



PRELIMINARY REPORT

as of 31 December 2015

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Notes

The report herein presents the standalone condensed preliminary 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) which determined the change in accounting policies and use of IFRS reporting starting with 31 December 2015. The financial results as of 31 December 2015 are not audited. These are preliminary figures and changes may occur.

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.

Disclaimer

This English language report is a convenience translation of the Romanian language “*Preliminary Report as of 31 December 2015*”. The Romanian version of the report is the official document.

Executive summary

RON 35 mn

Average trading value in 2015

(regulated equities market, offers included)

The year of 2015 brought a new wave of changes and measures aimed at redesigning the local capital market, with a renewed focus on creating long-term links with the entrepreneurial environment and with the retail investor community.

The launch of AeRO market was a milestone in creating a modern and reliable environment for start-ups and SMEs to look for financing of their businesses. A few companies have already made a first step and became listed companies, including the first companies in the IT industry. AeRO also absorbed tens of companies previously listed on RASDAQ market which ceased activity in October.

EUR 17 bn

Domestic market cap

(end-Dec, regulated market)

As regards the retail focus, programs such as Fluent in Finance, increased accessibility via new extensions of the trading platform, enhanced editions of the Investor Forum, the new concept Your Money Expo, support for Investor Clubs and many others, have brought the local market and financial investments closer to the Romanian people.

Such efforts could not counter the increased risk aversion and amplified volatility episodes which mostly affected emerging and frontier markets. The Bucharest Stock Exchange (BVB) ended the year with a preliminary net profit of RON 7 mn, down 41% y-o-y given the increasingly challenging international and local context, which brought volumes, capitalization and indices lower.

RON 17.7 mn

Preliminary operating revenues in 2015

(as per separate IFRS reporting)

The main market index BET ended 2015 with a decline of 1.1%, while its total return version BET-TR gained 3.1% after incorporating dividends paid by constituent companies. It is worth mentioning that the Bucharest Stock Exchange companies have registered one of the highest dividend yields in the region.

In terms of trading activity, the capital market registered lower equities markets turnover in 2015, where trading value including offers reached RON 9 bn, 32% below 2014. The fixed income markets fared much better, due to several deals including the sale of Bucharest Municipality bonds and the sale of government securities dedicated for retail investors, the first such issue in 10 years.

RON 7 mn

Preliminary net profit for 2015

(as per separate IFRS reporting)

The weaker trading activity, the lack of significant deals and lower trading fees translated into preliminary operating revenues by 35% lower in y-o-y terms. Preliminary operating expenses followed the same trend, but declined at a lower rate, leading to a 71% drop in operating profit to RON 3.2 mn.

Preliminary net financial revenues partly countered this decline due to dividends received from affiliates and higher unrealized favorable foreign exchange differences, and added RON 5 mn to the profit before tax.

Financial highlights

Financial performance

(RON mn, unless otherwise stated)

	Prelim. 4Q 2015	4Q 2014*	%	3Q 2015*	%	Prelim. 2015	2014	%
Operating revenue	5.16	8.22	-37%	4.00	29%	17.73	27.22	-35%
Operating expenses	3.78	5.91	-36%	3.13	21%	14.49	16.09	-10%
Operating profit	1.38	2.30	-40%	0.87	58%	3.24	11.13	-71%
Profit before tax	2.66	2.98	-11%	1.04	156%	8.06	14.10	-43%
Profit for the period	2.21	2.50	-12%	0.87	155%	7.00	11.84	-41%
Total comprehensive income	2.21	2.59	-15%	0.87	154%	6.99	11.96	-42%
EPS (RON)	0.29	0.33	-12%	0.11	155%	0.91	1.54	-41%

* The financial results for the two periods of comparison represent restated figures in accordance with IFRS and are not audited

Profitability ratios

(%)

	Prelim. 4Q 2015	4Q 2014*	%	3Q 2015*	%	Prelim. 2015	2014	%
Operating margin	28%	29%	-	22%	-	19%	41%	-
Net margin	45%	31%	-	22%	-	41%	44%	-
Return on equity	2%	3%	-	1%	-	7%	12%	-

* The ratios for the two periods of comparison are based on restated figures in accordance with IFRS

Operating highlights

(RON mn; all markets)

	4Q 2015	4Q 2014	%	3Q 2015	%	2015	2014	%
Trading value – shares, rights, units*	2,687	2,960	-9%	2,179	23%	8,964	13,234	-32%
Trading value – certificates	84	92	-8%	110	-23%	403	228	77%
Trading value – fixed-income*	272	88	209%	131	109%	2,848	956	198%
Total	3,044	3,140	-3%	2,420	26%	12,215	14,417	-15%
Avg. daily value (shares, incl. offers)**	43.6	47.9	-9%	32.2	35%	35.1	51.9	-32%
Avg. daily value (shares, excl. offers)**	33.1	32.2	3%	32.2	3%	32.5	38.9	-16%

* Including offers

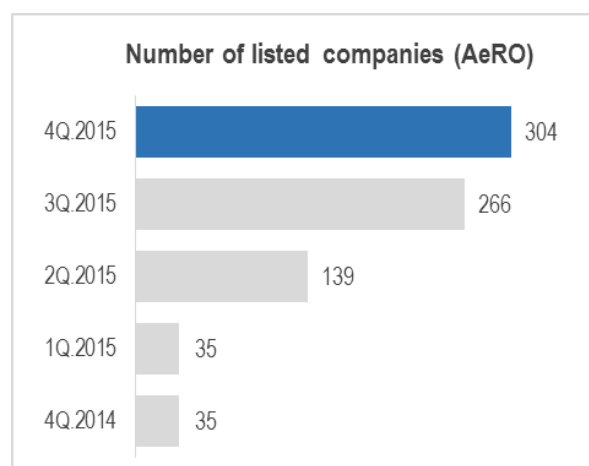
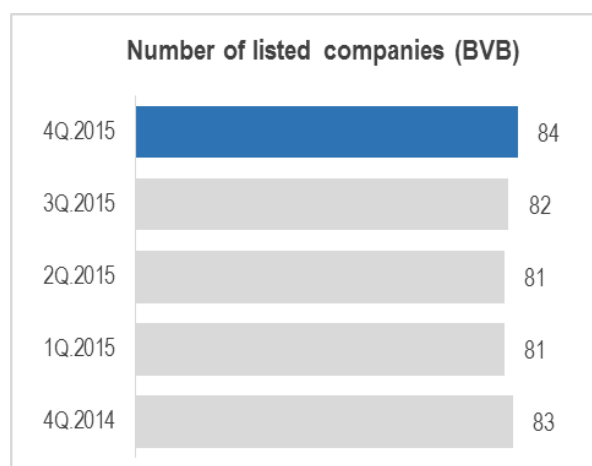
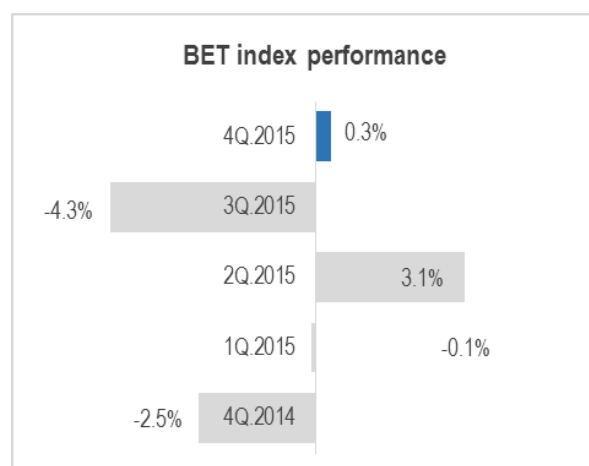
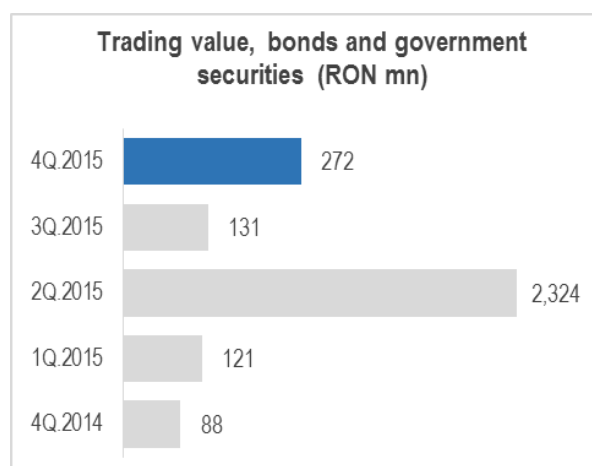
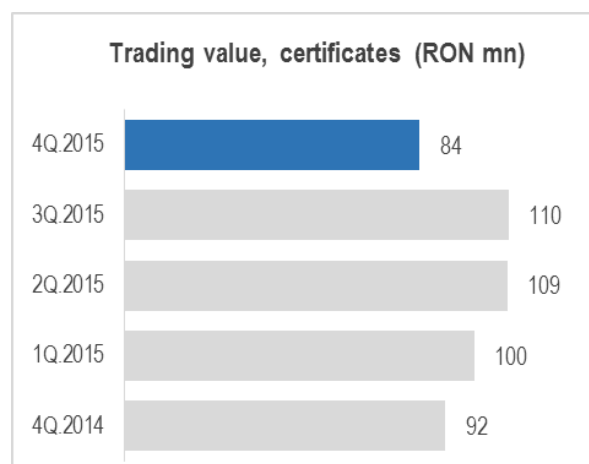
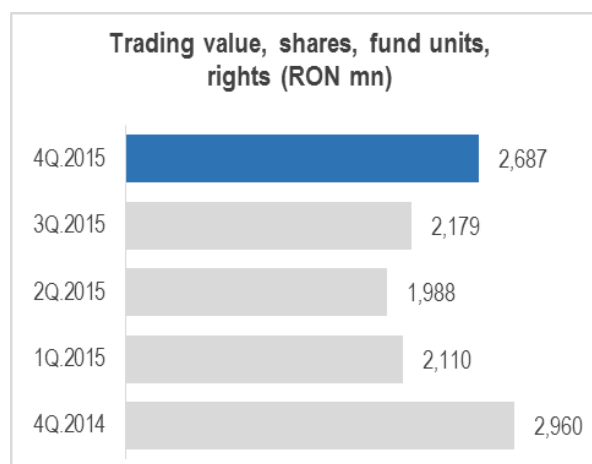
**Value for the Regulated market

BVB share statistics

(RON, unless otherwise stated)

	4Q 2015	4Q 2014	%	3Q 2015	%	2015	2014	%
Closing price (e-o-p)	27.00	33.97	-21%	31.00	-13%	27.00	33.97	-21%
Weighted average price	29.16	31.61	-8%	32.62	-11%	36.07	30.12	20%
High (intraday)	31.50	34.44	-9%	34.40	-8%	40.50	34.44	18%
Low (intraday)	26.30	27.70	-5%	28.66	-8%	26.30	24.70	6%
Total trading value (RON mn)	5.00	28.93	-83%	8.95	-44%	55.93	64.30	-13%
Average trading value (RON mn)	0.08	0.47	-83%	0.14	-40%	0.22	0.26	-14%

Quarterly operating highlights



Note

The traded value is presented based on a “single counted” basis, includes Deal trades and offers

Analysis of preliminary results for 2015

Markets overview for the fourth quarter of 2015. During the last three months of the year, monetary policy divergence remained one of the main themes, as the European Central Bank (ECB) reduced its deposit rate to a negative 0.3% and announced further quantitative easing measures, while the Federal Reserve increased the policy rate by 0.25% for the first time since 2006.

Expectations related to the Eurozone QE programme and the encouraging economic data from the US and EU drove equity markets higher in the quarter, despite a poor month in December.

Emerging market equities underperformed developed markets as concerns over slowing growth in China and stronger USD weighed on returns. In addition, Brazil was downgraded to non-investment grade by two rating agencies following the deteriorating economic data. MSCI Emerging Markets (EM) index ended the quarter with a slight 0.3% performance, lagging the MSCI World index which increased by 5.1% (in USD terms). In comparison, BET index declined by 4.9% in USD terms, even though in local currency the return was a positive 0.3%.

Local market performance in the fourth quarter of 2015. Improved internal demand continued to drive the Romanian GDP higher, by 3.6% in 3Q (seasonally adjusted) in y-o-y terms. Other macro indicators remained favorable (such as retail sales, construction sales dynamics, FDIs etc), thus improving Romania's macro and financial stability.

The quarter was marked however by an episode of political instability following the resignation of PM Victor Ponta, ended with the appointment of a new government of technocrats led by former European Commissioner Dacian Cioloș. The new team of ministers shall run the country until the next elections in December 2016.

The local capital market was influenced less by politics and more by dynamics of the global markets, falling oil prices and a controversial law related to mortgage loans, seen to affect local banks if passed. BET index increased by 0.3% (in RON) during the quarter. In full-year terms, BET ended 2015 with a decline of 1.1%, while its total return version BET-TR gained 3.1% after incorporating dividends paid by constituent companies.

The stock market trading activity picked up in the analyzed period compared to the previous quarter, increasing by 23% in terms of turnover (offers included) to RON 2.7 bn. In y-o-y terms, a 9% decline was registered. For the regulated market alone, the average daily turnover for the quarter was RON 33.1 mn (excluding offers), 3% above both periods of reference.

The offers segment featured two main deals, i.e. Fondul Proprietatea's sale of a stake in Romgaz, worth of RON 419 mn and the similar move of the European Bank of Reconstruction and Development which sold part of its holding in Banca Transilvania, in a RON 217 mn deal.

The fixed-income market continued the upward trend and reached RON 161 mn in turnover (excluding offers). As regards the offers market, RON 111 mn worth of corporate bonds were offered via BVB by International Investment Bank, thus the total turnover generated by bonds and government securities reached RON 272 mn.

The structured products market declined by 23% q-o-q and by 8% y-o-y to RON 84 mn during the fourth quarter.

Review of the 2015 preliminary financial results. The company's **revenues from services** reached RON 17.21 mn in 2015, by 36% lower in y-o-y terms. The main driver was the 43% decline in **trading revenues** to RON 13.14 mn, which mirrored the weaker trading activity and the effects of the trading fees cut operated in October 2014.

The stock market, including both the Regulated Market and AeRO, generated almost RON 9 bn in trading value, including offers, by 32% below 2014 when the IPO for Electrica marked a milestone difficult to reach. Excluding offers, the decline was 16%, triggered by the increased investor risk aversion towards frontier and emerging markets.

Apart from the unfavorable trading values changes, trading revenues also reflected the lower fees charged by BVB starting with the fourth quarter of 2014. In the case of regular trades executed on the shares markets, such decline was approximately 15%. The markets also changed in structure, as less negotiated trades on the deal markets were registered, averaging 17% of the 2015 Regulated Market total trading value, compared to 45% before the fees cut was implemented.

Total **operating revenues** were RON 17.73 mn in 2015, lower by 35% y-o-y.

Operating expenses declined by 10% compared to 2014, to RON 14.49 mn, mostly due to lower personnel costs, a decline in events & travel related costs, provisions and expenses with non-deductible VAT and FSA costs. On the other hand, depreciation charges advanced to RON 1.15 mn, 50% above the figure registered in 2014, due to investments in intangible and tangible assets commissioned during 2014 and 2015.

The **operating profit** reached RON 3.24 mn, well below the previous year. The decline was partly offset by **net financial revenues** which increased significantly due to the registration of dividend income from the company's affiliate entities (the Central Depository) and unrealized foreign exchange gains.

The **preliminary net profit** for the year was RON 7 mn or RON 0.91 per share, 41% below the figure reported in 2014.

Review of the financial position as of 31 December 2015. At the end of December 2015, BVB's **total assets** were RON 97.56 mn, down by 6% compared to the end of last year, mainly due to the payment of dividends to BVB's shareholders starting with June 2015. In more detail, **non-current assets** increased by RON 8.3 mn since the beginning of the year to RON 76.77 mn as BVB continued investments in financial instruments classified as held-to-maturity.

Current assets reached RON 20.79 mn, lower by RON 14.72 mn compared to the end of 2014. The decline is mainly attributable to the payment of dividends from past years' net profits and further acquisitions of long-term government securities. Almost 90% of the current assets are cash, cash equivalents and bank deposits, i.e. RON 18.25 mn.

All BVB's **payables** are short-term and at the end of December 2015 they amounted to RON 3.43 mn. The amount included dividends payable to BVB's shareholders', trade payables to various suppliers, estimated amounts for leave days not taken by the company's employees, other liabilities to the state budget and the social security budget, not due at the end of the analyzed period.

Shareholders' equity reached RON 94.12 mn, down by 4% since the beginning of the year, following the registration of the net profit accumulated during the year.



Standalone condensed preliminary financial statements as at and for the financial year ended 31 December 2015

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

Standalone condensed preliminary income statement and statement of comprehensive income

All amounts are indicated in RON, unless otherwise stated

	Financial year ended	
	31 Dec 2015	31 Dec 2014
	Unaudited	Audited
Revenues from services	17,205,274	26,871,380
Other revenues	523,345	348,832
Operating revenue	17,728,619	27,220,212
Salaries expenses and benefits of the members of Board of Governors	(7,720,389)	(8,947,702)
Expenses with services provided by third parties	(1,809,334)	(1,757,810)
Other operating expenses	(4,960,368)	(5,384,626)
Operating profit	3,238,528	11,130,074
Financial income	5,559,331	4,056,119
Financial expenses	(510,912)	(378,945)
Loss from asset impairment – related parties	(223,279)	(710,304)
Profit before tax	8,063,668	14,096,944
Corporate income tax expense	(1,059,520)	(2,253,618)
Profit for the year	7,004,148	11,843,326
Revaluation of financial assets available for sale	18,961	(114,118)
Total comprehensive income for the year of the period	7,023,109	11,729,208
Earnings per share		
Result per share – base (RON)	0.91	1.54
Earnings per share – diluted (RON)	0.91	1.54

The notes on pages 15 to 20 are an integral part of these standalone condensed preliminary financial statements.

General Manager,
Ludwik Leszek Sobolewski

Financial Manager,
Virgil Adrian Stroia

Standalone condensed interim income statement and statement of comprehensive income

All amounts are indicated in RON, unless otherwise stated

	Quarter ended	
	31 Dec 2015	31 Dec 2014
	Unaudited	Unaudited
Revenues from services	4,935,656	7,986,977
Other revenues	<u>222,357</u>	<u>228,803</u>
Operating revenue	5,158,014	8,215,780
Salaries expenses and benefits of the members of Board of Governors	(2,191,482)	(3,990,854)
Expenses with services provided by third parties	(428,196)	(473,563)
Other operating expenses	<u>(1,161,632)</u>	<u>(1,449,812)</u>
Operating profit	<u>1,376,704</u>	<u>2,301,551</u>
Financial income	1,639,744	1,499,993
Financial expenses	(135,797)	(115,197)
Loss from asset impairment – related parties	<u>(223,279)</u>	<u>(710,304)</u>
Profit before tax	2,657,371	2,976,044
Corporate income tax expense	(451,636)	(480,845)
Profit for the year	<u>2,205,735</u>	<u>2,495,199</u>
Revaluation of financial assets available for sale	<u>(4,134)</u>	<u>(95,930)</u>
Total comprehensive income for the year of the period	<u>2,201,601</u>	<u>2,399,269</u>
Earnings per share		
Result per share - base (RON)	0.29	0.33
Earnings per share - diluted (RON)	0.29	0.33

The notes on pages 15 to 20 are an integral part of these standalone condensed preliminary financial statements.

General Manager,
Ludwik Leszek Sobolewski

Financial Manager,
Virgil Adrian Stroia

Standalone condensed preliminary statement of financial position

All amounts are indicated in RON, unless otherwise stated

	31 Dec 2015	31 Dec 2014
	Unaudited	Audited
Non-current assets		
Tangible assets	4,429,611	4,625,383
Intangible assets	805,405	1,043,164
Investments in subsidiaries	22,903,886	23,127,166
Held-to-maturity financial assets	47,378,829	38,375,645
Available-for-sale financial assets	1,249,049	1,304,295
Total non-current assets	76,766,780	68,475,653
Current assets		
Trade and other receivables	2,319,959	7,026,253
Prepayments	95,547	134,433
Bank deposits	14,714,544	26,278,724
Cash and cash equivalents	3,536,378	2,037,176
Other assets	122,222	29,258
Total current assets	20,788,650	35,505,844
Total assets	97,555,430	103,981,497
Equity		
Share capital	76,741,980	76,741,980
Legal reserve	6,845,427	6,507,834
Revaluation reserve	2,325,080	2,325,080
Fair value reserve	18,961	(114,118)
Retained earnings	8,192,584	12,714,254
Total shareholders' equity	94,124,032	98,175,030
Payables		
Trade and other payables	2,334,618	4,630,844
Deferred income	645,144	694,778
Current corporate income tax payables	451,636	480,845
Total current payables	3,431,398	5,806,467
Total payables and equity	97,555,430	103,981,497

The notes on pages 15 to 20 are an integral part of these standalone condensed preliminary financial statements.

General Manager,
Ludwik Leszek Sobolewski

Financial Manager,
Virgil Adrian Stroia

Standalone condensed preliminary statement of changes in equity

All amounts are indicated in RON, unless otherwise stated

	Share capital	Retained earnings	Revaluation of available-for-sale financial assets	Revaluation reserve	Legal reserve	Total equity
Balance as at 1 January 2015	<u>76,741,980</u>	<u>12,714,254</u>	<u>(114,118)</u>	<u>2,325,080</u>	<u>6,507,834</u>	<u>98,175,030</u>
Total comprehensive income for the year						
Profit or loss account	-	7,004,148	-	-	-	7,004,148
Other items of comprehensive income						
Reserve of available-for-sale financial assets	-	-	133,079	-	-	133,079
Total items of comprehensive income	<u>-</u>	<u>-</u>	<u>133,079</u>	<u>-</u>	<u>-</u>	<u>133,079</u>
Total comprehensive income for the year	<u>-</u>	<u>7,004,148</u>	<u>133,079</u>	<u>-</u>	<u>-</u>	<u>7,137,227</u>
Transactions with shareholders, recognized directly in equity						
Contributions from and distributions to shareholders						
Legal reserve increase	-	(337,593)	-	-	337,593	-
Dividends paid	<u>-</u>	<u>(11,188,225)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,188,225)</u>
Total contributions from and distributions to shareholders	<u>-</u>	<u>(11,525,818)</u>	<u>-</u>	<u>-</u>	<u>337,593</u>	<u>(11,188,225)</u>
Total transactions with shareholders	<u>-</u>	<u>(11,525,818)</u>	<u>-</u>	<u>-</u>	<u>337,593</u>	<u>(11,188,225)</u>
Balance as at 31 December 2015	<u>76,741,980</u>	<u>8,192,582</u>	<u>18,961</u>	<u>2,325,080</u>	<u>6,845,427</u>	<u>94,124,032</u>

Standalone condensed preliminary statement of changes in equity (continued)

All amounts are indicated in RON, unless otherwise stated

	Share capital	Retained earnings	Revaluation of available-for-sale financial assets	Revaluation reserve	Legal reserve	Total equity
Balance as at 1 January 2014	<u>76,741,980</u>	<u>10,614,513</u>	<u>(213,899)</u>	<u>2,325,080</u>	<u>5,800,353</u>	<u>95,268,027</u>
Total comprehensive income for the year						
Profit or loss account	-	11,843,326	-	-	-	11,843,326
Other items of comprehensive income						
Reserve of available-for-sale financial assets	-	-	99,782	-	-	99,782
Total items of comprehensive income	-	-	99,782	-	-	99,782
Total comprehensive income for the year	-	11,843,326	99,782	-	-	11,943,108
Transactions with shareholders, recognized directly in equity						
Contributions from and distributions to shareholders						
Legal reserve increase	-	(707,481)	-	-	707,481	-
Dividends paid	-	(9,036,104)	-	-	-	(9,036,104)
Total contributions from and distributions to shareholders	-	(9,743,585)	-	-	-	(9,036,104)
Total transactions with shareholders	-	(9,743,585)	-	-	-	(9,036,104)
Balance as at 31 December 2014	<u>76,741,980</u>	<u>12,714,254</u>	<u>(114,118)</u>	<u>2,325,080</u>	<u>6,507,834</u>	<u>98,175,030</u>

The notes on pages 15 to 20 are an integral part of these standalone condensed preliminary financial statements.

Standalone condensed preliminary statement of cash flows

All amounts are indicated in RON, unless otherwise stated

	Financial year ended	
	31 Dec 2015	31 Dec 2014
	Unaudited	Audited
Cash flows used in operating activities		
Profit for the year	7,004,148	11,843,475
Adjustments to remove non-cash items:		
Depreciation of fixed assets	1,147,509	766,419
Amortisation of costs from the acquisition of government securities	510,912	378,946
Interest income	(2,663,728)	(2,683,190)
Dividend income	(1,346,412)	(56,858)
Receivable impairment	24,896	-
Provisions - net	(234,233)	109,240
Corporate income tax expense – reclassification	1,059,520	2,253,618
Production of intangible assets	(135,698)	(659,272)
Asset impairment – related parties	223,279	710,304
Other adjustments	8,366	4,598
	5,598,559	12,667,280
Change in trade and other receivables	4,580,068	(2,419,798)
Change in prepayments	38,886	40,625
Change in trade and other payables	(2,011,711)	(523,044)
Change in deferred income	(49,634)	32,683
Changes to deferred tax	-	12,743
Corporate income tax paid	(1,088,729)	(2,570,328)
Net cash from operating activities	7,067,439	7,240,161
Cash flows from investing activities		
Interest received	2,741,893	2,785,111
Dividends received	1,346,412	56,858
Bank deposits	11,564,180	8,491,358
Purchases of other held-to-maturity financial assets	(9,592,261)	(9,540,580)
Repurchases of other held-to-maturity financial assets	188,325	-
Acquisition of tangible and intangible assets	(578,279)	(1,183,809)
Receipts from the sale of non-current assets	-	2,022
Net cash from investing activities	5,670,270	610,940
Cash flows from financing activities		
Dividends paid	(11,238,506)	(9,105,111)
Net cash used in financing activities	(11,238,506)	(9,105,111)
Net increase / (decrease) in cash and cash equivalents	1,499,203	(1,254,010)
Cash and cash equivalents 1 January	2,037,177	3,291,187
Cash and cash equivalents 31 December	3,536,378	2,037,177

The notes on pages 15 to 20 are an integral part of these standalone condensed preliminary financial statements.

Notes to the standalone condensed preliminary 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

Main activity

Administration of financial
markets

CAEN code 6611

The Bucharest Stock Exchange (BVB) was established as a public non-profit institution, based on the Decision of the National Securities Commission (NSC) no. 20/1995 and in 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 February 25, 2015; separate sections of the alternative trading system are available for trading bonds and foreign stocks listed on other markets;
- RASDAQ market where shares and rights issued by Romanian entities are traded, most of them coming from the mass privatization program. According to the Law no. 151/2014 and subsequent FSA regulations, companies listed on RASDAQ market must choose between a transfer to a regulated market, migration to an alternative trading system or delisting from the exchange. The process was finalized on 26 October 2015, when RASDAQ market ceased operating.

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)

ROBVB.BX (Reuters)

ROBVBAAACNOR0 (ISIN)

Since 8 June 2010, BVB is a listed company on its own spot regulated market.

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, ROTX.

2. Basis of preparation

Starting with the standalone condensed preliminary financial results for 2015, the Bucharest Stock Exchange prepares its financial reports in accordance with the International Financial Reporting Standards (IFRS UE) as adopted by the European Union, and in compliance with the rules and regulations of the Financial Supervisory Authority (FSA).

The condensed interim financial statements should be read in conjunction with the annual standalone financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRSs.

These standalone condensed preliminary financial statements prepared for the financial year ended 31 December 2015 have not been audited. The financial figures are preliminary and may be subject to change following the audit process.

At the time these standalone condensed preliminary financial statements were prepared, the company had not prepared the consolidated financial statements in accordance with EU IFRS for the company and its subsidiaries (the "Group"), pursuant to IAS 27.

The Company used an interpretation presented in the agenda issued by the European Commission for Internal Market and Services for the meeting of the Accounting Regulatory Committee (document ARC/08/2007) on the relation between IAS regulations and the 4th and 7th Directive on the companies' law. According to the Commission Services department, if a company chooses or is required to prepare the annual financial statements in accordance with EU IFRS, it can prepare and submit them independently of the preparation and submission of the consolidated financial statements.

In the consolidated financial statements, branches - 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.

The users of these standalone condensed preliminary financial statements must read them together with the consolidated financial statements of the Group on and for the year ended at 31 December 2015, as soon as they become available, in order to get comprehensive information about the financial position, results of the operations and the cash flows of the Group as a whole.

3. Accounting policies

The accounting policies and methods of computation followed in these standalone condensed preliminary financial statements are consistent with those used in the most recent annual financial statements, prepared for the year ended 31 December 2014.

Amendments to IFRSs effective for the financial year ending 31 December 2015 are not expected to have a material impact on the company.

Taxes on income in the interim periods are accrued using the tax rate 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 2014.

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 2014.

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).

The following table presents the company's financial assets and liabilities that are measured at fair value at 31 December 2015, together with their carrying amounts:

	31 Dec 2015		31 Dec 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at fair value				
Available-for-sale financial assets	1,249,049	1,249,049	1,304,295	1,304,295
Assets carried at amortised cost				
Trade and other receivables	2,319,959	2,319,959	7,026,253	7,026,253
Bank deposits	14,714,544	14,714,544	26,278,724	26,278,724
Other held-to-maturity financial assets with maturity above one year	47,378,829	49,982,161	38,375,645	40,683,567
Cash and cash equivalents	<u>3,536,378</u>	<u>3,536,378</u>	<u>2,037,176</u>	<u>2,307,176</u>
Total	<u>67,949,710</u>	<u>70,553,042</u>	<u>73,717,798</u>	<u>76,025,720</u>
Liabilities carried at amortised cost				
Financial liabilities	<u>1,783,150</u>	<u>1,783,150</u>	<u>2,209,527</u>	<u>2,209,527</u>
Total	<u>1,783,150</u>	<u>1,783,150</u>	<u>2,209,527</u>	<u>2,209,527</u>

5.4 Fair value of financial assets and liabilities measured at amortised 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. Income taxes

The income tax expense is recognised based on the management's computation of the annual income tax rate for the full financial year. The annual tax rate used for the year to 31 December 2015 is 16% (the estimated tax rate for the year to 31 December 2014 was 16%).

7. Dividends

A dividend of RON 1.4579 per share (2014: RON 1.1777 per share) that relates to the financial year ended 31 December 2014 was paid in June 2015.

8. Investments in subsidiaries

In 2015, the Company's participation to the Group entities remained unchanged.

	1 Jan 2015	Increases	31 Dec 2015
Depozitarul Central S.A.	20,243,932	-	20,243,932
Casa de Compensare Bucuresti S.A.	3,651,494	-	3,651,494
Fondul de Compensare a Investitorilor S.A.	214,843	-	214,843
BVB Corporate Governance Institute Foundation	50,000	-	50,000
Total	24,160,269	-	24,160,269

Following the evaluation of Casa de Compensare Bucuresti S.A. (Bucharest Clearing House S.A. or BCH) within the project of transforming it into a central counterparty, factors have been identified pointing towards the depreciation of the value of BVB's participation as at 31 December 2015 and an adjustment to the investment value was registered, of 223 thousand RON. The value of the adjustment accounts for 100% of the decline in value of BCH's net assets below the holding value booked in BVB's accounting records.

Changes in adjustments for the depreciation of BVB's investment in subsidiaries(BCH) during 2015 are:

	2015	2014
Balance as at 1 January	1,033,104	342,141
Increase of adjustments for depreciation of investments	223,279	690,963
Balance as at 31 December	1,256,383	1,033,104

9. Property, plant and equipment and intangible assets

	Land	Plant and equipment	IT and office equipment, furniture	Total
Cost				
Balance as at 1 January 2015	3,344,100	6,820,509	930,429	11,095,038
Purchases	-	46,311	264,143	310,455
Outflows	-	88,910	-	88,910
Balance as at 31 December 2015	<u>3,344,100</u>	<u>6,777,910</u>	<u>1,194,572</u>	<u>11,316,582</u>
Depreciation				
Balance as at 1 January 2015	-	5,955,198	514,457	6,469,655
Depreciation during the year	-	339,203	167,025	506,227
Outflows	-	88,910	-	88,910
Balance as at 31 December 2015	<u>-</u>	<u>6,205,491</u>	<u>681,482</u>	<u>6,886,972</u>
Net carrying amounts				
Balance as at 1 January 2015	<u>3,344,100</u>	<u>865,311</u>	<u>415,972</u>	<u>4,625,383</u>
Balance as at 31 December 2015	<u>3,344,100</u>	<u>572,420</u>	<u>513,090</u>	<u>4,429,611</u>

	Licenses, software
Cost	
Balance as at 1 January 2015	5,093,375
Purchases	403,522
Outflows	288,834
Balance as at 31 December 2015	<u>5,208,063</u>
Depreciation	
Balance as at 1 January 2015	4,050,212
Depreciation during the year	641,281
Outflows	288,834
Balance as at 31 December 2015	<u>4,402,659</u>
Net carrying amounts	
Balance as at 1 January 2015	<u>1,043,163</u>
Balance as at 31 December 2015	<u>805,405</u>

Software and license costs include mainly the value of trading systems used by the company for specific activities carried out.

The company registered investments and acquisitions of intangible assets in 2015 amounting to RON 403 thousand (2014: RON 1,327 thousand). Such increase is partly due to the completion of projects related to the development of the trading system ARENA. The book value of ARENA increased by RON 136 thousand following the capitalisation of internal costs.

10. Share capital

On 31 December 2014 and 2015, BVB had the same share capital amounting to RON 76,741,980 divided into 7,674,198 shares with a nominal value of RON 10/share, dematerialized, with the same voting rights, divided into the following categories:

	Number of shares	% of the share capital
Legal entities, of which:	6,650,723	86.66%
Romanian	5,555,202	72.39%
Foreign	1,095,521	14.27%
Individuals, of which:	1,015,754	13.24%
Romanian	973,140	12.78%
Foreign	42,614	0.56%
Total	7,674,198	100.00%

In accordance with the provisions of the Government Emergency Ordinance no. 90/2014 amending and supplementing the Law no. 297/2004 regarding the capital market, a shareholder of a market operator cannot own directly or indirectly more than 20% of the total voting rights. On 31 December 2015, there were no shareholders holding stakes exceeding this threshold. BVB does not hold shares in its own name.

11. Related party transactions

Revenues registered in relation to entities in which BVB has holdings are based on IT management and maintenance services for equipment that ensure the object of activity and income from dividends distributed by the Central Depository. Expenses incurred with associates consist of clearing, settlement and guarantee of the transactions in derivative financial instruments and services provided by the Bucharest Clearing House.

	2015	2014
Operating income	<u>572,861</u>	<u>684,850</u>
Central Depository	572,555	684,495
Investors Compensation Fund	305	355
Income from dividends received	<u>1,311,804</u>	<u>-</u>
Central Depository	1,311,804	-
Purchases of goods and services	<u>50,752</u>	<u>37,300</u>
Central Depository	50,752	30,569
Bucharest Clearing House	-	6,731
Liabilities as at 31 December	<u>351</u>	<u>8,454</u>
Central Depository	351	8,454
Receivables as at 31 December, of which:	<u>289,997</u>	<u>813,222</u>
Central Depository	1,233	524,458
Bucharest Clearing House	288,764	288,764

12. Subsequent events

On 17 December 2015, the Ordinary General Shareholders Meeting of BVB elected the new members of the company's Board of Governors, i.e. Lucian Claudiu Anghel, Valerian Ionescu, Gabriel Marica, Cristian Micu, Octavian Molnar, Otto Naegeli, Robert Cosmin Pana, Dan Viorel Paul and Radu Toia. Mr. Anghel was re-elected President of the Board. The Financial Supervisory Authority validated the new Board of Governors on 27 January 2016.

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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

9 Feb 2016	Annual meeting with analysts and investors
26/27 Apr 2016*	General Meeting of the Shareholders
26/27 Apr 2016*	Release of the 2015 Annual Report
12 May 2016	Release of the Quarterly report for the 1 st Quarter of 2016 & conference call
11 Aug 2016	Release of the Half-yearly report for the 1 st Half of 2016 & conference call
10 Nov 2016	Release of the Quarterly report for the 3 rd Quarter of 2016 & conference call

* actual dates shall be communicated after the Board of Governors decides when the GSM for the approval of 2015 annual financial results shall take place

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