BUCHAREST STOCK EXCHANGE

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

31 DECEMBER 2013

BUCHAREST STOCK EXCHANGE S.A.

FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT 31 DECEMBER 2013

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BUCHAREST STOCK EXCHANGE

SEPARATE PROFIT OR LOSS ACCOUNT

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 *(thousand RON)*

	Note	31 December 2013	31 December 2012
Revenues from services		24,287	17,399
Other revenues		125	54
Operating revenue		24,412	17,453
Staff costs and benefits of the members of Board of Governors	7	(9,788)	(7,277)
Expenses with services provided by third parties	7	(2,251)	(2,234)
Other operating expenses	7	(5,260)	(2,840)
Operating profit		7,113	5,102
Financial income	8	3,158	5,957
Financial expense	8	(182)	-
Loss from asset impairment – affiliate entities	6	(342)	-
Profit before tax		9,747	11,059
Corporate income tax expense	9	(1,547)	(1,415)
Profit for the year		8,200	9,644
Revaluation of financial assets available for sale	13	222	76
Total comprehensive income for the year of the period		8,422	9,720
Earnings per share:			
Result per share - base (RON)	20	1.07	1.26
Earnings per share - diluted (RON)	20	1.07	1.26

The separate financial statements were approved by the Board of Governors on 27 June 2014 and were signed by:

President,	General Manager,	Financial Manager,
Lucian Claudiu Anghel	Ludwik Leszek Sobolewski	Virgil Adrian Stroia

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2013 (thousand RON)

	Note	31 December 2013	31 December 2012
Assets			
Tangible assets	10	4,541	3,013
Intangible assets	11	70	77
Investments in associates	6	23,818	24,160
Deferred tax receivables	12	13	-
Held-to-maturity financial assets	13	29,316	-
Available-for-sale financial assets	13	1,358	1,124
Total non-current assets		59,116	28,374
Trade and other receivables	14	4,632	1,944
Prepayments	15	175	64
Held-to-maturity financial assets	13	-	13,489
Bank deposits	13	34,770	49,537
Cash and cash equivalents	16	3,291	3,628
Other assets		4	705
Total current assets		42,872	69,367
Total assets		101,988	97,741
Equity			
Share capital	19	76,742	76,742
Legal reserve	19	5,800	5,354
Revaluation reserve	19	1,174	-
Fair value reserve	19	(67)	(289)
Retained earnings	19	11,766	12,422
Total equity		95,415	94,229
Payables			
Trade and other payables	17	5,113	2,691
Deferred income/revenue	18	662	692
Current corporate income tax payables		798	-
Deferred tax - liability	12	-	129
Total current payables		6,573	3,512
Total payables and equity		101,988	97,741

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FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

	Share capital	Retained earnings	Revaluation of available-for-sale financial assets	Legal reserve	Total equity
Balance as at 1 January 2012	76.742	18.683	(365)	4.942	100.002
Total comprehensive income for the year					
Profit or loss	-	9.644	-	-	9.644
Other items of comprehensive income					
Reserve of available-for-sale financial assets	-	-	76	-	76
Impact of adjusting land for inflation – impact net of deferred tax	-	967	-	-	967
Other reserves	-	(24)	-	-	(24)
Total other items of comprehensive income	-	943	76	-	1,019
Total comprehensive income for the year	-	10,587	76	-	10,663
Transactions with owners of the Company, recognised directly in equity					
Contributions by and distributions to Company owners					
Legal reserve increase	-	(412)	-	412	-
Dividend paid to shareholders	-	(16,436)	-	-	(16,436)
Total transactions with shareholders	-	(16,848)	-	412	(16,436)
Balance as at 31 December 2012	76.742	12.422	(289)	5.354	94.229

The explanatory notes to the financial statements on pages 7-61 are an integral part of these separate financial statements

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 *(thousand RON)*

	Share capital	Retained earnings	Revaluation reserve	Revaluation of available-for-sale financial assets	Legal reserve	Total equity
Balance as at 1 January 2013	76.742	12.422	-	(289)	5.354	94.229
Total comprehensive income for the year						
Profit or loss	-	8,200	-	-	-	8,200
Other items of comprehensive income						
Reserve of available-for-sale financial assets	-	-	-	222	-	222
Impact of adjusting land for inflation – cancellation of the deferred tax impact	-	184	-	-	-	184
Reserve from revaluation of land – net impact	-		1,174	-	-	1,174
Other reserves	-	-	-	-	-	-
Total other items of comprehensive income	-	184	1,174	222	-	1,580
Total comprehensive income for the year	-	8.384	1.174	222	-	9.780
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to shareholders						
Legal reserve increase	-	(446)	-	-	446	-
Dividend paid to shareholders	-	(8,594)	-	-	-	(8,594)
Total contributions by and distributions to shareholders	-	(9.040)	-	-	446	(8.594)
Total transactions with shareholders	-	(9.040)	-	-	446	(8.594)
Balance as at 31 December 2013	76.742	11.766	1.174	(67)	5.800	95.415

The explanatory notes to the financial statements on pages 7-61 are an integral part of these separate financial statements

BUCHAREST STOCK EXCHANGE

SEPARATE STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 *(thousand RON)*

	Note	31 December 2013	31 December 2012
Cash flows used in operating activities			
Profit for the year		8,200	9,644
Adjustments to remove non-cash items:			
Depreciation of tangible and intangible assets	10,11	681	579
Interest income	8	(2,771)	(3,725)
Dividend income	8	(388)	(1,917)
Receivable impairment	14	331	47
Provisions - net	17	100	(587)
Corporate income tax expense	9	1,547	1,415
Revenue from provision reversal - land		-	(1,019)
Asset impairment – affiliate entities		342	-
Other adjustments		21	(37)
		8,063	4,400
Change in trade and other receivables	12	(2,455)	373
Change in prepayments	15	(111)	26
Change in trade and other payables	17	2,497	(284)
Change in deferred income/revenue	18	(30)	(46)
Changes to deferred tax	12	43	39
Corporate income tax paid	9	(620)	(1,466)
Net cash from operating activities		7,387	3,042
Cash flows from investing activities			
Interest received	8	3,783	2,578
Dividends received	8	388	1,917
Bank deposits	13	14,767	(9,703)
Purchases of other held-to-maturity financial assets	13	(29,307)	-
Repurchases of other held-to-maturity financial assets	13	(12,422)	19,897
Acquisition of tangible and intangible assets	10,11	(1,028)	(489)
Receipts from the sale of non-current assets		20	53
Net cash from investing activities		1,045	14,253
Cash flows from financing activities			
Dividends paid		(8,769)	(16,118)
Net cash used in financing activities		(8,769)	(16,118)
Net Increase / (Decrease) in cash and cash equivalents		(337)	1,177
Cash and cash equivalents 1 January	16	3,628	2,451
Cash and cash equivalents 31 December	16	3,291	3,628

The explanatory notes to the financial statements on pages 7-61 are an integral part of these separate financial statements

1. REPORTING ENTITY

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

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

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

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

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

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

2. BASIS OF PREPARATION

(a) Statement of compliance

The separate financial statements have been prepared in accordance with the International Financial Reporting Standards ("EU IFRS"). The Company has prepared separate financial statements in order to meet the requirements of Order no. 116 for the approval of Instruction no. 6/2011 regarding the application of International Financial Reporting Standards adopted by the European Union by authorized entities, regulated and supervised by the National Securities Commission.

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

At the time these separate financial statements were approved, 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 financial statements must read them together with the consolidated financial statements of the Group on and for the year ended at 31 December 2013, 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.

2 BASIS OF PREPARATION (CONTINUED)

Differences between statutory financial statements and separate EU IFRS statements

The Company's accounting records are kept in RON, according to Romanian Accounting Regulations ("RCRs"). Statutory accounts have been revised to reflect the differences between RCRs and EU IFRS. Statutory accounts have been adjusted accordingly where necessary in order to make these separate financial statements consistent with EU IFRS in terms of all their major issues.

The most significant changes made to statutory financial statements are the following:

- grouping of several items into more comprehensive categories;
- adjustments of assets and liabilities in accordance with IAS 29 ("Financial Reporting in Hyperinflationary Economies") because the Romanian economy was a hyperinflationary economy until 31 December 2003;
- adjustments to fair value and impairment of financial instruments in accordance with IAS 39 ("Financial Instruments: Recognition and Measurement");
- adjustment of reserves from shares received free of charge;
- setting up of provisions for the deferred tax (IAS 12 "Income Taxes"); and
- presentation of required disclosures according to EU IFRS.

(b) Bases of measurement

The separate financial statements were prepared based on the historical or amortised cost basis, except for the available-for-sale financial assets which are measured at fair value. Other financial assets and liabilities are presented at amortised cost.
The methods used to establish the fair value are presented in *Note 4*.

(c) Functional and presentation currency

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

2 BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements

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

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

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Foreign currency

Transactions in foreign currencies are recorded in RON using the official exchange rate on the transaction settlement date. Monetary assets and liabilities denominated in foreign currency on the date on which the statement of financial-accounting position was prepared are translated in RON at the exchange rate of that day. The gains or losses originating from their settlement and from the translation of monetary assets and liabilities denominated in foreign currency using the exchange rate at the end of the financial year are recognised in the year result. Non-monetary assets and liabilities in a foreign currency that are measured based on historical are translated in RON using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated in RON using the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on translation are recognised in the profit or loss account, except for the differences arising from the translation of available-for-sale financial instruments which are included in the reserve resulting from the change in fair value of these financial instruments. The exchange rates of the main foreign currencies are as follows:

Currency	Spot exchange rate 31 December 2013	Spot exchange rate 31 December 2012	Average exchange rate 2013	Average exchange rate 2012
EUR	4.4847	4.4287	4.4190	4.4560
USD	3.2551	3.3575	3.3279	3.4682

b) Accounting of effects of hyperinflation

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

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

According to IAS 29 an economy is considered hyperinflationary if, among other factors, the cumulative inflation index exceeds 100% over a period of three years.
The steady decrease in the rate of inflation and other factors related to the characteristics of the economic environment in Romania indicate that the economy whose functional currency was adopted by the Company ceased to be hyperinflationary affecting the financial periods starting from 1 January 2004. The Company adopted the provisions of IAS 29 ("Financial Reporting in Hyperinflationary Economies") in preparing financial statements for those holdings older than 1 January 2004. Amounts expressed in the measuring unit used at 31 December 2003 are treated as the basis for the reported accounting amounts included in these separate financial statements and are not measured values, replacement cost or any other measurement of the current value of the assets or prices at which transactions would take place at that time.

c) Financial assets and liabilities

Financial assets

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

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.
Financial assets and liabilities are offset and the net amount presented in the separate statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies financial assets held into the following categories: held-to-maturity financial assets, receivables and available-for-sale financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Held-to-maturity financial assets

If the Company has the intent and ability to hold the debt securities to maturity, then such financial assets are classified as held-to-maturity investments. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Interest for held-to-maturity financial assets, calculated using the effective interest method, is recognized in the profit and loss account as financial revenues.

Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification before maturity of more than an insignificant amount of held-to-maturity investments and that does not occur near their maturity leads to the reclassification of all held-to-maturity investments in the category of available-for-sale assets, and the Company will not be able to classify the investment instruments as held-to-maturity investment instruments during the current year and the next two financial years.

During its activities, the Company also performs government securities repurchase operations. This involves placements with banks using government securities as collateral from banks. Repurchase securities have fixed maturities and are treated as bank deposits with the same rules for recognition, measurement and derecognition.

(ii) Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances, amounts available in current bank accounts, other highly liquid short-term investments with initial maturities of up to three months and bank overdrafts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any of the above categories of financial assets. The Company's investments in equity securities and in certain debt instruments are classified as available-for-sale financial assets.

Subsequent to initial recognition, they are measured at fair value and subsequent changes, other than impairment losses (see *Note 3 (g)*) and exchange rate differences related to equity instruments available for sale, are recognised in other comprehensive income and are presented within equity in the fair value reserve. When an investment is derecognised, the gain or loss accumulated in other comprehensive income is reclassified to profit or loss account.

If fair value cannot be reliably determined, equity investments designated as available-for-sale financial assets are carried at restated cost, less provision for impairment losses.

Financial assets and debt are offset, and only the net amount is presented in the statement of comprehensive income only when the Company has the legal right to offset these values and intends either to settle on a net basis, or to realize the asset and settle the obligation simultaneously.

d) Investments in associates

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measuring investments in subsidiaries and associates

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

Investments in subsidiaries, associates and joint ventures are periodically tested for impairment. Any loss in value is recognised in profit or loss of the year when it occurs as a result of one or more events (“Events of impairment”) that occur after the initial recognition of the investment. A significant or prolonged decline of the fair value of the investment under the accounting value indicates a loss of value. Losses are always recognised through a provision account in order to cancel (to record as expense) the investment carrying amount to the current fair value. The loss of value - measured as the difference between the acquisition cost and the current fair value, less the impairment loss for that asset previously recognised in the profit or loss account - is displayed in the profit or loss account of the year. If, in a subsequent period, the value loss decreases and the decrease can be attributed objectively to an event occurring after the impairment loss was recognised, the previously recognised loss is reversed by adjusting the provision account through the profit or loss account.

e) Tangible and intangible assets

Tangible assets

(i) Recognition and measurement

Land is stated at fair value, determined based on annual valuations, by outside independent valuators. Revaluations are made regularly enough to ensure that the fair value of a revalued asset does not differ significantly from its book value. Any accumulated depreciation on the revaluation date is deducted from the gross book value of the asset, while the net value is restated at the revalued asset value. All the other tangible assets are registered at restated or revalued cost, less accumulated depreciation. Historical cost includes expenses that can be attributed directly to the acquisition of the respective items.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Subsequent costs

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

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

(iii) Tangible asset depreciation

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

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

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

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

Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditure

Subsequent expenditures that increase the future economic benefits embodied in the specific asset to which it relates above the initial estimate are added to their original cost. These expenditures are capitalized as intangible assets if they are not part of tangible assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Intangible asset depreciation

Depreciation is recognised in the profit or loss account using the straight-line method over the estimated useful life for intangible assets. Intangible assets are amortized from the date when the asset is ready to start functioning. The estimated useful life for software and licences is between 1 and 5 years.

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

f) Deferred expenses and revenues

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

g) Impairment

(i) Financial assets

A financial asset not classified at fair value through profit or loss account is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of an event that occurred after the initial recognition of the asset and that the loss event had a negative impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will default or enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company considers evidence of impairment for receivables and held-to-maturity investment securities measured at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. Those found not to be significantly impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than the suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss account and reflected in a receivables adjustment account. Interest on the impaired asset continues to be recognised through the discount depreciation. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the profit or loss account.

Impairment losses on available-for-sale investments are recognised by reclassifying the losses accumulated recognised in other comprehensive income and reflected in the fair value reserve in equity to profit or loss account. The cumulative loss that is reclassified from other comprehensive income to the profit or loss account is the difference between the acquisition cost, net of any principal repayment and depreciation, and the current fair value, less any impairment loss recognised previously in profit or loss account. Changes in provisions for impairment losses attributable to time value of money are reflected as a component of interest income.

If, in a subsequent period, the fair value an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss account, then the impairment loss is reversed, with the amount of the reversal is recognised in the profit or loss account.

However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Non-financial assets

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

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

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

h) Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

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

(iii) Other long-term employee benefits

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade payables and other payables

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

i) Provisions

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

j) Revenues

(i) Revenues from services

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

The main sources of revenues are:

- revenues from fees for transactions in shares and fixed income instruments - revenues are recognised as services are rendered;
- fees charged for admission to trading – revenues are recognised at the date of admission to trading;
- fees charged for maintenance to trading – revenues are recognised on a straight-line basis over the period to which it relates;
- revenues from data vending – revenues are recognised as services are rendered.

(ii) Commissions

When the Company is acting in the capacity of an agent rather than as the principal in a transaction, the recognised revenue is the net commission made by the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Financial income and financial costs

Financial income includes interest income on amounts invested (including available-for-sale financial assets), dividend income, gains on the re-measurement of assets and liabilities in other currencies, gains on the disposal of available-for-sale financial assets and fair value changes of financial instruments that are recognised in the profit or loss account at fair value using the effective interest method.

Dividend income is recognised in the profit or loss account on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the registration date.

Financial costs comprise losses on disposal of available-for-sale financial assets, losses on the re-measurement of assets and liabilities in other currencies, and fair value losses of financial instruments that are recognised in the profit or loss account at fair value using the effective interest method.

k) Current and deferred corporate income tax

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

Current income tax is determined based on the fiscal regulations adopted in full or to a large extent on the statement of financial position date, in countries where the Company and its subsidiaries operate and generate taxable income. Management regularly assesses the positions in the tax returns with regard to those cases where applicable fiscal regulations are interpretable. Management may register provisions, as needed, based on amounts estimated as owed to tax authorities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax is determined in respect of temporary differences arising between the tax base for calculating the tax on assets and liabilities and their carrying value used for reporting in the financial statements. Deferred tax is not recognised for: initial recognition of goodwill, the initial recognition of assets and liabilities arising from Transactions that are not business combinations and that affects neither the accounting nor tax income and differences. Deferred tax is calculated based on tax rates (and laws) enacted in full or to a large extent at the statement of financial position date and that would be applied during the period when receivables (obligations) related to deferred tax will be realized (settled).

Deferred tax receivables are recognised only if it likely that future taxable profits will be registered, from which temporary differences would be deducted.

Deferred tax receivables are calculated for deductible temporary differences resulted from investments in subsidiaries, in affiliate entities and in mutual partnerships only if it is likely that the temporary difference is reversed in the future and there is enough taxable income available from which the temporary difference can be deducted.

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

The tax rate used to calculate current and deferred tax at 31 December 2013 was of 16% (31 December 2012: 16%).

l) Share capital

Ordinary shares are classified as shareholders' equity.

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

m) Earnings per share

The Company presents earnings per share ("CPA") of the basis for its ordinary shares. The basic CPA is calculated by dividing profit or loss account attributable to ordinary shareholders of the Company by a weighted average number of ordinary shares outstanding during that period. Diluted earnings per share is determined by adjusting the profit or loss

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

account attributable to ordinary shareholders and by adjusting a weighted average number of ordinary shares outstanding to the effects of all potential ordinary shares, including preferred shares. Until now it has not been necessary to calculate the diluted CPA because there are no potential ordinary shares, all issued shares having equal rights to dividends.

n) Legal reserve

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

o) Dividends

Dividends are treated as a distribution of profit, recognized as an obligation for the period in which they are declared and approved by the General Assembly of Shareholders.

The only profit available for distribution is the annual profit recorded in the statutory accounts, which is different of the profit from these separate financial statements prepared in accordance with EU IFRS, due to differences between EU IFRS and the Romanian accounting law.

p) New accounting regulations

i) New or revised standards and interpretations which are mandatory for the Company's accounting periods beginning with 1 January 2013 and after

Hyperinflation and Removal of fixed data for entities adopting IFRS for the first time - Amendments to IFRS 1 (issued in December 2010 and effective for the annual periods beginning on or after 1 July 2011, inclusive; applicable to EU IFRS beginning with 1 January 2013). The amendment had no impact on the Company's financial statements.

Recovery of basic assets - Amendments to IAS 12 (issued in December 2010 and effective for the annual periods beginning on or after 1 January 2012, inclusive; ***applicable to EU IFRS from 1 January 2013).*** The amendment had no impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 13, Fair value measurement (issued in May 2011 and effective for the annual periods beginning on or after 1 January 2013, inclusive; applicable to EU IFRS from 1 January 2013). The application of this standard resulted in the presentation of additional information in these financial standards (*Note 5*).

Amendments to IAS 1, Presentation of Financial Statements (issued in June 2011, effective for the annual periods beginning on or after 1 July 2012, inclusive; applicable to EU IFRS from 1 January 2013), brings changes in the presentation of items included in other items of the comprehensive income. The amendments require entities to separate the items presented in other items of comprehensive income into two groups, depending on whether or not they can be reclassified to profit or loss in the future. The recommended title used by IAS 1 has changed from "profit or loss account in other items of comprehensive income". The amendment had no significant impact on the Company's financial statements.

IAS 19 amended, Employee Benefits (issued in June 2011, effective for the annual periods beginning on or after 1 January 2013, inclusive; applicable to EU IFRS from 1 January 2013), brings significant changes in recognition and assessment of pension benefit expenses and in the benefits upon ending the activity, as well as in the information to be provided for all employee benefits. The standard requires recognition of all changes in the net obligation (receivable) on the benefits determined when they occur, as follows: (i) the service cost and net interest in profit or loss; and (ii) revaluations in other comprehensive income items. The amendment had no significant impact on the Company's financial statements.

IFRIC 20, Stripping costs in the production phase of a surface mine, (issued in October 2011 and effective for the annual periods beginning on or after 1 January 2013, inclusive; applicable to EU IFRS from 1 January 2013). The interpretation specifies that benefits from the stripping activity are accounted in accordance with the principles of IAS 2, Inventories, insofar as they are made in the form of stock products. To the extent in which the benefits represent the improved access to the ore, the entity must recognise those costs as "stripping activity asset" within fixed assets, subject to certain criteria. The amendment had no impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Disclosures – Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 (issued in December 2011 and effective for the annual periods beginning on or after 1 January 2013, inclusive; applicable to the EU IFRS from 1 January 2013). The amendment stipulates the provision of information which will allow users of financial statements within an entity to assess the effect or the potential effect of the offsetting commitments, including the offsetting rights. The amendment had no significant impact on the Company's financial statements.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Government loans. The amendments, which treat state loans with a discounted interest rate, grant the entities adopting IFRS for the first time an exemption from the full retrospective application of IFRS, when they account these loans in transition. The same exemption will be applied both to the entities adopting IFRS for the first time and to those already applying these standards. The amendment had no impact on the Company's financial statements.

ii) New or revised standards and interpretations which are mandatory for accounting periods starting with 1 January 2014, and after, inclusive, but which have not been applied by the company before

Recoverable value of non-financial assets – Amendments to IAS 36 (issued on 29 May 2013 and effective for the annual periods beginning on or after 1 January 2014, with allowed retroactive application if IFRS 13 is applied for the same comparative accounting period). The amendment excluded the requirement of presenting the recoverable amount in the case the CGU includes goodwill or intangible assets with indefinite useful life but at the same time no provisions for impairment have been registered. The amendment had no impact on the Company's financial statements.

IFRS 10, Consolidated financial statements (issued in May 2011 and effective for the annual periods beginning on or after 1 January 2013, inclusive; applicable to EU IFRS from 1 January 2014). It is estimated that the amendment will not have an impact on the Company's financial statements.

IFRS 11, Joint commitments (issued in May 2011 and effective for the annual periods beginning on or after 1 January 2013, inclusive; applicable to EU IFRS from 1 January 2014), replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities-Non-Monetary Contributions by Venturers". It is estimated that the amendment will have no impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 12, Presentation of interest in other entities (issued in May 2011 and effective for the annual periods beginning on or after 1 January 2013, inclusive; applicable to EU IFRS from 1 January 2014). The Company analyses the effect of applying this change.

IAS 27, Separate Financial Statements (revised in May 2011 and effective for the annual periods beginning on or after 1 January 2013, inclusive; applicable to EU IFRS from 1 January 2014), was modified and its purpose now is to prescribe the accounting and presentation dispositions for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. Recommendations referring to control and consolidated financial statements have been replaced by IFRS 10, Consolidated Financial Statements. The company is currently analysing the effect of applying this change.

IAS 28, Investments in associates and joint ventures, (revised in May 2011 and effective for the annual periods beginning on or after 1 January 2013, inclusive; applicable to EU IFRS from 1 January 2014). The amendment to IAS 28 resulted from the IASB project referring to joint ventures. When discussing that project, the Council decided to include joint ventures accounting based on the equity method in IAS 28, as this method is applicable both to joint ventures and associates. Apart from this exception, the other recommendations remain unchanged. The company analyses the effect of applying this change.

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (issued in December 2011 and effective for the annual periods beginning on or after 1 January 2014, inclusive; applicable to EU IFRS from 1 January 2014). The amendment added recommendations on implementing IAS 32 in order to correct the inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of the expression "currently has a legally enforceable right to set-off" and the fact that some gross offsetting systems may be considered equivalent to net offsetting. It is estimated that the amendment has no impact on the Company's financial statements.

Amendments to International Financial Reporting Standards (issued in May 2012 and applicable from 1 January 2013; applicable to EU IFRS from 1 January 2014). The amendments consist of changes made to five standards. It is estimated that the amendments will have no significant impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transitional provisions, amendments to IFRS 10, IFRS 11 and IFRS 12 (issued on 28 June 2012 and applicable from 1 January 2013; applicable to EU IFRS from 1 January 2014). It is estimated that the amendments will have no significant impact on the Company's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Companies (issued on 31 October 2012 and applicable from 1 January 2014). It is estimated that the amendments will have no significant impact on the Company's financial statements.

iii) New or revised standards and interpretations not yet adopted by the European Union

IFRS 9, Financial instruments: Classification and Measurement. IFRS 9, issued in November 2009, replaces those parts of IAS 39 relating to the classification and measurement of financial assets. IFRS 9 was further amended in October 2010 in order to comply with the classification and measurement of financial liabilities in December 2011 and (i) to replace the date of entry into force with the annual periods beginning on or after 1 January 2015, inclusive, and (ii) to add transitional information to be provided. The main features of this standard are the following:

– Financial assets are classified into two measurement categories: those subsequently measured at fair value and those subsequently measured at amortized cost. The decision will be made upon initial recognition. The classification depends on the entity's business model used in managing its financial instruments and on the contractual cash flow characteristics of the instrument.

– An instrument is subsequently measured at amortized cost only if it is a debt instrument and if (i) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (ii) the asset's contractual cash flows represent only loan and interest payments (i.e., have only “basic loan features”). All the other debt instruments will be measured at fair value through profit or loss.

– All equity instruments will be subsequently measured at fair value. Equity instruments held for trading will be measured at fair value through profit or loss. For all other equity instruments, an irrevocable election can be done upon initial recognition, consisting of recognition of gains and losses realized and unrealized at fair value, through other comprehensive income items and not through profit or loss. There will be no reversal of fair value gains and losses in profit or loss. This choice will be done separately, for each instrument. Dividends will be presented in profit or loss, as long as they represent the yield of the investment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

– Most IAS 39 provisions on the classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The main change was that the entity will have to present the effects of changes in credit risk of financial liabilities designated at fair value through profit or loss in other items of comprehensive income.

Amendments to International Financial Reporting Standards 2012 (issued in December 2013 and applicable from 1 January 2013; applicable from 1 January 2014; not yet adopted by the European Union). *The amendments consist of changes made to seven standards.* It is estimated that the amendments will have no significant impact on the Company's financial statements.

Amendments to International Financial Reporting Standards 2013 (issued in December 2013 and applicable from 1 January 2013; applicable from 1 January 2014; not yet adopted by the European Union). *The amendments consist of changes made to four standards.* It is estimated that the amendments will have no significant impact on the Company's financial statements.

IFRS 15 – Revenue from contracts with clients (issued on 28 May 2014, effective for the annual periods beginning on or after January 1, 2017; not yet adopted by the European Union). The standard introduces the core principle of revenue recognition at transfer prices levels, when goods or services are transferred to the client. Any combined goods that can be separated must be recognized separately and any discount from the contract price must be allocated separately. If the price varies, minimum values must be recognized to the extent that it is highly probable that a significant reversal in the amount recognised will not occur. Costs with securing contracts with clients must be capitalized and depreciated over the period the contract will generate benefits. The company analyses the effect of applying this change.

Amendments to IAS 16 (issued in May 2014, effective for the annual periods beginning on or after 1 January 2016; not yet adopted by the European Union). The company analyses the effect of applying this change.

Employee Benefits – Amendments to IAS 19 (issued in November 2013, effective for the annual periods beginning on or after 1 July 2014; not yet adopted by the European Union). The amendment allows companies to recognize employee contributions as a reduction of the costs during the period the expenses occur, rather then recognizing them during the period the services are rendered. The amendment is applicable in cases when the amount is not dependent on the number of years of service. It is estimated that the amendment will have no significant impact over the Company's financial statements.

4. FAIR VALUE MEASUREMENT

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

(a) Investments in equity and debt securities

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

(b) Trade and other receivables and other financial liabilities

The fair value of trade and other receivables and financial liabilities is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date, i.e. 31 December 2013. This fair value is determined for disclosure purposes. For financial instruments such as short-term receivables and liabilities, the management believes that the carrying amount is a reasonable approximation of fair value.

(c) Fair value hierarchy

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

- Level 1: Quoted prices in active markets for similar instruments.

- Level 2: Measurement techniques based on observable market data. This category includes instruments measured using: quoted prices in active markets for similar instruments; market quotations for similar instruments in markets that are considered less active; or other measurement techniques where all significant inputs are directly or indirectly observable in market inputs.

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

4. FAIR VALUE MEASUREMENT (CONTINUED)

- Level 3: Measurements techniques that are not based on observable market data. This category includes all instruments whose valuation method is not based on observable and unobservable inputs and have a significant influence on the instrument measurement. This category includes instruments that are measured based on market quotations for similar instruments where unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

	31 December 2013		**31 December 2012**	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Assets carried at fair value				
Available-for-sale financial assets	1,358	1,358	1,124	1,124
Assets carried at amortised cost				
Trade and other receivables	4,632	4,632	1,944	1,944
Bank deposits	34,770	34,770	49,537	49,537
Other held-to-maturity financial assets with maturities over and less than one year	29,316	29,316	13,489	13,489
Cash and cash equivalents	3,291	3,291	3,628	3,628
	72,009	72,009	68,598	68,598
Liabilities carried at amortised cost				
Financial liabilities	3,305	3,305	1,796	1,796
Total	3,305	3,305	1,796	1,796

All available-for-sale financial instruments representing shares quoted on different markets, amounting to 1,358 thousand lei (31 December 2012: 1,124 thousand lei) are classified at Level 1: quoted prices in active markets.

4. FAIR VALUE MEASUREMENT (CONTINUED)

Held-to-maturity financial assets representing government securities are classified at Level 1, quoted prices in active markets. Government securities denominated in RON and USD included in Held-to-maturity financial assets, with maturities above one year, were acquired from the banking secondary market at the end of 2013 and we consider that their fair value approximates the book value.

5. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks:

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

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's procedures for managing of capital.
The Board of Governors of BVB has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Governors of BVB is assisted in this endeavour by special committees which have an advisory role.
The activity of BVB's special committees is governed by the following principles:

a) principle of delegation of powers from the Board of Governors, as steering committees;
b) principle of decision-making autonomy;
c) principle of objectivity;
d) principle of investor protection;
e) principle of promoting stock market development;
f) principle of active role.

(a) Risk management framework

The Board of Governors is also responsible for examining and approving the strategic, operational and financial plan of BVB, as well as the corporate structure of the Company. The Company's risk management policies are defined to ensure the identification and analysis of risks facing the Company, setting appropriate limits and controls, and monitoring of risks and compliance with the limits established. Risk management systems and policies are reviewed regularly to reflect the changes in market conditions and in

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

(b) Credit risk

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

(i) Trade and other receivables

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

(ii) Financial investments

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

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

	31 December 2013	31 December 2012	Rating agency
BRD - Groupe Societe Generale S.A.	BBB+	BBB+	Fitch Ratings
Banca Transilvania S.A.	BB-	BB-	Fitch Ratings
PIRAEUS BANK ROMANIA S.A.	B-	CCC+	Fitch Ratings
RAIFFEISEN BANK S.A.	Ba1	Ba1	Moody's
Banca Comerciala Romana S.A.	BBB+	BBB+	Fitch Ratings
ALPHA BANK ROMANIA S.A.	B-	CCC+	Fitch Ratings

Exposure to credit risk

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

Name	31 December 2013	31 December 2012
Long-term held-to-maturity financial assets	29,316	
Available-for-sale financial assets	1,358	1,124
Trade and other receivables	4,632	1,944
Prepayments	175	64
Bank deposits	34,770	49,537
Held-to-maturity financial assets less than one year	-	13,489
Cash and cash equivalents	3,291	3,628
Other assets	4	705
Total	73,546	70,491

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

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Name	Trade and other receivables		Held-to-maturity financial assets		Cash and cash equivalents		Available-for-sale financial assets		Bank deposits	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Individually impaired										
Significant risk	461	141	-	-	-	-	-	-	-	-
Gross amount	461	141	-	-	-	-	-	-	-	-
Adjustment for impairment	461	141	-	-	-	-	-	-	-	-
Net amount	-	-	-	-	-	-	-	-	-	-
Outstanding, individually non-impaired										
Outstanding less than 90 days	-	-	-	-	-	-	-	-	-	-
Outstanding between 90 and 180 days	-	-	-	-	-	-	-	-	-	-
Outstanding between 180 and 360 days	-	-	-	-	-	-	-	-	-	-
Gross amount	-	-			-	-	-	-	-	-
Adjustment for impairment	-	-	-	-	-	-	-	-	-	-
Net amount	-	-	-	-	-	-	-	-	-	-
Current, non-impaired										
Without a significant risk	4,632	1,944	29,316	13,489	3,291	3,628	1,358	1,124	34,770	49,537
Gross amount	4,632	1,944	29,316	13,489	3,291	3,628	1,358	1,124	34,770	49,537
Adjustment for impairment	-	-	-	-	-	-	-	-	-	-
Net amount	4,632	1,944	29,316	13,489	3,291	3,628	1,358	1,124	34,770	49,537
Total gross amount	5,093	2,085	29,316	13,489	3,291	3,628	1,358	1,124	34,770	49,537
Total net amount	4,632	1,944	39,316	13,489	3,291	3,628	1,358	1,124	34,770	49,537

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses and risking damage to the Company's reputation.
The Company does not have loans and needs cash only to cover its current operating expenses. Given that a significant percentage of the Company's assets consist of investments with high liquidity, the liquidity risk faced by the Company is low.

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

31 December 2013	**Carrying amount**	**Contractual cash flows**	**Less than 6 months**	**More than 6 months**
Non-derivative financial liabilities				
Financial payables	3,305	3,305	3,305	-
Total	3,305	3,305	3,305	-

31 December 2012	**Carrying amount**	**Contractual cash flows**	**Less than 6 months**	**More than 6 months**
Non-derivative financial liabilities				
Financial payables	1,796	1,796	1,796	-
Total	1,796	1,796	1,796	-

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

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

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk

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

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

Exposure to currency risk

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

31 December 2013	EUR	USD	RON	Total
Financial assets				
Trade and other receivables	418	1	4,213	4,632
Securities (government bonds and T-bills, bank deposits, cash and cash equivalents)*	13,536	9,970	43,871	67,377
Total financial assets	13,954	9,971	48,084	72,009
Financial liabilities				
Financial payables	157	612	2,536	3,305
Total financial liabilities	157	612	2,536	3,305
Net financial assets	13,797	9,359	45,548	68,704

* It contains balance sheet positions: held-to-maturity financial assets above and below one year, bank deposits, cash and cash equivalents.

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

31 December 2012	EUR	USD	RON	Total
Financial assets				
Trade and other receivables	344	-	1,600	1,944
Securities (government T-bills, bank deposits, cash and cash equivalents)*	12,715	10,116	43,823	66,654
Other assets	-	-	705	705
Total financial assets	13,059	10,116	46,128	69,303
Financial liabilities				
Financial payables	118	-	1,678	1,796
Total financial liabilities	118	-	1,678	1,796
Net financial assets	12,941	10,116	44,450	67,507

* It contains balance sheet positions: held-to-maturity financial assets above and below one year, bank deposits, cash and cash equivalents.

Sensitivity analysis

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

	31 December 2013	31 December 2012
RON depreciation by 10 % against EUR	1,380	1,294
RON depreciation by 10 % against USD	936	1,012
Total	2,316	2,306

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Exposure to interest rate risk

The Company does not hold financial instruments with variable interest rates. Held-to-maturity financial instruments are not affected by interest rate variation. Therefore, a change in interest rates at the reporting date would not affect the profit or loss account nor equity.

(e) Operational risk

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

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

(f) Capital management

The Board's policy is to maintain a strong capital base so as to maintain the investor, creditor and market confidence and to support future development of the business. The Board of Governors monitors the return on capital, defined as net income resulting from operations divided by total equity.

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company's net debt to adjusted equity ratio at the reporting date was as follows:

	2013	2012
Total liabilities	6,573	3,512
Cash and cash equivalents	(3,291)	(3,628)
Net debt	3,282	(116)
Total equity	95,415	94,229
Gearing ratio	3%	0%

(g) Economic environment risk

Over the past year, the European financial sector faced a public debt crisis, triggered by major fiscal imbalances and high public debts in several European countries. Current fears, such as deterioration of financial conditions that could contribute in a later stage to further reduce investor's confidence, led to a joint effort of governments and central banks to adopt special measures to counter the vicious circle of rising risk aversion and to ensure normal functioning of the market.

Identification and assessment of the influence of market liquidity shortages, analysis of compliance with loan agreements and other contractual obligations, evaluation of significant uncertainties, including uncertainties related to the ability of an entity to continue to operate for a reasonable period of time, all bringing their own challenges.

Their effects on the financial market in Romania were decreases in prices and liquidity in the capital markets and increases in long-term interest rates due to international liquidity conditions.

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

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

(h) Tax risk

Since 1 January 2007, following the accession of Romania to European Union, the Company had to undergo EU regulations and therefore it prepared to implement the changes brought by European legislation. The Company has implemented these changes, but how the approach on this implementation remains open to fiscal audit for 5 years.

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

In addition, the Romanian Government has a number of agencies authorised to conduct audits (controls) for companies operating in Romania. These controls are similar to tax audits in other countries and may cover not only tax issues but also other legal and regulatory issues of interest to these agencies. It is possible that the Company continues to be subject to tax audits as the issue of new tax regulations.

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

6. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

In the year 2013, the Company's participation to the group entities remained unchanged.

	1 January 2013	Increases	31 December 2013
Depozitarul Central S.A.	20,244	-	20,244
Casa de Compensare Bucuresti S.A.	3,651	-	3,651
Fondul de Compensare a Investitorilor S.A.	215	0.5	215
Fundatia Institutul de Guvernanta Corporativa (BVB Corporate Governance Institute Foundation)	50	-	50
Total	24,160	-	24,160

The Company's participation in group entities is presented in *Note 21*.

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

The Company acquired control of Casa de Compensare Bucuresti S.A. (Bucharest Clearing House S.A.) in the year ended on 31 December 2007, by subscription of capital increase and the contribution in kind to the capital of the subsidiary.

The Company acquired control of Fondul de Compensare a Investitorilor S.A. (Investors Compensation Fund S.A.) in the year ended 31 December 2006, by subscribing to the share capital of the subsidiary. Investments in the affiliate entity (entry value) registered over 2013 a 0.5 thousand RON increase through BVB's contribution to the share capital increase of Investors Compensation Fund S.A.

Following the evaluation of the Bucharest Clearing House S.A. 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 2013 and an adjustment to the investment value was registered, of 342 thousand RON. The value of the adjustment accounts for 50% 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 affiliate entities during 2013 are:

	2013
Balance at January 1	-
Increase of adjustments for depreciation of investments	342
Balance at December 31	342

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

7. OPERATING EXPENSES

Operating expenses comprise the following:

7.1 Staff costs and benefits of the Board of Governors include:

	2013	2012
Staff costs – management and personnel	7,341	5,156
Benefits of the members of the Board of Governors	568	1,060
Estimations of leave days not taken – personnel	-	23
Other expenses/(revenues) from provisions of the Board members	100	(610)
Contributions and taxes related to personnel and benefits	1,779	1,648
Total	9,788	7,277

During 2013 a total amount of 942 thousand RON was paid representing severance compensations for several employees leaving the Company's employment, respectively indemnities for nondisclosure agreements, including all related taxes and contributions. Expenses with the management and personnel include the amount of 925 thousand RON representing performance bonuses paid to the management and personnel for 2013 activity.

The number of Company's employees was:

	2013		2012	
	At the end of the year	Annual average	At the end of the year	Annual average
Bucharest Stock Exchange	40	50	57	56

7.2 Services provided by third parties include:

	2013	2012
Services provided by Bucharest Clearing House S.A.	86	416
Recruitment Services and Business Consultancy	541	618
Financial, IT and internal Audit Services	152	134
Commissions fees (legal, contributions, etc.)	824	651
Services provided by third parties	648	415
Total	2,251	2,234

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

7 OPERATING EXPENSES (CONTINUED)

7.3 Other operating expenses:

	2013	2012
Rent and office utilities	902	802
Intangible asset depreciation (*Note 11*)	328	360
Tangible asset depreciation (*Note 10*)	352	219
Provision reversal – land *(Note 10)*	-	(1,019)
Costs related to ASF and other taxes	1,145	894
Consumables	105	119
IT Maintenance, service and repairs	386	390
Assuring professional equipment, etc.	61	74
Protocol	150	113
Marketing and Advertising	817	340
Transport and business trips	439	215
Telecommunications and mail services	153	167
Adjustments of customer receivables (*Note 14*)	320	44
Bank charges	20	20
Other expenses	82	102
Total	5,260	2,840

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

8. FINANCIAL INCOME AND EXPENSES

Financial income and expenses recognised in the profit or loss account include:

	2013	2012
Interest income for held-to-maturity financial assets and bank deposits *i)*	2,770	3,725
Net gain from exchange rate differences	-	315
Dividend income	388	1,917
Financial income	3,158	5,957
Net loss from exchange rate differences	(136)	-
Expenses from premium amortization for government bonds	(46)	-
Financial expense	(182)	-

Financial income and expenses recognised in other comprehensive income:

	2013	2012
Change in fair value of available-for-sale financial assets	222	76
Total	222	76

i) Interest income from held-to-maturity financial assets and bank deposits include accrued interest on investments made in government bonds, T-bills and deposits.

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

9. CORPORATE INCOME TAX EXPENSE

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

	2013	2012
Before-tax accounting profit	9,747	11,059
Non-taxable and similar income	2,550	3,401
Non-deductible and similar expenses	1,589	574
Impact of EU IFRS adjustments	1,281	(931)
Profit before tax	10,067	7.301
Corporate income tax (16%)	1,611	1,168
Sponsorship deducted from corporate income tax	(64)	(44)
Current tax expense	1,547	1,124
Deferred tax expense	-	291
Total corporate income tax expense	1,547	1,415

The impact of EU IFRS adjustments was determined by restatements of statutory figures in line with EU IFRS, such as: the value of the adjustment of the land included in EU IFRS figures in 2012 and in statutory figures in 2013 and the impact of deferred tax related to this adjustment.

10. PROPERTY, PLANT AND EQUIPMENT

	Land *i)*	Plant and equipment	IT and office equipment and furniture *ii)*	Total
Cost				
Balance as at 1 January 2013	2,171	6,129	1,075	9,375
Purchases	-	702	4	706
Transfers	1,174	-	-	1,174
Outflows	-	(185)	(24)	(209)
Balance as at 31 December 2013	3,345	6,646	1,055	11,046
Depreciation				
Balance as at 1 January 2013	-	5,750	612	6,362
Depreciation during the year	-	275	77	352
Transfers	-	-	-	-
Outflows	-	(185)	(24)	(209)
Balance as at 31 December 2013	-	5,840	665	6,505
Net carrying amounts				
Balance as at 1 January 2013	2,171	379	463	3,013
Balance as at 31 December 2013	3,345	806	390	4,541

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

10 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

	Land and buildings *i)*	Plant and equipment	IT and office equipment and furniture *ii)*	Assets in progress	Total
Cost					
Balance as at 1 January 2012	2,171	6,104	1,062	476	9,813
Purchases	-	59	12	-	71
Transfers	-	281	195	(476)	-
Outflows	-	(315)	(194)	-	(509)
Balance as at 31 December 2012	2,171	6,129	1,075	-	9,375
Depreciation					
Balance as at 1 January 2012	2,171	5,784	816	-	8,771
Depreciation during the year	-	162	57	-	219
Transfers	-	70	(70)	-	-
Outflows	(2,171)	(266)	(191)	-	(2,628)
Balance as at 31 December 2012	-	5,750	612	-	6,362
Net carrying amounts					
Balance as at 1 January 2012	-	320	246	476	1,042
Balance as at 31 December 2012	2,171	379	463	-	3,013

i) During 2013, the land owned by BVB was revalued at 30 June 2013 by an authorized ANEVAR expert that has resulted in the increase of the gross value of the land by 1,174 thousand RON. BVB's management considers that the fair value as at 31 December 2013 does not differ significantly from the fair value determined as at 30 June 2013, based on the valuation report.

ii) IT, office equipment and furniture costs mainly include the value of servers and specialized equipment used in specific activities of trading, settlement, etc.

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11. INTANGIBLE ASSETS

	Licenses, software
Cost	
Balance as at 1 January 2013	3,951
Purchases	321
Outflows	(70)
Balance as at 31 December 2013	4,202
Depreciation	
Balance as at 1 January 2013	3,874
Depreciation during the year	328
Outflows	(70)
Balance as at 31 December 2013	4,132
Net carrying amount	
Balance as at 1 January 2013	77
Balance as at 31 December 2013	70

	Licenses, software
Cost	
Balance as at 1 January 2012	3,550
Purchases	419
Outflows	(18)
Balance as at 31 December 2012	3,951
Depreciation	
Balance as at 1 January 2012	3,529
Depreciation during the year	360
Outflows	(15)
Balance as at 31 December 2012	3,874
Net carrying amount	
Balance as at 1 January 2012	21
Balance as at 31 December 2012	77

Software and license costs include mainly the value of trading systems used by the company for the specific activities they carry out. At 31 December 2013, the Company had ARENA trading system in its records, fully amortized, with a gross value of 3,288 thousand RON.

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

12. DEFERRED TAX RECEIVABLES AND LIABILITIES

Deferred tax receivables and liabilities are attributable to the following items:

	31 December 2013	**31 December 2012**
Held-to-maturity financial assets	13	55
Tangible assets	-	(184)
Total receivables / (debt)	13	(129)

Variation of temporary differences during the year:

	Tangible assets	**Available-for-sale financial assets**	**Investments in associates**	**Total**
Balance as at 1 January 2012	24	70	291	385
Recognised in profit or loss account	-	-	(291)	(291)
Recognised in other items of comprehensive income	(208)	(15)	-	(223)
Balance as at 31 December 2012	(184)	55	-	(129)
Balance as at 1 January 2013	(184)	55	-	(129)
Recognised in other items of comprehensive income	184	(42)	-	142
Balance as at 31 December 2013	-	13	-	13

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

13. FINANCIAL INSTRUMENTS

The Company's financial instruments are:

	31 December 2013	31 December 2012
Held-to-maturity financial assets, long-term *i)*	29,316	-
Available-for-sale financial assets *ii)*	1,358	1,124
Total non-current financial assets	30,674	1,124
Bank deposits with maturity between 3 months and one year *iii)*	34,770	49,537
Held-to-maturity financial assets *iv)*	-	13,489
Total current financial assets	34,770	63,026

i) Held-to-maturity financial assets include:

	31 December 2013	31 December 2012
Government securities with maturity above one year	29,316	-
Total	29,316	-

During 2013, following the declining interest rate environment for RON and foreign currency denominated bank deposits, higher-yield financial instruments were purchased.

Thus, BVB acquired RON-denominated government securities issued by the Ministry of Finance, worth of 23,144 thousand RON, maturing in 2018 and offering a 4.5% p.a. yield, and USD-denominated government securities worth of 1,634 thousand USD, maturing in 2022 and offering a 4.55% p.a. yield (with half-yearly coupons at 6.75% p.a.).

ii) The available-for-sale financial assets are shares listed on foreign stock markets international and shares in Sibiu Clearing House and Chisinau Stock Exchange. Listed shares are valued at the closing price of the stock exchanges that are listed on the last trading day before the balance sheet date.

FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2013 (thousand RON)

13. FINANCIAL INSTRUMENTS (CONTINUED)

iii) Bank deposits with maturity between 3 months and one year include:

	31 December 2013	31 December 2012
Bank deposits with maturity between 3 months and one year	34,770	49,537
Total	34,770	49,537

Term deposits with Romanian banks are made in RON with original maturities between 3 months and 1 year at interest rates between 3.4% and 5.75%, for deposits in RON, between 2% and 3% for deposits in EURO and between 2.5% and 3% for deposits in USD.

iv) Held-to-maturity financial assets include:

	31 December 2013	31 December 2012
Government securities less than one year	-	13,489
Total	-	13,489

Government securities are treasury bills and bonds issued by the Romanian government in RON, with residual maturity up to 1 year, purchased at yields between 5,8% and 6,00%. Purchases and redemptions of government securities for all the above financial assets are presented below:

	Government securities less than one year
1 January 2013	13,489
Redemptions	(13,489)
31 December 2013	-

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13. FINANCIAL INSTRUMENTS (CONTINUED)

Variation of available-for-sale financial instruments is shown below:

	Available-for-sale financial assets
1 January 2012	1,033
Value increase after revaluation at fair value (before deferred tax)	19
31 December 2012	1,124
Purchases	234
Value increase after revaluation at fair value (before deferred tax)	263
Sales	(263)
31 December 2013	1,358

Available-for-sale financial instruments registered a decline during the year, following the change of the composition of the equities portfolio. During 2013, New York Stock Exchange was taken over by International Exchange, which generated changes in the structure of the holdings.

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14. TRADE AND OTHER RECEIVABLES

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

	31 December 2013	31 December 2012
Trade receivables – gross value *i)*	2,894	1,516
Adjustment after trade receivable impairment *ii)*	(461)	(141)
Debit balance of trading - FSA fees *iii)*	1,766	501
VAT under settlement	44	5
Other receivables	389	63
Total	4,632	1,944

Trade receivables and other receivables considered financial assets and presented in *Note 5 Management of financial risk* amounted to 4,632 thousand RON as at 31 December 2013 and 1,944 thousand RON as at 31 December 2012 and represent net trade receivables, debit balances from trading – FSA fees and other receivables.

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

ii) Adjustment for receivable impairment is divided as follows:

	31 December 2013	31 December 2012
Adjustment after receivable impairment – individual component	461	141
Adjustment after receivable impairment – general component	-	-
Total	461	141

iii) Debit balances from trading – FSA fees represent the payment obligations of financial investment services companies to the Financial Supervisory Authority (FSA), to be received by the Company and to be further transferred to the FSA, thus acting as agent.

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14. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	2013	2012
Adjustment for Impairment – Individual component		
Balance as at 1 January	141	97
Impairment losses	330	47
Impairment reversal	(10)	(3)
Balance as at 31 December	461	141

15. ACCRUED EXPENSES

Prepayments amounting to 175 thousand RON (31 December 2012: 64 thousand RON) are primarily prepaid rent, insurance premiums for equipment, IT equipment maintenance, insurance premiums for liability insurance for administrators and various subscriptions.

16. CASH AND CASH EQUIVALENTS

The cash and cash equivalents comprise the following:

	31 December 2013	31 December 2012
Deposits with banks with original maturity less than 3 months	959	3,316
Current accounts with banks	2,316	300
Cash in hand	16	12
Total	3,291	3,628

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17. TRADE LIABILITIES AND OTHER LIABILITIES

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

	31 December 2013	31 December 2012
Trade liabilities *i)*	668	344
Credit balance of trading - FSA fees *ii)*	1,915	678
Salary contributions due	159	266
Taxes due	50	118
Dividends payable	584	691
Prepayments received from customers	108	140
Estimates for leave days not taken and amounts due to Board members (provision) *iii)*	370	269
Other debt to management and personnel *iv)*	925	-
Other liabilities	334	185
Total	5,113	2,691

Trade liabilities and other debt considered financial liabilities and presented in *Note 5 Management of financial risk* amounted to 3,305 thousand RON as at 31 December 2013 and 1,796 thousand RON as at 31 December 2012 and represent trade liabilities, credit balances from trading – FSA fees, dividends payable and other liabilities.

i) Trade payables are mainly obligations to internal suppliers, some of them with a maturity less than 30 days, paid in early 2014.

ii) Credit balance of trading - FSA fee – represents the obligations to the Financial Supervisory Authority (FSA) of financial investment services companies, payable by the Company, acting as agent.

iii) The estimates in for leave days not taken and Board debts include estimated amounts related to leaves not taken and amounts representing the remuneration of the members of the Board of Governors.

iv) Other debt to the management and personnel represent the performance bonuses granted to the management and personnel for 2013 and paid during 2014.

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18. DEFERRED INCOME

Deferred income/revenue include:

	31 December 2013	31 December 2012
Revenues from fees for maintenance to the stock exchange	662	692
Total	662	692

Revenues in advance represent amounts not earned with regard to the fees for maintenance to the trading system of listed issuers and are registered as revenues over 12 months.

19. CAPITAL AND RESERVES

a) *Share capital*

On 31 December 2012 and 2013, BVB had the same share capital amounting to 76,741,980 RON divided into 7,674,198 shares with a nominal value of 10 RON/share, dematerialized, with the same voting rights, divided into the following categories:

	31 December 2013	31 December 2012
Ordinary shares (number)	7,674,198	7,674,198
Preferred stock	-	-
Total	7,674,198	7,674,198

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19. CAPITAL AND RESERVES (CONTINUED)

Shareholding structure at 31 December 2013	Number of shares	% in share capital
Legal entities, of which:	6,271,748	81,7251
- Romanian	5,278,580	68,7834
- foreign	993,168	12,9417
Individuals, of which:	1,402,450	18,2749
- Romanian	1,336,366	17,4138
- foreign	66,084	0,8611
Total	7,674,198	100

In accordance with the provisions of article 129 paragraph 1 of the Law 297/2004 on the capital market, any shareholder of a market operator will not be able to hold, directly or indirectly, more than 5% of the total voting rights. Also, according to the BVB Bylaw subscription, acquiring and holding the Company's shares will be subject to the condition that no shareholder should own directly or indirectly more than 5% of total voting rights. Accordingly, on 31 December 2013 and 31 December 2012, no shareholder of BVB was a significant shareholder. BVB also does not hold shares in their own name.

By the Decision No 632/18.05.2010 issued by CNVM the prospectus drawn up with a view to admission to trading on the regulated market operated by BVB of its own shares was approved. On 8 June 2010 the first transactions in shares issued by BVB took place. The closing price for the last trading session of 2013 was of 32.5 RON /share.

b) Dividends

BVB's Board of Governors submitted to the General Meeting of Shareholders a proposal for the distribution of the Company's net profit for 2013, amounting to 9,484,404 RON, as follows: 446,300 RON as legal reserve and the rest as gross dividends. Thus, the amount approved by the General Meeting of Shareholders in its 25 April 2014 meeting to be distributed as gross dividends for 2013 is 9,038,104 RON. The value of the dividend for 2013 is 1.1777 RON gross dividend/share.

In accordance with Decision no 2 of the General Assembly of Shareholders of 25 April 2013, BVB announced the distribution to the shareholders registered in the Shareholder Registry on the registration date 15 May 2013 of the retained profit for 2012, amounting to 8,593,859 RON, as dividends.

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19. CAPITAL AND RESERVES (CONTINUED)

The dividend was of 1.1198 RON gross dividend/share. Dividends paid during 2013 were 8,769 thousand RON.

c) Legal reserve

According to legal requirements, the Company constitutes legal reserves in the amount of 5% of the profits registered according to RCR up to a level of 20% of share capital. Legal reserves are not distributable to shareholders.
Legal reserves may be used to cover losses from operating activities.

d) Fair value reserve

This reserve includes the cumulative net change in fair values of available-for-sale financial assets from their classification into this category until the date they were derecognised or impaired.

Movements in other reserves as at 31 December 2013 are as follows:

Reserve of available-for-sale financial assets	**2013**
Balance as at 1 January	(289)
Reserve of available-for-sale financial assets set up during the year	264
Reserve of available-for-sale financial assets - impact deferred tax (*Note 12*)	(42)
Balance as at 31 December	(67)

Movements in other reserves as at 31 December 2013 are as follows:

Reserve of available-for-sale financial assets	**2012**
Balance as at 1 January	(365)
Reserve of available-for-sale financial assets set up during the year	90
Reserve of available-for-sale financial assets - impact deferred tax (*Note 12*)	(14)
Balance as at 31 December	(289)

20. EARNINGS PER SHARE

The calculation of basic earnings per share at 31 December 2013 is based on profit attributable to Company's shareholders in the amount of 8,200 thousand RON (2012: 9,644 thousand RON) and the weighted average number of ordinary shares outstanding of 7,674,198 (2012: 7,674,198).

21. TRANSACTIONS WITH ASSOCIATES

Management key personnel

31 December 2013

The Company was managed by the Board of Governors validated by CNVM on 1 February 2012 and is made up of the following members:

- Mr. Anghel Lucian Claudiu — President
- Mr. Lupsan Pompei — Vice-President
- Mr. Paul Dan-Viorel — Vice-President
- Mr. Pana Robert — Secretary General
- Mr. Valerian Ionescu — member
- Mr. Matjaz Schroll — member
- D-na Narcisa Oprea — member
- Mr. Stere Constantin Farmache — member
- Mr. Octavian Molnar — member

Executive management was formed of:

- Mr. Ludwik Sobolewski — General Manager – starting with 21 August 2013
- Mr. Victor Cionga — General Manager – 7 September 2012-31 May 2013
- Mr. Alin Barbu — Deputy General Manager - also holding the powers of the General Manager for the period 1 June-20 August 2013
- Mrs. Anca Dumitru — Deputy General Manager
- Mr. Virgil Stroia — Financial Manager
- Mr. Călin Macedon — Manager
- Mrs. Ileana Botez — Manager

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21. TRANSACTIONS WITH ASSOCIATES (CONTINUED)

Throughout the year 2013, the salaries paid to the key management personnel of BVB amounted to 1,981 thousand RON (2012: 1,254 thousand RON). In 2013, the costs related to the compensations for members of the Board of Governors and members of the Special Committees were 568 thousand RON (for the year ended at 31 December 2012: 1,060 thousand RON).

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

Affiliate entities

Subsidiary	Field of activity	Percentage of ownership 31 December 2013	Percentage of ownership 31 December 2012
Central Depository	Settlement / transactions with shares and bonds performed at the Bucharest Stock Exchange and maintaining the register of shareholders	69.0400%	69.0400%
Investors Compensation Fund	Compensation in case of inability of Fund members to return the funds or financial instruments owed or belonging to investors held on their behalf, when providing financial investment services or separate investment portfolio services	62.4500%	62.3000%
Bucharest Clearing House	Registration, guarantee, clearing and settlement of derivative financial instruments transactions performed at the Bucharest Stock Exchange	52.5080%	52.5080%
Corporate Governance Institute	Vocational training of listed companies and capital market participants in the fields of corporate governance and sustainable development	100%	100%

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21. TRANSACTIONS WITH ASSOCIATES (CONTINUED)

Transactions with associates

	2013	2012
Operating income	320	320
- Central Depository	320	320
BVB income from dividends received	355	1,883
- Central Depository	355	1,883
Purchases of goods and services	216	452
- Central Depository	64	36
- Bucharest Clearing House	86	416
- BVB's Corporate Governance Institute	66	-
Liabilities as at 31 December, of which:	2	10
- Central Depository	-	1
- Bucharest Clearing House	2	9
Receivables at 31 December, of which:	329	-
- Central Depository	40	-
- Bucharest Clearing House	289	-

Operating income received from the 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 and income from the part of transactions in financial derivatives (FD) to Bucharest Clearing House. Expenses incurred with associates consist of clearing, settlement and guarantee of the transactions in FD, services provided by the Bucharest Clearing House and the Corporate Governance Institute.

22. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Court actions

On 31 December 2013, the Bucharest Stock Exchange was subject to a number of legal actions:

- Litigations in which the BVB requests the initiation of insolvency procedures for debtors with overdue amounts arising from services rendered. The gross value of BVB's receivables was fully provisioned.

- Litigations in which the BVB requests the recovery of overdue amounts (in the process of garnishment)

- Other litigations in which the BVB is a plaintiff/defendant, related to matters regarding: cancellation of trades, challenging the lifting of the suspension of an issuer from trading, cancellation of legal acts, obligation to do (litigations with professionals).

The litigation represented by Lawsuit no. 5940.1/3/2003 of the Court of Appeals – Section I – Penal Division, where the BVB is involved as civil party, was finalized in the Company's favour, through a final and irrevocable decision of the Bucharest Court of Appeals of 26 March 2013. The Court acknowledged the property right of the Bucharest Stock Exchange over the land owned in Maresal Averescu Blvd., which was acquired by the BVB in 2000.

The litigations for work conflicts with two employees were finalized.

- In Lawsuit no. 60770/3/2011 – the Court rejected the request filed by the plaintiff (BVB employee) as groundless.

- In Lawsuit no. 51271/3/2011, on 14 January 2013 the Court acknowledged the plaintiff's renouncement of continuing the legal action against the layoff decision no. 502/30.05.2011 issued by the Bucharest Stock Exchange, that would have obligated the Company to re-hire the plaintiff on the job previously held and to pay material compensations represented by salary payments. In addition, the Court rejected the plaintiff's request to receive moral compensations, as groundless. The Court decision remained final and irrevocable.

23. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The Ordinary General Meeting of Shareholders of 24/25 April 2014 approved the distribution of dividends to BVB's shareholders (see *Note 19 b) Dividends*).

The Financial Supervisory Authority approved the extension of the final deadline for entities to be authorized as Central Counterparties, respectively for transforming the Bucharest Clearing House into a central counterparty, until 30 September 2014 (see *Note 6*).