



**Independent Auditors' Report
issued on the 2014 Annual Report
and Business Report
of Budapesti Értéktőzsde Zrt.**

This is an English translation of the statutory Annual Report and the Business Report, and the Independent Auditors' Report thereon issued in Hungarian. In case of any differences, the Hungarian language original prevails.





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This is an English translation of the Independent Auditors' Report on the 2014 statutory 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 statutory Annual Report it refers to.

Independent Auditors' Report

To the shareholders of Budapesti Értéktőzsde Zrt.

Report on the Annual Report

We have audited the accompanying 2014 annual report of Budapesti Értéktőzsde Zrt. (hereinafter referred to as "the Company"), which comprises the balance sheet as at 31 December 2014, which shows total assets of THUF 6,250,646 and retained profit for the year of THUF 5,796, 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 2014, and of its financial performance for the year then ended in accordance with the provisions of the Hungarian Act on Accounting.

Other Matters

We have issued an Auditor's Report dated 11 March 2015 on the annual report submitted to the General meeting for approval and have considered the events after the balance sheet date only up to that date. The General meeting amended the annual report in terms of the amount of dividend payments, which resulted in a decrease in the retained profit for the year of THUF 514,281.





Report on the Business Report

We have audited the accompanying 2014 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 2014 business report of Budapesti Értéktőzsde Zrt. is consistent with the data included in the 2014 annual report of Budapesti Értéktőzsde Zrt..

Budapest, 29 April 2015

KPMG Hungária Kft.

Registration number: 000202

Gábor Agócs

Gábor Agócs

Partner, Professional Accountant

Registration number: 005600



**FINANCIAL STATEMENTS OF THE
BUDAPEST STOCK EXCHANGE FOR THE
YEAR 2014**

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HUF '000

	Denomination	31.12.2013	31.12.2014
a	b	c	d
1	A. LONG-TERM ASSETS	5 326 160	5 293 993
2	I. Intangible assets	143 613	119 344
3	Capitalized value of formation, promotion and restructuring expenses	0	0
4	Capitalized value of research and development	0	0
5	Rights, representing assets	2 169	1 351
6	Intellectual products	141 444	117 993
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	67 525	59 627
11	Buildings and related concessions and similar rights	1 680	327
12	Plant machinery	40 147	41 645
13	Other equipments and fittings, vehicles	25 698	17 655
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	1 023 742	732 702
23	I. Stocks	18 799	7 441
24	Raw materials and consumable goods	0	0
25	Work in progress	0	0
26	Finished goods	0	0
27	Merchandise	18 799	7 441
28	Prepayments made on stocks	0	0
29	II. Receivables	337 466	140 445
30	Trade debtors	306 375	129 182
31	Receivables from affiliated undertaking	0	0
32	Receivables from independent undertakings	0	0
33	Bills receivable	0	0
34	Other debtors	31 091	11 263
35	III. Securities	0	0
36	Participation in affiliated undertaking	0	0
37	Other participation	0	0
38	exchangable shares	0	0
39	Debt securities held for sale	0	0
40	IV. Cash and cash equivalents	667 477	584 816
41	Cash	106	20
42	Current account	667 371	584 796
43	C. ACCRUED INCOME AND PREPAYMENTS	240 029	223 951
44	Accrued income	228 117	210 337
45	Prepayments	11 912	13 614
46	deferred expenditures	0	0
47	TOTAL ASSETS	6 589 931	6 250 646

Budapest, 29 April, 2015



Zsolt Katona
CEO

Tóth Attila
Deputy CEO

HUF '000

	Denomination	31.12.2013	31.12.2014
a	b	c	d
48	D. SHAREHOLDERS' EQUITY	5 466 880	5 472 676
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	2 347 175	2 349 176
54	V. NON DISTRIBUTABLE RESERVES	0	0
55	VI. REVALUATION RESERVE	0	0
56	VII. Net profit for the year	2 001	5 796
57	E. PROVISIONS	1 511	0
58	Provisions for expected liabilities	1 511	0
59	Provisions for costs in the future	0	0
60	Other provisions	0	0
61	F. LIABILITIES	664 075	614 291
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	664 075	614 291
76	Short-term loans	0	0
77	thereof: convertible bonds	0	0
78	Prepayments received from customer	0	0
79	Trade accounts payables	37 259	50 981
80	Bills payable	0	0
81	Short-term liabilities to affiliated undertaking	0	0
82	Dividends	563 002	514 281
83	Other short term liabilities	63 814	49 029
84	G. ACCRUED EXPENSES AND DEFERRED INCOME	457 465	163 679
85	Deferred income	295 887	85 000
86	Accrued expenses	161 578	78 679
87	Deffered revenues	0	0
88	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6 589 931	6 250 646

Budapest, 29 April, 2015



Zsolt Katona
CEO



Tóth Attila
Deputy CEO



HUF '000

Denomination		31.12.2013	31.12.2014
a	b	c	d
1	Net domestic sale	1 472 090	1 331 716
2	Net external sale	809 060	740 001
I.	Revenues from stock exchange activities	2 281 150	2 071 717
3	Change in self-manufactured stocks	0	0
4	Own work capitalized	0	0
II.	Own performance capitalized	0	0
III.	Other revenues	70 805	37 195
	thereof: write-back of loss in value	0	0
5	Cost of materials	26 889	22 177
6	Values of services utilized	481 200	451 333
7	Other costs	9 870	9 173
8	Cost of good sold	0	0
9	Sub-contracted services	126 010	92 604
IV.	Material-type costs	643 969	575 287
10	Wages and salaries	523 142	433 672
11	Other employee benefits	27 400	30 605
12	Contributions on wages and salaries	163 285	139 394
V.	Staff costs	713 827	603 671
VI.	Depreciation	49 857	67 642
VII.	Other expenses	367 785	318 294
	thereof: loss in value	11 929	10 080
A.	OPERATING PROFIT (LOSS)	576 517	544 018
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	18 135	14 448
	thereof: from affiliated undertakings	0	0
17	Other incomes from financial transactions	15 737	21 657
VIII	Income from financial operations	33 872	36 105
18	Losses on financial investments	0	0
	thereof: to affiliated undertakings	0	0
19	Interest payable 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	15 528	6 298
IX	Expenses of financial operations	15 528	6 298
B.	FINANCIAL RESULT	18 344	29 807
C.	ORDINARY PROFIT (LOSS)	594 861	573 825
X	Extraordinary income	0	0
XI.	Extraordinary expenses	0	0
D.	EXTRAORDINARY PROFIT (LOSS)	0	0
E.	PROFIT BEFORE INCOME TAX	594 861	573 825
XII.	Income tax	29 858	53 748
F.	PROFIT (LOSS) AFTER INCOME TAX	565 003	520 077
22	Retained earnings for dividend	0	0
23	Approved dividend	563 002	514 281
G.	NET PROFIT FOR THE YEAR	2 001	5 796

Budapest, 29 April, 2015



Zsolt Katona
CEO



Tóth Attila
Deputy CEO



NOTES TO THE 2014 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-1062 Budapest, Andrásy út 93.

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

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

Zsolt Katona, CEO

Address: H-1181 Budapest, Fürst Sándor u. 11.

Attila Tóth, Deputy CEO

Address: H-1112 Budapest, Rétalja lejtő 14.

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, Ifjú munkás utca 10.

Start date of engagement: June 01, 2014

End date of engagement: May 31, 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 2014) 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 2015.

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 2014 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 Hungarian Financial Supervisory Authority.

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 2015, the valid regulations of the Stock Exchange were as follows.

1. REGULATIONS

Regulations of the Budapest Stock Exchange Ltd.	Nr. of the approval by the Board of Directors	Date	Nr of approval of HFSA / CBH	Date of entry into force
on Listing, Continued Trading and Disclosure	17/2014	21 March, 2014	H-EN-III-26/2014	2 June, 2014
	20/2014			
	52/2014			
on the Technical Connection to the Exchange Trading Systems	20/2014	21 March, 2014	H-EN-III-24/2014	2 June, 2014
	7/2014	6 February,	H-EN-III-11/2014	11 April, 2014
on the Code of Trading	20/2014	21 March, 2014	H-EN-III-27/2014	2 June, 2014
			H-EN-III-54/2013	
on Exchange Membership	6/2014	6 February,	H-EN-III-9/2014	7 April, 2014
	18/2014	21 March, 2014	H-EN-III-26/2014	2 June, 2014
	20/2014			
on Exchange Regulation Procedures and on the Rules of Official Publications	34/2011	7 June, 2011	E-III-1008/2011	15 September, 2011
on the rules of handling potentially arising conflicts of interest among the interests of the Exchange itself, the interests of the shareholders or the operators of the Exchange and the sound operation of the Exchange and furthermore on the rules of conflict of interest of Persons in Management Positions and Employees	34/2011	7 June, 2011	EN-III-1008/2011	15 September, 2011
on the Operational Risk Management	36/2010	15 September,	EN-III-73/2010	28 October, 2010

Regulations of the Budapest Stock Exchange Ltd.	CEO Resolution		Date of entry into force
	Nr	Date	
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 BETA Market	2/ BÉTa/2014	20 June, 2014	23 June, 2014

2. ORDERS

Orders of the Budapest Stock Exchange Ltd.	Nr. of the approval by the Board of Directors	Date	Nr of approval of HFSA / CBH	Date of entry into force
regarding the Professional Representation	14/2014	21 March, 2014		21 March, 2014
	9/2014	6 February		28 February, 2014
	19/2014	21 March 2014		2 June, 2014
regarding the Schedule of Fees Applied by the Exchange				17 June, 2014
				1 July, 2014
				27 October, 2014
				04.dec.14
regarding the Operational and Organizational Rules	31/2014	27 May, 2014.		5 January, 2015 27 May, 2014.

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: Budapest, VII. ker. Rákóczi út 70-72.
 number of issued shares: 420
 nominal value of shares: 5.000.000 HUF
 ownership share: 46.67%

KELER Ltd's after-tax profit for 2014 will be HUF 1.8 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%
Central Clearing House and Depository Ltd.	2 400 000	53,33%
Total:	4 500 000	100,00%

■ KELER Central Counterparty Ltd.

registered office: Budapest, VII. ker. Rákóczi út 70-72.
 ownership share: 0.13%

KELER CCP Ltd's after-tax profit for 2014 will be HUF 208 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
Összesen:	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	
	31.12.2013	31.12.2014	31.12.2013	31.12.2014
Share capital	4 500 000	4 500 000	1 823 200	1 823 200
Capital reserves			2 734 800	2 734 800
Retained earnings	15 433 648	17 460 172	527 378	650 438
Non distributable reserves	70 800	0	0	0
Other reserves	1 987 253	2 168 739	0	0
Profit for the period	1 955 724	1 633 370	123 060	191 552
Total:	23 947 425	25 762 281	5 208 438	5 399 990

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	1 178 550	10 754	18	0	1 189 286
I/1. Concessions and similar rights and assets	13 234	107	18		13 323
I/2. Intellectual products	1 165 316	10 647			1 175 963
I/2.1. WIP on intangible assets	0	0			0
II. Tangible assets	487 413	26 486	28 457	0	485 442
II/1. Real estates	42 961	0	3 321	0	39 640
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	42 961	0	3 321		39 640
II/2. Cables	0	0	0		0
II/3. Technical equipments, machinery	11 194	1 024	15		12 203
II/4. IT equipments	254 679	24 775	16 503		262 951
II/5. Telecommunication equipments	9 183	0	0		9 183
II/6 Other equipments and fittings	150 041	447	8 618		141 870
II/7. Securities	343	240	0		583
II/8. Vehicles	19 012	0	0		19 012
II/9. Capital Work in Progress (CWIP)	0	0	0		0
II/10. Advance payments on CWIP	0	0	0		0
I-II. Total	1 665 963	37 240	28 475	0	1 674 728

Changes to the depreciation of intangible and tangible assets

Denomination	Opening amount	Interim growth	Interim decrease	Reclass.	Closing amount
I. Intangible assets	1 034 937	35 023	18	0	1 069 942
I/1. Concessions and similar rights and assets	11 065	925	18		11 972
I/2. Intellectual products	1 023 872	34 098			1 057 970
I/2.1. WIP on intangible assets	0				0
II. Tangible assets	419 888	32 620	26 693	0	425 815
II/1. Real estates	41 281	1 296	3 264	0	39 313
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	41 281	1 296	3 264		39 313
II/2. Cables	0	0	0		0
II/3. Technical equipments, machinery	10 169	525	15		10 679
II/4. IT equipments	215 685	23 706	16 503		222 888
II/5. Telecommunication equipments	9 055	70	0		9 125
II/6 Other equipments and fittings	139 315	4 069	6 911		136 473
II/7. Securities	0	0	0		0
II/8. Vehicles	4 383	2 954	0		7 337
II/9. Capital Work in Progress (CWIP)	0	0	0		0
II/10. Advance payments on CWIP	0	0	0		0
I-II. Total	1 454 825	67 643	26 711	0	1 495 757

Changes to the net value of intangible and tangible assets

Denomination	Opening amount	Interim growth	Interim decrease	Reclass.	Closing amount
I. Intangible assets	143 613	-24 269	0	0	119 344
I/1. Concessions and similar rights and assets	2 169	-818	0		1 351
I/2. Intellectual products	141 444	-23 451	0		117 993
I/2.1. WIP on intangible assets	0	0	0		0
II. Tangible assets	67 525	-6 134	1 764	0	59 627
II/1. Real estates	1 680	-1 296	57	0	327
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	1 680	-1 296	57		327
II/2. Cables	0	0	0		0
II/3. Technical equipments, machinery	1 025	499	0		1 524
II/4. IT equipments	38 994	1 069	0		40 063
II/5. Telecommunication equipments	128	-70	0		58
II/6 Other equipments and fittings	10 726	-3 622	1 707		5 397
II/7. Securities	343	240	0		583
II/8. Vehicles	14 629	-2 954	0		11 675
II/9. Capital Work in Progress (CWIP)	0	0	0		0
II/10. Advance payments on CWIP	0	0	0		0
I-II. Total	211 138	-30 403	1 764	0	178 971

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	31.12.2013	31.12.2014
PR material	2 848	4 172
Forms, other materials	2 019	963
Library books	1 029	1 029
Intermediated services	12 903	1 277
Total inventories	18 799	7 441

Accounts receivable

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	31.12.2013	31.12.2014
Receivables from goods, delivery and services	306 375	129 182
Corporate tax	25 390	0
VAT	0	5 907
Local tax	1 275	2 727
Innovation contribution	157	516
Other receivables	4 269	2 113
Total receivables	337 466	140 445

10. Impairment accounted for receivables (HUF '000)

Description	Year of the accounting of impairment	Amount of impairment in %	31 December 2014 Amount of
	2010	100%	501
	2011	100%	1 830
	2012	100%	4 484
	2013	100%	7 908
	2014	100%	7 096
Total impairment on receivables			21 819

Cash

Cash was recognised at the values of the last bank account statements of 2014 and the stocktaking of the cash desk.

11. Cash (HUF '000)

Description	31.12.2013	31.12.2014
Cash desk	106	20
HUF accounts	12 690	22 849
Fixed HUF deposits	416 000	373 000
EUR accounts	5 013	49 451
Fixed EUR deposits	233 668	139 496
Total cash	667 477	584 816

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	31.12.2013	31.12.2014
Interest on tied-up deposits and bank accounts due for the reporting period but not yet realised	2 633	2 116
Transaction fees for December, 2013/2014	64 320	52 537
Annual maintenance fees for the 4th quarter, 2013/2014	73 974	78 434
Vendor fees for 2013/2014	76 780	67 515
Other income	10 410	9 735
Total accrued income	228 117	210 337
Insurance	1 290	1 314
Newspaper subscriptions	251	302
International organizations membership fees , 2014/2015	655	198
IBM IFX maintenance fee for 2014/2015	5 295	4 289
Other software maintenance fee	0	4 429
Other	4 421	3 082
Total prepayments	11 912	13 614
Total prepayments and accrued income	240 029	223 951

Equity

Equity is recognised at book value.

13. Changes to equity (HUF '000)

Denomination	31.12.2013	Additions	Disposals	31.12.2014
Share capital	541 348			541 348
Capital reserve	2 576 356			2 576 356
Retained earnings	2 347 175			2 349 176
Net profit for the year 2013	2 001			
Net profit for the year 2014		5 796		5 796
Total shareholder's equity	5 466 880	5 796	0	5 472 676

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.

The Annual General Meeting of the Budapest Stock Exchange Ltd., which was held on 29 April of 2015, approved a payment in dividend in the amount of HUF 514 280 695 (HUF 95 /share) following the financial year 2014.

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	31.12.2013	31.12.2014
Liabilities on delivery of goods and services	37 259	50 981
Taxes and contributions payable:		
Corporate tax	0	5 309
Personal income tax	15 387	11 204
Rehabilitation contribution	627	590
Vocational contribution	1 334	899
Car tax	78	78
VAT	2 561	0
Social security contribution (to the Pension Insurance and Health Insurance funds)	40 246	26 729
Healthcare contribution	2 177	3 064
Pension funds	338	284
Health funds	106	130
Dividends paid from the 2013/2014 profit	563 002	514 281
Other	960	742
Total liabilities	664 075	614 291

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	31.12.2013	31.12.2014
2013/2014 minimum section fees invoiced in 2014/2015	86 200	85 000
Data vending fees for 2014	209 687	0
Total deferred income	295 887	85 000
Audit	4 038	4 038
MMTS licence fee	9 427	9 998
Xetra licence fee	23 788	0
ADH technical fee	24 411	0
Other	40 912	21 580
Bonus accrued for the profit year of 2013/2014 (with contributions)	59 002	43 063
Total accrued expenses	161 578	78 679
Total accrued expenses and deferred income	457 465	163 679

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	31.12.2013	31.12.2014
Revenues from listing fees	365 940	368 983
Revenues from trading fees	1 036 009	853 659
Revenues from information services	753 191	756 471
Sub-contracted services	126 010	92 604
Total revenues from stock exchange activities	2 281 150	2 071 717

Description	31.12.2013	31.12.2014
Domestic revenue from exchange activities	1 472 090	1 331 716
Export		
USA	283 108	259 434
Switzerland	16 462	15 690
Japan	1 152	1 193
Hong Kong	864	895
Israel	1 152	1 193
Norway	9 048	6 277
Turkey	432	448
Bosnia and Herzegovina	0	62
European Union	498 662	454 809
Export revenues from exchange activities	809 060	740 001
Total net sales from exchange activities	2 281 150	2 071 717

Description	31.12.2013	31.12.2014
Revenue from the sales of tangible assets	6 866	1 815
Income from training	523	400
Income from the sponsorship of certain events	6 123	9 051
Other income	31 328	25 283
Release of provision	22 370	0
Default interest	3 595	646
Total other income	70 805	37 195

Description	31.12.2013	31.12.2014
Interest on fixed deposits	17 613	14 129
Other interest	522	319
Exchange gains	15 737	21 657
Income from financial transactions	33 872	36 105
Exchange loss	15 528	6 298
Expenses of financial transactions	15 528	6 298
Profit/loss from financial activities	18 344	29 807

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	31.12.2013	31.12.2014
Sub-contracted services	126 010	92 604
Material costs	26 889	22 177
Travelling costs	7 958	6 778
Maintenance costs	23 288	22 669
Telecommunication costs	31 717	13 232
Other rental fees	21 313	20 402
K2 licence fee	29 780	4 658
Trading system licence fee	45 772	77 566
Outsource and consultancy fees	123 399	111 169
Training costs	4 732	5 439
PR expenses	38 389	39 969
International organizations membership fees	1 067	1 110
Other services	24 724	11 926
Internet access	3 494	6 142
Deutsche Börse technical connection fees	10 710	11 154
Costs related to the rented Andrásy út property:		
Rental	88 832	93 905
Operating expenses	26 025	25 214
Bank charges, insurance fees, royalties	9 870	9 173
Total material-type expenses	643 969	575 287

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

Description	31.12.2013	31.12.2014
Audit of the HAL annual report	3 558	3 558
Audit of the IFRS financial statements	901	901
Audit of consolidated reports	840	840
Audit of consolidated reports according to IFRS	1 350	0
Xetra advisory	1 120	0
Transfer pricing documentation	0	500
Total fees paid to KPMG	7 769	5 799

Personnel costs

In 2013, the average number of staff at the Budapest Stock Exchange was 53 and in 2014, 49. 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	31.12.2013	31.12.2014
Wage costs for full-time employees	497 522	407 282
Honoraria for Board members	16 632	18 077
Honoraria for Supervisory Board members	4 857	3 981
Wage costs for off-payroll staff	4 131	4 332
Wages for sick leave	2 322	25 919
Other personnel-type expenses (contributions, fringe benefits, representation costs)	188 363	144 080
Total personnel costs	713 827	603 671

Honoraria to the officers of the Budapest Stock Exchange Private Company Limited by Shares

In accordance with resolution No. 13/2014 of the General Meeting held on 27 May 2014, the honoraria were as follows:

20. Honoraria of elected officers

- Board of Directors
 - Chairman HUF 246 500 /month
 - Deputy Chairman HUF 212 500 /month
 - Members HUF 170 000 /month

- Supervisory Board
 - Chairman HUF 170 000 /month
 - Deputy Chairmen HUF 127 500 /month
 - Members of the SB HUF 85 000 /month

21. Other expenses (HUF '000)

Description	31.12.2013	31.12.2014
Derecognition due to scrapping/ impairment/ lending losses	11 929	10 080
Book value of the sold tangibal assets	6 719	0
Provisions	1 511	0
Other	3 102	3 938
Tax obligation regarding the previous years	5 973	140
Late payment and self-revision penalty, tax penalty	7 641	601
Subsidies of certain team sports/performing arts organizations	30 000	11 425
Innovation contribution	6 353	5 936
Bank tax	179 263	179 263
Local taxes and local business tax	42 353	39 434
Supervisory Authority fee	1 518	1 450
Non-deductible VAT on fixed assets	5 785	5 535
Non-deductible VAT on costs	65 638	60 492
Total other expenses	367 785	318 294

TRANSACTIONS WITH RELATED PARTIES

Related party

Name: CEESEG Aktiengesellschaft
Registered office: 1014. WIEN WALLNERSTRASSE 8. ÖSTERREICH
Tax number: EU Tax No: ATU43751-3-01
Company registration No.: FN 161826 f
Court of registration: Commercial Court of Vienna
Registered office of court of registration: Marxergasse 1a, 1030 Vienna
Ownership share: 50.45251%

Name: WIENER BÖRSE AG
Registered office: 1014. WIEN WALLNERSTRASSE 8. ÖSTERREICH
Tax number: EU Tax No: ATU65295-2-45

22. Transactions with related parties

Description	Amount €
Technical accession fee	98 600,00 €
Miss Values links	7 200,00 €
Xetra licence fee	228 000,00 €
Expenses related to services of Wiener Börse AG	333 800,00 €
Manager liability insurance (BSE master D&O insurance)	3 150,00 €
Expenses related to services of CEESEG AG	3 150,00 €

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	31.12.2014
Items increasing pre-tax profits:	
Amount accounted for as depreciation in the tax year in accordance with the Act on Accounting	67 642
Impairment loss recognized for receivables in the tax year	9 223
Not recognized costs/Annex 3 (entertainment, business gifts, assets transferred free of charge)	2 225
Amounts accounted for as expenses and assessed as a result of the self-revision, tax audit	4 174
Total items increasing the tax base	83 264
Items decreasing pre-tax profits:	
Depreciation in accordance with tax law	87 529
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	11 228
Impairment loss reversed during the tax year in connection with a receivable furthermore, from the historical cost of a receivable, the part declared irrecoverable	2 726
Long-term donation provided to a public-benefit organization, 20% of the support	40
Total items decreasing the tax base	101 523
Corporate tax	
Profit/loss before taxation	573 825
Total items decreasing pre-tax profits	101 523
Items increasing pre-tax profits	83 264
Tax base	555 566
Corporate tax	
till HUF 500 million (10%)	50 000
from HUF 500 million (19%)	10 558
Calculated corporate tax	60 558
Tax benefit for the subsidy of certain team sports/performing arts organizations	10 000
Total corporate tax	50 558

SECTION MEMBERSHIP

The number of exchange members at the Budapest Stock Exchange Ltd. totalled 36 as of 31 December 2014. At the end of 2014, 25 members in the Equities Section, 21 members in the Debt Securities section, and 19 members in the Derivatives Section (futures market - 19 members, options market - 13 members) and 5 members in the Commodities Section had trading rights.

At the end of the year there were 15 members in the BÉTa Market.

Granting exchange membership in 2014

- Merrill Lynch International – trading licence in the Debt securities section (20 June 2014)

Termination of exchange membership in 2014

- Agribroker Tőzsdeügynöki Kft. – Commodities Section (30 November 2014)
- Széchenyi Kereskedelmi Bank Zrt. – Equities and Derivatives Sections (9 December 2014)

Granting trading licence in 2014

- Société Générale SA – Equities Section (15 May 2014)

Events after the reporting period:

- Buda-Cash Brókerház Zrt. –The broker's license was suspended by the National Bank of Hungary (24 February 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 BUDA-CASH Brókerház Zártkörűen Működő Részvénytársaság	X	-	X	X	-	X
4 Citibank Europe plc Magyarországi Fióktelepe	-	F	-	-	-	-
5 CIB Bank Zrt.	X	X	X	F	-	X
6 CODEX Értéktár és Értékpapír Zártkörűen működő Részvénytársaság	X	-	-	-	-	X
7 CONCORDE Értékpapír Zrt.	X	X	X	X	-	-
8 DB Securities Spółka Akcyjna	X	-	-	-	-	-
9 Deutsche Bank AG Magyarországi Fióktelep	-	X	-	-	-	-
10 EQUILOR Befektetési Zártkörűen Működő Részvénytársaság	X	X	X	X	X	X
11 ERSTE Befektetési Zrt.	X	X	X	X	-	X
12 FHB Kereskedelmi Bank Zártkörűen Működő Részvénytársaság	X	X	-	-	-	-
13 Goldman Sachs International	-	F	-	-	-	-
14 Hungarograin Tőzsdeügynöki Szolgáltató Zrt.	-	-	X	X	X	-
15 HUNGÁRIA ÉRTÉKPAPÍR Befektetési és Értékpapírkereskedelmi Zrt.	X	-	X	-	X	X
16 IKR-Bróker Tőzsdeügynöki Kft.	-	-	-	-	X	-
17 ING Bank N.V. Magyarországi Fióktelepe	X	X	X	-	-	-
18 IPOFEMA Securities Spółka Akcyjna	X	-	-	-	-	-
19 J.P. Morgan Securities plc	-	F	-	-	-	-
20 KBC Securities Magyarországi Fióktelepe	X	X	X	-	-	X
21 Kereskedelmi és Hitelbank Zrt.	-	F	-	-	-	-
22 Magyar Takarékszövetkezeti Bank Zrt.	X	X	X	X	-	-
23 Merrill Lynch International	-	X	-	-	-	-
24 MKB Bank Zrt.	X	X	X	F	-	X
25 Nomura International Plc	-	F	-	-	-	-
26 OTP Bank Nyrt.	X	X	X	X	-	X
27 QUAESTOR Értékpapírkereskedelmi és Befektetési Nyrt.	X	-	X	X	-	X
28 Raiffeisen Centrobank AG	X	-	X	X	-	-
29 Randon Capital Broker Zártkörűen Működő Részvénytársaság	X	-	X	-	-	X
30 RAIFFEISEN BANK Zrt.	X	X	X	X	-	X
31 REÁLSZISZTÉMA Értékpapír-forgalmazó és Befektető Zrt.	X	-	X	-	-	X
32 Société Générale SA	X	F	-	-	-	-
33 Solar Capital Markets Értékpapír Kereskedelmi Zártkörűen Működő Rt.	X	-	X	-	-	X
34 SPB Befektetési zRt.	X	-	-	-	-	X
35 UniCredit Bank Hungary Zártkörűen Működő Részvénytársaság	X	X	X	X	-	-
36 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

Serial No.	Shareholder	Ownership ratio	
		%	Nr of shares
1	CEESEG AG	50,45%	2 731 237
2	ÖSTERREICHISCHE Kontrollbank AG.	18,35%	993 106
3	Magyar Nemzeti Bank	6,95%	376 204
4	KBC Securities Mo. Fióktelepe	5,20%	281 667
5	Total	80,95%	4 382 214

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

Description	31.12.2013	31.12.2014
Shareholders' equity	5 466 880	5 472 676
Share capital	541 348	541 348
Capital reserve	2 576 356	2 576 356
Retained earnings	2 347 175	2 349 176
Net profit for the year	2 001	5 796
Profit after taxation	565 003	520 077
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)	1 010	1 011
Dividend (HUF/share)	104	95
EPS (net profit / number of shares) HUF	104,37	96,07
ROE (profit after tax / (average of opening and closing value of the shareholders' equity)	10,34%	9,51%

27. The financial, asset and income position

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

Indices	2013		2014		Index
	HUF'000		HUF'000		
Income to equity <i>(retained earnings for the year / equity)</i>	$\frac{2\,001}{5\,466\,880}$	= 0,04%	$\frac{5\,796}{5\,472\,676}$	= 0,11%	189,35%
Income to sales <i>(retained earnings for the year / revenues from exchange activities)</i>	$\frac{2\,001}{2\,281\,150}$	= 0,09%	$\frac{5\,796}{2\,071\,717}$	= 0,28%	218,94%
Liquidity ratio <i>(current assets – inventories/ liabilities)</i>	$\frac{1\,004\,943}{664\,075}$	= 151,33%	$\frac{725\,261}{614\,291}$	= 118,06%	-21,98%
Capital adequacy <i>Equity</i> <i>Balance sheet total</i>	$\frac{5\,466\,880}{6\,589\,931}$	= 82,96%	$\frac{5\,472\,676}{6\,250\,646}$	= 87,55%	5,54%
Assets to income <i>(retained earnings for the year / balance sheet total)</i>	$\frac{2\,001}{6\,589\,931}$	= 0,03%	$\frac{5\,796}{6\,250\,646}$	= 0,09%	205,38%
Ratio of tangible assets <i>Tangible assets</i> <i>Balance sheet total</i>	$\frac{67\,525}{6\,589\,931}$	= 1,02%	$\frac{59\,627}{6\,250\,646}$	= 0,95%	-6,90%
Ratio of current assets <i>Current assets</i> <i>Balance sheet total</i>	$\frac{1\,023\,742}{6\,589\,931}$	= 15,53%	$\frac{732\,702}{6\,250\,646}$	= 11,72%	-24,54%
Ratio of equity and liabilities <i>Liabilities</i> <i>Equity</i>	$\frac{664\,075}{5\,466\,880}$	= 12,15%	$\frac{614\,291}{5\,472\,676}$	= 11,22%	-7,59%

28. EBITDA statement HUF'000

Description	31.12.2013	31.12.2014
Operating revenues + transferred service	2 281 150	2 071 717
Other income	70 805	37 195
Extraordinary profit	0	0
Total revenue	2 351 955	2 108 912
Operating costs and expenses without depreciation	1 473 965	1 266 990
Earnings before interest and taxes	877 990	841 922
Depreciation	49 857	67 642
Subsidies of certain team sports/performing arts organizations	30 000	11 425
Income from financial activities	18 344	29 807
Bank tax	179 263	179 263
Corporate tax	29 858	53 748
Local community business tax	42 353	39 574
PROFIT AFTER INCOME TAX	565 003	520 077
Dividend	563 002	514 281
NET PROFIT FOR THE YEAR	2 001	5 796

29. Development expenses (HUF '000)

No.	Description	31.12.2013	31.12.2014
1.	Trading system	38 225	104
2.	Security system basic investments	2 228	6 050
3.	Data sales	1 735	1 306
4.	BSE internal developments	9 369	28 207
5.	Non-IT investments	19 662	1 571
	TOTAL	71 219	37 238

Development expenses do not include VAT.

30. Cash flow (HUF '000)

No.	Description	31.12.2013	31.12.2014
I.	Cash flows from ordinary activities (<i>Operating cash flow, rows 1-15</i>)	191 210	-47 238
1	Profit/loss before taxation	594 861	573 825
2	Booked amortisation	49 857	67 642
3	Booked impairment and reversal	11 675	10 080
4	Difference between the allocation and use of provisions	-20 859	1 511
5	Income from the sales of fixed assets	-147	0
6	Changes to trade payables	11 348	13 722
7	Changes to other current liabilities	-5 548	-33 936
8	Changes to accrued expenses and deferred income	100 909	-293 786
9	Changes to trade debtors	-11 634	134 469
10	Changes to current assets (excluding trade debtors, cash and securities)	99 853	31 186
11	Overdue written off receivables	0	0
12	Securities	0	0
13	Changes to prepaid expenses and accrued income	-46 245	16 078
14	Taxes paid and payable	-29 858	-53 748
15	Dividends approved	-563 002	-514 281
II.	Cash flows from investment activities (<i>rows 16-17</i>)	-39 919	-35 423
16	Acquisition of fixed assets	-46 785	-37 238
17	Sales of fixed assets	6 866	1 815
III.	Cash flows from financial activities (<i>rows 18-23</i>)	1 373	0
18	Loans drawn	0	0
19	Cash received definitively	0	0
20	Bond repayment	0	0
21	Loan repayment	0	0
22	Cash transferred definitively	0	0
23	Housing loan repayment	1 373	0
IV.	Changes to cash flows (<i>rows +-,I. +-,II. +- III.</i>)	152 664	-82 661
	Opening	514 812	667 476
	Closing	667 476	584 815
	Securities at the end of the year (in HUF)	0	0
	Cash at the end of the year (in HUF)	667 476 394	584 815 491
		667 476 394	584 815 491

Budapest, 29 April, 2015



Zsolt Katona
CEO



Tóth Attila
Deputy CEO



BUDAPESTI ÉRTÉKTŐZSDE
Zárkörűen Működő Részvénytársaság
BUDAPEST STOCK EXCHANGE LTD.

BUDAPEST STOCK EXCHANGE PRIVATE COMPANY LIMITED BY SHARES

BUSINESS REPORT FOR THE YEAR 2014

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. It is the BSE's mission to help the Hungarian economy to become stable and independent, and to continuously improve the financial culture of the nation and the corporate sector.

As the successor to the first Hungarian stock exchange which was established 150 years ago in 1864, the Budapest Stock Exchange plays a decisive role in the capital markets of both Hungary and the Central European region. Thanks to the dynamic development following the re-establishment in 1990, the BSE serves issuers, traders and investors from all over the world at the highest level of service, corresponding with the standards of the most advanced markets.

In the past two and a half decades, the Budapest Stock Exchange has become the most innovative market of the region: it was the first to introduce options and futures trading, the first in the region to list Exchange Traded Funds (ETFs), and was one of the firsts in Europe to use – as provided by KELER – the Central Counterparty (CCP) service, which is fundamental and critical to the safety of settlements. Today, the BSE offers investors the widest range of products in the region. In addition to the traditionally most popular equity and debt securities, the selection also includes investment funds and structured products, 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 the highest turnover in Europe, and it also runs a commodities market, which is unique in the region.

In 2010 the Budapest Stock Exchange became a member of the CEE Stock Exchange Group, which has a 50.45% stake in the BSE, a 100% stake in the Vienna and Ljubljana Stock Exchanges, and a 92.74% stake in the Prague Stock Exchange.

The CEE Stock Exchange Group accounts for nearly 40% of the market capitalization and equities turnover in Central and Eastern Europe, therefore it is considered to be the largest stock exchange group in the region. There are altogether 233 companies listed on the four stock exchanges, nearly 170 local, regional and international banks and brokerages participate in trading, and 289 service providers ensure the publication of data worldwide.

As part of the CEE Stock Exchange Group and with the use of the common trading platform XETRA®, the BSE gains access to the network system and the know-how of the exchange group, and can benefit from exploiting group synergies.

Overview of 2014

Xetra, the new trading system introduced in December 2013, has been providing a stable framework for conducting capital market transactions and extended access to other European markets for more than a year. As of May 2014, Société Générale, one of Europe's largest banks, joined the BSE's equities section as another positive impact of the new trading system. Furthermore, Merrill Lynch International became trading member of BSE's debt securities section in June 2014.

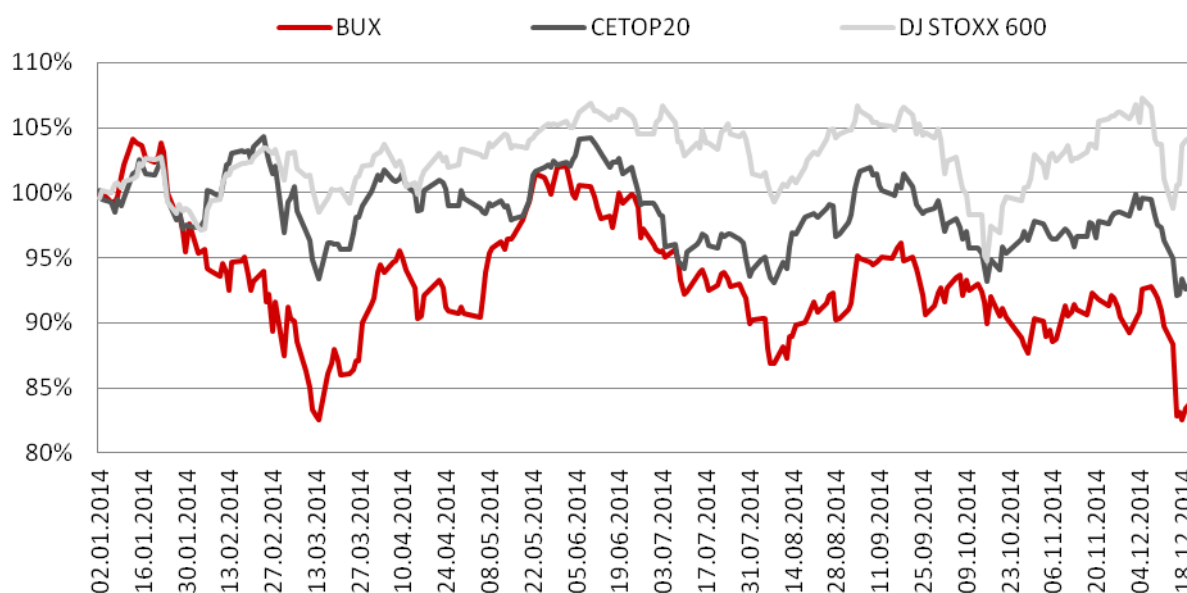
An important technical development of 2014 was the reduction of the equity settlement cycle from three to two days (T+2 instead of T+3). This step was in line with European tendencies.

IPO activity was still modest during 2014 as the BSE had only one initial public offering (IPO: Norbi Update Lowcarb) with a value of HUF 823 million. Moreover, other transactions of equities resulting from capital increase were conducted on 13 occasions among BSE-listed companies, the value of which totalled HUF 9.1 billion, HUF 6.7 billion of which were accounted for solely by the transaction of OPIMUS. From among previously listed companies, Optisoft, Pannonflax and TCB left the Budapest market.

Market tendencies

In 2014, the key European and American stock exchange indices jumped to historic highs. The performance of Western markets did not affect our region; the Russia-Ukraine crisis kept investors away, as a result of which the BUX Index closed last year with a 10.3% drop. The BUX Index ranged between 16,140 and 19,596 points, which represented a considerably wider range than in the previous year (Figure 1). Also, the CETOP20 Central European Blue Chip Index only neared the bottom of the 2013 closing level.

Figure 1: Relative performance of indices in 2014 (EUR)



Source: BSE, STOXX.com

Despite the positive performance of Western European indices, the turnover of many stock exchanges declined all over Europe, including Hungary. According to FESE statistics, the EUR turnover of the BSE declined by 23.4% in 2014. The decline in turnover was not unique in the region: periodic turnover in the CEE region, including Warsaw, did not reach the 2013 level. There was a 15.4% turnover growth on a pan-European level but, due to its geographic location, our region was more severely hit by negative geopolitical events than other countries.

As a result of the domestic monetary policy, the base rate dropped to a historic low, which may divert residential savings towards stock exchange investments in the near future for a higher expected return.

Key indicators 2006 – 2014

Figure 2: Average daily equity turnover (bn HUF)

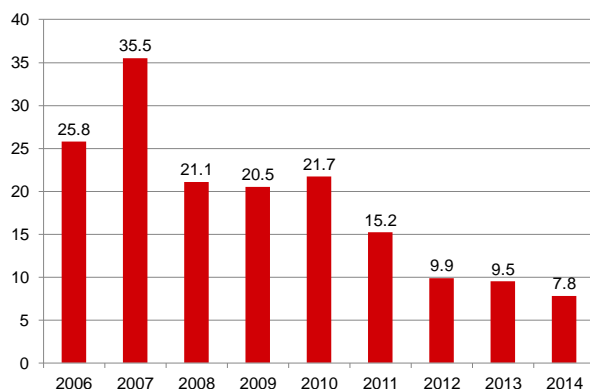


Figure 3: Equities market capitalization (bn HUF)

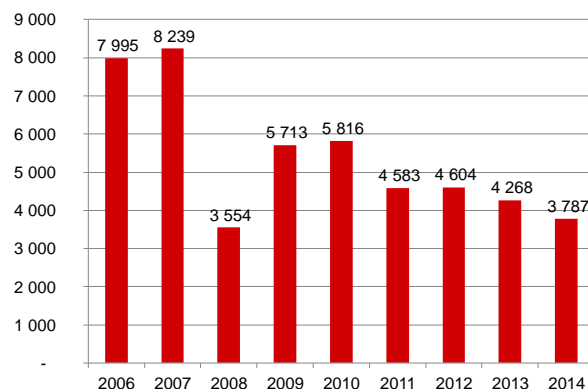


Figure 4: Equities market capitalization / GDP

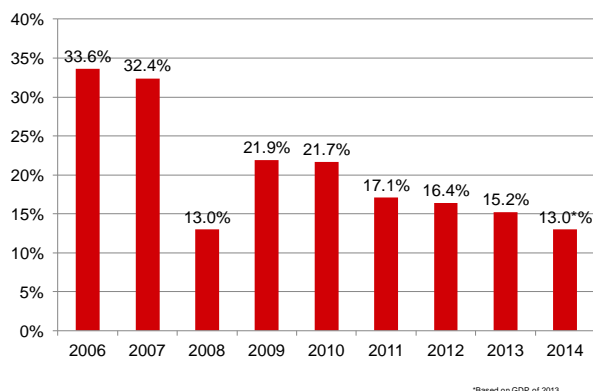
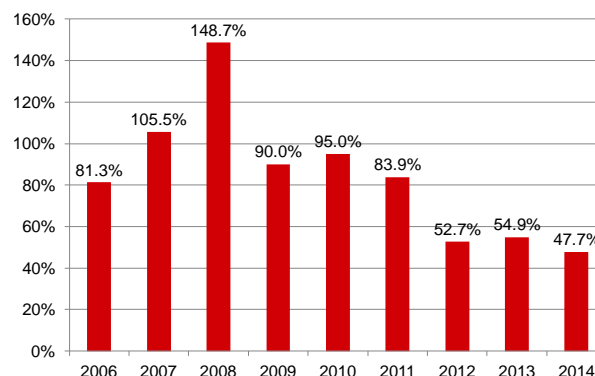


Figure 5: Share turnover velocity

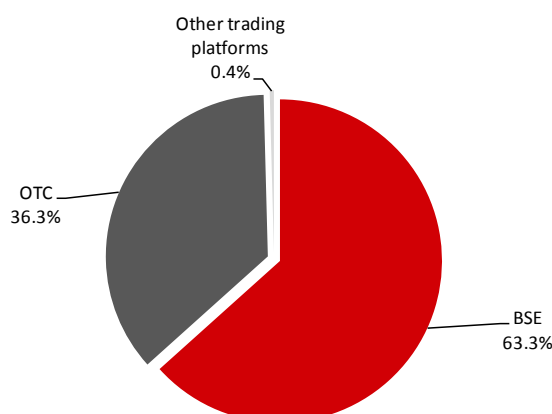


Source: BSE

Cash market

The Budapest Stock Exchange is the centre of secondary market trading of Hungarian securities: shares and bonds issued by domestic companies reach the highest liquidity in Budapest. Some Hungarian 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, and the majority of transactions are concluded on the BSE's market.

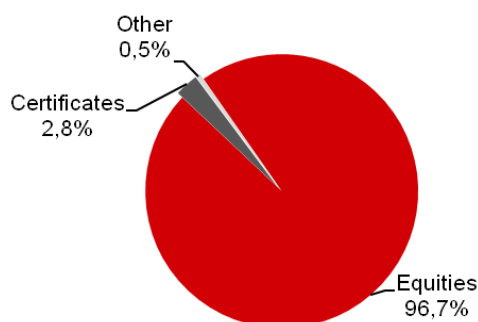
Figure 6: BSE's share in trading Hungarian equities, 2014



Cash market capitalisation amounted to EUR 62.4 billion by the end of 2014, of which the equities market accounted for EUR 12 billion.

With its daily average turnover of HUF 7.8 billion, the Budapest market still ranks among the most prominent stock exchanges of the region, following Warsaw and Vienna. Just like in previous years, the equities section accounted for almost the entire spot market turnover (99.9%). Trading in certificates and warrants was slightly less active than in earlier years, but they continued to be popular products with their average daily turnover of EUR 0.7 million. At the end of 2014, 113 structured products have been tradable, thanks to the continuously expanding range of warrants where, as a novelty, investors could reach products based on the BUX index and USD denominated instruments as well.

Figure 7: Turnover on the equities cash market in 2014 (HUF based)



Source: BSE

The number of transactions concluded on the cash market approached a monthly average of 114 thousand in 2014, with an average trade value of more than HUF 1.4 million.

As it can be seen on Figure 8, the vast majority of the equities market turnover is still concentrated in the four blue-chips, similarly to previous years. After the delisting of EGIS shares, almost their entire trading weight shifted to the trading of OTP, which had a 58% share in trading.

Figure 8: Concentration of the equities turnover in 2014

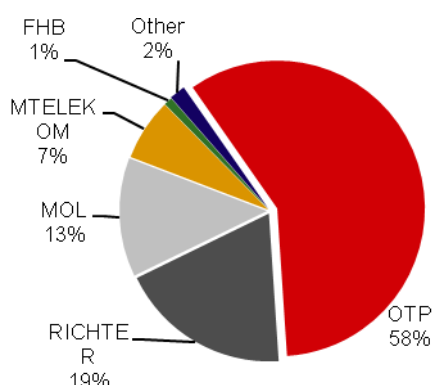
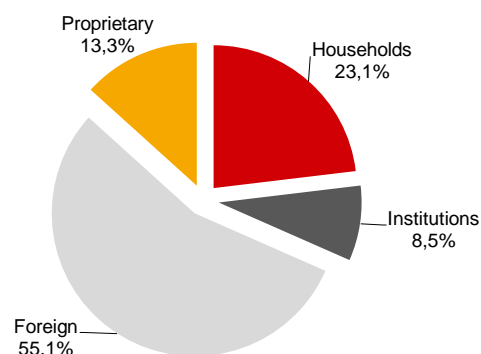


Figure 9: Turnover on the equities market broken down by investor groups Jan-Aug 2014



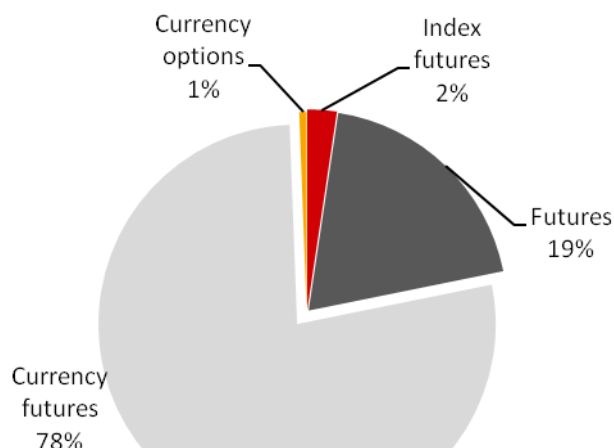
Source: BSE

The investor structure of the equities market underwent no significant change compared to 2013: the proportion of foreign investors increased slightly, while the activity of households decreased. Domestic retail investors still played an important role and they preferred to make their trades through online platforms.

Derivatives market

On the BSE's derivatives market, investors generated a turnover of HUF 2,445 billion in 2014, which resulted in a 3% decline as compared to the previous year. In accordance with the turnover of the cash market, the performance of futures and index futures proved to be weaker within the product group. The turnover of derivative foreign currency products increased as compared to the previous year, by 4% in the case of currency futures and by 43% in the case of currency options. The investor structure of trading derivatives changed slightly compared to 2013, but almost half (43%) of the turnover was generated by domestic retail investors during the first 8 months of 2014.

Figure 10: Breakdown of derivatives market turnover at value by underlying products (2014)



Source: BSE

Commodities market

Commodity market turnover at stock market value dropped by 28.7%; which means 20.2% less contract traded compared to 2013.

BETa Market

The average daily turnover of the 23 foreign equities available at the BÉTa market reached HUF 17.9 million in 2014, which means a 16% increase in comparison to 2013. The BÉTa turnover of Commerzbank doubled as compared to 2013, accounting for 44% of BÉTa's annual turnover of HUF 4.4 billion. The share of Nokia, which used to generate the second highest turnover, dropped from 19% to 2%. The total value of transactions made with Santander and Lufthansa shares showed an outstanding fourfold increase, along with the 330% turnover growth of Adidas.

New listings and products on the BSE's markets

As from 2014, the ordinary shares of Norbi Update Lowcarb can be traded on the Equities Standard Market with a value exceeding HUF 800 million. The shares of OPTISOFT and of TC Befektetési were removed from the product list while in the case of PANNON-FLAX, the general meeting decision on winding-up has led to delisting.

On the investment notes market, the number of new listings remained high; during the year, the investment notes of 46 investment funds were listed of which 36 were closed-end and 10 were open-end funds. The volume of open-end funds increased nearly threefold by listing the funds of Concorde Asset Management and OTP Fund Management.

On the debt securities market, as regards government debt securities, the number of listings increased by 28%, and the size of the securities series listed increased by nearly 44% compared to the previous year. In the case of mortgage bonds, the volume decreased by nearly 9% due to the expected but unrealized listings of FHB Mortgage Bank and OTP Mortgage Bank, and also the maturity of some security series. Regarding the corporate bonds market, the number of listings dropped by nearly 27% but that was offset by a decrease in the number of maturities during the year, therefore the total volume listed remained on level with the year in 2013. A traditional bond issuer, Raiffeisen Bank, has returned to the BSE.

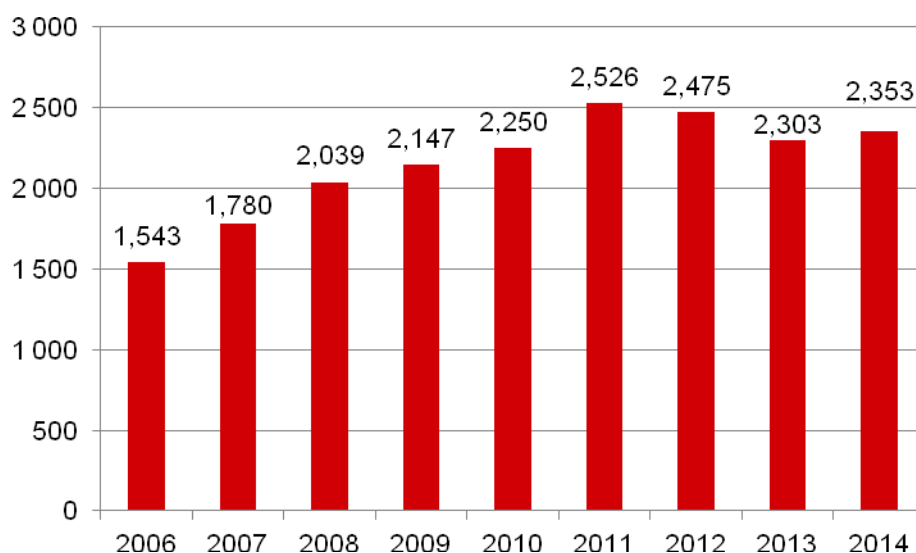
In 2014, the selection of underlying products of structured products issued by Erste AG widened, and the popularity of certificates and warrants further increased. The number of listings has grown significantly: compared to 140 listings in 2013, 157 new structured products were introduced into trading in 2014.

There were no new registrations on the BETa Market in 2014, however, as a result of the FIAT-Chrysler merger, the shares of FIAT were de-registered. Therefore, at the end of the year, the shares of 22 European large companies could be traded on this MTF platform operated by the Budapest Stock Exchange.

Information services

In 2014 the Market Data revenue of the BSE increased by 2% to 2.353 million EUR. The number of contractual vendor partners increased by 7 to a total of 81 partners.

**Figure 11: Annual revenue 2006-2013 in EUR
(excluding audit revenue)**



The number of the non-professionals decreased by 10%, while the number of professional increased by 1%. The decline of the total end-user number is 6%.

In December 2014 a total number of 9041 private investors and 6130 professional end-users have been reported.

Corporate social responsibility

2014 marked a major anniversary for the Hungarian capital market, as the Hungarian stock exchange started its operation exactly 150 years ago, in 1864. In honour of this jubilee, the BSE held a special charity auction at the Hungarian National Gallery on 17 June. The result of the auction exceeded initial expectations, as bidders paid nearly HUF 17 million for the memorabilia of the 22 offerors. The auction featured valuable and unique relics offered by János Áder, President of Hungary and main patron of the auction, along with other public officers and prominent personalities related to the capital market. The BSE offered the entire income of the auction for the cause of developing national financial culture, to Pénziránytű Foundation, and the Foundation of the Department of Finance of the Budapest Corvinus University.

Similarly to previous years, the BSE placed strong emphasis on the development of the Hungarian financial culture. The stock exchange finds it important that youngsters become familiar with financial affairs at the earliest age possible, thus the BSE participated in the organization of PénzSztár, the national finance and economics competition for high school students. In the spirit of raising awareness about financial affairs, the

BSE's experts gave presentations to Hungarian and foreign students, as well as private investors for free on several occasions.

Organization

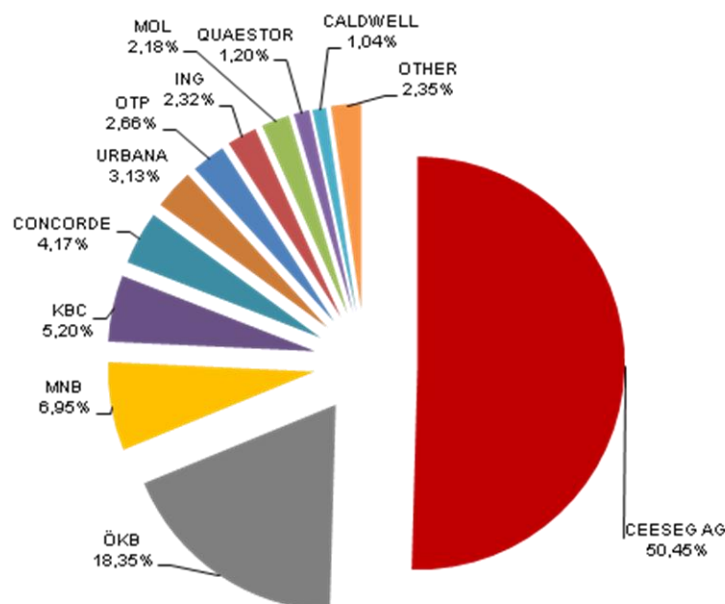
At the Budapest Stock Exchange on December 31, 2014 the number of staff was 45 decreasing from 52 in 2013. The number of active staff was 45, of which 40 persons are in full time and 5 persons work 6 hours a day. The number of full-time equivalents were 44. The number of employees leaving the company was 9 and the number of joining was 2.

Shareholder structure

Since 2010 the Budapest Stock Exchange is a member of the CEE Stock Exchange Group, which has a 50.45% stake in the BSE, a 100% stake in the Vienna and Ljubljana Stock Exchanges, and a 92.74% stake in the Prague Stock Exchange.

Domestic brokerage firms, Hungarian banks and listed companies act an important part in the shareholder structure of the BSE that guarantee to promote the continuous improvement of the financial culture of domestic companies and investors actively by the stock exchange.

Figure 12: Shareholder Structure of the BSE as of 31.12.2014



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.

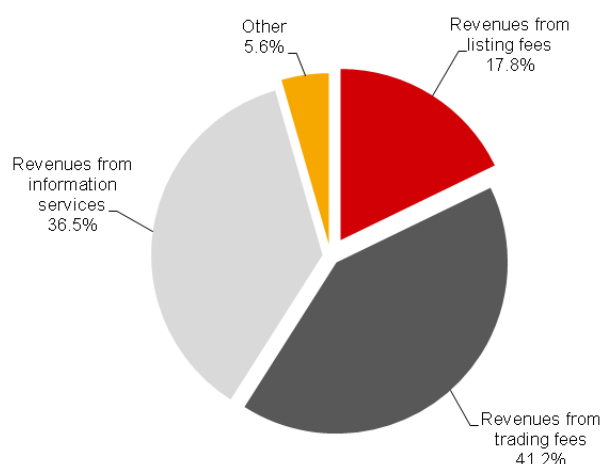
The BSE's Financials in 2014

The revenues of the BSE amounted to HUF 2 billion forints, 9% lower than revenues of the previous year. EBITDA reached 0.8 billion forints, falling by 4% compared to 2013. Due to stricter cost management the operating expenses decreased by 12% compared to 2013. The net profit (0.52 billion forints) is 8% less than that in 2013, a decrease that was primarily attributable to lower levels of trading revenues.

Figure 13: Revenue and earnings of BSE, 2005-2014

('000 HUF)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total revenues	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
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
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

Figure 14: Revenues breakdown, 2014



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 2014 simultaneously with the approval of the financial report on the business year 2014.

Budapest, 29 April, 2015



Zsolt Katona
CEO



Tóth Attila
Deputy CEO

