



Annual Report Individual - 2019

SSIF BRK FINANCIAL GROUP S.A. in accordance with International Financial Reporting Standards adopted by the European Union („IFRS”).

www.brk.ro



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Identification Data

Date of Report	25 March 2020
Legal Name	SSIF BRK FINANCIAL GROUP S.A.
Field of activity	Security and commodity contracts brokerage
NACE Code	6612
Tax Identification Number	6738423
Reg. Under no.	J12/3038/1994
Address	Headquarters: Str. Motilor, nr. 119, Cluj-Napoca
Telephone/Fax	0364-401.709, 0364-401.710
Email	office@brk.ro
Webpage	www.brk.ro
Securities	337,749,919 securities with a nominal value of 0,16 RON/security
The regulated market	Bucharest Stock Exchange, Main Segment, Premium Category
BVB Symbol	BRK
ISIN	ROBRKOACNOR0
Audit	The annual financial statements as of December 31, 2019, which are the basis of this report, have been audited.

Chairman Message

For us, BRK Financial Group, 2019 was represented by the beginning of a new vision for our company. It was validated by the approval of our medium-term strategy of the company by our shareholders.

The company implemented a functional restructuring, after which the investment activities of the company have been concentrated in a department that manages all the investment operations of the company and which tries to probe new business opportunities and new markets.

In a normal business climate, BRK aims to expand the distribution of structured products in Eastern Europe and to use the knowhow acquired in the activity of market maker or liquidity provider to provide services specific to these activities.

We are constantly trying to detect customer trends and we have intensified in the past year the efforts of orienting towards the bond market, due to the increasing demand for these instruments.

We make great efforts to support the business of subsidiaries, against difficult business conditions caused by the political environment and the market circumstances.

The restructuring process started in the year that ended and will be finalized in 2020 by completing the process of renewing the IT infrastructure and by providing customers with simple and robust services.

In the sphere of services we will continue on the upward trend of increasing the number of client accounts and diversifying the client portfolio, by making available to them the most complex range of investment services and financial instruments, from investment funds to structured products, from consulting services to the provision of margin accounts.

In 2019, the company managed to maintain its innovative image in the Romanian capital market and concluded the issuer's first Market Maker contract with a listed company.

With all the difficulty generated by the current global context, our team wishes to convey a consistent message of unity to all the stakeholders of the company and to trust that it will remain the same well-known source of optimism for all investors and business partners.

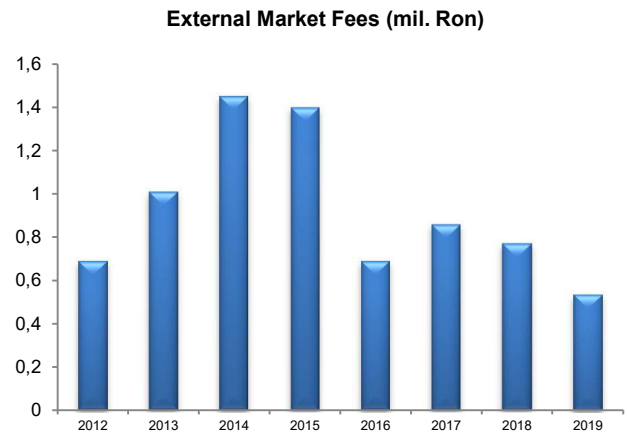
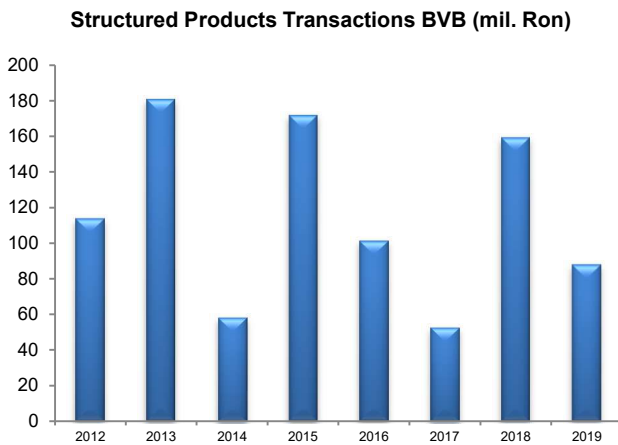
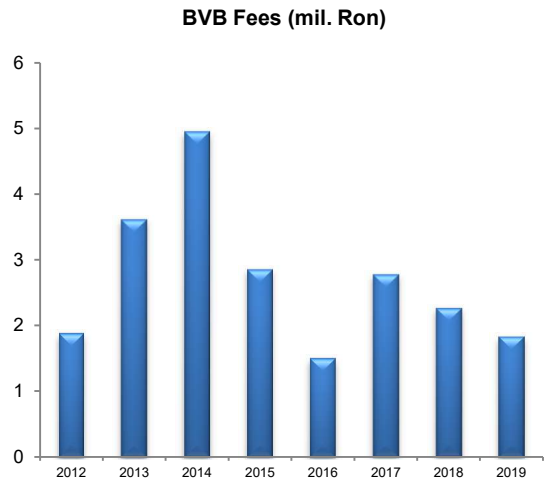
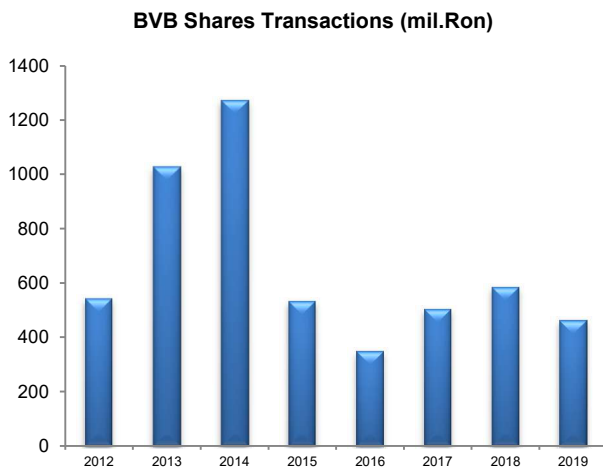
Nicolae Gherguș

Chairman of the Board of Directors



2. Key Indicators

Indicators	31-Dec-19	31-Dec-18	Evolution
Income statement and other items of comprehensive income (Ron)			
Income from continuing activities	21,401,064	7,757,230	175.89%
The result of continuous activity	8,153,017	-2,804,699	n.a
The result of the period	8,153,017	-2,804,699	n.a
Total global result for the period	8,153,017	-2,804,699	n.a
Individual Balance Sheet (Ron)			
Equity	64,413,423	56,260,407	14.49%
Total equity and liabilities	144,674,551	106,549,699	35.78%
KPIs			
Net profit per share (Ron / share)	0.0241	-0.0083	n.a
Net Asset Accounting (Ron / Action)	0.1907	0.1666	14.40%
BRK Share Price (Ron / Share)			
Opening price (closing price previous year)	0.0732	0.0754	-2.92%
Maximum (intraday)	0.0900	0.0896	0.45%
Minimum (intraday)	0.0710	0.0712	-0.28%
Closing price (December 31)	0.08480	0.0732	15.85%



3. Information about the company

SSIF BRK Financial Group S.A was established as a joint-stock company on the 26th October 1994 under the initial name of SIVM Broker SA, which later became SSIF Broker S.A., until the end of 2015. Following the expansion of the company's activity to other 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 complete 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 Bucharest Stock Exchange, the Romanian Commodities Exchange and the Investor Compensation Fund.

The main activity of the company is the security and commodities contracts brokerage. 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 out of 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 our customers, the management of its own financial assets portfolio contributes to the results of SSIF BRK Financial Group S.A. The investment are made both in Romania and in international markets, both in premium companies listed on the regulated market 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 Bucharest Stock Exchange on February 5, 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, while its presence across Romania is ensured through its agencies in Bucharest, Timișoara, Iași and Suceava.

4. Corporate Governance

The corporate governance of SSIF BRK Financial Group is the set of principles underlying the management framework by which the company is managed and controlled. Provided in internal regulations and procedures, these principles determine the effectiveness of the control mechanisms adopted to protect and harmonize the interests of all categories of participants in the company's activity – shareholders, administrators, directors, managers of various company structures, employees, customers, third-party business and collaborators, central and local authorities, etc.

4.1. Shareholders

In accordance with corporate governance principles, SSIF BRK Financial Group respects the rights of its shareholders, in the sense of conducting the activities of the company in their interest. The company is constantly concerned with improving the communication and relationship with the shareholders, aiming at ensuring fair treatment. Through the company's Articles of Incorporation, the rights of shareholders with regard to the shares held and their exercise through participation in the General and Extraordinary Shareholders Meeting are regulated. Also, the company's Articles of Incorporation regulates the company's governing body and the way it is managed.

The relationship with shareholders is ensured at the level of executive management and the Board of Directors. The company's website provides complete and detailed information on the organization of the company, the conduct of business (products and services offered), financial statements in accordance with the applicable standards, Ordinary and Extraordinary General Meetings, disputes involving the company and other relevant events for shareholders and investors, as well as for collaborators and/or clients. The company's website also includes information about Board members, audit reports and the company presentation document. Most of the information for shareholders and investors is available in the „Investor Relations” and „About us” sections, which are also available in English. The company also made available to its shareholders an email address (actionariat@brk.ro), to which they can submit questions, suggestions or opinions to the representatives of the company.

Along with the informations available on the company's website, shareholders and investors can also view the reports and reports provided by BRK Financial Group to Bucharest Stock Exchange. The company provides the BSE annually the financial reporting and reporting schedule, the OGMS and EGMS convene and their decisions, current reports according to BSE code and in accordance with the corporate governance applicable to listed companies on the BSE regulated market.

4.2. The Board of Directors

The management of BRK Financial Group was ensured in 2019 for most of the time by a Board of Directors consisting of four members (their normal number being 5), elected at the General Meeting of Shareholders.

Following the elections held at the OGMS on April 24, 2018, a new Board of Directors was elected, consisting of five members: Mr. Darie Moldovan, Mr. Cătălin Mancaș, Mrs. Monica Ivan, Mr. Nicolae Gherguș and Mr. Grigore Chiș. The four last ASF opinion in November 2018, except for Mr. Grigore Chiș for which on January 15, 2019, the company was informed about the rejection of the authorization of Mr. Grigore Chiș as a member of the Board of Directors of BRK Financial Group, as a result of the decision of the Financial Supervisory Authority dated January 14, 2019. On October 31, 2019, Mr. Constantin Sorin George was authorized as the administrator of the company.

During the year 2019, the Board of Directors of BRK Financial Group SA met 35 times, either through participation in the company's headquarters or through the means of remote communication, and its activity complied with legal and statutory

provisions. Discussions were held on important topics and projects, relevant to the company's activity and decisions were made which looked at the many functional aspects of society. Among the subjects found on the Board of Directors' agenda, with a particular impact on the current activity, were the approvals of internal norms and procedures that were updated to reflect changes made at the company.

The Board of Directors operates under its own operating regulation, which sets out how the Board works, how they convene and meet, the staff of the company that has to provide activity reports executive directors, CCI representatives, risk manager, internal auditor, economic department, House Operations Director). In order to avoid potential conflicts of interest, the members of the Board of Directors through their submitted and published CVs, inform both the Board and the shareholders and prospective investors about any professional engagements, including executive and non-executive positions in the Board of Companies and/or non-profit institutions and all information relating to direct or indirect holdings or as a result of the concerted action with third parties are disclosed by the statements provided to the Financial Supervisory Authority.

The remuneration of the members of the Board of Directors is approved by the General Meeting of Shareholders. The members of the Board of Directors does not carry out related activities that are directly or indirectly influenced by the activity of BRK Financial Group SA.

4.3. Board of Directors Committees

There are four committees within the Board of Directors of BRK Financial Group: the Nomination Committee, the Audit Committee, the Risk Committee and the Remuneration Committee. The committees set up at the level of the Board of Directors function as working groups of the Board, their role being determined and established in accordance with the applicable legal provisions and to meet the needs of the company. The determination of the composition of the committees within the Council was based on the expertise of its members and the need to optimize the experience gained by them in different fields of activity.

In 2019, the Risk Committee was formed by Mr. Darie Moldovan, Mr. Nicolae Ghergus, Catalin Mancas and until 13.08.2019 - Mrs. Monica Ivan. At the end of 2019, the Risk Committee consists of: Sorin Constantin-President, Nicolae Ghergus, Catalin Mancas. The role of this committee is mainly to monitor the risks that may impact the company and to analyze and evaluate the reports submitted by the person designated for risk management at the company. The Risk Committee is informed on a monthly basis by the risk manager by a full activity report, the company's situation with respect to liquidity indicators and other risk indicators that are calculated in accordance with the Financial Supervisory Authority's regulations.

The Audit Committee was formed by Darie Moldovan, Nicolae Gherguș, Monica Ivan, Catalin Mancas. At the end of 2019, the Audit Committee is composed of three members of the Board of Directors: Nicolae Ghergus-President, Darie Moldovan, Sorin Constantin, whose role is to analyze and audit the financial statements of the company. The audit committee evaluates the periodic financial statements of the company, the correctness of their preparation and the auditors' opinions regarding the financial statements.

The Remuneration Committee was formed by Mr. Darie Moldovan, Nicolae Gherguș, Monica Ivan, Catalin Mancas. At the end of 2019, the Remuneration Committee is made up of: Catalin Mancas-President, Sorin Constantin, Darie Moldovan, who is responsible for evaluating the remuneration policies within the company and proposes to the Board of Directors for their modification and updating.

The Nominating Committee was formed by Mr. Darie Moldovan, Nicolae Gherguș, Monica Ivan, Catalin Mancas. At the end of 2019, the Nominating Committee is composed of: Nicolae Ghergus-President, Darie Moldovan and Catalin Mancas, it has the role of evaluating the persons proposed for the management and key functions within the company, and also to analyze the proposals for persons who may represent the company in the Boards of Directors of other entities.

4.4. External auditor

According to the legal provisions, the financial statements and the operations of BRK Financial Group are audited by an independent financial auditor, which fulfills both the criteria established by the Financial Supervisory Authority and those of the Romanian Chamber of Financial Auditors.

Within the OGMS held on 29.07.2019, the election of the financial auditor JPA Audit & Consult SRL was approved for the year 2019, 2020 and 2021.

4.5. Internal auditor

During 2019, the internal audit was provided by the company Asconcor SRL, which works independently, in accordance with the recommendations of corporate governance. The internal audit reports were submitted to the Board of Directors of the company, and the measures proposed in the audit reports were implemented by decisions of the Board of Directors. Internal audit reports are aimed at verifying the balance of the clients' balances with the analytical records, verifying the reports on the adequacy of the capital, verifying through the clients' cash availability and other relevant aspects of the company's activity.

4.6. Internal Control and Compliance

In accordance with the legal provisions, the Company has organized an Internal Control and Compliance Compartment (CCI) composed, throughout 2019, of personnel authorized by FSA and personnel in the process of authorization. The company also took steps to authorize additional staff within CCI.

The Internal Control and Compliance Compartment reports monthly to the Board of Directors of the company, its executive directors and the internal auditor on the work carried out and the issues observed, if any. The CCI proposes to the management of the company measures to remedy the problematic issues, and the decision on the application of the proposed measures will be taken by the members of the Board of Directors and / or the executive management. The decision is to be brought to the attention of those involved by the representatives of the executive management.

Also, the CCI verifies the transmission to the capital market institutions of mandatory reporting according to the legislation in force, including the current reports deriving from the obligations assumed as an issuer traded on the Bucharest Stock Exchange - the Premium category. During 2019, the Internal Control and Compliance Compartment compiled 53 control reports that were conducted in accordance with the Annual Control Plan or at the request of the management. Control reports developed by the Internal Control and Compliance Compartment of BRK Financial Group S.A. were brought to the attention of the Board of Directors, executive management and internal auditor. As a result of the proposals made in the control reports drawn up in 2019, the management of the company took remedial measures by modifying certain procedures, adopting decisions.

4.7. Risk Management

Within the BRK Financial Group, in accordance with the legal provisions in force, a risk manager, employee with specific responsibilities for risk monitoring at the company level, was appointed. Activity-specific risk monitoring is conducted in accordance with the Risk Management Policies – Risk Assessment and Risk Management Rules and Mechanisms, approved by the Board of Directors. In the process of identifying and assessing the financial risks, as well as the indicators used in risk management, the EU Regulation no. 575/2013 on prudential requirements for credit institutions and investment firms was taken into consideration, as required by the European legislator, as well as the regulations and legislation of the Financial Supervisory Authority.

Regarding the evaluation of the operational risk generated by IT systems, it was taken into consideration aspects stipulated in the Norm no. 4/2018 on the management of operational risks generated by informatic systems used by regulated entities, authorized/approved and/or supervised by the Financial Supervisory Authority.

The risk management system, built according to the above regulations, includes a set of appropriate risk analysis and risk management mechanisms and procedures, as well as the presentation of the results of the financial risk identification and

evaluation activity, as well as proposals for appropriate management and the diminishing of the effects of the risks related to the investment and general activity of the company

In this respect, the following categories of potential or existing risks to which SSIF BRK Financial Group SA is exposed, are analyzed and evaluated:

1. Liquidity risks, with the following sub-categories: the risk of not meeting the current liquidity requirement, the risk of long-term assets financing from non-permanent resources and the liquidity risk of the financial asset portfolio held by SSIF BRK Financial Group SA;
2. Market risks, with the following sub-categories: position risk, foreign exchange risk, commodity risk and long-term interest rate risk;
3. Credit risks, with the following sub-categories: credit risk (related to the financial soundness dynamics of issuers of the financial assets held by SSIF BRK Financial Group SA and equity and debt securities), the counterparty credit risk from the loans granted by the company as a creditor, to the companies in which it holds qualifying holdings, the legal risk;
4. Operational risks analyzed from the perspective of the quantitative approach. Within this category are analyzed all the operational risks generated by the processes, systems and human resources that SSIF BRK Financial Group SA uses in the current activity;
5. The concentration risk, with the following sub-categories: high exposures to a debtor / issuer and high exposures to an economic sector. At the same time, the concentration risk is analyzed also by the exposures registered by the BRK Financial Group on different categories of financial assets and operations in the light of the requirements of the legislation in force;
6. Currency Risks, dealing with the positions held by the BRK Financial Group on cash and foreign currency deposits, foreign currency financial instruments, derivatives with foreign currency assets;
7. Position valuation and inclusion of BRK Financial Group's portfolio instruments.

At SSIF BRK Financial Group SA, the financial, investment and operational risks were evaluated / quantified, monitored and treated in order to reduce their impact according to the above classification. When establishing this risk classification structure, the size of the impact of that risk was considered when it materialized on the levels of own funds held by SSIF BRK Financial Group SA.

The following principles and issues have been considered when establishing the quantitative limits for financial risks:

Principles:

As a general principle, the risk profile of SSIF BRK Financial Group SA, the current structure of the portfolio, the possible dynamic of the assets, as well as the prudent liquidity and adequacy levels were taken into account in establishing the current quantitative levels of financial risks of the capital so as to include shock absorbers for possible crisis situations established by the European regulator;

Aspects to be considered:

The level of liquidity needs, has been set to be prudent and able to cope at any time with any net cash outflow in the event of a crisis situation.

The liquidity level of the assets in the portfolio has been set according to the characteristics of the portfolio, as well as ensuring a minimum level of liquidity to meet any need to reorient business policy.

In determining the levels for market, credit, counterparty and operational risk, the solvency ratio determined as a ratio between the capital requirements of these financial risks and the equity (financial resources) of SSIF BRK Financial Group SA was at least three times the minimum required (existence of reserves), as stipulated in the EU Regulation no. 575/2013);

The level of leverage was considered when establishing the current quantitative limits.

Thus, on 31.12.2019 the level of own funds of SSIF BRK Financial Group amounted 53.689.956,78 lei. Also, the value of the risk-weighted exposures at 31.12.2019 amounted 118.709.679,29 lei.

4.8. Transparency and Financial Reporting

In order to ensure transparency of the activity and the financial statements, the SSIF BRK Financial Group makes available to all interested persons, by means of statements sent to BSE and through its own website, the annual, half-yearly and quarterly reports prepared in accordance with the applicable accounting standards (IFRS). The annual financial reports are presented both individually and consolidated, both preliminary and audited, together with the explanatory notes. Quarterly and semi-annual results are only presented in individual and unaudited reports. The company also publishes other current reports on all major events that have or may have an impact on society's image and activity. The company has published on its website the company's articles of incorporation and the name of the members of the Board of Directors.

4.9. Avoiding conflicts of interest

In order to avoid conflicts of interest, the company applies clear procedures that regulates the execution of client orders, priority in relation to the company's own orders. The priority of execution orders is contained in the company's internal procedures.

The company reports all transactions made by individuals initiated with the BRK Financial Group to the Bucharest Stock Exchange, in order to inform shareholders and other shareholders. Under the regulations and rules in force, the company reports the necessary transactions to the Financial Supervisory Authority.

BRK Financial Group has taken the necessary measures to avoid conflicts of interest and to segregate and separate operational activities where appropriate.

4.10. Social Responsibility

BRK Financial Group, prin Consiliul de Administrație și conducerea executivă, contribuie la educația financiară în rândul studenților din Cluj-Napoca, oferindu-le acestora posibilitatea efectuării, în mod gratuit a stagiilor de practică și documentare în domeniul pieței de capital din România.

4.11. Financial Calendar

28 February 2020	Preliminary Annual Financial Reports for 2019
27-28 April 2020	General Meeting of Shareholders for the approval of the Individual Financial Results for 2019
27-28 April 2020	Annual Activity Report for 2019
15 May 2020	Financial Results for Q1 2020
14 August 2020	Financial Results for H1 2020
13 November 2020	Financial Results for Q3 2020

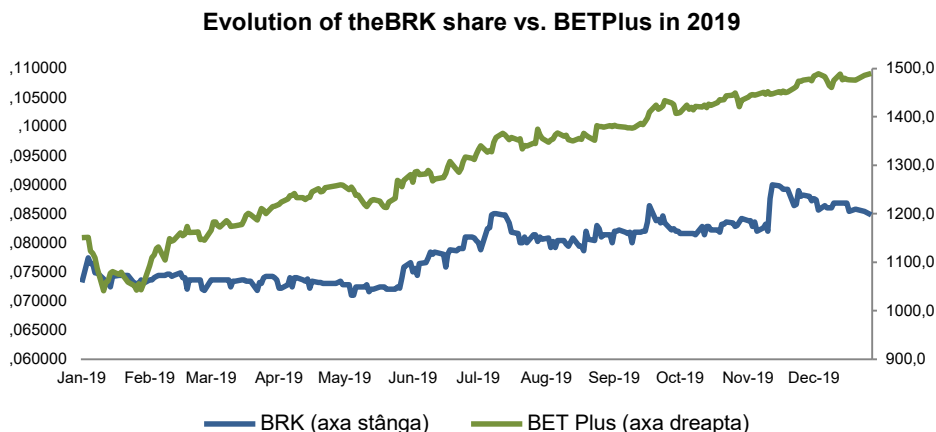
5. The BRK stock

BRK Financial Group's shares are issued in dematerialized, ordinary, indivisible and freely negotiable from the date of admission to trading on the Bucharest Stock Exchange (BSE). BRK Financial Group shares were admitted to trading on the principal market administered by the Bucharest Stock Exchange on 5 February 2005 under the BRK symbol. BRK shares are listed in the Premium category of the Bucharest Stock Exchange and are included in the BET Plus index.

The company is subject to capital market legislation, namely Law no. 297/2004 on the capital market, Law no. 24/2017 on issuers of financial instruments and market operations and the secondary regulations issued by the Financial Supervisory Authority (FSA) and BSE.

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

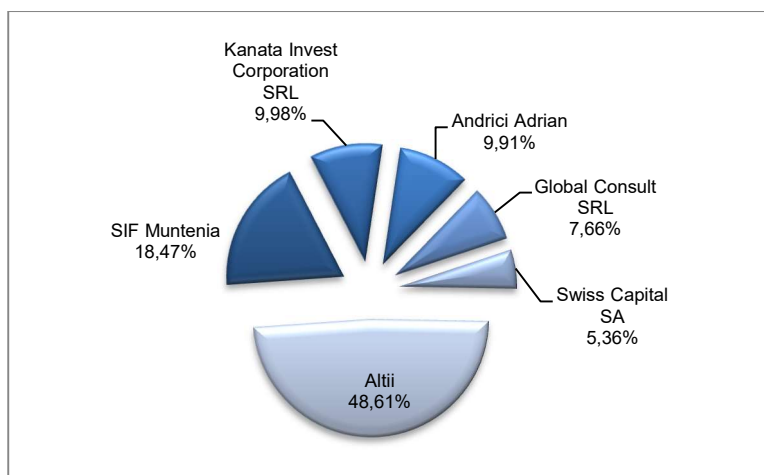
During 2019, the average price of the BRK share was 0,0786 RON/share, down 0,25% compared to the average price recorded in 2018 (0,0788 RON/share). The closing price of BRK share on December 31, 2018, the last trading day of the year, was 0,0848 RON/share, up 15,84% compared to the previous year's closing.



Sursa: Bloomberg

Ownership structure

On December 31, 2019, the ownership structure of BRK Financial Group was as follows:



Source: Shareholder Registry of financial instruments issued by SSIF BRK Financial Group SA, on 31st December 2019.

6. The stock market context

6.1. Retrospective of global stock market developments

In 2019, international financial markets showed positive developments. The Dow Jones Industrial Average index of the US stock market recovered its loss from the previous year with an appreciation of 22.34%. The S&P 500 index increased by 28.88% in 2019. The European stock exchanges were also positive at the end of 2019, the highest advance being registered by the French index, CAC-40 (26.37%) followed by the German index, DAX-30 (25.12%). The London Stock Exchange Index was down 12.10% in 2019.

Index	Country	% 19/18	% 18/17	% 17/16
Dow Jones	USA	22.34%	-5.63%	25.08%
S&P 500	USA	28.88%	-6.24%	19.42%
DAX-30	Germany	25.12%	-18.26%	12.51%

CAC-40	France	26.37%	-10.95%	9.26%
FTSE-100	England	12.10%	-12.48%	7.63%
NIKKEI-225	Japan	18.20%	-12.08%	19.10%
ATX	Austria	16.07%	-19.72%	30.62%
Shanghai Composite	China	22.30%	-24.59%	6.56%
WIG-20	Poland	-5.56%	-7.50%	26.35%
PX	Czech Republic	13.08%	-8.50%	16.98%
RTS	Rusia	44.92%	-7.42%	0.80%
SOFIX	Bulgaria	-4.43%	-12.25%	15.52%
BUX	Hungary	17.74%	-0.61%	23.04%

Sursa: *www.Istockl.com, Bloomberg*

One of the most important events in the United States in 2019 was the signing of the first phase of the trade agreement with China. The US cuts tariffs to \$ 120 billion on Chinese exports from 15% to 7.5% and suspends any tariff increases on any kind of goods. While China has pledged to increase US imports by \$ 200 billion in 2020 - 2021.

On the other hand, the Federal Reserve (EDF) reduced its reference interest rate three times during the year 2019. The first reduction occurred on July 31, 0.25%, followed by the second reduction on September 18, 0.25% reaching a reference interest of 2%. The third reduction occurred on October 30, 2019 by 0.25%. All this was done against the backdrop of the trade war with China.

Significant progress has been made at European level on Brexit, and an agreement has been signed in January 2020.

6.2. Retrospective of the local stock market developments

The Romanian capital market registered substantial increases throughout the year, the most significant being in Q1, Q2 and Q3. The highest appreciation belongs to the BET-TR index that won in 2019, 46.9% of its value at the beginning of the year.

In the first quarter of 2019, BVB indices registered significant increases. An important factor was the sharp decrease suffered in December 2018. Thus, in the first quarter, the largest advance was registered by the BET-NG index, being closely followed by the BET index (with an advance of 8.96%). The unemployment rate continued to fall to the level of 3.9%, and the number of employees in the economy remained above the level of 4.9 million.

Index	Q1	Q2	Q3	Q4	'19/'18
BET	8.96%	9.56%	8.62%	4.21%	35.13%
BETPlus	8.15%	9.71%	8.51%	4.29%	34.26%
BET-FI	3.27%	8.48%	9.82%	11.59%	37.27%
BET-XT	8.00%	8.45%	8.62%	5.67%	34.45%
BET-NG	13.85%	5.02%	7.30%	1.53%	30.26%
BET-TR	9.14%	18.89%	8.63%	4.22%	46.90%
BET-XT-TR	8.41%	16.87%	8.63%	5.77%	45.57%
ROTX	7.60%	14.75%	6.55%	3.44%	36.08%

Sursa: *Bloomberg*

The EUR / RON exchange rate registered a significant increase in the first quarter of 2019, fluctuating, on average, around 4.74 lei.

The second quarter of the year continued to grow significantly. The BET index registered an increase of 9.56% in Q2, and the BET-FI index was up 8.48%.

The Gross Domestic Product of Romania in Q1 / 2019 registered an increase of 5% year on year, exceeding analysts' expectations. Inflation remained high at the end of the first half at 3.8% year on year.

The first semester of 2019 was marked by the granting of dividends but also by the political uncertainties in our country. On the other hand, at the Bucharest Stock Exchange there were 2 bond issues. The first one was made in February by Elefant.ro, and in April, Alpha Bank Romania launched the first program of mortgage bonds in Romania, worth one billion euros. And in May Alpha Bank Romania successfully made the first issue of mortgage bonds, worth 200 million euros. This issue went into trading at the end of June.

On May 28, 2019, the BET-TR index reached a historical high of 12,869 points, exceeding the previous maximum reached on December 4, 2018.

The third quarter was marked by the most important event of 2019, the promotion of Romania's capital market to the emerging market status announced by FTSE Russell. Romania will be reclassified from the border market status to the secondary emerging market status, starting in September 2020.

Global index provider FTSE Russell also announced that the shares of the Romanian companies Romgaz, Banca Transilvania and BRD-Groupe Societe Generale met the eligibility criteria of the FTSE Global All Cap Index on June 28, 2019.

The last quarter of 2019 was also a positive one for the Romanian capital market. Each index continued to grow during this period.

At the end of 2019, the market value of all the companies listed on the regulated market of BVB reached the value of 180.8 billion lei, the equivalent of 37.8 billion euros.

The primary bond market has broken a record with 10 listings in Q4. 5 listings were made on the regulated market and the others were conducted on the alternative system of the BSE. The 10 issuers obtained a total financing of 1.43 billion lei, the equivalent of 300 million euros.

This year the Bucharest Stock Exchange had only one listing of a company, the manufacturer of mobile phones, iHunt Technology, on the AeRO Premium market.

The total value of transactions on the regulated stock market, excluding offers, decreased by 3 percent compared to 2018.

The most traded shares this year were Banca Transilvania, BRD-Groupe Societe Generale and Fondul Proprietatea.

The monetary policy rate practiced by the National Bank of Romania stood at the level of 2.5% due to the uncertainties regarding the infrastructure and the rhythm of the economic activity.

7. Presentation of the company's core business

BRK Financial Group's core business is structured on two business lines, namely the brokerage segment and the trading segment. On own portfolio management segment, the company operates transactions on its own account, market-making operations and operations with structured products, and in the brokerage segment, the company operates customer transactions and corporate operations, respectively.

7.1 The brokerage segment

The financial intermediation activity refers to all the intermediation services of the transactions offered to the individual investors and the companies, as well as to the specialized services offered to the institutional clients. Intermediation services refer to the following:

A. Brokerage Services for Investors:

- Intermediation of transactions for sale and purchase of securities traded on the Bucharest Stock Exchange (BSE). For this type of services, customers can choose to be assisted by a broker in making transactions, or they can choose

the option of online trading, on their own. Within this segment, BRK also offers customers the possibility to trade in margin (based on a credit line granted by the company to the client), liquid shares listed on the Bucharest Stock Exchange.

- Intermediation of transactions on international markets, with clients of the company having access to more than 100 foreign markets in Europe, North America and Asia. The range of financial instruments is very diversified (shares, bonds, structured products, ETFs, CFDs, futures, etc.), and the costs involved in trading on international markets through the BRK Financial Group are among the most attractive in the market.
- Intermediation of transactions with corporate, municipal and state bonds on BSE and OTC, respectively the intermediation of transactions with products structured on the dedicated market segment of the Bucharest Stock Exchange.
- Intermediation of transactions on the domestic and international market for institutional clients.

Over the past 5 years, BRK Financial Group has been ranked annually among the top SSIFs of the BSE, customer and self-traded transactions generating a market share of 1,5 - 5% of the annual total share trades.

In 2019, BRK Financial Group ranked 8th in the top of BSE intermediaries, the value of the intermediated transactions on the main segment/shares and fund units amounted 459,6 million RON, decreasing compared to the level of 561,5 million RON traded in 2018. The market share reached 2,37% after the total value traded in 2019 (2,45% market share in 2018).

Trading on international markets is one of the future directions for the developments of the company's activity, aimed to increase revenues from international markets, by increasing the number of active retail and institutional clients.

B. Corporate investors specialized services:

- Funding on the capital market through public issues of shares and bonds.
- Intermediation of IPO's and M&A for companies trading on the BSE.
- Listing of companies and investment funds on the capital market through initial public offerings or listing admissions to trading.
- Consultancy for financing by shares and bonds issues or promotion on the capital market.

In the first quarter of 2019, BRK Financial Group started:

- Consultancy regarding the withdrawal from trading of the shares issued by Avicola Bucuresti S.A.

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

- Private placement of corporate bonds issued by Golden Foods Snacks S.A.,
- The public offer of redemption of 4.59% of the shares of SIF Muntenia S.A.

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

- Private placement of increase of the share capital through cash contribution for Holde Agri Invest SA;
- Listing of corporate bonds issued by Golden Foods Snacks on the BVB Multilateral Trading System

7.2. Market-making and liquidity providing operations

Along with the intermediation segment, managing its own portfolio of financial assets is another important branch of the activity of BRK Financial Group, which contributes significantly to the company's results.

On the other hand, this is also a big risk factor, considering that BRK Financial Group is obliged to reassess at the end of each year all the positions in its own portfolio, and the value adjustments of the securities affect the result of the financial year and may change the image of the financial performance of the company. At the end of each month, the company adjusts the value of the listed companies in the portfolio, by marking them on the market.

Within our own portfolio we find the following types of investments:

- The tradable portfolio (shares and bonds listed on the BSE - usually short or medium term investments, portfolio of financial instruments listed on international markets - usually speculative type investments)
- Fund units
- Participation in closed companies and loans granted to subsidiaries
- Capital allocated to the business segment - “Margin loans”
- Capital allocated to the business segment “Structured product issuance and market making operations”

Market-making and liquidity supply operations

Starting with 2010, the company carries out market-maker activities (displaying and maintaining firm buy / sell quotes) for different financial instruments. The benefit of this kind of operations is the spread (difference) in the purchase and sale quotes.

The market-making operations have a continuous character and are specific to the foreign brokerage firms so it is justified to consider that these operations belong to the operational chain of BRK Financial Group's activity.

In 2019 the company acted as market-maker for Aages shares (AAG) starting with 08.08.2019. In addition, BRK Financial Group is the liquidity provider for all issued certificates.

The issue of Structured products








Starting with May 2012, the first structured products were launched, in the form of Turbo certificates with the active support of the American Dow Jones Industrial Average index. Over time, BRK has diversified its typology of structured products issued (issuing Structured Products with protected capital), as well as the range of instruments that constitute the underlying assets of the issued products (international actions, domestic actions or commodities).

























In 2019, BRK Financial Group registered a turnover of 87.6 million lei on the Structured products segment, having a market share of 23.56%, occupying the second position in the top prepared by BVB regarding the most active intermediaries on the product segment. Structured, very close to the main competitor - Erste Group Bank (23.56% market share).





















In 2019, BRK issued 61 Structured products, as follows: 45 Turbo Long and Turbo Short certificates with active support Dow Jones Industrial Average index, 3 with Gold support asset, 5 with support Romanian assets (Romgaz, Petrom and Romanian Development Bank) respectively 8 series of Structured products with active support for international actions (Daimler and Erste Bank).

8. Activity in 2019

8.1. Significant events during the reporting period

-  January 4, 2019 - Resignation of Deputy General Manager: On January 3, 2019, the resignation of Mr. Catalin Mancaş from the position of Deputy Director / General Manager was registered, while maintaining the status of member of the Board of Directors of SSIF BRK Financial Group. 15 ianuarie 2019 – Respingerea autorizării domnului Grigore Chiş în calitate de membru al Consiliului de Administrație al BRK Financial Group, ca urmare a hotărârii Autorității de Supraveghere Financiară din data de 14 ianuarie 2019.
-  January 16, 2019 - Financial calendar 2019
-  January 17, 2019 - SSIF BRK Financial Group SA concluded on 16.01.2019 a loan agreement with Romlogic Technology for 1,170,550 lei.
-  January 31, 2019 - SSIF BRK Financial Group SA concluded on 02.11.2018 a loan agreement with Firebyte Games for 100,000 lei.
-  February 1, 2019 - Changes in the structure of the Board of Directors: Mr. Nicolae Gherguş was elected as President and Mrs. Monica Ivan was elected as Vice President of the Board of Directors of BRK Financial Group.
-  February 5, 2019 - Completion of the current report of January 31, 2019: prior to November 2, 2018, two other loan agreements were signed with S.C. Firebyte Games S.A., so that the three contracts added together represent more than the equivalent of 50,000 EUR.
-  February 8, 2019 - SSIF BRK Financial Group S.A. concluded on February 8, 2019 two additional acts related to the loan agreements with S.C. Firebyte Games SA.

-  February 13, 2019 - Publication of the Auditor's Report - art. 82, Law 24/2017 - S2 2018, prepared by the independent auditor Deloitte Audit SRL.
-  February 15, 2019 - Publication of preliminary financial results as of December 31, 2018.
-  February 18, 2019 - SSIF BRK Financial Group SA has signed the sale-purchase contract of Minesa IPCM SA, for the sale of 75,638 shares Minesa IPCM SA, representing 29.1% of the share capital, at the price of 11.11 euros / share;
-  March 4, 2019 - BRK Financial Group S.A. concluded on March 1, 2019, an additional act related to the loan agreement with SC Romlogic Technology SA no. 4692 / 11.28.2018.
-  March 14, 2019 - Management transactions - art. 19 Reg. (EU) 596/2014: Mrs. Mancaș Simona, a person who has close links with the administrator Mancaș Cătălin, sold BRK shares.
-  March 14, 2019 - On March 14, 2019, SSIF BRK Financial Group S.A. entered into a loan agreement with S.C. Romlogic Technology S.A., the value of the loan granted being in the amount of 2,000,000 lei.
-  March 18, 2019 - Management transactions - art. 19 Reg. (EU) 596/2014: Mrs. Mancaș Simona, a person who has close links with the administrator Mancaș Cătălin, sold BRK shares.
-  March 18, 2019 - Convening the Ordinary General Meeting of Shareholders and Convening the Extraordinary General Meeting of Shareholders for April 24/25, 2019.
-  March 25, 2019 - Appointment of the provisional administrator: in the meeting of the Board of Directors of March 22, 2019, Mr. Constantin Sorin George was appointed as provisional administrator, to fill the vacant position until the next Ordinary General Meeting of Shareholders.
-  April 2, 2019 - SSIF BRK Financial Group S.A. concluded an additional act to the loan agreement no. 3691 / 04.09.2018 with S.C. Romlogic Technology S.A, a document that extended the loan repayment term, changed the interest rate for the loan amount and the guarantees were established.
-  April 4, 2019 - BRK Financial Group SA informs about the conclusion of an agreement with the General Manager, regarding the amicable termination of the Mandate Contract concluded by him with the company.
-  April 4, 2019 - The Board of Directors of the company approved the program for issuing structured products and the basic prospectus that includes the range of products that could be subject to future issues of turbo certificates and certificates with protected capital.
-  April 18, 2019 - BRK Financial Group SA informs on the signing on 17.04.2019 of an additional act to the mandate contract concluded with the General Director Mr. Serban Nașcu, through which the parties agreed to the termination of the mandate contract on 03.05.2019.
-  April 18, 2019 - BRK Financial Group SA signs an additional document related to the loan agreement with Romlogic Technology no. 210 / 16.01.2019, document by which the term for repayment of the loan was extended, the interest related to the loan amount was modified and the guarantees were established.
-  April 25, 2019 - GMS O&E Decisions - April 24, 2019
-  April 25, 2019 - Approval by the Financial Supervisory Authority, on April 23, 2019, of the Basic Prospectus in connection with the Structured Products Issue Program.
-  April 25, 2019 - SSIF BRK Financial Group SA has signed a Loan Agreement for loans contracted by Romlogic Technology. of customers and suppliers except those that are the subject of factoring operations.
-  April 25, 2019 - Publication of the Annual Report for the year 2018.
-  May 8, 2019 - SSIF BRK Financial Group S.A. has concluded a loan agreement with SC Firebyte Games SA as well as an addendum to a loan agreement previously concluded with SC Firebyte Games SA.
-  May 14, 2019 - Availability of the report for the first quarter of 2019.
-  May 29, 2019 - On May 29, 2019, an authentic bilateral promise was concluded regarding the sale of the holding held by SSIF BRK Financial Group SA to FACOS S.A. Suceava., The total value of the bilateral sale-purchase promise being of 13,348,191.60 ron.
-  June 11, 2019 - SSIF BRK Financial Group S.A. entered into a loan agreement with S.C. Romlogic Technology S.A., the value of the loan amounting to 1,600,000 lei;
-  June 11, 2019 - SSIF BRK Financial Group SA enters into a Contract for the sale of the participation in FACOS S.A. Suceava, the object of the sale-purchase contract: 2,927,235 shares with a nominal value of 2.5 ron, representing 89.6892% of the share capital of FACOS S.A., at the price of 4.56 ron / share.
-  June 27, 2019 - Convening of the Ordinary General Meeting of Shareholders for July 29/30, 2019.

-  July 3, 2019 - Obtaining the passport certificate in Hungary and Poland of the Basic Prospectus in connection with the BRK Financial Group S.A. Structured Products Issue Program, approved by the Decision of the Financial Supervisory Authority no. 600 / 04.23.2019.
-  July 16, 2019 - SSIF BRK Financial Group SA signs a transfer agreement for Romlogic Technology shares with Investys Projects (Suisse) SA.
-  July 29, 2019 - Decisions adopted at the Ordinary General Meeting of Shareholders of July 29, 2019.
-  July 29, 2019 - Publication of the Auditor's Report - art. 82, Law 24/2017 - S1 2019, report prepared by the financial auditor JPA Audit & Consultanță SRL.
-  August 1, 2019 - SSIF BRK Financial Group S.A. concluded on 1 August 2019 a loan agreement with SC Romlogic Technology SA, the value of the loan granted being in the amount of 3,310,000 lei;
-  August 9, 2019 - Authorization of Mrs. Monica Ivan as General Manager, following the decision of the Financial Supervisory Authority from August 8, 2019.
-  August 13, 2019 - Availability Report S1 2019.
-  August 14, 2019 - Publication of Financial Results 1st Semester 2019
-  September 4, 2019 - SSIF BRK Financial Group SA has concluded additional documents to loan agreements with Romlogic Technology.
-  September 19, 2019 - The conversion into shares of the liquid and receivable debt amounting to 336,820 lei held by SSIF BRK Financial Group S.A. towards Firebyte Games SA.
-  October 17, 2019 - The stage of compliance with the provisions of the Corporate Governance Code of the BSE.
-  October 23, 2019 - Correction of the current report from 08.08.2019 "Half-year report S1 2019"
-  October 30, 2019 - Authorization as a member of the Board of Directors of Mr. Constantin Sorin George.
-  October 31, 2019 - Amendment - Authorization member of the Board of Directors
-  November 13, 2019 - Availability T3 2019 Report
-  November 14, 2019 - Trim Report 3 2019
-  November 27, 2019 - SSIF BRK Financial Group S.A. entered into a loan agreement with S.C. Gocab Software S.A., the value of the loan granted being 950,000 lei;
-  December 11, 2019 - SIF BRK Financial Group S.A. concluded an additional act to the loan contract no. 2152 / 11.06.2019 with S.C. Romlogic Technology S.A.
-  December 23, 2019 - Conclusion of an additional act to the credit agreement with Libra Internet Bank S.A.
-  December 27, 2019 - Completion of an additional deed to the credit agreement with Libra Bank - Completion.

8.2. Structure and dynamics of total income and global result

Dynamics and Total Income Structure (Ron)	Weight (%)			
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Total income	21,401,064	7,757,231	100.00%	100.00%
Income from commissions	2,962,034	3,145,940	13.84%	40.55%
Revenue from domestic spot market fees	1,972,585	2,230,910	9.22%	28.76%
Income from external market fees	535,604	768,930	2.50%	9.91%
Revenue from related activities	453,844	146,100	2.12%	1.88%

Other operating income	26,042	17,006	0.12%	0.22%
Income from rents	23,690	11,652	0.11%	0.15%
Income from insurance intermediation	0	0	0.00%	0.00%
Income from Distribution Fund Units	2,352	5,354	0.01%	0.07%
Other operating revenues	0	0	0.00%	0.00%
Financial income	17,391,495	3,979,842	81.26%	51.30%
Revenue from dividends	1,422,354	338,370	6.65%	4.36%
Net financial gains other than dividends	15,969,142	3,641,472	74.62%	46.94%
Other incomes	1,021,492	614,443	4.77%	7.92%
Income from the write-off of provisions for risks and expenses	58,702	300,933	0.52%	0.00%
Revenue from valuation of real estate investments	110,393	0	0.52%	0.00%
Income from adjustments for impairment of current assets	9,122	10,896	0.04%	0.14%
Other incomes	843,276	302,614	3.94%	3.90%

At the end of 2019, the total revenues of BRK Financial Group recorded an increase of 175.9% compared to the previous year, mainly due to the increase of the financial income on average with 337% respectively of the increase of other revenues by 66.25%. The share of financial income in total revenues increased from 51.3% in 2018 to 81.26% in 2019, this as a result of the increase in dividend income by 320.35% in this respective period of the increase in net financial earnings other than dividends with 338.54% in the same period. The revenues from commissions decreased in 2019 by 5.85% compared to those obtained by the company in 2018, largely due to lower revenues from commissions on external markets. In other words, the share of commission revenues in total company revenues decreased in 2019 to 13.84%, from 40.55% in 2018.

The evolution of the overall result (Ron)	31-Dec-19	31-Dec-18
The result of brokering	1,734,435	-167,705
The Gross Profit of Own Portfolio Management	10,866,181	-577,771
General administrative expenses not allocated	-4,447,600	-2,059,223
Base recurrent result (1 + 2 + 3)	8,153,017	-2,804,699
Other elements of the overall result	0	0
Overall result for the period	0	0
Earnings per share for the period	0.0241	-0.0083

The result of the brokerage activity was positive in 2019 (1,734,435 lei), and the gross result of the activity of managing its own portfolio (10,866,181 lei) passed on profit after a loss of 0.577 million lei in 2018. There was a decrease of general-administrative expenses. All these determined a positive current base result of 8,153,017 lei.

8.2. Analysis of results by activity segments

8.2.1. Ongoing Operations

Included in the ongoing operations are two segments: the brokerage and trading activities.

Continuous activity (Ron)	31-Dec-19	31-Dec-18	Evolution
Total revenue from intermediation	2,964,386	3,151,295	-5.93%
Total spending with intermediation	1,232,299	3,319,000	-62.87%

Result of intermediation	1,732,086	-167,705	N.A
Total earnings from trading activity	18,586,496	4,746,004	291.62%
Total expenses related to the trading activity	7,720,315	5,323,775	45.02%
Result of trading activity	10,866,181	-577,771	N.A
The result of continuous activity	12,598,268	-745,476	N.A

On the intermediation services segment, the company obtained a positive result of 1,173,086 lei and on the segment of the trading activity, in 2019, a profit of 10,866,181 lei was obtained, increasing compared to the loss of 0.577 million lei in 2018, this as a result of the increase of the total revenues from the trading activity by 291.62%. Thus, the result of the brokerage activity (intermediation + trading) is represented by a profit of 12,598,268 lei, compared to the loss of 0.745 million lei registered in 2018.

Evolution of the income from brokerage activity

The brokerage activity is comprised of trading at Bucharest Stock Exchange and on international markets, and the income derives from the commissions collected from clients involved in trading activities on these markets.

Intermediation Activity (Ron)	31-Dec-19	31-Dec-18	Evolution
Revenues from commission fees	2,962,034	3,145,940	-5.85%
Other incomes	2,352	5,354	-56.07%
Total income from intermediation	2,964,386	3,151,295	-5.93%
Expenditure on commissions	889,601	1,139,777	-21.95%
Other expenses	342,698	2,179,223	-84.27%
Total variable expenses on intermediation	1,232,299	3,319,000	-62.87%
RESULT OF INTERMEDIATE SEGMENT	1,732,086	-167,705	N.A.

The total revenues generated from the financial intermediation services decreased by 5.93% in 2019, up to 2.96 million lei, this as a result of the decrease in commission revenues, by 5.85% in the same period. Other revenues include part of the revenues generated by the margin trading service on BVB.

The expenses associated with the intermediation segment decreased by 62.87% in 2019. The decrease of the expenses of this segment at a more alert rate than the decrease of the revenues recorded on it, determined a positive result compared to the year 2018. Thus, the result of the intermediation segment was represented by a gain of 1,732,086 lei.

Evolution and structure of the income from commissions

Income from commissions (Ron)	31-Dec-19	31-Dec-18	Evolution
Income from BSE fees	1,972,585	2,230,910	-11.58%
Income from external market fees	535,604	768,930	-30.34%

Income from commissions Sibex		0	
Income from other commissions	453,844	146,100	210.64%
Total commission income	2,962,034	3,145,940	-5.85%

In comparable terms, the total commission income decreased by 5.85% in 2019. The revenues generated from own portfolio management activity on the BSE decreased by 11.58%, from about 2.23 million lei to about 1.97 million lei. The decrease was determined by lower trading values.

And on international markets, the company earned commission income, but these were declining.

Evolution of income from own portfolio management

Trading Activity (Ron)	31-Dec-19	31-Dec-18	Evolution
Revenue from transactions	13,412,747	3,575,600	275.12%
Other incomes	5,173,749	1,170,404	342.05%
Total income from own portfolio management	18,586,496	4,746,004	291.62%
Losses in transactions	-	325,199	-100.00%
Other variable costs	7,720,315	4,998,576	11.58%
Total expenses	7,720,315	5,323,775	45.02%
RESULT OF THE OWN PORTOFOLIO MANAGEMENT	10,866,181	-577,771	N.A

Total revenues from trading activity increased by 291.62% in 2019 compared to 2018. Revenue from own portfolio management increased by 275.1% and thus reached 13.41 million lei, retaining its share very high, over 72.16% in total own portfolio management activity revenues.

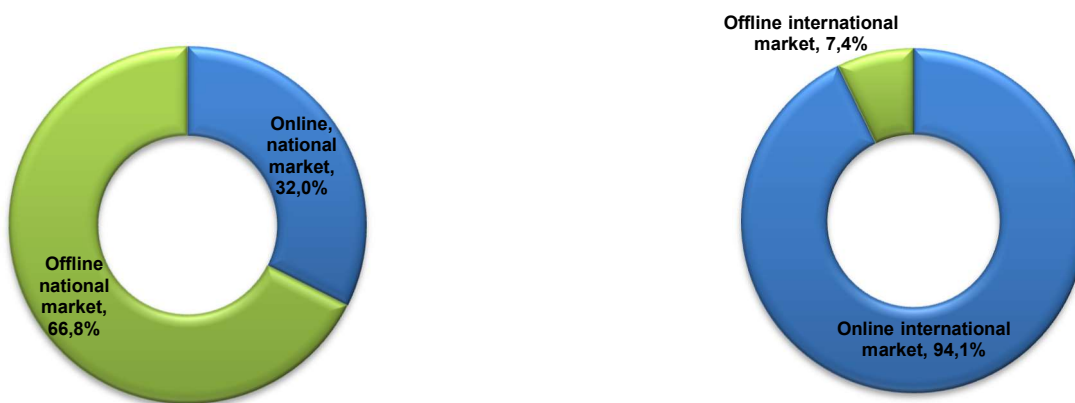
The activity of market-making and structured products is integrated into the management segment of its own portfolio. In 2019, BRK Financial Group issued 69 structured products, thus responding more to the needs of investors. The efforts of BRK Financial Group were not delayed, so the company received the award for *"The most active intermediary in the structured products segment in 2018"* at the opening of the 2019 stock market.

8.3. The structure and dynamic of the company clients

BRK Financial Group offers its services at national and international levels, to both natural and legal persons, on the retail and institutional segments.

On the Romanian capital market, 2.178 customers were active in 2019, down from 2018 when the number stood at 2.689. Approximately 32% of the active clients on the Romanian market opted for an online trading account and the remaining 68% are accounts that benefit from the assistance of a broker.

Clients structure in 2018 by account type



8.4. Managing our own asset portfolio

Evolution of results from the management of our own financial assets portfolio

The result of the activity of managing its own portfolio registered a profit of 10.886.181 lei, this value incorporating the result of all investments in which the capital of BRK Financial Group was involved (investments in shares, bonds, units of fund, investments in closed companies, operations of closed companies market making related to the issued short-term products, interest received and paid, dividends and coupons, interest on the product margin trading, exchange rate differences, etc.). The result also includes the effect of marking on the market (ie the re-evaluation of the holdings in the case of unlisted companies) of all the instruments held, as well as of the provisions (constituted or canceled).

Analysis of the structure of our asset portfolio

In line with the objectives mentioned in the investment strategy approved by the Board of Directors, in 2019 the management's efforts were directed to continue the restructuring process of its own portfolio of financial assets which aimed at the following: quantitative and qualitative adjustment of the portfolio and diversification of the portfolio by several classes of financial assets, the alienation of some participations, either due to the too small size or due to the lack of growth prospects and the use of the amounts obtained for other investments with more attractive potential returns.

The evolution and structure of the financial instruments portfolio in the domestic market	Number of issuers		Market value	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Listed Companies	15	16	21.323.336	7.072.947
Unlisted Companies	15	17	7.852.637	13.189.243
Shares of OCP / AOPC	9	7	8.305.459	6.766.028
Total portfolio	39	40	37.481.432	44.884.485

As of December 31, 2019, BRK's portfolio of shares was valued at approximately 21.3 million RON, about 3 times higher than the value at the end of 2018. This evolution is explained by the fact that, during 2019, after the liquidation of the participation in Facos, the amount resulting from the sale was also used for the purchase of shares in companies listed on the BSE. At the end of 2019, the value of unlisted companies in its own portfolio stood at 7.85 million lei, down from the previous year, as a result of the sale of the stake in Facos.

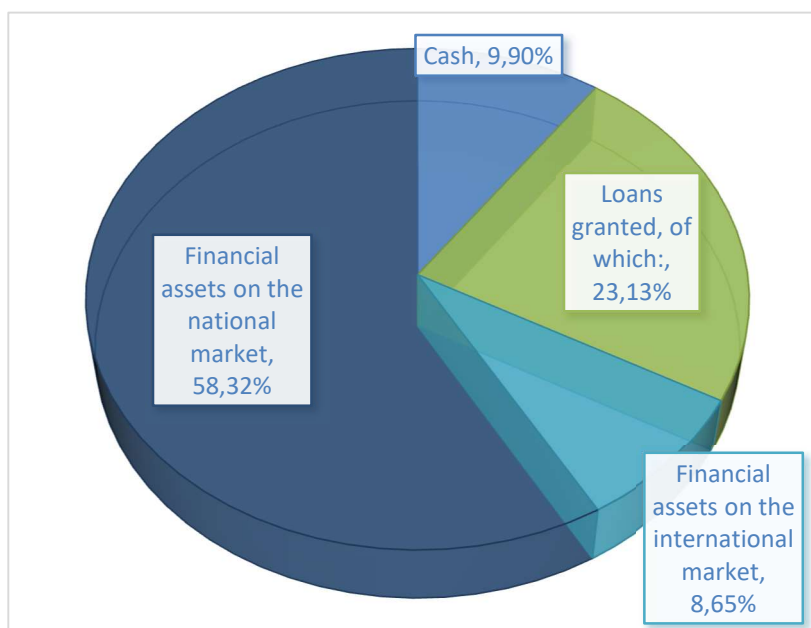
As for the company's fund units portfolio, it increased by 22% in 2019, both as a result of the appreciation of the fund units held and as a result of the acquisition of fund units.

In addition to financial investments in publicly traded companies, closed companies, fund units or other securities, the company's portfolio of financial assets also includes cash availability, loans granted, financial assets related to market making and structured products and the marketable portfolio on international markets. .

The evolution of the portfolio of financial assets	Structure		Absolute value	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18

Cash availability	9,90%	4,00%	6.297.814	2.191.875
Loans granted, out of which:	23,13%	14,10%	14.710.553	7.730.511
Customer Loan - Margin Trading	6,99%	9,88%	4.445.003	5.416.511
Loans to other companies	16,14%	4,22%	10.265.550	2.314.000
Financial asset portfolios international market	8,65%	8,86%	5.500.288	4.856.066
Domestic stock market portfolio	58,32%	73,05%	37.084.273	40.061.266
Total	100%	100,00%	63.592.928	54.830718

The loans granted by BRK Financial Group, totaling 14.70 million RON, include both loans granted to clients for margin trading on BVB and loans granted to companies in which BRK holds investments. The loans granted to clients for margin transactions amounted to almost 4.45 million RON at the end of 2019, down from 2018. The loans granted to third companies by BRK Financial Group increased in 2019 to 10.26 million RON, from 2.31 million Ron in 2018.



9. Operational infrastructure

9.1. Territorial network of subunits

In 2019, the territorial network of SSIF BRK Financial Group SA did not change, including a number of 4 agencies: Bucharest, Iasi, Suceava and Timisoara. Along with these agencies, a number of 16 BRK Financial Group (Delegated Agents) employees ensure the presence of the company and its services at national level.

The head office of BRK Financial Group is in Cluj-Napoca, Calea Motilor no. 119.

9.2. The staff of the company

In 2019, the average number of employees reached 36, slightly lower than the end of 2018 when the average number of employees was 39 people. At the end of 2019, the company's actual number of employees was 37, down slightly compared to 2018 when it totals 41 people.

The number of employees in the category of financial investment services agents decreased in 2018 to 25 persons, compared to 27 persons authorized in 2017. The administrative staff was maintained at the same level - 15 people employed as in 2017. At the end of 2018, The BRK Financial Group had 17 mandate contracts terminated.

The company's development strategy implies the expansion of the activity, respectively the increase of the number of employees in the future, both in administrative and support roles, as well as in direct productive segments (expansion of sales force). The company continuously encourages and supports the professional development and specialization of the personnel

employed in the area of competence specific to each of them through participation in vocational training programs and continuous professional training.

The decrease of the number of employees is also due to the difficulties encountered in the recruitment of staff considering the niche our company operates and the conditions in the labor market.

10. Objectives for 2020

The objectives for 2020 are in line with both corporate and group strategy.

Financial environment and business affairs

In a national economic context characterized by poor financial intermediation, BRK Financial Group aims at building a real investment supermarket that combines its own investments, especially in the fintech area and startup, with attracting funds from investors professional and retail companies to jointly render them jointly, either directly or through funds managed by SAI Broker SA, and last but not least, the offering of the whole range of financial services from "execution only" platforms to sophisticated portfolio management and consulting services.

The courageous vision is in line with the trust that the company's shareholders have, with extensive experience and high potential in the financial field, as well as high-skilled staff and experienced management team. The leadership heterogeneity and the balance between optimism and prudence are key factors in the company's strategy.

The Investment Company

The only listed brokerage company in Romania is determined to use in the near future all the advantages deriving from this quality and to share the interests of the shareholders with their own and the clients, in finding competitive returns and creating diversified and attractive investment instruments.

Issuer of financial instruments

A young, ambitious and dedicated team has already shown creatively that it can conquer the national market and that the objective of the next three years is closely linked to a significant share of the regional structured products market.

Investment funds

SAI Broker has the vocation of the vehicle that manages and coagulates diversification products addressed to customers with portfolios that do not allow a reasonable degree of diversification, but also to professional and institutional clients who take risks associated with significant gains.

Investment in technology

The BRK Financial Group will continue to seek financial and investment support, as well as managerial know-how, startups or ambitious entrepreneurial teams, analyzing the opportunities offered by them and coordinating their work and initiating the governance system. Medium-term objectives focus on increasing the two startups in the group and capitalizing on their potential as profitable.

Intermediary services

The immediate objective is to create a simplified and robust service offering access to the national and external markets by increasing speed using automated operating procedures and a transfer of customer operations to the Internet.

Portfolio management services

The appropriateness of services and investments to customer profiles and alignment to the highest MIFID II standards is an immediate objective of this year. The investment selection experience, which will be correlated with an efficient allocation of asset classes and diversified, monetary and financial exposures globally, will be the basis of the individual portfolio management mechanism.

Structure and staff policy













The crystallization of an experienced, qualified and professionalized management and control team, as well as a team of young and enthusiastic staff, will be the combination of success in a dynamic sector at both investment and legislative level. The strategic objective for the next and next year is the recruitment of young staff and the close correlation of staff revenues with the overall performance of the team and the company.

Policies of good governance


The company is in the process of organizational repositioning and procedural reassessment and aims at finalizing within a short time the appropriate corporate framework for the strategy and the objectives assumed. The medium-term objective is that the Policy and General Framework of Corporate Governance be implemented methodically and appropriately across all entities in the group by transferring know-how and managerial experience. Another priority corporate objective is to enhance the communication and transparency of the decision-making process, both within the internal institutional framework of the group and at the shareholders level.


Last but not least, **the confidence** in the company's ability to achieve its goals and meet the commitments made to its customers and shareholders, the confidence it has to bring to the stability of the financial markets, the trust that must be inspired by all the investors in the market capital, and the trust it has to convey to other competing, partner or supervisory institutions, will be the foundation of our business.

11. Important events after the end of the financial year

-  January 14, 2020 - Financial Calendar 2020.
-  January 21, 2020 - BRK Financial Group SA has decided to convert Romlogic Technology SA's loans and calculated interest to date.
-  January 27, 2020 - The Company's Board of Directors, meeting at the meeting on January 23, 2020, approved the basic prospectus in connection with the program of issuing structured products that includes the range of products that could be subject to future issues of turbo certificates and certificates with protected capital.
-  January 31, 2020 - BRK Financial Group SA informs investors about the fact that the sentence expressed in the file no. 1034/90/2014 / a13 by the Pitesti Court of Appeal.
-  January 31, 2020 - Publication of the Auditor's Report - art. 82, Law 24/2017 - S2 2019, prepared by the financial auditor JPA Audit & Consultanță SRL.
-  February 10, 2020 - BRK Financial Group SA has concluded a market making quotation contract for the shares of Medlife SA.
-  February 12, 2020 - BRK Financial Group SA informs the investors about the conclusion of a market making quotation contract for the shares of Teraplast SA.
-  February 27, 2020 - Availability Preliminary Annual Report.
-  February 28, 2020 - SSIF BRK Financial Group S.A. publishes the Preliminary Annual Financial Report on December 31, 2019.
-  March 2, 2020 - SSIF BRK Financial Group S.A. on March 2, 2020 concluded a loan agreement with SC Firebyte Games SA for 500,000 lei.
-  March 10, 2020 - BRK Financial Group SA has concluded a market making quotation contract for the shares of Nuclearelectrica SA.
-  March 13, 2020 - BRK Financial Group SA informs the investors that the requests regarding the lifting of the insurance seizure established by the Public Ministry - The Prosecutor's Office attached to the High Court of

Cassation and Justice - D.I.I.C.O.T. Central structure in the criminal prosecution file with no. 394 / D / P / 2007 on 25.09.2015, so that on 13.03.2020 the company was informed about the lifting of the insurance seizure for the amount of 4,980,779.61 lei.

 March 17, 2020 - SSIF BRK Financial Group SA informs investors about the measures taken by the executive management in the context of COVID-19.

 March 20, 2020 - BRK Financial Group SA suspends the provision of market maker quotes for the following financial instruments: AAGES (AAG), MedLife (M), TeraPlast (TRP) and Nuclearelectrica (SNN) until the normalization and the lifting of the state of emergency by The President of Romania on the national territory.

12. Financial and accounting statements

12.1. Financial position

Individual situation of the financial position at 31 December 2019

		31.12.2019	31.12.2018
<i>In RON</i>			
Assets			
Intangible assets	8	1.213.729	1.858.723
Tangible assets	9	5.887.007	6.160.916
Real estate investments	10	669.959	918.186
Financial assets measured at fair value through profit or loss	11	44.644.883	44.718.868
Financial assets at amortized cost	11	-	-
Loans and advances granted	15	12.111.428	5.416.511
Commercial receivables and other receivables	15	662.686	722.343
Other financial assets		24.773.064	12.267.062
Account in the bank related to the clients	17	53.626.771	31.750.494
Cash and cash equivalents	17	781.635	2.191.875
Assets classified as held for sale	14	303.389	544.721
Total assets		144.674.551	106.549.699
Equity			
Social capital	18	54.039.987	54.039.987
Adjustment of share capital	18	4.071.591	4.071.591
Own shares	18	(24.047)	(24.047)
Prime-linked capital	18	5.355	5.355
Reserves from revaluation of available-for-sale financial assets		0	0
Other reservations	19	10.860.687	10.860.687
Total Reserves	19	0	0
The current result	20	8.153.016	(2.804.699)
Reported result	20	(12.693.166)	(9.888.466)
		-	-
Total equity attributable to the Company's shareholders		64.935.843	56.260.407
Liabilities			
Debts on financial leasing	26	-	37.176
Provisions		-	-
Total long-term debt		-	37.176
Short term bank debt	22	4.187.543	4.991.870
The current part of debts on financial leasing	22	28.640	37.125
Amounts due to customers (customer availability)	22	60.945.094	35.942.908
Trade and other debt	21	12.297.303	9.130.964
Provisions	23	2.802.547	149.249
Total current liabilities		80.261.127	50.252.115
Total debt		80.261.127	50.289.292
Total equity and liabilities		144.674.551	106.549.699
Chairman of BOD,			
Nicolae Ghergus			

12.2. Financial Performance

Individual statement of the overall result

Report at 31.12.2019

In RON

Continuous activities

		31.12.2019	31.12.2018
Income from commissions and related activities	25	2.964.386	3.151.295
Net financial gains other than dividends	22	13.660.974	2.162.486
Net financial losses from transactions with shares and bonds	29	4.743.546	(1.604.123)
Net financial gain from transactions with Turbo products	29	1.122.551	1.761.567
Net gains from the measurement of financial assets measured at fair value through the unrealized gain and loss	29	7.794.877	2.005.042
Financial income from dividends	29	1.422.354	338.370
Financial interest income	29	2.308.167	1.478.985
Income from rentals	25	23.690	11.652
Income from valuation of real estate investments and available assets for sale		11.835	0
Income from the write-off of provisions for risks and expenses		98.558	0
Other incomes	26	843.276	302.614
Income from adjustments for impairment of current assets		58.702	300.933
Total income from continuing operations		21.401.064	7.757.230
Expenses with staff and collaborators	27	(4.861.666)	(4.230.034)
Other operating expenses	28	(457.972)	(411.027)
Expenditure on raw materials, materials		(174.057)	(111.934)
Expenditure on energy and water		(129.718)	(109.187)
Expenses with taxes and fees		(154.197)	(189.905)
Expenditure on external benefits	29	(3.759.430)	(3.688.786)
Value adjustments of intangible and tangible assets		(982.845)	(1.052.256)
Expenses with provisions for risks and expenses		(2.712.000)	0
Interest charges		(374.117)	(194.491)
Net financial losses	30	-	0
Impairment losses		-	0
Net loss on disposal / disposal of fixed assets		-	(179)
Losses from impairment of receivables		-	(126.464)
Other expenses	30	(100.017)	(858.693)
Total expenses		(13.248.047)	(10.561.931)
Expenses with provisions for risks and expenses		-	-
Result of exploitation activities		8.153.017	(2.804.701)
Profit before tax		8.153.017	(2.804.701)
Profit tax expense	31	-	-
Profit of the period		8.153.017	(2.804.701)

Chairman of BOD,

Nicolae Ghergus

12.3. State of cash flows

Individual situation of financial flows for 2019

Reported at 31.12.2019

In RON

	31.12.2019	31.12.2018
Other elements of the overall result		
Net change in the fair value of the financial assets available for sale transferred to the profit or loss account	0	0
Positions that are or can be reclassified to profit or loss		
Net change in the fair value of the financial assets available for sale	0	0
Free shares received classified as available for sale	-	-
Changes in value of the fixed assets available for sale	-	-
Positions that will not be reclassified to profit or loss		
Changes in the value of the fixed assets used		
Changes in the value of real estate investments	-	-
Establishment / cancellation of tax reserves to grant free shares to employees	-	-
The tax related to other elements of the overall result		
Total other elements of the overall result for the period	0	0
Total profit and loss account and other elements of the overall result for the period	8.153.017	(2.804.699)
	31.12.2019	31.12.2018
Attributable Loss:		
Shareholders of the Company	8.153.017	(2.804.699)
Interests without control	-	-
Profit of the period	8.153.017	(2.804.699)
Total attributable overall result:		
Shareholders of the Company	8.153.017	(2.804.699)
Interests without control	0	0
Total overall result for the period	8.153.017	(2.804.699)
Earnings per share		
Basic earnings per share (lei)	24 0,0241	(0,0083)
Diluted earnings per share (lei)	24 0,0241	(0,0083)
Continuous activities		
Basic result per share(lei)	24 0,0241	(0,0083)
Diluted result per share (lei)	24 0,0241	(0,0083)
31.12.2019		
No. weighted average of the shares in the balance:	337.749.919	337.749.919

1. General Information

The direct participations of BRK Financial Group in the group's subsidiaries refer to the participation in SAI Broker S.A. During 2019 there were no changes in the share capital of SAI Broker S.A.

Company within the group	Main activity domain	Number of financial instruments held	Nominal value of the financial instrument	Participation 2018 (%)	Participation 2017 (%)
SAI BROKER SA	Fund management activities	220.581	10.00	99,98%	99.98%

According to IFRS 10, reporting entities need to consolidate their financial statements with those of the entities they invested and control. The change to investment firms provides for an exception to the consolidation requirements set out in IFRS 10 and requires investment firms to measure certain subsidiaries at fair value through profit or loss instead of consolidating them. The term "investment entity" refers to an entity whose object of business is to invest in obtaining return on capital appreciation, investment income or both.

According to the internal assessment made in 2019, the management of BRK Financial Group S.A. has come to the conclusion that it meets the criteria required by IFRS 10 to be able to be defined as an investment entity and thus to measure certain subsidiaries at fair value without having to consolidate them. Thus, only two companies were retained in the consolidation perimeter for 2018: SSIF BRK Financial Group S.A. and SAI Broker S.A.

2. Main achievements of S.A.I. Broker S.A. in 2019

SAI Broker SA was established in the second half of 2012 and wants to offer investors viable investment alternatives through the products they intend to launch so that through proper management of the financial asset portfolio tend to optimize the ratio between the potential return and the investment risk assumed. The company has the dynamism and tenacity required for such a challenge, as well as the experience gained over the years, which together are the premises for the success of a policy focused on customer needs.

The main activity of the company consists in fund management activities. (The scope of activity was revised according to the requirements of the AS, after the authorization). The main activity of the company classified according to the Classification of Activities of the National Economy (C.A.E.N.) is:

663 - "Fund management activities";

6630 - "Fund management activities": the management of collective investment undertakings (UCIs), collective investment undertakings (UCITS). In addition to the UCITS management, the Company may manage alternative investment funds (FIA) for which it is subject to prudential supervision, in particular those set up as investment funds as defined and regulated by O.U.G. no. 32/2012 or registered according to the legal provisions.

The collective portfolio management activity shall cover at least:

- a. Investment management;
- b. Carrying out activities on:
 1. legal and accounting services related to portfolio management;
 2. requests for customer information;
 3. Evaluating the portfolio and determining the value of the securities, including tax issues;
 4. monitoring the compliance with the regulations in force;
 5. keeping a register of the unit-holders;

6. revenue distribution;
 7. issue and redemption of participation titles;
 8. record keeping;;
- c) Marketing and distribution.

In the case of a F.I.A., the main activities are:

- portfolio management;
- risk management;

The company may also carry out, within the framework of the collective management of a F.I.A. and other activities such as:

i) entity management: legal and fund accounting services, customer inquiries, valuation and pricing, including tax refunds; control of compliance with applicable law; keeping the register of unit-holders; revenue distribution; issue and redemption of units; settlement of contracts, including issuance of certificates; keeping records;

ii) distribution;

iii) activities relating to the assets of the F.I.A., namely services required to perform management duties, infrastructure management, real estate management, capital structure consultancy, industrial strategy and related matters, advice and services on mergers and acquisitions, as well as other services related to the management of the F.I.A. and the companies and other assets in which it invested.

SAI Broker SA obtained operating authorization from the National Securities Commission, currently the Financial Supervisory Authority (ASF), in early 2013. Through the ASF attestation no. 24 / 05.07.2017 the registration of SAI Broker SA as a manager of alternative investment funds (AIFM) was certified.

The company has no branches or agencies open, the activity being carried out only at the headquarters.

The special relationship with SSIF BRK Financial Group SA - the company that is the main shareholder and the most important business partner of the company - represents an asset in reaching the proposed objectives. Through the services it provides, SAI Broker SA will complement the range of financial services offered by SSIF BRK Financial Group SA to meet even the most demanding requirements of its clients.

With active and passive investment policies according to the profile of each fund, SAI Broker offers specific financial management services with responsibility and professionalism, proposing to manage risks and exploit opportunities on the Romanian market or in other foreign markets.

The short-term objective is to promote the funds launched during the 2014-2015 period and to achieve higher performances than the objectives established through the documentation of the funds so that by the end of 2019 the managed assets, on all public funds, will be at least 30 million lei.

2.1. Main events

In 2019, the value of the assets under management of the company increased to 214 million lei as compared to 157 million lei at the end of 2018. The financial performances obtained in 2019 exceeded the budget estimates both in terms of revenues and profit.

In the second part of 2019, SAI Broker SA obtained the authorization of two new investment funds, both addressed to professional investors.

In November 2019, the Board of Directors decided to participate as a founding member in setting up GoCab Software S.A., subscribing to 99% of the initial shares issued. SAI Broker SA has subscribed a number of 89,100 shares with a nominal value of 1 leu / share. During 2019, SAI Broker sold 3,000 shares to parent company SSIF BRK Financial Group SA. In order to develop the project, SAI Broker SA, as a shareholder, granted loans to GoCab Software S.A. in the amount of 50,000 lei.

2.2. Financial data

From the activity of managing the 9 funds: FII BET-FI Index Invest, FDI FIX Invest, FDI PROSPER Invest, FDI Fortuna Classic, FDI Fortuna Gold, FPI Smart Money and FPI OPTIM Invest, FPI H.Y.B. Invest, Alpha Invest, SAI Broker SA registered in 2019 revenues from the current activity in a total amount of 3.18 million lei, increasing by 12.5% compared to those obtained in 2018, representing management commissions, commissions of successful subscription and commissions.

In 2019 the net financial gains other than the dividends amounted to over 549 thousand lei as compared to about 43 thousand lei in the previous year. The year 2019 represented a new year of growth and improvement of the financial performance of the company, the overall result registering a positive value, of 2.18 million lei as against 1.79 million lei in 2018. This significant improvement was due to the increase of the values of the assets managed, in particular, in the category of private funds, as well as the positive trends registered by all the funds under administration.

Indicator (values in RON)	2019	2018	Evolution '19/'18
The situation of the global result			
Income from continuing operations	3,180,649	2,826,354	12.5%
Total income from continuing operations	3,752,226	2,905,872	29.1%
Income related expenses	-1,292,180	-1,053,873	22.6%
The result of the operating activities	2,212,646	1,820,731	21.5%
The result of the period	2,177,536	1,791,578	21.5%

Indicators (values in RON)	2019	2018	Evolution '19/'18
The financial position statement			
Equity	4,633,606	3,875,737	19.6%
Total debt	421,940	188,656	123.7%

3. The main elements of the business strategy within the company

The mission of the BRK Financial Group is to contribute actively to the development of the Romanian capital market, both by creating a wide range of financial products and services developed by experts, as well as by trying to provide an attractive return to shareholders.

The BRK Financial Group, through its brokerage services, brokerage products and investment funds managed by SAI Broker SA, wants to remain a leader in providing innovative financial solutions and to maintain the competitive advantage through the diversity and value of the products and services offered.

SSIF BRK Financial Group is the main component of the Financial Group and is the main distribution platform for the entire range of products and services offered by financial units.

The BRK Financial Group seeks to improve operational efficiency in order to maintain a sustained growth rate both in terms of reporting to the capital market and by reference to return on capital invested.

4. Internal and External Audit

At the level of companies in which SSIF BRK FINANCIAL GROUP holds holdings, internal audit and financial audit are not the subject of integrated processes, because companies have different objects of activity. At each company level, internal audit operations are differentiated according to the specificity of the market on which each company operates. At the level of the SSIF BRK FINANCIAL GROUP and SAI BROKER SA, the internal audit is outsourced in order to ensure its efficient and independent performance. The audit missions carried out in 2018 at SSIF BRK FINANCIAL GROUP SA and SAI BROKER SA aimed at following the risk management reports and the assessment of the internal control system at the level of the two companies according to the legislation applicable to the capital market. The reports related to the completion of the audit missions performed were handed over to the management of the entities in order to apply the recommendations formulated by the auditors.

Regarding the financial audit, the companies in which SSIF BRK FINANCIAL GROUP SA held participations audited the financial statements for the year 2019. The auditing of the financial statements was made within the term stipulated by the legislation, and the audited financial statements were subject to the approval of the General Shareholders' Meetings of the companies concerned.

5. Environmental protection policy

Considering the specificity of the object of activity of each entity to which the SSIF BRK FINANCIAL GROUP holds holdings, we specify that there is no common policy on environmental protection. SSIF BRK FINANCIAL GROUP SA is paying attention to environmental protection policies.

6. Evolution of the main financial indicators

BRK Financial Group prepared for the year ended 31.12.2019 consolidated financial statements, according to the requirements of the ASF Instruction no. 2/2014 with the subsequent amendments and of the Norm no.39 / 2015 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards with the accounting policies of the group.

The consolidated financial statements of the BRK Financial Group, prepared in accordance with the International Financial Reporting Standards adopted by the European Union, in force at the annual reporting date, 31.12.2019 comprise the financial position of BRK Financial Group and the companies within the group and are presented in unitary, similar to the financial statements of a single entity.

The consolidated annual financial statements comprise:

- the consolidated statement of the financial position;
- the consolidated income statement and the consolidated statement of other comprehensive income;
- the consolidated statement of changes in equity;
- the consolidated cash flow situation;
- explanatory notes to the consolidated annual financial statements.

7. Consolidated statement

Statement of financial position at 31 December 2019

<i>In RON</i>	<i>Note</i>	2019	2018
Assets			
Intangible assets	8	2.938.484	2.938.484
Tangible assets	9	6.201.082	6.201.082
Real estate investments	10	918.186	918.186
Financial assets valued at fair value through profit and loss account	11	42.286.028	41,536,966
Other financial assets	12	5.692.274	5.692.274
Loans and advances granted			
Trade receivables and other receivables	15	12.959.229	12.959.229
Inventories	16 ^{^1}	-	-
Account in the bank for the clients	17	31.750.494	31.750.494
Cash and cash equivalents	17	3.766.687	3.766.687
Assets classified as held for sale	14	544.721	544.721
Total Assets		144.300.401	105.874.490
Equity			
Social capital	18	54.039.987	54.039.987
Adjusted of share capital	18	4.071.591	4.071.591
Own actions	18	(24.047)	(24.047)
Capital premium	18	5.355	5.355
Reserves from the revaluation of available financial assets for sale	19	11.163.983	0
Other reservations	19	7.283.070	10.992.183
Reported result	20	(12.746.622)	(13.676.231)
Total equity attributable to the shareholders of the group		63.794.177	55.408.837
Interests without control		502	672
Total equity		63.794.679	55.409.509
Liabilities			
Trade debts and other debts	21	-	-
Debt on financial leasing	22	-	37.176
Revenue recorded in advance	23 ^{^1}	-	-
Debt on deferred tax		-	-
Total long-term debt		-	37.176
Short-term bank debt	22	4.187.543	4.991.870
Current part of financial leasing debt	22	28.640	37.125
Amounts owed to customers (customer availability)	22	60.770.151	35.930.351
Trade debts and other debts	21	12.475.036	9.263.800
Revenue recorded in advance	23 ^{^1}	-	-
Provisions	23	3.044.447	204.659
Total current liabilities		80.506.224	50.427.804
Total debt		80.506.224	50.464.981
Total equity and debt		144.300.401	105.874.490

Consolidated statement of comprehensive income

<i>In RON</i>	<i>Note</i>	2019	2018
Continuous activities			
Income			
Revenue from commissions and related activities	25	6.139.262	5.972.278
Revenue from negotiating insurance and reinsurance contracts		-	-
Revenue from the sale of production and goods	25	-	-
Rental income	25	6.620	486
Subtotal operating income		6.145.882	5.972.763
Net financial gains from transactions with shares and bonds	30	4.921.791	(1.571.305)
Net financial gains from transactions with Turbo products	30	1.122.551	1.761.567
Net gains from the measurement of financial assets measured at fair value through unrealized profit and loss account		5.855.070	(327.126)
Financial income from dividends	30	337.433	374.695
Financial income from interest	30	2.433.554	1.496.675
Subtotal financial income		14.670.399	1.734.506
Revenue from the reassessment of real estate investments and assets available for sale		110.393	-
Revenue from the cancellation of provisions for risks and expenses		58.702	300.933
Other incomes	26	9.122	303.160
Total revenues from continuous activities		1.088.906	8.311.362
Expenditure on raw materials, materials	27	(129.718)	(245.014)
Expenses with staff and collaborators	28	(5.879.306)	(4.984.394)
Expenses with taxes and taxes		(216.532)	(259.158)
Expenditure on external services		(3.859.611)	(3.771.358)
Subtotal operating expenses		(10.295.429)	(9.259.925)
Interest expenses	30	(374.117)	(194.491)
		(16.228)	(66.630)
Impairment losses			
Subtotal financial expenses		(390.345)	(261.121)
Value adjustments of intangible and tangible assets		(1.019.593)	(1.142.527)
Expenses with provisions for risks and expenses	23	(2.953.900)	(55.410)
Other expenses	29	(105.517)	(937.669)
Total expenses		(14.764.784)	(11.656.652)
The result of the operating activities		7.318.620	(3.345.290)
Profit before tax		7.318.620	(3.345.290)
Income tax expense		(35.110)	
Profit from continuous activities		7.283.510	(3.345.290)
Profit from discontinued activities		-	-
Profit for the period		7.283.510	(3.345.290)

Consolidated statement of comprehensive income - continued
Report at 31.12.2019

In RON	2019	2018	
Other elements of the overall result			
Positions that are or may be reclassified to profit or loss			
Net change of the fair value of the available financial assets for sale transferred / reclassified to the profit or loss account	-	-1.780.164	
The effect of portraying the above position	-		
Net change in the fair value of the financial assets available for sale	-	426.906	
Changes in the value of the equity securities	-	126.670	
Other capital changes	-	-5	
Positions that will not be reclassified to profit or loss			
Changes in the value of the fixed assets used	-	1.300.302	
Total other elements of the overall result for the period		73.709	
Continuous activities	-	73.709	
Discontinued activities	-	0	
Total profit or loss account and other comprehensive income related to the period	0	-292.369	
Continuous activities	-	-203.219	
Discontinued activities	-	-89.150	
Attributable profit:			
Shareholders of the Company	7.283.070	-279.450	
Interests that do not control	440	-86.628	
Profit for the period	7.283.510	-366.078	
		0	
Continuous activities			
Earnings per share			
Earnings per basic share (lei)	32	0,022	-0,0008
Earnings per diluted share (lei)	32	0,022	-0,0008
Discontinued activities			
Earnings per share			
Earnings per basic share (lei)	32		-0,0003
Earnings per diluted share (lei)	32		-0,0003
Total attributable overall result:			
Shareholders of the Company	32	7.283.070	-207.843
Interests that do not control	32	440	-84.526
Total overall result for the period		7.283.510	-292.369

At the end of 2019, the total assets amounted to 144.3 million RON, 36.3% higher than the end of 2018, the main assets being held by the parent company, BRK Financial Group.

The total liabilities amounted to 80.50 million RON at the end of 2019, increasing by 59.7% compared to the value recorded at the end of 2018. The main debts were held by SSIF BRK Financial Group, the amounts representing the availability of the clients held in the company account, for purchase of financial instruments.

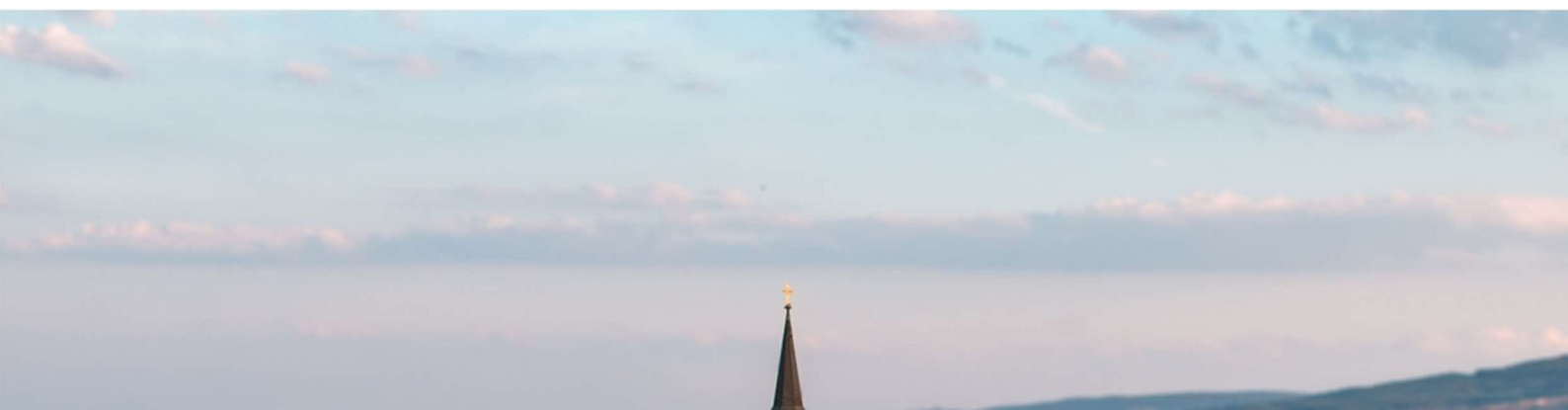
The group's equity of 63.79 million RON increased by 15.14% compared to the value recorded on 31.12.2018.

The result of the period represented a profit of 7.28 million RON as compared to a loss of 3.34 million RON in 2018.

Chairman of Board of Directors

BRK Financial Group

Nicolae GHERGUŞ





Financial Statement

separated
at 31 Dec 2019

Separate financial statements prepared in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS") for the year ended December 31, 2019

www.brk.ro



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Separate statement of financial position as at December 31, 2019

<i>In RON</i>	31.12.2019	31.12.2018
Assets		
Intangible assets	8 1.213.729	1.858.723
Tangible assets	9 5.887.007	6.160.916
Property investment	10 669.959	918.186
Financial assets at fair value through other comprehensive income	11 44.644.883	44.718.868
Financial assets at amortised cost	11 -	-
Loans and advances granted	15 12.111.428	5.416.511
Trade and other receivables	15 662.686	722.343
Other financial assets	24.773.064	12.267.062
Bank account for clients	17 53.626.771	31.750.494
Cash and cash equivalents	17 781.635	2.191.875
Assets classified as held for sale	14 303.389	544.721
Total assets	144.674.551	106.549.699
Equity		
Share capital	18 54.039.987	54.039.987
Adjustment of share capital	18 4.071.591	4.071.591
Own shares	18 (24.047)	(24.047)
Share premiums	18 5.355	5.355
Reserves from the revaluation of available-for-sale financial assets	0	0
Other reserves	19 10.860.687	10.860.687
Total reserves	19 0	0
Current result	20 8.153.016	(2.804.699)
Retained earnings	20 (12.693.166)	(9.888.466)
	-	-
Total equity attributable to Company's shareholders	64.413.423	56.260.407
Liabilities		
Financial lease liabilities	26 -	37.176
Provisions	-	-
Total non-current liabilities	-	37.176
Short-term bank liabilities	22 4.187.543	4.991.870
Current portion of finance lease liabilities	22 28.640	37.125
Amounts payable to clients (clients' available funds)	22 60.945.094	35.942.908
Trade and other payables	21 12.297.303	9.130.964
Provisions	23 2.802.547	149.249
Total current liabilities	80.261.127	50.252.115
Total liabilities	80.261.127	50.289.292
Total liabilities and equity	144.674.551	106.549.699

These financial statements were approved today, April 27, 2020.

Chairman of the BoA,
Nicolae Ghergus

General Manager
Monica Ivan

Economic Department
Sandu Pali

The attached notes are an integral part of these financial statements.

Separate statement of comprehensive income

Reporting as at December 31, 2019

In RON

		31.12.2019	31.12.2018
Activitati continue			
Revenues from commissions and related activities	25	2.964.386	3.151.295
Net finance gains other than dividends	22	13.660.974	2.162.486
Net finance losses on transactions with shares and bonds	29	4.743.546	(1.604.123)
Net finance gains on transactions with Turbo products	29	1.122.551	1.761.567
Net gains on financial assets measured at fair value through profit or loss, unrealised	29	7.794.877	2.005.042
Financial revenues from dividends	29	1.422.354	338.370
Financial interest revenues	29	2.308.167	1.478.985
Income from rentals	25	23.690	11.652
Gains / (Losses) from the evaluation / sale of real estate investments and available assets for sale		11.835	0
Gains / (Losses) from the assessment / sale of tangible assets		98.558	0
Other revenues	26	843.276	302.614
Revenues from write-off of provisions for risks and charges		58.702	300.933
Income from impairments of current assets		9.122	10.896
Total revenues from continued operations		21.401.064	7.757.230
Expenses with employees and collaborators	27	(4.861.666)	(4.230.034)
Other operating expenses	28	(457.972)	(411.027)
Expenses with raw materials and consumables		(174.057)	(111.934)
Expenses with power and water		(129.718)	(109.187)
Expenses with taxes and levies		(154.197)	(189.905)
Expenses with suppliers' services	29	(3.759.430)	(3.688.786)
Value adjustments of intangible and tangible assets		(982.845)	(1.052.256)
Expenses with allowances for risks and charges		(2.712.000)	0
Expenses with interest		(374.117)	(194.491)
Net finance losses	30	-	0
Impairment of investments		-	0
Net loss on the disposal/decommissioning of non-current assets		-	(179)
Impairment of receivables		-	(126.464)
Other expenses	30	(100.017)	(858.693)
Total expenses		(13.248.047)	(10.561.931)
Expenses with provisions for risks and charges		-	-
Result of operating activities		8.153.017	(2.804.701)
Profit before tax		8.153.017	(2.804.701)
Expenses with income tax	31	-	-
Profit for the period		8.153.017	(2.804.701)

These financial statements were approved today, April 27, 2020.

Chairman of the BoA,
Nicolae Ghergus

General Manager
Monica Ivan

Economic Department
Sandu Pali

Separate statement of comprehensive income

Reporting as at December 31, 2019

In RON

	31.12.2019	31.12.2018
Other comprehensive income		
Net changes in the fair value of available-for-sale financial assets transferred to profit or loss	0	0
Lines that may be restated to profit or loss		
Net changes in the fair value of available-for-sale financial assets	0	0
Free shares collected, classified as available-for-sale	-	-
Changes in the value of available-for-sale assets	-	-
Items that cannot be restated to profit or loss		
Changes in the value of used non-current assets		
Changes in the value of investment property	-	-
Set-up/write-off of profit for the allocation of free shares to employees	-	-
Tax on other comprehensive income		
Total other comprehensive income for the period	0	0
Total profit or loss and other comprehensive income for the period	8.153.017	(2.804.699)
	31.12.2019	31.12.2018
Loss attributable to:		
Company's owners	8.153.017	(2.804.699)
Non-controlling interests	-	-
Profit for the period	8.153.017	(2.804.699)
Total comprehensive income attributable to:		
Company's owners	8.153.017	(2.804.699)
Non-controlling interests	0	0
Total comprehensive income for the period	8.153.017	(2.804.699)
Earnings per share		
Basic earnings per share (lei)	24 0,0241	(0,0083)
Diluted earnings per share (lei)	24 0,0241	(0,0083)
Continued operations		
Basic earnings per share (lei)	24 0,0241	(0,0083)
Diluted earnings per share (lei)	24 0,0241	(0,0083)
31.12.2019		
Weighted average number of outstanding shares	337.749.919	337.749.919

These financial statements were approved today, April 27, 2020.

Chairman of the BoA,
Nicolae Ghergus

General Manager
Monica Ivan

Economic Department
Sandu Pali

Separate statement of changes in shareholders' equity as at December 31, 2019

<i>In RON</i>	Share capital	Capital adjustments	Own shares	Capital premium	Revaluation differences	Legal and statutory reserves	Other reserves	Losses on own shares	Retained earnings from adoption of IFRS	Fair value reserve related to the financial assets available for sale	Retained earnings	Total equity
Balance as at January 1, 2019	54.039.986	4.071.590	(24.048)	5.354	3.524.052	4.587.874	2.748.759	4.071.591	(4.166.869)	3.623.734	(11.918.606)	59.296.533
Profit for the period	-	-	-	-	-	-	-	-	-	-	8.153.017	8.153.017
Other comprehensive income	-	-	-	-	-	-	-	-	0	-	-	-
Gains transferred to profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the value of available-for-sale non-current assets	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the value of used non-current assets	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the value of investment property	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income tax on non-current assets	-	-	-	-	-	-	-	-	-	-	-	-
Changes in profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Decrease of share capital	-	-	-	-	-	-	-	-	-	-	-	-
Transfer of revaluation differences for assets sold to reserves	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	8.153.017	8.153.017
Operations with own shares	-	-	-	-	-	-	-	-	-	-	-	-
Own shares redeemed	-	-	-	-	-	-	-	-	-	-	-	-
Total operations with own shares	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2019	54.039.986	4.071.590	(24.048)	5.354	3.524.052	4.587.874	2.748.759	4.071.591	(4.166.869)	3.623.734	(3.765.590)	67.449.549

These financial statements were approved today, April 27, 2020.

Chairman of the BoA,
Nicolae Ghergus

General Manager
Monica Ivan

Economic Department
Sandu Pali

Situatia individuala a modificarii capitalurilor proprii pentru anul 2018

The attached notes are an integral part of these financial statements.

	Share capital	Own shares	Revaluation differences	Legal and statutory reserves	Other reserves	Losses on own shares	Retained earnings from adoption of IFRS	Retained earnings	Total equity
In RON									
Balance as at January 1, 2018	54.039.986	(24.048)	3.524.052	4.587.874	2.748.759	4.076.945	(4.166.869)	(9.113.907)	59.296.533
Changes further to the adoption of IFRS 9 (please see Note 3(a))	-	-	-	-	-	-	3.392.306	-	(231.427)
Balance as at January 1, 2018, restated	54.039.986	(24.048)	3.524.052	4.587.874	2.748.759	4.076.945	(774.562)	(9.113.907)	59.065.106
Profit for the period	-	-	-	-	-	-	-	(2.804.699)	(2.804.699)
Other comprehensive income	-	-	-	-	-	-	0	-	-
Gains transferred to profit or loss	-	-	-	-	-	-	-	-	-
Changes in the value of available-for-sale non-current assets	-	-	-	-	-	-	-	-	-
Changes in the value of used non-current assets	-	-	-	-	-	-	-	-	-
Changes in the value of investment property	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	-	-	-	-	-	-	-
Deferred income tax on non-current assets	-	-	-	-	-	-	-	-	-
Changes in profit or loss	-	-	-	-	-	-	-	-	-
Decrease of share capital	-	-	-	-	-	-	-	-	-
Transfer of revaluation differences for assets sold to reserves	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	(2.804.699)	(2.804.699)
Operations with own shares	-	-	-	-	-	-	-	-	-
Own shares redeemed	-	-	-	-	-	-	-	-	-
Total operations with own shares	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2018	54.039.986	(24.048)	3.524.052	4.587.874	2.748.759	4.076.945	(774.562)	(11.918.603)	56.260.407

These financial statements were approved today, April 27, 2020.

Chairman of the BoA,
Nicolae Ghergus

General Manager
Monica Ivan

Economic Department
Sandu Pali

The attached notes are an integral part of these financial statements.

Separate statement of cash flows as at December 31, 2019

	31.12.2019	31.12.2018
	RON	
Operating activities		
Gross profit	8.153.017	(2.804.699)
Adjustments for reconciliation of net result against net cash used in operating activities		
Value adjustments of tangible and intangible assets	936.394	1.052.256
Income from own shares redeemed	-	0
Impairment of available-for-sale financial assets	-	0
Unrealised gains (-)/(+)losses of the measurement of financial assets	(7.794.877)	(2.005.042)
Value adjustments of short-term investments	-	0
Income tax	-	0
Provisions for current and non-current assets	37.330	115.569
Provisions for risks and charges	2.653.298	(300.933)
Expenses with interest	374.117	194.491
Interest income	(2.308.167)	(1.478.985)
Dividend income	(1.422.354)	(338.370)
Relative gains from Turbo certificates and IG	-	(1.761.567)
Gain/(loss) on sale of tangible assets	(110.393)	179
Income from foreign exchange differences for IB, IG	(26.320)	(215.592)
Increase/(Decrease) of operating cash before changes to working capital	492.045	(7.542.694)
Changes in working capital:		
(Increase)/Decrease in balances of other receivables	(59.657)	(248.401)
Increase/(Decrease) in balances of trade and other payables	3.166.339	11.355.738
Increase/(Decrease) in balances of available-for-sale assets	-	-
Cash flows generated by operating activities	3.598.726	3.564.643
Cash flows from operating activities		
Income tax paid	-	-
Proceeds from interest	852.470	449.466
Interest paid	(221.543)	(190.243)
Net cash flows generated by operating activities	4.229.653	3.823.867
Cash flows from investing activities:		
Cash payment for purchase of tangible and intangible assets and investment property	445.062	(275.445)
Cash payment for purchase of financial instruments	20.438.933	499.073
Cash received from sale of buildings, plant and equipment, intangible assets and other non-current assets	-	-
Dividends received	1.422.354	338.370
(Loans granted)/reimbursed to related parties and client margin	(8.260.550)	(706.867)
	-	
Net position on collections from sale of turbo certificates and IG payments	3.559.668	1.646.186
Interest received on subscribed bonds	335.962	819.088
Effect of changes in exchange rate on loans and liabilities	-	0
Net cash flows generated by investing activities	17.941.429	2.320.405

The attached notes are an integral part of these financial statements.

	31.12.2019	31.12.2018
	RON	
Cash flows from financing activities:		
Lease payments	(11.837)	(13.664)
Collections/payments of short-term bank loans	(4.991.870)	(1.666.158)
<i>Net cash flows generated by financing activities</i>	(5.003.706)	(1.679.822)
Total cash flows	21.701.203	15.138.175
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	33.942.369	27.867.012
Increase/(Decrease) in cash and cash equivalents	21.701.203	15.138.175
Effect of changes in exchange rate on the opening balance of cash and cash equivalents		
Cash and cash equivalents at the end of the period	55.643.571	43.013.136
of which blocked (attachment)	24 4.980.780	4.980.780
Of which:		
Cash on behalf of clients	44.593.014	41.119.860
	11.050.557	1.893.276
Cash on behalf of the company	55.643.571	43.013.136
of which blocked (attachment)	4.980.780	4.980.780

These financial statements were approved today, April 27, 2020.

Chairman of the BoA,
Nicolae Ghergus

General Manager
Monica Ivan

Economic Department
Sandu Pali

1. REPORTING ENTITY

SSIF BRK FINANCIAL GROUP SA („the Company”) is a financial investment company headquartered in Romania. The address of the registered office is in Cluj-Napoca, str Motilor nr 119. The main activity of SSIF BRK FINANCIAL GROUP SA is intermediation of financial investment services.

The financial statements of SSIF BRK FINANCIAL GROUP SA are separate financial statements (“the financial statements”) of the company and have been prepared according to Rule no. 39/2015 approving the accounting regulations compliant with the International Financial Reporting Standards as adopted by the European Union (“IFRS”), applied by entities authorized, regulated and supervised by the Financial Supervisory Authority – Financial Instruments and Investments and are the Company’s responsibility.

The annual separate financial statements for 2018 and 2017 have been prepared based on the accounting regulations, standards and policies included in these financial statements.

SSIF BRK FINANCIAL GROUP SA issues financial statements for the financial year ended December 31, 2019 and consolidated financial statements in accordance with IFRS. The consolidated financial statements of SSIF BRK FINANCIAL GROUP SA as at December 31, 2019 will be prepared, approved and made public at a later date following the publication of these separate financial statements, and compliance with the legal provisions is the responsibility of the Company’s management.

2. BASIS OF PREPARATION

a) Statement of compliance

The separate financial statements are prepared by the Company in accordance with IFRS. The Company has prepared these separate financial statements in order to comply with the requirements of Rule 39/2015, revised, approving the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector (FSA).

Within the meaning of Rule 39/2015, International Financial Reporting Standards herein after referred to as IFRS, shall mean the standards adopted according to the procedure provided by (EC) Regulation no. 1606/2002 of the European Parliament and the Council of 19 July 2002 on the application of international accounting standards, as revised.

b) Basis of measurement

The financial statements were prepared at historical cost, except for the following significant items in the statement of financial position:

- financial assets held at fair value through profit or loss are stated at fair value;
- derivatives are stated at fair value;
- investment property is stated using the revaluation model in accordance with IAS 40;
- non-current assets representing buildings and related land are stated at revalued amount, in accordance with IAS 16;
- available-for-sale non-current assets are stated at fair value in accordance with IFRS 5;
- In accordance with IAS 29, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy shall be presented in the current measurement unit at the balance sheet date (non-monetary items are restated using a general price index from the date of acquisition or contribution).

2. BASIS OF PREPARATION (continued)

Under IAS 29, an economy is deemed hyperinflationary is, apart from other factors, the accumulated inflation rate for a period of three years exceeds 100%.

The continued fall in inflation rate and other factors related to the economic environment in Romania indicate that the economy whose functional currency was adopted by the Company ceased to be

hyperinflationary with effect on the financial periods as of January 1, 2004. Therefore, IAS 29 was adopted in the preparation of the separate financial statements as at December 31, 2003.

Thus, the amounts expressed in the current measurement unit as at December 31, 2003 are treated as a basis for the carrying amounts reported in the separate financial statements and are not valued amounts, replacement cost, or any other measurement of the current value of the assets or prices at which the transactions would currently take place.

For the purpose of preparation of the separate financial statements, the Company adjusts the share capital so as to express the financial statements in the current measurement unit as at December 31, 2003.

Going concern

According to the management's assessments, the Company will continue to operate on a going concern basis in the foreseeable future. The Company's management estimates that the Company will continue to operate on a going concern for a period longer than 12 months as of the preparation of these financial statements.

Fair value

Certain accounting policies of the entity and disclosure requirements involve the determination of fair value both for financial assets and non-financial assets. Fair values have been determined for the purpose of evaluating and / or presenting information based on the methods described below. Where appropriate, additional information is provided on the assumptions used to determine fair values in the notes dedicated to such asset or liability.

i. Equity investments

Alte forme ale valorii juste care nu se bazeaza pe ultimul pret de tranzactionare sunt urmatoarele:

1. The trading price: For investments quoted on the stock exchange, the Company looks for an active and liquid market, and uses as fair value the closing price in the last trading period at the end of the financial year.
2. Fair value determined by applying the Discounted Dividend Model (DDM): In case the company has a consistent history regarding the distribution of dividends, and the dividend policy is a predictable one, the valuation price is considered to be the intrinsic value resulting from the DDM model.
2. Fair value determined by applying the Discounted Cash Flow (DCF) method: If the company does not distribute dividends and the evaluation is made from the perspective of a significant shareholder, the evaluation price is considered to be the intrinsic value resulting from the DCF model.
3. The fair value determined by the asset-based method: If the company has valuable redundant assets and the operating activity is small, the evaluation price is considered to be the intrinsic value resulting from the application of the adjusted net asset method.
4. Fair value resulting from the application of the comparative method – similar transactions: If in the last year on the local stock market there were significant transactions (>10% of the capital) involving the shares of companies operating in the same field of activity as the company under scrutiny, the evaluation price is considered to be the intrinsic value determined by applying the comparative method (using the evaluation multiples such as: P / E, P / B, P / S as reference at which the respective transactions were made compared to the results published by the companies in the previous financial year).

2. BASIS OF PREPARATION (continued)

ii. Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the effective interest rate. This fair value is determined for disclosure purposes.

iii. Derivatives

The fair value of derivative products closed at the end of the period is calculated as the minimum of the number of short and long positions multiplied by the difference between the average sale price and the purchase price and further multiplied by the number of contracts of the package. The resulting value affects the results account.

The fair value of derivative products open at the end of the period is calculated if, at the end of the period, there are more sale contracts than purchase contracts as follows: the number of open positions calculated as number of short positions less long positions, multiplied by the difference of the average sale price and the quotation price at the end of the period. The calculation is the same when there are more purchase contracts than sale contracts at the end of the period. The resulting value adjusts the initial value of the security generated by the set margin.

iv. Financial liabilities

Fair value, determined for disclosure purposes, is calculated based on the present value of future cash flows representing principal and interest, discounted using the market interest rate at the reporting date.

v. Loans granted

Loans granted to related parties are registered at fair value. Loan impairments are calculated according to the stage they are classified in according to the criteria described in Note 3 to these financial statements.

c) Functional and presentation currency

These financial statements are presented in lei (RON), which is also the functional currency of the Company. All financial information is presented in lei (RON), rounded to the nearest unit, unless otherwise specified.

d) Foreign currency

Operations denominated in foreign currencies are recorded in RON at the official exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RON at the exchange rate of that date. Foreign exchange differences are recognized directly to other comprehensive income.

e) Use of estimates and professional judgments

The preparation of the financial statements in accordance with IFRS requires the management to make estimates and assumptions that affect the application of accounting policies and the reported values of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The judgments and assumptions underlying the financial statements are revised periodically by the Company. The revisions of accounting estimates are recognized when the estimate is revised and in the future affected periods.

2. BASIS OF PREPARATION (continued)

Information on critical professional judgments of accounting policies that materially affect the amounts recognized in the financial statements is included in the following notes:

- Note 11 *Financial instruments* – classification of financial instruments
- Note 26 *Financial income and expenses* – losses on impairment of available-for-sale securities, which are reclassified from equity to financial expenses
- Note 16 – Deferred tax assets and liabilities
- Note 24 – Contingent assets and liabilities
- Note 33 – Fair value hierarchy

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company will be presented below. These separate financial statements have prepared in accordance with IFRS and the Company's accounting policies as presented herein below. The responsibility for these financial statements lies with the management of BRK Financial Group SA.

The accounting policies presented below have been consistently applied for all the periods presented in these financial statements.

a) Adoption of IFRS 9

The adoption of IFRS 9 "Financial Instruments" replaces the existing provisions of IAS 39 "Financial Instruments: Recognition and measurement" and includes new principles as regards the classifications and measurement of financial instruments, a new model of credit risk to calculate the impairment of financial assets and new general requirements on hedge accounting. Also, it keeps similar principles to IAS 39 on the recognition and derecognition of financial instruments.

SSIF BRK FINANCIAL GROUP SA adopted IFRS 9 as of its initial application, i.e., January 1, 2018. The Company holds the following types of financial instruments: investments, bonds, cash and current accounts, fund units in closed funds, financial derivatives, other financial assets and liabilities. Further to the analysis made, as of the initial application of IFRS 9, BRK decided to state all investments at fair value through profit or loss (implicit option as per IFRS 9). Such approach is in line with the business model of the Company of managing the performance of its portfolio at fair value, with the intended purpose of maximising the returns for shareholders and increasing the net asset value per share through investments made, mainly in Romanian shares and securities.

There were no changes in the carrying amount of financial assets and liabilities upon transition to IFRS 9 as at January 1, 2018 compared to their previous amount under IAS 39, except those presented herein below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The classification and carrying amount of financial assets and liabilities under IAS 39 and IFRS 9 as at 1 January 2018 are presented in the table below:

IAS 39 (December 31, 2017)		IFRS 9 (January 1, 2018)		Impact from adoption of IFRS 9
Classification	Carrying amount	Classification	Carrying amount	
Available-for-sale financial assets - la cost, estimated at fair value	463,380	Financial assets at fair value through profit or loss	463,380	-
Available-for-sale financial assets at fair value	21,998,949	Financial assets at fair value through profit or loss	18,375,215	3,623,734
Financial assets at fair value through profit or loss	18,033,358	Financial assets at fair value through profit or loss	18,033,358	-
Other financial assets	12,304,536	Other financial assets (Sundry debtors from trading financial instruments)	12,304,536	-
Loans granted to affiliates and customers	8,245,483	Loans and advances granted – at fair value through profit or loss	8,014,056	(231,428)
TOTAL	61,045,707		57,190,545	3,392,306

As a result of the adoption of IFRS 9, with the date of initial application 1 January 2018, the fair value reserve for available-for-sale financial assets in amount of RON 3,392,306 was reclassified to retained earnings and the negative fair value difference between December 31, 2017 and the time of transition, in amount of RON 231,428 for loans granted to affiliates and customers was also reclassified to retained earnings.

In accordance with the transient provisions of IFRS 9, the Company decided not to restate the previous periods.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Financial instruments

i. Financial instruments

The company initially recognizes the loans, receivables and deposits at the date they were initiated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized at the date when the entity becomes part of the contractual terms of the instrument.

The entity derecognizes a financial asset when the contractual rights on the cash flows generated by the asset expire.

The entity has the following significant non-derivatives: financial assets at fair value through profit or loss, loans and receivables.

- *Financial assets or financial liabilities at fair value through profit or loss*

Further to the adoption of IFRS 9, as at January 1, 2018 the Company classified all of the investments at fair value through profit or loss (implicit option under IFRS 9). A financial asset is classified at fair value through profit or loss if it is classified as held for trading or if it is designated as such on initial recognition. Financial assets are designated at fair value through profit or loss if the entity manages those investments and makes purchase or sale decisions based on fair value in accordance with the investment and risk management strategy. Upon initial recognition, attributable trading costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value and subsequent changes are stated to profit or loss. Financial assets at fair value through profit or loss are not subject to impairment testing. Loans to affiliates are tested for impairment depending on the fulfillment of the established scenarios that take into account probabilities of repaying such loans on term.

- *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any directly attributable trading costs. Subsequent to initial recognition, loans and receivables are measured at fair value, loans granted to affiliates and customers, and other receivables at amortized cost.

Cash and cash equivalents comprise cash balances and sight deposits with original maturities of up to three months.

- *Financial assets and liabilities at amortised cost*

Financial assets at amortized cost are tested for impairment in accordance with IFRS 9.

For this purpose, these instruments are classified in Stage 1, Stage 2 or Stage 3, depending on their absolute or relative credit quality in terms of initial payments. Thus:

Stage 1: includes (i) newly recognized exposures; (ii) exposures for which credit risk has not materially deteriorated since initial recognition; (iii) low credit risk exposures (reduced credit risk exemption).

Stage 2: includes exposures that, although performing, have experienced a significant deterioration in credit risk since initial recognition.

Stage 3: includes impaired credit exposures.

For Stage 1 exposures, impairment is equal to the expected loss calculated over a time horizon of up to one year. For Stage 2 or 3 exposures, impairment is equal to the expected loss calculated over a time horizon corresponding to the full duration of the exposure.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

As regards bank deposits and amortized cost bonds, the Company has opted to apply the low credit risk exemption in full compliance with IFRS 9.

Adjustments for impairment of receivables are based on the present value of the expected cash flows of the principal. To determine the present value of future cash flows, the basic requirement is to identify estimated collections, the payment schedule and the discount rate used.

The Company defined as "non-performing" exposures the receivables that meet one or both of the criteria:

exposures for which the Company estimates that it is unlikely that the debtor will fully pay its obligations regardless of the exposure value and the number of days for which the exposure is delayed; unpaid amounts.

ii. Derivatives

Derivatives are initially recognized at fair value; attributable trading costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and subsequent changes are recognized immediately to profit or loss.

i. Financial assets (including receivables)

A financial asset that is not carried at fair value through profit or loss is tested at each reporting date to determine whether there is objective evidence of impairment. A financial asset is considered impaired if there is objective evidence to suggest that after the initial recognition there was an event that caused a loss, and this event had an adverse impact on the expected future cash flows of the asset and the loss can be reliably estimated.

The objective evidence that the financial assets (including equity instruments) are impaired may include a debtor's failure to meet the payment obligations, the restructuring of an amount owed to the entity under terms that the entity would otherwise not accept, indication that a borrower or an issuer will go bankrupt, the disappearance of an active market for an instrument.

In addition, for a capital investment, a significant and long-term decline in fair value is objective evidence of impairment under IAS 39 for available-for-sale financial assets, a criterion that no longer applies after the transition to IFRS 9 because the Company has opted to measure equity and debt instruments at fair value through profit or loss.

ii. Non-financial assets

The carrying amounts of the entity's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any evidence of impairment. If such evidence exists, the recoverable amount of the asset is estimated. For goodwill and intangible assets with indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year.

The recoverable amount of an asset or a cash-generating unit is the maximum of the value in use and fair value less costs to sell. In determining the value in use, expected future cash flows are updated to determine the present value, by using a pre-tax discount rate that reflects current market assessments of the time value of money and the asset specific risks.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Property, plant and equipment

i. Recognition and measurement

Items included in property, plant and equipment are measured at the cost date and subsequently at revalued amount less accumulated depreciation and accumulated impairment losses.

Gains or losses on the disposal of a tangible asset are determined by comparing the proceeds from disposal of the asset with the carrying amount of the tangible asset and are recognized at net value under other revenues in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings. The revaluation reserve is reduced in each financial year by the amount corresponding to the amortization and transferred to retained earnings.

ii. Reclassification as investment property

Investment property is defined below in *Investment property (letter e)* section.

When the use of a property changes from real estate used by the owner to investment property, the property is revalued at fair value and reclassified as investment property.

iii. Subsequent costs

The cost of replacing a tangible asset component is recognized in the carrying amount of the asset if it is probable that the future economic benefits embedded in that component will flow to the entity and its cost can be measured reliably. The accounting value of the replaced component is derecognized. Expenses with the current maintenance of the tangible asset are recognized in profit or loss as they are incurred.

iv. Depreciation of property, plant and equipment

Depreciation is calculated for the depreciable amount, which is the cost of the asset, or another value that substitutes cost, less the residual value.

Depreciation is recognized in profit or loss on the straight-line basis for the useful life estimated for each component of a tangible asset. Leased assets are depreciated over the shortest of the lease term and the useful life, unless it is reasonably certain that the entity will acquire the ownership right at the end of the lease. Land is not depreciated.

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

- buildings - 40 years
- plant and equipment - 2-10 years; 5 years total average value
- vehicles - 5 years
- other plant, fixture and furniture - 3-10 years; 5 years total average value

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

d) Intangible assets

i. Goodwill

Goodwill arising from the acquisition of subsidiaries is included in intangible assets. It is measured at cost less accumulated impairment losses.

ii. Subsequent expenses

Subsequent expenses are capitalized only when they increase the amount of future economic benefits embedded in the asset for which they are intended. All other expenses, including goodwill, are recognized in profit or loss when incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Amortization of intangible assets

Amortization is calculated for the cost of the asset or another value that replaces cost, less the residual value.

Amortization is recognized in profit or loss on a straight-line basis for the useful life estimated for intangible assets other than goodwill from the date they are available for use, this way reflecting the most accurately the expected pattern of consumption of the economic benefits embedded by the asset.

Estimated useful lives for the current and comparative periods are as follows: 3 years for all intangible assets, except goodwill.

Amortization methods, useful lives and residual values are reviewed at the end of each financial year and adjusted, if appropriate.

e) Investment property

Investment property means property owned either to be leased or to increase the value of the capital or both, but not for sale in the ordinary course of business, use in production, supply of goods or services, or for administrative purposes. Investment property is valued as assets used, at fair value. Any appreciation or depreciation in their value is recognized in profit or loss.

f) Leased assets

Leases by which the entity substantially assumes the risks and rewards of ownership are classified as finance leases. At the time of initial recognition, the asset subject to the lease is measured at the minimum of the fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Other lease contracts are classified as operating leases.

g) Lease payments

Lease payments under an operating lease are recognized as an expense in profit or loss on a straight-line basis over the lease term. The operating lease facilities received are recognized as an integral part of the total lease expense, over the lease term.

The minimum lease payments under finance leases are divided on a pro rata basis between lease interest expenses and reduction of lease debt. The lease interest expense is allocated to each lease term so as to generate a constant interest rate for the remaining lease debt.

Determining the extent to which an arrangement contains a lease: When initiating an arrangement, the entity determines whether the arrangement is or contains a lease operation.

h) Property, plant and equipment held for sale

Tangible assets or disposal groups containing assets or liabilities whose carrying amount is expected to be recovered principally through a sale operation and not through continuing use are classified as held for sale.

Prior to reclassification to tangible assets held for sale, the assets or components of a disposal group are revalued in accordance with the entity's accounting policies. Generally, assets or components of disposal groups are subsequently valued at the minimum of the carrying amount and the fair value less costs to sell.

Impairment losses related to a sales group are first allocated to goodwill and then pro rata to the remaining amount of assets and liabilities, except that no impairment will be allocated to inventories, financial assets, deferred tax assets, employee benefits and investment property, which continue to be valued in accordance with the entity's accounting policies. Impairment losses arising on initial classification as held for sale and subsequent gains or losses as a result of revaluation are recognized to profit or loss. Gains that exceed accumulated impairment losses are not recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Non-derivative financial liabilities

Liabilities are recognized on the date when the entity becomes part of the instrument's contractual terms.

The entity derecognizes a financial liability when the contractual obligations are paid, cancelled or expire.

The entity has the following non-derivative financial liabilities: trade payables, debts to customers on their deposits and other liabilities.

These financial liabilities are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

m) Share capital

Ordinary shares

Ordinary shares are classified as part of equity. Additional direct costs attributable to the issue of ordinary shares are recognized as a reduction in equity at net book value.

Buy-back of shares (treasury shares)

When the share capital recognized as part of equity is bought back, the amount of the consideration paid, which includes other directly attributable costs, net of tax effects, is recognized as a decrease in equity. Redeemed shares are classified as treasury shares and presented as a reduction in equity. When treasury shares are subsequently sold or re-issued, the amount received is recognized as an increase in equity and the surplus or deficit arising from the transaction is transferred to or from the retained earnings.

n) Employee benefits

i. Short-term benefits

Employees' short-term benefits are assessed without being updated, and the expense is recognized as the related services are rendered.

A liability is recognized at the amount that is expected to be paid under short-term cash-premium or profit-sharing plans if the entity has a legal or constructive obligation to pay that amount for services previously provided by employees, and the obligation can be estimated reliably.

ii. Share-based transactions

The fair value of the share-based payment allowance granted to employees is recognized as a payroll expense, together with an increase in equity, during the time when employees become unconditionally entitled to these premiums.

o) Provisions

A provision is recognized if, as a result of a prior event, the entity has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and debt-specific risks. The amortized discount is recognized as financial expense.

p) Sale of goods and provision of services

Income from sales during the current period is measured at the fair value of the consideration received or receivable. Income is recognized when the risks and rewards resulting from ownership of the goods are transferred significantly and the amount of income can be measured reliably. The moment when the transfer of risks and rewards varies depending on the individual terms in the sales contracts.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

In the case of intermediation activity, commission income is recognized on the transaction date. Dividend income is recognized when the right to receive them arises.

r) Rental income

Rental income from investment property is recognized in the income statement on a straight-line basis over the lease.

s) Financial revenues and expenses

Financial revenues include:

- revenues from interest on bank deposits,
- dividend revenues,
- gains on sales of:
 - o assets at fair value through profit or loss,
- changes in the fair value of assets at fair value through profit or loss.

Interest income is recognized in profit or loss on accrual basis using the effective interest method.

Dividend income is recognized in profit or loss at the date when the entity is entitled to receive the dividends, which in the case of the quoted instruments is the ex-dividend date.

Financial expenses comprise impairment losses on financial assets at fair value through profit or loss.

Gains and losses from foreign exchanges are reported on net basis.

t) Income tax

Expenses with income tax include current tax and deferred tax. Current and deferred tax is recognized in profit or loss, unless they are attributable to business combinations or items recognized directly in equity or other comprehensive income.

Current tax is the tax that is expected to be paid or received for the taxable income or deductible loss incurred in the current year using tax rates adopted or substantially adopted at the reporting date and any adjustment to tax liability on profits for previous years.

Deferred tax is recognized for the temporary differences that arise between the carrying amount of assets and liabilities used for the purpose of financial reporting and the tax base used for the tax calculation.

Deferred tax is not recognized for the temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are offset only if there is a legal right to offset current tax liabilities and receivables and are related to taxes levied by the same tax authority for the same taxable entity or for different tax entities, but which intends to settle receivables and debts with current tax on a net basis, or whose tax assets and liabilities will be simultaneously incurred.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future profits may be used to cover the tax loss. Deferred tax assets are reviewed at each reporting date and are diminished to the extent that the related tax benefit is no longer probable. The Note on *deferred tax assets and liabilities* includes cases where deferred tax assets have not been recognized as assets.

u) Earnings per share

The entity discloses basic and diluted earnings per share for its ordinary shares. The basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company to the weighted average of ordinary shares outstanding during the period, adjusted by the amount of own shares held.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

u) Earnings per share (continued)

The diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding, adjusted by the amount of own shares held, with the dilutive effects of all ordinary potential shares that comprise share options granted to employees.

v) Segment reporting

An operating segment is a component of the entity that engages in activities that can generate revenues and expenses, including revenues and expenses related to transactions with any of the entity's other components.

Operating results of an operating segment are reviewed periodically by the Company's management to make decisions about the resources to be assigned to the segment and to analyse its performance and for which distinct financial information is available.

Standards and interpretations in force in the current year

The following new standards, amendments to the existing standards and interpretation issued by the International Accounting Standards Board (IASB) and adopted by the European Union ("EU") effective for the current reporting period, are applicable to the Company:

- **IFRS 9 "Financial Instruments"** – adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 1 and IAS 28 due to "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** - adopted by the EU on 28 March 2018 (effective for annual periods beginning on or after 1 January 2018).

Except for IFRS 9, the Company considers that the adoption of these new standards, amendments and interpretation has not led to any material changes in its annual financial statements.

The Company adopted IFRS 9 as of its initial application as of 1 January 2018. There were no changes in the book value of financial assets further to the transition to IFRS 9 (see note 3 for further details).

(v) Standards and interpretations issued by IASB and adopted by the EU, but not yet effective

At the reporting date of these financial statements, the following standards, amendments to existing standards and new interpretations also applicable to the Company were in issue by IASB, but not yet effective:

- **IFRS 16 "Leases"** – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 9 "Financial Instruments"** - Prepayment Features with Negative Compensation - adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** - adopted by the EU on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019).

The Company has analysed the impact of adoption of IFRS 16 and the other standards mentioned above and anticipates that they will not have any significant impact on the annual financial statements if applied for the first time. The Company will apply such standards as of their effectiveness.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Standards and interpretations issued by IASB, but not yet adopted by the EU

As at the reporting date of such financial statements, IFRS as adopted by the EU do not significantly differ from regulations adopted by the IASB except for the following new standards, amendments and interpretations, which are also applicable to the Company and which were not endorsed for use in EU as at the date of authorisation of these financial statements:

- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”** - Definition of Material (effective for annual periods beginning on or after 1 January 2020),
- **Amendments to IAS 28 “Investments in Associates and Joint Ventures”** - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to various standards due to “Improvements to IFRSs (cycle 2015 -2017)”** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to References to the Conceptual Framework in IFRS Standards** (effective for annual periods beginning on or after 1 January 2020).

The Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the Company’s annual financial statements in the year of initial application.

SSIF BRK FINANCIAL GROUP SA anticipates that the adoption of these standards and amendments to the existing standards will not have a significant impact on the financial statements of the company During the initial application period.

4. FINANCIAL RISK MANAGEMENT

Due to the complex activity it carries out and the use of financial instruments, BRK Financial Group is exposed to risks from the following categories:

- credit risk
- liquidity risk
- market risk
- operational risk
- exchange rate risk
- currency risk

The explanations provide information on the exposure of the company to each risk category, the objectives, policies, processes and procedures used for risk and capital assessment and management.

General risk management setting

The Board of Administration of BRK Financial Group is responsible for establishing, monitoring and supervising the risk management setting at company level.

The Company's complex activity requires active risk management and, in order to ensure such management, the company has established a risk management system by developing internal risk management policies and procedures, in line with current regulations and legislation.

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4. FINANCIAL RISK MANAGEMENT (continued)

General risk management setting (continued)

Risk management principles include risk identification and awareness, assumption, management and monitoring of risk, prudential requirements for risk management, periodic review of risk policies and internal procedures, risk control and management.

At the same time, the Company's internal procedures define risk management policies, set appropriate limits and controls, ways to monitor risks and meet established limits.

Regularly, verification and follow-up missions are carried out to observe the provisions of the internal procedures and regulations in force and reports are drafted to the executive management of the Company and to the Board of Administration.

In this way an orderly and constructive control environment is developed so that, through the proactive activity of risk management (basic activity within the company), all the risks faced by BRK Financial Group may be measured.

The risk profile of the company takes into account all the risks to which it is exposed depending on the risk appetite assumed by the management structure in the decision-making process and the business strategy. In terms of risk appetite, this represents the level of risk expressed for each category of risk, until the company is willing to take risks, respectively to accept them, in accordance with the established risk strategy and policies, but keeping the risks under control within the risk profile assumed for each significant risk category.

The risk profile, respectively the risk appetite of the company is established by the executive management of the company and the Board of Directors, taking into account the business profile of BRK Financial Group SA, the current structure of the portfolio, the investment policy, and the business strategy agreed at the society level.

At the meeting of the Board of Directors on 23.01.2020, it was decided to change the risk profile of the company regarding the classification of the Risk of concentration in the sector from Very High to High, and from Low to High, to more accurately reflect the reality of risks. assumed by the company. Therefore, starting with 23.01.2020, according to the risk profile approved by the Board of Directors, the risk of concentration in the sector must be at a very high risk (more than 20% of the value of own funds) and not an average risk, and the risk of concentration on the entity must be high risk (between 20% and 25% of the value of own funds) and not a low risk.

In this way, the management structure informs the investors that it has approved the maximum risk appetite for the company's activity in the following period, according to the table below:

Tolerance limits / Risk categories		Very low	Low	Medium	High	Very high
Color for the proposed maximum level						
		(0 - 5%)	(5% - 10%)	(10% - 25%)	(25% - 40%)	> 40% din fp
Market risk	Equity securities					Very high
	Debt securities		Low			
	OPCVM			Medium		
Currency risk		Very low (0 - 5%)	Low (5% - 10%)	Medium (10% - 12%)	High (12% - 15%)	Very high > 15% din fp
Credit risk		Very low (0 - 40%)	Low (40% - 80%)	Medium (80% - 120%)	High (120% - 140%)	Very high > 140% din fp
Counterparty risk		Very low (0 - 4%)	Low (4% - 8%)	Medium (8% - 12%)	High (12% - 15%)	Very high >15%
Risk of concentration		Very low	Low	Medium	High	Very high
	Sector	< 5%	(5% - 10%)	(10% - 15%)	(15% - 20%)	>20%
	Entity	< 5%	(5% - 15%)	(15% - 20%)	(20% - 25%)	>25%
Operational risk		Very low (0 - 15%)	Low (15% - 30%)	Medium (30% - 40%)	High (40% - 50%)	Very high > 50% din fp
CRL (liquidity indicator)		Very low > 5	Low (3.5 - 5)	Medium (2 - 3.5)	High (1 - 2)	Very high < 1
Portfolio liquidity		Very low > 50%	Low (40% - 50%)	Medium (30% - 40%)	High (20% - 30%)	Very high < 20% din total portofoliu
Lever		Very low	Low	Medium	High	Very high

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	> 50%	(40% - 50 %)	(30% - 40%)	(20% - 30%)	< 20%
CAR (capital adequacy rate)	Very low	Low	Medium	High	Very high
	> 50%	(35% - 50%)	(25% - 35%)	(18% - 25%)	< 18%

Market risk refers to the risk that the company will incur losses as a result of price fluctuations in the market (equity securities, debt securities, OPCVM, etc.).

The currency risk is given by the probability that the company will record losses from international commercial contracts or other economic relations, as a result of the change in the exchange rate in the period between the conclusion of a contract and its maturity.

Credit risk is generally that risk of financial losses caused by the total or partial non-compliance by the counterparty of its obligations. The credit risk starts from the concept of a credit event, which describes any abrupt change with a negative impact on the credit quality of a debtor who questions his ability to pay the debt.

Counterparty risk is the risk that a counterparty in a transaction will breach its contractual obligations before the final settlement of the cash flows related to the transaction.

Concentration risk is the risk that arises as a result of exposure to counterparties, groups of related counterparties, respectively counterparts from the same economic sector, geographical region, from the same activity or from the application of credit risk mitigation techniques and includes in particular the associated risks with high indirect exposures to credit risk.

The operational risk can be defined as the risk of loss caused either by the use of inadequate processes, systems and human resources or that have not fulfilled their function properly, or by external events and actions.

The liquidity risk represents the current or future risk that may adversely affect the profit and the capital, this being determined by the inability of the company to fulfill its obligations on maturity.

Leverage is the relative size of an institution's assets, off-balance sheet and contingent liabilities to pay, provide a benefit or provide real collateral, including obligations arising from financing received, commitments made, derivatives or repo agreements. , except for the obligations that can be executed only during the liquidation of an institution, in relation to the own funds of the company.

The capital adequacy rate represents the ratio between the company's own funds and its own funds requirements.

Categories of risk

Credit risk

Credit risk is the risk of financial loss or unrealized profit for the Company if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and this risk arises mainly from customers' incapacity to meet their payment obligations regarding risk assets, either from balance sheet or off-balance sheet.

For securities intermediation activity, at the balance sheet date there is no credit risk because, according to the internal procedures approved by the Board of Administration, clients can record debts to BRK Financial Group only on the basis of analyses and approvals and only on the short term.

Exposure to credit risk

Assets exposed to credit risk are the following categories of holdings: positions on financial instruments that do not belong to the tradable portfolio, exposures from commissions, interest, dividends, margins for futures, options, warrants, receivables on financial and non-financial entities, off-balance sheet items related to other assets than those included in the tradable portfolio, tangible assets, cash, sight and term deposits, loans granted to affiliated entities, any assets not deducted from the eligible capital of BRK Financial Group.

The risk of incurring losses due to default by the debtor may have two causes:

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4. FINANCIAL RISK MANAGEMENT (continued)

- a) bankruptcy of the debtor / issuer - also called bankruptcy risk of the debtor (long-term credit risk). This risk concerns the long-term financial assets, which are implicitly affected by the solvency dynamics of the issuer of those securities.
- b) the bad faith of the debtor (the counterparty with which the company carries out certain types of financial transactions) also called counterparty credit risk (short-term credit risk).

The financial operations to which this type of risk relates are the following:

1. derivatives traded on OTC and credit derivatives;
2. repurchase agreements, reverse repurchase agreements, securities/commodities lending or borrowing based on securities or commodities included in the trading portfolio;
3. margin lending transactions in relation to securities or commodities; and
4. long-term settlement transactions.

The types of exposures are as follows:

Exposures in current accounts and bank deposits

<i>In RON</i>	December-19	December-18
Banca Transilvania	21.737.005	5.610.360
BRD - Group Societe Generale	5.721.572	5.658.981
UniCredit Bank	80.966	25.559
First Bank	3.527.399	15.507.229
Idea Bank	8.024.423	5.057.957
Libra Bank	4.046.080	15.847
Intesa San Paolo Bank	2.108.194	2.060.794
Banca Comerciala Feroviara	9.162.913	-
Other commercial banks	559	3.439
Total bank deposits	-	-
Cash	15.835	2.203
Total current accounts and bank deposits	55.643.571	33.942.369

Exposures from fair value bonds

<i>In RON</i>	December-19	December-18
Chronostyle corporate bonds	6.138	3.630.241
Impact Developers corporate bonds	-	9.204.414
Golden Food Snacks corporate bonds	49.253	-
Total bonds	55.391	12.834.656

Exposures from loans granted to affiliates at fair value

<i>In RON</i>	December-19	December-18
Romlogic Technology SA	9.315.550	1.243.412
Firebyte Games SA	320.885	268.466
Facos SA	-	833.808
Gocab Software	950.000	-
Total loans granted	10.586.435	2.345.687

4. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the entity has difficulty in meeting the obligations associated with financial liabilities that are settled in cash or by transferring another financial asset. At the date of this report, BRK Financial Group has outstanding loans.

In terms of brokerage activity, liquidity in customer relationships is ensured by the fact that investment firms have the obligation to keep their clients' deposits in separate accounts without using them in any way.

Regarding the overall liquidity, the current sources of availability are represented by the results of the investment activity, commissions received from clients, and as extraordinary sources the capital increases.

The risk of liquidity takes two forms:

Liquidity risk of the portfolio of financial instruments - losses that can be recorded by BRK Financial Group due to the impossibility of finding a counterparty in financial transactions, thus making it difficult to close the positions on the financial instruments that record unfavorable price variations.

Risk of liquidity coverage - losses that can be recorded by BRK Financial Group due to the impossibility to finance net outflows (current liabilities) recorded over a 30-day horizon.

Determination:

Liquidity risk of the portfolio of financial instruments - The rate of high liquidity assets in the total portfolio - is calculated as the ratio between the value of high liquidity assets and the value of the total asset.

Liquidity coverage ratio (LCR) - is calculated as a ratio between the value of high liquidity assets (liquidity reserves) and the value of current liabilities (maturity band of up to 30 days)

The risk of long-term assets financing from non-permanent resources - is calculated as a ratio between the value of temporary resources (e.g. dividends not received, loans, issued bonds, etc.) and the value of the total asset.

The following holdings were classified as high liquidity:

- bank accounts (cash and deposits);
- shares' adjusted value;
- OPC adjusted value.

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Notes to the individual IFRS financial statements

4. FINANCIAL RISK MANAGEMENT (continued)

The values factored in in the calculation of the liquidity risk of SSIF BRK Financial Group as at December 31, 2018 were as follows:

In RON	Carrying amount	Within 3 months	3 – 12 months	More than 1 year	No pre-set maturity
December 31, 2019					
Financial assets					
Cash and cash equivalents	54.408.406	54.408.406	-	-	-
Bank deposits		-	-	-	-
Financial assets at fair value through profit or loss	44.589.492	-	-	-	44.589.492
Loans and advances granted	12.111.428	1.224.550	5.869.048	5.017.830	-
Bonds at fair value	55.391	-	-	55.391	-
Other financial assets	24.773.064				24.773.064
Total financial assets	135.937.781	54.795.166	5.869.048	5.073.221	70.200.346
Financial liabilities	4.187.543	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	4.187.543	-	-	-	-
In RON	Carrying amount	Within 3 months	3 – 12 months	More than 1 year	No pre-set maturity
December 31, 2018					
Financial assets					
Cash and cash equivalents	33.942.369	33.645.076	-	-	-
Bank deposits	-	-	-	-	-
Financial assets at fair value through profit or loss	31.884.212	-	-	-	31.884.212
Loans and advances granted	5.416.511	1.494.000	295.060	3.627.451	-
Bonds at fair value	12.834.656	40.106	-	12.794.549	-
Other financial assets at fair value	12.267.062	2.236.516	-	-	10.030.546
Total financial assets	96.344.809	37.415.699	295.060	16.422.000	41.914.758
Financial liabilities	4.991.870	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	4.991.870	-	-	-	-
December 31, 2018					
Financial assets					

4. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that the variation in market prices, such as the price of equity instruments, the exchange rate and the interest rate, will affect the company's income or the value of the financial instruments held. The objective of market risk management is to monitor and control market risk exposures within acceptable parameters and, at the same time, to optimize return on investments.

Investment opportunities are selected through:

- technical analysis;
- basic analyses – determining the issuer's capacity to generate profit;
- comparison – determining the relative value of an issuer compared to the market or other similar companies;
- statistics – determining trends and correlations using the pricing and trading volume history.

The Company is exposed to the following categories of market risk:

i) Price risk

Exposure to price risk is the possibility that the value of financial instruments fluctuates as a result of changes in market prices.

The Company is exposed to the risk associated with the change in the price of financial assets at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. 31% of the total shares traded on an active market held by the Company as at December 31, 2019 (December 31, 2018: 70%) represented investments in companies included in the BET index of the Bucharest Stock Exchange, a weighted index with stock capitalization created to reflect the overall trend of the ten most liquid shares traded on the Bucharest Stock Exchange.

A positive 10% change in the price of financial assets at fair value through profit or loss would result in a profit increase of RON 2,912,744 (December 31, 2018: RON 4,468,609), a negative change of 10% having an equal and opposite net impact.

The Company holds shares in companies operating in different sectors of activity as follows:

Sector of activity	2019	%	2018	%
Commerce	1.923.955,00	4,49%	4.477.266	10,01%
Constructions	324.773,25	0,76%	13.428.510	30,03%
Finance-banking	19.126.928,88	44,59%	10.937.292	24,46%
Consumer goods	262.611,35	0,61%	4.999.229	11,18%
Industry	3.282.500,00	7,65%		0,00%
Other	17.969.939,55	41,90%	10.876.571	24,32%
Total	42.890.708,03		44.718.868	100,00%

As shown in the table above, at December 31, 2019 the Company holds shares mainly in finance-banking and insurance companies, accounting for 44.59% of its total portfolio, more than the 24.46% registered as at December 31, 2018.

4. FINANCIAL RISK MANAGEMENT (continued)

Operational risk

The objective of the Company is to identify, measure, monitor, manage and mitigate operational risk so as to strike a balance between avoiding direct or indirect financial losses that may occur as a result of procedural, human or systemic errors, or due to external events, which may jeopardize the reputation of the entity. At the same time, the operational risk at the company level is very low also due to the requirements imposed by the Financial Supervisory Authority (FSA) regarding the organization, the required reports and the internal control carried out.

The main responsibility for the development and implementation of operational risk controls lies with the management of each organizational unit. This responsibility is supported by the development of general corporate standards for operational risk management in the following areas:

- requirements for appropriate segregation of tasks and responsibilities
- requirements for reconciliation, monitoring and authorization of transactions;
- compliance with regulations and legislation;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks and the adequacy of controls and procedures for identified risks;
- training and professional development;
- ethical and business standards;
- risk mitigation.

Compliance with company standards is ensured through a program of periodic reviews of internal procedures. The results of these reviews are discussed with management.

Interest rate risk

As at December 31, 2019, SSIF BRK FINANCIAL GROUP SA contracted a credit line granted for a period of 1 year to support the company's current activity. The interest on the credit line consists of ROBOR 3M plus fixed margin.

Interest rates used to determine fair value

For the determination of fair value or for impairment testing of financial instruments, no interest rates were used to discount cash flows as it was not the case for trade receivables or other financial instruments whose collection is significantly delayed over time.

For doubtful receivables (receivables whose recovery is uncertain), at the end of the reporting period, the Company registered impairments for the entire amount.

The company faces interest rate risk due to exposure to unfavorable fluctuations in interest rate. The change in market interest rate directly influences the income and expense of floating-rate financial assets and liabilities as well as the market value of fixed-rate assets and liabilities.

SSIF BRK FINANCIAL GROUP SA
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4. FINANCIAL RISK MANAGEMENT (continued)

The following tables present the Company's exposure to interest rate risk.

In RON	Carrying amount	Within 3 months	3 – 12 months	More than 1 year	No pre-set maturity
December 31, 2019					
Financial assets					
Cash and cash equivalents	54.408.406	54.408.406	-	-	-
Bank deposits	-	-	-	-	-
Financial assets at fair value through profit or loss	44.589.492	-	-	-	44.589.492
Loans and advances granted	12.111.428	1.224.550	5.869.048	5.017.830	-
Bonds at fair value	55.391	-	-	55.391	-
Other financial assets	24.773.064	-	-	-	24.773.064
Total financial assets	99.576.720	37.415.699	5.325.499	12.213.922	22.633.008
Financial liabilities	-	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	-	-	-	-	-

In RON	Carrying amount	Within 3 months	3 – 12 months	More than 1 year	No pre-set maturity
December 31, 2018					
Financial assets					
Cash and cash equivalents	33.942.369	33.645.076	-	-	-
Bank deposits	-	-	-	-	-
Available-for-sale financial assets	31.884.212	-	-	-	31.884.212
Financial assets at fair value through profit or loss	5.416.511	1.494.000	295.060	3.627.451	-
Loans and advances granted	12.834.656	40.106	-	12.794.549	-
Other financial assets at fair value	12.267.062	2.236.516	-	-	10.030.546
Total financial assets	96.344.809	37.415.699	295.060	16.422.000	41.914.758
Financial liabilities	4.991.870	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	4.991.870	-	-	-	-
December 31, 2018					

Currency risk

BRK Financial Group is a financial institution regulated and authorized by the Financial Supervisory Authority and is subject to the European regulations and the CRD - CRR legislative package to the relevant Technical Standards.

The capital requirement related to the foreign exchange risk is determined according to the provisions of EU Regulation no. 575/2013 on capital adequacy for the standardized approach for that financial risk.

The limits on exposure to this risk are calculated as the ratio between the exposure value of the assets exposed to the foreign currency risk and the value of the BRK Financial Group's own funds.

SSIF BRK FINANCIAL GROUP SA
Notes to the individual IFRS financial statements

4. FINANCIAL RISK MANAGEMENT (continued)

BRK Financial Group calculates the capital requirement for foreign exchange risk if exposures to this risk exceed 2% of total own funds.

Exposures to foreign exchange risk comprise the following elements:

- derivatives (CFD, futures, options, warrants);
- cash in accounts with external intermediaries;
- bank deposits in foreign currency;
- leases;
- guarantees at market institutions;
- bonds in foreign currency.

The methodology to determine capital exposure and requirement is as follows:

In RON

December 31, 2019

Financial assets	RON	EUR	USD	Other
Cash and cash equivalents Bank deposits	53.967.805	360.101	52.274	28.226
Financial assets at fair value through profit or loss	41.449.020	-	-	3.140.472
Financial assets at fair value through other comprehensive income	-	-	-	-
Bonds at fair value through profit or loss	55.391	-	-	-
Loans and advances granted Bank deposits	12.111.428	-	-	-
Total financial assets	118.253.025	8.313.865	6.202.193	3.168.698
Financial liabilities	-	-	-	-
Dividends payable	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-
Total financial liabilities	-	-	-	-

SSIF BRK FINANCIAL GROUP SA
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4. FINANCIAL RISK MANAGEMENT (continued)

In RON

December 31, 2018

Financial assets	RON	EUR	USD	Alte valute
Cash and cash equivalents	33.645.076	274.547	20.398	2.347
Bank deposits	-	-	-	-
Financial assets at fair value through profit or loss	27.028.147	4.823.219	32.847	-
Financial assets at fair value through other comprehensive income	-	-	-	-
Bonds at fair value through profit or loss	3.630.241	9.204.414	-	-
Loans and advances granted	5.416.511	-	-	-
Other financial assets	309.340	8.755.578	3.202.144	-
Total financial assets	70.029.315	23.057.759	3.255.389	2.347
Financial liabilities	5.006.087	-	-	-
Dividends payable	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-
Total financial liabilities	5.006.087	-	-	-

5. CAPITAL MANAGEMENT

The Policy of the Board of Administration of BRK FINANCIAL GROUP SA is to maintain a sound capital base to maintain investor, creditor and market confidence and sustain the future development of the company. The Board of Administration monitors the profitability of all agencies in which trading is conducted on a monthly basis and the results of the analysis are discussed during the monthly meetings of the Board of Administration.

Also, during the monthly meetings of the Board of Administration, the report on the investment activity drawn up by the analysis department is discussed. Global results are thus monitored to maintain a high return on capital.

BRK FINANCIAL GROUP SA is subject to prudential regulations regarding minimum capital requirements and minimum own funds so as to hedge risks:

- risk-weighted exposures by class of exposures to which they are part are considered to hedge credit risk and the risk of receivables' value reduction;
- to hedge position risk and settlement / delivery risk, capital is required at the level of 16% of the exposure level;
- to hedge operational risk capital is required at the level of 15% of the average of the last three years of the operating result.

Indicator	December 31, 2019	December 31, 2018
Total own funds	49.166.921,90	53.844.125
Total capital requirements	13.562.950,67	9.995.306
Risk exposures	169.536.883,56	124.941.331

5. CAPITAL MANAGEMENT (continued)

The capital adequacy requirements do not imply own funds for liquidity risk.

Under the regulations in force, large exposures, which are defined as those gross exposures exceeding 10% of the eligible capital (own funds), are reported to the Financial Supervisory Authority (FSA). For institutions, large exposures cannot exceed the maximum of 25% of the eligible capital (own funds).

Also, qualifying holdings, representing the direct or indirect participation of at least 10% of the voting rights or of the capital of an entity, in a percentage higher than 15% of the company's own funds.

6. OPERATING SEGMENTS

The Company has two main segments that have different characteristics, and implicitly require separate disclosure: intermediation and trading. Strategic business units offer different services and products, being managed separately because they involve different know-how and marketing strategies. The Executive Director of the entity reviews at least monthly the activities related to the main segments. The two segments also have common expenses that cannot be separated without a very high degree of subjectivism.

a) The intermediation activity comprises intermediation transactions for spot clients.

The significant lines in the financial statements that are influenced by such operations are:

- revenues from commissions received from customers, expenses with commissions paid to market institutions;
- net receivables on the amounts receivable from the stock exchange for customers as a result of customer transactions;
- debt to customers representing clients' available funds for trading purposes.

b) The trading activity includes the operations of buying and selling of securities and derivatives. The significant positions in the financial statements that are affected by these operations are:

- investments made, which may include securities available for sale, financial instruments at fair value through profit or loss, market value of derivatives;
- expenses and revenues from trading;
- adjustment of the value of investments, recognized either in the income statement, in the case of financial instruments at fair value through profit or loss and derivative products, or in the comprehensive income in case of available-for-sale securities.

The information related to reportable segments is as follows:

SSIF BRK FINANCIAL GROUP SA
Notes to the individual IFRS financial statements

6. SEGMENTE OPERATIONALE (continuare)

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	December- 2019				December- 2018				2019	2018
	Total, of which:	Intermediation	Trading	Not allocated	Total, of which:	Intermediation	Trading	Not allocated	Total reportable segments	
Revenues from commissions and related activities	2.962.034	2.962.034	-	-	3.146.594	3.146.594	-	-	2.962.034	3.146.594
Rental income	23.690	-	-	23.690	11.652	-	-	11.652	23.690	11.652
Net finance gains on transactions	13.412.747	-	13.412.747	-	3.575.598	-	3.575.598	-	13.412.747	3.575.598
Finance dividend revenues	1.422.354	-	1.422.354	-	338.370	-	338.370	-	1.422.354	338.370
Interest income	2.308.167	-	2.308.167	-	-	-	-	-	2.308.167	-
Revenues from allocation of unit funds	2.352	2.352	-	0	4.701	4.701	-	0	2.352	4.701
Other income	1.443.228	-	1.443.228	-	832.036	-	832.036	-	1.443.228	832.036
Net finance losses	-	-	-	-	-	-	-	-	-	-
Employees and collaborators expenses	(4.861.666)	(668.002)	(4.188.326)	(5.338)	(4.230.034)	(1.685.443)	(2.538.360)	(6.232)	(4.861.666)	(4.230.034)
Impairment of intangible and tangible assets, excluding goodwill	(927.272)	-	-	(927.272)	(1.448.966)	-	(325.199)	(1.123.766)	(927.272)	(1.448.966)
Net expenses with provisions for risks and charges	(2.653.298)	-	-	(2.653.298)	-	-	-	-	(2.653.298)	-
Third party supplies, taxes and levies	(4.217.402)	(563.322)	(3.531.989)	(122.091)	(4.099.813)	(1.633.557)	(2.460.216)	(6.040)	(4.217.402)	(4.099.813)
Other expenses	(761.918)	-	-	(761.918)	(934.837)	-	-	(934.837)	(761.918)	(934.837)
Total:	8.153.017	1.733.062	10.866.181	(4.446.227)	(2.804.699)	(167.705)	(577.771)	(2.059.223)	8.153.017	(2.804.699)
Profit of reported segment before tax	8.488.358	836.304	7.812.220	(160.166)						
Assets of reported segment, of which:	136.600.467	82.274.130	54.326.337	(0)	97.067.153	46.053.179	50.559.628	454.346	136.600.467	97.067.153
- financial investments	44.644.883	-	44.644.883	-	44.718.868	-	44.718.868	-	44.644.883	44.718.868
- trade and other receivables	37.531.349	28.630.824	8.900.524	-	18.405.916	14.300.483	3.651.088	454.346	37.531.349	
- available amounts	54.424.236	53.643.306	780.930	(0)	33.942.368	31.752.696	2.189.672	(0)	54.424.236	
Liabilities of reported segment, of which:	80.261.128	60.956.794	15.720.342	3.583.991	50.289.292	37.438.880	11.705.293	1.145.118	80.261.128	50.289.292
- client's amounts	60.945.094	60.945.094	-	-	35.942.908	35.942.908	-	-	60.945.094	35.942.908

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7 . RECONCILIATION OF REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES OF REPORTED SEGMENTS

<i>In RON</i>	December- 2019	December- 2018
Revenues		
Total revenues from reported segments	2.964.386	3.151.295
Revenues not allocated to segments	23.690	11.652
Write-off of discontinued operations	0	0
Consolidated revenues	2.988.076	3.162.946
Profit or loss		
Total profit on reported segments	8.153.017	(2.804.699)
Write-off of discontinued operations	-	-
Amounts not allocated	-	-
Consolidated profit before tax	8.153.017	(2.804.699)
Assets		
Total assets from reported segments	136.600.467	97.067.153
Assets from non-reported segments	-	-
Consolidation goodwill	8.074.084	9.482.546
Total assets	144.674.551	106.549.699
Liabilities		
Total liabilities from reported segments	73.874.589	48.994.924
Provisions for risks and charges	2.802.547	149.249
Deferred tax liabilities	0	0
Liabilities from reported segments	3.583.991	1.145.118
Total consolidated liabilities	80.261.128	50.289.292

The intermediation segment registers revenues from commissions charged from the following products:

Revenues from intermediation segment	December- 2019	December- 2018
Spot commissions	1.972.585	2.230.910
Foreign stock exchange commissions	535.604	768.930
Related activities	453.844	146.100
Related commissions and activities	2.962.034	3.145.940
Insurance intermediation	-	653
Distribution of fund units	2.352	4.701
Total revenues	2.964.386	3.151.295

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8. INTANGIBLE ASSETS

<i>In RON</i>	Licenses and software	Payments in advance	Total
Cost			
Balance as at January 1, 2018	4.587.355	214.922	4.802.277
Inflows	274.045	-	274.045
of which, by transfer	-	-	-
Outflows	(1.165)	(187.103)	(188.268)
of which, by transfer	-	-	-
Balance as at December 31, 2018	4.860.235	27.819	4.888.055
Balance as at January 1, 2019	4.860.235	27.819	4.888.055
Inflows	1.895	-	1.895
of which, by transfer	-	-	-
Outflows	-	-	-
of which, by transfer	-	-	-
Balance as at December 31, 2019	4.862.130	27.820	4.889.950

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Notes to the individual IFRS financial statements

8. INTANGIBLE ASSETS (continued)

Amortization and impairment	Licenses and software	Payments in advance	Total
Balance as at January 1, 2018	2.308.005	-	2.308.005
Amortization during the year	722.493	-	722.493
Amortization for disposals	(1.165)	-	(1.165)
Balance as at December 31, 2018	3.029.332	-	3.029.332
Balance as at January 1, 2018	3.029.332	-	3.029.332
Amortization during the year	646.889	-	646.889
Amortization for disposals	-	-	-
Balance as at December 31, 2019	3.676.221	-	3.676.221
Book values			
Balance as at January 1, 2018	2.279.350	214.922	2.494.273
Balance as at December 31, 2018	1.830.903	27.819	1.858.722
Balance as at January 1, 2019	1.830.903	27.819	1.858.722
Balance as at December 31, 2019	1.185.909	27.820	1.213.729

The component of the balance of intangible assets is made up of software and software licenses.

The significant value in the total of the intangible assets is represented by the Tradis back office system.

The useful lives used for the calculation of intangible assets are on average 3 years, amortized on a straight-line basis.

Expenses with the amortization of intangible assets during the year are included in the statement of comprehensive income in the *Impairment of tangible and intangible assets* line.

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9. PROPERTY, PLANT AND EQUIPMENT

<i>In RON</i>	Land and buildings	Equipment and vehicles	Furniture, office equipment and other	Non-current assets in progress	Total
Balance as at January 1, 2018	5.833.799	1.501.709	296.538	-	7.632.046
Purchases and upgrading	192.963	75.809	11.543	205.786	486.101
Advances for property, plant and equipment	-	-	-	-	-
Transfers to/from non-current assets in progress	9.500	-	-	-	9.500
Inflow from the enforcement of guarantees received	-	-	-	-	-
Revaluation of non-current assets:	-	-	-	-	-
compensation of depreciation against revaluation of assets	-	-	-	-	-
value increase registered	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-
Transfers from investment property	-	-	-	-	-
Outflows of property, plant and equipment:					
- sale	-	-	(2.615)	(192.963)	(195.577)
- disposal	-	-	-	-	-
Balance as at December 31, 2018	6.036.262	1.577.518	305.467	12.823	7.932.070
Balance as at January 1, 2019	6.036.262	1.577.518	305.467	12.823	7.932.070
Purchases and upgrading	-	6.076	-	9.520	15.596
Transfers to/from non-current assets in progress	-	-	-	-	-
Inflow from the enforcement of guarantees received	-	-	-	-	-
Revaluation of non-current assets:	-	-	-	-	-
compensation of depreciation against revaluation of assets	-	-	-	-	-
value increase registered	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-
Transfers from investment property	-	-	-	-	-
Outflows of property, plant and equipment:					
- sale	-	-	-	-	-
- disposal	-	-	-	-	0
Balance as at December 31, 2019	6.036.262	1.583.595	305.467	22.343	7.947.665

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9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings	Equipment and vehicles	Furniture, office equipment and other	Non-current assets in progress	Total
In RON					
Depreciation and impairment					
Balance as at January 1, 2018	-0	1.220.314	221.513	-	1.441.826
Depreciation during the year	196.817	105.307	27.639	-	329.763
Impairment losses, of which:	-	-	-	-	-
- expensed	-	-	-	-	-
- deducted from other comprehensive income	-	-	-	-	-
Depreciation related to disposal of fixed assets	-	-	-436	-	-436
Depreciation related to scrapping of fixed assets	-	-	-	-	-
Compensation of depreciation against revaluation of assets	-	-	-	-	-
Balance as at December 31, 2018	196.817	1.325.621	248.716	-	1.771.154
Balance as at January 1, 2019	196.817	1.325.621	248.716	-	1.771.154
Depreciation during the year	199.937	66.628	22.940	-	289.505
Impairment losses, of which:	-	-	-	-	-
- expensed	-	-	-	-	-
- deducted from other comprehensive income	-	-	-	-	-
Depreciation related to disposal of fixed assets	-	-	-	-	-
Depreciation related to scrapping of fixed assets	-	-	-	-	-
Compensation of depreciation against revaluation of assets	-	-	-	-	-
Balance as at December 31, 2019	396.754	1.392.250	271.654	-	2.060.658
Book values					
Balance as at January 1, 2018	5.833.799	281.395	75.025	-	6.190.220
Balance as at December 31, 2018	5.839.445	251.897	56.750	-	6.148.092
Balance as at January 1, 2019	5.839.445	251.897	56.750	12.823	6.148.092
Balance as at December 31, 2019	5.639.508	191.344	33.813	22.343	5.887.007

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9. PROPERTY, PLANT AND EQUIPMENT (continued)

On December 31, 2019, the company uses its registered office in Cluj-Napoca, Str. Motilor nr. 119, as well as the real estate owned in Bucharest, Suceava and Iasi, where the brokerage agencies operate.

As at December 31, 2019, the Company does not own land, and the ones related to the buildings used are included in the value of the building.

Expenses with depreciation for the year are included in comprehensive income under the *Impairment of tangible and intangible assets* line.

Pledged or mortgaged property, plant and equipment

In December 2018, the company contracted a credit line in the amount of 5,340,000 lei, and secured the loan with the operating properties of the company. Details regarding these guarantees can be found in note 22. The credit line was extended during 2019 for another 12 months until 16.12.2020.

Revaluation

Fixed assets representing buildings were revalued as at December 31, 2017. The valuation was carried out by a valuation expert, Darian DRS SA, in accordance with the International Valuation Standards and Work Methodology recommended by ANEVAR.

In 2019, no significant variations occurred on the real estate market, therefore, no new valuations were necessary.

10. INVESTMENT PROPERTY

<i>In RON</i>	December- 2019	December- 2018
Balance as at January 1, 2018	918.186	989.474
Transfers to property, plant and equipment during the year	-	-
Inflow from enforcement of guarantees received	-	-
Purchases during the year (asset exchange)	-	-
Investment property in progress - inflows	-	-
Investment property in progress - outflows	-	(111.956)
Advances for investment property	-	40.668
Disposals of investment property (asset exchange)	(248.227)	-
Plus revaluation amount	-	-
Less revaluation amount	-	-
Balance as at December 31, 2018	669.959	918.186

Investment property includes the following categories of assets: Cluj-Napoca (Einstein) building and related land, and Deva building.

Pledged or mortgaged investment property

In December 2019, the company supplemented the credit line in the amount of RON 5,340,000 contracted in 2018 with the amount of 2,081,000 lei, and guaranteed the loan with the real estate and movable investments owned. Details regarding these guarantees can be found in note 22.

10. INVESTMENT PROPERTY (continued)

Revaluation

Investment property representing buildings and land were revalued as at December 31, 2017. The valuation was carried out by a valuation expert, Darian DRS SA, in accordance with the International Valuation Standards and Work Methodology recommended by ANEVAR.

There were no significant increases in the value of the real estate investments for the exploitation activity during 2019, which is why the Company did not carry out new revaluations at the end of 2019.

11. FINANCIAL INVESTMENTS

In RON

	December-19	December-18
Financial assets at fair value through profit or loss		
quoted shares	24.436.675	6.854.947
quoted fund units	566.500	224.960
unquoted fund units	8.811.471	6.759.068
quoted bonds	49.253	9.204.414
unquoted bonds	6.138	3.630.241
unquoted shares	9.020.671	13.189.172
Other financial instruments	1.754.174	4.856.066
Total financial assets at fair value through profit or loss	44.644.883	44.718.868
Total financial investments	44.644.883	44.718.868

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11. FINANCIAL INVESTMENTS (continued)

Quoted securities: shares, bonds and fund units are evaluated at the exchange rate of December 31, 2019 published by the Bucharest Stock Exchange.

The listed units of held funds are valued at the value of the net unitary asset, and the unlisted bonds at amortized cost.

For the unit funds held with SmartMoney, impairment allowances were registered in amount of RON 1.070.697 relying on the valuation report prepared by an ANEVAR authorised valuer for the company's ownership in Romlogic Technology SA.

The structured products held are valued at the quotation of 31.12.2019.

As at December 31, 2019, there were open positions on the House account on international markets for hedging operations in amount of RON 1.754.174.

Financial instruments traded on international markets are futures, options and contracts for difference (CFDs) and are used for speculative and hedging purposes for market maker operations. They are evaluated at the exchange rate of December 31, 2019.

12. LOANS AND ADVANCES GRANTED

<i>In RON</i>	December-19	December-18
Margin loans – gross value	4.067.830	3.627.451
Loans to affiliated parties	10.586.435	2.314.000
Interest on loans granted	403.665	31.687
Receivables increase share capital affiliated parties under registration	500.000	-
impairment of loans to affiliates	(3.446.502)	(556.627)
Loans and advances granted – net value	12.111.428	5.416.511

During the year 2019 the company granted loans to the affiliated companies as follows: to Romlogic SA - 8,080,550 lei, to FireByte the amount of 50,000 lei, GoCab Software the amount of 950,000 lei. In order to determine the fair value, the Company's management considered the future net cash flows related to these Loans, these loans having a maturity of less than 1 year on December 31, 2019. For each loan, 3 scenarios were defined regarding the recoverability of the amounts granted in the interval. from time to the maturity of the loan agreement.

The loans granted to the affiliated companies are classified in stage 2 according to the policy described in Note 3 of these financial statements.

The loans granted to the company's clients in the form of margin loans are classified at stage 1 according to the policy described in Note 3.

The loan granted to the company in 2018 Facos SA in the amount of RON 820,000 was repaid in full during the year 2019.

For the loan granted to Romlogic Technology SA, the management of BRK Financial Group based on the accounting policy described in the present financial statements in Note 3 considers that these loans are in default stage 2, so that a 25% depreciation was taken into account from the total value of the loan in the absolute amount of RON 3,366,249 for determining the fair value.

SSIF BRK FINANCIAL GROUP SA
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12. LOANS AND ADVANCES GRANTED (continued)

For the loan granted to FireByte SA, relying on the accounting policy described in these financial statements under Note 3, the management of BRK Financial Group classifies such loan in Stage 2, which results in a decrease of fair value of RON 80,252.

The Company kept the clients' possibility to carry out margin transactions. The fair value of margin loans granted to clients as at December 31, 2019 was RON 4,067,830. Clients secure margin loans with the securities purchased out of such loans, therefore there are no indications of impairment and this is the fair value as of December 31, 2019.

13. INVESTMENTS IN ASSOCIATES

The affiliates and associates (where there is significant influence) are mentioned below. For those with a holding of less than 20%, the significant influence is due to the presence of the respective company on the board of administration.

The percentage of ownership and the amount of the RON holding in the associates are as follows:

Company	Holding in 2019	Value of holding in 2019	Holding in 2018	Value of holding in 2018
Facos	0,00%	-	89,69%	4.785.875
Sai Broker	99,98%	6.070.389	99,98%	4.130.582
Anteco SA Ploiesti	19,93%	305.910	19,93%	367.092
Minesa	0,00%	-	29,10%	3.918.497
Romlogic Technology	37,52%	2.139.479	0,00%	-
Firebyte	30,00%	50.233	30,00%	50.233
Total		8.566.011	-	13.252.278

SSIF BRK FINANCIAL GROUP SA holds a significant stake in SAI Broker SA (99,98%), and has a significant influence in the company Romlogic Technology SA (37,52%).

During the year 2019, dividends were collected from the associated companies in the amount of RON 1,107,235.

SSIF BRK FINANCIAL GROUP SA
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13. INVESTMENTS IN ASSOCIATES (continued)

During 2019, transactions with affiliated entities are as follows

Name	Nature of affiliation	Nature of activity	Volume and weight of activity
			<ul style="list-style-type: none"> - acquisition of fund units at FIA ALPHA INVEST administered by SAI Broker in the amount of 100 thousand lei -Subscription in fund units at FIA HYB Invest administered by SAI Broker in the amount of 500 thousand lei
SAI Broker	99.98%	Investment management	<ul style="list-style-type: none"> - sale of bonds IMPE22 in the amount of RON 308,925 - revenues from distribution and intermediation commissions in the amount of RON 7,122 - revenues from rents amounting to RON 17,070 - Dividends granted RON 1,107,235 - the sale of the participation of 89.69% held for the amount of RON 13,348,192
Facos SA Suceava		Production of meat products	<ul style="list-style-type: none"> - repayment of a loan amounting to 820 thousand lei.
Minesa SA	29.10%		<p>The sale of the participation was finalized, collecting the amount representing the last tranche in the amount of RON 3,918,497.03.</p>
Romlogic Technology SA	37.52%		<ul style="list-style-type: none"> - interest income related to loans granted in the amount of RON 537,183 - the acquisition of 65,000 shares worth RON 2,092,706 - Granting loans worth RON 8,080,550
Gocab Software	10%		<ul style="list-style-type: none"> - granting a loan in the amount of RON 950,000 - interest income amounting to RON 8,433
Firebyte Games SA	30%	Game development for mobile devices	<ul style="list-style-type: none"> - capital increase subscription in the amount of RON 500,000

The transactions with the related parties were made at market value.

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Notes to the individual IFRS financial statements

13. INVESTMENTS IN ASSOCIATES (continued)

At 31.12.2019 and 31.12.2018 the balances of the company's receivables from the relations with the affiliated parties were the following:

<i>In RON</i>	December-19	December-18
SAI Broker	4.750	410
Facos SA Suceava	-	833.808
Firebyte Games SA	336.820	268.466
Gocab Software	-	-
Romlogic Technology SA	9.694.848	1.243.412
Total	10.994.850	2.346.097

14. NON-CURRENT ASSETS HELD FOR SALE

<i>In RON</i>	2019	2018
Balance as at 1 January	544.721	544.721
Transfers to property, plant and equipment during the year	-	-
Inflow following the enforcement of guarantees received	-	-
Inflows during the year (exchange of assets)	-	-
Disposals	(241.332)	-
Excess further to revaluation	-	-
Deficit further to revaluation	-	-
Balance as at December 31, 2019	303.389	544.721

For these, evaluation reports have been made in accordance with the International Evaluation Standards and the working methodology recommended by ANEVAR by Napoca Business for land and by Darian RS for apartments.

During 2019, part of the assets held for sale, namely land in Cluj, the Borhanci neighborhood and the apartment in Botosani were sold, obtaining a profit of RON93,558.

For the apartment in Alba Iulia at the balance sheet date, there were advanced negotiations for sale, which materialized in January 2020 by selling this apartment.

15. TRADE AND OTHER RECEIVABLES

<i>In RON</i>	December-19	December-18
Trade receivables	57.839	127.266
Amounts receivable from the State budget	-	-
Net receivables from debtors	51.739	63.608
	29.283	41.055
	22.456	22.553
Other debtors	553.108	531.469
Total trade and other receivables	662.686	722.343

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15. TRADE AND OTHER RECEIVABLES (continued)

Borrowers from the trading of the financial instruments of the company come from transactions concluded in June 2019 that have the first two days of January 2020 as settlement date.

Similarly, *Borrowers in financial instruments settled by clients* come from transactions concluded in June 2019 that have the first two days of January 2020 as settlement date.

In RON

	December-19	December-18
Borrowers from the trading of the financial instruments	2.088.901	1.586.344
Borrowers in financial instruments settled by clients	22.684.163	10.680.718
Other financial assets	24.773.064	12.267.062

The exposure of the entity to credit risk and foreign exchange risk, as well as impairment losses related to trade receivables, are disclosed in note 4.

Debtors' gross balances and impairments are as follows:

In RON

	December-19	December-18
Former employee and third party debtors – Stage 3	1.902.048	1.911.267
Impairment of former employee and third party debtors' liabilities	(1.879.592)	(1.888.714)
Former employee and third party debtors – net value	22.456	22.553

Changes in the impairment of receivables against debtors (employees and third parties) during the year were as follows:

In RON

	December-19	December-18
Balance as at 1 January	1.888.714	1.847.109
Additional provisions	-	52.500
Write-off of provisions	(9.122)	(10.896)
Balance as at 31 December	1.879.592	1.888.714

In 2019, the Company reversed to income adjustments for receivables recovered in amount of RON 9,122.

16. DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred income tax assets not recognized

The deferred tax assets were not recognized for the following:

In RON

	December-19	December-18
Loss for the period	8.153.017	(2.804.699)
Total income tax expense	-	-
Profit before tax (including on discontinued operations)	8.153.017	(2.804.699)
Tax rate	16%	16%

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16. DEFERRED INCOME TAX ASSETS AND LIABILITIES (continued)

There are still deferred tax assets not recognized in relation to financial instruments for which the impairment was not deductible in 2010.

Deferred income tax liabilities not recognized

	December-19	December-18
Differences from revaluation of fixed assets	3.524.052	3.524.052
	3.524.052	3.524.052
Tax rate	16%	16%
Deferred tax liabilities not recognized	563.848	563.848

Deferred income tax assets and liabilities recognized

The company has to recover a cumulative tax loss of RON 37,972 thousand. Tax losses can be recovered in a period of 7 years. As a result, no deferred tax assets and liabilities were recognized. As the Company registered losses, future profits are uncertain.

17. CASH AND CASH EQUIVALENTS

<i>In RON</i>	December-19	December-18
Account for clients	53.626.771	31.750.494
Cash and cash equivalents	781.635	2.191.875
Balance as at 31 December	54.408.405	33.942.368

The cash and cash equivalents position also includes short-term deposits.

Client balances in bank accounts are highlighted and managed separately from those of the company and can be used on the basis of clients' trading orders.

The Company performed an analysis of the impairment of cash and cash equivalents as per IFRS 9 and considers that the resulting impact is immaterial for the financial statements considered overall. This impact was not reflected in these financial statements.

The exposure of the entity to interest rate risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 4.

18. CAPITAL AND RESERVES

The share capital and shares issued are as follows:

<i>In RON</i>	Value of share capital	No. of ordinary shares	Nominal value/share
January 1, 2018	54.039.987	337.749.919	0,16
December 31, 2018	54.039.987	337.749.919	0,16
January 1, 2019	54.039.987	337.749.919	0,16
December 31, 2019	54.039.987	337.749.919	0,16

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18. CAPITAL AND RESERVES (continued)

In 2019, there were no changes in share capital or the number of shares issued.

As at December 31, 2018 the Company owns 319,967.

<i>In RON</i>	December-19	December-18
Share capital	54.039.987	54.039.987
Adjustment of share capital	4.071.591	4.071.591
Own shares	(24.047)	(24.047)
Premiums	5.355	5.355
Total	58.092.886	58.092.886

19. RESERVES AND REVALUATION DIFFERENCES

<i>In lei</i>	December-19	December-18
Differences from the revaluation of property, plant and equipment	3.524.052	3.524.052
Legal and statutory reserves	4.587.875	4.587.875
Fair value reserves	-	3.623.734
Other reserves	2.748.760	2.748.760
-of which from the application of IAS 29 (inflation adjustment)	2.748.760	2.748.760
Legal reserves related to own shares	-	-
Total reserves and revaluation differences	10.860.687	14.484.421

Revaluation differences

The revaluation differences did not change in 2019.

Legal reserves

Legal reserves represent the amounts created annually from the gross profit at a share of 5%, up to 20% of the share capital, recognized as a deduction in the profit tax calculation. This is a fiscal facility. The company has reached the 20% level required by law.

Fair value reserve

The fair value reserve includes the cumulative change in the fair value of available-for-sale financial assets until the investments are derecognized or impaired.

Further to the transition to IFRS 9, the fair value reserve was transferred to retained earnings.

Other reserves

Other reserves include adjustments to the historical cost of share capital in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies".

Dividends and other distributions to shareholders

In 2019, no dividends were granted to shareholders

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20. RETAINED EARNINGS

<i>In RON</i>	December-19	December-18
Profit carried forward from transition to IFRS	2.713.367	2.713.367
Retained earnings from application of IFRS 9	3.392.306	-
Retained earnings IAS 29	(6.880.234)	(6.880.234)
Retained earnings from recycling the current results of prior periods	(11.918.605)	(4.459.507)
Current result	8.153.064	(4.654.398)
Total retained earnings	(4.540.109)	(13.280.773)

Retained earnings by transition to IFRS

The retained earnings from the transition to IFRS dates back to 2008.
The retained earnings from the application of IFRS 9 dates back to 2018.

Retained earnings IAS 29

The financial statements and corresponding amounts of prior periods have been restated to reflect the change in the overall purchasing power of the functional currency and are therefore expressed in relation to the measuring unit existing at the end of the reporting period. This position of capital includes the influence of the share capital restatement on inflation for the period 1994 - 2002.

The applied inflation index recorded the following values during the updated period:

Year	2003	2002	2001	2000	1999	1998	1997	1996	1995
Capital discount index	1.00	1.15	1.41	1.90	2.77	4.04	6.42	16.36	22.71

Further to the application of such discounts, the Company registered the following values:

Account	Debit	Credit
Share capital adjustments	-	4.071.591
Revaluation differences*	-	59.884
Other reserves**	-	2.748.760
Retained earnings from the first-time adoption of IAS 29	6.880.234	-
Total	6.880.234	6.880.234

* Inclusion of revaluation reserves from 2011.

**Inclusion of revaluation reserves from 2007 upon merger with Investco.

21. TRADE AND OTHER PAYABLES

<i>In RON</i>	December-19	December-18
Trade payables	441.942	433.878
Debts to employees	184.224	296.115
State budget debts	126.638	193.453
Sundry creditors from house transactions	872.784	2.592.970
Sundry creditors from clients' transactions	10.237.065	4.526.922
Sundry creditors from structured products	434.650	1.087.626
Total trade and other payables	12.297.303	9.130.964

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21. TRADE AND OTHER PAYABLES (continued)

The entity's exposure to foreign currency risk and liquidity risk related to trade and other payables is presented in note 4.

Sundry creditors represent settlements with the Bucharest Stock Exchange, which are in progress, performed from the time of the transactions carried out on behalf of the entity and / or the clients. Also, sundry creditors include sundry creditors from trading and refer to the debt for products with protected capital and Turbo certificates issued by the Company and listed on the Bucharest Stock Exchange.

Starting with 2016, for customers who have opened accounts with external intermediaries, only their funds held by the intermediary mentioned above are reflected in the bookkeeping. The accounts held by these clients are Margin type, and RegTMargin type, meaning that they can use the margin call, case in which the external intermediary offers clients the possibility to contract margin loans. Clients also bring as collateral financial instruments from their own trading portfolio.

22. BORROWINGS

The loans contracted by the Company are as follows:

In RON

	December-19	December-18
Long-term liabilities	-	37.176
Finance lease liabilities	-	37.176
	-	37.176

Short-term liabilities

	Decembrie-19	Decembrie-18
Secured credit lines	4.187.543	4.991.870
Current portion of finance lease liabilities	28.639	37.125
Total short-term liabilities	4.216.182	5.028.995

In 2019, no new leases were contracted, and the credit line contracted in 2017 was extended for 12 months. The credit line was secured with the following buildings owned by the Company:

No	Pledged property	Category	Value in EUR	Value in RON
1	Apartment în Suceava	fixed assets in operation	38.400	176.517
2	Property in Bucharest Bocsa	fixed assets in operation	157.000	721.698
3	Property in Cluj- Motilor	fixed assets in operation	1.032.700	4.747.115
4	Apartment in Iasi	fixed assets in operation	41.000	188.469
5	Apartment in Cluj - Eistein	Investment property	170.100	781.916
6	Apartment Alba Iulia	Available-for-sale property	66.000	303.389
	Total		1.505.200	6.919.103

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22. BORROWINGS (continued)

The amounts owed to clients are in fact amounts paid in advance by them in the bank accounts on the domestic market or in the accounts held with external brokers, which are available either for trading, or for withdrawal, depending on client's future options. They originate in:

<i>In RON</i>	December-19	December-18
Amounts payable to clients		
Creditor clients from transactions on the domestic market	50.328.348	26.414.432
Creditor clients from transactions on the foreign markets	10.616.746	9.519.475
Creditor clients from corporate services	-	9.000
	60.945.094	35.942.908

23. PROVISIONS FOR RISKS AND CHARGES

<i>In RON</i>	December-19	December-18
Provisions		
Balance as at 1 January	149.249	450.182
Cancelled during the year	(58.702)	(300.933)
Established during the year	2.712.000	-
Balance as at 31 December	2.802.547	149.249

During the year 2019, RON 58,702 were reimbursed for income from provisions and provisions were set up for the court decision given in the Harinvest dispute in absolute value of RON 2,712,000.

24. CONTINGENT ASSETS AND LIABILITIES

The note on Provisions described the circumstances that led to the establishment of litigation provisions for events in previous years. There are legal disputes in which the probability of cash outflows is low or the amount of the debt cannot be approximated and for which no provision has been made.

As at December 31, 2019, the company has RON 4,980,780 blocked in the client account. This amount represents the turnover calculated for some clients who have traded through the company and are under criminal investigation and the precautionary attachment was enforced in 2016. As a result of the audits carried out by the company's internal auditor, the amount blocked was RON 4,980,780, amount already blocked by the company in a dedicated account opened with the settlement bank. The company is currently undertaking the necessary steps to clarify the amount in the client account affected by the precautionary attachment.

In addition to the disputes mentioned in the note on Provisions and in the previous paragraph, there are ongoing criminal lawsuits filed by SSIF BRK FINANCIAL GROUP SA against former employees, as well as lawsuits filed by SSIF BRK FINANCIAL GROUP SA for monetary claims. Not in all cases the amounts claimed can be determined with accuracy. There are lawsuits filed by SSIF BRK FINANCIAL GROUP SA, which were won, but where the chances to recover the amounts are low

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25. OPERATING REVENUES

<i>In RON</i>	Continued operations 2019	Continued operations 2018	Discontinued operations		Total 2019	Total 2018
			2019	2018		
Revenues from commissions on the spot market	1.972.585	2.230.910	-	-	1.972.585	2.230.910
Revenues from commissions on the foreign market	535.604	768.930	-	-	535.604	768.930
Revenues from commissions on derivatives	-	-	-	-	-	-
Income from related activities	453.844	146.100	-	-	453.844	146.100
Revenues from allocation of unit funds	2.352	4.701	-	-	2.352	4.701
Subtotal of revenues from commissions and related activities	2.964.386	3.150.641	-	653	2.964.386	3.151.294
Income from rental of non-current assets	23.690	11.652	-	-	23.690	11.652
Other operating income	1.201.896	302.614			1.201.896	302.614
Total revenues	4.189.972	3.464.907	-	653	4.189.972	3.465.560

The Company's revenue recognition policy is to reflect such revenues at gross value. Gross revenues include market costs, commissions charged by the Stock Exchange, and ASF respectively.

In order to diversify revenues from commissions, the Company sought to permanently extend the product range and the markets where the transactions are carried out. The level of commissions earned for the operations carried out by the Company also comprised commissions related to operations on foreign markets, as presented above.

Customers are generally allocated to a broker, with the possibility to perform operations both traditionally, and on online.

Revenues from commissions also include transactions for other non-banking financial institutions, called contracts with custodians, for which SSIF BRK FINANCIAL GROUP SA collects transaction fees, but the funds related to sales and purchases do not pass through the accounts of the company, but are settled through the custodian's accounts.

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26. OTHER REVENUES

As of July 2018, the Company chose to charge an additional commission to clients that did not register turnover in the last 3 months. Such amounts are registered as *Other operating income* in the table above.

27. EMPLOYEE-RELATED EXPENSES

<i>In RON</i>	December-19	December-18
Employees and contractors	(3.132.891)	(2.178.852)
Mandatory social contributions and insurance	(1.539.088)	(1.661.843)
Employee's profit sharing	-	-
Remunerations for BoA members	(189.687)	(389.339)
Total employee expenses in comprehensive income	(4.861.666)	(4.230.034)

The remuneration of the general managers is established by the Decision of the Board of Directors of the Company, and other benefits granted are in accordance with the collective labor contract at unit level.

During the year 2019, the management of the company was provided by the Deputy General Manager in the person of Mrs. Monica-Adriana Ivan, and by the Deputy General Manager in the person of Mr. Razvan Rat.

Also, the Financial Supervisory Authority has authorized as members of the Board of Directors of the company the following: Gherghus Nicolae, Ivan Monica, Mancas Catalin and Moldovan Darie during November 2018.

During 2019, the allowances granted to the members of the Board amounted to RON 189,687 thousand.

28. OTHER OPERATING EXPENSES

Other operating expenses include raw materials and consumables, water and energy and taxes and levies:

<i>In RON</i>	December-19	December-18
Expenses with raw materials and consumables	(174.057)	(111.934)
Expenses with energy and water	(129.718)	(109.187)
Expenses with taxes and levies	(154.197)	(189.905)
Total	(457.972)	(411.027)

29. OTHER EXPENSES

<i>In RON</i>	December-19	December-18
Expenses with compensations, fines and penalties	(58.791)	(853.091)
Expenses with donations granted	(26.555)	(200)
Net expenses with tangible and intangible assets disposed	98.558	(179)
Other operating expenses	(14.671)	(79.367)
Total	(1.459)	(748.693)

Within the expenses with compensations and fines in 2019, an amount of RON 58,791 was registered.

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30. FINANCIAL REVENUES AND EXPENSES

in RON

	December-19	December-18
Net gains on transactions with financial assets at fair value through profit or loss	4.743.546	(1.604.123)
Net gains on the valuation of financial assets at fair value through profit or loss	7.794.877	2.005.042
Net gains on transactions with derivatives - Futures	-	-
Net gains on transactions with derivatives – international markets	-	-
Net gains on transactions with Turbo products	1.122.551	1.761.567
Revenues from transactions with available-for-sale financial assets	-	-
Dividend revenues:	1.422.354	338.370
Related to available-for-sale financial assets	1.422.354	338.370
Related to financial assets at fair value through profit or loss	4.743.546	(1.604.123)
Total trading revenues	15.083.328	2.500.856
Total net changes in the fair value of financial assets at fair value through profit or loss, of which:	-	-
net changes in the fair value of financial assets at fair value through profit or loss	-	-
Revenues from interest on deposits	871.581	375.920
Revenues from interest on margin contracts and loan contracts	971.229	316.149
Net gains on interest/coupons related to bonds	465.357	786.916
Net gains on foreign exchange differences	-	-
Other net financial revenues	-	-
Total financial revenues	17.391.495	3.979.841
Losses on transactions with derivatives – international markets	-	-
Total trading expenses	-	-
Expenses with definitive impairment of available-for-sale securities	-	-
Expenses with interest on financial liabilities carried at amortized cost	(16.166)	(194.491)
Total financial expenses	(16.166)	(194.491)
Net financial result carried to profit or loss	17.375.329	3.785.350
Recognized to other comprehensive income		
<i>In RON</i>		
Detailed on the following page	-	-
Recognized to other comprehensive income		
<i>in RON</i>		
Net changes in the fair value of available-for-sale financial assets transferred to profit or loss	-	-
related to outstanding securities at the end of the period	-	-
Financial revenues recognized in other comprehensive income, after tax	-	-

SSIF BRK FINANCIAL GROUP SA
Notes to the individual IFRS financial statements

30. FINANCIAL REVENUES AND EXPENSES (continued)

The unrealized gains / (losses) from the valuation of investments at fair value through profit or loss for the financial year ended December 31, 2019 were mainly generated by the net change in the fair value of the financial instruments that are part of the trading portfolio for which The company analyzed the sales opportunities.

Gains/(Losses) on *trading in financial assets at fair value through profit or loss* means revenues from the disposal of securities less cost of those securities for transactions for which the difference is positive.

Dividend income is registered to profit or loss at net value. The taxation rates of dividends for the period ended December 31, 2019 were 5% and (2018: 5%).

<i>In RON</i>	December-19	December-18
Banca Transilvania	-	66.874
OMV Petrom	-	152.000
INCERTRANS	12	19
FONDUL INCHIS DE INVESTITII BET FI INDEX INVEST	269	47.642
PETAL	2.077	1.595
SIF OLTENIA	-	13.300
UNIVERS	93.343	55.362
LEONTEQ	-	356
Bursa Romana de Marfuri	1.193	1.193
SIF TRANSILVANIA	22.990	-
FOJE	8.406	-
BURSA DE VALORI BUCURESTI	186.828	-
SAI BROKER SA	1.107.235	-
TOTAL	1.422.354	338.341

31. INCOME TAX EXPENSES
Reconciliation of effective tax rate
In RON

	December-19	December-18
Profit for the period	8.153.017	(2.804.699)
Total income tax expenses	0	0
Profit before tax (including from discontinued operations)	8.153.017	(2.804.699)
Tax rate	16%	16%
Income tax calculated by applying the tax rate to book profit	1.304.483	(448.752)
Impact of non-deductible expenses	543.255	267.261
Impact of non-taxable revenues	(260.493)	(141.749)
Impact of expenses from IFRS restatement not accounted in the calculation of income tax	-	-
Accumulated tax loss	18.892.944	37.972.924
Impact of tax losses from previous years	(3.022.871)	(6.075.668)
Total income tax expenses calculated as per the tax rate	17.457.318	31.574.017
Income tax expenses not registered for negative amounts	(17.457.318)	(31.574.017)
Final income tax expenses	-	-
Final tax rate	-	-

32. EARNINGS PER SHARE
Basic earnings per share

The calculation of earnings per share as at December 31, 2019 is based on the profit attributable to shareholders (all ordinary shareholders) and the average number of outstanding ordinary shares of 337,749,919. As at December 31, 2019, the average number of outstanding ordinary shares was the same 337,749,919.

Profit attributable to ordinary shareholders

	31.12.2019	31.12.2018
Profit attributable to:		
Company's owners	8.153.017	(2.804.699)
Non-controlling interests	-	-
Profit for the period	8.153.017	(2.804.699)
Total comprehensive income attributable to:		
Company's owners	8.153.017	(2.804.699)
Non-controlling interests	-	-
Total comprehensive income for the period	8.153.017	(2.804.699)
Earnings per share		

32. EARNINGS PER SHARE (continued)

The result presented follows the calculation of income tax.

	December-19	December-18
Profit attributable to:		
Company's owners	8.153.017	(2.804.699)
Non-controlling interests	-	-
Profit for the period	8.153.017	(2.804.699)
Total comprehensive income attributable to:		
Company's owners	8.153.017	(2.804.699)
Non-controlling interests	-	-
Total comprehensive income for the period	8.153.017	(2.804.699)
Earnings per share		
Basic earnings per share (lei)	0,0241	(0,0083)
Diluted earnings per share (lei)	0,0241	(0,0083)
Continued operations		
Basic earnings per share (lei)	0,0241	(0,0083)
Diluted earnings per share (lei)	0,0241	(0,0083)

Weighted average number of ordinary shares

In 2015, the Company annulled 931,948 shares at a nominal value of RON 0.25 and no changes in the number of shares occurred since.

Year	2018	2017	2016	2015	2014
Number of shares	337.749.919	337.749.919	337.749.919	337.749.919	338.681.867

33. FAIR VALUE HIERARCHY

The table below analyzes the financial instruments carried at fair value depending on the measurement method. The fair value levels have been defined as follows:

- **Level 1:** quoted prices (not adjusted) on active markets. For securities at fair value through profit or loss, the price is the one at the end of the period, on the last trading day
- **Level 2:** inputs other than the quoted prices included in Level 1. This includes quoted securities for which valuation methods have been applied that contain observable values for assets or liabilities. If the asset or liability has a specific contractual term, the inputs related to Level 2 must have observable values for the entire asset or liability period. Examples: quoted prices for similar assets or liabilities on active markets, quoted prices for identical or similar products on markets that are not active, observable prices other than quoted prices such as interest rates, volatility, other corroborated input data on the market.
- **Level 3:** inputs other than the quoted prices included in Level 1 and Level 2. This includes unquoted securities for which valuation methods have been applied that contain observable values for assets or liabilities, either directly (e.g., prices) or indirectly (e.g., derived from prices). The fair value of these securities was determined either by applying the Discounted Dividend Model (DDM), by applying the Discounted Cash Flow (DCF) method or the asset-based method as presented in the Company's accounting policies.

33. FAIR VALUE HIERARCHY (continued)
In RON

31 December 2019	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets, of which:	20.278.444	10.869.391	23.854.302	55.002.136
quoted shares	18.316.139	6.120.536	-	24.436.675
quoted fund units	566.500	-	-	566.500
unquoted fund units	1.346.552	4.748.855	2.716.064	8.811.471
quoted bonds	49.253	-	-	49.253
unquoted bonds	-	-	6.138	6.138
unquoted shares	-	-	9.020.671	9.020.671
structured products	-	-	-	-
loans and advances granted	-	-	12.111.428	12.111.428
Derivatives in the form of financial assets	0	-	-	0
Other financial instruments	1.754.174	-	-	1.754.174
	22.032.618	10.869.391	23.854.302	56.756.311

InvRON

31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss, of which	19.555.348	6.745.856	23.834.175	50.135.379
quoted shares	3.996.161	2.858.786	-	6.854.947
quoted fund units	224.960	-	-	224.960
unquoted fund units	1.273.747	3.887.070	1.598.180	6.758.997
quoted bonds	9.204.414	-	-	9.204.414
unquoted bonds	-	-	3.630.241	3.630.241
unquoted shares	-	-	13.189.243	13.189.243
structured products	4.856.066	-	-	4.856.066
loans and advances granted	-	-	5.416.511	5.416.511
Derivatives in the form of financial assets	-	-	-	-
Other financial instruments	-	-	-	-
	19.555.348	6.745.856	23.834.175	50.135.379

33. FAIR VALUE HIERARCHY (continued)

The table below presents changes in the book value of investments classified to Level 3 of the fair value hierarchy in 2019 and 2018:

Changes in Level 3 fair value
in RON

	December-19	December-18
As at January 1	23.834.175	16.479.090
Total gain/loss carried to profit or loss	3.021.401	3.205.416
Total gain/loss carried to other comprehensive income		-
Acquisitions during the period(*)	9.309.297	30.000
Sales during the period(**)	(12.310.572)	(2.984.054)
Transfers to Level 3 in the fair value hierarchy(***)		7.103.723
As at December 31	23.854.302	23.834.175

(*) Represents the acquisition of shares in Romlogic Technology.

(**) Sales of shares in Minesa ICPM SA, FACOS SA.

During the year 2019, the participation of the company within the company FACOS SA Suceava was sold and collected, receiving the amount of RON 13.3 million.

(***)

- In the level 3 of the fair value hierarchy were assigned the Credits granted to the affiliated parties and to the clients who have loans in the margin, their value at 31.12.2019 was RON 10,446,949.

33. FAIR VALUE HIERARCHY (continued)

The valuation methods for Level 3 financial assets are presented below:

No.	Financial assets	Fair value as at December 31, 2019	Valuation technique	Unobservable inputs range	Relationship of unobservable inputs to fair value
1	Unquoted majority interests	6.105.300	Income approach - discounted cash flow method	Weighted average cost of capital: 11,39 % Long-term income growth rate: 2,6%	The lower the weighted average cost of capital, the higher the fair value The higher the long-term income growth rate, the higher the fair value
2	Unquoted majority interests	-	Income approach - discounted cash flow method	Weighted average cost of capital: 12,75% Discount for lack of liquidity: 15,60% Long-term income growth rate: 1,30%	The lower the weighted average cost of capital, the higher the fair value The lower the discount for the lack of liquidity, the higher the fair value The higher the long-term income growth rate, the higher the fair value
3	Unquoted minority interests	539.393	Cost method -adjusted net asset method	Market value of equity by reference to their book value: Weighted average cost of capital: 10,50%	In the balance sheet, the book value is identified by equity. The lower the resulting price/accounting value, the lower the fair value The lower the weighted average cost of capital, the higher the fair value
4	Unquoted minority interests	2.375.978	Income approach - discounted cash flow method	Discount for lack of control: 10% Long-term income growth rate: 2% Annual cash flow discount rate (IRR): 8,23%	The lower the discount for the lack of control, the higher the fair value The higher the long-term income growth rate, the higher the fair value The lower the cash flow discount rate, the higher the fair value
5	Unquoted bonds	6.138	Amortised cost – fair value estimates		
6	Loans and advances granted	12.111.428	Income approach - discounted cash flow method		
7	Unquoted fund units - Smart Money	2.716.064	Cost approach - adjusted net asset method		
	Total	23.854.302			

33. FAIR VALUE HIERARCHY (continued)

No.	Financial assets	Fair value as at December 31, 2018	Valuation technique	Unobservable inputs range	Relationship of unobservable inputs to fair value
1	Unquoted majority interests	4.180.815	Income approach - discounted cash flow method	Weighted average cost of capital: 11,39 % Long-term income growth rate: 2,6%	The lower the weighted average cost of capital, the higher the fair value The higher the long-term income growth rate, the higher the fair value
2	Unquoted majority interests	4.785.875	Income approach - discounted cash flow method	Weighted average cost of capital:: 12,75% Discount for lack of liquidity: 15,60% Long-term income growth rate: 2,6%	The lower the weighted average cost of capital, the higher the fair value The lower the discount for the lack of liquidity, the higher the fair value The higher the long-term income growth rate, the higher the fair value
3	Unquoted minority interests	67.462	Cost method -adjusted net asset method	Market value of equity by reference to their book value:	In the balance sheet, the book value is identified by equity. The lower the resulting price/accounting value, the lower the fair value.
4	Unquoted minority interests	4.155.091	Income approach - discounted cash flow method	Weighted average cost of capital: 10,50% Discount for lack of control: 10% Long-term income growth rate: 2,6%	The lower the weighted average cost of capital, the higher the fair value The lower the discount for the lack of control, the higher the fair value The higher the long-term income growth rate, the higher the fair value
5	Unquoted bonds	3.630.241	Amortised cost – fair value estimates	Annual cash flow discount rate (IRR): 8,23%	The lower the cash flow discount rate, the higher the fair value
6	Loans and advances granted	10.446.949	Income approach - discounted cash flow method	Discounted cash flow – 5.5%, adjusted with the probability of default	The lower the cash flow discount rate, the higher the fair value
7	Unquoted fund units - Smart Money	1.623.360	Cost approach - adjusted net asset method	Market value of equity by reference to their book value:	In the balance sheet, the book value is identified by equity. The lower the resulting price/accounting value, the lower the fair value.
				Weighted average cost of capital: 10,50%	The lower the weighted average cost of capital, the higher the fair value
	Total	28.889.794			

33. FAIR VALUE HIERARCHY (continued)

Price / Book value multiple: often expressed simply as "price-to-book", this multiple measures a company's market price based on its book value (net assets). It reflects how many times the book value per share investors are ready to pay for a share. The Price / Book value ratio multiple varies significantly based on the industry.

A company that requires more assets (e.g. a manufacturing company with factory space and machinery) will generally post a significantly lower price-to-book than a company whose earnings result from rendering services (e.g. a consulting firm).

Weighted average cost of capital: represents the calculation of a company's cost of capital in nominal terms (including inflation), based on the "Capital Asset Pricing Model". All capital sources – shares, bonds and any other long-term debts - are included in the weighted average cost of capital calculation.

Discount for lack of control: represents the discount applied to reflect the absence of the power of control and it is used within the discounted cash flow method, in order to determine the value of a minority interest in the equity of the revalued company.

Discount for lack of liquidity: represents the discount applied to the comparable market multiples, in order to reflect the liquidity differences between the revalued company from the portfolio and its comparable peer group. Valuers estimate the discount for lack of marketability based on their professional judgement after considering market liquidity conditions and company-specific factors.

To assess the unquoted majority equity instruments held in Facos SA in amount of RON 4,785. Evaluate si a metodologiei de lucru recomandate de catre ANEVAR. The valuation report for Facos was prepared by Darian DRS, and the one for Minesa by Mr. Marius Sufana.

34. AFFILIATES

Benefits of key management personnel

Transactions with affiliated parties, in the form of key management personnel, refer to the benefits granted to members of the Board of Administration and members of the executive management, which were presented in the *Employee-related Expenses* note.

Investments in associates

Note 18 *Investments in Associates* in these financial statements presents all associates and transactions that have taken place within the period.

36. IMPACT OF IFRS 9 "FINANCIAL INSTRUMENTS" AS OF JANUARY 1, 2018

IFRS 9 "Financial Instruments" presents the provisions for the recognition and measurement of financial assets, financial liabilities and certain contracts for the purchase or sale of non-financial items. This standard replaces IAS 39 "Financial Instruments: Recognition and Measurement" and includes new principles for the classification and measurement of financial instruments, a new model of credit risk for the calculation of impairment of financial assets, and new general requirements for hedge accounting. SSIF BRK FINANCIAL GROUP SA adopted IFRS 9 starting January 1, 2018. The Company owns the following types of financial instruments that fall under IFRS 9: equity instruments, debt instruments (fund units, bonds, cash and current accounts and deposits with banks), other financial assets and liabilities.

Following the analysis conducted, the Company decided to classify most of the financial instruments as of 01.01.2018, the date of initial application of IFRS 9, at fair value through profit and loss.

The main changes in accounting policies and the estimated impact resulting from the transition to IFRS 9 are described in the following:

36. IMPACT OF IFRS 9 "FINANCIAL INSTRUMENTS" AS OF JANUARY 1, 2018 (continued)

	IAS 39	IAS 39 values 31/12/2017	IFRS 9 reclassificatio n	IFRS 9 values 01/01/201 8
1.) Financial assets at amortized cost as per IFRS 9				
-resulting from financial assets measured at amortized cost	amortized cost	463.380	amortized cost	463.380
- from financial assets at amortised cost	amortized cost	7.971.985	fair value through profit or loss	7.740.557
Total financial assets measured at amortized cost	X	8.435.365	X	8.203.938
2.) Financial assets at fair value through profit or loss as per IFRS 9				
-resulting from available-for-sale financial assets	Available-for-sale financial assets	14.344.769	Fair value through profit or loss	14.344.769
-resulting from financial assets held for trading	Financial assets held for trading	18.033.358	Fair value through profit or loss	18.033.358
3.) Financial assets at fair value through other comprehensive income as per IFRS 9				
- resulting from available-for-sale financial assets	Available-for-sale financial assets	7.654.180	Fair value through profit or loss	7.654.180
Total financial assets at fair value through other comprehensive income as per IFRS 9	X	40.032.307	X	43.656.041
Total 1.)+2.)	X	48.467.672	X	51.859.978

The differences resulting from the adoption of IFRS 9 as of January 1, 2018 will be recognized in retained earnings. The impact of the transition consists in a net increase of RON 3,392,306, net of tax, of retained earnings and a net decrease of reserves by the same amount.

37. SUBSEQUENT EVENTS

Events after the balance sheet date were taken into account in assessing the conditions that existed on December 31, 2019 in respect of receivables lines and significant estimates that have been made, including those relating to the provisioning of litigation.

- ✓ January 14, 2020 - Financial calendar 2020.
- ✓ January 21, 2020 - BRK Financial Group SA has decided to convert Romlogic Technology SA into loans and calculated interest rates.
- ✓ January 27, 2020 - The Board of Directors of the company, in the meeting on January 23, 2020, approved the basic prospectus in relation to the program of issuing structured products which includes the range of products that could be subject to future issues of turbo certificates and certificates with protected capital.
- ✓ January 31, 2020 - BRK Financial Group SA informs investors about the fact that the sentence expressed in the file no. 1034/90/2014 / a13 by the Pitesti Court of Appeal.
- ✓ January 31, 2020 - Publication of the Auditor's Report - art. 82, Law 24/2017 - S2 2019, prepared by the financial auditor JPA Audit & Consultanță SRL.
- ✓ February 10, 2020 - BRK Financial Group SA has concluded a contract for providing market making services for the shares of Medlife SA.
- ✓ February 12, 2020 - BRK Financial Group SA informs the investors about the conclusion of a market making quotation supply contract for the shares of the issuer Teraplast SA.
- ✓ February 27, 2020 - Availability of the Preliminary Annual Report.
- ✓ February 28, 2020 - SSIF BRK Financial Group S.A. publishes the Preliminary Annual Financial Report on December 31, 2019.
- ✓ March 2, 2020 - SSIF BRK Financial Group S.A. on March 2, 2020, it concluded a loan agreement with SC Firebyte Games SA for the amount of 500,000 lei.
- ✓ March 10, 2020 - BRK Financial Group SA has concluded a market making quotation contract for the shares of Nuclearelectrica SA.
- ✓ BRK Financial Group SA informs the investors that the requests regarding the lifting of the insurance seizure established by the Public Ministry - the Prosecutor's Office attached to the High Court of Cassation and Justice - D.I.I.C.O.T. Central structure in the criminal prosecution file with no. 394 / D / P / 2007 on 25.09.2015, so that on 13.03.2020 the company was informed about the lifting of the insurance seizure for the amount of RON 4,980,779.61.
- ✓ March 17, 2020 - SSIF BRK Financial Group SA informs investors about the measures taken by the executive management in the context of COVID-19
- ✓ March 20, 2020 - BRK Financial Group SA suspends the provision of market maker quotes for the following financial instruments: AAGES (AAG), MedLife (M), TeraPlast (TRP) and Nuclearelectrica (SNN) until the normalization and the lifting of the state of emergency by The President of Romania on the national territory.

In view of the evolutions that are manifest at the time of this report regarding the COVID-19 pandemic and its effects on the capital markets and, potentially, on the world and Romanian economy, the potential effects on the business of the company on which the company is concerned were discussed, in addition we also discussed the budget for 2020.

We consider that these developments affect the activity of the Company in the foreseeable future and measures will be taken for this but will not affect the continuity of the activity.

These financial statements were approved today, April 27, 2020.

**Chairman of the BoA,
Nicolae Ghergus**

**General Manager
Monica Ivan**

**Economic Department
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Calea Moșilor 119, Cluj-Napoca, Romania**



Financial Statements

consolidated
la 31 decembrie 2019

Consolidated financial statements prepared in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS") for the year ended December 31, 2019

www.brk.ro



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Consolidated statement of financial position as at
December 31, 2019

<i>In RON</i>	Note	2019	2018
Assets			
Intangible assets	8	2.308.808	2.938.484
Tangible assets	9	5.914.801	6.201.082
Investment property	10	669.959	918.186
Financial assets at fair value through other comprehensive income	11	41.468.492	41.103.333
Financial assets at amortized cost	12	-	0
Loans and advances granted	15	12.111.428	5.416.511
Trade and other receivables	15	1.065.958	967.850
Other financial assets	12	24.773.144	12.267.142
Bank account for clients	17	53.626.771	31.750.494
Cash and cash equivalents	17	1.240.115	3.766.687
Assets classified as held for sale		303.389	544.721
Total assets		143.482.865	105.874.490
Equity			
Share capital	18	54.039.987	54.039.987
Adjustment of share capital	18	4.071.591	4.071.591
Own shares	18	(24.047)	-24.047
Share premiums	18	5.355	5.355
Reserves from the revaluation of available-for-sale financial assets	19	0	0
Other reserves	19	11.163.983	10.992.183
Current result		7.283.070	0
Retained earnings	20	(13.564.158)	-13.676.231
Total equity attributable to Group's shareholders		62.976.641	55.408.837
Non-controlling interests		407	672
Total equity		62.977.048	55.409.509
Liabilities			
Trade and other liabilities	21	-	-
Financial lease liabilities	22	-	37.176
Deferred income	23^1	-	-
Deferred tax liabilities		-	-
Total non-current liabilities		-	37.176
Short-term bank liabilities	22	4.187.543	4.991.870
Current portion of finance lease liabilities	22	28.640	37.125
Amounts payable to clients (clients' available funds)	22	60.770.151	35.930.351
Trade and other payables	21	12.475.036	9.263.800
Deferred income	23^1	-	-
Provisions	23	3.044.447	204.659
Total current liabilities		80.505.817	50.427.804
Total liabilities		80.505.817	50.464.981

Total liabilities and equity

143.482.865

105.874.490

The attached notes are an integral part of these financial statements.

**Consolidated statement of comprehensive
income
for the year ended December 31, 2019**

<i>In RON</i>	<i>Not a</i>	2019	2018
Continued operations			
Revenues			
Revenues from commissions and related activities	25	6.139.262	5.972.278
Revenues from the negotiation of insurance and reinsurance contracts		-	-
Revenues from the sale of work and goods	25	-	-
Rental income	25	6.620	486
Sub-total operating revenues		6.145.882	5.972.763
Net finance losses on transactions with shares and bonds	30	4.921.791	(1.571.305)
Net finance gains on transactions with Turbo products	30	1.122.551	1.761.567
Net gains on financial assets measured at fair value through profit or loss, unrealised		5.855.070	(327.126)
Financial revenues from dividends	30	337.433	374.695
Financial interest revenues	30	2.433.554	1.496.675
Sub-total finance revenues		14.670.399	1.734.506
Income from the valuation of investment property and available-for-sale assets		110.393	-
Revenues from write-off of provisions for risks and charges		58.702	300.933
Income from adjustments for impairment of current assets		9.122	
Other income	26	1.088.906	303.160
Total revenues from continued operations		22.083.404	8.311.362
Expenses with raw materials and consumables	27	(210.262)	(245.014)
Expenses with energy and water	23	(129.718)	(109.187)
Expenses with staff and collaborators	28	(5.879.306)	(4.984.394)
Expenses with taxes and fees		(216.532)	(259.158)
Expenses with external services		(3.859.611)	(3.771.358)
Sub-total operating expenses		(10.295.429)	(9.369.112)
Expenses with interest	30	(374.117)	(194.491)
Net finance losses	30	-	-
Impairment of investments		(16.228)	(66.630)
Sub-total finance expenses		(390.345)	(261.121)
Reclassification of net losses recognized in the global income statement to the income statement, related to available-for-sale financial assets sold	14		
Adjustments of intangible and tangible assets (Continued on next page)		(1.019.593)	(1.142.527)
Expenses with provisions for risks and expenses	23	(2.953.900)	(55.410)
Other expenses	29	(105.517)	(937.669)

Net profit from the sale / disposal of fixed assets		-	(179)
Other expenses	12	(937.669)	(937.669)
Total expenses		(14.764.784)	(11.656.652)
Result of operating activities		7.318.620	(3.345.290)
Profit before tax		7.318.620	(3.345.290)
Income tax expense	31	(35.110)	
Profit from continuous activities		7.283.510	(3.345.290)
Profit from interrupted activities		-	
Profit of the period		7.283.510	(3.345.290)
<i>In RON</i>		2.019	2018

Other comprehensive income

Lines that are or may be restated to profit or loss

Net changes in the fair value of available-for-sale financial assets transferred/restated to profit or loss	-	0
Effect of restating the line above	-	0
Net changes in the fair value of available-for-sale financial assets	-	0
Changes in the value of equity securities	-	0
Other changes in equity	-	0

Items that cannot be restated to profit or loss

Free shares received classified as available for sale		
Changes in the value of fixed assets used	-	0
Establishment / cancellation of profit reserves for granting free shares to employees		
Tax related to other elements of the overall result		

Total other comprehensive income for the period

Continued activities	-	0
Discontinued activities	-	0

Total profit or loss and other comprehensive income for the period

Continued activities	-	0
Discontinued activities (Continued on next page)	-	0

Attributable profit:

	2019	2018
Company's owners	7.283.070	-3.345.654
Non-controlling interests	440	440
Profit for the period	7.283.510	-3.345.290
Continued activities		

Earnings per share

Basic earnings per share (lei)	32	0,022	-0,0099
Diluted earnings per share (lei)	32	0,022	-0,0099

Discontinued activities

Earnings per share

SSIF BRK FINANCIAL GROUP SA
IFRS Consolidated Financial Statements

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Basic earnings per share (lei)	32	-	-0,0099
Diluted earnings per share (lei)	32	-	-0,0099

Continued activities

Basic earnings per share (lei)		0,022	
Diluted earnings per share (lei)		0,022	

Total comprehensive income attributable to:

Company's owners	32	7.283.070	-3.345.654
Non-controlling interests	32	440	364
Total comprehensive income for the period		7.283.510	-3.345.290
Weighted average number of outstanding shares		337.749.919	337.749.919

The attached notes are an integral part of these financial statements.
These financial statements were approved today, _____.

Chairman of the BOA,
Nicolae Ghergus

Economic director,
Pali Mircea Sandu

Separate statement of changes in shareholders' equity for the year 2019

In RON

	Share capital and other equity items	Revaluation differences	Legal and statutory reserves	Fair value reserves	Reserves from consolidation and equity securities	Other reserves	Retained earnings	Retained earnings from adoption of IFRS	Total shareholder equity	Non-controlling interests	Total equity
In RON											
Balance as at January 1, 2019	58.092.885	3.524.053	4.899.307	-	-	2.568.823	(8.694.197)	(4.982.034)	61.829.022	-	55.408.838
Net changes in the fair value of available-for-sale financial assets transferred/restated to profit or loss									-		-
Changes in the value of used non-current assets									-		-
Current result							7.283.070		7.283.070	860	7.283.930
Set-up of legal reserves			283.873						283.873		283.873
Other changes in equity									-		-
Total other comprehensive income											
Total comprehensive income for the period											
Balance as at December 31, 2019	58.092.885	3.524.053	5.183.180	-	-	2.568.823	(1.411.127)	(4.982.034)	69.395.964	860	62.976.641

The attached notes are an integral part of these financial statements.

	Share capital and other equity items	Revaluation differences	Legal and statutory reserves	Fair value reserves	Reserves from consolidation and equity securities	Other reserves	Retained earnings	Retained earnings from adoption of IFRS	Total shareholder equity	Non- controlling interests	Total equity
Balance as at January 1, 2018	58.092.885	856.771	4.767.793	2.043.236	2.687.191	4.407.821	-5.839.432	-4.982.034	62.034.232	946.471	62.980.702
Profit or loss							-279.451		-279.451	-86.628	-366.078
Other comprehensive income									0		0
Net changes in the fair value of available-for-sale financial assets transferred/restated to profit or loss				-1.780.164					-1.780.164		-1.780.164
Net changes in the fair value of available-for-sale financial assets				426.904					426.904	2	426.906
Changes in the equity securities					126.670				126.670		126.670
Changes in the value of used non-current assets		1.226.718					73.584		1.300.302		1.300.302
Set-up of legal reserves			41.935				-41.935		0		0
Other changes in equity							526		526	-531	-5
Total other comprehensive income	0	1.226.718	41.935	-1.353.260	126.670	0	32.175	0	74.239	-529	73.709
Total comprehensive income for the period	0	1.226.718	41.935	-1.353.260	126.670	0	-247.275	0	-205.212	-87.157	-292.369
Balance as at December 31, 2018	58.092.885	2.083.490	4.809.728	689.977	2.813.861	4.407.821	-6.086.707	-4.982.034	61.829.022	859.314	62.688.337

The attached notes are an integral part of these financial statement.

Consolidated statement of cash flows for the year 2019

In RON

<i>in lei</i>	2019	2018
Operating activities		
Gross result	<u>7.260.667</u>	<u>(3.345.290)</u>
Continued operations	(3.345.290)	(276.928)
Discontinued operations	-	(3.068.362)
Adjustments for reconciliation of net result against net cash used in operating activities		
Value adjustments of tangible and intangible assets	973.142	2.069.918
Unrealised gains (-)/(+)losses of the measurement of financial assets	(10.676.895)	(6.450.603)
Value adjustments of short-term investments	-	-
Tax	-	101.624
Provisions for current and non-current assets	37.330	(31.260)
Provisions for risks and charges	2.895.198	(170.609)
Expenses with interest	374.117	216.946
Interest income	(2.308.167)	(1.478.985)
Dividend income	(1.422.354)	
Relative gains from Turbo certificates and IG	(796.680)	(1.777.151)
Gain/(loss) on sale of tangible assets	(110.393)	179
Income from foreign exchange differences for IB, IG	(26.320)	(239.085)
Increase/(Decrease) of operating cash before changes to working capital	1.601.700	(11.104.317)
(Increase)/Decrease in outstanding inventories	-	(14.539)
(Increase)/Decrease in balances of other receivables	(359.320)	(469.239)
Increase/(Decrease) in balances of trade and other payables	3.191.155	11.494.907
Increase/(Decrease) in balances of available-for-sale assets	-	-
Net cash flows generated by operating activities	4.433.534	5.350.071
		-
Cash flows from operating activities		
Income tax paid	-	3.564.643
Proceeds from interest	852.470	430.977
Interest paid	(221.543)	(278.316)
Total net cash flows generated by operating activities	5.064.461	9.067.376

Consolidated statement of cash flows (continued)

Cash flows from investing activities

Cash payment for purchase of tangible and intangible assets and investment property		
Cash payment for the purchase of intangible assets	(1.730.676)	(238.290)
Cash paid/received for purchase of financial instruments	19.736.881	499.073
Cash received from sale of buildings, plant and equipment, intangible assets and other non-current assets	22.315	51.814
Dividends received	1.422.354	338.370
Loans (granted)/reimbursed to related parties	(8.260.550)	(372.813)
Loans granted/reimbursed to shareholders	-	17.250
Proceeds from margin loans granted to clients	-	-
Proceeds from sales of turbo certificates	3.559.668	1.646.186
Interest received on subscribed bonds	443.617	
Total net cash flows generated by investing activities	15.193.609	1.941.590
Cash flows from financing activities:		
Dividends paid	(1.107.421)	(390)
Lease payments	(104.038)	(94.676)
Collections/payments of short-term bank loans	(804.327)	(101.162)
Total net cash flows generated by financing activities	(908.364)	(941.144)
Total cash flows	19.349.705	10.067.822
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	35.517.181	28.765.140
Increase/(Decrease) in cash and cash equivalents	19.349.705	10.067.822
Cash and cash equivalents at the end of the period in the Company's accounts	54.866.885	35.847.342
of which blocked (attachment)	4.980.780	4.980.780
Of which:		
Cash on behalf of clients	53.626.771	26.351.801
Cash on behalf of the company	1.240.115	3.420.184

The attached notes are an integral part of these financial statements.
 These financial statements were approved today,

Chairman of BoA,
 Nicolae Ghergus

Economic director,
 Pali Mircea Sandu

1. Reporting Entity

SSIF BRK FINANCIAL GROUP SA („the Company”) is a financial investment company headquartered in Romania. The address of the registered office is Cluj-Napoca, str Motilor nr 119. The Company's consolidated financial statements for the year ended December 31, 2019 include the financial information of SSIF BRK Financial Group SA and its subsidiaries (herein after referred to as the “Group” or “Group entities”)

The main activity of the parent company is investment, management of its own portfolio of financial assets on behalf of shareholders and obtain returns on these investments in the interests of shareholders. On a secondary level, SSIF BRK also offers intermediation services for financial investments and management of its own financial asset portfolio, and the subsidiary’s activity is directed to the management of investment funds.

The associated entity has as object of activity research-development in other natural sciences and engineering.

The financial statements of SSIF BRK FINANCIAL GROUP SA are consolidated financial statements (“the consolidated financial statements”) of the company and have been prepared according to the provisions of FSA instruction No. 2/2014 on the application of International Financial Reporting Standards by the entities authorised, regulated and supervised by the Financial Supervisory Authority in the Financial Investment and Instruments Sector, as revised, and Rule no. 39/2015 approving the accounting regulations compliant with the International Financial Reporting Standards as adopted by the European Union (“IFRS”), applied by entities authorized, regulated and supervised by the Financial Supervisory Authority – Financial Instruments and Investments and are the Company’s responsibility.

The annual consolidated financial statements for 2019 have been prepared based on the accounting regulations, standards and policies included in these financial statements.

These consolidated financial statements have been approved for publication in April 2020 by the Board of Administration of SSIF BRK FINANCIAL GROUP SA.

SSIF BRK FINANCIAL GROUP SA also issued separate financial statements for the financial year ended December 31, 2019 in accordance with IFRS.

Entitatile Grupului

Filialele grupului

As of December 31, 2019, the Group consolidated three subsidiaries and one associated entity, presented below:

Entity	Registered office	Type of relationship	Interest in subsidiary	
			2019	2018
S.A.I. Broker S.A.	Cluj-Napoca, Romania	subsidiary	99.98%	99.98%

The identification data of the group entities are presented below:

Name of the affiliate: Facos S.A.

Company’s registered office: loc. Scheia, str. Humorului nr. 100, jud Suceava

Place of operations: loc. Scheia, jud Suceava

Legal form: S.A.

Tax reference code: RO714123

Main object of activity: fabricarea produselor din carne (inclusiv din carne de pasare)

Descriptions: the main activity is the manufacture of beef, pork, poultry and game. FACOS SA was established in 1991 further to a spin-off from the Suceava meat undertaking, becoming a state-owned joint-stock company.

In January 1999, FACOS SA became a fully private company through the sale of 93.47% of the shares from the State Assets Fund to MARTIN'S EUROPEAN FOOD PRODIMPEX.

As of 2004, the ISO 9001 and HACCP (ISO22000) integrated management system was implemented and certified.

Name of affiliate: SAI Broker SA

Company's registered office: Cluj-Napoca, str. Motilor nr. 119, judet Cluj

Place of operations: Cluj-Napoca, str Motilor nr. 119

Legal form: joint-stock company

Tax reference code: 30706475

Main object of activity: other financial intermediations

Description: SAI Broker SA is an investment fund management company established on September 26, 2012.

As at December 31, 2019, SAI Broker SA manages 9 investments funds totalling assets of RON 214.5 million:

- BET-FI Index Invest Closed Investment Fund
- FIX INVEST Open Investment Fund
- SMART Money private investment fund
- Optim Invest Closed Investment Fund
- Prosper Invest Open Investment Fund
- Fortuna Classic Open Investment Fund
- Fortuna Gold Open Investment Fund
- H.Y.B Invest Open Investment Fund
- ALPHA Invest Open Investment Fund

Name of affiliate: MINESA – INSTITUTUL DE CERCETARI SI PROIECTARI MINIERE S.A.

Company's registered office: Cluj-Napoca, str. Tudor Vladimirescu nr. 15-17, judet CLUJ

Place of operations: Cluj-Napoca, str. Tudor Vladimirescu nr. 15-17, judet CLUJ

Legal form: joint-stock company

Tax reference code: RO 4688949

Main object of activity: research and development in other natural sciences and engineering

Description: main activity is running of research and development activities

2. Basis of preparation

a) Statement of compliance

The consolidated financial statements are prepared by SSIF BRK Financial Group SA and are the responsibility of the Group's management, in accordance with International Financial Reporting Standards ("IFRS"). The Company has prepared these consolidated financial statements in order to comply with the requirements of Rule 39/2015, revised, approving the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector (FSA).

Within the meaning of Rule 39/2015, International Financial Reporting Standards herein after referred to as IFRS, shall mean the standards adopted according to the procedure provided by (EC) Regulation no. 1606/2002 of the European Parliament and the Council of 19 July 2002 on the application of international accounting standards, as revised.

b) Bases of measurement

The consolidated financial statements were prepared at historical cost, except for the following significant items in the statement of financial position:

- financial assets held at fair value through profit or loss are stated at fair value;
- derivatives are stated at fair value; they are quoted at the Bucharest Stock Exchange (BSE), on international markets or for which valuation reports have been drawn up by external independent valuers accredited by ANEVAR or based on the Group's internal models;
- investment property is stated using the revaluation model in accordance with IAS 40;
- non-current assets representing buildings and related land are stated at revalued amount, in accordance with IAS 16;
- available-for-sale non-current assets are stated at fair value in accordance with IFRS 5;
- In accordance with IAS 29, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy shall be presented in the current measurement unit at the balance sheet date (non-monetary items are restated using a general price index from the date of acquisition or contribution).

Under IAS 29, an economy is deemed hyperinflationary is, apart from other factors, the accumulated inflation rate for a period of three years exceeds 100%.

The continued fall in inflation rate and other factors related to the economic environment in Romania indicate that the economy whose functional currency was adopted by the Company ceased to be hyperinflationary with effect on the financial periods as of January 1, 2004. Therefore, IAS 29 was adopted in the preparation of the financial statements as at December 31, 2003.

Thus, the amounts expressed in the current measurement unit as at December 31, 2003 are treated as a basis for the carrying amounts reported in the financial statements and are not valued amounts, replacement cost.

For the purpose of preparation of the financial statements, the Company adjusts the share capital so as to express the financial statements in the current measurement unit as at December 31, 2003.

Going concern

According to the Company management's assessments, the Group will continue to operate on a going concern basis in the foreseeable future.

Fair value

Certain accounting policies of the Group and disclosure requirements involve the determination of fair value both for financial assets and non-financial assets. Fair values have been determined for the purpose of evaluating and / or presenting information based on the methods described below. Where appropriate, additional information is provided on the assumptions used to determine fair values in the notes dedicated to such asset or liability.

i. Equity investments

The fair value of financial assets measured at fair value through profit or loss is determined by reference to the closing quotation at the reporting date. The fair value of available-for-sale financial assets is also determined by reference to market quotations.

Other forms of fair value that are not based on the last trading price are the following:

1. The trading price: For investments quoted on the stock exchange, the Group looks for an active and liquid market, and uses as fair value the closing price in the last trading period at the end of the financial year.
2. Fair value determined by applying the Discounted Cash Flow (DCF) method: If the company does not distribute dividends and the evaluation is made from the perspective of a significant shareholder, the evaluation price is considered to be the intrinsic value resulting from the DCF model.
3. The fair value determined by the asset-based method: If the company has valuable redundant assets and the operating activity is small, the evaluation price is considered to be the intrinsic value resulting from the application of the adjusted net asset method.
4. Fair value resulting from the application of the comparative method – similar transactions: If in the last year on the local stock market there were significant transactions (>10% of the capital) involving the shares of companies operating in the same field of activity as the company under scrutiny, the evaluation price is considered to be the intrinsic value determined by applying the comparative method (using the evaluation multiples such as: P / E, P / B, P / S as reference at which the respective transactions were made compared to the results published by the companies in the previous financial year).

ii. Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the effective interest rate. This fair value is determined for disclosure purposes.

iii. Derivative financial instruments

The fair value of derivative products closed at the end of the period is calculated as the minimum of the number of short and long positions multiplied by the difference between the average sale price and the purchase price and further multiplied by the number of contracts of the package. The resulting value affects the results account.

The fair value of derivative products open at the end of the period is calculated if, at the end of the period, there are more sale contracts than purchase contracts as follows: the number of open positions calculated as number of short positions less long positions, multiplied by the difference of the average sale price and the quotation price at the end of the period. The calculation is the same when there are more purchase contracts than sale contracts at the end of the period. The resulting value adjusts the initial value of the security generated by the set margin.

iv. Non-derivative liabilities

Fair value, determined for disclosure purposes, is calculated based on the present value of future cash flows representing principal and interest, discounted using the market interest rate at the reporting date.

c) Basis of consolidation

(i) Business combinations

To account for the Group's subsidiary, the acquisition method is applied. This involves identifying the acquirer, the acquisition date, recognising and measuring the identifiable acquired assets, the assumed liabilities, and any non-controlling interest, and recognising and measuring the goodwill or the gains from the combination.

The Group measures goodwill at the fair value of the transferred consideration, including the recognised amount of non-controlling interests in the acquiree, minus the net recognised value of the identifiable assets acquired and the liabilities assumed at the date of transition to IFRS.

The Group's trading costs associated with a business combination, such as transaction fees, fees for legal advisory services, and other fees for professional and consultancy services are recognized in the income statement when incurred.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control is the power to drive the entity's financial and operational policies to gain benefits from its activities. The subsidiaries' financial statements are included in the consolidated financial statements from the time they start exercising control until it ceases. The accounting policies of the subsidiaries have been amended, where necessary, to be consistent with the policies adopted by the Group. Significant adjustments to subsidiaries have referred to:

- aligning the policies for measuring non-current assets;
- application of the necessary adjustments to current assets;
- registration of deferred income tax;
- disclosure of the information provided for by IFRS.

(iii) Investments in associates

Associates are those entities over which the Group exercises a significant influence but does not control their financial and operating policies. Significant influence is deemed when the Group holds between 20 and 50% of the voting rights in another entity.

International Financial Reporting Standards require that the basic accounting treatment for investments in associates is the equity method and initial recognition at cost.

According to this method, the consolidated financial statements should include the Group's share in the income, expenses and changes in equity of investments accounted for using the equity method after adjustments to align the accounting policies with those of the Group as of the date of commencement until the date when significant influence or joint control ceases. When the Group's share of losses exceeds its interest in the investment accounted for using the equity method, the carrying amount of the interest, including any long-term investment, is reduced to zero, and recognition of subsequent losses is discontinued unless the Group has an obligation or has made payments in the name of investee.

As an exception to this treatment, however, IFRS requires that investments held by venture capital organizations, investment funds and other similar institutions be excluded from the scope of IAS 28 described in the preceding paragraph when measured at fair value. in accordance with IAS 39. The main reason is that for these companies there are usually market quotations, which is also the case for the group entities, and the cash flows of the associated entities are not closely related to those of the parent company.

(iv) Transactions written off upon consolidation

The Group's outstanding amounts and transactions, as well as any unrealised income or expenses resulting from intra-Group transactions are written off upon the preparation of the consolidated financial statements.

(v) Provisions for cases where the ownership share in subsidiaries changes, with no loss in control over the subsidiary.

Under IFRS, the change in the percentage of ownership in a subsidiary that does not result in the loss of control over the subsidiary represents capital transactions (shareholder transactions).

When the share of ownership changes, the book value of the controlling and non-controlling interests is adjusted to reflect the relative changes in the subsidiary.

Any difference between the amount by which the non-controlling interests change and the fair value of the consideration paid or received is recognized directly in equity and attributable to the parent company's shareholders.

- (vi) Non-controlling interests represent the interests of the shareholders that do not control the entity and comprise the share of capital and results that correspond to the percentage held by them.

d) Functional and presentation currency

These consolidated financial statements are presented in lei (RON), which is also the functional currency of the Group. All financial information is presented in lei (RON), rounded to the nearest unit, unless otherwise specified.

e) Foreign currency

Operations denominated in foreign currencies are recorded in RON at the official exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RON at the exchange rate of that date. Foreign exchange differences are recognized directly to other comprehensive income.

f) Use of estimates and professional judgements

The preparation of the consolidated financial statements in accordance with IFRS requires the management to make estimates and assumptions that affect the application of accounting policies and the reported values of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The judgments and assumptions underlying the financial statements are revised periodically by the Company. The revisions of accounting estimates are recognized when the estimate is revised and in the future affected periods.

Information on critical professional judgments of accounting policies that materially affect the amounts recognized in the consolidated financial statements is included in the following notes:

- *Financial instruments* – classification and measurement of financial instruments
- *Financial income and expenses*
- *Non-current assets held for sale* – treated as held for sale

3. Significant accounting policies

The significant accounting policies applied by the Group will be presented below. These consolidated financial statements have been prepared in accordance with IFRS and the Group's accounting policies as presented herein below. The responsibility for these financial statements lies with the management of BRK Financial Group SA.

The accounting policies presented below have been consistently applied for all the periods presented in these consolidated financial statements and by all Group entities.

1. Adoption of IFRS 9

The adoption of IFRS 9 "Financial Instruments" replaces the existing provisions of IAS 39 "Financial Instruments: Recognition and measurement" and includes new principles as regards the classifications and measurement of financial instruments, a new model of credit risk to calculate the impairment of financial assets and new general requirements on hedge accounting. Also, it keeps similar principles to IAS 39 on the recognition and derecognition of financial instruments.

The Group adopted IFRS 9 as of its initial application, i.e., January 1, 2018. The Group holds the following types of financial instruments: investments in the share capital of various listed and unlisted entities, bonds, cash and current accounts, fund units in closed funds, financial derivatives, other financial assets and liabilities. Further to the analysis made, as of the initial application of IFRS 9, the Group decided to state all investments at fair value through profit or loss (implicit option as per IFRS 9). Such approach is in line with the business model of the Group of managing the performance of its portfolio at fair value, with the intended purpose of maximising the returns for shareholders and increasing the net asset value per share through investments made, mainly in Romanian shares and securities.

There were no changes in the carrying amount of financial assets and liabilities upon transition to IFRS 9 as at January 1, 2018 compared to their previous amount under IAS 39, except those presented herein below.

IAS 39 (December 31, 2017)		IFRS 9 (January 1, 2018)		Impact from adoption of IFRS 9
Classification	Carrying amount	Classification	Carrying amount	
Available-for-sale financial assets - la cost, estimated at fair value	463.479	Financial assets at fair value through profit or loss	463.479	-
Available-for-sale financial assets at fair value	22.198.327	Financial assets at fair value through profit or loss	18.773.971	3.424.356
Financial assets at fair value through profit or loss	18.391.752	Financial assets at fair value through profit or loss	18.391.752	-
Other financial assets	12.304.536	Other financial assets (Sundry debtors from trading financial instruments)	12.304.536	-
Loans granted to affiliates and customers	7.971.985	Loans and advances granted – at fair value through profit or loss	7.740.557	(231.428)
TOTAL	61.330.079		57.674.296	3.192.928

b) Financial instruments

i. Non-derivative financial instruments

The Group initially recognizes the loans, receivables and deposits at the date they were initiated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized at the date when the entity becomes part of the contractual terms of the instrument.

The Group derecognizes a financial asset when the contractual rights on the cash flows generated by the asset expire.

The Group has the following significant non-derivatives: financial assets at fair value through profit or loss, loans and receivables, and other financial assets measured at amortised cost.

Financial assets or financial liabilities at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or if it is designated as such on initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages those investments and makes purchase or sale decisions based on fair value in accordance with the investment and risk management strategy. Upon initial recognition, attributable trading costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value and subsequent changes are stated to profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any directly attributable trading costs. Subsequent to initial recognition, loans and receivables are measured at fair value, loans granted to affiliates and customers, and other receivables at amortized cost.

Cash and cash equivalents comprise cash balances and sight deposits with original maturities of up to three months.

Financial assets available for sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any of the above categories. The Group classified in this category all securities that are not included in short-term securities and for which there was the possibility of applying valuation methods to establish their fair value.

Subsequent to initial recognition, these securities are measured at fair value and subsequent changes, other than permanent impairment losses, are recognized in other comprehensive income and are presented in equity in the fair value reserve. When an investment is derecognized, the gain or loss accruing on other comprehensive income is transferred to the income statement.

Definitive impairment losses on these securities are recognized in expenses in the financial year in which the management estimates that they have occurred.

Common provisions for financial assets at fair value through profit or loss and available-for-sale financial assets.

When the Group is given free shares that are quoted (either as a result of the incorporation of reserves in the share capital of the issuer, or as a result of distributing dividends in the form of free shares), they do not cause any registration in the accounts, only the change in the number of shares held and implicitly their weighted average cost. At their first revaluation (at the end of the month in which the free shares were received), the new number of shares held is taken into account, therefore the value of the stake will be determined by multiplying the new amount of shares by the market price on the last day of the month at issue.

Unlisted shares are classified as available for sale and are recorded:

- at fair value - when it is possible to apply methods for evaluating them;
- at cost - when it is not possible to apply valuation methods;

The free shares received for these securities are recorded in the capital accounts in reserves from free shares, at the value at which the shares already existing in the balance are registered.

Discharging securities regardless of their classification is made at the average cost of acquisition weighted by the number of shares purchased, after each transaction.

ii. Derivative financial instruments

Derivatives are initially recognized at fair value; attributable trading costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and subsequent changes are recognized immediately to profit or loss.

c) Impairment

i. Financial assets (including receivables)

A financial asset that is not carried at fair value through profit or loss is tested at each reporting date to determine whether there is objective evidence of impairment. A financial asset is considered impaired if there is objective evidence that after the initial recognition there was an event that caused a loss, and this event had a negative impact on the expected future cash flows of the asset and the loss can be estimated.

Objective evidence that financial assets (including equity instruments) are impaired may include default by a debtor, restructuring of an amount owed to the Group on terms that the Group would not otherwise accept, indications that a the debtor or an issuer will go bankrupt, the disappearance of an active market for an instrument. In addition, for an investment in equity instruments, a significant and long-term decrease in cost of its fair value is objective evidence of impairment.

The Group considers the impairment evidence for receivables at the level of a specific asset as well as at collective level. All receivables that are individually significant are tested for impairment. All receivables that are individually significant for which no specific impairment was found are then collectively tested to determine the existence of an impairment that has not yet been identified.

Receivables that are not individually significant are grouped according to similar risk characteristics and are collectively tested for impairment.

In order to test the collective impairment, the Group uses historical trends in the probability of default, the recovery period and the amount of losses incurred, adjusted according to the professional judgment of the management as to the likelihood that actual economic and credit conditions will be higher or lower than those indicated by historical trends.

An impairment loss on a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the future expected future cash flows using the effective interest rate of the asset. Losses are recognized to profit or loss and are reflected in a receivables adjustment account. When a subsequent event causes the impairment loss to be deducted, it is reversed through profit or loss.

Impairment losses on available-for-sale investments are recognized by transferring to the income statement the cumulative loss that was recognized in other comprehensive income and presented in the fair value reserve within equity. The cumulative loss transferred from other comprehensive income to the income statement is the difference between the acquisition cost, net of principal and amortization, and the current fair value less any impairment loss previously recognized in profit or loss.

If, at a later period, the fair value of an impaired available-for-sale debt instrument increases and the increase may be objectively associated with an event that occurred after the impairment loss was recognized in profit or loss, then the impairment loss is resumed and the value of the reversal is recognized in the income statement. However, any subsequent recovery of the fair value of an impaired available-for-sale equity instrument is recognized in other comprehensive income.

ii. Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any evidence of impairment. If such evidence exists, the recoverable amount of the asset is estimated. For goodwill and

intangible assets with indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year.

The recoverable amount of an asset or a cash-generating unit is the maximum of the value in use and fair value less costs to sell. In determining the value in use, expected future cash flows are updated to determine the present value, by using a pre-tax discount rate that reflects current market assessments of the time value of money and the asset specific risks.

d) Inventories

Inventories are carried at the minimum of cost and net realizable value. The cost of inventories is based on the first-in, first-out principle and includes costs incurred for the acquisition of inventories, production or processing costs, and other costs incurred to bring the inventories to their current condition and location. In the case of inventories produced by the Group and those in progress, the cost includes the appropriate share of the administrative costs of production based on the normal operating capacity.

The net realizable value is the estimated selling price during the normal course of business less the estimated costs for completion and the costs for the sale.

e) Property, plant and equipment

i. Recognition and measurement

Items included in property, plant and equipment are measured at the cost date and subsequently at revalued amount less accumulated depreciation and accumulated impairment losses.

Gains or losses on the disposal of a tangible asset are determined by comparing the proceeds from disposal of the asset with the carrying amount of the tangible asset and are recognized at net value under other revenues in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings. The revaluation reserve is reduced in each financial year by the amount corresponding to the amortization and transferred to retained earnings.

ii. Reclassification as investment property

Investment property is defined below in *Investment property (letter e)* section.

When the use of a property changes from real estate used by the owner to investment property, the property is revalued at fair value and reclassified as investment property.

iii. Subsequent costs

The cost of replacing a tangible asset component is recognized in the carrying amount of the asset if it is probable that the future economic benefits embedded in that component will flow to the Group and its cost can be measured reliably. The accounting value of the replaced component is derecognized. Expenses with the current maintenance of the tangible asset are recognized in profit or loss as they are incurred.

iv. Depreciation of property, plant and equipment

Depreciation is calculated for the depreciable amount, which is the cost of the asset, or another value that substitutes cost, less the residual value.

Depreciation is recognized in profit or loss on the straight-line basis for the useful life estimated for each component of a tangible asset. Leased assets are depreciated over the shortest of the lease term and the useful life, unless it is reasonably certain that the entity will acquire the ownership right at the end of the lease. Land is not depreciated.

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

- buildings - 40 years
- plant and equipment - 2-10 years;
- vehicles - 5 years
- other plant, fixture and furniture - 3-10 years;

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

f) Intangible assets

i. Goodwill

Goodwill arising from the acquisition of subsidiaries is included in intangible assets. It is measured at cost less accumulated impairment losses.

ii. Subsequent expenses

Subsequent expenses are capitalized only when they increase the amount of future economic benefits embedded in the asset for which they are intended. All other expenses, including goodwill, are recognized in profit or loss when incurred.

iii. Amortization of intangible assets

Amortization is calculated for the cost of the asset or another value that replaces cost, less the residual value.

Amortization is recognized in profit or loss on a straight-line basis for the useful life estimated for intangible assets other than goodwill from the date they are available for use, this way reflecting the most accurately the expected pattern of consumption of the economic benefits embedded by the asset.

Estimated useful lives for the current and comparative periods are as follows: 3 years for all intangible assets, except goodwill.

Amortization methods, useful lives and residual values are reviewed at the end of each financial year and adjusted, if appropriate.

g) Investment property

Investment property means property owned either to be leased or to increase the value of the capital or both, but not for sale in the ordinary course of business, use in production, supply of goods or services, or for administrative purposes. Investment property is valued as assets used, at fair value. Any appreciation or depreciation in their value is recognized in profit or loss.

h) Leased assets

Leases by which the entity substantially assumes the risks and rewards of ownership are classified as finance leases. At the time of initial recognition, the asset subject to the lease is measured at the minimum of the fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Other leasing contracts are classified as operating leases.

i) Lease payments

Lease payments under an operating lease are recognized as an expense in profit or loss on a straight-line basis over the lease term. The operating lease facilities received are recognized as an integral part of the total lease expense, over the lease term.

The minimum lease payments under finance leases are divided on a pro rata basis between lease interest expenses and reduction of lease debt. The lease interest expense is allocated to each lease term so as to generate a constant interest rate for the remaining lease debt.

Determining the extent to which an arrangement contains a lease: When initiating an arrangement, the entity determines whether the arrangement is or contains a lease operation.

j) Property, plant and equipment held for sale

Tangible assets or disposal groups containing assets or liabilities whose carrying amount is expected to be recovered principally through a sale operation and not through continuing use are classified as held for sale.

Prior to reclassification to tangible assets held for sale, the assets or components of a disposal group are revalued in accordance with the Group's accounting policies. Generally, assets or components of disposal groups are subsequently valued at the minimum of the carrying amount and the fair value less costs to sell.

Impairment losses related to a sales group are first allocated to goodwill and then pro rata to the remaining amount of assets and liabilities, except that no impairment will be allocated to inventories, financial assets, deferred tax assets, employee benefits and investment property, which continue to be valued in accordance with the Group's accounting policies. Impairment losses arising on initial classification as held for sale and subsequent gains or losses as a result of revaluation are recognized to profit or loss. Gains that exceed accumulated impairment losses are not recognized.

k) Non-derivative financial liabilities

Liabilities are recognized on the date when the Group becomes part of the instrument's contractual terms.

The Group derecognizes a financial liability when the contractual obligations are paid, cancelled or expire.

The Group has the following non-derivative financial liabilities: loans, overdraft, trade payables, debts to customers on their deposits and other liabilities.

These financial liabilities are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

l) Shared capital

Ordinary shares

Ordinary shares are classified as part of equity. Additional direct costs attributable to the issue of ordinary shares are recognized as a reduction in equity at net book value.

Buy-back of shares (treasury shares)

When the share capital recognized as part of equity is bought back, the amount of the consideration paid, which includes other directly attributable costs, net of tax effects, is recognized as a decrease in equity. Redeemed shares are classified as treasury shares and presented as a reduction in equity. When treasury shares are subsequently sold or re-issued, the amount received is recognized as an increase in equity and the surplus or deficit arising from the transaction is transferred to or from the retained earnings.

m) Employee benefits

i. Short-term benefits

Employees' short-term benefits are assessed without being updated, and the expense is recognized as the related services are rendered.

A liability is recognized at the amount that is expected to be paid under short-term cash-premium or profit-sharing plans if the Group has a legal or constructive obligation to pay that amount for services previously provided by employees, and the obligation can be estimated reliably.

ii. Share-based transactions

The fair value of the share-based payment allowance granted to employees is recognized as a payroll expense, together with an increase in equity, during the time when employees become unconditionally entitled to these premiums.

n) Provisions

A provision is recognized if, as a result of a prior event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting expected future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and debt-specific risks. The amortized discount is recognized as financial expense.

o) Sale of goods and provision of services

Income from sales during the current period is measured at the fair value of the consideration received or receivable. Income is recognized when the risks and rewards resulting from ownership of the goods are transferred significantly and the amount of income can be measured reliably. The moment when the transfer of risks and rewards varies depending on the individual terms in the sales contracts.

In the case of intermediation activity, commission income is recognized on the transaction date. Dividend income is recognized when the right to receive them arises.

p) Rental income

Rental income from investment property is recognized to profit or loss on a straight-line basis over the lease.

q) Financial revenues and expenses

Financial revenues include:

- revenues from interest on bank deposits,
- dividend revenues,
- gains on sales of:
 - o available-for-sale financial assets, and
 - o assets at fair value through profit or loss,
- changes in the fair value of assets at fair value through profit or loss.

Interest income is recognized in profit or loss on accrual basis using the effective interest method.

Dividend income is recognized in profit or loss at the date when the Group is entitled to receive the dividends, which in the case of the quoted instruments is the ex-dividend date.

Financial expenses comprise:

- impairment losses on financial assets at fair value through profit or loss;
- definitive impairment losses on available-for-sale financial assets;
- foreign exchange differences;
- foreign exchange losses.

Gains and losses from foreign exchanges are reported on net basis.

r) Income tax

Expenses with income tax include current tax and deferred tax. Current and deferred tax is recognized in profit or loss, unless they are attributable to business combinations or items recognized directly in equity or other comprehensive income.

Current tax is the tax that is expected to be paid or received for the taxable income or deductible loss incurred in the current year using tax rates adopted or substantially adopted at the reporting date and any adjustment to tax liability on profits for previous years.

Deferred tax is recognized for the temporary differences that arise between the carrying amount of assets and liabilities used for the purpose of financial reporting and the tax base used for the tax calculation.

Deferred tax is not recognized for the temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are offset only if there is a legal right to offset current tax liabilities and receivables and are related to taxes levied by the same tax authority for the same taxable entity or for different tax entities, but which intends to settle receivables and debts with current tax on a net basis, or whose tax assets and liabilities will be simultaneously incurred.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future profits may be used to cover the tax loss. Deferred tax assets are reviewed at each reporting date and are diminished to the extent that the related tax benefit is no longer probable. The Note 16 on *deferred tax assets and liabilities* includes cases where deferred tax assets have not been recognized as assets.

s) Earnings per share

The Group discloses basic and diluted earnings per share for its ordinary shares. The basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group to the weighted average of ordinary shares outstanding during the period, adjusted by the amount of own shares held. The diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding, adjusted by the amount of own shares held, with the dilutive effects of all ordinary potential shares that comprise share options granted to employees.

t) Segment reporting

An operating segment is a component of the Group that engages in activities that can generate revenues and expenses, including revenues and expenses related to transactions with any of the Group's other components.

Operating results of an operating segment are reviewed periodically by the management to make decisions about the resources to be assigned to the segment and to analyse its performance and for which distinct financial information is available.

u) Standards and interpretations in force in the current year

The following new standards, amendments to the existing standards and interpretation issued by the International Accounting Standards Board (IASB) and adopted by the European Union ("EU") effective for the current reporting period, are applicable to the Company:

- **IFRS 9 "Financial Instruments"** – adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 1 and IAS 28 due to "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** - adopted by the EU on 28 March 2018 (effective for annual periods beginning on or after 1 January 2018).

Except for IFRS 9, the Group considers that the adoption of these new standards, amendments and interpretation has not led to any material changes in its annual financial statements.

The Group adopted IFRS 9 as of its initial application as of 1 January 2018. There were no changes in the book value of financial assets further to the transition to IFRS 9 (see note 3 for further details).

(v) Standards and interpretations issued by IASB and adopted by the EU, but not yet effective

At the reporting date of these financial statements, the following standards, amendments to existing standards and new interpretations also applicable to the Company were in issue by IASB, but not yet effective:

- **IFRS 16 “Leases”** – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 9 “Financial Instruments” - Prepayment Features with Negative Compensation** - adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019),
- **IFRIC 23 “Uncertainty over Income Tax Treatments”** - adopted by the EU on 23 October 2018 (effective for annual periods beginning on or after 1 January 2019).

The Group has analysed the impact of adoption of IFRS 16 and the other standards mentioned above and anticipates that they will not have any significant impact on the annual financial statements if applied for the first time. The Company will apply such standards as of their effectiveness.

(w) Standards and interpretations issued by IASB, but not yet adopted by the EU

As at the reporting date of such financial statements, IFRS as adopted by the EU do not significantly differ from regulations adopted by the IASB except for the following new standards, amendments and interpretations, which are also applicable to the Company and which were not endorsed for use in EU as at the date of authorisation of these financial statements:

- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”** - Definition of Material (effective for annual periods beginning on or after 1 January 2020),
- **Amendments to IAS 28 “Investments in Associates and Joint Ventures”** - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to various standards due to “Improvements to IFRSs (cycle 2015 -2017)”** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to References to the Conceptual Framework in IFRS Standards** (effective for annual periods beginning on or after 1 January 2020).

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the Group’s consolidated financial statements in the year of initial application.

x) Discontinued operations

A discontinued operation is a component of the Group's activities that represent a major segment of a distinct business or a geographic area of operations that was either stopped or classified as held for sale, or a branch purchased exclusively for resale. Classification as discontinued operation occurs at the time of interruption or when the activity meets the classification criteria as held for sale, whichever occurs first. When an operation is classified as discontinued, comparative information in the statement of comprehensive income is presented as if the activity had been discontinued from the beginning of the comparative period.

4. Significant accounting estimates and judgements in the application of accounting policies

The Group makes estimates and assumptions that affect the reported amount of assets and liabilities in the next financial year. The estimates and assumptions are continually assessed and are based on past experience and other factors, including expectations of future events considered reasonable under the given circumstances. In addition to historical experience and information, the Group also considered the effects of the current conditions in the financial industry in the assessment of these estimates.

5. Classification as investment entity

The Group has applied the amendments to IFRS 10, IFRS 12 and IAS 27 as of January 1, 2018, when, after assessing the criteria mentioned in the amendments, the Group's management concluded that the Group meets the classification criteria of investment entity.

In 2018, the Group reassessed the classification criteria of investment entity and concluded that still meets such criteria, given that the Company:

- a) Received funds from more investors in order to render investment management services for such investors;
- b) has committed both to its investors that the scope of its activity is to invest primarily to obtain proceeds from growing the value of its investments, revenues from investments or both; and
- c) measures and assesses the performance of its investments on a fair value basis.

In addition, the Company also has the specific characteristics of an investment entity, as follows:

(a) Investment-related services

The company is a joint-stock company providing investment management services to its investors, its main object of activity consisting of operations specific to investment companies.

The company provides advisory and support services for investments and administrative services directly or through a subsidiary, to third parties and / or its investors.

(b) Scope of activity

The objective of the Company is to carry out lucrative activities specific to its object of activity and to obtain profit that is further distributed amongst shareholders and / or its own sources to finance the necessary and timely financial investments allowed by the statutory object of activity and the legal provisions in force.

The Group's strategic guidelines and annual investment strategy approved by the General Meeting of Shareholders are public information and are presented on the official website of the parent company and can be consulted by third parties, potential investors, in order to support the investment decision in the parent company.

The objective of the parent company is to manage the portfolio investments and to permanently identify investment opportunities while ensuring a reasonable level of investment risk spread in order to offer its shareholders the opportunity to achieve attractive performance while increasing the capital invested.

(c) *Exit strategy*

Starting January 2018, the Group applies an exit strategy based on the continuous monitoring of investments made through the investment strategy approved by the Group's management and on the ongoing analysis of current market conditions, aiming at identifying the optimal exit times in order to achieve the objectives established by the annual revenues and expenditure budgets, namely achieving higher aggregate returns.

The Group applies an exit strategy tailored to the specificity of each category of investment, defined on the basis of the following elements: the applied strategy, the time to maintain the investment and the timing of the exit transaction.

(d) *Fair value measurement*

As of January 1, 2018 all of the Group's financial investments are measured at fair value. Investments in subsidiaries and associates, including loans granted to them by the parent or the consolidated subsidiary, are classified as financial assets at fair value through profit or loss.

The process of estimating the fair value of financial instruments held by SSIF BRK Financial Group SA is carried out according to the internal procedure and related methodology.

i. *Implications of the Group's classification as investment entity*

A company that is an investment entity should not consolidate any of its subsidiaries, except those subsidiaries that provide investment services.

As a result, the Group amended the accounting policy regarding investments in subsidiaries and associates by measuring them at fair value through profit or loss as of January 1, 2018.

When a company becomes an investment entity, it must account for this change as a deconsolidation adjustment on its investments in subsidiaries as presented in the consolidated IFRS financial statements.

ii. *Implications due to the classification of the Company as an investment entity*

Consequently, on January 1, 2018, the Company classified investments in subsidiaries and associates as financial instruments at fair value through profit or loss and recognized the difference between their fair value as at January 1, 2018 and their carrying amount in the consolidated financial statements under IFRS for the year ended December 31, 2017 to profit or loss and retained earnings of the year ended December 31, 2018 as a deconsolidation adjustment.

Due to the fact that on December 31, 2017 the Company did not consolidate its subsidiaries and associates in accordance with IFRS 10 "Consolidated Financial Statements", the Company used the accounting values in the individual IFRS financial statements prepared for the financial year ended December 31, 2017 to determine deconsolidation adjustment.

iii. *Disclosure*

For each subsidiary not consolidated in the financial statements, the Group has provided the following information in this respect: the name of the subsidiary, the place of business and the ownership share.

Also, where an investment firm or one of its subsidiaries provides financial support or other support to a subsidiary not consolidated in the financial statements (for example, through the acquisition of assets or instruments issued by that subsidiary), it must provide information on the type and amount of the support granted, and the reasons why it has granted such support to the subsidiary.

6. Financial risk management

Due to the complex activity it carries out and the use of financial instruments, the Group is exposed to risks from the following categories:

- credit risk
- liquidity risk
- market risk
- operational risk
- exchange rate risk
- currency risk

The explanations provide information on the exposure of the company to each risk category, the objectives, policies, processes and procedures used for risk and capital assessment and management.

General risk management setting

The Board of Administration of each of the Group's companies is responsible for establishing, monitoring and supervising the risk management setting at company level.

Such management framework is supervised and monitored by the Board of Administration of the parent.

The Group's and especially BRK Financial Group SA's complex activity requires active risk management and, in order to ensure such management, the Group has established a risk management system by developing internal risk management policies and procedures, in line with current regulations and legislation. Risk management principles include risk identification and awareness, assumption, management and monitoring or risk, prudential requirements for risk management, periodic review of risk policies and internal procedures, risk control and management.

At the same time, the Group's internal procedures define risk management policies, set appropriate limits and controls, ways to monitor risks and meet established limits.

Regularly, verification and follow-up missions are carried out to observe the provisions of the internal procedures and regulations in force and reports are drafted to the executive management of the Group and to the Board of Administration.

In this way an orderly and constructive control environment is developed so that, through the proactive activity of risk management (basic activity within the company), all the risks faced by the Group, and especially BRK Financial Group SA, may be measured.

Categories of risk

Credit risk

Credit risk is the risk of financial loss or unrealized profit for the Company if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and this risk arises mainly from customers' incapacity to meet their payment obligations regarding risk assets, either from balance sheet or off-balance sheet.

For securities intermediation activity, at the balance sheet date there is no credit risk because, according to the internal procedures approved by the Board of Administration, clients can record debts to BRK Financial Group only on the basis of analyses and approvals and only on the short term.

Exposure to credit risk

Assets exposed to credit risk are the following categories of holdings: positions on financial instruments that do not belong to the tradable portfolio, exposures from commissions, interest, dividends, margins for futures, options, warrants, receivables on financial and non-financial entities, off-balance sheet items related to other assets than those included in the tradable portfolio, tangible assets, cash, sight and term deposits, loans granted to affiliated entities, any assets not deducted from the eligible capital of the Group.

The risk of incurring losses due to default by the debtor may have two causes:

- a) bankruptcy of the debtor / issuer - also called bankruptcy risk of the debtor (long-term credit risk). This risk concerns the long-term financial assets, which are implicitly affected by the solvency dynamics of the issuer of those securities.
- b) the bad faith of the debtor (the counterparty with which the company carries out certain types of financial transactions) also called counterparty credit risk (short-term credit risk). The financial operations to which this type of risk relates are the following:
 1. derivatives traded on OTC and credit derivatives;
 2. repurchase agreements, reverse repurchase agreements, securities/commodities lending or borrowing based on securities or commodities included in the trading portfolio;
 3. margin lending transactions in relation to securities or commodities; and
 4. long-term settlement transactions.

The types of exposures are as follows:

<i>In RON</i>	December-19	December-18
Banca Transilvania	21,737,005	5,610,360
BRD - Group Societe Generale	6,180,052	5,699,184
UniCredit Bank	80,966	25,559
First Bank	3,527,399	15,539,401
Idea Bank	8,024,423	5,058,764
Libra Bank	4,046,080	15,847
Intesa San Paolo Bank	2,108,194	2,060,794
Banca Comerciala Feroviara	9,162,766	2,175
Other commercial banks	-	3,439
Total bank deposits	-	1,499,455
Cash	-	2,203
Total current accounts and bank deposits	54,866,886	35,517,180

Exposures from fair value bonds

<i>In RON</i>	December-19	December-18
Cellini corporate bonds	106,905	3,731,008
Impact Developers corporate bonds	1,492,067	9,204,414
Golden Food Snack corporate bonds	49,253	
Bucharest City Hall municipal bonds 25	53,554	53,691
Hunedoara county council municipal bonds 26	18,155	19,882
Total bonds	1,719,935	13,008,996

Exposures from loans granted to affiliates at fair value

<i>In RON</i>	December-19	December-18
Romlogic Technology SA	9,315,550	1,243,412
Firebyte Games SA	694,338	423,935
Facos SA	-	833,808
Gocab Software	950,000	-
Total loans granted	10,959,888	2,501,156

Liquidity risk

Liquidity risk is the risk that the Group has difficulty in meeting the obligations associated with financial liabilities that are settled in cash or by transferring another financial asset. At the date of these consolidated financial statements, the Group has outstanding loans.

In terms of brokerage activity (for the intermediation segment), liquidity in customer relationships is ensured by the fact that investment firms have the obligation to keep their clients' deposits in separate accounts without using them in any way.

Regarding the overall liquidity, the current sources of availability are represented by the results of the investment activity, commissions received from clients and proceeds from the sale of finished products, and as extraordinary sources the capital increases.

The risk of liquidity takes two forms:

Liquidity risk of the portfolio of financial instruments - losses that can be recorded by the Group due to the impossibility of finding a counterparty in financial transactions, thus making it difficult to close the positions on the financial instruments that record unfavorable price variations.

Risk of liquidity coverage - losses that can be recorded by the Group due to the impossibility to finance net outflows (current liabilities) recorded over a 30-day horizon.

Determination:

Liquidity risk of the portfolio of financial instruments - The rate of high liquidity assets in the total portfolio - is calculated as the ratio between the value of high liquidity assets and the value of the total asset.

Liquidity coverage ratio (LCR) - is calculated for the parent as a ratio between the value of high liquidity assets (liquidity reserves) and the value of current liabilities (maturity band of up to 30 days)

The risk of long-term assets financing from non-permanent resources - is calculated as a ratio between the value of temporary resources (e.g. dividends not received, loans, issued bonds, etc.) and the value of the total asset.

The following holdings were classified as high liquidity:

- bank accounts (cash and deposits);
- shares' adjusted value;
- OPC adjusted value.

The values factored in in the calculation of the liquidity risk of SSIF BRK Financial Group as at December 31, 2019 were as follows:

In RON

	Carrying amount	Within 3 months	3 -12 months	More than 1 year	No pre-set maturity
December 31, 2019					
Active finaciare					
Cash and cash equivalents	54.866.886	54.866.886	-	-	-
Bank deposits	-	-	-	-	-
Financial assets at fair value through profit or loss	45.445.493	-	-	-	45.445.493
Loans and advances granted	6.414.492	1.224.550	5.869.048	5.391.283	-
Bonds at fair value	1.619.168	-	-	1.619.168	-
Other financial assets	24.873.831	-	-	-	24.773.064
Total financial assets	133.219.870	56.091.436	5.869.048	7.010.451	70.218.557
Financial liabilities	4.187.543	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	4.187.543	-	-	-	-
In RON					

In RON

	Carrying amount	Within 3 months	3 -12 months	More than 1 year	No pre-set maturity
December 31, 2018					
Financial assets					
Cash and cash equivalents	34.017.725	33.720.433	-	-	-
Bank deposits	1.499.455	-	1.499.455	-	-
Available-for-sale financial assets	32.476.846	-	-	-	32.476.846
Financial assets at fair value through profit or loss	5.571.980	1.496.456	295.060	3.780.464	-
Loans and advances granted	13.008.997	41.360	3.762	12.963.874	-
Bonds at fair value	12.267.142	2.236.516	-	-	10.030.546
Financial assets at amortised cost	98.842.145	37.494.765	1.798.277	16.744.338	42.507.392
Financial liabilities	4.991.870	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
Total financial liabilities	4.991.870	-	-	-	-

The ratio presented herein above is specific to financial companies and it is therefore currently calculated only by the parent. The Group also comprises companies that conduct non-financial operations.

Market risk

Market risk is the risk that the variation in market prices, such as the price of equity instruments, the exchange rate and the interest rate, will affect the Group's income or the value of the financial instruments held. The objective of market risk management is to monitor and control market risk exposures within acceptable parameters and, at the same time, to optimize return on investments.

Investment opportunities are selected through:

- technical analysis;
- basic analyses – determining the issuer's capacity to generate profit;
- comparison – determining the relative value of an issuer compared to the market or other similar companies;
- statistics – determining trends and correlations using the pricing and trading volume history.

The Company is exposed to the following categories of market risk:

i) Price risk

Exposure to price risk is the possibility that the value of financial instruments fluctuates as a result of changes in market prices.

The Company is exposed to the risk associated with the change in the price of financial assets at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. 31% of the total shares traded on an active market held by the Company as at December 31, 2019 (December 31, 2018: 70%) represented investments in companies included in the BET index of the Bucharest Stock Exchange, a weighted index with stock capitalization created to reflect the overall trend of the ten most liquid shares traded on the Bucharest Stock Exchange.

A positive 10% change in the price of financial assets at fair value through profit or loss would result in a profit increase of RON 4,468,609 (December 31, 2017: RON 4,014,760), a negative change of 10% having an equal and opposite net impact.

The Company holds shares in companies operating in different sectors of activity as follows:

Sector of activity	2019	%	2018	%
Commerce	1.923.955	4,24%	4.477.266	9,84%
Constructions	324.773	0,72%	13.428.510	29,52%
Finance-banking	19.608.301	43,18%	11.358.025	24,97%
Consumer goods	262.611	0,58%	4.999.229	10,99%
Industry	3.372.521	7,43%	100.795	0,22%
Other	19.919.092	43,86%	11.122.020	24,45%
Total	45.411.253	100,00%	45.485.844	100%

As can be seen from the table above, as of December 31, 2019, the Company held mainly shares in companies operating in the financial-banking and insurance field, with a share of 43.18% of the total portfolio, increasing compared to the share of 24, 97% registered on December 31, 2018.

Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide range of factors associated with processes, personnel, technology and infrastructure of the Group, as well as external factors other than credit, market and liquidity risk, such as those arising from legal and regulatory requirements, and generally accepted standards of organizational behavior.

The objective of the Group is to identify, measure, monitor, manage and mitigate operational risk so as to strike a balance between avoiding direct or indirect financial losses that may occur as a result of procedural, human or systemic errors, or due to external events, which may jeopardize the reputation of the Group. At the same time, the operational risk at the level of the Group's intermediation and trading segment is very low also due to the requirements imposed by the Financial Supervisory Authority (FSA) regarding the organization, the required reports and the internal control carried out.

The main responsibility for the development and implementation of operational risk controls lies with the management of each organizational unit. This responsibility is supported by the development of general corporate standards for operational risk management in the following areas:

- requirements for appropriate segregation of tasks and responsibilities
- requirements for reconciliation, monitoring and authorization of transactions;
- compliance with regulations and legislation;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks and the adequacy of controls and procedures for identified risks;
- training and professional development;
- ethical and business standards;
- risk mitigation.

Compliance with the Group's standards is ensured through a program of periodic reviews of internal procedures. The results of these reviews are discussed with management.

Interest rate risk

As of December 31, 2019, the Group has contracted the following loans:

- a credit line, granted for a period of 1 year, in order to support the current activity of the Group (trading segment). The interest related to the credit line is composed of the 3-month ROBOR reference index and a fixed margin.

Interest rates used to determine fair value

For the determination of fair value or for impairment testing of financial instruments, no interest rates were used to discount cash flows as it was not the case for trade receivables or other financial instruments whose collection is significantly delayed over time.

For doubtful receivables (receivables whose recovery is uncertain), at the end of the reporting period, the Company registered impairments for the entire amount.

The following tables present the Company's exposure to interest rate risk.

<i>In RON</i>	Accounting value				
		Within 3 months	3 -12 months	More than 1 year	No pre-set maturity
Decembrer 31, 2019					
Financial assets					
Cash and cash equivalents	54.866.886	54.866.886	-	-	-
Bank deposits	-	-	-	-	-
Financial assets at fair value through profit or loss	45.445.493	-	-	-	45.445.493
Loans and advances granted	6.414.492	1.224.550	5.869.048	5.391.283	-
Bonds at fair value	1.619.168	-	-	1.619.168	-
Other financial assets	24.873.831	-	-	-	24.773.064
		56.091.436	5.869.048	7.010.451	70.218.557
Total financial assets	133.219.870				
Financial liabilities	4.187.543	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
	4.187.543	-	-	-	-
Total financial liabilities					

<i>In RON</i>	Accounting value				
		Within 3 months	3 -12 months	More than 1 year	No pre-set maturity
Decembrer 31, 2018					
Financial assets					
Cash and cash equivalents	34.017.725	33.720.433	75.357	-	-
Bank deposits	1.499.455	1.499.455	-	1.499.455	-
Financial assets at fair value through profit or loss	27.938.867	-	-	-	32.476.846
Loans and advances granted	5.571.980	1.649.469	295.060	3.782.920	-
Bonds at fair value	13.008.997	214.447	767	12.794.549	100.000
Other financial assets	12.267.142	2.236.596	-	-	10.030.546
	94.304.166	39.320.401	371.183	18.076.924	42.607.392
Total financial assets					
Financial liabilities	4.991.870	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-	-
	4.991.870	0	0	0	0
Total financial liabilities					

Currency risk

The parent of the Group, BRK Financial Group and one of its subsidiaries are financial institutions regulated and authorized by the Financial Supervisory Authority and is subject to the European regulations and the CRD - CRR legislative package to the relevant Technical Standards.

The capital requirement related to the foreign exchange risk is determined according to the provisions of EU Regulation no. 575/2013 on capital adequacy for the standardized approach for that financial risk.

The limits on exposure to this risk are calculated as the ratio between the exposure value of the assets exposed to the foreign currency risk and the value of the BRK Financial Group's own funds.

BRK Financial Group calculates the capital requirement for foreign exchange risk if exposures to this risk exceed 2% of total own fund.

Exposures to foreign exchange risk comprise the following elements:

- derivatives (CFD, futures, options, warrants);
- cash in accounts with external intermediaries;
- bank deposits in foreign currency;
- leases;
- guarantees at market institutions;
- bonds in foreign currency.

The methodology to determine capital exposure and requirement for the parent is as follows:

In RON

December 31, 2019

Financial assets	RON	EUR	USD	Other
Cash and cash equivalents	54.426.285	360.101	52.274	28.226
Bank deposits	-	-	-	-
Financial assets at fair value through profit or loss	36.234.632	-	-	3.140.472
Financial assets at fair value through other comprehensive income	-	-	-	-
Bonds at fair value through profit or loss	55.391	1.563.777	-	-
Loans and advances granted	12.484.881	-	-	-
Other financial assets	10.770.148	7.953.764	6.149.920	-
Total financial assets	113.971.337	9.877.642	6.202.193	3.168.698
Financial liabilities	4.991.870	-	-	-
Dividends payable	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-
Total financial liabilities	4.991.870	-	-	-

December 31, 2018				
Financial assets	RON	EUR	USD	Other
Cash and cash equivalents	33.720.433	274.547	20.398	2.347
Bank deposits	1.499.455	-	-	-
Financial assets at fair value through profit or loss	23.082.802	4.823.219	32.847	-
Financial assets at fair value through other comprehensive income	-	-	-	-
Bonds at fair value through profit or loss	3.804.582	9.204.414	-	-
Loans and advances granted	5.571.980	-	-	-
Other financial assets	309.420	8.755.578	3.202.144	-
Total financial assets	67.988.671	23.057.759	3.255.389	2.347
Financial liabilities	4.991.870	-	-	-
Dividends payable	-	-	-	-
Financial liabilities at amortised cost	-	-	-	-
Total financial liabilities	4.991.870	-	-	-

7. Capital management

The policy of the Board of Administration of SSIF BRK FINANCIAL GROUP SA is to maintain a sound capital base to maintain investor, creditor and market confidence and sustain the future development of the company. The Board of Administration monitors the profitability of all agencies in which trading is conducted on a monthly basis and the results of the analysis are discussed during the monthly meetings of the Board of Administration.

Also, during the monthly meetings of the Board of Administration, the report on the investment activity drawn up by the analysis department is discussed. Global results are thus monitored to maintain a high return on capital.

Parent BRK FINANCIAL GROUP SA and one of its subsidiaries are subject to prudential regulations regarding minimum capital requirements and minimum own funds so as to hedge risks:

- risk-weighted exposures by class of exposures to which they are part are considered to hedge credit risk and the risk of receivables' value reduction;
- to hedge position risk and settlement / delivery risk, capital is required at the level of 16% of the exposure level;
- to hedge operational risk capital is required at the level of 15% of the average of the last three years of the operating result.

For the last two years, the capital adequacy indicators have registered the following values:

Ratio	December 31, 2019	December 31, 2018
Total own funds	49.166.922	53.844.125
Total capital requirements	13.562.951	9.995.306
Risk exposures	169.536.884	124.941.331

Under the regulations in force, large exposures, which are defined as those gross exposures exceeding 10% of the eligible capital (own funds), are reported by the parent to the Financial Supervisory Authority (FSA). For institutions, large exposures cannot exceed the maximum of 25% of the eligible capital (own funds).

Also, qualifying holdings, representing the direct or indirect participation of at least 10% of the voting rights or of the capital of an entity, in a percentage higher than 15% of the company's own funds.

The ratios mentioned above are not calculated currently for the group subsidiaries because they only apply to financial institutions.

As regards the ratios at Group level, the solvency rates are presented below:

	2019	2018
Rate of patrimony solvency (Equity/Total liabilities x100)	58,43%	57,52%
Rate of financial autonomy (Equity/Permanent capital x100)	97,40%	97,25%
General gearing ratio (Total liabilities /Equity x100)	71,14%	73,85%

Business combinations

- **S.A.I. Broker S.A.**

In 2012, the parent set up SAI Broker SA, with an initial share capital of RON 906,000. As at December 31, 2017 the share capital increased to RON 2,206,180, 99.98% of which is held by SSIF BRK Financial Group.

The company was set up with the purpose of developing the activity of investment fund management in order to broaden the range of financial products addressed to the clients. As at December 31, 2019 SAI Broker SA manages 9 investment funds.

As at December 31, 2019, the total equity of SAI Broker SA are worth RON 4.742.483.

The subsidiary is consolidated by applying the acquisition method, as a result of which the net asset of the consolidated subsidiary has been fully taken over, together with the recognition of non-controlling interests. See Note 3. Significant accounting policies, paragraph a) Basis of consolidation, (ii) Subsidiaries.

8. Operating segments

The Group has five main segments that have different characteristics, and implicitly require separate disclosure:

- intermediation
- trading
- investment fund management
- manufacture and selling of meat preparations and cans
- insurance services

Strategic business units offer different services and products, being managed separately because they involve different know-how and marketing strategies. The Executive Director reviews at least monthly the activities related to the main segments. Some of the segments also have common expenses that cannot be

separated without a very high degree of subjectivism.

- a) The intermediation activity comprises intermediation transactions for spot clients.

The significant positions in the financial statements that are influenced by such operations are:

- revenues from commissions received from customers, expenses with commissions paid to market institutions;
- net receivables on the amounts receivable from the stock exchange for customers as a result of customer transactions;
- debt to customers representing clients' available funds for trading purposes.

- b) The trading activity includes the operations of buying and selling of securities and derivatives. The significant positions in the financial statements that are affected by these operations are:

- investments made, which may include securities available for sale, financial instruments at fair value through profit or loss, market value of derivatives;
- expenses and revenues from trading;
- adjustment of the value of investments, recognized either in the income statement, in the case of financial instruments at fair value through profit or loss and derivative products, or in the comprehensive income in case of available-for-sale securities.

- c) The investment fund management activity. One of the subsidiaries currently manages 7 investment funds (2017: 7 funds).

- d) Meat preparations and cans manufacture and sale. It comprises both the manufacture, and the sale of such products.

- e) Insurance services segment

The information related to segments that are reported is as follows:

Information on reported segments for the financial year ended December 31, 2019

December- 2019

	Total, of which: Σ	Intermediation	Trading	Investment fund management	Not allocated
Income from commissions and related activities	6.139.472	2.958.823	-	3.180.649	-
Rental income	6.620	-	-	-	6.620
Net financial gains from transactions	11.776.572	-	11.776.572	-	-
Financial income from dividends	337.433	-	337.433	-	-
Interest income	2.308.167	-	2.308.167	-	-
Distribution income UF	-	-	-	-	-
Other incomes	1.688.858	-	1.443.228	-	245.630
Total income	22.257.122	2.958.822	15.865.400	3.180.649	252.250
Net financial losses	-	-	-	-	-
Expenses with staff and collaborators	(5.879.306)	(668.002)	(4.188.326)	-	(1.022.978)
Value adjustments of intangible and tangible assets excluding goodwill	(964.020)	-	-	-	(964.020)
Net expenses with provisions for risks and expenses	(2.669.526)	-	(16.228)	-	(2.653.298)
Expenses regarding external benefits, taxes and fees	(4.451.442)	(557.757)	(3.536.936)	(87.463)	(269.285)
Other expenses	(1.009.318)	-	-	-	(1.009.318)
Total expenses	(14.973.611)	(1.225.759)	(7.741.490)	(87.463)	(5.918.899)
Reported segment profit before tax	7.283.510	1.733.062	8.123.912	3.093.186	(5.666.649)
	-	-	-	-	-
Reported segment assets, of which:	139.494.465	82.274.130	57.220.335	-	-
	41.468.577	-	-	-	-
- Financial investments			41.468.577		
- Trade and other receivables	37.354.505	28.455.880	8.898.624		
- Availability	54.424.236	53.643.306	780.930		
Reported segment liabilities, of which:	80.504.968	60.958.694	15.720.342		3.825.931
- customer amounts	60.770.150	60.770.150	-		

December- 2019

	Total, of which: Σ	Intermediatio n	Trading	Investment fund management	Not allocated
Income from commissions and related activities	6.139.472	2.958.823	-	3.180.649	-
Rental income	6.620	-	-	-	6.620
Net financial gains from transactions	11.776.572	-	11.776.572	-	-
Financial income from dividends	337.433	-	337.433	-	-
Interest income	2.308.167	-	2.308.167	-	-
Distribution income UF	-	-	-	-	-
Other incomes	1.688.858	-	1.443.228	-	245.630
Total income	22.257.122	2.958.822	15.865.400	3.180.649	252.250
Net financial losses	-	-	-	-	-
Expenses with staff and collaborators	(5.879.306)	(668.002)	(4.188.326)	-	(1.022.978)
Value adjustments of intangible and tangible assets excluding goodwill	(964.020)	-	-	-	(964.020)
Net expenses with provisions for risks and expenses	(2.669.526)	-	(16.228)	-	(2.653.298)
Expenses regarding external benefits, taxes and fees	(4.451.442)	(557.757)	(3.536.936)	(87.463)	(269.285)
Other expenses	(1.009.318)	-	-	-	(1.009.318)
Total expenses	(14.973.611)	(1.225.759)	(7.741.490)	(87.463)	(5.918.899)
Reported segment profit before tax	7.283.510	1.733.062	8.123.912	3.093.186	(5.666.649)
	-	-	-	-	-
Reported segment assets, of which:	139.494.465	82.274.130	57.220.335	-	-
	41.468.577	-	-	-	-
- Financial investments			41.468.577		
- Trade and other receivables	37.354.505	28.455.880	8.898.624	-	-
- Availability	54.424.236	53.643.306	780.930	-	-
Reported segment liabilities, of which:	80.504.968	60.958.694	15.720.342	-	3.825.931
- customer amounts	60.770.150	60.770.150	-	-	-

9 . Reconciliation of revenues, profit or loss, assets and liabilities of reported segments

Reconciliations

<i>In RON</i>	December- 2019	December- 2018
Revenues		
Total revenues related to reportable segments	6.139.472	5.972.948
Revenue not broken down by segment	6.620	-
Elimination of interrupted activities	-	-
Consolidated revenues	6.146.092	5.972.948
Income statement		
Total profit related to reportable segments	7.283.510	- 3.345.290
Elimination of interrupted activities	-	-
Unallocated amounts:	-	-
Consolidated loss before tax	7.283.510	- 3.345.290
Assets		
Total assets related to reportable segments	139.494.465	97.067.153
Assets related to non-reportable segments	3.988.400	9.482.546
Goodwill from consolidation	-	-
Total assets	143.482.865	106.549.699
Liabilities		
Total liabilities related to reportable segments	73.635.438	48.994.924
Provisions for risks and expenses	3.044.447	149.249
Deferred tax liabilities	-	-
Liabilities related segments unreported	3.825.931	1.145.118
Total consolidated liabilities	80.505.817	50.289.292

The intermediation segment registers revenues from commissions charged from the following products:

Revenues from intermediation segment	Dec-19	Dec-18
Spot commissions	1.972.585	2.230.910
Foreign stock exchange commissions	535.604	768.930
Revenue from commissions on derivative products	-	-
Revenue from related activities	453.844	146.100
Related commissions and activities	2.962.034	3.145.940
Insurance intermediation	-	653
Distribution of fund units	2.352	4.701
Total revenues	2.964.386	3.151.295

Transactions with clients are conducted both via brokers, and online.

The fund management segment registered in 2018 income from the administration of the following investment funds:

- **BET-FI Index Invest Closed Investment Fund** registered with the Financial Supervisory Authority under no. PJR05SAIR/120031 of January 29, 2013.

The purpose of establishing the Fund is exclusive and consists in attracting financial resources available

from individuals and companies through a regular public offering of fund units and investing these resources predominantly in shares that are part of the BET-FI index.

- **FIX INVEST Open Investment Fund**, authorised by the Financial Supervisory Authority under no. A/8/14.02.2014.
- **SMART Money Private Investment Fund** endorsed by the Financial Supervisory Authority under no. A/19/09.04.2014.
- **Optim Invest Closed Investment Fund** operating under Permit no. A/171/22.05.2015 issued by the Financial Supervisory Authority and registered in the FSA Registry under no. CSC08FIIRS/120040.

The Fund is set up to privately attract the financial resources of qualified natural or legal person investors for the purpose of them investing primarily in shares issued by companies and securities of undertakings for collective investment in transferable securities and / or other undertakings for collective investment in accordance with the provisions of the applicable regulations.

- **Prosper Invest Open Investment Fund** operating under Permit no. A/44/20.03.2015 issued by the Financial Supervisory Authority and registered in the FSA Registry under no. CSC06FDIR/120093.

The objective of the fund is to gather financial resources through a continuous offer of securities to invest in capital markets, subject to a high degree of risk, specific to the investment policy provided in the prospectus.

- In January 2017, SAI Broker SA took over the management of the Fortuna Classic Open Investment Fund and the Fortuna Gold Open Investment Fund from SAI Target Asset Management SA. The Fortuna Classic Fund is registered in the FSA Registry under no. CSC06FDIR / 120008 dated 18.12.2003.

The fund has the sole purpose of conducting collective investments, placing money in liquid financial instruments and operating on the principle of risk diversification and prudential management.

The Fortuna Gold Fund is listed in the FSA Registry under no. CSC06FDIR / 120009 dated 18.12.2003. The fund has the sole purpose of conducting collective investment, placing money in liquid financial instruments and operating based on the principle of risk diversification and prudential management.

- **FIA H.Y.B. Invest** operating under the Permit no. CSC09FIAR/120003 issued by the Financial Supervisory Authority from 08.08.2019.

The objective of the Fund is to increase the long-term capital invested through investments in debt instruments such as high-yield bonds (non-investment grade or junk).

- **FIA Alpha Invest** operating under the Permit no. CSC09FIAR/120002 issued by the Financial Supervisory Authority from 08.08.2019.

The objective of the Fund is to increase the long-term capital invested through investments in listed shares with favorable development prospects.

The table below shows the revenue from the management of investment funds and other income of the investment fund management segment:

December 31, 2019	Revenues from fund management	Revenues from underwriting and other fees	Total revenues
Fdi Fix Invest	27.734	-	27.734
Fdi Prosper Invest	74.401	94.511	168.912
Fii BET FI Index Invest	107.465	-	107.465
Fii Smart Money	60.310	-	60.310
Fii Optim Invest	2.177.780	-	2.177.780
Fdi Plus	-	-	-
Fdi Fortuna Classic	631.402	-	631.402
Fdi Fortuna Gold	6.304	-	6.304
Fia H.Y.B. Invest	680	-	680
Fia Alpha Invest	62	-	62
Total	3.086.138	94.511	3.180.649

In RON

December 31, 2018	Revenues from fund management	Revenues from underwriting and other fees	Total revenues
Fdi Fix Invest	27.267		27.267
Fdi Prosper Invest	71.445	12.213	83.658
Fii BET FI Index Invest	137.772		137.772
Fii Smart Money	73.121		73.121
Fii Optim Invest	1.871.501		1.871.501
Fdi Plus			0
Fdi Fortuna Classic	625.536		625.536
Fdi Fortuna Gold	7.499		7.499
Total	2.814.141	12.213	2.826.354

<i>In RON</i>	Licenses and software	Payments in advance	Set-up expenses	Goodwill	Total
Cost					
Balance as at January 1, 2018	4.486.927	283.523	-	-	4.770.450
Inflows	1.448.416	452.142	-	-	1.900.558
Of which by transfer	366.551	-	-	-	
Outflows	(143.962)	(520.743)	-	-	(664.705)
Transfer to intangible assets	-	(366.551)	-	-	(366.551)
Balance as as December 31, 2018	4.587.355	214.922	-	-	4.802.277
Balance as at January 1, 2019	6.079.632	27.820	-	-	6.107.452
Inflows	33.742	-	-	-	33.742
Of which by transfer	-	-	-	-	
Outflows	(1.692)	-	-	-	(1.692)
Of which, bt transfer	-	-	-	-	
Balance as at December 31, 2019	6.111.682	27.820	-	-	6.139.501
Amortization and impairment					
Balance as at January 1, 2018	1.800.423	-	-	-	1.800.423
Amortization during the year	733.428	-	-	-	733.428
Impairment losses recognised as expenses	-	-	-	-	
Amortization for disposals	(101.639)	-	-	-	(101.639)
Balance as as December 31, 2018	2.432.212	-	-	-	2.432.212
	-	-	-	-	
Balance as at January 1, 2019	3.168.968	-	-	-	3.168.968
Amortization during the year	663.419	-	-	-	663.419
Impairment losses recognised as expenses	(1.692)	-	-	-	(1.692)
Amortization for disposals	-	-	-	-	
Balance as at December 31, 2019	3.830.694	-	-	-	3.830.693
Book Values					
Balance as at January 1, 2018	2.686.505	283.523	-	-	2.970.027
Balance as as December 31, 2018	2.155.143	214.922	-	-	2.370.066
Balance as at January 1, 2019	2.910.664	27.820	-	-	2.938.484
Balance as at December 31, 2019	2.280.987	27.820	-	-	2.308.808

The balance of intangible assets comprises software and software licenses. The Tradis back office system accounts for the highest value in the total intangible assets.

Advances for intangible assets consist of advances paid for the purchase of a new Customer Relationship Management (CRM) system.

The useful lives used for the calculation of intangible assets are on average 3 years, except for the one mentioned in the following paragraph, amortized on a straight-line basis.

The reasons that support the indeterminate useful life valuation, i.e. the factors that have played a significant role in determining that the asset has an indefinite useful life are determined by the fact that the subsidiary cannot estimate the time period in which the asset will produce economic benefits, there being no contractual or legal limitation in this regard.

The value of this asset is tested for impairment annually. As at December 31, 2019 the Group did not set up any impairment in respect of this asset. In the period elapsed between the date of acquisition up to December 31, 2019, there were no redemptions in relation to the funds raised.

Expenses with the amortization of intangible assets during the year are included in the statement of comprehensive income in the *Impairment of tangible and intangible assets* line.

11. Property, plant and equipment

<i>In RON</i>	Land and buildings	Equipment and vehicles	Furniture, office equipment and other	Non-current assets in progress	Total
Balance as at January 1, 2018	5.833.799	1.528.651	296.538	-	7.658.988
Purchases and upgrading	192.963	109.456	19.643	205.786	527.848
Revaluation of non-current assets:	9.500	-			9.500
compensation of depreciation against revaluation of assets	-	-	-	-	-
value increase registered	-	-	-	-	-
Transfers from investment property	-	-	-	-	-
Outflows:					
- sale	-	-	(2.615)	(192.963)	(195.577)
- disposal	-	-	-	-	-
Balance as at December 31, 2018	6.036.262	1.638.107	313.567	12.823	8.000.759
Balance as at January 1, 2019	6.036.262	1.638.107	304.488	12.823	7.991.680
Purchases and upgrading	-	13.922	-	9.520	23.442
Revaluation of non-current assets:	9.500	-	-		9.500
compensation of depreciation against revaluation of assets	-	-	-	-	-
value increase registered	-	-	-	-	-
Transfers from investment property	-	-	-	-	-
Outflows:					
- sale	-	-	-	-	-
- disposal	-	-	-	-	-
Balance as at December 31, 2019	6.045.762	1.652.030	304.488	22.343	8.024.622

Depreciation and impairment					
Balance as at January 1, 2018	14.471	1.220.315	221.511	-	1.441.826
Depreciation during the year	211.288	105.307	27.639	-	329.763
Depreciation related to disposal of fixed assets	-	-	(436)	-	(436)
Depreciation related to disposals of fixed assets	-	-	-	-	-
Depreciation of sales	-	-	-	-	-
Balance as at December 31, 2018	225.759	1.325.622	248.714	-	1.771.153
					-
Balance as at January 1, 2019	225.759	1.325.622	248.714	-	1.771.153
Depreciation during the year	199.937	84.146	25.640	-	309.723
Depreciation related to disposal of fixed assets	-	-	-	-	-
Compensation of depreciation against revaluation of assets	-	-	-	-	-
Balance as at December 31, 2019	425.696	1.409.768	274.354	-	2.109.818
<i>In RON</i>					
Book values:					
Balance as at January 1, 2018	5.819.328	308.337	75.027	-	6.202.692
Balance as at December 31, 2018	5.810.502	312.485	64.853	12.823	6.200.664
Balance as at January 1, 2019	5.810.502	312.486	55.773	12.823	6.191.585
Balance as at December 31, 2019	5.620.066	242.261	30.134	22.343	5.914.804

The property, plant and equipment of the Group consist of land and buildings comprising:

- headquarters of work points for the intermediation operations and the registered office of the parent;
- land and buildings for the current operations carried out by subsidiaries and the offices thereof.

On December 31, 2019, the parent uses its registered office in Cluj-Napoca, Str. Motilor nr. 119, as well as the real estate owned in Suceava and Iasi, where the brokerage agencies operate.

As at December 31, 2019, the Company does not own land, and the ones related to the buildings used are included in the value of the building.

Expenses with depreciation for the year are included in comprehensive income under the *Impairment of tangible and intangible assets* line.

Pledged or mortgaged property, plant and equipment

In December 2017, the Company contracted a credit line in amount of RON 5,340,000, and secured the loan with the Company's operating real estate. Details on such securities are available in note 22. The credit line was extended in 2018 for another 12 months until September 30, 2019.

Details on such guarantees are available in Note 22 Borrowings.

Revaluation

The fixed assets of the parent representing buildings were revalued as at December 31, 2018. The valuation was carried out by a valuation expert, Darian DRS SA, in accordance with the International Valuation Standards and Work Methodology recommended by ANEVAR.

Further to revaluations, there were increases in the value of property, plant and equipment used for operations, which reflected in reserves as at December 31, 2017.

The value of the fixed assets comprising the segment of manufacture of meat cans and preparations were adjusted for consolidation purposes in order to align to the Group policies and represent prudential values adequate to the current context in which they run their activity.

12. Investment property

<i>In RON</i>	Dec-19	Dec-18
Balance as at January 1, 2019	918.186	989.474
Transfers to property, plant and equipment during the year	-	-
Inflow from enforcement of guarantees received	-	-
Purchases during the year (asset exchange)	-	-
Investment property in progress - inflows	-	-
Investment property in progress – outflows	-	(111.956)
Advances for investment property	-	40.668
Disposals of investment property (asset exchange)	-	-
	(248.227)	
Plus revaluation amount	-	-
Less revaluation amount	-	-
Balance as at December 31, 2019	669.959	918.186

Investment property includes the following categories of assets: Cluj-Napoca (Einstein) building and related land.

Prezentari privind reevaluarea

Investment property representing buildings and land were revalued as at December 31, 2017. The valuation was carried out by a valuation expert, Darian DRS SA, in accordance with the International Valuation Standards and Work Methodology recommended by ANEVAR.

In 2019, no significant increase were found in the value of investment property for operating activities. Therefore, the Group did not conduct new revaluations at the end of 2019.

13. Financial investments

	2019	2018
Financial assets designated at fair value through profit or loss		
Financial assets designated at fair value through profit or loss - held for trading	<u>36.283.740</u>	<u>27.408.534</u>
listed shares	24.871.622	7.212.177
listed fund units	566.500	224.960
unlisted fund units	9.125.683	6.962.401
listed bonds	1.613.030	9.277.988
unlisted bonds	106.905	3.731.008
unlisted shares	3.057.124	8.683.265
Other financial instruments	2.127.627	4.856.066
	41.468.492	46.519.844
Total financial assets designated at fair value through profit or loss		
Total financial investments	41.468.492	46.519.844

Quoted securities: shares, bonds and fund units are evaluated at the exchange rate of December 31, 2019 published by the Bucharest Stock Exchange.

Non-quoted fund units are evaluated at the value at the net unit asset, and non-quoted bonds at fair value determined according to the internal model of the Group in accordance with International Valuation Standards.

For the unit funds held with SmartMoney, impairment allowances were registered in amount of RON 1,070,697 relying on the valuation report prepared by an ANEVAR authorised valuer for the company's ownership in Romlogic Technology SA.

The structured products held are valued at the Bucharest Stock Exchange quotation or on other international markets as at December 31, 2019, and the price refers to a liquid market.

As at December 31, 2019, there were open positions on the House account on international markets for hedging operations in amount of RON 1,754,174.

In the category of financial assets designated at fair value through profit or loss, the following are included:

- listed shares at BSE (BIO, BRD, CBKN, CMP, MECF, PTR, ROCE, RRC, SFG, TLV, TUFE) in the amount of RON 434,947;
- unlisted shares at Firebyte și Gocab, respectively and loans granted to Firebyte și Gocab in the amount of RON 480,295;
- municipal bonds listed on the BSE (PMB25, HUE26) in the amount of RON 71,709;
- corporate bonds listed on the BSE (IMP22E) in the amount of RON 1,492,067;
- corporate bonds unlisted (Chronostyle International SA) in the amount of RON 100,767.
- fund units held in investment funds (FDI Certinvest Obligatiuni, Fdi Transilvania and Fdi SanoGloinvest) in the amount of RON 314,212.

Other financial instruments include short-term deposits, with maturities between 3M and 12M.

Loans granted represent the loans that Sai Broker SA granted to Firebyte Games SA in 2018 and 2019, respectively the loan granted to GoCab Software SA in 2019.

On 03.01.2019 SAI Broker SA concluded with Firebyte Games SA a contract for financing the company's activity. The object of the contract is the granting of a loan of 171,948 lei. The value of the loan represents the receivables that SAI Broker SA holds towards Firebyte Games SA, by the maturity of the loans granted by SAI Broker SA.

For the loans due on 30.06.2019, in the amount of 285,253 lei, the decision was taken to convert them into shares of Firebyte Games SA, an operation that is in the authorization phase at ORC. For the loan due on December 31, 2019, amounting to 50,000 lei, to determine the fair value, the company's management performed an analysis regarding the recoverability of the receivable and resulted in a fair value reduction of 30%, reflecting the probability of non-collection of the receivable.

Financial instruments traded on international markets are of the type of futures contracts, options and difference contracts (CFDs) and are used for speculative and hedging purposes for market maker operations. These are valued at the quotation on 31.12.2019.

14. Loans and advances granted

<i>In RON</i>		2019	2018
Loans and advances granted to affiliated parties			
Guarantees established		-	3.627.451
Loans granted to affiliated entities		10.586.435	2.536.099
Interest on loans granted		403.665	31.687
Receivables increase of share capital of affiliated parties being registered		500.000	
Provisions for fixed assets		(3.446.502)	(623.257)
Total Loans and advances granted to affiliated parties		8.043.599	5.571.980
			0
Margin loans granted to customers			
Margin loans granted to customers		4.067.830	3.627.451
Total margin loans granted to customers		4.067.830	3.627.451
Total Loans and advances granted		12.111.428	9.199.431

During 2019, the parent company BRK Financial Group granted loans to affiliated companies as follows: to Romlogic SA - 8,080,550 lei, to FireByte the amount of 50,000 lei, GoCab Software the amount of 950,000 lei. In order to determine the fair value, the Company's management took into account the future net cash flows related to these Loans, these loans having a maturity of less than 1 year on December 31, 2019. For each loan, 3 scenarios were defined regarding the recoverability of the amounts granted until the maturity of the loan agreement.

The loans granted to the affiliated companies are included in stage 2 according to the policy described in Note 3 to these financial statements.

The loans granted to the company's clients in the form of margin loans are included in stage 1 according to the policy described in Note 3.

The loan granted to the company in 2018 Facos SA in the amount of RON 820,000 was fully repaid during 2019.

For the loan granted to Romlogic Technology SA, the management of BRk Financial Group based on the accounting policy described in these financial statements in Note 3 considers that these loans are in default stage 2, so a depreciation of 25% of the total value of the loan in the absolute amount of RON 3,366,249 to determine the fair value.

Financial instruments traded on international markets are of the type of futures contracts, options and difference contracts (CFDs) and are used for speculative and hedging purposes for market maker operations. These are valued at the quotation on 31.12.2018.

For the loan granted to FireByte SA, the management of the parent company BRk Financial Group based on the accounting policy described in these financial statements in Note 3 considers that this loan is in default stage 2, so a depreciation of 25% of the total value of the loan in the absolute amount of RON 80,252 for determining the fair value.

The Group kept the clients' possibility to carry out margin transactions. The fair value of margin loans granted to clients as at December 31, 2019 was RON 4,067,830. For the margin loans, the clients bring as guarantees the securities purchased with these loans, therefore there are no indications of depreciation and this represents the fair value on December 31, 2019.

15. Investments in associates

The associates (where there is significant influence) are mentioned below. The significant influence is due to the presence of the respective company on the board of administration.

The percentage of ownership and the amount of the RON holding in the associates are as follows:

Company	Holding at December 31, 2019	Value of holding at December 31, 2019	Holding in 2018	Value of holding in 2018
Facos	0,00%	-	89,69%	4.785.875
Sai Broker	99,98%	6.070.389	99,98%	4.130.582
Minesa	0,00%	-	29,10%	3.918.497
Romlogic Technology	37,52%	2.139.479	0,00%	-
Firebyte	30,00%	50.233	30,00%	50.233
Facos	0,00%	-	89,69%	4.785.875
Total		8.566.011	-	13.252.278

During 2019, transactions with affiliated entities are as follows:

Name	Nature of affiliation	Nature of activity	Volume and weight of activity
			- acquisition of fund units at FIA ALPHA INVEST managed by SAI Broker in the amount of 100 thousand lei -Subscription in fund units to FIA HYB Invest managed by SAI Broker in the amount of 500 thousand lei
SAI Broker	holding 99.98%	Investment management	-sale of IMPE22 bonds worth 308,925 lei - revenues from distribution and intermediation commissions amounting to 7,122 lei - rental income in the amount of 17,070 lei - Dividends granted 1,107,235 lei
Facos SA Suceava		Production of meat products	- the sale of the 89.69% participation held for the amount of 13,348,192 lei - loan repayment in the amount of 820 thousand lei lei. There were no transactions with ANTE shares in 2019
Minesa SA	holding 29.10%		
Romlogic Technology SA		SSIF Brk Financial Group SA is the sole investor in FII Smart Money which is an 88% shareholder in Romlogic Technology S.A.	- interest income related to loans granted in the amount of 537,183 lei - the acquisition of a number of 65,000 shares worth 2,092,706 lei - Granting loans amounting to 8,080,550 lei - granting a loan in the amount of 950,000 lei
Gocab Software	holding 10%		
Firebyte Games SA	holding 30%	Mobile game development	- interest income in the amount of 8,433 lei -subscription of capital increase in the amount of 500,000 lei

Related party transactions were conducted at arm's length.

As at December 31, 2019 and December 31, 2018 the balances of the Company's receivables against related parties were as follows:

<i>In RON</i>	December-19	December-18
SAI Broker	-	-
Facos SA Suceava	-	833.808
Firebyte Games SA	336.820	268.466
Gocab Software	-	-
Romlogic Technology SA	9.694.848	1.243.412
Total	10.990.100	2.345.687

16. Non-current assets held for sale

<i>In RON</i>	2019	2018
Balance as at January 1,	544.721	544.721
Transfers to property, plant and equipment during the year	-	-
Inflow following the enforcement of guarantees received	-	-
Inflows during the year (exchange of assets)	-	-
Disposals	(241.332)	-
Excess further to revaluation	-	-
Deficit further to revaluation	-	-
Balance as at December 31, 2018	303.389	544.721

For these, evaluation reports were performed in accordance with the International Evaluation Standards and the working methodology recommended by ANEVAR by the company Napoca Business for land and by Darian RS for apartments.

During 2019, part of the assets held for sale were sold, namely land in Cluj, Borhanci neighborhood and the apartment in Botosani, obtaining a gain of RON 93,558.

For the apartment in Alba Iulia at the balance sheet date, there were advanced negotiations for the sale, which materialized in January of 2020 by selling this apartment.

17. Trade and other receivables

<i>In RON</i>	2019	2018
Trade receivables	452.110	217.304
Amounts receivable from the State budget	0	0
Net receivables from debtors	<u>51.739</u>	<u>63.608</u>
	Employees with payment accruals	41.055
	Former employee and third party debtors	22.553
Other debtors	562.108	544.026
Total trade and other receivables	1.065.957	824.938

Borrowers from the trading of the financial instruments of the Group come from transactions concluded in December 2019 that have the first two days of January 2020 as settlement date.

Similarly, *Borrowers in financial instruments settled by clients* come from transactions concluded in December 2019 that have the first two days of January 2020 as settlement date.

In RON

	December-19	December-18
Borrowers from the trading of the financial instruments	2.088.901	1.586.344
Borrowers in financial instruments settled by clients	22.684.163	10.680.718
Other financial assets	24.773.064	12.267.062

The exposure of the Group to credit risk and foreign exchange risk, as well as impairment losses related to trade receivables, are disclosed in Note 4 Financial risk management.

Debtors' gross balances and impairments are as follows:

In RON

Former employee and third party debtors – Stage 3
 Impairment of former employee and third party
 debtors' liabilities

	December-19	December-18
	1.902.048	1.911.267
	(1.879.592)	(1.888.714)
Former employee and third party debtors – net value	22.456	22.553

Changes in the impairment of receivables against debtors (employees and third parties) during the year were as follows:

In RON

	2019	2018
Balance as at January 1,	1.888.714	1.847.109
Additional provisions	0	52.500
Write-off of provisions	-9.122	-10.896
Balance as at December 31,	1.879.592	1.888.714

In 2019, the Group reversed to income adjustments for receivables recovered in amount of RON 9,122.

18. Deferred income tax assets and liabilities

Deferred income tax assets not recognized

The deferred tax assets were not recognized for the following:

In RON

2019

2018

Current and previous tax
 losses

(37.972.924) (37.972.924)

Total

(37.972.924) (37.972.924)

Tax rate

16%

16%

Unrecognised deferred tax
 assets

(6.075.668) (6.075.668)

There are still deferred tax assets not recognized in relation to financial instruments for which the impairment was not deductible in 2011.

Deferred income tax liabilities not recognized

In RON

December-19

December-18

Profit of the period

7.318.620

(3.345.290)

Total income tax expense

-

-

Profit before tax (including discontinued operations)

7.318.620

(3.345.290)

Income tax rate

16%

16%

Deferred income tax assets and liabilities recognized

The parent has to recover a cumulative tax loss of RON 37,972 thousand. Tax losses can be recovered in a period of 7 years. As a result, no deferred tax assets and liabilities were recognized. As the Group registered losses, future profits are uncertain.

19. Cash and cash equivalents

<i>In RON</i>	2019	2018
Account for clients	53.626.771	31.750.494
Cash and cash equivalents	1.240.115	3.766.687
Balance as at 31 December	54.866.885	35.517.180

The cash and cash equivalents position also includes short-term deposits.

Client balances in bank accounts are highlighted and managed separately from those of the company and can only be used on the basis of clients' trading orders.

The exposure of the entity to interest rate risk and a sensitivity analysis of financial assets and liabilities are disclosed in Note 4 Financial Risk Management.

20. Capital and reserves

The share capital and shares issued are as follows:

<i>In RON</i>	Value of share capital	No. of ordinary shares	Nominal value/share
January 1, 2018	54.039.987	54.039.987	0,16
December 31, 2018	54.039.987	54.039.987	0,16
January 1, 2019	54.039.987	54.039.987	0,16
December 31, 2019	54.039.987	54.039.987	0,16

In 2019, there were no changes in share capital or the number of shares issued.

As at December 31, 2019 the Company owns 319,967.

<i>In RON</i>	2019	2018
Share capital	54.039.987	54.039.987
Adjustment of share capital	4.071.591	4.071.591
Own shares	(24.047)	(24.047)
Premiums	5.355	5.355
Total	58.092.886	58.092.886

21. Reserves and revaluation differences

<i>In RON</i>	2019	2018
Differences from the revaluation of property, plant and equipment	3.524.052	3.524.052
Legal and statutory reserves	4.890,171	4.719.397
Fair value reserves	0	0
Other reserves	2.748.760	2.748.760
-of which from the application of IAS 29 (inflation adjustment)	2.748.760	2.748.760
Consolidation reserves	-	
Consolidation reserves related to equity securities	-	
Legal reserves related to own shares	-	0
Total reserves and revaluation differences	11.163.983	10.992.209

Revaluation differences

The revaluation differences did not change in 2019.

Legal reserves

Legal reserves represent the amounts created annually from the gross profit at a share of 5%, up to 20% of the share capital, recognized as a deduction in the profit tax calculation. This is a fiscal facility. The company has reached the 20% level required by law.

Other reserves

Other reserves include adjustments to the historical cost of share capital in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies".

Dividends and other distributions to shareholders

In 2019, no dividends were granted to shareholders.

Consolidation reserves

The caption comprises capital values arising further to the separation of capital, the largest share arising from the increase in 2015 of the ownership in one of the subsidiaries already controlled.

22. Retained earnings

<i>In RON</i>	2019	2018
Retained earnings	(6.99.621)	(9.503.112)
Profit carried forward from transition to IFRS	6.052.406	6.052.406
Retained earnings IAS 29	(6.880.234)	(6.880.234)
Current result	7.283.510	(3.345.290)
Total retained earnings	(13.455.303)	(13.676.231)

Retained earnings by transition to IFRS

The retained earnings from the transition to IFRS dates back to 2008.

Retained earnings IAS 29

The financial statements and corresponding amounts of prior periods have been restated to reflect the change in the overall purchasing power of the functional currency and are therefore expressed in relation to

the measuring unit existing at the end of the reporting period. This position of capital includes the influence of the share capital restatement on inflation for the period 1994 - 2002.

The applied inflation index recorded the following values during the updated period:

Year	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Capital discount index	1.00	1.15	1.41	1.90	2.77	4.04	6.42	16.36	22.71	30.04

Further to the application of such discounts, the Company registered the following values:

Account	Debit	Credit
Share capital adjustments		4.071.591
Revaluation differences*		59.884
Other reserves**		2.748.760
Retained earnings from the first-time adoption of IAS 29	6.880.234	
Total	6.880.234	6.880.234

* Inclusion of revaluation reserves from 2011.

**Inclusion of revaluation reserves from 2007 upon merger with Investco.

23. Trade and other payables

The entity's exposure to foreign currency risk and liquidity risk related to trade and other payables is presented in Note 4 Financial Risk Management.

Sundry creditors represent settlements with the Bucharest Stock Exchange, which are in progress, performed from the time of the transactions carried out on behalf of the entity and / or the clients. Also, sundry creditors include sundry creditors from trading and refer to the debt for products with protected capital and Turbo certificates issued by the Company and listed on the Bucharest Stock Exchange.

Starting with 2016, for customers who have opened accounts with external intermediaries, only their funds held by the intermediary mentioned above are reflected in the bookkeeping. The accounts held by these clients are Margin type, and RegTMargin type, meaning that they can use the margin call, case in which the external intermediary offers clients the possibility to contract margin loans. Clients also bring as collateral financial instruments from their own trading portfolio.

Trade payables are largely related to the segment of manufacture of meat cans and preparations.

24. Borrowings

The loans contracted by the Group are as follows:

No	Pledged property	Category	Value in EUR	Value in RON
1	Apartment in Suceava	Non-current assets in use	38.400	176.517
2	Property Bucuresti Bocsa	Non-current assets in use	157.000	721.698
3	Property Cluj- Motilor	Non-current assets in use	1.032.700	4.747.115
4	Apartment Iasi	Non-current assets in use	41.000	188.469
5	Property Cluj - Eistein	Investment property	170.100	781.916
6	Apartment Alba Iulia	Available-for-sale property	66.000	303.389
Total			1.505.200	6.919.103

The amounts owed to clients are in fact amounts paid in advance by them in the bank accounts on the domestic market or in the accounts held with external brokers, which are available either for trading, or for withdrawal, depending on client's future options. They originate in:

<i>In RON</i>	December-19	December-18
Amounts payable to clients		
Creditor clients from transactions on the domestic market	50.328.348	26.414.432
Creditor clients from transactions on the foreign markets	10.616.746	9.519.475
Creditor clients from corporate services	-	9.000
	60.945.094	35.942.908

25. Provisions

<i>In RON</i>	December-19	December-18
Provisions		
Balance as at January 1,	149.249	450.182
Cancelled during the year	(58.702)	(300.933)
Established during the year	2.712.000	-
Balance as at December 31,	2.802.547	149.249

During 2019, RON 58,702 were resumed at income from provisions and provisions were established for the decision of the court given in the Harinvest litigation in absolute value of RON 2,712,000.

26. Contingent assets and liabilities

The note on Provisions described the circumstances that led to the establishment of litigation provisions for events in previous years. There are legal disputes in which the probability of cash outflows is low or the amount of the debt cannot be approximated and for which no provision has been made.

As at December 31, 2019, the Group has RON 4,980,779.71 blocked in the client account. This amount represents the turnover calculated for some clients who have traded through the company and are under criminal investigation and the precautionary attachment was enforced in 2016. As a result of the audits carried out by the company's internal auditor, the amount blocked was RON 4,980,779.71, amount already blocked by the parent in a dedicated account opened with the settlement bank. The Group is currently undertaking the necessary steps to clarify the amount in the client account affected by the precautionary attachment.

In addition to the disputes mentioned in the note on Provisions and in the previous paragraph, there are ongoing criminal lawsuits filed by SSIF BRK FINANCIAL GROUP SA against former employees, as well as lawsuits filed by SSIF BRK FINANCIAL GROUP SA for monetary claims. Not in all cases the amounts claimed can be determined with accuracy. There are lawsuits filed by SSIF BRK FINANCIAL GROUP SA, which were won, but where the chances to recover the amounts are low.

27. Operating revenues

<i>In RON</i>	Continued activities		Discontinued activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues from commissions on the spot market	1.969.165	2.230.910			1.969.165	2.230.910
Revenues from commissions on the foreign market	535.604	768.930			535.604	768.930
Income from related activities	0	7.495			0	7.495
Revenues from insurance intermediation	453.844	146.100		653	453.844	146.753
Revenues from allocation of unit funds	0	0			0	0
Revenues from investment fund management	3.180.649	2.818.842			3.180.649	2.818.842
Sub-total revenues from commissions and related activities	6.139.263	5.972.277		653	6.139.263	5.972.930
Income from leases of non-current assets	6.620	486			6.620	486
Sub-total revenues	6.145.883	5.972.763		653	6.145.883	5.973.416

The Company's revenue recognition policy is to reflect such revenues at gross value. Gross revenues include market costs, commissions charged by the Stock Exchange, and ASF respectively.

In order to diversify revenues from commissions, the Company sought to permanently extend the product range and the markets where the transactions are carried out. The level of commissions earned for the operations carried out by the Group also comprised commissions related to operations on foreign markets, as presented above.

Customers are generally allocated to a broker, with the possibility to perform operations both traditionally, and on online.

Revenues from commissions also include transactions for other non-banking financial institutions, called contracts with custodians, for which SSIF BRK FINANCIAL GROUP SA collects transaction fees, but the funds related to sales and purchases do not pass through the accounts of the company, but are settled through the custodian's accounts.

28. Other revenues

Alte venituri din exploatare, cuprind venituri de natura diversa cu un caracter repetitiv extrem de redus, anulari de dividende neridicate, plusuri la inventariere, recuperari de sume, etc

29. Material expenses

Material expenses include expenses with raw materials and consumables, energy and water and expenses with merchandise:

<i>In RON</i>	Continued operations		Discontinued operations		Total	
	2019	2018	2019	2018	2019	2018
Expenses with compensations, fines, penalties	(58.791)	(853.091)	-	-	(58.791)	(853.091)
Expenses with donations granted	(26.555)	(200)	-	-	(26.555)	(200)
Net expenses regarding intangible and tangible fixed assets sold	61.810	(29.658)	-	-	61.810	(29.658)

Other operating expenses	(20.171)	(83.832)	-	-	(20.171)	(83.832)
Total	(43.707)	(966.781)	-	-	(43.707)	(966.781)

30. Employee-related expenses

<i>In RON</i>		2019	2018
Expenses with employees and collaborators		(4.030.347)	(2.863.421)
Expenses with mandatory social security		(1.565.369)	(1.670.074)
Employees' profit sharing		-	-
Expenses with allowances of BoA members		(283.590)	(450.899)
BoA members' profit sharing		-	-
Expenses with commissions payable to brokers		-	-
Total salary-related expenses in the comprehensive income account		-5.879.306	-4.984.394

In the parent company, the remuneration of the general managers is established by decision of the

Company's Board of Administration and the other benefits granted are in accordance with the collective employment contract concluded at company level.

During 2019, the management of the company was ensured by the Deputy General Manager in the person of Ms. Monica-Adriana Ivan and by the Deputy General Manager in the person of Mr. Razvan Rat.

Also, the Financial Supervisory Authority authorized as members of the Board of Directors of the company: Gherghus Nicolae, Ivan Monica, Mancas Catalin and Moldovan Darie during November 2018.

During 2019, the allowances granted to the members of the Board of Directors amounted to 189,687 thousand lei.

31. Other expenses

<i>In RON</i>	Continues operations		Discontinued operations		Total	
	2019	2018	2019	2018	2019	2018
Expenses with compensations, fines and penalties	(58.791)	(853.091)	-	-	(58.791)	(853.091)
Expenses with donations granted	(26.555)	(200)	-	-	(26.555)	(200)
Net expenses with tangible and intangible assets disposed	61.810	(29.658)	-	-	61.810	(29.658)
Other operating expenses	(20.171)	(83.832)	-	-	(20.171)	(83.832)
Total	(43.707)	(966.781)	-	-	(43.707)	(966.781)

Within the Expenses with compensations and fines in 2019, an amount of RON 58,791 was registered.

32. Financial revenues and expenses

Continued operations

Carried to profit or loss

in RON

	2019	2018
0	0	0
Net finance gains on transactions with shares and bonds	-	-
• Net losses on transactions in financial assets at fair value through profit or loss	2.981.984	(1.469.581)
• Net gains on the valuation of financial assets at fair value through profit or loss	7.794.877	2.005.042
• Net gains on transactions in derivatives - Futures	-	-
• Net gains on transactions in derivatives – international markets	-	-
• Net gains on transactions in derivatives – international markets	-	-
• Income from transactions with available-for-sale financial assets	-	-
• Income from free shares related to financial assets at fair value through profit or loss	-	-
	10.776.861	535.461
Sub-total net finance gains on transactions with shares and bonds		
Net gains on transactions with Turbo products	1.122.551	1.761.567
Dividend revenues:	-	-
• Related to available-for-sale financial assets	-	-
• Related to financial assets at fair value through profit or loss	337.433	374.695
	337.433	374.695
Sub-total dividend revenues		
Total trading revenues	12.236.845	2.671.723
Total net changes in the fair value of financial assets at fair value through profit or loss, of which:	-	-
Net changes in the fair value of financial assets at fair value through profit or loss	-	-
Write-offs of allowances for securities sold	-	-
Gains on financial instruments – margin contracts (reversed allowances)	-	-
Net gains on adjustments of receivables	-	-
Income from interest on operating leases	-	-
	-	-
Finance interest income		
• Revenues from interest on deposits	996.968	404.759
• Revenues from interest on margin contracts and loan contracts	971.229	316.149
Net gains on interest/coupons related to bonds	465.357	786.916
	1.968.197	720.908
Sub-total finance interest income		
Other net financial revenues	-	232
	14.205.042	3.392.863
Total financial revenues		
Interest on finance liabilities carried at amortised cost	(16.166)	(205.640)
Details on the next page		
Net loss on foreign exchange differences	-	(101.956)

Expenses with definitive impairment of available-for-sale securities	-	(66.630)
	-16.166	-374.226
Total finance expenses		
Net financial result carried to profit or loss	14.188.876	3.018.637
Recognized to other comprehensive income in RON	2019	2018
Net changes in the fair value of available-for-sale financial assets transferred to profit or loss	-	-
Net changes in the fair value of available-for-sale financial assets:	-	-
related to securities sold during the period	-	-
related to outstanding securities at the end of the period	-	-
Financial revenues recognized in other comprehensive income, after tax	-	-

Net income on transactions in financial assets at fair value through profit or loss means the income from the disposal of securities less cost of those securities for transactions for which the difference is positive. If the difference is negative, they are presented in *Net expenses with trading financial assets at fair value through profit or loss*.

Net income on transactions in available-for-sale financial assets means the income from the disposal of securities (classified as held for sale) less the cost of those securities for transactions for which the difference is positive. If the difference is negative, they are recorded as *Net losses on transactions in available-for-sale financial assets*.

Expenses with definitive impairment of available-for-sale securities represent estimated expenses, representing definitive value losses of such securities, which were not held in the equity adjustment accounts, but were recorded / reclassified to expenses because the Company estimates that they will not may be recovered.

33. Income tax expenses

Reconciliation of effective tax rate

In RON

	2019	2018
Accumulated result of the year	7.283.510	(3.345.290)
Write-off of effect of the following items		
Consolidation registrations	(3.069.881)	(2.387.541)
Registrations related to restatement of separate financial statements of some subsidiaries	-	-
Total income tax expenses	-	-
Deferred income tax assets	-	-
Profit before tax (including from discontinued operations)	4.213.629	(5.732.831)
Tax rate	0	0
Income tax calculated by applying the tax rate to book profit	1.649.234	(162.099)
Impact of deductible legal reserve	543.255	-
Impact of non-deductible expenses	(260.493)	267.261
Impact of non-taxable revenues	-	141.749
Impact of expenses from IFRS restatement not accounted in the calculation of income tax	18.892.944	-
Impact of tax losses from previous years	(3.022.871)	(6.075.668)
Total income tax expense calculated according to the tax rate	6.115.409	6.115.409
Income tax expenses not registered for negative amounts	(17.457.318)	6.115.409
Final income tax expenses	-	-
Attributable to continued operations	0	0
Attributable to discontinued operations	0	0
Final tax rate	0,00%	0,00%

34. Earnings per share

Basic earnings per share

The calculation of earnings per share as at December 31, 2019 is based on the profit attributable to shareholders (all ordinary shareholders) and the average number of outstanding ordinary shares of 337,517,661. As at December 31, 2018, the average number of outstanding ordinary shares was the same 337,749,919.

Profit attributable to shareholders

	2019	2018
Profit attributable to:		
Company's owners	7.283.510	(3.345.654)
Non-controlling interests	436	364
Profit for the period	7.283.510	(3.345.290)
Continued operations	7.283.510	(3.345.290)
Discontinued operations	-	-
Total comprehensive income attributable to:		
Company's owners	7.283.510	(3.345.654)
Non-controlling interests	436	364
Total overall result for the period, of which:	7.283.510	(3.345.290)
Continuous activities	7.283.510	
Discontinued activities	(0)	(0)
Earnings per share		
Basic earnings per share (lei)	0,02	(0)
Diluted earnings per share (lei)	.	(0)
Continuous activities		
Basic earnings per share (lei)	(0)	(0)
Diluted earnings per share (lei)	(0)	(0)
Discontinued activities		
Basic earnings per share (lei)	-	-
Diluted earnings per share (lei)	-	-

The result presented follows the calculation of income tax.

Numarul mediu ponderat al actiunilor ordinare

In 2015, the Company annulled 931,948 shares at a nominal value of RON 0.25 and no changes in the number of shares occurred since.

Year	2019	2018	2017	2016	2015
Number of shares	337.749.919	337.749.919	337.749.919	337.749.919	337.749.919

35. Fair value hierarchy

The table below analyzes the financial instruments carried at fair value depending on the measurement method. The fair value levels have been defined as follows:

- **Level 1:** quoted prices (not adjusted) on active markets. For securities at fair value through profit or loss, the price is the one at the end of the period, on the last trading day. For the available-for-sale securities, valuation methods based on market variables were applied depending on how active the instrument is, as shown in the Company's accounting policies.
- **Level 2:** inputs other than the quoted prices included in Level 1. This includes quoted securities for which valuation methods have been applied that contain observable values for assets or liabilities. If the asset or liability has a specific contractual term, the inputs related to Level 2 must have observable values for the entire asset or liability period. Examples: quoted prices for similar assets or liabilities on active markets, quoted prices for identical or similar products on markets that are not active, observable prices other than quoted prices such as interest rates, volatility, other corroborated input data on the market.
- **Level 3:** inputs other than the quoted prices included in Level 1 and Level 2. This includes unquoted securities for which valuation methods have been applied that contain observable values for assets or liabilities, either directly (e.g., prices) or indirectly (e.g., derived from prices). The fair value of these securities was determined either by applying the Discounted Dividend Model (DDM), by applying the Discounted Cash Flow (DCF) method or the asset-based method as presented in the Company's accounting policies.

December 31, 2018	Level 1	Level 2	Level 3	Total
Financial assets available for sale				
Financial assets at fair value through profit or loss, of which:	19.986.152	6.949.189	19.584.504	46.519.845
Listed shares	4.353.391	2.858.786	-	7.212.177
Listed fund units	224.960	-	-	224.960
Unlisted fund units	1.273.747	3.887.070	1.801.513	6.962.330
Listed bonds	9.277.988	-	-	9.277.988
Unlisted bonds	-	-	3.731.008	3.731.008
Unlisted shares	-	-	8.683.336	8.683.336
Structured products	4.856.066	-	-	4.856.066
Loans and advances granted	-	-	5.571.980	5.571.980
Derivative financial instruments, such as financial assets	-	-	-	-
Other financial instruments	-	-	-	-
	19.986.152	6.745.856	19.787.837	46.519.845

December 31, 2019	Nivel 1	Nivel 2	Nivel 3	Total
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Financial assets available for sale

Financial assets at fair value through profit or loss, of which:	22.277.168	10.869.391	18.679.187	51.825.745
Listed shares	18.751.086	6.120.536	-	24.871.622
Listed fund units	566.500	-	-	566.500
Unlisted fund units	1.346.552	4.748.855	3.030.276	9.125.683
Listed bonds	1.613.030	-	-	1.613.030
Unlisted bonds	-	-	106.905	106.905
Unlisted shares	-	-	3.057.124	3.057.124
Structured products	-	-	-	-
Loans and advances granted	-	-	12.484.881	12.484.881
Derivative financial instruments, such as financial assets	-	-	-	-
Other financial instruments	1.754.174	-	-	1.754.174
	24.031.342	10.869.391	18.679.187	53.579.920

The table below presents changes in the book value of investments classified to Level 3 of the fair value hierarchy in 2019 and 2018:

in RON

	2019	2018
As at January 1	19.787.837	4.415.825
Total gain/loss carried to profit or loss	1.149.128	873.247
Total gain/loss carried to other comprehensive income	-	-
Acquisitions during the period(*)	3.578.008	489.569
Sales during the period(**)	(15.693.242)	(3.050.982)
Transfers to Level 3 in the fair value hierarchy(***)	0	7.202.723
Other transfers	9.857.455	9.857.455
As at December 31	18.679.186	19.787.837

The evaluation methods used for Level 3 financial assets are presented below:

No.	Financial assets	Fair value as at December 31, 2019	Valuation technique	Unobservable inputs range	Relationship of unobservable inputs to fair value	
1	Unquoted majority interests	34.911	Income approach - discounted cash flow method	Weighted average cost of capital: 11.39%	The lower the weighted average cost of capital, the higher the fair value	
				Long-term income growth rate: 2.6%		
				Weighted average cost of capital: 10.50%		
				Discount for lack of liquidity: 15.60%		
2	Unquoted majority interests	-	Income approach - discounted cash flow method	Long-term income growth rate: 1.30%	The higher the long-term income growth rate, the higher the fair value	
				Market value of equity by reference to their book value:		The lower the weighted average cost of capital, the higher the fair value
				Weighted average cost of capital: 10.50%		
				Discount for lack of control: 10%		
Long-term income growth rate: 2%	The lower the liquidity discount, the higher the fair value					

				Weighted average cost of capital: 11.39%	
				Long-term income growth rate: 2.6%	The higher the long-term income growth rate, the higher the fair value
				Weighted average cost of capital: 10.50%	
3	Unquoted minority interests	646.235	Cost method - adjusted net asset method	Discount for lack of liquidity: 15.60%	
				Long-term income growth rate: 1.30%	In the balance sheet, the carrying amount is identified by equity. The lower the resulting price / carrying amount, the lower the fair value.
				Market value of equity by reference to their book value:	The lower the weighted average cost of capital, the higher the fair value
				Weighted average cost of capital: 10.50%	
4	Unquoted minority interests	2.375.978	Income approach - discounted cash flow method	Discount for lack of control: 10%	
				Long-term income growth rate: 2%	The lower the discount for lack of control, the higher the fair value
				Weighted average cost of capital: 11.39%	
				Long-term income growth rate: 2.6%	The higher the long-term income growth rate, the higher the fair value
5	Unquoted bonds	106.905	Amortised cost – fair value estimates	Annual cash flow discount rate (IRR): 8.23%	The lower the cash flow discount rate, the higher the fair value
6	Loans and advances granted	12.484.881	Income approach – Adjusted net asset method with probability of default		
7	Unquoted fund units - Smart Money	3.030.276	Cost method - adjusted net asset method		
	Total	18.679.187			

No.	Financial assets	Fair value as at December 31, 2018	Valuation technique	Unobservable inputs range	Relationship of unobservable inputs to fair value
1	Unquoted majority interests	0	Income approach - discounted cash flow method	Weighted average cost of capital: 11.39% Long-term revenue growth rate: 2.6% Weighted average cost of capital: 12.75%	The lower the weighted average cost of capital, the higher the fair value The higher the long-term income growth rate, the higher the fair value The lower the weighted average cost of capital, the higher the fair value
2	Unquoted majority interests	4.785.875	Income approach - discounted cash flow method	Discount for lack of liquidity: 15.60% Long-term revenue growth rate: 1.30%	The lower the liquidity discount, the higher the fair value The higher the long-term income growth rate, the higher the fair value
3	Unquoted minority interests	67.462	Cost method -adjusted net asset method	Market value of equity in relation to their carrying amount:	In the balance sheet, the carrying amount is identified by equity. The lower the resulting price / carrying amount, the lower the fair value.

4	Unquoted minority interests	3.829.999	Income approach - discounted cash flow method	Weighted average cost of capital: 10.50%	The lower the weighted average cost of capital, the higher the fair value
				Discount for lack of control: 10%	The lower the discount for lack of control, the higher the fair value
				Long-term revenue growth rate: 2%	The higher the long-term income growth rate, the higher the fair value
5	Unquoted bonds	3.731.008	Amortised cost – fair value estimates	Annual cash flow discount rate (IRR): 8.23%	The lower the cash flow discount rate, the higher the fair value
6	Loans and advances granted	5.571.980	Income approach – Adjusted net asset method with probability of default		
7	Unquoted fund units - Smart Money	1.598.180	Cost method -adjusted net asset method		
	Total	19.584.504			

Benefits of key management personnel

Transactions with affiliated parties, in the form of key management personnel, refer to the benefits granted to members of the Board of Administration and members of the executive management, which were presented in the *Employee-related Expenses* note.

Investments in Associates

Note 13 *Investments in Associates* in these financial statements presents all associates and transactions that have taken place within the period.

36. Restatements of the financial statements related to 2016

Societatea detine in patrimoniu *active financiare disponibile pentru vanzare*, categorii in care a clasificat toate titlurile neincluse la titluri tranzactionate pe termen scurt si pentru care a existat posibilitatea aplicarii unor metode de evaluare pentru stabilirea valorii lor juste.

Ulterior recunoasterii initiale, aceste titluri au fost evaluate la valoarea justa iar modificarile ulterioare, altele decat pierderile din depreciere definitive, recunoscute la alte elemente ale rezultatului global. Acestea sunt prezentate in cadrul capitalurilor proprii In rezerva privind valoarea justa. Atunci cand o investitie este derecunoscuta, castigul sau pierderea acumulata In alte elemente ale rezultatului global este transferata in contul de profit sau pierdere.

Pierderile din depreciere aferente investitiilor disponibile pentru vanzare sunt recunoscute transferand in contul de profit si pierdere, pierderea cumulata care a fost recunoscuta la alte elemente ale rezultatului global. Pierderea cumulata transferata de la alte elemente ale rezultatului global in contul de profit sau pierdere este diferenta dintre costul de achizitie, net de rambursarile de principal si amortizare, si valoarea justa curenta minus orice pierdere din depreciere recunoscuta anterior in contul de profit sau pierdere.

Daca, intr-o perioada ulterioara, valoarea justa a unui instrument de capital disponibil pentru vanzare depreciat creste, orice recuperare ulterioara a valorii juste este recunoscuta la alte elemente ale rezultatului global.

Pierderile din deprecierea definitiva a acestor titluri sunt recunoscute pe cheltuieli in exercitiul financiar in care conducerea apreciaza ca acestea au aparut. Pentru unele active financiare disponibile pentru vanzare, s-a constatat ca acestea erau depreciate la 31.12.2016, cu suma de 1.713.523 lei depreciere care nu a fost recunoscuta in contul de profit si pierdere aferent anului 2016. Acest aspect a fost corectat in prezentele

situatii financiare, astfel ca soldurile aferente anului 2016 au fost retratate pentru a reflecta respectiva depreciere.

Pana la data de 31 decembrie 2015 valoarea activelor imobilizate ale segmentului de conserve si preparate din carne a fost prezentata in situatiile financiare consolidate dupa aplicare unei ajustari de valoare care provine de la prima aplicare a IFRS, cu impact asupra valorii nete asa cum este prezentat in situatiile de mai jos. In situatiile financiare consolidate intocmite pentru 31.12.2016 a existat o discontinuitate in privinta acestui tratament, fara sa fi fost prezentata vreo modificare a politicii contabile. In prezentele situatii financiare acest fapt a corectat.

Asa cum a fost detaliat si la Nota 19, Valoarea titlurilor puse in echivalenta cuprinde cresterile capitalurilor proprii de la data dobandirii influentei semnificative. Aceasta crestere de valoare este inregistrata in capitaluri sub titlul de *Rezerve din consolidare aferente titlurilor puse in echivalenta*.

Avand in vedere ca societatea la care se detin titluri nu a efectuat reevaluarea terenurilor la valoare justa si ca urmare politicile contabile aplicate de acea societate nu sunt uniforme cu cele aplicate de grup, s-a efectuat o evaluare a societatii, iar valoarea capitalurilor proprii a fost considerata conform rezultatelor acestei evaluari.

Raportul de evaluare a fost intocmit de catre evaluatori autorizati in conformitate cu Standardele Internationale de Evaluare si a metodologiei de lucru recomandate de catre ANEVAR, de catre dl. Marius Sufana.

In situatiile financiare consolidate intocmite pentru data de 31.12.2016 nu a fost reflectata diferenta de valoare dintre valoarea din bilant si cea evaluata, acest fapt fiind retratat in prezentele situatii financiare consolidate.

De asemenea, exista unele diferente de valori mai mici intre coloana comparativa 2016 si situatiile financiare consolidate intocmite pentru aceeasi data. Aceasta situatie se datoreaza faptului ca situatiile financiare consolidate au fost reintocmite pentru data de 31.12.2016 potrivit unei metodologii de lucru diferita, rezultand diferente la incadrarea unor conturi, o reasezare a structurii unor pozitii din situatiile financiare efectuata in scopul oferirii unei imagini mai fidele a situatiile financiare si o mai buna corelare intre datele prezentate in situatiile financiare si cele detaliate in notele explicative.

Ca urmare, exista pe langa diferentele semnificative explicate si diferente mai mici care se datoreaza situatiei explicate mai sus.

Prezentam mai jos pozitiile din situatiile financiare ale anului 2016 care au suferit retratari:

37. Impact of IFRS 9 "Financial instruments" as of January 1, 2018

IFRS 9 "Financial Instruments" presents the provisions for the recognition and measurement of financial assets, financial liabilities and certain contracts for the purchase or sale of non-financial items. This standard replaces IAS 39 "Financial Instruments: Recognition and Measurement" and includes new principles for the classification and measurement of financial instruments, a new model of credit risk for the calculation of impairment of financial assets, and new general requirements for hedge accounting. The Group adopted IFRS 9 starting January 1, 2018. The Company owns the following types of financial instruments that fall under IFRS 9: equity instruments, debt instruments (fund units, bonds, cash and current accounts and deposits with banks), other financial assets and liabilities.

The main changes in accounting policies and the estimated impact resulting from the transition to IFRS 9 are described in the following:

	IAS 39	IAS 39 value as at December 31, 2017	IFRS 9 reclassification	IFRS 9 value as at January 1, 2018
1.) Financial assets at amortized cost as per IFRS 9				
-resulting from financial assets measured at amortized cost	amortized cost	562.580	cost amortizat	562.580
- from financial assets at amortised cost	amortized cost	7.971.985	valoare justa prin contul de profit si pierdere	7.740.557
Total financial assets measured at amortized cost	X	8.534.565	X	8.303.137
2.) Financial assets at fair value through profit or loss as per IFRS 9				
-resulting from available-for-sale financial assets	Available-for-sale financial assets	14.303.652	valoare justa prin contul de profit si pierdere	14.303.652
-resulting from financial assets held for trading	Financial assets held for trading	18.284.162	valoare justa prin contul de profit si pierdere	18.284.162
Total financial assets at fair value through other comprehensive income as per IFRS 9	X	32.587.814	X	32.587.814
3.) Financial assets at fair value through other comprehensive income as per IFRS 9				
- resulting from available-for-sale financial assets	Available-for-sale financial assets	5.855.767	Fair value through profit or loss	5.855.767
Total financial assets at fair value through other comprehensive income as per IFRS 9	X	5.855.767	X	5.855.767
Total 1.)+2.)+3.)	X	46.978.146	X	46.746.718

The differences resulting from the adoption of IFRS 9 as of January 1, 2018 will be recognized in retained earnings. The impact of the transition consists in a net increase of RON 3,002,994, net of tax, of retained earnings and a net decrease of reserves by the same amount.

38. Subsequent events

The events subsequent to the balance sheet date were taken into account when assessing the conditions that existed on 31.12.2019 regarding the receivables positions and the significant estimates that were made, including those regarding the establishment of provisions for litigation.

The events subsequent to the balance sheet date were taken into account when assessing the conditions that existed on 31.12.2018 regarding the receivables positions and the significant estimates that were made, including those regarding the establishment of provisions for litigation.

- ✓ January 14, 2020 - Financial Calendar for 2020.
- ✓ January 21, 2020 - BRK Financial Group SA decided to convert into shares the loans and interest calculated on time granted to Romlogic Technology SA.
- ✓ January 27, 2020 - The company's Board of Directors, meeting in the meeting of January 23, 2020, approved the basic prospectus in connection with the structured product issuance program which includes the range of products that could be subject to future turbo certificate issuance and certificates with protected capital.
- ✓ January 31, 2020 - BRK Financial Group SA informs investors about the fact that the sentence expressed in file no. Was published on the court portal. 1034/90/2014 / a13 by the Pitești Court of Appeal.
- ✓ January 31, 2020 - Publication of the Auditor's Report - art. 82, Law 24/2017 - S2 2019, prepared by the financial auditor JPA Audit & Consultancy SRL.
- ✓ February 10, 2020 - BRK Financial Group SA concluded a contract for the supply of market making quotations for the shares of the issuer Medlife SA.
- ✓ February 12, 2020 - BRK Financial Group SA informs investors on the conclusion of a contract for the supply of market making quotations for the shares of the issuer Teraplast SA.
- ✓ February 27, 2020 - Availability of Preliminary Annual Report.
- ✓ February 28, 2020 - SSIF BRK Financial Group S.A. publishes the Preliminary Annual Financial Report as of December 31, 2019.
- ✓ March 2, 2020 - SSIF BRK Financial Group S.A. concluded on March 2, 2020 a loan agreement with SC Firebyte Games SA for the amount of 500,000 lei.
- ✓ March 10, 2020 - BRK Financial Group SA concluded a contract for the supply of market making quotations for the shares of the issuer Nuclearelectrica SA.
- ✓ March 13, 2020 - BRK Financial Group SA informs investors that the steps regarding the lifting of the insurance seizure instituted by the Public Ministry - the Prosecutor's Office attached to the High Court of Cassation and Justice - D.I.I.C.O.T. Central Structure in the criminal investigation file with no. 394 / D / P / 2007 on 25.09.2015, so that on 13.03.2020 the company was informed about the lifting of the insurance seizure for the amount of 4,980,779.61 lei.
- ✓ March 17, 2020 - SSIF BRK Financial Group SA informs investors about the measures adopted by the executive management in the context of COVID-19
- ✓ March 20, 2020 - BRK Financial Group SA suspends the provision of market maker quotations for the following financial instruments: AAGES (AAG), MedLife (M), TeraPlast (TRP) and Nuclearelectrica (SNN) until normalcy and the lifting of the state of emergency by The President of Romania on the national territory.

These financial statements were approved today, April 24, 2020.

Chairman of the BOA,
Nicolae Ghergus

Economic director,
Pali Mircea Sandu



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STATEMENT OF RESPONSIBILITY

We, the undersigned Nicolae Ghergus, Chairman Monica Ivan, CEO Sandu Mircea Pali, Accounting Department

Do hereby declare on our own responsibility that, to the best of our knowledge, the individual and consolidated financial statements as at 31.12.2019, prepared in accordance with the International Financial Reporting Standards, provide a fair and accurate image of the assets, liabilities, financial position, profit and loss account of SSIF BRK Financial Group SA, and the report of the Board of Directors, prepared in accordance with ASF regulations, contains a correct analysis of the development and performance of the Company and a description of the main risks and uncertainties specific to the company's activity. BRK Financial Group SA carries its business on an ongoing basis.

Chairman of the Board,
Nicolae Ghergus

CEO,
Monica Ivan

Accounting Department
Sandu Mircea Pali

S.S.I.F. BRK Financial Group S.A.

Calea Motilor, nr. 119

Cluj Napoca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders' of S.S.I.F. BRK Financial Group S.A.

Report on the Audit of the individual Financial Statements

Opinion

1. We have audited the financial statements of the S.S.I.F. BRK Financial Group S.A. (BRK Financial Group or the "Company"), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
2. The financial statements as at December 31, 2019 are identified as it follows:
 - Net Assets/Shareholders' Equity 64.413.423 lei
 - Net Profit 8.153.016 lei
3. In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with the F.S.A. Rule No. 39/2015 approving the Accounting Regulations compliant with International Financial Reporting Standards (IFRS), applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector.

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole and in forming an opinion on the financial statements and we do not express an opinion on these individual matters.

The main aspects that were considered were as follows:

a). Valuation of financial assets

Key matter

Listed financial assets

Company listed financial assets portfolio value has been considered a key aspect for the performance of the Company. We did not consider those listed financial assets to have a significant risk or affected by significant professional judgements due to their high liquidity. However, due the importance in the financial statements as a whole, this category has been considered significant when planning for our audit strategy and resource allocation.

Our response

Our audit procedures on the valuation, existence and completeness of the financial assets' portfolio included, without been limited to:

- documenting and assessing the processes in place to record investment transactions and to value the portfolio
- marking the valuation of 100 percent of investments in the portfolio to externally quoted prices
- examination of the documentation and valuation process and accounting of the listed financial assets
- we have obtained the net assets values of the companies included in the portfolio
- external confirmation of the investment holding

Unlisted financial assets

The Company holds shares of unlisted entities and loans allowed to those entities. Valuation of those financial assets is a key audit matter due to the significance in the financial statements.

Our response

Our audit procedures on the valuation, existence and completeness of the financial assets' portfolio included, without been limited to:

- documenting and assessing the processes in place to record investment transactions and to value the portfolio
- the valuation of unlisted entities has been performed by professional appraisers. We have obtained the valuation reports and analyzed from the view of respecting the valuation standards applicable in Romania

- examination of the documentation and valuation process and accounting of the listed financial assets
- we have obtained the net assets values of the companies' existent in the portfolio
- external confirmation of the investment holding

b). Own company assets separation form the client's assets

Key Audit Matter

The Company is a stock exchange broker and house financial assets and instruments should be disclosed separately from the clients' assets.

Our response

Our procedures included, without being limited to:

- identifying and testing the internal control relevant procedure
- testing and direct confirmation for a sample of transactions
- transaction reconciliation for the audited period

Other aspects

6. At the date of our audit report, as it is presented in the Note 37 to the financial statements regarding events after the date of the balance sheet, the capital markets and the European economies are affected by the effects of the COVID-9 pandemic, Romania being in the same situation. Those evolutions would probably determine revisiting the basic factors on which the financial assets, loans and participations are valued, without been able to precisely estimate the effects of those events to the future results of the Company. The management is monitoring those events and their influence on the Company's operations.
7. We have not audited the financial statement as at December 31, 2018. The precedent auditor's opinion at that date has been a modified opinion due the valuation of the unlisted investment in Facos SA entity. The shares of that Company have been sold during 2019.
8. At the date of January 21, 2020, the Company has decided to convert loans and interest calculated to the date, allowed to Romlogic Technology SA, in amount 5.409.530 lei, to shares (Nota 37 to the financial statements). The official registration to the Companies Registry has started in January 2020. Once registered the Company would disclose participations owned in Romlogic Technology SA, in accordance with the IFRS.

Other information – The Directors' Report

9. The directors are responsible for the preparation and presentation of other information. That information includes the Directors' Report, but do not include the individual financial statements and the audit report.

The directors' report is not part of the individual financial statements. Our opinion on the individual financial statements do not cover the director's report.

In relation with the individual financial statements for the year ended December 31, 2019, our responsibility is to read that other information and to assess if this information differs significantly to the individual financial statements or if it is significantly misstated.

In relation with the Director's Report, we have read and we report that it was prepared, in all material respects, in accordance with the F.S.A. Rule no. 5/2018 and the Rule no. 39/2015 for entities supervised and regulated by the F.S.A.

In our opinion:

- a) Nothing was identified by us that makes us believe that the information presented in the director's report, in all material respects, is not in accordance with the individual financial statements
- b) The director's report mentioned above includes, in all material respects, the information requested by the F.S.A. Rule no. 39/2015 for the approval of the accounting regulations in accordance with the International Accounting Reporting Standards, applicable for the entities authorized, regulated and supervised by the Financial Supervisory Authority ("F.S.A.") for the Financial Instruments and Investments Sector.

Based on our understanding and knowledge obtained during our audit on the S.S.I.F. BRK Financial Group S.A. financial statements prepared for the year ended December 31, 2019 and, on its environment, we are asked to report if we have identified significant misstatements in the directors' Report. We have nothing to report concerning this aspect.

Report on specific regulation concerning S.S.I.F.

10. In relation with our audit on the financial statements as at December 31, 2019 and considering:

- the provisions in the art. 56 and 61 of the Law no. 126/2018 regarding the prudential rules that intermediaries have to respect for the assurance of the separation of the financial instruments and the funds owned by clients and by the intermediary
- the provisions of art. 21 of the F.S.A. regulation no. 10/2018, with further changes and additions we report that:
 - a) We have reviewed the procedures that ensure the separation of the financial instruments owned by the investors and those owned by the intermediary, aimed at protecting their ownership rights, as well as against the use of those financial instruments by the intermediaries, in transaction on their own, except for situations where the investors give their clear consent.

- a) The Company applies procedures that insure the separation of the financial instruments of their own portfolio from the one owned by their clients.
 - b) We have reviewed the procedures that ensure the separation of the investors' funds with the purpose of protecting the ownership right, except for the credit institutions, in order to prevent the use of such funds in the Company's interest.
 - a) The Company applies procedures to ensure the separation of the investors' funds from the own's fund or that are used in the Company's interest.
 - c) We have reviewed the accounting and data processing procedures that are designed to ensure the separation of the funds and financial instruments of the investors and the intermediary.
 - The Company designed chart of accounts and opened bank accounts that ensure that investors and own funds are separated.
 - The data processing systems ensure the use of accounts and codes specific in order to separate the above-mentioned items.
11. Based on our knowledge and the understanding obtained during our audit of the financial statements for the year ended December 31, 2019 of S.S.I.F. BRK Financial Group S.A. and its environment, we did not identify data and nothing came to our attention that make us believe that the Company does not comply to the objectives described in the above paragraphs at the level of the reporting entity.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

12. Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the F.S.A. Rule 39/2015 and for such internal control as management determines is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the individual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
14. Those charged with governance are responsible for overseeing the Company's financial reporting process

Auditor's Responsibilities for the Audit of the Financial Statements

15. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

16. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
17. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
18. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

19. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

20. We have been nominated as auditors for the financial statements by the General Assembly of Shareholders of S.S.I.F. BRK Financial Group SA for the year ended December 31, 2019. The total duration of our engagement is of 3 years, covering the years ended December 31, 2019, 2020 and 2021.
21. We confirm that our opinion on the financial statements is according to the supplementary report presented to the Company's Audit Committee at the same date as this report. We have been independent throughout our engagement to the Company.
22. We confirm that we have not deliver any other non-audit services as mentioned in the art. 5 par. (1) of the EU regulation no. 537/2014.

In the name of
JPA Audit și Consultanță S.R.L.
Bd. Mircea Vodă 35, etaj 3, sector 3 Bucuresti
Registered Auditor ASPAAS FA319



Florin Toma
Registered Auditor ASPAAS AF1747

Bucharest
March 24th, 2020

S.S.I.F. BRK Financial Group S.A.

Calea Motilor, nr. 119

Cluj Napoca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of S.S.I.F. BRK Financial Group S.A.

Report on the Audit of the Consolidated Financial Statements

Opinion on the Consolidated Financial Statements

1. We have audited the consolidated financial statements of the S.S.I.F. BRK Financial Group S.A. (BRK Financial Group or the „Group”), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.
2. Those consolidated financial statements are identified as follow:
 - Net assets/Shareholders' Equity 62.977.048 lei
 - Profit 7.283.510 lei
3. In our opinion, except for the aspects presented in the next paragraph, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Group as at December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with the F.S.A. Rule No. 39/2015 approving the Accounting Regulations compliant with International Financial Reporting Standards (IFRS), applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector.

Basis for Qualified Opinion

4. We have not audited the consolidated financial statements for the year ended December 31, 2018. The previous auditor has expressed a disclaimer of opinion due to the consolidation methodology and not obtaining sufficient audit evidence for the Groups subsidiaries. As at December 31, 2019 the consolidation includes only SAI Broker SA. Considering the previous year disclaimer of opinion, we were not able to determine whether any adjustments might have been found necessary for the previous year statements and, consequently, if any adjustments might have been necessary for the current year opening balances.
5. We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company within the meaning of the Ethics Code

for Professional Accountants (IESBA Code) issued by the International Ethics Standards Board for Accountants and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Other Aspects

6. At the date of our report the European economies are disrupted by the COVID-19 pandemic, the Romanian market making no exception from this. Those evolutions would, consequently, determine revisiting the factors that drive the valuation of the consolidated financial assets, the loans awarded and participations and the going concern of the business, without having the possibility to assess the level of such disruption at this date. Management is monitoring the events and the effects on the Group's business.
7. At January 21 the conversion of the loans and accumulated interest to the date to shares of the Company, in amount of 5.409.530 lei, granted to Romlogic Technology SA has been decided. The registration with the Registry of Company's started in January 2020. At the final approval the Group will book participations to Romlogic Technology SA, in the same amount as the conversion, in accordance with the IFRS.

Other information – Report on the compliance of the Director's Report to the Consolidated Financial Statements

8. The directors are responsible for the preparation and presentation of other information. That information includes the Directors' Report, but do not include the consolidated financial statements and the audit report.

The directors' report is not part of the consolidated financial statements. Our opinion on the consolidated financial statements do not cover the director's report.

In relation with the consolidated financial statements for the year ended December 31, 2019, our responsibility is to read that other information and to assess if this information differs significantly to the consolidated financial statements or if it is significantly misstated.

In relation with the Director's Report, we have read and we report that it was prepared, in all material respects, in accordance with the F.S.A. Rule no. 1/2006 and the Rule no. 39/2015 for entities supervised and regulated by the F.S.A.

In our opinion:

- a) Nothing was identified by us that makes us believe that the information presented in the director's report, in all material respects, is not in accordance with the consolidated financial statements

- b) The director's report mentioned above includes, in all material respects, the information requested by the F.S.A. Rule no. 39/2015 for the approval of the accounting regulations in accordance with the International Accounting Reporting Standards, applicable for the entities authorized, regulated and supervised by the Financial Supervisory Authority ("F.S.A.") for the Financial Instruments and Investments Sector.

Based on our understanding and knowledge obtained during our audit on the S.S.I.F. BRK Financial Group S.A. consolidated financial statements prepared for the year ended December 31, 2019 and, on its environment, we are asked to report if we have identified significant misstatements in the directors' Report. We have nothing to report concerning this aspect. no information that is included in the directors' report came to our attention that would make us believe that it is misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

9. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
11. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
13. We are independent towards the Group, in accordance with the Ethics Code for Professional Accountants (IESBA Code) issued by the International Ethics Standards Board for Accountants and we have fulfilled our ethical requirements in accordance with the IESBA Code.

Report on Other Legal and Regulatory Requirements

14. We were nominated by the general meeting of Shareholders to audit Group's the consolidated financial statements at December 31, 2019. The total duration of our engagement is of 3 years, covering the years ended December 31, 2019, December 31, 2020 and December 31, 2021.
15. We confirm that our opinion on the financial statements is according to the supplementary report presented to the Audit Committee, issued in March 18, 2020. Also, we have preserved our independence towards the Group throughout our engagement.
16. We confirm that we have not provided any other non-audit services as mentioned in the art. 5 par. (1) of the EU regulation no. 537/2014.

In the name of
JPA Audit și Consultanță S.R.L.
Bd. Mircea Vodă 35, etaj 3, sector 3 Bucuresti
Registered ASPAAS FA319

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Firma de Audit:
JPA AUDIT & CONSULTANȚĂ S.R.L.
Registrul Public Electronic: **FA 319**



Represented by
Florin Toma
ASPAAS AF1747

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Auditor financiar: **FLORIN TOMA**
Registrul Public Electronic: **AF 1747**

Bucharest
March 27th, 2020