



BRK Financial Group

Board of Directors

QUARTERLY REPORT

September 30, 2018

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Key Indicators

Indicators	Evolution		
Financial results (Ron)	30-Sep-17	30-Sep-18	%
Income from continuing operations	7.522.541	8.436.595	12,15%
Operating income / loss	443.407	1.711.517	285,99%
Income / loss of the period	443.407	1.711.517	285,99%
Total comprehensive income for the period	-5.004.139	1.426.917	N.A.
Financial Position (Ron)	30-Sep-17	30-Sep-18	%
Fixed assets	30.672.122	19.224.882	-37,32%
Current assets	73.869.186	90.444.937	22,44%
Total assets	105.098.376	110.214.540	4,87%
Equity	57.870.452	60.940.289	5,30%
Long-term liabilities	42.296	37.184	-12,09%
Current liabilities	47.185.628	49.237.068	4,35%
Share indicators	30-Sep-17	30-Sep-18	%
Net profit per share (Ron/share)	0,0013	0,0051	290%
Accounting net asset (Ron/share)	0,1714	0,1804	5%
Economic and financial indicators	30-Sep-17	30-Sep-18	%
Current liquidity	1,57	1,84	0,17
Account receivable turnover	0,01	0,01	-
Fix asset turnover	0,09	0,13	0,33

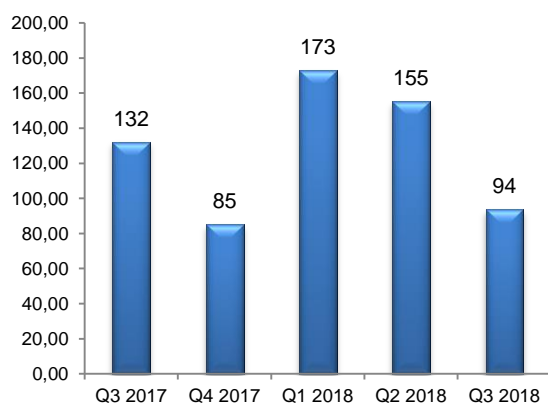
Company profile

The board of director's Report for the first nine months of this year is drawn up in accordance with Law no. 297/2004 on the Capital market and Law no 24/2017 on issuers of financial instruments and market operations.

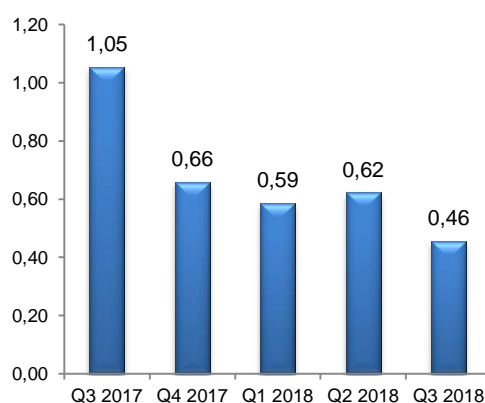
Date of report	November 15, 2018
Legal name	SSIF BRK FINANCIAL GROUP S.A.
Field of activity	Security and commodity contracts brokerage
NACE Code	6612
Tax Identification Number	6738423
Registered in the Trade Reg. under no.	J12/3038/1994
Share capital	54.039.987,04 Ron
Address Headquarters:	119 Motilor Street, Cluj-Napoca
Telephone, Fax	0364-401709, 0364-401710
Email	office@brk.ro

Webpage	www.brkfinancialgroup.ro
Securities	337.749.919 Ordinary shares with a par value of 0.16 Ron/share
Regulated market	Bucharest Stock Exchange, Main Segment, Premium Tier BSE
Symbol	BRK
ISIN	ROBRKOACNOR0
Audit	The interim financial statements on September 30, 2018 that are the basis of this report, have not been audited.

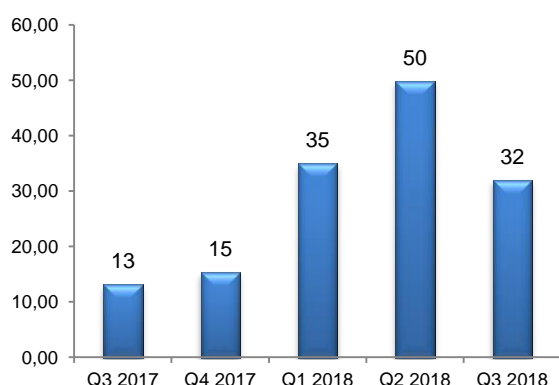
Share transactions on BSE (mil.Ron)



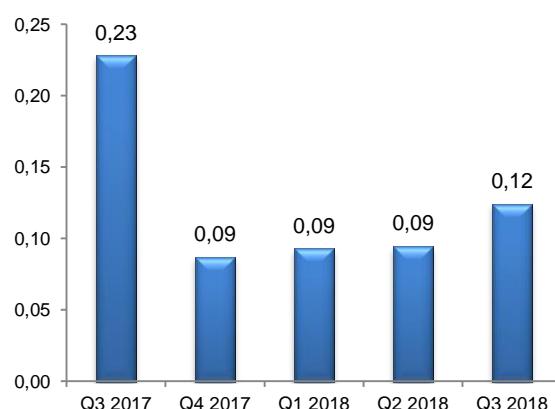
BSE commissions (mil.Ron)



Transactions with structured products on BSE (mil.Ron)



Foreign market commissions (mil Ron)



About the Company

SSIF BRK Financial Group S.A was established as a joint-stock company on the 26th of October 1994 under the initial name of SIWM Broker SA, which later became SSIF Broker S.A., until the end of 2015. Following the expansion of the company's activity to other financial segments through strategic acquisitions, but also as a result of internal development, in 2015 the company decided to change its name from SSIF Broker SA into SSIF BRK Financial Group S.A. Thus, the name change operation was completed on 21.03.2016, after publication of the Resolution of the Shareholders' Extraordinary General Meeting of 16.12.2015 in the Official Monitor of Romania no. 226, Part IV, on 15.01.2016. The FSA authorization to change the name was received on 24.02.2016.

SSIF BRK Financial Group S.A. is a founding member of the Bucharest Stock Exchange, the Romanian Commodities Exchange and the Investor Compensation Fund.

The main activity is the security and commodity contracts brokerage, BRK being one of the largest retail brokerage companies in Romania. The company offers a wide range of financial services for both retail and institutional customers. Transaction brokerage on the Bucharest Stock Exchange and those in other international markets is still one of the main sources of income for the company.

In the past, BRK was involved in listing some of the most prestigious companies in Romania on the Bucharest Stock Exchange and listed 11 of the 12 companies initially listed on the Bucharest Stock Exchange, preparing and introducing to trading a total of 45 companies. Some of these companies are: Antibiotice Iași, Azomureș Târgu-Mureș, Terapia Cluj-Napoca, Artrom Slatina, Astra Vagoane Arad, etc.

In addition to the services intended for customers, the management of its own financial assets portfolio contributes to SSIF BRK Financial Group S.A.'s revenue. The investments are made both in Romania and in international markets, both in premium companies listed on regulated markets and in private companies. Thus, SSIF BRK Financial Group S.A. has become a significant shareholder in several Romanian companies and is actively involved in their development.

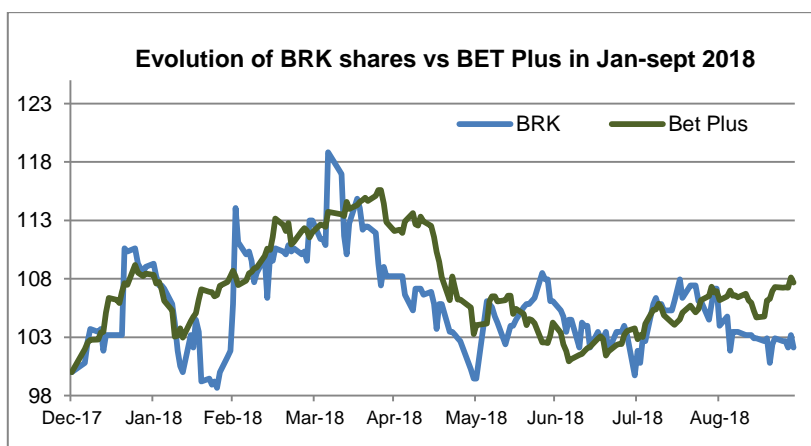
In 2005, BRK Financial Group became the first and, to date, the only financial investment firm listed on Bucharest Stock Exchange, Premium tier. The shares of SSIF BRK Financial Group S.A. were admitted to trading on the main market operated by the Bucharest Stock Exchange on 5 February, 2005, under the symbol BRK. BRK shares are listed on the Bucharest Stock Exchange, Premium tier, and are included in the BETPlus index. The Company's headquarters are in Cluj-Napoca, and its presence across Romania is ensured through its agencies in Bucharest, Timișoara, Iași and Suceava.

On 30 September 2018, the company had 40 employees, 12 of whom were brokers. Another 17 persons were authorized at that time to work with BRK Financial Group as appointed agents.

BRK Shares

BRK Financial Group's shares are dematerialized, ordinary, indivisible, and freely negotiable since their admission to trading on Bucharest Stock Exchange (BSE). BRK Financial Group's shares were admitted to trading on the main market administered by the Bucharest Stock Exchange on 5 February 2005 under the BRK symbol. BRK shares are listed on the *Premium Tier* of the Bucharest Stock Exchange and are included in the BETPlus index basket.

The records of the shares are kept by the Central Depository, which is an independent registrar authorized by the Financial Supervisory Authority. The total number of BRK shares is 337.749.919 and the par value of one share is 0,16 Ron.



Source: BSE

Company's activity

BRK Financial Group's main activity is structured in two business directions, namely the brokerage segment and the trading segment. Within the trading segment, the company operates transactions on its own account, market-making operations and operations with structured products, and on the brokerage segment, the company operates clients transactions, respectively corporate operations.





Brokerage segment

Financial intermediation refers to all transaction brokerage services offered to individual investors and companies, as well as specialised services offered to institutional customers. The intermediation services (brokerage) consist of:

A. Transaction brokerage services for investors:

-  Intermediation of transactions for the sale and purchase of securities traded on the Bucharest Stock Exchange (BSE). For these services, customers may choose to be assisted by a broker in the trades, or they may choose to trade online on their own. In this category, BRK offers customers the possibility to trade on margin (based on a credit line granted by the company to the customer), liquid shares listed on Bucharest Stock Exchange.
-  Intermediation of transactions on international markets, the company's customers have access to over 100 foreign markets in Europe, North America and Asia. The range of financial instruments is very diverse (shares, bonds, structured products, EFT-s, CFDs, futures, etc.), and the costs involved in trading on international markets through BRK Financial Group are some of the most attractive on the market.
-  Intermediation of transactions with corporate, municipal and state bonds on BSE and OTC, namely brokerage of transactions with structured products on BSE's dedicated segment.
-  Intermediation of domestic and international transactions for institutional clients.

B. Specialised services for institutional customers:

-  Funding on the capital market through the issuance of public shares and bonds.
-  Intermediation of public offerings for purchase or takeover some companies listed on BSE.
-  Listing of companies and investment funds on the capital market through initial public offerings or based on prospectus of admission to trading.
-  Advice for funding through issuance of shares and bonds or promotion on the capital market.

In the first quarter of this year, BRK Financial Group brokered:

- The buy-back offer of 6% of the shares of Bermas S.A. Suceava,
- The equity increase of Fimaro S.A. Cluj
- Made a Memorandum for obtaining the trading agreement on AeRO market for Remat Maramureş S.A. Baia Mare and for Confecţii Vaslui S.A.

In the second quarter of this year, BRK Financial Group brokered:

- Made the Memorandum for obtaining the trading agreement on the AeRO market for Albapam S.A. Alba Iulia.
- Complete of the share capital increase of Fimaro S.A. Cluj.


In the third quarter of the year, BRK Financial Group brokered:


- The completion of the share capital increase operation of Foraj Sonde S.A. Craiova (FOSB).


Trading Segment

In addition to the brokerage segment, **the management of its own portfolio of financial assets** is another important activity of BRK Financial Group and it contributes significantly to the company's revenue. On the other hand, it is also a major risk factor given that BRK Financial Group must reassess all the positions in its own portfolio at the end of each year, and the value adjustments of the securities affect the result of the financial year and may change the image of the company's financial performance. At the end of each month, the company adjusts the value of the listed companies in the portfolio, by marking to market.

According to the internal procedures approved by the Board of Directors, the shares held in the company's own portfolio were classified into 3 major categories:

 **Strategic investments:** shares held in affiliated entities and participating interests. Participating interests include: rights in the capital of other entities, whether or not represented by certificates, which by creating a lasting relationship with these entities are intended to contribute to the activities of the entity. Holdings of shares may be held both in closed companies and listed companies. At present, only SAI Broker participation (99.8% of the share capital) belongs to the category of strategic investments.

 **Portfolio investments:** shares of companies to which BRK can not / does not wish to exercise significant influence in the management of the company. Also included in this category are placements held in closed-end (non-listed) companies that do not meet the conditions to be incorporated in "Strategic investments", regardless of the size of the stake held or the holding in the issuer's share capital.

 **Short-term financial investments:** financial instruments that are subject of current sales and purchases from the company. This section does not include the shares of closed or unlisted companies.

Starting July 1, 2018, the structure of the company's own portfolio is as follows:

- Tradable portfolio
- Non-tradeable portfolio
- Margin loans.

At the end of the first nine months of this year, SSIF BRK Financial Group ranked 11th among the top brokers on the Bucharest Stock Exchange according to the traded value. The company's market share increased to 2,79% (out of the total traded value), as compared to the end of the previous year when the company's market share stood at 1,99% (11th place among the BSE brokers by the traded value).

Market-making operations are continuous and specific to foreign brokerage firms so it is justified to consider that these operations are the operational branch of the BRK Financial Group's activity. In the first nine months of 2018, the company acted as a market-maker for the BTF fund units and as a liquidity provider for all issued certificates.

As of 2010, the company conducts market-maker activities (display and maintaining of firm buy/sell prices) on various financial instruments. In 2014, BRK Financial Group brought a new innovative product to the Bucharest Stock Exchange: capital-protected certificates.

Stock market context

Retrospective of global stock market evolutions

In the first nine months of 2018, international financial markets had mixed evolutions. The US stock index Dow Jones Industrial Average recovered significantly in the third quarter of the year from losses in the first half of the year, up 7.04% after the first nine months of the year. The S&P500 index grew by 8.99% since the beginning of the year, while the European stock exchanges had mixed evolutions. Thus, the German stock index DAX-30 declined by 5.19%, the stock market in Paris appreciated by 3.41% and the London Stock Exchange index declined by 2.31% in the first nine months of the year.

Index	Country	(%) 15/14	(%) 16/15	% 17/16	% Sep-18 / Dec-17
Dow Jones	USA	-2,23%	13,42%	25,08%	7,04%
S&P 500	USA	-0,73%	9,54%	19,42%	8,99%
DAX-30	Germany	9,56%	6,87%	12,51%	-5,19%
CAC-40	France	8,53%	4,86%	9,26%	3,41%
FTSE-100	England	-4,93%	14,43%	7,63%	-2,31%
NIKKEI-225	Japan	9,07%	0,42%	19,10%	5,95%
ATX	Austria	10,97%	9,24%	30,62%	-2,23%
Shanghai Composite	China	9,41%	-12,31%	6,56%	-14,69%
WIG-20	Poland	-19,72%	4,77%	26,35%	-7,16%
PX	Czech Republic	1,01%	-3,63%	16,98%	2,20%
RTS	Rusia	-4,25%	52,21%	18,00%	3,26%
SOFIX	Bulgaria	-11,72%	27,23%	15,52%	-7,83%
BUX	Hungary	43,80%	33,78%	23,04%	-5,60%

Source: Bloomberg, investing.com, www.1stock1.com

One of the most important events in the United States in the first six months of this year was to introduce new tariffs for imports of aluminum (10%) and steel (30%) from Canada, Mexico and the European Union. In response to the implementation of these tariffs by the US, Mexico and Canada have also increased import tariffs for various US products. Representatives of the European Union also said that it would introduce new taxes on US imports. These events have generated some fear in financial markets around the world, the main indices of various stock exchanges failing to reach new highs.

On the other hand, the Federal Reserve (FED) raised benchmark interest rates to 2,25% on 26 of September 2018, on the backdrop of strong economic growth and a favorable labor market situation.

Retrospective of local stock market evolution

The Romanian capital market registered substantial increases in the first quarter of this year, drastically corrected in the second quarter, but the third quarter brought back the growth in the local market. However, except for the BET-FI index, all other indices of the Bucharest Stock Exchange marked increases in the first nine months of this year. Thus, the best performance in the first 9 months belongs to the BET-TR index, which added an increase of 17.57% as compared to the end of 2017. The official index of the Bucharest Stock Exchange - BET marked an increase of 8.50% in the first 9 months, reaching 8,412 points at the end of September.

Index	'17/'16	% Q1-18	% Q2-18	% Q3-18	% Sep-18 / Dec-17
BET	9,44%	12,39%	-7,20%	4,03%	8,50%
BETPlus	10,72%	11,97%	-6,90%	3,29%	7,68%
BET-FI	33,43%	2,76%	-7,49%	-2,62%	-7,43%
BET-XT	14,48%	10,34%	-7,20%	1,90%	4,34%
BET-NG	10,79%	11,12%	-6,40%	2,90%	7,03%
BET-TR	19,09%	12,43%	-1,23%	5,88%	17,57%
BET-XT-TR	23,80%	10,35%	-2,01%	3,78%	12,21%
ROTX	12,78%	12,48%	-6,99%	4,36%	9,17%

Sursa: Bloomberg

In the first quarter of the year, BSE indices registered significant increases. A factor of influence was the dynamics and trends of international financial markets, as well as the rise in oil prices on international markets. Thus, in the first quarter, the largest increase was recorded by the BET-TR index, followed closely by the BET index (with an advance of 12.39%). The average daily trading value in the first quarter of 2018 reached 11.5 million euros, up 23% over the same period of the previous year.

However, the second quarter of the year brought fairly significant corrections to all local indices, with the largest depreciation in April-June 2018 belonging to the BET index (-7.20%). At the end of the first semester, the BET index was 4.3% above its value at the end of the previous year, while the BET-FI declined by 4.94% over the same period. The BET-TR index, which also includes dividends, increased by 11% at the end of the first six months and exceeded 11,500 points.

The first half of 2018 was marked by dividends and political uncertainties in our country. On the other hand, two listings (a technical one and an IPO) and two bond issues (one municipal and one corporate) took place at the Bucharest Stock Exchange. Elvila S.A. (ELV) entered into trading on 1 February 2018 on the AeRO market following a technical listing. On February 15, 2018, Purcari Wineries (WINE) shares were traded on the main market of the BSE, after successfully running an IPO of approximately 40 million euros.

The municipal bonds issued by the Bucharest Municipality (maturity 10 years, the interest rate of 5.6% per year), worth 555 million lei, entered into trading in April, and in May this year were issued the corporate bonds Globalworth, with a total value of € 550 million.

At the end of the first half of the year, the stock market capitalization of Romanian companies exceeded 20 billion euros, and the capitalization of listed companies on the regulated market of BSE was 36 billion euros.

In the third quarter – July – Banca Transilvania issued the first issue of bonds that was admitted to trading on the regulated spot market of BSE, its value rising to 285 million euros, the maturity being set at 10 years, and the variable interest rate at Eurobor 6M + 3.75%.


















In August, BVB expanded the number of companies that may be part of the BET and BET-TR index from 15 to 20 companies. At the end of September, the stock market capitalization of Romanian companies reached 20.5 billion euros, and the capitalization of all companies listed on the regulated BSE market exceeded 36 billion euros.

The monetary policy rate applied by the National Bank of Romania stood at 1.75% at the beginning of the year. The NBR modified 3 times the benchmark interest rate in the first six months of the year, as follows:












- On January 9, 2018, the NBR changed the reference rate to 2%.
- On February 8, 2018, the NBR changed the reference rate to 2.25%.
- On May 8, 2018, the NBR changed the reference rate to 2.50%.

Activity in the first semester of 2018

Significant events during the reporting period

-  January 4, 2018 – The Board of Directors of BRK Financial Group has decided to extend the repayment term of the loans granted to Romlogic Technology S.A., until 29.01.2018.
-  January 26, 2018 – The Board of Directors of BRK Financial Group has approved the structured products issue Program. BRK published the financial calendar for the current year.
-  February 15, 2018 – The company published the individual IFRS financial statements for December 31 December, 2017 according to the financial calendar. Also, BRK Financial Group informed the investors about the decisions of the Financial Supervisory Authority to reject the appointment of Mr. Chiş Grigore as leader.
-  February 19, 2018 – The Auditor's Report was published.
-  February 21, 2018 – The company informed the general public that on February 20, 2018, the Board of Directors appointed Mr. Cătălin Mancaş as Deputy General Manager, he will work at the company's headquarters in Bucharest.
-  February 23, 2018 – The company informed the general public about the conclusion of an addendum to the contract dated 20.11.2017 through which it finances Facos S.A. Loan amount granted: 360,000 lei, annual interest: 6%, refund period: 19.11.2018.
-  February 28, 2018 – The company informed the general public that on February 27, 2018, the Board of Directors appointed Mr. Răzvan Raţ as Deputy General Manager.
-  March 8, 2018 – The company informed the general public on the decision of Ms. Monica Ivan to resign as Deputy General Manager.
-  March 16, 2018 – The Ordinary General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders were convened for April 24/25, 2018.
-  March 23, 2018 – The EGMS Convention was amended by introducing a new item on the agenda.
-  April 4, 2018 - Mr. Cristian Vasile BUT was authorized by the Financial Supervisory Authority in the position of administrator of BRK Financial Group S.A. (ASF Authorization No. 102 / 04.04.2018).
-  April 5, 2018 - Completion of the convening of the Ordinary General Meeting of the Shareholders on 24/25 April 2018, including on the agenda a new item: Approval of the income and expenses budget proposed by the shareholder Global Colsult SRL.
-  April 10, 2018 - SSIF BRK Financial Group S.A. informed shareholders and investors about the resignation of MADEM Aurelian from the board of directors of the company.
-  April 19, 2018 - The SSIF BRK Financial Group informed investors about the approval of the Basic Prospectus by the Financial Supervisory Authority on 17 April 2018 in connection with the Structured Products Issuance Program.
-  April 24, 2018 - Conduct of the Extraordinary General Meeting of Shareholders at 12.00 and the Ordinary General Meeting of Shareholders at 12.30, at the company's headquarters.
-  April 25, 2018 - Publication of the EGMS and OGM decisions of 24 April 2018 and of the Annual Report for 2017.
-  May 2, 2018 - BRK Financial Group informed shareholders and investors that two pre-sale agreements were concluded for Minesa IPCM SA shares, a company in which BRK Financial Group hold 38.1% of shares, the total

value of ante-contracts amounting to 1,100,234.43 Euro, and the collection of the counter-value will be made in draws, and the entire operation will end, in principle, until December 2018.

-  May 15, 2018 - The BRK Financial Group has published the Quarterly Report of Board of Directors for the first quarter of the year.
-  May 17, 2018 - The Company informed shareholders and investors about the authorization of Mr. Raț Răzvan-Legian as the Leader (Deputy General Manager) following the decision of the Financial Supervisory Authority of May 16, 2018.
-  June 4, 2018 - The Company informed shareholders and investors of the Board of Directors' decision of May 31, 2018 decision, to organise a competition for the position of BRK Financial Group's CEO.
-  June 26, 2018 - The Company informed shareholders and investors that on June 25, 2018, a loan agreement with SAI Broker S.A. has ceased, from the borrower's initiative, in which the BRK Financial Group has holdings. The Subordinated Loan Agreement, whereby BRK Financial Group S.A. granted a loan of Lei 676,000 to SAI Broker S.A. with a fixed annual interest rate of 3.5%, was concluded on 10 November 2016 and set a deadline for repayment on 31 December 2021. The early repayment of the loan was made on 25 June 2018. The amount received was 676,000 lei, representing the loan granted plus the interest for June in the amount of 1361,26 lei.
-  July 5, 2018 - The BRK Financial Group informed shareholders and investors about the authorization of Mr. Cătălin Mancaș as the Leader (Deputy General Manager) following the decision of the Financial Supervisory Authority of July 4, 2018.
-  July 25, 2018 - The selection process for the position of General Manager of SSIF BRK Financial Group was finalized. The Board of Directors appointed Mr. Nascu Șerban as General Manager of BRK Financial Group. He is expected to work in the BRK Financial Group after receiving the approval from the Financial Supervisory Authority.
-  August 10, 2018 - BRK Financial Group announced that a sale-purchase contract has been concluded regarding Minesa shares with a private investor, the object of the contract refers to 23.393 shares of Minesa IPCM SA, representing 9% of it's share capital, at the price of 11,11 euro/share, the value of the contract amounting to 259,896.23 euros.
-  August 14, 2018 - BRK Financial Group published the Half-Year Report of the Administrators.
-  August 28, 2018 - The BRK Financial Group convened the OGMS for October 4/5, 2018.
-  August 29, 2018 - BRK Financial Group published the Auditor's Report.
-  September 5, 2018 - BRK Financial Group informed investors about the conclusion of a financing contract for S.C. Romlogic Technology SA, with an amount of 1 million lei, an interest rate of Robor 3M + 5% and maturity until 31.03.2019.

Financial Results

The company's revenues in the first nine months of this year increased by 12.15% over the same period of the previous year, mainly as a result of the increase in financial revenues over the same period by 30.82%. Given that the latter had a 70.94% share of total revenues in the first nine months of the year, the impact of their increase was felt. In spite of the financial nature of the revenues from the management of the portfolio of its own financial assets and those generated by the market making and structured products, these income categories are included in the turnover generated by continuous activities. Thus, the two categories together recorded an advance of 20.11% aggregated in the first nine months of this year compared to the same period last year. Income from commissions decreased by 16.86% over the same period.

Dynamics and structure of income (Ron)	30-Sep-17	30-Sep-18	%	30-Sep-17	30-Sep-18
TOTAL INCOME	7.522.541	8.436.595	12,15%	100%	100%
Income from commissions	2.904.629	2.414.818	-16,86%	38,61%	28,62%
Income from domestic market commissions	1.719.585	1.676.745	-2,49%	22,86%	19,87%
Income from foreign markets commissions	720.864	548.864	-23,86%	9,58%	6,51%
Income from related activities	464.180	189.209	-59,24%	6,17%	2,24%
Financial Income	4.575.160	5.985.327	30,82%	60,82%	70,94%
Income from dividends	217.264	324.984	49,58%	2,89%	3,85%
Interest income	449.731	966.068	114,81%	5,98%	11,45%
Net financial gains (other than dividends or interests)	3.908.165	4.694.275	20,11%	51,95%	55,64%
Other operating income	42.752	36.450	-14,74%	0,57%	0,43%
Rental income	12.331	8.855	-28,19%	0,16%	0,10%
Other income	30.421	27.595	-9,29%	0,40%	0,33%

Total expenditures of the company (6.725.079 lei) decreased by 5.00% in the first nine months of the year compared to the same period of the previous year, the most important being related to the personnel expenses and the collaborators respectively the expenditures on the external benefits.

Dynamics and structure of expenditures (Ron)	30-Sep-17	30-Sep-18	%
Total expenses	-7.079.133	-6.725.079	-5,00%
Expenditure on raw materials, materials	-110.192	-75.135	-31,81%
Expenditure on energy and water	-74.707	-80.315	7,51%
Expenses with staff and collaborators	-3.160.605	-3.059.435	-3,20%
Expenses with taxes and fees	-111.577	-116.378	4,30%
Expenditure on external benefits	-2.213.013	-2.480.685	12,10%
Value adjustments of intangible a tangible assets exclusive to goodwill	-755.952	-848.337	12,22%
Net financial losses	-181.870	-56.799	-68,77%
Other expenses	-471.217	-7.995	-98,30%

The result of the activity carried out in the first nine months of this year is represented by a profit of 1,711,517 lei.

Brokerage activity

The brokerage activity involves trading on the Bucharest Stock Exchange and on international markets, and the revenues are generated by the commissions charged by the company to the clients involved in transactions in these markets. At the level of the company, in the first nine months of 2018, the total revenues from brokerage activity amounted to 2.4 million lei, while the expenses related to this activity amounted to 1.64 million lei, resulting in a profit from the brokerage activity of 0.73 million lei

Trading activity

At the level of the company, during the first nine months of 2018, total revenues from the trading activity amounted to 5.9 million lei, while the expenses related to this activity amounted to 4.04 million lei, resulting in a profit from the trading activity of 1.86 million lei.

In the first nine months of this year, BRK Financial Group expanded its Market Making activity through the issue of structured products with Romanian-backed shares (Banca Transilvania and OMV Petrom, including the turbo short in the case of OMV Petrom) and international shares, the first step being the shares of Deutsche Bank AG. The issuance of certified capital certificated continued with the issue of BKDAICPL1, having Daimler AG as a support asset.

During this period, the BRK Financial Group issued 43 Turbo certificates, of which 28 supported the American Dow Jones Industrial Average, 2 certificates with gold support and 4 series of certificates supported by Deutsche Bank, OMV Petrom and Banca Transilvania. Also, a product with protected capital was issued.

It is worth mentioning the positive evolution of the structured products turnover (124.7 million lei vs. 37 million lei in the same period last year), the significant increase in the market share (24.6% vs. 9.3% in Q3-2017) , respectively maintaining a position very close to the market leader - Erste Bank with a market share of 25.5%. BRK Financial Group is the leader in the structured products segment in April, May, June and July of this year, according to the statics provided by the Bucharest Stock Exchange. An important contribution to the growth of turnover has been the increase in the volatility of the Dow Jones Industrial Average against the background of the possibility of US import tariffs, but of course the new types of products launched by BRK Financial Group had an important contribution to increasing the market share of the company.

Management of the company's own financial asset portfolio

The investment strategy adopted in 2018 aimed to continue the process of restructuring the portfolio of financial assets started in 2015: restructuring the stock portfolio by selling nonperforming holdings and using the sums obtained to finance the core business (market-making, the issuance of new structured products, placements on own account and margin loans), respectively supporting and promoting projects developed by SAI Broker SA, to which BRK Financial Group holds 99.98% to provide clients with fund management services. In the first nine months of the year, BRK Financial Group continued to apply the same strategy.

Evolution and structure of the financial instrument portfolio – on the Romanian market	Number of issuers			Market value		
	31- Mar-18	30- Jun-18	30-Sep-18	31-Mar-18	31-Jun-18	30-Sep-18
Listed companies	14	12	12	17,589,156	16,292,170	14,025,388
Unlisted companies	14	14	14	16,005,659	15,921,183	14,716,209
Holdings in OPC/AOPC	9	10	6	10,979,833	13,093,032	8,030,380
Total portfolio	37	45	32	44,574,648	45,306,385	36,771,977

In the third quarter of the year, the number of listed and non-listed companies to which the company holds holdings remained the same as at the end of the first half of the year. It should be noted that the portfolio includes both strategic placements in which BRK Financial Group is speculatively involved and long-term placements where the BRK Financial Group does not exercise control and influence, as well as short-term placements that are included in the speculative portfolio. The value of the total portfolio of the company at the end of September reached 36.77 million lei, down 18.84% compared to its value at the end of the first semester, mainly due to the liquidation of some positions held as participations in OCP / AOPC.

On September 30, 2018, BRK Financial Group's listed shares in the domestic market were valued at about 14.02 million lei, down 13.9% from the end of the first half of the year. The value of the entire portfolio amounted to 36.77 million lei, down 18.84% compared to its value at the end of the first semester.

We present the structure of the financial instruments portfolio held by BRK Financial Group at the end of September 2018, depending on the type of financial instruments in the portfolio.

The structure of the financial instruments portfolio, on 30 of September, 2018

Shares	Bonds	Investment fund units
43,61%	34,54%	21,85%

Share portfolio

With regard to the equity portfolio (listed or unlisted), its structure according to sectorial exposure is as follows:

Sector exposure of the shares portfolio on 30 September 2018

Consumer goods	Construction	Financial- Banking	Others	Industry	Comerce
32,14%	25,89%	19,81%	10,09%	6,79%	5,28%

Bond portfolio

With regard to the bond portfolio (listed or unlisted), its structure according to sectorial exposure is as follows:

Sector exposure of the bond portfolio on 30 September 2018

Construction	Comerce
71,61%	28,39%

Unit funds portfolio

The structure of the unit funds portfolio held, depending on their associated risk, is as follows:

The structure of the unit funds portfolio held, depending on their associated risk, on September 30, 2018

Medium risk	Private equity	Low risk	High risk
43,98%	31,80%	17,52%	6,71%

Financial position

The company's total assets increased by 11.3% on September 30, 2018 compared to the end of 2017, mainly due to the increase in current assets (+ 39.61% versus December 31, 2017) and mainly financial investments short term. Long-term financial investment declined substantially (-64.36% versus December 31, 2017). The total debts of the company increased by 24.03% to 49.27 million lei, this increase being mainly due to the increase in the amounts owed to customers by 37% (customer availability) over the same reference period.

<i>Statement of financial position (Ron))</i>	31-Dec-17	31-Mar-18	30-Jun-18	30-Sep-18
Assets				
Intangible assets	2,494,273	2,350,750	2,170,767	2,109,719
Tangible assets	6,190,220	6,096,659	6,117,326	6,173,816
Investment property	1,030,143	1,030,142	1,030,142	918,186
Available for sale financial investments	21,998,949	8,078,818	7,731,024	7,839,444
Other long-term financial investments	1,980,075	1,850,113	1,176,252	2,183,717
Total fixed assets	33,693,660	19,406,482	18,225,512	19,224,882
Short-term financial investments	18,033,358	36,479,360	37,998,604	28,992,195
Other short-term financial investments	6,265,408	2,347,851	2,394,757	3,356,889
Trade and other receivables	12,620,117	13,355,909	18,290,258	21,364,343
Bank account for customers	26,351,801	34,296,420	41,119,860	33,572,167
Cash and cash equivalents	1,515,211	645,886	1,893,276	3,159,343
Total current assets	64,785,894	87,125,426	101,696,753	90,444,937
Assets classified as held for sale	544,721	544,721	544,721	544,721
Total assets	99,024,275	107,076,629	120,466,986	110,214,540
Equity				
Share capital	54,039,987	54,039,987	54,039,987	54,039,987
Share capital adjustment	4,071,591	4,071,591	4,071,591	4,071,591
Own shares	-24,047	-24,047	-24,047	-24,047
Share premium	5,355	5,355	5,355	5,355
Reserves	14,484,421	11,650,832	11,305,246	11,413,665
Results carried forward	-8,626,375	-10,277,779	-10,277,779	-10,277,779
Current result	-4,654,398	-493,960	1,183,874	1,711,517
Total equity attributable to the Company's shareholders	59,296,533	58,971,979	60,304,226	60,940,289
Liabilities				
Obligations under finance leases	74,234	61,913	49,618	37,184
Provisions	0	0	0	0
Total long-term liabilities	74,234	61,913	49,618	37,184
Short-term bank debts	5,006,087	5,148,726	3,339,929	0
Current portion of obligations under finance lease	48,087	48,483	48,886	49,295
Amounts owed to customers (customers' funds)	30,938,001	38,949,097	48,896,620	42,385,609
Trade and other payables	3,211,150	3,446,248	7,377,524	6,351,982
Provisions	450,182	450,182	450,182	450,182
Total current liabilities	39,653,507	48,042,736	60,113,142	49,237,068
Total liabilities	39,727,742	48,104,650	60,162,760	49,274,252
Total equity and liabilities	99,024,275	107,076,629	120,466,986	110,214,541

Significat events after the reporting period



October 4, 2018 - The OGM decisions of the BRK Financial Group were published on 04.10.2018.



October 5, 2018 - Consolidated annual financial results for 2017 were published.

Signatures

Raț Răzvan Legian

Deputy Chief Executive

Sandu Mircea Pali

Chief Accountant

Darie Moldovan

Chairman of the Board of Directors



intermediem succesul

SSIF BRK FINANCIAL GROUP S.A.
*in accordance with the International
Financial Reporting Standards
adopted by the European Union
("IFRS")*
on 30 SEPTEMBER 2018



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Separate statement of the financial position as at 30 september 2018

<i>In lei</i>	Sep-18	Dec-17
Assets		
Intangible assets	2.109.719	2.494.273
Tangible assets	6.173.816	6.190.220
Investment property	918.186	1.030.143
Available for sale financial investments	7.839.444	21.998.949
Other long-term financial investments	2.183.717	1.980.075
Total fixed assets	19.224.882	33.693.660
Short-term financial investments	28.992.195	18.033.358
Other short-term financial investments	3.356.889	6.265.408
Trade and other receivables	21.364.343	12.620.117
Bank account for customers	33.572.167	26.351.801
Cash and cash equivalents	3.159.343	1.515.211
Total current assets	90.444.937	64.785.894
Assets classified as held for sale	544.721	544.721
Total assets	110.214.540	99.024.275
Equity		
Share capital	54.039.987	54.039.987
Share capital adjustment	4.071.591	4.071.591
Own shares	-24.047	(24.047)
Share premium	5.355	5.355
Reserves from revaluation of available-for-sale financial assets	552.978	3.623.734
Other reserves	10.860.687	10.860.687
Loss carried forward	(8.566.262)	(13.280.773)
Total equity attributable to the Company's shareholders	60.940.289	59.296.533
Liabilities		
Obligations under finance leases	37.184	74.234
Total long-term liabilities	37.184	74.234
Short-term bank debts	0	5.006.087
Current portion of obligations under finance lease	49.295	48.087
Amounts owed to customers (customers' funds)	42.385.609	30.938.001
Trade and other payables	6.351.982	3.211.150
Provisions	450.182	450.182
Total current liabilities	49.237.068	39.653.507
Total liabilities	49.274.252	39.727.742
Total equity and liabilities	110.214.540	99.024.275

Individual statement of the profit and loss account and other comprehensive income

As at 30.09.2018

In RON

Continuing operations

	Sep-18	Sep-17
Income from commissions and related activities	2.414.818	2.904.629
Castiguri nete financiare alte decat dividende	4.694.275	3.908.165
Net financial gains from share and bond transactions	324.984	217.264
Financial income from dividends	966.068	449.731
Financial income from interest	8.855	12.331
Rental income	0	0
Other income	18.825	30.421
Venituri din anulara de provizioane pentru riscuri si cheltuieli	0	0
Income from adjustment for impairment of current assets	8.770	0
Total income from continuing operations	8.436.595	7.522.541

Changes in inventories		
Raw materials, materials	(75.135)	(110.192)
Electricity and water	(80.315)	(74.707)
Expenses related to personnel and collaborators	(3.059.435)	(3.160.605)
Taxes and duties	(116.378)	(111.577)
Expenses related to external services	(2.480.685)	(2.213.013)
Value adjustment of intangible and tangible assets, exclusive of goodwill	(848.337)	(755.952)
Expenses related to provisions for risks and charges	0	0
Net financial loss	(56.799)	(181.870)
Other expenses	(7.995)	(471.217)
Sales-related costs	(6.725.078)	(7.079.133)
Cheltuieli cu provizioane pentru riscuri si cheltuieli		
Operating loss	1.711.517	443.408

Loss before tax	1.711.517	443.408
Expenses related to corporate tax	0	0

Profit from continuing operations	1.711.517	443.408
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Discontinued operation

Loss from discontinued operation (net of tax)	0	0
Loss for the year	1.711.517	443.408

Individual statement of the comprehensive income (continued)
As at 30.09.2018
In RON
Other comprehensive income

Net change in fair value of available-for-sale financial assets transferred into the profit or loss account

Sep-18 Sep-17

0 (1.590.125)

Positions that may be reclassified to profit and loss

Net change in fair value of available-for-sale financial assets

(284.600) (3.857.421)

Changes in value of used assets

0 0

Total other comprehensive income for the year
(284.600) (5.447.546)
Total profit and loss account and other comprehensive income for the year
1.426.917 (5.004.138)
Loss attributable to:

Shareholders of the Company

1.711.517 443.408

Non-controlling interests

0 0

Loss of the year
1.711.517 443.408
Total comprehensive income attributable to:

Shareholders of the Company

1.426.917 (5.004.138)

Non-controlling interests

0 0

Total comprehensive income for the year
1.426.917 (5.004.138)
Earnings per share

Basic earnings per share (RON)

0,0051 0,0013

Diluted earnings per share (RON)

0,0051 0,0013

Continuing operations

Basic earnings per share (RON)

0,0051 0,0013

Diluted earnings per share (RON)

0,0051 0,0013

These financial statements were approved today, October 16, 2018

 Chairman of the Board of Directors,
Darie Moldovan

 Chief Accountant,
Pali Sandu Mircea