M 2020, increased by 9%, from 4.66 mn lei at 5.08 mn lei, mainly due to the registration of one-off income

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

	12M 2020	12M 2019	Change (%)	4Q 2020	4Q 2019	Change (%)
No. companies with registry contract at CSD	857	870	-1%	857	870	-1%
No. procedures resulted from issuers' corporate events	630	378	67%	506	345	47%
<u>Local settlement</u>						
Value of trades settled on net basis (RON bn)	29.81	27.13	10%	7.73	8.51	-9%
Value of trades settled on gross basis (RON bn)	3.11	3.31	-6%	0.62	0.64	-3%
<u>Settlements through T2S platform (euro)</u>						
Value of trades settled on gross basis (EUR mn)	549.48	116.31	372%	352.64	107.7	227%
Avg. monthly portfolio managed by custodians (RON bn)	43.95	42.98	2%	44.44	47.3	-6%

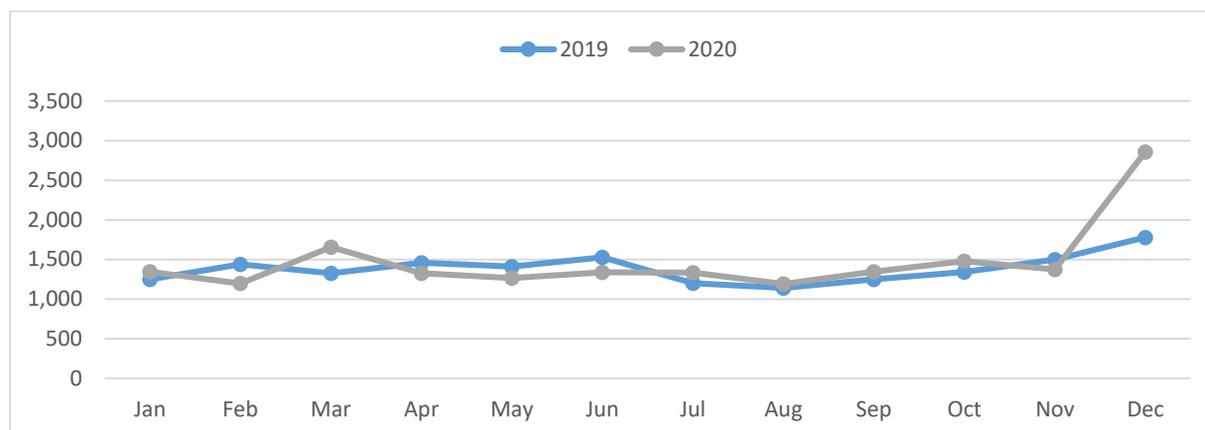
* Trades executed at BVB as well as allocation transactions. Value presented on a single-counted basis.

** 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 revenues of the **Investor Compensation Fund (FCI)** increased by 37% in 2020 compared to the previous year, from 0.73 mn lei at 1 mn lei, as a result of the increase in contributions received.
- **CCP.RO Bucharest** did not register operating revenues in 2020.
- **Consolidated operating revenues of the BVB Group** – T4 2020, +25% vs. T4 2019, from 8.51 mn lei at 10.61 mn mainly influenced by the increase in the revenues of the trading segment by 1.95 mn lei
- **Consolidated operating expenditure** – 12M 2020, +18% and 5.6 mn lei respectively, from 31.16 mn lei. lei at 36.76 mil. lei, mainly as a result of:
 - Advance of staff costs consolidated by 3.31 mn lei, due to the registration of 1.21 mn lei personnel expenses of the new subsidiary CCP.RO (0.03 mn lei in 2019) and the advance of salary expenses, following the application of the Remuneration Policy at the level of the BVB Group.
 - Increase consolidated expenditure on services provided by third parties – 12M 2020, +58%, from 3.32 mn lei to 5.26 mn lei, mainly due to the increase in the consultancy expenses related to the CCP Project in the process of authorizing of the Central Counterparty
 - Advance of other operating expenses consolidated – 12M 2020, +3%, from 10.71 mn lei at 11.06 mn lei, mainly influenced by the advance of expenditure on IT maintenance services, based on the increased requirements for the provision of a technical infrastructure according to the regulations in force, as well as additional expenses incurred in the current pandemic context, both in the IT area and in the prevention of the spread of the SARS COV2 virus

- **Operating expenses, BVB individual, 12M 2020**, +7% or 1.09 mil. lei, from 16.62 mn lei at 17.71 mn lei, as a result of the increase in personnel expenditure against following the annual adjustment of salaries according to the Remuneration Policy from April 2020, the recording of bonuses realized and estimated based of the results obtained in 2020 and the advance of expenses provided by third parties, mainly consultancy (+0.23 million lei), advance covered by the reduction of other operational expenses (-0.31 million lei)

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



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

	2020 (prelim)	2019	Abs. Var.	Var %
Operating expenses				
Personnel expenses and Director's fees., out of which:	10,080	8,911	1,169	13%
<i>Personnel expenses</i>	7,487	6,978	510	7%
<i>Estimated expenses - SOP & bonuses</i>	1,317	641	676	105%
Services provided by third parties, out of which:	2,202	1,970	231	12%
<i>Business consulting services</i>	386	277	109	39%
<i>Other third party services</i>	436	483	-47	10%
Other operating expenses, out of which:	5,430	5,738	-307	-5%
<i>Rent and office utilities</i>	226	319	-92	-91%
<i>Amortization and depreciation of fixed assets and right of use assets</i>	2,314	2,258	55	2%
<i>Marketing and protocol expenses</i>	719	1,074	-354	-33%
<i>IT maintenance expenses</i>	871	746	125	17%
<i>Other expenses</i>	119	170	-51	-30%
Total Operating expenses	17,712	16,620	1092	7%

- Personnel expenses and Directors' fees, BVB individual, 12M 2020, +13%, up to 10.08 mn lei, the increase being influenced both by the application of the Remuneration Policy (wage adjustment) of April 2020, as well as by the bonuses and benefits granted in financial instruments to the management and employees of BVB for the transition to Emerging Market status, by the expenses of bonuses estimated for the performance of 2020, as well as one-off bonuses for IT projects completed in 2020
- Expenses with the services provided by third parties, BVB individual, 12M 2020, +12%, from 1.97 mn lei at 2.20 mn lei, mainly as a result of the increase in consultancy expenditure for the CCP Project, marketing expenditure for BVB projects, as well as expenditure on the ESG project

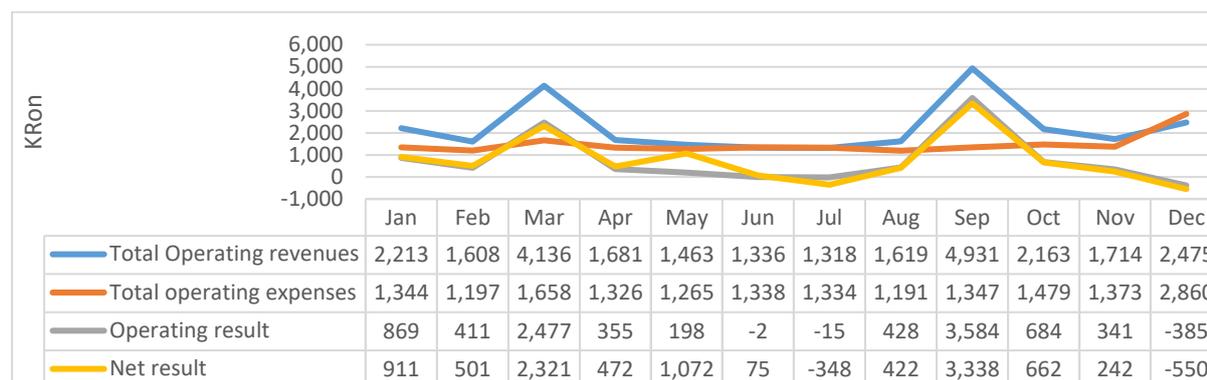
- The category of other operating expenses, BVB individual – 12M 2020 -5% or -0.31 mn lei, from 5.74 mn lei at 5.43 mn lei, influenced by:
 - Decrease in protocol, events and travel expenses due to cancellation of events or online organization (at lower costs) in the current pandemic context
 - Advance expenditure on IT maintenance services, against the background of increased requirements for the provision of a technical infrastructure in accordance with the regulations in force

- **Operating expenses, DC individual*, 12M 2020**, + 10%, +1.45 mn lei, from 13.86 mn lei at 15.31 mn lei, mainly influenced by:
 - Advance of **personnel costs** by 0.97 mn lei, as a basic effect, given that in the first 3 months of 2019 no expenditure on CA allowances was recorded, the authorization of the CA by the ASF taking place in April 2019, and in September 2020 a wage indexation was carried out in accordance with the Remuneration Policy, indexation which in 2019 was carried out at the time of the adoption of the policy in December, thus amplifying the basic effect.
 - Advance of **third-party expenditure** by 24% or 0.27 mn mainly due to the increase in IT security consulting costs (CISO) contracted under the ASF requirement
 - Variation of +0.2 mn lei of the **other operational expenditure category** is mainly generated by the increase in IT maintenance expenditure.

- Operating expenses, **individual CCP.RO**, 12M 2020, 4.22 mn lei, in 2020 the operating bases of the new company are laid and are mainly represented by:
 - Staff costs, as a result of the hiring of staff during 2020, amounting to 1.24 mn lei
 - Expenditure on services provided by third parties, mainly consulting expenses in the company's authorization process in the amount of 2.46 mn lei
 - Category Other operational expenditure in the amount of 0.52 mn lei comprising mainly expenses for depreciation of fixed assets and assets user rights and expenses for IT maintenance

- **The consolidated operating expenses of the BVB Group – in Q4 2020**, +41% or 3.59 mn lei vs. T4 2019, from 8.73 mn lei. lei at 12.32 mn lei, an increase mainly due to the advance of personnel expenses coming from CCP.RO, as a result of the hiring of staff during 2020, expenses that were at a low level in T4 2019, estimates for bonuses and SOP for 2020, but also expenses for services provided by third parties, in particular consulting expenses for the process of authorizing CCP.RO
- **The consolidated operating profit of the BVB Group – 12M 2020**, +44%, from 3.80 mn lei at 5.47 mn lei due to the 21% increase in operating revenues, while the advance in operating expenditure was 18%.
 Operating profit, **BVB individual** – 12M 2020, +192%, from 3.06 mn lei 8.95 mn lei, with an operating margin of 34%. This includes intra-group transactions (for trading segment values, excluding intra-group transactions - see Note 6 Segment Reporting)

2020 Monthly evolution, BVB individual (thousand RON)



Operating profit, **DC individual** – 12M 2020, -41%, from 1.11 mn lei at 0.66 mn lei, with an operating margin of 4%. This includes intra-group transactions (for post-trade and ledger segment values, excluding intra-group transactions - see Note 6 Segment Reporting)

Operational loss **CCP.RO individual*** – 12M 2020, 4.21 mn lei. This includes intra-group transactions (for post-trade and ledger segment values, excluding intra-group transactions - see Note 6 Segment Reporting)

- **Consolidated operating profit of BVB Group, Q4 2020**, loss of -1.71 mn lei vs. loss in T4 2019 of -0.22 mn lei, as a result of the advance of operating revenues by 41% while operating expenses increased by 25%, following the expenses recorded by the CCP.RO, as well as estimates for the implementation of the Stock Option Plan (SOP) and performance bonuses at the end of 2020
- **Net financial income – 12M 2020**, -55%, decrease, from 4.19 mn lei at 1.88 mn lei, mainly as a result of the recording of a loss from unrealized foreign exchange differences from the revaluation of foreign currency financial instruments, which resulted in a loss of 0.35 mn lei vs. 1.02 mn lei in 12M 2019, the increase in estimates for expected credit losses with an impact of 0.66 mn lei, but also due to the recording of one-off revenues from the sale of government securities in T3 2019, revenues that were not recorded in 2020, 0.54 mn lei.
- Net financial income, **BVB individual** – 12M 2020, -67% or 3.33 mn lei, from 4.95 mn lei to 1.62 mn lei influenced by both the reduction in interest income and unrealized exchange rate differences, the effect of the decrease in the value of investments in government securities and deposits as a result of the investment of 10 mn EUR in the share capital of CCP.RO. For the values of the trading segment, excluding dividend income from the Central Depository - see Note 6 Segment reporting
- Net financial income, **DC individual** – 12M 2020, -53% or 0.37 mn lei, from 0.69 mn lei at 0.33 mn lei. For post-trade and registry segment values - see Note 6 Segment reporting
- Net financial income, **CCP.RO individual *** – 12M 2020, 1.07 mn lei, income mainly realized from interest on bank deposits and government securities purchased from the share capital. For post-trade and registry segment values - see Note 6 Segment reporting
- **The net consolidated financial income – Q4 2020**, decrease from 0.26 mn lei profit, to -0.33 mn lei, loss following the change in the value of unrealized foreign exchange differences generated by the revaluation of foreign currency financial instruments, which generated a loss of 0.39 million lei. lei vs. 0.26 mn lei in T4 2019, as well as a result of the increase in estimates for expected credit losses by 0.64 mn lei
- **The consolidated net profit of the BVB Group – 12M 2020**, -7%, from 6.72 mn lei at 6.26 mn lei, being mainly generated by the trading segment of the Group, and the profit attributable to the shareholders of the parent company being 7.09 mn lei (12L 2019: 6.38 mn lei)

- Net profit, **BVB individual** – 12M 2020, +31%, from 6.96 mn lei at 9.12 mn lei, with a net margin of 34%. This includes intra-group transactions (for trading segment values, excluding intra-group transactions - see Note 6 Segment Reporting)

Net profit, **DC individual** – 12M 2020 -44%, from 1.60 mn lei at 0.88 mn lei, with a net margin of 6%. This includes intra-group transactions (for post-trade and ledger segment values, excluding intra-group transactions - see Note 6 Segment Reporting)

Net loss, **CCP.RO individual** * – 12M 2020, of 2.7 mn lei, as forecasted in the CCP Project Business Plan. This includes intra-group transactions (for post-trade and ledger segment values, excluding intra-group transactions - see Note 6 Segment Reporting)

The consolidated net profit of the BVB Group – Q4 2020, decrease from 0.03 mn lei (profit) at -1.64 mn lei (loss), generated from the recording of both operational and financial loss.

Review of the consolidated financial position as of end December 2020

- **Total assets** as of 31 December 2020, -3% or 6.18 mn lei vs. the value from December 31, 2019, up to 211.45 mn lei influenced by the decrease in current assets by a higher level of the increase in fixed assets
- **Non-current assets**, +25% compared to the beginning of the year, from 66.12 mn lei 82.38 mn lei, mainly due to the acquisition of government securities, thus reducing the cash
- **Current assets** -15% compared to the beginning of the year, from 151.51 mn lei up to 129.06 mn lei, mainly due to the acquisition of government securities with maturities of more than 1 year

The change in the group's current assets was also influenced by the slight decrease in current assets represented by funds intended for dividend payments by the Central Depository to the shareholders of listed companies, clients of the Central Depository, from 37.00 mn lei at 26.86 mn lei, the acquisition of fixed financial assets (government securities) to pay BVB dividends to shareholders in the amount of 6,38 mn and the acquisition of own shares by BVB in the amount of 1.39 mn lei

- **The total liabilities** of the Group are mainly short-term, with a total of 62.6 mn lei as of 31 December 2020, lower by 8% compared to the 31 December 2019 value of 67.70 mn lei, mainly as a result of the reduction of commercial and other debts, mainly the balance of payment dividends held on behalf of customers by the Central Depository

43% of the total liabilities are represented by payment dividends held on behalf of customers by the Central Depository, amounting to 26.84 mn lei, and 31% represent guarantee, clearing and margin funds for settlement of transactions, amounting to 19.68 mn lei

- **Shareholder's equity**, in amount of 148.85 mn lei, close to the value from the beginning of the year, influenced by the recording of a net current result comparable to the value of dividends distributed from the carried-over result for 2019 and the increase of the legal reserve by 0.58 mn lei

During the reporting period, a total of 30,260 shares were transferred free of charge for the results of 2019, with a market value at the time of the award of 1.32 mn shares to the Stock Exchange Board, management and employees.

Outlook Q1 2021

The general positive macroeconomic expectations should provide a solid basis for the evolution of the local market and should support the high level of investors' interest.

The demand for financing from small and mid-cap companies on the alternative market, Aero is accelerating further. The number of companies in different stages of the financing process or which publicly announced their intention to raise money through the capital market is at record highs since the debut of the Aero market.

Legislative changes in the framework governing SOE listings are possible in Q1. This should provide better visibility for the potential SOE coming to the market in the medium term.

Significant projects initiated by BVB will go live in Q1: the new Made in Romania portal targeting the local entrepreneurs as well as the issuer promotion program through increased research coverage.

Condensed consolidated interim financial statements as at and for the period ended 31 December 2020

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

Condensed consolidated income statement and statement of comprehensive income

All amounts are indicated in RON, unless otherwise stated

	Period ended	
	31 Dec. 2020	31 Dec. 2019
	Unaudited	Audited
Revenues from services	42,070,432	34,182,240
Other revenues	<u>164,880</u>	<u>781,492</u>
Operating revenue	42,235,312	34,963,732
Personnel expenses and Directors' fees	(20,444,776)	(17,134,418)
Expenses with services provided by third parties	(5,257,854)	(3,320,406)
Other operating expenses	<u>(11,059,304)</u>	<u>(10,707,212)</u>
Operating profit	<u>5,473,378</u>	<u>3,801,695</u>
Net financial revenues/(expenses)	1,888,345	4,187,451
(Losses)/Gains from subsidiaries impairment	<u>-</u>	<u>56,204</u>
Profit before tax	7,361,723	8,045,351
Corporate income tax expense	<u>(1,100,763)</u>	<u>(1,326,830)</u>
Profit for the period	<u>6,260,960</u>	<u>6,718,520</u>
Profit attributable to:		
Non-controlling interests	(826,498)	312,399
Owners of the Company	<u>7,087,458</u>	<u>6,406,121</u>
Profit for the period	<u>6,260,960</u>	<u>6,718,520</u>
Earnings per share		
Earnings per share – base/diluted (RON)	0.8805	0.7959

The notes on pages 24 to 31 are an integral part of these condensed consolidated financial statements.

CEO,
Adrian Tănase

CFO,
Virgil Stroia

Condensed consolidated income statement and statement of comprehensive income

All amounts are indicated in RON, unless otherwise stated

	Three-months period ended	
	31 Dec. 2020	31 Dec. 2019
	Unaudited	Unaudited
Revenues from services	10,508,572	8,278,741
Other revenues	98,741	234,515
Operating revenue	10,607,313	8,513,356
Personnel expenses and Directors' fees	(6,727,966)	(4,692,397)
Expenses with services provided by third parties	(2,302,700)	(1,043,154)
Other operating expenses	<u>(3,288,855)</u>	<u>(2,997,565)</u>
Operating profit	<u>(1,712,208)</u>	<u>(219,760)</u>
Net financial revenues/(expenses)	(333,438)	256,921
(Losses)/Gains from subsidiaries impairment	-	-
Profit before tax	(2,045,646)	37,161
Corporate income tax expense	<u>399,501</u>	(9,880)
Profit for the period	<u>(1,646,145)</u>	<u>27,280</u>
Profit attributable to:		
Non-controlling interests	(791,305)	(64,628)
Owners of the Company	<u>(854,839)</u>	<u>91,908</u>
Profit for the period	<u>(1,646,145)</u>	<u>27,280</u>
Earnings per share		
Earnings per share – base/diluted (RON)	(0.1062)	0.0114

The notes on pages 24 to 31 are an integral part of these condensed consolidated financial statements.

CEO,

Adrian Tănase

CFO,

Virgil Stroia

Condensed consolidated statement of financial position

All amounts are indicated in RON, unless otherwise stated

	31 Dec. 2020	31 Dec. 2019
	Unaudited	Audited
Non-current assets		
Tangible assets	7,831,658	7,095,733
Intangible assets	3,833,508	3,281,002
Right-of-use assets	3,444,534	5,029,913
Deferred tax receivables	447,274	-
Restricted financial assets covering the guarantee and clearing funds and the margin at amortized cost	10,633,264	17,046,415
Financial assets at amortized cost	<u>56,193,974</u>	<u>33,670,059</u>
Total non-current assets	<u>82,384,212</u>	<u>66,123,122</u>
Current assets		
Trade and other receivables	6,334,596	3,101,107
Prepayments	661,178	460,106
Bank deposits	11,812,510	22,408,681
Restricted bank deposits covering the guarantee fund and the margin	2,935,165	3,326,358
Restricted financial assets covering the guarantee and clearing funds and the margin at amortized cost	9,076,333	50,561
Other financial assets at amortized cost	64,804,480	3,449,485
Cash and cash equivalents	6,573,308	81,712,611
Other restricted assets at amortized cost	<u>26,868,213</u>	<u>36,996,156</u>
Total current assets	<u>129,065,783</u>	<u>151,505,066</u>
Total assets	<u>211,449,995</u>	<u>217,628,188</u>
Equity		
Share capital	80,492,459	80,492,460
Treasury shares and Share-base benefits	(246,950)	54,429
Share premiums	6,303,263	6,303,263
Legal reserve	11,519,745	10,942,276
Revaluation reserve	3,385,355	3,385,355
Retained earnings	<u>6,584,133</u>	<u>6,662,611</u>
Total shareholders' equity attributable to the owners of the Company	<u>108,038,005</u>	<u>107,840,393</u>
Non-controlling interests	40,816,355	42,108,675
Total shareholders' equity	<u>148,854,360</u>	<u>149,949,068</u>

Condensed consolidated statement of financial position (continued)

All amounts are indicated in RON, unless otherwise stated

	31 Dec. 2020	31 Dec. 2019
	Unaudited	Audited
Liabilities		
Operating lease liabilities	<u>2,396,387</u>	<u>3,244,072</u>
Total non-current liabilities	<u>2,396,387</u>	<u>3,244,072</u>
Trade and other payables	34,983,651	41,334,305
Deferred income	1,321,204	901,104
Operating lease liabilities	1,230,875	1,899,667
Current corporate income tax payables	44,413	14,940
Guarantee and clearing funds and settlement operation margin	<u>22,619,105</u>	<u>20,285,032</u>
Total current liabilities	<u>60,199,248</u>	<u>64,435,048</u>
Total liabilities	<u>62,595,635</u>	<u>67,679,120</u>
Total liabilities and equity	<u>211,449,995</u>	<u>217,628,188</u>

The notes on pages 24 to 31 are an integral part of these condensed consolidated financial statements.

CEO,
Adrian Tănase

CFO,
Virgil Stroia

Condensed consolidated statement of changes in equity

All amounts are indicated in RON, unless otherwise stated

Unaudited	Treasury shares			Retained earnings	Revaluation reserve	Legal reserve	Total attributable to shareholders	Non-controlling interests	Total shareholders' equity
	Share capital	Share premiums	and Share-base benefits						
Balance as at 1 January 2020	<u>80,492,460</u>	<u>6,303,263</u>	<u>54,429</u>	<u>6,662,611</u>	<u>3,385,355</u>	<u>10,942,276</u>	<u>107,840,393</u>	<u>42,108,675</u>	<u>149,949,068</u>
Comprehensive income for the year									
Profit or loss	-	-	-	7,087,458	-	-	7,087,458	(826,499)	6,260,959
Other items of comprehensive income									
Legal reserve increase	-	-	-	(577,468)	-	577,468	-	-	-
Total other items of comprehensive income	-	-	-	<u>(577,468)</u>	-	<u>577,468</u>	-	-	-
Total comprehensive income for the year	-	-	-	<u>6,509,990</u>	-	<u>577,468</u>	<u>7,087,458</u>	<u>(826,499)</u>	<u>6,260,959</u>
Contributions by and distributions to owners of the Company									
Acquisition of treasury shares	-	-	(1,389,119)	-	-	-	(1,389,119)	-	(1,389,119)
Benefits granted to employees settled in shares	-	-	1,061,879	-	-	-	1,061,879	-	1,061,879
Losses as effect of granting shares for free within SOP	-	-	25,862	(25,862)	-	-	0	-	0
Dividend paid to BVB shareholders	-	-	-	<u>(6,559,424)</u>	-	-	<u>(6,559,424)</u>	-	<u>(6,559,424)</u>
Total contributions by and distributions to owners of the Company	-	-	<u>(301,379)</u>	<u>(6,585,286)</u>	-	-	<u>(6,886,664)</u>	-	<u>(6,886,664)</u>
Reclassification of non-controlling interests	-	-	-	(2,253)	-	-	(2,253)	2,253	0
Dividend paid to minority shareholders	-	-	-	-	-	-	0	(464,529)	(464,529)
Changes in retained earnings - subsidiaries	-	-	-	(929)	-	-	(929)	(546)	(1,475)
Decrease in non-controlling interests	-	-	-	-	-	-	0	(3,000)	(3,000)
Total changes in interests in subsidiaries	-	-	-	<u>(3,182)</u>	-	-	<u>(3,182)</u>	<u>(465,822)</u>	<u>(469,004)</u>
Total transactions with owners	-	-	<u>(301,379)</u>	<u>(6,588,468)</u>	-	-	<u>(6,889,847)</u>	<u>(465,822)</u>	<u>(7,355,669)</u>
Balance as at 31 December 2020	<u>80,492,459</u>	<u>6,303,263</u>	<u>(246,950)</u>	<u>6,584,133</u>	<u>3,385,355</u>	<u>11,519,745</u>	<u>108,038,005</u>	<u>40,816,355</u>	<u>148,854,360</u>

Condensed consolidated statement of changes in equity (continued)

All amounts are indicated in RON, unless otherwise stated

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

The notes on pages 24 to 31 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

	Twelve months period ended	
	30 Dec. 2020	31 Dec. 2019
	Unaudited	Audited
Cash flows used in operating activities		
Profit for the year	6,260,960	6,718,520
Adjustments to remove non-cash items and reclassifications:		
Depreciation of fixed assets	4,901,345	4,126,892
Net interest income	(3,253,689)	(2,959,587)
Income from the sale of financial assets	-	(541,219)
Loss from impairment of uncollected receivables	81,229	293,056
Net expenses/(revenue) with receivables adjustment	80,540	(178,433)
Corporate income tax expense – reclassification	1,100,763	1,326,830
(Revenues)/Expenses with Expected credit losses IFRS 9	791,472	129,526
(Gains)/Losses from subsidiaries impairment	-	(56,204)
Income from the production of intangible assets	(402,698)	(501,595)
Expense with employees' benefits settled in shares	<u>1,061,879</u>	<u>562,536</u>
Cash flows used in operating activities	10,621,800	8,920,322
Change in trade and other receivables	6,561,270	31,625,515
Change in prepayments	(201,071)	40,770
Change in trade and other payables, including amounts due for dividends payment to clients	(6,314,564)	(32,680,291)
Change in deferred income	420,100	8,614
Changes in guarantee and clearing funds and the margin	2,334,073	1,528,249
Corporate income tax paid	<u>(1,513,504)</u>	<u>(1,594,857)</u>
Net cash from operating activities	<u>11,908,103</u>	<u>7,848,321</u>
Cash flows from investing activities		
Interest received	3,623,974	3,878,690
Interest received from assets covering the guarantee and clearing funds and margin	734,582	662,661
(Payments) for acquisitions of financial assets	(112,386,105)	(29,294,608)
Proceeds from sales/maturation of financial assets	24,015,598	46,048,395
Change in bank deposits balance	10,993,566	(2,735,849)
Acquisition of tangible and intangible assets	(3,796,241)	(1,658,945)
Change in held for sale assets	-	<u>160,292</u>
Net cash from investing activities	<u>(76,814,626)</u>	<u>17,060,636</u>

Condensed consolidated statement of cash flows (continued)

All amounts are indicated in RON, unless otherwise stated

	31 Dec. 2020	31 Dec. 2019
	Unaudited	Audited
Cash flows from financing activities		
Dividends paid shareholders of the parent	(6,454,296)	(8,785,401)
Dividend paid to minority shareholders	(464,431)	(618,127)
Principal elements of operating lease payments, including interests	(1,921,934)	(1,280,734)
Share capital reimbursement to minority shareholders	(3,000)	(104,088)
Acquisition of treasury shares	(1,389,119)	-
Share capital contribution in cash by non-controlling interests in subsidiaries	-	32,300,000
Net cash used in financing activities	(10,232,781)	21,511,650
Net increase / (decrease) in cash and cash equivalents	(75,139,303)	46,420,606
Cash and cash equivalents 1 January	<u>81,712,611</u>	<u>35,292,005</u>
Cash and cash equivalents 30 December	6,573,308	81,712,611

The notes on pages 24 to 31 are an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

All amounts are indicated in RON, unless otherwise stated

1. General information

Identification data

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

J40/12328/2005
Trade Register No

1777754
Sole Registration Code

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

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

- The Regulated Market where financial instruments such as shares and rights issued by international and Romanian entities, debt instruments (corporate, municipality and government bonds issued by Romanian entities and international corporate bonds), UCITs (shares and fund units), structured products, tradable UCITS (ETFs) are traded.
- SMT/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)

ROBVBAACNOR0 (ISIN)

Since 8 June 2010, BVB is a listed company on its own spot regulated market and is included in the Premium Tier. The company's share capital consists of 8,049,246 shares with a nominal value of RON 10.

In accordance with the provisions of article 136 paragraph 5 of Law no. 126/2018 on financial instruments, no shareholder of a market operator can hold, directly or indirectly, more than 20% of the total voting rights. At the end of September 2020, there were no shareholders holding stakes exceeding this threshold.

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

Subsidiaries

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

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

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

2. Basis of preparation

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

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

3. Accounting policies

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

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

4. Estimates

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

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

5. Financial risk management and financial instruments

5.1 Financial risk factors

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

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

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

5.2 Liquidity risk

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

5.3 Fair value estimation

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

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

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

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

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

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

6. Segment reporting

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

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

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

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

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

12M 2020	Trading services	Post-trading services	Registry services	FCI services and other services	Group
Revenues from clients outside the Group	25,371,095	10,778,486	5,082,150	1,003,581	42,235,312
Revenues from intra-group transactions*	1,286,450	73,105	35,851	0	1,395,407
Operating expenses	(17,712,068)	(10,210,569)	(4,783,396)	(4,055,902)	(36,761,935)
- out of which Personnel expenses and Director's fees	(10,080,007)	(5,806,655)	(2,716,650)	(1,841,464)	(20,444,776)
Operating profit	7,659,027	567,917	298,755	(3,052,321)	5,473,378
Net financial income /(expenses)	584,872	217,065	110,409	975,999	1,888,345
Pre-tax profit	8,243,899	784,981	409,164	(2,076,322)	7,361,722
Corporate income tax	(1,447,570)	(63,729)	(36,738)	447,274	(1,100,763)
Net profit	6,796,329	721,252	372,426	(1,629,048)	6,260,960

* eliminated on consolidation

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

12M 2019	Trading services	Post-trading services	Registry services	FCI services and other services	Group
Revenues from clients outside the Group	19,356,567	10,251,963	4,618,741	736,460	34,963,731
Revenues from intra-group transactions*	324,395	69,406	33,206	-	427,007
Operating expenses	(16,619,458)	(9,367,145)	(4,168,256)	(1,007,177)	(31,162,036)
- out of which Personnel expenses and Director's fees	(8,911,432)	(5,218,349)	(2,334,419)	(670,218)	(17,134,418)
Operating profit	2,737,109	884,818	450,486	(270,717)	3,801,695
Net financial income /(expenses)	3,570,235	486,798	208,100	(77,682)	4,187,451
Pre-tax profit	6,363,548	1,371,616	658,586	(348,399)	8,045,351
Corporate income tax	(1,103,886)	(145,062)	(72,521)	(5,361)	(1,326,830)
Profit from continuing operations	5,259,662	1,226,554	586,065	(353,760)	6,718,520
Profit from discontinued operation	-	-	-	-	-
Net profit	5,259,662	1,226,554	586,065	(353,760)	6,718,520

* eliminated on consolidation

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

12M 2020	Trading services	Post-trading services	Registry services	FCI services	Group
Assets	44,714,703	26,895,277	38,756,624	101,083,391	211,449,995
Liabilities	1,170,810	1,201,038	566,672	1,187,272	4,125,792
Capital expenditures	4,254,208	5,456,545	29,272,621	23,612,261	62,595,635

12M 2019	Trading services	Post-trading services	Registry services	FCI services	Group
Assets	42,617,613	27,512,305	49,408,146	98,090,124	217,628,188
Liabilities	4,484,045	5,722,293	39,577,186	17,895,596	67,679,120
Capital expenditures	1,196,363	741,512	334,547	3,890	2,276,312

7. Operating expenses

The operating expenses include the following:

7.1 Personnel expenses and Director's fees

	2020	2019
Personnel expenses and Director's fees, including contributions and taxes	19,190,849	16,493,211
Estimated expenses for personnel and Director's (SOP & bonuses)	<u>1,253,927</u>	<u>641,207</u>
Total	<u>20,444,776</u>	<u>17,134,418</u>

7.2 Services provided by third parties

	2020	2019
Business consulting services	1,811,256	277,509
Financial, IT and internal audit services	298,156	355,304
Commissions & fees (legal, contributions, etc.)	644,984	547,201
Promotion activities of BVB Group	436,068	483,354
Services provided by third parties for business purposes	<u>2,067,390</u>	<u>1,657,039</u>
Total	<u>5,257,854</u>	<u>3,320,406</u>

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

7.3 Other operating expenses

	2020	2019
Rent and office utilities	797,587	1,291,077
Tangible asset depreciation	1,662,857	1,523,985
Intangible asset amortization	1,247,650	1,208,348
Right of use assets depreciation	1,990,837	1,394,558
Costs related to FSA fees and other taxes	1,219,559	1,250,498
Consumables	333,187	236,048
IT maintenance and service	1,999,162	1,548,679
Insurance for professional equipment, etc.	233,756	230,717
Protocol	246,536	616,231
Marketing and advertising	426,031	227,802
Transport of goods and personnel	164,640	476,467
Post and telecommunications	255,059	277,770
Bank charges	76,672	74,151
Loss from non-paying customers	81,229	293,056
Net expenses/(income) from adjustment of receivables	80,540	(178,433)
Other expenses	<u>244,003</u>	<u>236,257</u>
Total	<u>11,059,304</u>	<u>10,707,212</u>

8. Financial income and financial costs

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

	2020	2019
Net Interest income from financial assets	3,253,689	2,959,587
(Net loss)/Net gain from exchange rate differences	(354,101)	1,020,449
Income from the sale of financial assets	-	541,219
Interest expense with lease contracts IFRS 16 and other financial expenses	(219,772)	(204,277)
Net expected credit losses (IFRS 9)	(791,472)	(129,526)
Net financial income	1,888,345	4,187,451

9. Income taxes

The income tax expense is recognized based on the annual income tax rate and calculation methodology for the full financial year. The annual tax rate used for the period ended 31 December 2020 is 16% (the tax rate for the year ended 31 December 2019 was also 16%).

The profit tax expense in amount of 1.1 mn lei has in its component the expense with the current profit tax afferent to the financial year in the amount of 1.55 mn lei and the income from the deferred tax calculated by CCP.RO in the amount of 0.45 mn lei.

10. Dividends

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

The General Shareholders Meeting of the Central Depository held on 27 May 2020 approved the distribution of the company's statutory net profit for 2019, amounting to RON 1,590,835, as follows: RON 90,420 as legal reserve and RON 1,500,415 as dividends.

11. Share capital

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

	Number of shares	% of the share capital
Legal entities, of which:	<u>6,232,373</u>	<u>77.43%</u>
Romanian	5,809,520	72.17%
Foreign	422,853	5.25%
Individuals, of which:	<u>1,762,256</u>	<u>21.89%</u>
Romanian	1,606,332	19.96%
Foreign	155,924	1.94%
Bucharest Stock Exchange	<u>54,617</u>	<u>0.68%</u>
Total	<u>8,049,246</u>	<u>100.00%</u>

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

Starting with March 18, 2020, BVB started the share buy-back program in a total amount of maximum RON 2,112,915, a value that was included in the Budget and the Business plan of 2019 to be allocated to this program in 2019 and 2020, in the terms and conditions approved by the Decision of the Extraordinary General Meeting of Shareholders (EGMS) no. 1 of April 24, 2019. In total, during the first nine-months of 2020, a number of 60,369 shares were redeemed, amounting to RON 1,389,119.

12. Subsequent events

There are no subsequent events to report.

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

Ratio	Calculation method	Value
1. Liquidity ¹⁾	Current assets / Current liabilities	2.14
2. Gearing ²⁾	Borrowed capital / Total equity x 100	0.03
3. Receivable turnover ³⁾	Average receivables / Turnover x 270	20
4. Asset turnover	Turnover / Non-current assets ⁴⁾	0.51

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

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

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

4) Explains the effectiveness of non-current asset management by examining turnover (for financial investment companies the amount of current activity revenues) generated by a certain amount of non-current assets.

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