



**Independent Auditors' Report issued on the
2015
Annual Report
and Business Report
of Budapesti Értéktőzsde Zrt.**

This is an English translation of the Independent Auditors' Report on the 2015 annual report of Budapesti Értéktőzsde Zrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete set of annual report it refers to. This translation has been prepared solely for the information of the shareholders of the Company and must not be distributed to any other party.





Table of Contents

I. Independent Auditors' Report

II. Annual Report

Balance Sheet

Profit and Loss Statement

Supplementary Notes

III. Business Report

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Independent Auditors' Report

To the shareholders of Budapesti Értéktőzsde Zrt.

Report on the Annual Report

We have audited the accompanying 2015 annual report of Budapesti Értéktőzsde Zrt. (hereinafter referred to as "the Company"), which comprises the balance sheet as at 31 December 2015, which shows total assets of THUF 6,268,243 and retained profit for the year of THUF 500,737, and the income statement for the year then ended, and supplementary notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Annual Report

Management is responsible for the preparation and fair presentation of this annual report in accordance with the provisions of the Hungarian Act on Accounting, and for such internal control as management determines is necessary to enable the preparation of annual report that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with the Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual report gives a true and fair view of the financial position of Budapesti Értéktőzsde Zrt. as at 31 December 2015, and of its financial performance for the year then ended in accordance with the provisions of the Hungarian Act on Accounting.

This is an English translation of the Independent Auditors' Report on the 2015 annual report of Budapesti Értéktőzsde Zrt. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete set of annual report it refers to. This translation has been prepared solely for the information of the shareholders of the Company and must not be distributed to any other party.

KPMG Hungária Kft., a Hungarian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
Company registration: Budapest, Fővárosi Törvényszék Cégbírósága, no: 01-09-063183





Report on the Business Report

We have audited the accompanying 2015 business report of Budapesti Értéktőzsde Zrt.

Management is responsible for the preparation of the business report in accordance with the provisions of the Hungarian Act on Accounting. Our responsibility is to assess whether this business report is consistent with the annual report prepared for the same business year. Our work with respect to the business report was limited to the assessment of the consistency of the business report with the annual report, and did not include a review of any information other than that drawn from the audited accounting records of the Company.

In our opinion, the 2015 business report of Budapesti Értéktőzsde Zrt. is consistent with the data included in the 2015 annual report of Budapesti Értéktőzsde Zrt.

Budapest, 20 April 2016

KPMG Hungária Kft.

Registration number: 000202

Gábor Agócs

Partner, Professional Accountant

Registration number: 005600

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FINANCIAL STATEMENTS OF THE BUDAPEST STOCK EXCHANGE FOR THE YEAR 2015

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TABLE OF CONTENTS

Balance Sheet	3
Income Statement	5
Notes to the 2015 Annual Report	6
Business Report	34

HUF '000

a	Denomination b	31.12.2014 c	31.12.2015 d
1	A. LONG-TERM ASSETS	5 293 993	5 275 281
2	I. Intangible assets	119 344	87 087
3	Capitalized value of formation, promotion and restructuring expenses	0	0
4	Capitalized value of research and development	0	0
5	Rights, representing assets	1 351	1 146
6	Intellectual products	117 993	85 941
7	Goodwill	0	0
8	Advances and prepayments on intangible assets	0	0
9	Value correction of intangible assets	0	0
10	II. Tangible assets	59 627	73 172
11	Buildings and related concessions and similar rights	327	22 426
12	Plant machinery	41 645	25 235
13	Other equipments and fittings, vehicles	17 655	25 511
14	Assets in course of constructions	0	0
15	Prepayments made on fixed assets	0	0
16	Value correction of tangible assets	0	0
17	III. Invested financial assets	5 115 022	5 115 022
18	Shares	5 115 022	5 115 022
19	Securities	0	0
20	Long term loan	0	0
21	Securities signifying a long-term creditor relationship	0	0
22	B. CURRENT ASSETS	732 702	790 165
23	I. Stocks	7 441	6 200
24	Raw materials and consumable goods	0	0
25	Work in progress	0	0
26	Finished goods	0	0
27	Merchandise	7 441	6 200
28	Prepayments made on stocks	0	0
29	II. Receivables	140 445	90 087
30	Trade debtors	129 182	85 049
31	Receivables from affiliated undertaking	0	0
32	Bills receivable	0	0
33	Other debtors	11 263	5 038
34	III. Securities	0	0
35	Participation in affiliated undertaking	0	0
36	Other participation	0	0
37	exchangable shares	0	0
38	Debt securities held for sale	0	0
39	IV. Cash and cash equivalents	584 816	693 878
40	Cash	20	0
41	Current account	584 796	693 878
42	C. ACCRUED INCOME AND PREPAYMENTS	223 951	202 797
43	Accrued income	210 337	181 066
44	Prepayments	13 614	21 731
45	deferred expenditures	0	0
46	TOTAL ASSETS	6 250 646	6 268 243

Budapest, 20 April, 2016



 Richárd Végh
 CEO



 Ildikó Auguszt
 Financial Director



HUF '000

a	Denomination b	31.12.2014 c	31.12.2015 d
48	D. SHAREHOLDERS' EQUITY	5 472 676	5 973 413
49	I. Share capital	541 348	541 348
50	thereof: ownership shares repurchased at face value	0	0
51	II. UNPAID ISSUED CAPITAL	0	0
52	III. Capital reserve	2 576 356	2 576 356
53	IV. Retained earnings	2 349 176	2 354 972
54	V. NON DISTRIBUTABLE RESERVES	0	0
55	VI. REVALUATION RESERVE	0	0
56	VII. Net profit for the year	5 796	500 737
57	E. PROVISIONS	0	39 390
58	Provisions for expected liabilities	0	39 390
59	Provisions for costs in the future	0	0
60	Other provisions	0	0
61	F. LIABILITIES	614 291	92 866
62	I. Subordinated liabilities	0	0
63	Subordinated liabilities to affiliated undertaking	0	0
64	Subordinated liabilities to independent undertaking	0	0
65	Subordinated liabilities to other economic entities	0	0
66	II. Long-term liabilities	0	0
67	Long-term loans	0	0
68	Convertible bonds	0	0
69	Debts on the issue of of bonds	0	0
70	Investment and development credits	0	0
71	Other long-term credits	0	0
72	Long-term liabilities to affiliated undertaking	0	0
73	Long-term liabilities to independent undertaking	0	0
74	Other long-term liabilities	0	0
75	III. Short term liabilities	614 291	92 866
76	Short-term loans	0	0
77	thereof: convertible bonds	0	0
78	Prepayments received from customer		5 945
79	Trade accounts payables	50 981	17 678
80	Bills payable	0	0
81	Short-term liabilities to affiliated undertaking	0	0
82	Dividends	514 281	0
83	Other short term liabilities	49 029	69 243
84	G. ACCRUED EXPENSES AND DEFERRED INCOME	163 679	162 574
85	Deferred income	85 000	73 200
86	Accrued expenses	78 679	89 374
87	Deffered revenues	0	0
88	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6 250 646	6 268 243

Budapest, 20 April, 2016



Richard Végh
CEO
 

János Auguszt
Financial Director

HUF '000

a	Denomination b	31.12.2014 c	31.12.2015 d
1	Net domestic sale	1 331 716	1 349 714
2	Net external sale	740 001	789 401
I.	Revenues from stock exchange activities	2 071 717	2 139 115
3	Change in self-manufactured stocks	0	0
4	Own work capitalized	0	0
II.	Own performance capitalized	0	0
III.	Other revenues	37 195	24 358
	thereof: write-back of loss in value	0	0
5	Cost of materials	22 177	6 902
6	Values of services utilized	451 333	419 068
7	Other costs	9 173	10 339
8	Cost of good sold	0	0
9	Sub-contracted services	92 604	59 563
IV.	Material-type costs	575 287	495 872
10	Wages and salaries	433 672	466 480
11	Ther employee benefits	30 605	32 760
12	Contributions on wages and salaries	139 394	146 652
V.	Staff costs	603 671	645 892
VI.	Depreciation	67 642	72 063
VII.	Other expenses	318 294	378 485
	thereof: loss in value	10 080	18 915
A.	OPERATING PROFIT (LOSS)	544 018	571 161
13	Dividend received	0	0
	thereof: from affiliated undertakings	0	0
14	Capital gains on investments	0	0
	thereof: from affiliated undertakings	0	0
15	Interest and capital gains on financial investments	0	0
	thereof: from affiliated undertakings	0	0
16	Interests received	14 448	8 931
	thereof: from affiliated undertakings	0	0
17	Other incomes from financial transasrions	21 657	8 395
VIII.	Income from financial operations	36 105	17 326
18	Losses on financial investments	0	0
	thereof: to affiliated undertakings	0	0
19	Interest payable and and similar changes	0	0
	thereof: to affiliated undertakings	0	0
20	Losses on shares, securities and bank deposits	0	0
21	Other expenses on financial transactions	6 298	15 145
IX.	Expenses of financial operations	6 298	15 145
B.	FINANCIAL RESULT	29 807	2 181
C.	ORDINARY PROFIT (LOSS)	573 825	573 342
X.	Extraordinary income	0	0
XI.	Extraordinary expenses	0	0
D.	EXTRAORDINARY PROFIT (LOSS)	0	0
E.	PROFIT BEFORE INCOME TAX	573 825	573 342
XII.	Income tax	53 748	72 605
F.	PROFIT (LOSS) AFTER INCOME TAX	520 077	500 737
22	Retained earnings for dividend	0	0
23	Approved dividend	514 281	0
G.	NET PROFIT FOR THE YEAR	5 796	500 737

Budapest, 20 April, 2016

Richard Végh
CEO

Juditó Auguszt
Financial Director





NOTES TO THE 2015 ANNUAL REPORT



GENERAL COMPANY INFORMATION

Name of Company: Budapesti Értéktőzsde Zártkörűen Működő
Részvénytársaság (Budapest Stock Exchange Private
Company Limited by Shares)

Address of Company: H-1054 Budapest, Szabadság tér 7.

Company's Registration No.: Cg. 01-10-044764

Data of persons authorised to sign the report on behalf of the Company:

Richárd Végh, CEO Address: H-2010 Budaörs, Kálvária utca 7.

Ildikó Auguszt, Financial Director Address: H-1138 Budapest, Róbert Károly krt. 18/C

The person charged with the management of bookkeeping tasks and the preparation of the annual report:
Ildikó Auguszt (address: H-1138 Budapest, Róbert Károly krt. 18/C, registration No. 120433).

Data of the Auditor

KPMG Hungary, Audit, Tax and Advisory Services Limited Liability Company

HU-1134 Budapest, Váci út 31.

Company registration No: 01-09-063183

Data of the person responsible for the audit:

- Gábor Agócs (*mother's maiden name: Piroska Kotogán*)
- H-1091 Budapest, Ifjúmunkás utca 10.
- Start date of engagement: 1 June, 2014
- End date of engagement: 31 May, 2015

Form of operation:

Private Company Limited by Shares

Foundation

The Budapest Stock Exchange, originally established on 19 June 1990, was registered by the Metropolitan Court of Justice as a Court of Registration on 30 June 2002 under No. 01-10-044764 as a company limited by shares due to general succession.

The subscribed capital of the Company upon the foundation totalled HUF 550 million, which consisted of registered ordinary shares issued in dematerialised form, with a par value of HUF 100 each, all conferring equal and identical membership rights.

With its resolution No. 7/2003 dated 28 April 2003, the General Meeting decreased the share capital of the Budapest Stock Exchange Private Company Limited by Shares by withdrawing the shares of Garmond Capital Hungarian-American Service Providing Company Limited by Shares (i.e. by HUF 8,651,900 that is 86,519 shares with a par value of HUF 100 each). Thus the Company's subscribed capital fell to HUF 541,348,100. (*Order No. 01-10-044764/24 of the Court of Registration, effective from 28 April 2003*)

Scope of activity

Main scope of activity: 6611 '08 Administration of financial markets

Legal framework for the management of the Stock Exchange

The conditions for the management of the Stock Exchange are stipulated in Act CXX of 2001 (hereinafter: "the Act"). Accordingly, "the Stock Exchange may not invest its free funds in the products listed and traded on the given stock exchange, excluding government securities and the shares issued by the Stock Exchange, the clearing house and central depository performing stock exchange settlements, and the financial holding company with a shareholding in the clearing house and the central depository. During its operations, the Stock Exchange may only establish such business associations or companies limited by shares and it can only have a holding in such business associations which have the purpose of promoting exchange activities or any supporting complementary activities."

When the accounting procedures of the Stock Exchange are established, the provisions of Act C of 2000 on Accounting and Government Decree No. 348/2004 (XII.22.) must be taken into consideration. According to the rules on double-entry bookkeeping, the Stock Exchange prepares its annual report for the given business year with the last day of the business year (31 December 2015) as the balance sheet date. According to the Act on Accounting, the economic events that became known after the balance sheet date (31 December) but prior to the compilation of the annual report must be accrued. The last day for the receipt of items coming from external sources – i.e. the balance sheet preparation date – is 15 February 2016.

The Stock Exchange is listed by Section 3 (1) 4 I) of the Act on Accounting under 'other organizations'. The annual reporting and bookkeeping obligation of the Stock Exchange is stipulated by Government Decree No. 348/2004 (XII.22.).

The system of accounts was compiled based on the above decrees and accounting requirements. In our system of accounts, we set out the accounting policy developed and applied by the Budapest Stock Exchange and the evaluation regulations on assets and liabilities.

The 2015 annual balance sheet and income statement of the Budapest Stock Exchange Ltd. will be available on the BSE's website (www.bet.hu) after the Annual General Meeting.

Rules of the Stock Exchange

The essential rules of the organization and operation of the Budapest Stock Exchange Ltd. are included in the Statutes accepted by the General Meeting.

According to the Act, the Budapest Stock Exchange is a self-regulating organization that develops regulations to specify the partial regulations on the operation of the Stock Exchange as well as the rights and obligations of the stock exchange traders and issuers. The Board of Directors is authorized to approve the regulations, which enter into force when ratified by the Central Bank of Hungary.

The regulations of the Stock Exchange are available on the BSE's website (www.bet.hu), under the Markets and Products/Regulations menu item.

As of 15 February 2016, the valid regulations of the Stock Exchange were as follows.

1. REGULATIONS

Regulations of the Budapest Stock Exchange Ltd.	No. of the approval by the Board of	Date	Nr of approval of CBH	Date of entry into force
The General Terms of Service of the Budapest Stock Exchange Ltd.	24/2015	10 June 2015	EN-III-120/2015	15 October 2015

Regulations of the Budapest Stock Exchange Ltd.	No. of the approval by the Board of	Date	Date of entry into force
on the Trading and Operation of BETa Market	1/ BÉTa/2014	30 May 2014	2 June 2014
	3/BÉTa/2014	30 July 2014	1 August 2014
on the Technical Connection to the Trading Systems of the BÉTa Market	2/ BÉTa/2014	20 June 2014	23 June 2014

2. ORDERS

Orders of the Budapest Stock Exchange Ltd.	No. of the approval by the Board of	Date	Nr of approval of CBH	Date of entry into force
regarding the Professional Representation	31/2015	22 June 2015	-	15 October 2015
	19/2014	21 March 2014	-	5 January 2015
	19/2014	21 March 2014.	-	3 June 2015
regarding the Schedule of Fees Applied by the Exchange	19/2014	21 March 2014	-	1 July 2015
	31/2015	22 June 2015	-	15 October 2015
	31/2015	22 June 2015	-	1 January 2016
regarding the Operational and Organizational Rules	51/2015	16 December 2015	-	1 January 2016

The Central Bank of Hungary also supervises whether the operation of the Budapest Stock Exchange Ltd. complies with the relevant legal rules and the Exchange's regulations. In order to fulfil this task, the person appointed by the Supervisory Authority is entitled to review and check the stock exchange trading on the terminal placed at the Supervisory Authority as well as to be present at the General Meeting of the Budapest Stock Exchange Ltd. and at the meetings of the Board of Directors and the Advisory Committees and to inspect the records of the Budapest Stock Exchange.

The Board of Directors provides for the following in stock exchange orders: the fees charged by the BSE for those who use the services of the Stock Exchange, the Bylaw of Organization and Operation in respect

of the Stock Exchange's work organization, the trading regulation of the free market system and the order of the representation of interest for stock exchange traders, issuers and investors.

The rules of the operation of the multilateral trading facility are governed by a separate regulation adopted by the CEO.

The Budapest Stock Exchange Ltd. has adopted the necessary mandatory regulations prescribed in the Act on Accounting as well as the stocktaking regulation for assets and liabilities and a cash management regulation. The methodology of evaluation assets and liabilities is found in the accounting policy.

ACCOUNTING PRINCIPLES

An **error** is **significant** if the aggregate amount of the errors and the impact of errors established for the same year (meaning that values have to be added up), increasing or decreasing the equity or the results (regardless of their sign), reaches 2% of the balance sheet total for the given year or if 2% of the balance sheet total exceeds HUF 500 million, then their aggregate amount reaches HUF 500 million.

Receivables in foreign funds must be recalculated into HUF at the middle exchange rate published by the account holding bank.

Liabilities in foreign funds must be recalculated into HUF at the middle exchange rate published by the account holding financial institution and valid on the date of settlement.

When **evaluating receivables**, in the case of receivables which were not paid by the balance sheet preparation date, the difference between the book value of the receivable and the amount expected to be collected must be determined based on the information available at the balance sheet preparation date. **Impairment must be accounted for the difference but only when it proves to be permanent and is of a significant amount.** In the case of receivables, **impairment is significant** if it exceeds 50% of the book value of the receivables.

EVALUATION METHOD

BALANCE SHEET

Intangible assets

Intangible assets must be recognised in the balance sheet at cost or at the book value less the accounted ordinary and extraordinary depreciation plus the reversed amount of the book value of the extraordinary depreciation, and advance payments made for intangible assets must be recognised at the transferred amount net of the deductible input VAT, at the book value increased by the reversed impairment.

The **purchased software applications** were evaluated at net value.

Tangible assets

Tangible assets must be evaluated at cost **in the balance sheet**, less the applied depreciation, plus the amount of the reversal. **Tangible assets** were evaluated at net value.

Investments were evaluated at the actual acquisition cost.

Investments

BSE has the following investments:

- **Central Clearing House and Depository (Budapest) Ltd.**

Registered office:	Bp. VII. ker. Rákóczi út 70-72.
Number of issued shares:	420
Nominal value of shares:	5.000.000 Ft
Ownership share:	46.67%

KELER Ltd's after-tax profit for 2015 will be HUF 1.5 billion.

3. Ownership structure of Central Clearing House and Depository (Budapest) Ltd. (HUF'000)

Owners	Subscribed capital	Ownership share
Budapest Stock Exchange Ltd.	2 100 000	46,67%
Hungarian National Bank	2 400 000	53,33%
Total:	4 500 000	100,00%

- **KELER Central Counterparty Ltd.**

Registered office:	Bp. VII. ker. Rákóczi út 70-72.
Ownership share:	0.13%

KELER CCP Ltd's after-tax profit for 2015 will be HUF 282 million.

4. Ownership structure of KELER Central Counterparty Ltd. (HUF'000)

Owners	Nr. of shares	Ownership share	Nominal value HUF 10 000/nr.	Issue value HUF 25 000/nr.
Budapest Stock Exchange Ltd.	238	0.13%	2 380	5 950
Hungarian National Bank	272	0.15%	2 720	6 800
Central Clearing House and Depository Ltd.	181 810	99.72%	1 818 100	4 545 250
Total:	182 320	100.0%	1 823 200	4 558 000

5. Equity structure of KELER Ltd. and KELER Central Counterparty Ltd.* (HUF'000)

Description	KELER		KELER CCP	
	31.12.2014	31.12.2015*	31.12.2014	31.12.2015*
Share capital	4 500 000	4 500 000	1 823 200	1 823 200
Capital reserves			2 734 800	2 734 800
Retained earnings	17 460 172	19 072 000	650 438	839 854
Non distributable reserves	0	0	0	0
Other reserves	2 168 739	2 332 000	0	0
Profit for the period	1 633 370	1 495 000	191 552	281 782
Total:	25 762 281	27 399 000	5 399 990	5 679 636

* The numbers for the financial year 2015 of the KELER GROUP are preliminary, not yet audited.

Calculation of depreciation

Fixed assets were **depreciated** with the straight-line method as follows:

The acquisition price of **rights and concessions** are amortized over their estimated useful lives according to the accounting policies of the stock exchange.

Intellectual property and software are written off over **3 years**, with a depreciation rate of **33%**, **except for intangible property received from a legal predecessor** where the time of use at the legal predecessor must be taken into account when defining the period of depreciation. *However, the remaining time of use cannot be shorter than 1 year*, and depreciation must be accounted for the remaining period.

Tangible assets are depreciated with the straight-line method from the date of putting into use, based on the gross value, taking into account the time of use **except for tangible property received from a legal predecessor** where the time of use at the legal predecessor must be taken into account when defining the period of depreciation. *However, the remaining time of use cannot be shorter than 1 year*, and depreciation must be accounted for the remaining period. Depreciation is accounted for on a monthly basis.

Upon the calculation of depreciation, the following rates were applied:

6. Depreciation norms applied for assets capitalised after 1 January 1992

CWIP on rented properties	6,0 %
Technical instruments, machinery, vehicles	14,5 %
IT equipment	33,0 %

Assets with an individual purchase price below HUF 100,000 (i.e. the amount allowed by Section 80 (2) of the Act on Accounting) are depreciated in one amount immediately when put into use.

7. Changes to intangible and tangible assets (HUF '000)

Changes to the gross value of intangible and tangible assets

Denomination	Opening amount	Interim growth	Interim decrease	Reclass.	Closing amount
I. Intangible assets	1 189 286	390	23 743	0	1 165 933
I/1. Concessions and similar rights and assets	13 323	214	7 588		5 949
I/2. Intellectual products	1 175 963	176	16 155		1 159 984
I/2.1. WIP on intangible assets	0				0
II. Tangible assets	485 442	58 590	177 748	0	366 284
II/1. Real estates	39 640	26 822	38 588	0	27 874
II/1.1. Buildings	0				0
II/1.2. Buildings and related concessions and similar rights	0				0
II/1.3. CWIP on rented properties	39 640	26 822	38 588		27 874
II/2. Cables	0				0
II/3. Technical equipments, machinery	12 203	654	7 753		5 104
II/4. IT equipments	262 951	5 948	26 010		242 889
II/5. Telecommunication equipments	9 183	302	1 949		7 536
II/6 Other equipments and fittings	141 870	24 864	91 444		75 290
II/7. Securities	583	0	0		583
II/8. Vehicles	19 012		12 004		7 008
II/9. Capital Work in Progress (CWIP)	0				0
II/10. Advance payments on CWIP	0				0
I-II. Total	1 674 728	58 980	201 491	0	1 532 217

Changes to the depreciation of intangible and tangible assets

Denomination	Opening amount	Interim growth	Interim decrease	Reclass.	Closing amount
I. Intangible assets	1 069 942	32 646	23 742	0	1 078 846
I/1. Concessions and similar rights and assets	11 972	419	7 588		4 803
I/2. Intellectual products	1 057 970	32 227	16 154		1 074 043
I/2.1. WIP on intangible assets					
II. Tangible assets	425 815	39 417	172 120	0	293 112
II/1. Real estates	39 313	4 703	38 568	0	5 448
II/1.1. Buildings	0				0
II/1.2. Buildings and related concessions and similar rights	0				0
II/1.3. CWIP on rented properties	39 313	4 703	38 568		5 448
II/2. Cables	0				0
II/3. Technical equipments, machinery	10 679	786	7 736		3 729
II/4. IT equipments	222 888	22 183	25 890		219 181
II/5. Telecommunication equipments	9 125	122	1 863		7 384
II/6 Other equipments and fittings	136 473	8 676	90 530		54 619
II/7. Securities	0				0
II/8. Vehicles	7 337	2 947	7 533		2 751
II/9. Capital Work in Progress (CWIP)	0				0
II/10. Advance payments on CWIP	0				0
I-II. Total	1 495 757	72 063	195 862	0	1 371 958

Changes to the net value of intangible and tangible assets

Denomination	Opening amount	Interim growth	Interim decrease	Reclass.	Closing amount
I. Intangible assets	119 344	-32 256	1	0	87 087
I/1. Concessions and similar rights and assets	1 351	-205	0		1 146
I/2. Intellectual products	117 993	-32 051	1		85 941
I/2.1. WIP on intangible assets	0				0
II. Tangible assets	59 627	19 173	5 628	0	73 172
II/1. Real estates	327	22 119	20	0	22 426
II/1.1. Buildings	0	0	0		0
II/1.2. Buildings and related concessions and similar rights	0	0	0		0
II/1.3. CWIP on rented properties	327	22 119	20		22 426
II/2. Cables	0	0	0		0
II/3. Technical equipments, machinery	1 524	-132	17		1 375
II/4. IT equipments	40 063	-16 235	120		23 708
II/5. Telecommunication equipments	58	180	86		152
II/6 Other equipments and fittings	5 397	16 188	914		20 671
II/7. Securities	583	0	0		583
II/8. Vehicles	11 675	-2 947	4 471		4 257
II/9. Capital Work in Progress (CWIP)	0	0	0		0
II/10. Advance payments on CWIP	0	0	0		0
I-II. Total	178 971	-13 083	5 629	0	160 259

Purchased inventories

Purchased inventories were evaluated at the actual acquisition price except for print forms and other materials.

Forms and **other materials** were fully accounted for as use of materials (cost) at the date of acquisition. Year-end closing inventories were evaluated at the actual acquisition price, based on the stocktaking.

8. Inventories (HUF '000)

Description	31.12.2014	31.12.2015
PR material	4 172	1 801
Forms, other materials	963	1 180
Library books	1 029	1 039
Intermediated services	1 277	2 180
Total inventories	7 441	6 200

Accounts receivables

Trade debtors must be recognised in the balance sheet at the known and accepted amount or at the book value decreased by the accounted impairment and increased by the reversed impairment.

Receivables from **employees** and **tax authorities** were evaluated based on an item-by-item reconciliation with the sub-ledgers.

9. Receivables (HUF '000)

Description	31.12.2014	31.12.2015
Receivables from goods, delivery and services	129 182	85 049
Corporate tax	0	1 606
VAT	5 907	0
Local tax	2 727	845
Innovation contribution	516	772
Other receivables	2 113	1 815
Total receivables	140 445	90 087

10. Impairment accounted for receivables (HUF '000)

Description	Year of the accounting of impairment	31 December 2015 Amount of impairment
	2010	501
	2011	1 830
	2012	4 484
	2013	7 908
	2014	7 096
	2015	17 231
Total impairment on receivables		39 050

Cash

Cash was recognised at the values of the last bank account statements of 2015 and the stocktaking of the cash desk.

11. Cash (HUF '000)

Description	31.12.2014	31.12.2015
Cash desk	20	0
HUF accounts	22 849	167 244
Fixed HUF deposits	373 000	350 023
EUR accounts	49 451	176 611
Fixed EUR deposits	139 496	0
Total cash	584 816	693 878

Prepaid expenses and accrued income

Expenses incurred before the balance sheet date which can only be accounted as cost for the period following the balance sheet date, and income which is only due after the balance sheet date but that should be accounted for the period closed by the balance sheet, as well as the amount not yet accounted for as an item decreasing the profit from the difference defined in Section 68 (1) of the Act on Accounting, must be recognised separately as prepaid expenses and accrued income.

12. Prepayments and accrued income (HUF '000)

Description	31.12.2014	31.12.2015
Interest on tied-up deposits and bank accounts due for the reporting period but not yet realised	2 116	1 899
Transaction fees for December, 2014/2015	52 537	56 911
Annual maintenance fees for the 4th quarter, 2014/2015	78 434	79 126
Vendor fees for 2014/2015	67 515	37 764
Other income	9 735	5 366
Total accrued income	210 337	181 066
Insurance	1 314	1 220
Newspaper subscriptions	302	375
International organizations membership fees	198	872
IBM IFX maintenance fee	4 289	3 722
Other software maintenance fee	4 429	7 976
Other	3 082	7 566
Total prepayments	13 614	21 731
Total prepayments and accrued income	223 951	202 797

Equity

Equity is recognised at book value.

13. Changes to equity (HUF '000)

Denomination	31.12.2014	Additions	Disposals	31.12.2015
Share capital	541 348			541 348
Capital reserve	2 576 356			2 576 356
Retained earnings	2 349 176			2 354 972
Net profit for the year 2014	5 796			
Net profit for the year 2015		500 737		500 737
Total shareholder's equity	5 472 676	500 737	0	5 973 413

The subscribed capital of the Company upon the foundation totalled HUF 550 million which consisted of registered ordinary shares issued in a dematerialised form, with a par value of HUF 100 each, all conferring equal and identical membership rights. With its resolution No. 7/2003 dated 28 April 2003, the General Meeting decreased the share capital of the Budapest Stock Exchange Private Company Limited by Shares by withdrawing the shares of Garmond Capital Hungarian-American Service Providing Company Limited by Shares (i.e. by HUF 8,651,900 that is 86,519 shares with a par value of HUF 100 each). Thus the Company's subscribed capital fell to HUF 541,348,100.

Liabilities

Out of current liabilities:

- trade creditors including VAT were evaluated at the acknowledged, invoiced amount;
- liabilities to employees and tax authorities were recognised in the balance sheet based on a reconciliation with the sub-ledgers.

14. Current liabilities (HUF '000)

Description	31.12.2014	31.12.2015
Liabilities on delivery of goods and services	50 981	17 678
Taxes and contributions payable:		
Corporate tax	5 309	0
Personal income tax	11 204	10 941
Rehabilitation contribution	590	542
Vocational contribution	899	912
Car tax	78	78
Social security contribution (to the Pension Insurance and Health Insurance funds)	26 729	27 211
Healthcare contribution	3 064	9 446
Pension funds	284	252
Health funds	130	76
Dividends paid from the 2014/2015 profit	514 281	0
Other	742	25 730
Total liabilities	614 291	92 866

Accrued expenses and deferred income

The following must be recognised separately as accrued expenses and deferred income:

- income received before the balance sheet date which will form the sales revenue of the period after the balance sheet date,
- costs and expenses for the period before the balance sheet date which will only be incurred and invoiced in the period after the balance sheet date,
- compensation claims, default interest and court costs enforced and submitted against the Stock Exchange between the balance sheet date and the balance sheet preparation date.

The amounts of the accruals must be supported by accounting records (invoices, calculations, resolutions issued by the competent persons, etc.) which prove the legal nature and justification of such accruals.

15. Accrued expenses and deferred income (HUF '000)

Description	31.12.2014	31.12.2015
2014/2015 minimum section fees invoiced in 2015/2016	85 000	73 200
Total deferred income	85 000	73 200
Audit	4 038	4 114
MMTS licence fee	9 998	9 035
ADH technical fee	0	33 744
Other	21 580	14 539
Bonus accrued for the profit year of 2014/2015 (with contributions)	43 063	27 942
Total accrued expenses	78 679	89 374
Total accrued expenses and deferred income	163 679	162 574

INCOME STATEMENT

The results of the stock exchange activity were defined with the **total cost method** (version A) by decreasing the income in the business year by material-type, personnel and other expenses as well as depreciation.

The annual reporting and bookkeeping obligation of the Stock Exchange is stipulated by Government Decree No. 348/2004 (XII.22.). In accordance with the government decree, the fees charged for the services recorded in the Fee Schedule were recognised as "Income from exchange activities" instead of "Net sales".

16. Revenues (HUF '000)

Description	31.12.2014	31.12.2015
Revenues from listing fees	368 983	387 273
Revenues from trading fees	853 659	928 241
Revenues from information services	756 471	764 038
Sub-contracted services	92 604	59 563
Total revenues from stock exchange activities	2 071 717	2 139 115

Description	31.12.2014	31.12.2015
Domestic revenue from exchange activities	1 331 716	1 349 714
Export		
USA	259 434	244 964
Switzerland	15 690	10 743
Japan	1 193	1 279
Hong Kong	895	959
Israel	1 193	1 279
Norway	6 277	7 675
Turkey	448	480
Bosnia and Herzegovina	62	0
European Union	454 809	522 022
Export revenues from exchange activities	740 001	789 401
Total net sales from exchange activities	2 071 717	2 139 115

Description	31.12.2014	31.12.2015
Revenue from the sales of tangible assets	1 815	9 163
Income from training	400	399
Income from the sponsorship of certain events	9 051	4 000
Other income	25 283	9 801
Default interest	646	995
Total other income	37 195	24 358

Description	31.12.2014	31.12.2015
Interest on fixed deposits	14 129	8 540
Other interest	319	391
Exchange gains	21 657	8 395
Income from financial transactions	36 105	17 326
Exchange loss	6 298	15 145
Expenses of financial transactions	6 298	15 145
Profit/loss from financial activities	29 807	2 181

Material-type expenses

As of 2001, if Section 123 (2) of the VAT Act requires that the input VAT of the service be divided proportionally, the non-deductible VAT must be accounted for under other expenses rather than as a cost.

17. Material-type expenses (HUF '000)

Description	31.12.2014	31.12.2015
Sub-contracted services	92 604	59 563
Material costs	22 177	6 902
Travelling costs	6 778	6 228
Maintenance costs	22 669	19 464
Telecommunication costs	13 232	7 048
Other rental fees	20 402	23 122
K2 licence fee	4 658	4 062
Trading system licence fee	77 566	96 905
Outsource and consultancy fees	111 169	101 872
Training costs	5 439	5 781
PR expenses	39 969	30 616
International organizations membership fees	1 110	1 430
Other services	11 926	20 573
Internet access	6 142	3 303
Deutsche Börse technical connection fees	11 154	11 154
Costs related to the rented Andrassy út property:		
Rental	93 905	63 518
Operating expenses	25 214	23 993
Bank charges, insurance fees, royalties	9 173	10 338
Total material-type expenses	575 287	495 872

18. Fees paid to KPMG for the audit and other services (HUF '000)

Description	31.12.2014	31.12.2015
Audit of the HAL annual report	3 558	3 625
Audit of the IFRS financial statements	901	918
Audit of consolidated reports according to IFRS	840	856
Transfer pricing documentation	500	0
Total fees paid to KPMG	5 799	5 399

Personnel costs

In 2014, the average number of staff at the Budapest Stock Exchange was 49 and in 2015, 45. The average statistical staff number and wage costs did not include those on maternity leave or on unpaid leave.

19. Personnel-type expenses (HUF '000)

Description	31.12.2014	31.12.2015
Wage costs for full-time employees	407 282	437 294
Honoraria for Board members	18 077	19 753
Honoraria for Supervisory Board members	3 981	4 193
Wage costs for off-payroll staff	4 332	5 240
Wages for sick leave	25 919	3 727
Other personnel-type expenses (contributions, fringe benefits, representation costs)	144 080	175 685
Total personnel costs	603 671	645 892

Honoraria to the officers of the Budapest Stock Exchange Ltd

20. Honoraria of elected officers

In accordance with the resolution No. 11/2015 of the Annual General Meeting held on 29 April 2015, the honoraria were as follows:

Board of Directors		
Chairman		246 500 Ft/hó
Deputy Chairman		212 500 Ft/hó
Members		170 000 Ft/hó
Supervisory Board		
Chairman		170 000 Ft/hó
Deputy Chairman		127 500 Ft/hó
Members		85 000 Ft/hó

As of the Extraordinary General Meeting held on 16 December, 2015 with the resolution No. 20/2015 the honoraria were as follows:

Board of Directors		
Chairman:		seven times of the minimum wage/month
Members:		five times of the minimum wage/month
Supervisory Board		
Chairman:		five times of the minimum wage/month
Members:		three times of the minimum wage/month

21. Other expenses (HUF '000)

Description	31.12.2014	31.12.2015
Derecognition due to scrapping/ impairment/ lending losses	10 080	18 915
Book value of the sold tangible assets	0	5 627
Provisions	0	39 390
Other	3 938	9 611
Tax obligation regarding the previous years	140	5 973
Late payment and self-revision penalty, tax penalty	601	5 088
Subsidies of certain team sports/performing arts organizations	11 425	0
Innovation contribution	5 936	6 163
Bank tax	179 263	179 263
Local taxes and local business tax	39 434	41 089
Supervisory Authority fee	1 450	1 450
Non-deductible VAT on fixed assets	5 535	9 057
Non-deductible VAT on costs	60 492	56 859
Total other expenses	318 294	378 485

TRANSACTIONS WITH RELATED PARTIES

Related party

Name: KELER Ltd.
Registered office: 1074 Budapest, Rákóczi út 70-72.
Tax number: EU Tax No: HU10873151
Company registration No: 01-10-042346
Ownership share: 46.67%

Name: KELER CCP Ltd.
Registered office: 1074 Budapest, Rákóczi út 70-72.
Tax number: 23183034-2-44
Company registration No: 01-10-046985
Ownership share: 0.13%

22. Transactions with related parties

Description	Net amount
Revenues from KELER Ltd.	842 700
Sponsorship fee	750 000
Registration fee for capital market sport tournament	92 700
Expenses related to services of KELER Ltd.	1 319 700
Maintenance fee of the register of shareholders	240 000
Security account maintenance fee	324 700
Shareholder registration on GM	500 000
Payment of dividend	255 000

CORPORATE TAX

In accordance with the obligation to file a returns, we have adjusted the tax base as follows:

23. Calculation of corporate tax (HUF '000)

Description	31.12.2015
Items increasing pre-tax profits:	
Amount accounted for as depreciation in the tax year in accordance with the Act on Accounting	72 063
Impairment loss recognized for receivables in the tax year	18 878
Not recognized costs/Annex 3 (entertainment, business gifts, assets transferred free of charge)	0
Imposition of tax penalty, late payment penalty in final resolution	39 390
Amounts accounted for as expenses and assessed as a result of the self-revision, tax audit	13 285
Total items increasing the tax base	143 616
Items decreasing pre-tax profits:	
Depreciation in accordance with tax law	88 841
Remission of a fine or the sanctions stipulated in the Act on the Rules of Taxation and the acts on social insurance	
50% of revenues accounted among pre-tax results in the tax year based on the royalty received	9 118
Impairment loss reversed during the tax year in connection with a receivable furthermore, from the historical cost of a receivable, the part declared irrecoverable	0
Long-term donation provided to a public-benefit organization, 20% of the support	40
Total items decreasing the tax base	97 999
Corporate tax	
Profit/loss before taxation	573 342
Total items decreasing pre-tax profits	97 999
Items increasing pre-tax profits	143 616
Tax base	618 959
Corporate tax	
till HUF 500 million (10%)	50 000
from HUF 500 million (19%)	22 602
Calculated corporate tax	72 602
Tax benefit for the subsidy of certain team sports/performing arts organizations	0
Total corporate tax	72 602

Due to self-revision regarding previous years HUF 3,000 corporate tax was filed and paid in 2015.

SECTION MEMBERSHIP

The number of exchange members at the Budapest Stock Exchange Ltd. totalled 33 as of 31 December 2015. At the end of 2015, 23 members in the Equities Section, 21 members in the Debt Securities section, and 15 members in the Derivatives Section (futures market - 15 members, options market - 10 members) and 3 members in the Commodities Section had trading rights.

At the end of the year there were 14 members in the BÉTa Market.

Granting exchange membership in 2015

- NHB Growth Credit Bank – trading licence in the Equities section and BÉTa Market (21 December 2015)

Termination of exchange membership in 2015

- BUDA-CASH Brokerhouse Co. Ltd. – Equities Section, Derivatives Section, BÉTa Market (6 March 2015)
- Hungarograin Tőzsdeügynöki Szolgáltató Zrt. –Derivatives Sections, Commodities Section (11 December 2015)
- Hungária Equities PLC. – Equities Section, Derivatives Section-futures market, Commodities Section, BÉTa Market (20 April 2015)
- Quaestor Securities and Investment Ltd. – Equities Section, Derivatives Section, BÉTa Market (17 April 2015)

Granting trading licence in 2015

- Raiffeisen Centrobank AG – BÉTa Market (5 August 2015)

24. List of section members

	Section member	Equities section	Debt Securities Section	Derivatives section		Commodity section	BÉTA market
				Futures	Options		
1	Agrokont Brókerház Részvénytársaság	-	-	-	-	X	-
2	BNP Paribas S.A.	-	X	-	-	-	-
3	Citibank Europe plc Magyarországi Fióktelepe	-	F	-	-	-	-
4	CIB Bank Zrt.	X	X	X	F	-	X
5	CODEX Értéktár és Értékpapír Zártkörűen működő Részvénytársaság	X	-	-	-	-	X
6	CONCORDE Értékpapír ZRt.	X	X	X	X	-	-
7	DB Securities Spólka Akcyjna	X	-	-	-	-	-
8	Deutsche Bank AG Magyarországi Fióktelep	-	X	-	-	-	-
9	EQUILOR Befektetési Zártkörűen Működő Részvénytársaság	X	X	X	X	X	X
10	ERSTE Befektetési Zrt.	X	X	X	X	-	X
11	FHB Kereskedelmi Bank Zártkörűen Működő Részvénytársaság	X	X	-	-	-	-
12	Goldman Sachs International	-	F	-	-	-	-
13	IKR-Bróker Tőzsdeügynöki Kft.	-	-	-	-	X	-
14	ING Bank N.V. Magyarországi Fióktelepe	X	X	X	-	-	-
15	IPOPEMA Securities Spólka Akcyjna	X	-	-	-	-	-
16	J.P. Morgan Securities plc	-	F	-	-	-	-
17	KBC Securities Magyarországi Fióktelepe	X	X	X	-	-	X
18	Kereskedelmi és Hitelbank Zrt.	-	F	-	-	-	-
19	Magyar Takarékszövetkezeti Bank Zrt.	X	X	X	X	-	-
20	Merill Lynch International	-	X	-	-	-	-
21	MKB Bank Zrt.	X	X	X	F	-	X
22	NHB Növekedési Hitelbank Zrt.	X	-	-	-	-	X
23	Nomura International Plc	-	F	-	-	-	-
24	OTP Bank Nyrt.	X	X	X	X	-	X
25	Raiffeisen Centrobank AG	X	-	X	X	-	X
26	Random Capital Broker Zártkörűen Működő Részvénytársaság	X	-	X	-	-	X
27	RAIFFEISEN BANK Zrt.	X	X	X	X	-	X
28	REÁLSZISZTÉMA Értékpapír-forgalmazó és Befektető Zrt.	X	-	X	-	-	X
29	Société Générale SA	X	X	-	-	-	-
30	Solar Capital Markets Értékpapír Kereskedelmi Zártkörűen Működő	X	-	X	-	-	X
31	SPB Befektetési zRt.	X	-	-	-	-	X
32	UniCredit Bank Hungary Zártkörűen Működő Részvénytársaság	X	X	X	X	-	-
33	WOOD & Company Financial Services a.s.	X	-	-	-	-	-

F: Suspended the right to trade

X: It has the right to trade

- :It has not the right to trade

©: It is a section member without the right to trade

25. Shareholders exceeding 5 % stake

At the end of November National Bank of Hungary performed a buyout on CEESEG AG and Österreichische Kontrollbank AG, the two Austrian owners held a stake of 68.8% of the Budapest Stock Exchange, to gain a total 75.75% ownership. The registration in the register of shareholders was approved on 9 December 2015.

Serial No.	Shareholder	Ownership ratio	
		%	Nr of shares
1	Magyar Nemzeti Bank	75,75%	4 100 547
2	KBC Securities Mo. Fióktelepe	5,20%	281 667
3	Total	80,95%	4 382 214

26. Equity and profit per share (HUF '000)

Description	31.12.2014	31.12.2015
Shareholders' equity	5 472 676	5 973 413
Share capital	541 348	541 348
Capital reserve	2 576 356	2 576 356
Retained earnings	2 349 176	2 354 972
Net profit for the year	5 796	500 737
Profit after taxation	520 077	500 737
Number of issued shares	5 413 481	5 413 481
Nominal value of share (HUF/share)	100	100
Price per share at issue (HUF/share)	854	854
Capital resources per share (HUF/share)	1 011	1 103
Dividend (HUF/share)	95	0
EPS (net profit / number of shares) HUF	96,07	92,50
ROE (profit after tax / (average of opening and closing value of the shareholders' equity)	9.51%	8.75%

27. The financial, assets and income position

The following indices show the development of the financial, asset and income situation of the Stock Exchange.

Indices	2014		2015		Index
	HUF'000		HUF'000		
Income to equity <i>(retained earnings for the year / equity)</i>	5 796	= 0,11%	500 737	= 8,38%	7815,14%
	5 472 676		5 973 413		
Income to sales <i>(retained earnings for the year / revenues from exchange activities)</i>	5 796	= 0,28%	500 737	= 23,41%	8267,15%
	2 071 717		2 139 115		
Liquidity ratio <i>(current assets – inventories/ liabilities)</i>	725 261	= 118,06%	783 965	= 844,19%	615,02%
	614 291		92 866		
Capital adequacy					
<i>Equity</i>	5 472 676	= 87,55%	5 973 413	= 95,30%	8,84%
<i>Balance sheet total</i>	6 250 646		6 268 243		
Assets to income <i>(retained earnings for the year / balance sheet total)</i>	5 796	= 0,09%	500 737	= 7,99%	8515,10%
	6 250 646		6 268 243		
Ratio of tangible assets					
<i>Tangible assets</i>	59 627	= 0,95%	73 172	= 1,17%	22,37%
<i>Balance sheet total</i>	6 250 646		6 268 243		
Ratio of current assets					
<i>Current assets</i>	732 702	= 11,72%	790 165	= 12,61%	7,54%
<i>Balance sheet total</i>	6 250 646		6 268 243		
Ratio of equity and liabilities					
<i>Liabilities</i>	614 291	= 11,22%	92 866	= 1,55%	-86,15%
<i>Equity</i>	5 472 676		5 973 413		

28. EBITDA statement (HUF '000)

Description	31.12.2014	31.12.2015
Operating revenues + transferred service	2 071 717	2 139 115
Other income	37 195	24 358
Extraordinary profit	0	0
Total revenue	2 108 912	2 163 473
Operating costs and expenses without depreciation	1 266 990	1 299 897
Earnings before interest and taxes	841 922	863 576
Depreciation	67 642	72 063
Subsidies of certain team sports/performing arts organizations	11 425	0
Income from financial activities	29 807	2 181
Bank tax	179 263	179 263
Corporate tax	53 748	72 605
Local community business tax	39 574	41 089
PROFIT AFTER INCOME TAX	520 077	500 737
Dividend	514 281	0
NET PROFIT FOR THE YEAR	5 796	500 737

29. Development expenses (HUF '000)

No.	Description	31.12.2014	31.12.2015
1.	Trading system	104	0
2.	Security system basic investments	6 050	893
3.	Data sales	1 306	0
4.	BSE internal developments	28 207	32 179
5.	Non-IT investments	1 571	25 908
	TOTAL	37 238	58 980

Development expenses do not include VAT.

30. Cash Flow (HUF '000)

No.	Description	31.12.2014	31.12.2015
I.	Cash flows from ordinary activities (<i>Operating cash flow, rows 1-15</i>)	-47 238	158 880
1	Profit/loss before taxation	573 825	573 342
2	Booked amortisation	67 642	72 063
3	Booked impairment and reversal	10 080	17 769
4	Difference between the allocation and use of provisions	1 511	39 390
5	Income from the sales of fixed assets	0	3 536
6	Changes to trade payables	13 722	-33 303
7	Changes to other current liabilities	-548 217	-530 728
8	Changes to accrued expenses and deferred income	-293 786	-1 105
9	Changes to trade debtors	134 469	61 902
10	Changes to current assets (excluding trade debtors, cash and securities)	31 186	7 466
11	Overdue written off receivables	0	
12	Securities	0	
13	Changes to prepaid expenses and accrued income	16 078	21 154
14	Taxes paid and payable	-53 748	-72 605
15	Dividends approved	0	0
II.	Cash flows from investment activities (<i>rows 16-17</i>)	-35 423	-49 817
16	Acquisition of fixed assets	-37 238	-58 980
17	Sales of fixed assets	1 815	9 163
III.	Cash flows from financial activities (<i>rows 18-23</i>)	0	0
18	Loans drawn	0	
19	Cash received definitively	0	
20	Bond repayment	0	
21	Loan repayment	0	
22	Cash transferred definitively	0	
23	Housing loan repayment	0	
IV.	Changes to cash flows (<i>rows +,I. +,II. +- III.</i>)	-82 661	109 063
	Opening	667 476	584 815
	Closing	584 815	693 878
	Securities at the end of the year (in HUF)	0	0
	Cash at the end of the year (in HUF)	584 815 491	693 877 699
		584 815 491	693 877 699

Budapest, 20 April, 2016



Richárd Végh
CEO





Ildikó Auguszt
Financial Director



**BUSINESS REPORT
FOR THE YEAR 2015**



The Budapest Stock Exchange

The Budapest Stock Exchange (BSE), as a key participant of the domestic financial and capital market, provides market participants with the possibility of raising capital, at the same time offering a wide variety of investment instruments for investors. In 2015, Budapest Stock Exchange has been playing a decisive role in the capital markets of both Hungary and the Central European region.

Today, BSE offers investors the widest range of products in the region where the total length of the trading value chain is supported by a modern and safe infrastructure operated by BSE and KELER group in a close cooperation. In addition to the traditionally most popular equity and debt securities, the selection also includes investment funds, structured products and a BUX based ETF as well as foreign equities. On the derivatives market, alongside with futures and options products based on individual stocks, the BSE operates a currency market, which has one of the highest turnover in Europe, and it also runs a commodities market, which is unique in the region.

In addition to the celebration of the 25th anniversary of BSE, the completed transaction in the ownership structure at the year-end makes it possible to further strengthen the future of the Hungarian stock exchange, since the Central Bank of Hungary (CBH) has acquired a majority stake in BSE, resulting a decisive national ownership. Based on a new strategy, the key objective of the CBH is to develop an efficiently operating capital market with a valuable size. The achievement of the new strategic objectives is supported by the newly established ownership structure and the cooperation with the Hungarian government. CBH is planning to introduce several innovations in order to improve and strengthen the Hungarian capital market providing adequate incentives for both domestic issuers and investors. As a result, a healthier financial market is envisaged to serve a more efficient way for economic growth. To this end, BSE is planning to introduce new services and markets beside of the strengthening of global relationships.

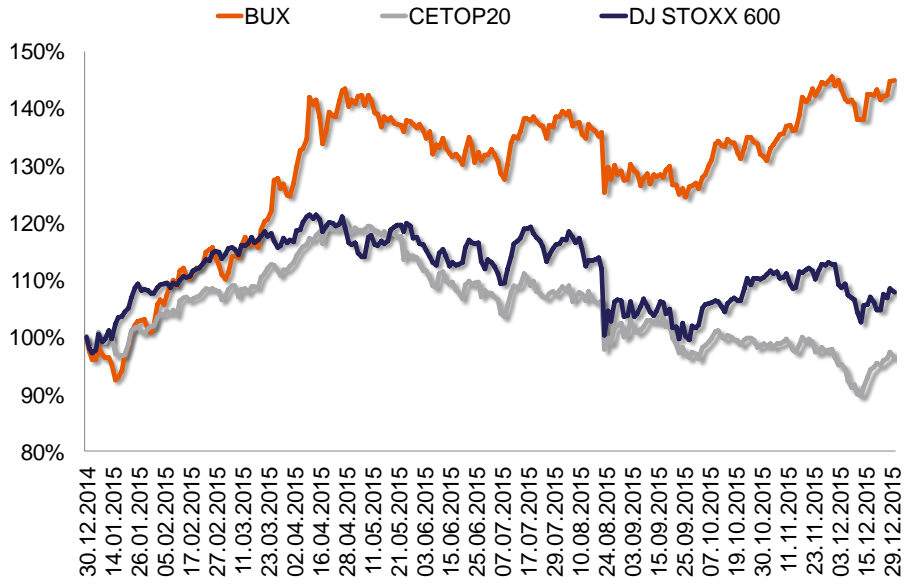
Market tendencies

In 2015, domestic monetary policy continued its period of interest rate cutting, which resulted an all-time low level of base interest rate and thanks to the great performances of Hungarian listed companies and the positive economic outlooks, BUX index showed an impressive +43.8% return which made the Hungarian capital market one of the best performing markets globally, thus the gap, accumulated for previous years, decreased between the Hungarian and western markets.

The value of BUX index has been moving in a more volatile range than in previous years, between 15,687 and 23,964 points (Figure 1). The CETOP20 index, which reflects the performance of 20 biggest regional companies, closed at a lower value, while Dow Jones STOXX 600 could show only a tiny rise compared to the close price of 2014.

The composition of BSE's indices has been repeatedly changed last year: new components of BUX were ELMŰ, ÉMÁSZ, Graphisoft Park and Zwack, while equities of Danubius, Synergon and TVK have left the index. The SME focused BUMIX index welcomed ELMŰ, Masterplast, Norbi Update and Plotinus in change of Danubius and TVK.

Figure 1: Relative performance of indices in 2015 (EUR)

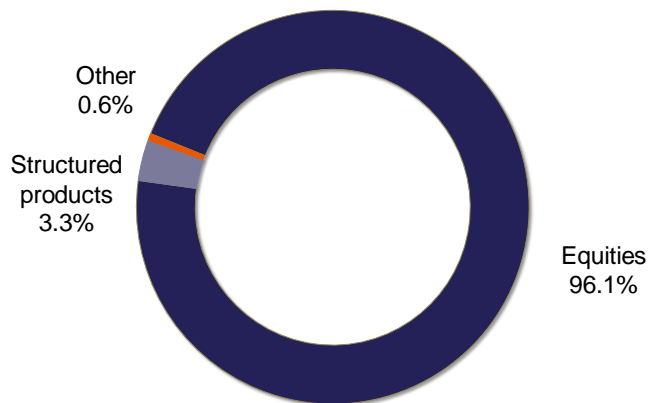


Source: BSE, STOXX.com

Spot market

The turnover of the spot market showed a +14.6% increase compared to 2014: investors executed more than 1.5 million trades with a total value of HUF 2,225 billion (thus average trade size was HUF 1.4 million). Like in previous years, equities trading gave the 96.1% of the spot market turnover, structured products were the second most popular products with 3.3% market share (HUF 74 billion total turnover, +36.1% compared to 2014), and the rest 0.6% is traded in mutual funds and debt securities (Figure 2).

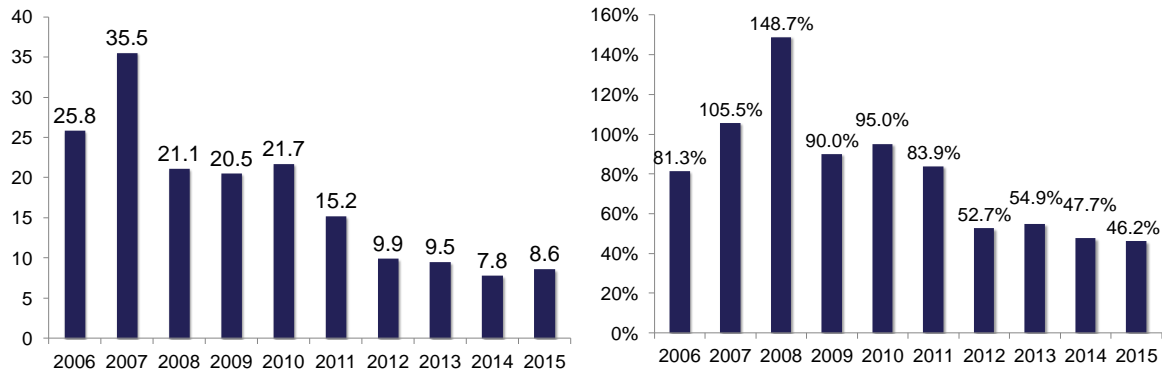
Figure 2: Spot market turnover breakdown by product types in 2015



Source: BSE

The daily average turnover of equities reached HUF 8.6 billion which may indicate the end of decreasing trend (Figure 3). BSE still has been operating as the 3rd largest regional market in CEE after Warsaw SE and Vienna SE. The average turnover velocity of BSE equities was similar to 2014 with a value of 46.2% which has been representing a relatively high proportion as a kind of European liquidity measure, thus nearly half of the equities market capitalisation was traded in 2015 (Figure 4).

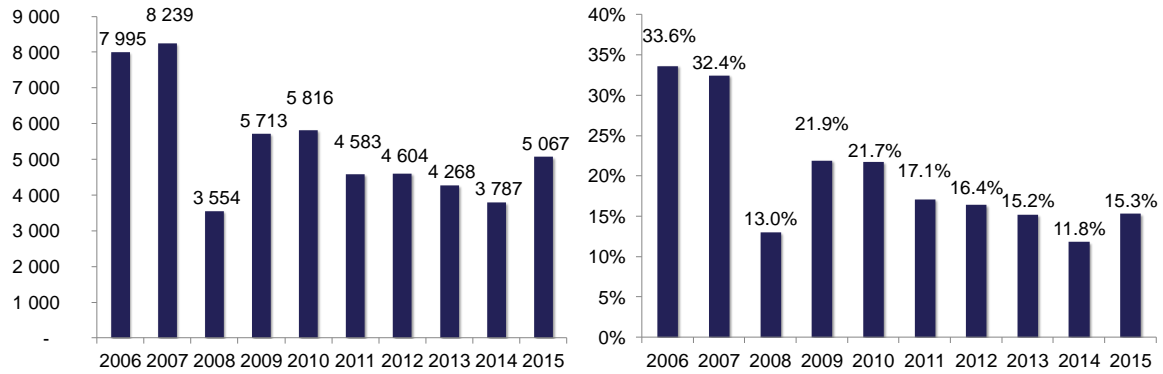
Figure 3: Average daily equity turnover (bn HUF) **Figure 4: Share turnover velocity**



Source: BSE

The market capitalisation of BSE equities increased significantly compared to 2014: the year-end value of HUF 5,067 billion is +33.8% higher than in previous year (Figure 5). This increase was primarily the result of the performance of the blue-chips: the price of MOL increased +23.5%, TELEKOM's +20.1%, OTP's +57.4% and the equities of Richter closed +55.5% higher than the last price of 2014. Following the rise of market capitalisation, its proportion to the domestic GDP jumped to 15.3% from its lowest point in 2014 (Figure 6).

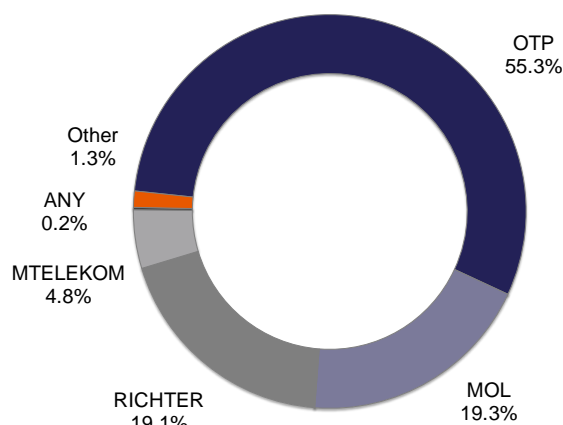
Figure 5: Equities market capitalisation (bn HUF) **Figure 6: Market capitalisation/ GDP**



Source: BSE, KSH

Similarly to previous years, the most significant part of the equities turnover was generated by the four blue-chips (98.5%), where OTP still dominated the market with its 55.3% weight (Figure 7).

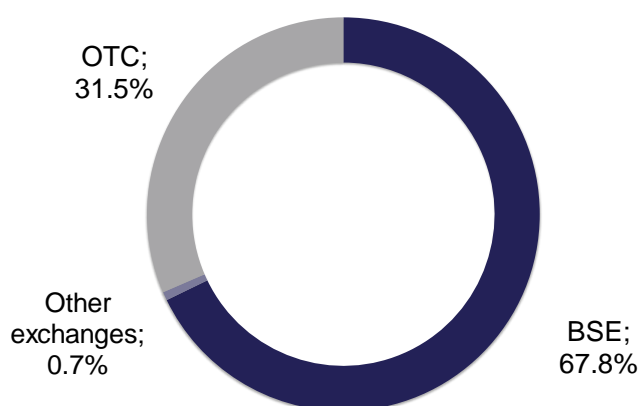
Figure 7: Concentration of the equities turnover in 2015



Source: BSE

BSE has been playing the centre role of secondary market trading in Hungarian equities, thus liquidity still concentrates in Budapest. Some domestic stocks are double-listed on other exchanges in the world, such as London, Frankfurt or Warsaw, however in all cases investors' attention remains focused on the Budapest market, thus the majority of transactions are concluded on the BSE's market by whether domestic or foreign investors (Figure 8).

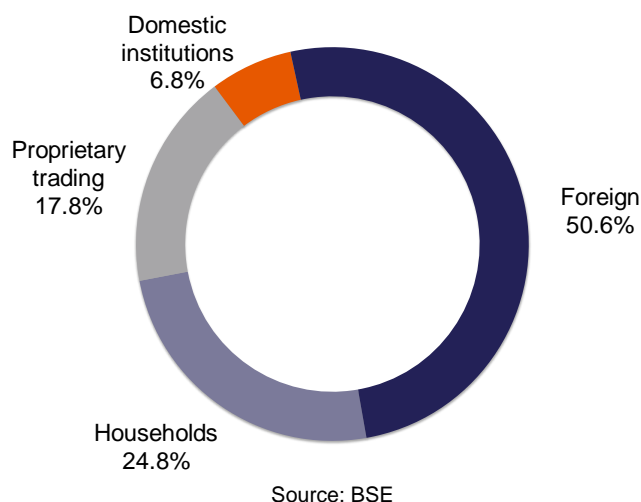
Figure 8: BSE's share in trading Hungarian equities (2015)



Source: Bloomberg

The investor structure of the equities market remained similar to 2014, but small changes are perceptible based on the statistics of the first 10 months of 2015 (Figure 9): as in previous years, foreign investors still gave more than half of the turnover, however their actual proportion (50.6%) declined compared to 55.2% in 2014. Households generated the quarter of the total turnover which means a small increase compared to the value of 22.2% in 2014. In parallel, the market share of proprietary trading increased to 17.8% compared to 13.8% in previous year. The proportion of domestic institutional investors fell to 6.8% from 8.7%.

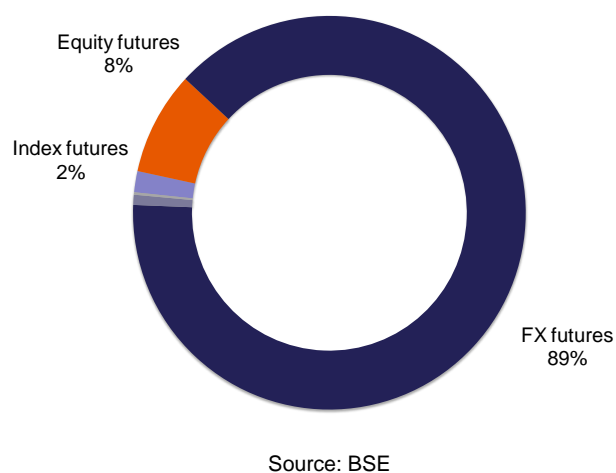
Figure 9: Equities turnover breakdown by investor groups (Jan-Oct 2015)



Derivatives market

On the derivatives market of the BSE, the traded number of contracts throughout year 2015 mounted up to 8.5 million, which equals HUF 2,763 billion, +12% more than the previous year. The increase in turnover was the highest for the currency derivatives, contributing to the 89% of total derivatives trading volume, was the highest in 2015 with +29% growth in currency futures. The investor breakdown of the derivatives market changed slightly during the first ten months of 2015, but retail investors still represent almost half of the turnover with a 44% market share.

Figure 11: Breakdown of BETa market turnover by products (2015)



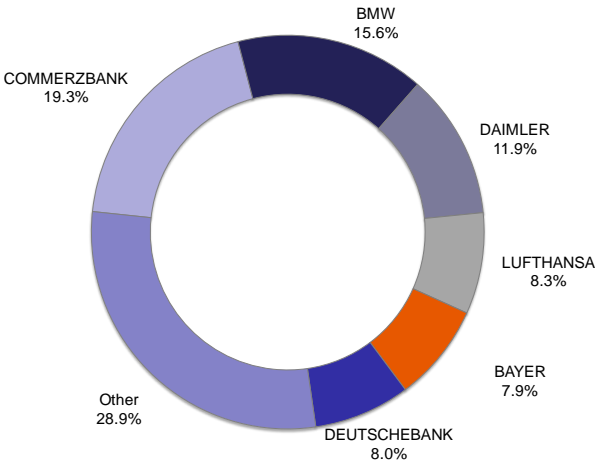
Commodities market

The price based turnover of commodities exceeded HUF 22.2 billion, which is 3.2% higher compared to the previous year.

BETa market

The combined average daily turnover of the 22 foreign shares admitted to trading on the BÉTa Market was HUF 19.4 million, 8.6% higher than in 2014. The market concentration decreased significantly: the turnover of Commerzbank shares added up to 43.9% in 2014, but dropped to 19.3% by the end of 2015; at the same time BMW, which was the fourth in the turnover ranking in 2014 with a market share of 7.5%, ended up on the 2nd place in 2015 with a 15.6% share.

Figure 11: Breakdown of BETa market turnover by products (2015)



Source: BSE

New listings and products on the BSE's markets

In the Equities Section, two domestic issuers entered the parquet. The introduction of the ordinary shares of WABERER'S INTERNATIONAL Plc. and DUNA HOUSE HOLDING Plc. took place in the fourth quarter of 2015. However, trading in these shares has not yet started; this could take place after the public transactions. Unfortunately, new listings were accompanied by four delistings this year. The shares of BUSINESS TELECOM Plc. and HUN MINING Plc. were removed from the product list due to liquidation proceedings. In the cases of Danubius Hotels Plc. and TVK Plc., voluntary public purchase offer was launched followed by a squeeze-out procedure, which has led to the delistings of the shares from the Equities Standard Market.

On the investment notes market, the number of new listings remained high; during the year, the investment notes of 37 investment funds were listed, of which 33 were closed-end and 4 were open-end funds. Due to the three and a half year maturity that characterizes closed-end investment funds and the transformation of some funds, 29 funds expired or transformed and were delisted in 2015. The volume of open-end funds listed increased by 62.34% to HUF 441 billion, and for the first time, it exceeded the HUF 359 billion portfolio size of closed-end funds, which also grew by 18.2% in 2015.

On the debt securities market, as regards government debt securities, the number of listings remained at last year's level with 167 new issuances and tap issues. The size of the securities series listed increased by nearly 11.3%, and by the end of the year exceeded HUF 16,000 billion. In the case of mortgage bonds, the new listings on the one hand and repurchases and maturity of some security series on the other largely offset each other; the volume listed decreased by 2.42% to HUF 637 billion. Regarding the corporate bonds market, the number of listings dropped by 27% but that was offset by a higher volume of listings; therefore, the total volume listed increased by 3.5% and amounted to HUF 535 billion. The bond issuances of MFB Hungarian Development Bank, which appeared as a new issuer in 2015, contributed significantly to these figures.

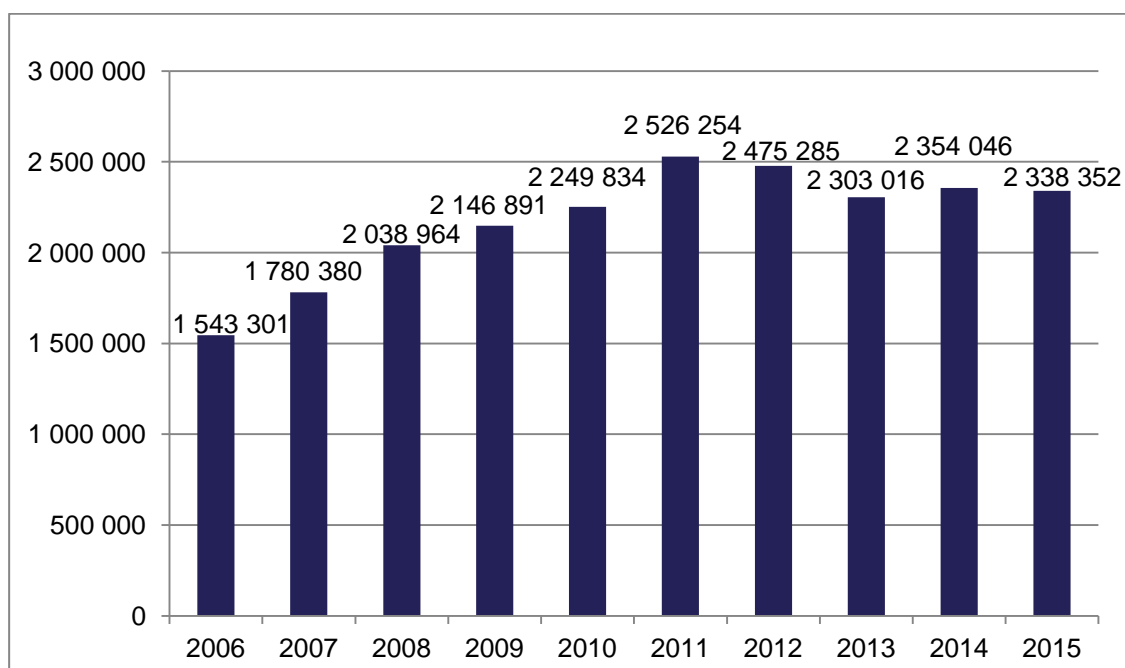
In 2015, the range of underlying products of structured products issued by Erste AG widened, however, the number of listings has dropped significantly: after 157 listings in 2014, 114 new structured products were introduced into trading in 2015. However, year-end data do not reflect the entire amount of products listed because of the irregular frequency of turbo certificate and warrant listings and delistings.

There were no new registrations on the BETa Market in 2015. Thus at the end of the year, the shares of the same 22 European large companies can be traded on this MTF platform operated by the Budapest Stock Exchange Ltd. as before.

Information services

In 2015 the Market Data revenue of Budapest SE reached 2 338 M EUR which is about the same amount as in 2014. The number of contractual vendor partners increased by 6 to a total of 86 partners. During 2015 three Vendor agreements was terminated because of merge, acquisition or bankruptcy while 8 Agreement on New Original Works was concluded additionally. One of our Distributors upgraded from Best 5 levels package to Best 20 levels package which means 12 k EUR additional income only for the year of 2015.

Chart12: Annual revenue 2006-2015 in EUR(excluding audit revenue)



The number of non-professionals decreased by 6.56 % and the number of professionals lessened by 6.25 % in the year of 2015.

In December 2015 a total number of 8715 private investors and 5485 professional end users have been reported.

Organization

At the Budapest Stock Exchange on December 31, 2015 the number of staff was 46 increasing from 45 in 2014. The number of active staff was 46, of which 40 persons are in full time and 6 persons work 6 hours a day. The number of full-time equivalents were 44.5. The number of employees leaving the company was 1 and the number of joining was 2.

Financial investments

In accordance with legal provisions, the BSE invests its free liquid assets into bank deposits and government securities. In the balance sheet, investments were capitalised on historic costs. The BSE does not have debt, the company's liquid assets are stable, and liquidity risks are not to be reckoned with.

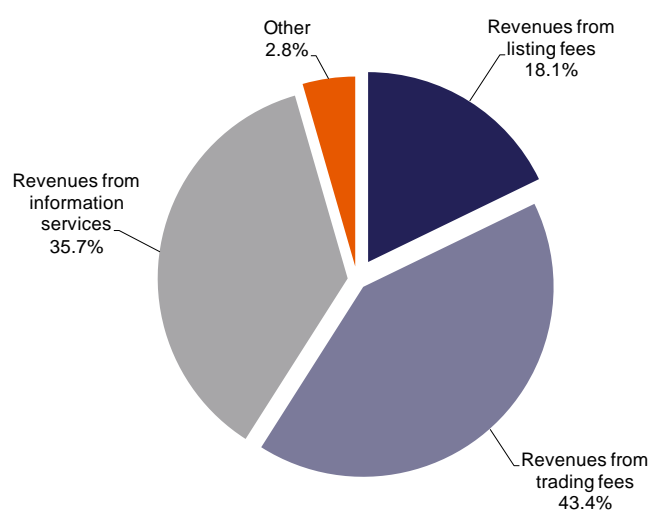
The BSE's Financials in 2015

The revenues of the BSE amounted to HUF 2.1 billion forints, 2.6% higher than revenues of the previous year. Due to strict cost management the operating expenses remained on the same level as in 2014 therefore EBITDA reached 0.864 billion forints, 2.6% higher this year. The net profit reached 0.5 billion forints.

Table 1: Revenue and earnings of BSE, 2005-2015.

('000 HUF)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total revenue	2 636 943	3 570 364	3 947 479	3 292 346	3 201 130	3 410 413	3 084 558	2 425 367	2 351 955	2 108 912	2 163 473
EBITDA	1 264 284	1 742 106	2 056 146	1 467 980	1 612 002	1 814 942	1 516 438	915 910	877 990	841 922	863 575
Net profit	2 364 113	2 400 491	2 586 054	2 276 106	1 390 772	1 320 630	1 124 747	576 438	565 003	520 077	500 737

Chart 13: Revenues breakdown – 2015



Release of the members of the Board from liability

The Board of Directors of the BSE requests the AGM to release the members of the Board from liability in respect of the business year 2015 simultaneously with the approval of the financial report on the business year 2015.

Budapest, 20 April, 2016



Richard Végh
CEO

Andikó Auguszt
Financial Director