BRK Financial Group

Individual Financial Statements – 2020

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

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OUTLINE	**PAGE**

Individual financial statements

Individual statement of financial position – December 31st 2020

In RON		**31.12.2020**	**31.12.2019**
Assets			
Intangible asses	**8**	600,354	1.213.729
Tangible assets	**9**	8,019,937	5.887.007
Real estate investments	**10**	-	669.959
Financial assets measured at fair value through profit or loss	**11**	48,761,259	44.644.883
Financial assets at amortized cost	**11**	-	-
Loans and advances granted	**15**	7,772,861	12.111.428
Receivables	**15**	914,854	662.686
Other financial assets		72,450,030	24.773.064
Client bank accounts	**17**	51,746,125	53.626.771
Cash and equivalents	**17**	4,931,596	781.635
Assets classified for sale	**14**	-	303.389
Total assets		**195,197,016**	**144.674.551**
Equity			
Share capital	**18**	54,039,987	54.039.987
Share capital adjustments	**18**	4,071,591	4.071.591
Own shares	**18**	(24,047)	(24.047)
Equity premiums	**18**	5,355	5.355
Reserves from the revaluation of available-for-sale financial assets		0	0
Other reserves	**19**	13.715.384	10.860.687
Total reserves	**19**	0	0
Current result	**20**	1.879.074	8.153.016
Reported result	**20**	(5.041.820)	(12.693.166)
Total equity attributable to shareholders		**68,645,523**	**64.413.423**
Liabilities			
Financial leasing debt	**26**	-	-
Provisions		-	-
Total non-current liabilities		-	-
Short-term debt	**22**	2,443,700	4.187.543
Current leasing debt	**22**	0	28.640
Amounts due to customers	**22**	111,752,738	60.945.094
Other short-term debt	**21**	12,109,024	12.297.303
Provisions	**23**	246,033	2.802.547
Total current liabilities		**126,551,495**	**80.261.127**
Total liabilities		**126,551,493**	**80.261.127**
Total equity and liabilities		**195,197,016**	**144.674.551**

These financial statements have been approved today, 25.03.2021

Chairman of the Board,
Robert Danila

Economic Director,
Sandu Pali

CEO,
Monica Ivan

Income from continuing operations

Individual comprehensive income

Reported on 31.12.2020
In lei

	Note	31.12.2020	31.12.2019
Intermediation		**8.305.226**	**3.868.350**
Fees and commission income	**25**	6.399.427	3.065.675
Corporate income	**25**	1,041,523	356,522
Other intermediation income	**25**	864,276	446,153
Income from market making		**3,947,487**	**1,190,869**
Net transaction income	**26**	3,362,768	1,122,551
Other market making income	**26**	584,720	68,318
Other income from continuing operations		**44,680**	**8,442**
Salaries and employee benefits	**27**	(4,098,965)	(4,545,176)
Expenses with fees and commissions	**28**	(2,550,132)	(1,134,423)
Expenses related to external benefits	**29**	(2,236,385)	(2,174,789)
Expenses with related parties	**30**	(526,979)	(316,490)
Other operating expenses	**30**	(837,194)	(934,745)
Adjustments related to tangible and intangible assets	**30**	(917,313)	(994,922)
Income/ (loss) from continuing operations		**1.130.425**	**(5.032.884)**
Net Income / (Loss) from financial instruments		**(2,618,570)**	**9,115,558**
Dividend income	**31**	2,249,099	1,422,354
Income from trading with shares and bonds	**31a**	4,285,779	10,301,174
Loss from trading with shares and bonds	**31**	(9,153,448)	(2,607,970)
Net Income / (Loss) from financial assets at fair value through profit and loss		**(243,874)**	**7,598,271**
Income from financial assets at fair value through profit and loss	**31**	13,441,681	14,984,233
Loss from financial assets at fair value through profit and loss	**31**	(13,685,556)	(7,385,962)
Net Income / (Loss) from provisions related to financial instruments		**3,146,502**	**(2,889,875)**
Income from the cancellation of provisions	**31**	5,349,752	196,606
Expenses related to provisions	**31**	(2,203,250)	(3,086,481)
Other Net Income / (Expenses) from interest and exchange rate differences		**383,077**	**1,632,074**
Interest income	**31**	481,917	1,137,057
Interest income from margin accounts	**31**	232,752	299,586
Other interest income	**31**	106,642	427,780
Interest expense	**31**	(205,946)	(374,117)
(Expenses)/Income from exchange rate differences	**31**	(232,287)	141,768

Individual comprehensive income (continued)

Net Income / (Expense) from provisions and related risks		**(161,433)**	**(2.6.77.963)**
Expenses related to provisions and related risks	**31**	(2,885,324)	(2,758,452)
Income from the cancellation of provisions	**31**	2,807,845	67,824
Other net provisions	**31**	(83,954)	12.665
Other Net Income / (Expenses)		**242,911**	**407,835**
Net Income / (Loss) from the sale of assets	**31**	190,009	110,393
Other operating expenses	**31**	(30,243)	(73,109)
Other operating income	**31**	83,145	370.551
Result from operating activities		**(2,614,590)**	**5,890,016**
Earnings Before Taxes		1,879,037	8,153,017
Income tax		-	-
Earnings from continuing operations		1,879,037	8,153,017
Discountinued operations		-	-
Losses from discontinued operations (after tax)		-	-
Profit for the period		**1,879,037**	**8,153,017**
Other comprehensive income elements		**-**	**-**
Net change in fair value of available for sale assets through profit or loss		-	-
Elements which can be reclassified through profit or loss		**-**	**-**
Net change in fair value of financial assets held for sale		-	-
Free shares classified as available for sale		-	-
Net change in assets held for sale		-	-
		-	-
Elements which cannot be reclassified through profit or loss		**-**	**-**
Changes in the value of used assets		2.353.092	-
Changes in the value of real estate investments		-	-
Consitution / Cancellation of income held for granting free shares to employees		-	-
Tax related to other elements of comprehensive income		-	-
Total other elements of comprehensive income		**2.353.092**	**-**
Total comprehensive income		**4.232.129**	**8,153,017**

The accompanying notes are an integral part of this financial statements

Individual comprehensive income (continued)		
Profit attributable to:	**1.879.037**	**8,153,017**
Shareholders	1.879.037	
Non-controlling interests		
Profit for the period	**1.879.037**	**8,153,017**
Total comprehensive income attributable to:		
Shareholders	2.353.092	
Non-controlling interests		
Total comprehensive income	**2.353.092**	**8.153.017**
Earnings per share		
Basic earnings per share (RON)	0.0056	0.0241
Diluted earnings per share (RON)	0.0056	0.0241
Continuing operations		
Basic earnings per share (RON)	0.0056	0.0241
Diluted earnings per share (RON)	0.0056	0.0241
31.12.2020		
Weighted average number of shares:	337,749,919	337,749,919

These financial statements have been approved today, 25.03.2021

Chairman of the Board
Robert Danila

Economic Director
Sandu Pali

CEO
Monica Ivan

Individual statement of changes in equity for 31.12.2020

In RON	Share capital	Ajustari ale capitalu-lui	Own shares	Capital premiums	Re-evaluation adjustments	Legal and statutory reserves	Other reserves	Reported result	Total equity
January 1st 2020	**54.039.986**	**4.071.590**	**(24.048)**	**5.354**	**3.524.052**	**4.995.524**	**2.748.759**	**(4.173.240)**	**64.413.423**
Profit for the period	-	-	-	-	-	-	-	**1.879.074**	**1.879.074**
Other elements of the overall result	-	-	-	-	-	-	-	-	-
Gains transferred through profit or loss	-	-	-	-	-	93.954	-	(93.954)	-
Value adjustments from assets available for sale	-	-	-	-	-	-	-	-	-
Changes in the value of used assets	-	-	-	-	-	-	-	-	-
Changes in the value of real estate investments	-	-	-	-	2.353.092	-	-	-	-
Other changes in equity	-	-	-	-	-	-	-	-	-
Deferred tax liability	-	-	-	-	-	-	-	-	-
Changes in profit, loss or ther overall result	-	-	-	-	-	-	-	-	-
Changes in share capital	-	-	-	-	-	-	-	-	-
Transfer of re-evaluation reserves in assets available for sale	-	-	-	-	-	-	-	-	-
Transfers in the reported result	-	-	-	-	-	-	-	-	-
Total of other elements of the overall result	-	-	-	-	-	-	-	-	-
Total overall result for the period	**-**	**-**	**-**	**-**	**2.353.092**	**93.954**	**-**	**1.785.120**	**-**
Operatiuni cu actiuni proprii									
Rascumpararea actiunilor proprii		-							-
Total changes in own shares		-	-	-	-	-		-	-
December 31st 2020	**54.039.986**	**4.071.590**	**(24.048)**	**5.354**	**5.877.144**	**5.089.478**	**2.748.759**	**(3.162.740)**	**64.413.423**

These financial statements have been approved today, 25.03.2021.

Chairman of the board
Robert Danila
CEO
Monica Ivan

Economic Director
Sandu Pali

Individual statement of changes in equity - 2019

In RON	Share capital	Ajustari ale capitalu-lui	Own shares	Capital premiums	Re-evaluation adjustments	Legal and statutory reserves	Other reserves	Reported result	Total equity
January 1st 2019	**54.039.986**	**4.071.590**	**(24.048)**	**5.354**	**3.524.052**	**4.587.874**	**2.748.759**	**(9.113.907)**	**56.260.406**
Profit for the period	-	-	-	-	-	-	-	7.745.366	8.153.016
Other elements of the overall result	-	-	-	-	-	-	0	-	-
Gains transferred through profit or loss	-	-	-	-	-	407.650	-	-	-
Value adjustments from assets available for sale	-	-	-	-	-	-	-	-	-
Changes in the value of used assets	-	-	-	-	-	-	-	-	-
Changes in the value of real estate investments	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	-	-	-	-	-	-	-
Deferred tax liability	-	-	-	-	-	-	-	-	-
Changes in profit, loss or ther overall result	-	-	-	-	-	-	-	-	-
Changes in share capital	-	-	-	-	-	-	-	-	-
Transfer of re-evaluation reserves in assets available for sale	-	-	-	-	-	-	-	-	-
Transfers in the reported result	-	-	-	-	-	-	-	-	-
Total of other elements of the overall result	-	-	-	-	-	-	-	(2.804.699)	(2.804.699)
Total overall result for the period	-	-	-	-	-	407.650	-	7.745.366	8.153.016
Operatiuni cu actiuni proprii									
Rascumpararea actiunilor proprii		-							-
Total changes in own shares		-	-	-	-	-		-	-
December 31st 2019	**54.039.986**	**4.071.590**	**(24.048)**	**5.354**	**3.524.052**	**4.995.524**	**2.748.759**	**(4.173.240)**	**64.413.423**

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Monica Ivan

Economic Director,
Sandu Pali

Individual statement of cash flows - 2020

	31.12.2020	31.12.2019
	RON	RON
Operational activities:		
Gross income	**1.879.074**	**8.153.016**
Adjustments for the reconciliation with net income with net cash used in operating activities:		
Adjustment the value of tangible and intangible assets	911.309	936.394
Income from buybacks	-	-
Losses on available-for-sale financial assets	-	-
Gains + / (losses -) in unrealized gains from the re-evaluation of financial assets	(5.240.501)	(7.794.877)
Value adjustments in short-term investments	-	-
Income tax	-	-
Provisions for current and non-curren assets	(95.845)	37.330
Provisions for risks and expenses	(2.712.000)	2.653.298
Interest expense	205.946	374.117
Interest income	(1.683.090)	(2.308.167)
Dividend income	(2.249.099)	(1.422.354)
Gains from Turbo certificates and IG	(3.362.768)	-
Gains / (losses) from the sale of tangible assets	(190.009)	(110.393)
Gains from exchange rate differences related to IB and IG	-	(26.320)
Increse / (Decrease) in operating cash before changes in current assets	**(12.536.984)**	**492.045**
Changes in liquid securities:		
Increase / (Decrease) in receivables	252.168	(59.657)
Increase / (Decrease) in debt	(2.744.793)	3.166.339
Increase / (Decrease) in assets available for sale	-	-
Net flows generated from operations	**(15.029.609)**	**3.598.726**
Cash flows from activities:		
Paid income tax	-	-
Interest income	963.849	852.470
Interest expense	(205.081)	(221.543)
Net flows generated from activities	**(14.270.840)**	**4.229.653**
Cash flows from investing activities:		
Purchases of tangible and intangible assets and real estate investments paid in cash	(70.350)	445.062
Cash purchases of financial assets	11.974.151	20.438.933
Inflows from the sale property, plant, equipment and other non-current assets	1.163.357	-
Dividend inflows	2.249.099	1.422.354
Loans (granted) / reimbursed and margin accounts	(2.930.000)	(8.260.550)
		-
Net position from the sale of Turbo certificates and IG	5.924.158	3.559.668
Interest inflows from bonds	124	335.962
Net generated cash flows from investing activities	**18.310.539**	**22.224.179**

	Note	31.12.2020	31.12.2019
		RON	
Cash flows from financing activities:			
Leasing outflows		(26.413)	(11.837)
Inflows / Outflows from short-term debt		(1.743.969)	(4.991.870)
Net cash flows generated from financing activities		**(1.770.382)**	**(5.003.706)**
Cash flows – total		**2.269.317**	**21.701.203**
Changes in cash and equivalents			
Cash and equivalents at the beginning of the reporing period		**54.408.405**	**33.942.369**
Increase / (decrease) in cash and equivalents		2.269.317	21.701.203
Exchange rate variation on cash and equivalents		-	-
Cash and equivalents at the end of the reporting period		**56.677.722**	**54.408.405**
Of which (under seizure)	24	-	4.980.780
Of which:			
Cash on behalf of clients		51.746.125	53.626.771
Cash on behalf of The Company		4.931.596	781.635

These financial statements have been approved today, 25.03.2021.

Chairman of the board
Robert Danila
CEO
Monica Ivan

Economic Director
Sandu Pali

1. REPORTING ENTITY

SSIF BRK FINANCIAL GROUP SA („he Company") is a financial investment company headquartered in Romania. Our registered address Cluj-Napoca can be found on 119, Motilor Street. 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 and in compliance 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 separate financial statements for 2020 and 2019 have been prepared based on the accounting regulations, standards and policies included in these financial statements.

SSIF BRK FINANCIAL GROUP SA issues for the financial year ended 31.12.2020 also consolidated financial statements in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS"). The consolidated financial statements of SSIF BRK FINANCIAL GROUP SA Group on December 31, 2019 will be prepared, approved and made public at a date subsequent to the publication of these individual financial statements, and compliance with 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 to IFRS. The Company has prepared these separate financial statements in order to comply with the requirements of Law 39/2015, revised, approving the Accounting Regulations inc compliance 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).

For the purposes of Norm 39/2015, the International Financial Reporting Standards, hereinafter referred to as IFRS, represent the standards adopted according to the procedure provided in Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, as subsequently amended and supplemented.

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 to 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 if, apart from other factors, the accumulated inflation rate for a period of three years exceeds 100%.

The continued contractions 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 its' share capital so as to express the financial statements in the current measurement unit as of December 31, 2003.

Ongoing activity

According to the management's assessments, the Company will continue its' operations in the foreseeable future. The Company's management estimates its' ongoing operations for a period longer than 12 months as of the preparation of these financial statements.

Determinants of fair value

Certain accounting policies of the entity, including 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 an asset or liability.

i. Equity and bond investments

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

1. <u>Trading price</u>: For investments quoted on the stock exchange, The Company looks for an active and liquid market, and uses the closing price of the last trading period at the end of the financial year as fair value.

2. <u>Fair value determined through Dividend Discount Model (DDM)</u>: In case the company has a consistent history regarding the distribution of dividends, and the dividend policy is predictable, the valuation price is considered to be the intrinsic value resulting from the DDM model.

3. <u>Fair value determined though Discounted Cash Flows(DCF)</u>: If the company does not distribute dividends and the valuation is made from the perspective of a significant shareholder, the price is considered to be the intrinsic value resulting from the DCF model.

4. <u>Fair value determined by the asset mehod:</u> 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 value.

5. <u>Fair value determined through relative valuation</u>: If 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 valuation price is considered to be the intrinsic value determined by applying the relative valuation (using the valuation 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 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. 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 is determined for disclosure purposes and 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 accordance to the criteria described in Note 3.

c) Used 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.
The exchange rates of the main foreign currencies, published by the National Bank of Romania on December 31, 2020 are the following: 4,8694 Lei/EUR ;3,9660 Lei/USD si 5,4201 Lei/GBP (december 31st 2019 : 4,7793 Lei/EUR, 4,2608/USD, si 5,6088 Lei/GBP)

e) Use of estimates and professional judgement

The preparation of financial statements in accordance to 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 been prepared in accordance to IFRS and the Company's accounting policies as presented 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 IFRS9

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 an 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 of January 1, 2018 compared to their previous amount under IAS 39, except those presented below.

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 at fair value through profit or loss*

Further to the adoption of IFRS 9, as of 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 and amortized cost*

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

In this respect, 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)

With regards to 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 current value of future cash flows, the basic requirement is to identify the estimated collectives, 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; 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) Tangible assets

i. Recognition and evaluation

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 upon 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 re-evaluation reserves are transferred to retained earnings. The re-evaluation reserves are reduced in each financial year by the amount corresponding to the amortization and then, transferred to retained earnings.

ii. Reclassification as investment property

Investment property is defined below, under 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 re-evaluated 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 and amortization 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 a 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.

Lifespans of assets for the current and comparative periods are as follows:

- Buildings - 40 years
- Plant and equipment - 2-10 years; with a 5 year average value
- Vehicles - 5 years
- Other assets - 3-10 years; with a 5 year average value

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Intangible assets

i. Goodwill

Goodwill resulting 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 lifespan 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) Leasing 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.

g) Leasing 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 rate 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Tangible assets 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 rate 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.

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.

Sharebuybacks

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Employee benefits

i. Beneficii pe termen scurt

Beneficiile pe termen scurt ale angajatilor sunt evaluate fara a fi actualizate, iar cheltuiala este recunoscuta pe masura ce serviciile aferente sunt prestate.

O datorie este recunoscuta la valoarea care se asteapta sa fie platita In cadrul unor planuri pe termen scurt de acordare a unor prime In numerar sau de participare la profit, daca entitatea are obligatia legala sau implicita de a plati aceasta suma pentru servicii furnizate anterior de catre angajati, iar obligatia poate fi estimata In mod credibil.

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 provisions 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 transfers 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.

r) Income from rentals

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

s) Financial income 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Financial income and expenses (continued**)**

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 16 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. Diluted earnings per share are determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of outstanding shares, adjusted by the value of treasury shares held, with the dilution effects of all potential ordinary shares, including 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

v) Segment reporting (continued**)**

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.

a) New standards, amendments and interpretations applicable after January 1, 2020

There are new standards, amendments and interpretations that apply for annual periods beginning after January 1, 2020 and that have not been applied to the preparation of these financial statements.
Below are the standards / interpretations that have been issued and are applicable starting with the period or after the period January 1, 2020.

- **Defining the concept of significance - Amendment to IAS 1 and IAS 8**

The IASB amended IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies that use a definition of significance throughout IFRS and in the Conceptual Framework.
The amendment clarifies:
The fact that the significance threshold is assessed in the context of the financial statements as a whole
The meaning of the main users of the financial statements to which the financial statements are addressed changes by adding "existing and potential investors, creditors and other creditors" who must rely on the financial statements to find out most of the financial data.

- **Definition of a business - Amendments to IFRS 3**

The modified definition of a business presupposes that an acquisition includes input data and a substantive process that, together, contributes significantly to the company's ability to create results. The definition of "results" is modified to focus on goods and services delivered to customers, which generate investment and other income and exclude returns in the form of reduced costs or other economic benefits.

These changes may lead to an increase in acquisitions that are considered asset acquisitions.

- **Reference interest rate reform - amendments to IFRS 7, IFRS 9 and IAS 39 (January 1, 2020)**

The amendments modify certain requirements of hedge accounting to provide some exemptions regarding the reference interest rate reform.

- **Amendments to the IFRS Conceptual Framework** (effective January 1, 2020) - The IASB issued a revised Conceptual Framework for financial reporting. It sets out the fundamental concepts of financial reporting that guide the board in developing IFRS standards. The main changes are:
    - An increase in the importance of management for the purpose of financial reporting
    - Restoring prudence as a component of neutrality
    - Defining a reporting entity, which can be a legal entity or a part of an entity
    - Reviewing the definitions of assets and liabilities
    - Removing the probability threshold for recognition and adding a guide for derecognition
    - Adding various evaluation bases and

The statement that the income statement is the main performance indicator and that, in principle, income and expenses from other elements of the global income statement should be recycled only when this improves the relevance and accurate picture of the financial statements.

b) On September 31, 2020, the following standards and interpretations were issued, but were not mandatory for the annual reporting periods ended on December 31, 2020.

- **IFRS 17 Insurance Contracts** (January 1, 2021, probably extended until January 1, 2022). IFRS 4 will soon be replaced by a new standard on insurance contracts. Consequently, the temporary exemptions and / or the general approach of IFRS 9 for insurance companies will no longer apply when the new standard is issued.

IFRS 17 was issued in May 2017 as a replacement for IFRS 4. It assumes a valuation model in which estimates are revalued each year. Contracts are evaluated taking into account the following elements:
- Cash flows updated weighted according to the probability of realization

- An explicit risk adjustment and

- A contractual service margin that represents the profit from the contract recognized as income of the period covered.

- **Rent reductions as a result of COVID 109 - Amendments to IFRS 16**

Following COVID-19, numerous rent reductions were granted to tenants. These discounts can take various forms, including deferral of payment. In May 2020, the IASb issued an amendment to IFRS 16 that allows tenants to treat rent benefits as a change in the lease. Entities applying this amendment must disclose this in their financial statements.

- **Classification of current and long-term debt - Amendments to IAS 1**

The amendment to IAS 1 states that liabilities must be presented on the basis of eligibility, depending on the rights that exist at the balance sheet date. The classification is not affected by the expectations of the entity or the events after the reporting date. The amendment also clarifies what is meant by "extinguishing" a debt.

- **Amendments to IAS 16 - Property, Plant and Equipment**

The amendment prohibits the entity from deducting from the cost of a tangible asset revenues realized as a result of using the asset during the period in which the respective asset is being brought to the level necessary for operation.

- **Annual improvements for the 2018 - 2020 cycle (in force starting with January 1, 2019)**

  - IFRS 9 - Financial Instruments - clarifies what kind of fees should be included in the 10% test when recognizing financial liabilities.
  - IFRS 16 - Rents - amendment of Example 13 which removes the illustration of payments from the lessor regarding l modernizations, in order to remove confusions regarding the treatment of the advantages regarding rents.
  - IFRS 1 - Adoption for the first time of IFRS - allows entities to measure assets and liabilities at book values recorded in the financial statements of the parent company, together with any related exchange rate differences.
  - IAS 41 - Agriculture - remove the requirement for entities to exclude cash flows for taxes determined by measurement at fair value in accordance with IAS 41.

The Company has reviewed the impact of adopting IFRS 16 and the other standards mentioned above and anticipates that they will not have any significant impact on its annual financial statements in the year in which they are first applied. The company will apply these standards from the effective date of their application.

3. POLITICI CONTABILE SEMNIFICATIVE (continuare)

(w) Standards and intepretations issued by IASM, but not yet adopted by the EU

As of the reporting date of these 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 of the date of authorization 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 January 1st 2019),

• 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 January 1st 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 January 1st 2019),

• Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after January 1st 2020).

The Company estimates that the adoption of these standards and amendments to existing standards will not have a significant impact on its annual financial statements in the year in which they are first applied.

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. GESTIONAREA RISCULUI FINANCIAR

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.

4. Financial risk management (continued)

General risk management framework

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

The complex activity of the company involves an active management of risks, and to ensure their management, the company has established a risk management system by developing risk management policies and internal procedures, in accordance with regulations and legislation in force. The principles of risk management include the identification and awareness of risks, their assumption, management and monitoring, the fulfillment of prudential requirements regarding risk management, the periodic review of risk policies and internal procedures, the control and management of risks.

At the same time, the company's internal procedures define the risk management policies, establish the appropriate limits and controls, the ways of monitoring the risks and the observance of the established limits.Regularly, missions are performed to verify and monitor compliance with the provisions of internal procedures and regulations in force and reports are prepared to the Executive Management of the company and to the Board of Directors.

In this way, an orderly and constructive control environment is developed, so that, through the pro-active risk management activity (fundamental activity within the company), all the risks faced by BRK Financial Group are quantified.

The company's risk profile 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 business strategy. In terms of risk appetite, this is the level of risk expressed for each risk category, up to which the company is willing to take risks or accept them, in accordance with the established risk strategy and policies, but with the control of the risks 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 portfolio structure, investment policy, and business strategy agreed at the level of society.

The Board of Directors of BRK Financial Group approved, at the beginning of 2020, the modification of the Company's Risk Profile, compliance with the levels thus assumed being monitored throughout the year by the specialized Department. At the time of preparing the financial statements, the Risk Profile is summarized in the table below, any adjustments to it will be made in the first part of 2021 and made public to interested parties on the company's website.

Limits / Risk categories		Very low	Low	Medium	High	Very high
Color corresponding to the proposed maximum level						
		(0 - 5%)	*(5% - 10%)*	*(10 % - 25%)*	*(25% - 40%)*	*> 40% din fp*
Market risk	Equity securities					Foarte ridicat
	Debt securities		Low			
	OPCVM			Medium		
Currency risk		Very low	Low	Medium	High	Very high
		(0 - 5%)	*(5% - 10%)*	*(10% - 12%)*	*(12% - 15%)*	*> 15% from fp*
Credit risk		Very low	Low	Medium	High	Very high
		(0 - 40%)	*(40% - 80%)*	*(80% - 120%)*	*(120% - 140%)*	*> 140% din fp*
Counterparty risk		Very low	Low	Medium	High	Very high
		(0 - 4%)	*(4% - 8%)*	*(8% - 12%)*	*(12% - 15%)*	*>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	Low	Medium	High	Very high
		(0 - 15%)	*(15% - 30%)*	*(30% - 40%)*	*(40% - 50%)*	*> 50% from fp*
LCR (liquidity indicator)		Very low	Low	Medium	High	Very high
		> 5	*(3.5 – 5)*	*(2 - 3.5)*	*(1 – 2)*	*< 1*
Portfolio liquidity		Very low	Low	Medium	High	Very high
		> 50%	*(40% - 50%)*	*(30% - 40%)*	*(20% - 30%)*	*< 20 % from the total portfolio*

Lever	**Very low**	**Low**	**Medium**	**High**	**Very high**
	> 50%	*(40% - 50 %)*	*(30% - 40%)*	*(20% - 30%)*	*< 20%*
RAC (capital adequacy ratio)	**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 due to fluctuations in market prices (equity securities, debt securities, UCITS, etc.).

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

Credit risk generally represents that risk of financial loss caused by the counterparty's total or partial non-fulfillment of its obligations. Credit risk starts from the concept of a credit event, which describes any sudden and negatively impacting change in the credit quality of a debtor that calls into question its 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 arising from exposure to counterparties, groups of related counterparties or counterparties in the same economic sector, geographical region, activity or application of credit risk mitigation techniques and includes in particular the associated risks. with large indirect exposures to credit risk.

Operational risk can be defined as the risk of loss caused either by the use of inadequate or inadequate processes, systems and human resources, or by external events and actions.

Liquidity risk is the current or future risk that may adversely affect profit and capital, which is determined by the company's inability to meet its obligations at maturity.

Leverage is the relative size of an institution's assets, off-balance sheet liabilities and contingent liabilities to pay, provide a benefit or provide collateral, including obligations arising from financing received, commitments entered into, derivative financial instruments or repurchase agreements. , except for obligations that can be performed only during the liquidation of an institution, in relation to the company's own funds.
The capital adequacy ratio is the ratio between the company's own funds and its own capital requirements.

Risk categories

Riscul de credit

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 offbalance 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.

Credit risk exposure

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, term deposits, loans granted to affiliated entities, and 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:

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).

4. Financial risk management (continued)

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 to current accounts and bank deposits

In RON	**December-20**	**December-19**
Banca Transilvania	27.378.164	21.737.005
BRD - Group Societe Generale	564.716	5.721.572
UniCredit Bank	78.010	80.966
First Bank	277.187	3.527.399
Idea Bank	14.112.510	8.024.423
Libra Bank	-	4.046.080
Intesa San Paolo Bank	2.143.013	2.108.194
Banca Comerciala Feroviara	12.050.937	9.162.913
Other commercial banks	121.496	559
Total deposits at banks	-	
Cash	401	15.835
Total current accounts and bank deposits	**56.726.434**	**54.424.947**

Fair value bond exposures

IN RON	**December-20**	**December-19**
Corporate bonds Chronostyle International	5.356	6.138
Corporate bonds Golden Food Snacks	928.000	49.253
Total bonds	**933.356**	**55.391**

Fair value exposure to loans granted

IN RON	**December-20**	**December-19**
Romlogic Technology SA	1.136.592	9.315.550
Firebyte Games SA	818.017	320.885
Gocab Software	2.113.519	950.000
Total loans granted	**4.068.128**	**10.586.435**

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.

4. FINANCIAL RISK MANAGEMENT (continued)

The values factored in in the calculation of the liquidity risk of SSIF BRK Financial Group as at 31.12.2020 were as follows:

In RON

	Book value	Below 3 months	3 to 12 months	More than 1 year	No maturity
31 December 2020					
Financial assets					
Cash and equivalents	56.726.033	56.726.033	-	-	-
Deposits	-	-	-	-	-
Fair value assets through profit or loss	47.814.957	-	-	-	47.814.957
Loans granted	7.772.861	315.000	7.257.861	200.000	-
Fair value bonds	946.302	-	-	946.302	-
Other financial assets	72.450.030		-	-	72.450.030
Total financial assets	**185.710.183**	**57.041.033**	**7.257.861**	**1.146.302**	**120.264.987**
Financial liabiliies	2.443.700	-	2.443.700	-	-
Dividends payable	-	-	-	-	-
Liabilities at amortized cost	-	-	-	-	-
Total financial liabilities	**2.443.700**	**-**	**2.443.700**	**-**	**-**

In RON	Book value	Below 3 months	3 to 12 months	More than 1 year	No maturity
31 Decembrie 2019					
Active financiare					
Cash and equivalents	54.408.406	54.408.406	-	-	-
Deposits	-	-	-	-	-
Fair value assets through profit or loss	44.589.492	-	-	-	44.589.492
Loans granted	12.111.428	1.224.550	5.869.048	5.017.830	-
Fair value bonds	55.391	-	-	55.391	-
Other financial assets	24.773.064		-	-	24.773.064
Total financial assets	**135.937.781**	**55.632.956**	**5.869.048**	**5.073.221**	**69.362.556**
Financial liabiliies	4.187.543	-	-	-	-
Dividends payable	-	-	-	-	-
Total financial liabilities	**4.187.543**	**-**	**-**	**-**	**-**

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;
- Fundamental analysis – the capacity of the issuer to generate profit;
- Relative valuation – determining the relative values of an issuer in relation to the market or other similar companies;
- Statistical analysis – determining trends and correlations using the history of prices and volumes traded.

The Company is exposed to the following market risk categpries

i) Price risk

The Company owns shares in companies that operate in the following industries

Sector	2020	%	2019	%
Agriculture forestry and fishing	251.447	0,52%	304.784	0,71%
Wholesale and retail trade	3.284.822	6,74%	1.979.346	4,61%
Construction	575.216	1,18%	259.175	0,60%
Extractive industry	1.852.629	3,80%	5.420.172	12,64%
Manufacturing	5.237.438	10,74%	5.936.944	13,84%
Information and communication	16.339.381	33,51%	2.174.390	5,07%
Financial intermediation and insurance	18.507.558	37,96%	26.658.697	62,15%
Real estate activities	2.705.550	5,55%	-	0,00%
Total	**48.754.041**	**100%**	**42.733.508**	**100%**

As can be seen from the table above, as of December 31, 2020, the Company mainly held shares in companies operating in the financial-banking and insurance field, with a share of 37.96% of the total portfolio, down from the share of 62, 15% registered on December 31, 2019.

4. FINANCIAL RISK MANAGEMENT (continued)

Operational risk

Operational risk is the risk of direct or indirect losses resulting from a wide range of factors associated with the company's processes, personnel, technology and infrastructure, as well as external factors other than credit, market and liquidity risk, such as coming from legal, regulatory and generally accepted standards of organizational behavior.

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 of December 31, 2020 SSIF BRK FINANCIAL GROUP SA has 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 at 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.

4. FINANCIAL RISK MANAGEMENT (continued)

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

In RON

	Book value	Below 3 months	3 to 12 months	More than 1 year	No maturity
31 December 2020					
Financial assets					
Cash and equivalents	56.726.033	56.726.033	-	-	-
Deposits	-	-	-	-	-
Fair value assets through profit or loss	47.814.957	-	-	-	47.814.957
Loans granted	7.772.861	315.000	7.257.861	200.000	-
Fair value bonds	946.302	-	-	946.302	-
Other financial assets	72.450.030		-	-	72.450.030
Total financial assets	**185.710.183**	**57.041.033**	**7.257.861**	**1.146.302**	**120.264.987**
Financial liabilities	2.443.700	-	2.443.700	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortized cost	-	-	-	-	-
Total financial liabilities	**2.443.700**	**-**	**2.443.700**	**-**	**-**

In RON

	Book value	Below 3 months	3 to 12 months	More than 1 year	No maturity
31 December 2019					
Financial assets					
Cash and equivalents	54.408.406	54.408.406	-	-	-
Deposits	-	-	-	-	-
Fair value assets through profit or loss	44.589.492	-	-	-	44.589.492
Loans granted	12.111.428	1.224.550	5.869.048	5.017.830	-
Fair value bonds	55.391	-	-	55.391	-
Other financial assets	24.773.064		-	-	24.773.064
Total financial assets	**135.937.781**	**55.632.956**	**5.869.048**	**5.073.221**	**69.362.556**
Financial liabilities	4.187.543	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortized cost	-	-	-	-	-
Total financial liabilities	**4.187.543**	**-**	**-**	**-**	**-**

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 with respect to the currency risk is determined in compliance to EU regulation no. 575/2013 with respect to capital adequacy financiar.

4. FINANCIAL RISK MANAGEMENT (continued)

The limits within which exposures to this risk must be located are calculated as the ratio between the value of the exposure of the assets exposed to foreign exchange risk and the value of 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 funds..

Expunerile la riscul valutar sunt compuse din urmatoarele elemente :

- 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 for determining the capital risk exposure is as follows:

In RON

31 december 2020 Financial assets	**RON**	**EUR**	**USD**	**Others**
Cash and equivalents	55.667.801	1.026.968	4.498	26.767
Deposits	-	-	-	
Fair value assets through profit or loss	45.955.110	-	7.218	1.852.629
Financial assets at fair value through other comprehensive income	-	-	-	-
Fair value bonds through profit or loss	946.302	-	-	-
Loans and advances granted	7.772.861	-	-	-
Other financial assets	1.962.417	49.587.171	20.900.442	-
Total financial assets	**112.304.491**	**50.614.139**	**20.912.158**	**1.879.395**

31 december 2019 Financial assets	**RON**	**EUR**	**USD**	**Alte valute**
Cash and equivalents	53.967.805	360.101	52.274	28.226
Deposits				
Fair value assets through profit or loss	41.449.020	-	-	3.140.472
Financial assets at fair value through other comprehensive income				
Fair value bonds through profit or loss	55.391	-		
Loans and advances granted	12.111.428			
Other financial assets	10.669.381	7.953.764	6.149.920	
Total financial assets	**118.253.025**	**8.313.865**	**6.202.193**	**3.168.698**
Financial liabilities	4.187.543			
Dividends payable	-			
Financial liabilities at amortized cost	-			
Total financial liabilities	**4.187.543**	**-**	**-**	**-**

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	Reported on December 31st 2020	Reported on December 31st 2019
Total own funds	50.310.624	56.039.070
Total capital requirements	13,060,765	11.943.398
Risk exposure	134.005.407	149.292.484

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. OPERATIONAL SEGMENTS

Intermediation activity

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

(A) Investor brokerage services for investors:

- Intermediation of transactions for sale and purchase of securities traded on the Bucharest Stock Exchange (BVB). For this type of services, clients can choose to be assisted by a broker in performing transactions, respectively they can choose the option of online trading on their own. Within this segment, BRK also offers clients the possibility to trade in margin (based on a credit line granted by the client company), liquid shares listed on the Bucharest Stock Exchange.
- Intermediation of transactions on international markets, the company's customers having access to over 100 foreign markets in Europe, North America and Asia. The range of financial instruments is very varied (stocks, bonds, structured products, ETFs, CFDs, futures, etc.), and the costs involved in trading on international markets through BRK Financial Group are among the most attractive on the market.
- Intermediation of transactions with corporate, municipal and state bonds at BVB and OTC, respectively intermediation of transactions with structured products on the dedicated market segment of the Bucharest Stock Exchange.
- Intermediation of transactions on the domestic and international market for institutional clients.

(B) Specialized services for issuers and potential issuers:

- Financing on the capital market through public issues of shares and bonds.
- Intermediation of public offers for the purchase or takeover of companies listed on the BSE.
- Listing companies and investment funds on the capital market through initial public offerings or based on trading prospectuses.
- Consulting for financing through issues of shares and bonds or promotion on the capital market.

During the last 5 years, BRK Financial Group has been placed annually in the top of SSIFs from BVB, the transactions carried out by customers and those in its own name generating a market share of 1.5 - 5% of the annual value of total transactions per year. share segment.

In 2020, BRK Financial Group brokered transactions totaling 1.38 billion lei to BVB (vs. RON 616M in 2019, + 124%). As a market positioning, BRK climbs to 7th place in the top of intermediaries at BVB, the market share increasing from 2.53% in 2019 to 3.70% in 2020.

Trading on international markets was an important source of commission income in 2020, given the increased interest of customers in transactions on international markets, as well as the attraction of new customers who have accessed this service.

Regarding the services addressed to issuers, in 2020 BRK brokered 2 private equity placements (Holde Agri Invest and Star Residence Invest), 3 private bond placements (Golden Foods Snacks and Chronostyle

International, member of the private placement brokerage syndicate bonds initiated by Alive Capital), as well as other specific services provided to issuers (share repurchases, takeover bids, etc.).

House activity

Along with the intermediation segment, **the management of its own portfolio of financial assets** is another important chain of BRK Financial Group's activity, which contributes a significant proportion to the company's results. On the other hand, this is also a risk factor given that BRK Financial Group is required to revalue all positions in its portfolio at the end of each year, and the value adjustments of the securities affect the result for the year and may change the image. the financial performance of the company. At the end of each month, the company adjusts the value of the companies listed in the portfolio by marking them on the market.

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

- Trading portfolio (shares and bonds listed on BVB - usually short or medium term investments, portfolio of financial instruments listed on international markets - usually speculative investments)
- Fund units
- Investments in private companies and loans to subsidiaries
- Capital allocated to the business segment - “Margin loans”
- Capital alocat segmentul de business “Emitere de produse Structurate și operațiuni de market making”

We mention that the operations of issuing structured products as well as the provision of liquidity on our own structured products is performed in conditions of full coverage through hedging operations on the market of the underlying asset and as such we consider it the nature of the core business. Other self-employed operations (including domestic market making operations where there are no hedging instruments) are not included in what we call “core business”, as they are exposed and correlated with market risk, being included in the business. operating and presented as a separate segment.

Operaţiuni de market making şi furnizare de lichiditate

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

Market-making operations have a continuous character and are specific to 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, BRK obtained the quality of market-maker within the regulated spot market within BVB, signing a first contract within the Issuer's Market Maker program, through which an intermediary concludes a contract with an issuer in order to support its liquidity. An important feature of this program is that the market maker assumes much improved values of listing parameters (minimum volume, maximum spread, market presence) compared to the classic market making activity. During the first half of 2020, BRK concluded 3 new such contracts with the issuers Teraplast, Medlife, Nuclearelectrica, Purcari, Romcarbon and Impact, to which is added the partnership with AAGES from 2019.

For the Market Making operations from 2020, BRK Financial Group received the award for “The most active broker for increasing liquidity in 2020” within the “Performers of the Year 2020” event, organized by the Bucharest Stock Exchange.

The information regarding the reportable segments is presented as follows:

6. OPERATIONAL SEGMENTS (continued)

Information regarding the reporting segments

	December- 2020				December- 2019				2020	2019
	Total of which:	Intermediation	Trading	Unallocated	Total of which:	Intermediation	Trading	Unallocated	All segments	
Intermediation activity	8,305,226	8,305,226	-	-	3,511,828	3,511,828	-	-	**8,305,226**	**3,511,828**
Market Making activity	3,947,487	-	3,947,487	-	1,547,391	-	1,547,391	-	**3,947,487**	**1,547,391**
Other basic activity income	44,680	-	-	44,680	8,442	-	-	8,442	**44,680**	**8,442**
Net Income / (Losses) realized from financial instruments	(2,618,570)	-	(2,618,570)	-	9,115,558	-	9,115,558	-	**(2,618,570)**	**9,115,558**
Net Income / (losses) from the measurement of financial assets measured at fair value through profit or loss	(243,874)	-	(243,874)	-	7,598,271	-	7,598,271	-	**(243,874)**	**7,598,271**
Net income / (expenses) provisions for fixed financial assets	3,146,502	-	3,146,502	-	(2,889,875)	-	(2,889,875)	-	**3,146,502**	**(2,889,875)**
Other net income / (expenses) from interest and exchange rate differences	383,077	-	383,077	-	1,632,074	-	1,632,074	-	**383,077**	**1,632,074**
Net income / (expenses) provisions for risks and expenses	(161,433)	-	-	(161,433)	(2,690,628)	-	-	(2,690,628)	**(161,433)**	**(2,690,628)**
Other net income / (expenses)	242,911	-	-	242,911	420,501	-	-	420,501	**242,911**	**420,501**
Personnel expenses	(4,098,965)	(1,623,758)	(1,190,515)	(1,284,692)	(4,545,176)	(789,377)	(1,484,995)	(2,270,804)	**(4,098,965)**	**(4,545,176)**
Market commission and intermediary expenses	(2,550,132)	(1,257,152)	(776,041)	(516,940)	(1,134,423)	(197,427)	(524,362)	(412,635)	**(2,550,132)**	**(1,134,423)**
Expenditures on external services	(2,236,385)	(371,562)	(743,557)	(1,121,267)	(2,174,789)	(120,179)	(406,005)	(1,648,604)	**(2,236,385)**	**(2,174,789)**
Expenses with collaborators	(526,979)	(526,979)	-	-	(316,490)	(316,490)	-	-	**(526,979)**	**(316,490)**
Other expenses	(837,194)	(190,578)	(255,047)	(391,569)	(934,745)	(87,429)	(161,178)	(686,138)	**(837,194)**	**(934,745)**
Adjustments of fair value assets net of goodwill	(917,313)	-	-	(917,313)	(994,922)	-	(58,528)	(936,394)	**(917,313)**	**(994,922)**
Total:	**1,879,037**	**4,335,198**	**1,649,462**	**(4,105,623)**	**8,153,017**	**2,000,926**	**14,368,351**	**(8,216,261)**	**1,879,037**	**8,153,017**
Profit of the segment before taxes	**1,879,037**	**4,335,198**	**1,649,462**	**(4,105,623)**	**8,153,017**	**2,000,926**	**14,368,351**	**(8,216,261)**	**1,879,037**	**8,153,017**
Segment marginal contribution rate		52%	36%			57%	85%			
Segment assets of witch:	**186,576,725**	**121,732,099**	**59,704,716**	**5,139,911**	**136,600,467**	**82,274,130**	**54,326,337**	**(0)**	**186,576,725**	**136,600,467**
- Intangible assets	600,354	-	-	600,354	1,858,723	-	-	1,858,723	**600,354**	**1,858,723**

- Tangible assets	8,019,937	-	-	8,019,937	6,705,637	-	-	6,705,637	**8,019,937**	**6,705,637**
- Real estate investments	-	-	-	-	918,186	-	-	918,186	**-**	**918,186**
- Financial investments	48,761,259	-	48,761,259	-	44,644,883	-	44,644,883	-	**48,761,259**	**44,644,883**
- Loans and advances granted	7.772.861	-	7.772.861	-						
- Receivables	73.364.611	69.985.974	3.170.597	208.041	37.531.349	28.630.824	8.900.524	-	**73.364.611**	**37.531.349**
- Available amounts	56.677.995	51.746.125	-	4.931.870	54.424.236	53.643.306	780.930	-	**56.677.995**	**54.424.236**
Liabilities, of which:	126.551.496	111.752.738	-	14.798.758	80.261.128	60.956.794	15.720.342	3.583.991	**126.551.496**	**80.261.128**
- client amounts	111.752.738	111.752.738	-	-	60.945.094	60.945.094		-	**111.752.738**	**60.945.094**

8. INTANGIBLE ASSETS

In RON	**Licenses and software**	**Prepayments**	**Total**
Cost			
Balance January 1st 2019	4.860.236	27.820	4.888.055
Purchases	1.895	-	1.895
By transfers	-	-	-
Outflows	-	-	-
By transfers	-	-	-
Balance December 31st 2019	**4.862.130**	**27.820**	**4.889.950**
Balance January 1st 2020	4.862.130	27.820	4.889.950
Purchases	1.151	-	1.151
By transfers	-	-	-
Outflows	(22.523)	-	(22.523)
By transfers	-	-	-
Balance December 31st 2020	**4.840.759**	**27.820**	**4.868.578**

Losses from depreciation and amortization	**Licenses and software**	**Prepayments**	**Total**
	-	-	-
Balance January 1st 2019	3.029.332	-	3.029.332
Amortization during the year	646.889	-	646.889
Losses from depreciation recognized on expenses	-	-	-
Amortization of outflows	-	-	-
Balance December 31st 2019	**3.676.221**	**-**	**3.676.221**
Balance January 1st 2020	3.676.221	-	3.676.221
Amortization during the year	614.526	-	614.526
Losses from depreciation recognized on expenses	-	-	-
Amortization of outflows	(22.523)	-	(22.523)
Balance December 31st 2020	**4.268.224**	**-**	**4.268.224**

Carrying amounts	**Licenses**	**Prepayments**	**Total**
Balance January 1st 2019	1.830.904	27.820	1.858.723
Balance December 31st 2019	1.185.909	27.820	1.213.729

Balance January 1st 2020	1.185.909	27.820	1.213.729
Balance December 31st 2020	572.535	27.820	600.354

8. INTANGIBLE ASSETS (continued)

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.

9. TANGIBLE ASSETS

In RON	**Land and buildings**	**Plant and equipment**	**Office equipment**	**Non-current assets in usage**	**Total**
Balance January 1st 2019	**6.036.262**	**1.577.518**	**305.467**	**12.823**	**7.932.070**
Purchases and upgrades	-	6.076	-	9.520	15.596
Ongoing transfers	-	-	-	-	-
Inflows as a result of guarantees	-	-	-	-	-
Re-evaluation:	-	-	-	-	-
Compensation for depreciation	-	-	-	-	-
Value increases	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-
Transfers from real estate investments	-	-	-	-	-
Ouflows of tangible assets: - Through sale	-	-	-	-	-
- Through scrap					0
Balance December 31st 2019	**6.036.262**	**1.583.595**	**305.467**	**22.343**	**7.947.665**
Balance Janurary 1st 2020	**6.036.262**	**1.577.518**	**305.467**	**12.823**	**7.932.070**
Purchases and upgrades	-	66.675	15.950	0	82.625
Ongoing transfers	-	-	-	-	0
Inflows as a result of guarantees	-	-	-	-	0
Re-evaluation:	-	-	-	-	0
Compensation for depreciation	(665.966)	-	-	-	(665.966)
Value increases	2.416.363	-	-	-	2.416.363
Transfers to assets held for sale	-	-	-	-	0
Transfers from real estate investments	-	-	-	-	0
Ouflows of tangible assets: - Through sale	-	-	-	-	0
- Through scrap	-	(51.963)	-	-	(51.963)
Balance December 31st 2020	**6.036.262**	**1.583.595**	**305.467**	**22.343**	**7.947.665**

9. TANGIBLE ASSETS (continued)

In RON	Land and buildings	Plant and equipment	Office equipment	Non-current assets in usage	Total
Losses from Depreciation and Amortization					
Balance January 1st 2019	**196.817**	**1.325.621**	**248.716**	**-**	**1.771.154**
Amortization during the year	199.937	66.628	22.940	-	**289.505**
Losses from depreciation, of which:	-	-	-	-	**-**
- Expensed	-	-	-	-	**-**
- Deducted from the comprehensive income	-	-	-	-	**-**
Amortizare aferenta iesirilor de mijloace fixe	-	-	-	-	**-**
Amortization of disposed non-current assets	-	-	-	-	**-**
Compensation of depreciation against re-evaluation	-	-	-	-	**-**
Balance December 31st 2019	**396.754**	**1.392.250**	**271.654**	**-**	**2.060.658**
Balance January 1st 2020	**396.754**	**1.392.250**	**271.654**	**-**	**2.060.658**
Amortization during the year	199.937	71.789	25.058	-	296.783
Losses from depreciation, of which:	-	-	-	-	-
- Expense	-	-	-	-	-
- Deducted from the comprehensive income	-	-	-	-	-
Non-current assets outflows	-	(51.963)	-	-	(51.963)
Amortization of disposed non-current assets	-	-	-	-	-
Compensation of depreciation against re-evaluation	(596.690)	-	-	-	(596.690)
Balance December 31st 2020	**-**	**1.412.076**	**296.712**	**-**	**1.708.788**
Carrying amounts:					
Balance January 1st 2019	**5.839.445**	**251.897**	**56.750**	**12.823**	**6.148.092**
Balance December 31st 2019	**5.639.508**	**191.344**	**33.813**	**22.343**	**5.887.008**
Balance January 1st 2020	**5.639.508**	**191.344**	**33.813**	**22.343**	**5.887.008**
Balance December 31st 2020	**7.786.659**	**186.231**	**24.705**	**22.343**	**8.019.937**

9. TANGIBLE ASSETS (continued)

On December 31st 2020 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.

On December 31st 2020, 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.

Mortgaged or pledged property, plant and equipment

The company contracted a credit line in the amount of 3.492.654 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 2020 for another 12 months until 14.12.2021.

Re-evaluation presentations

Fixed assets representing buildings were revalued on 31.12.2020. The evaluation was performed by an expert evaluator, the company Neoconsult Valuation SRL In accordance with the International Evaluation Standards and the working methodology recommended by ANEVAR.

10. REAL ESTATE INVESTMENTS

In RON	**December- 2019**	**December - 2018**
Balance January 1st 2020	**669.959**	**918.186**
Fixed asset transfers during the year	-	-
Inflows from received guarantees	-	-
Purchases during the year (exchanges of assets)	-	-
Inflows of investment property in progress	-	-
Outflows of investment property in progress	-	-
Investments property advances	-	-
Disposals of investment property (exchanges of assets)	(669.959)	(248.227)
Plus re-evaluation	-	-
Less re-evaluation	-	-
Balance September 30th 2020	**-**	**669.959**

During the third quarter of 2020, the property situated on Einstein Street, Cluj-Napoca has been sold a RON 290.000 income has been registered. A profit of 290,000 lei was recorded from the sale of these real estate investments.

10. REAL ESTATE INVESTMENTS (continued)

Re-evaluation presentations

Real estate investments representing buildings and land were revalued on 31.12.2020. The evaluation was performed by an expert evaluator, the company NEOCONSULT Valuation SRL in accordance with the International Evaluation Standards and the working methodology recommended by ANEVAR.

Following the revaluations, there were increases in the value of tangible assets for the exploitation activity, and these were reflected in the revaluation reserves on 31.12.2020 in the amount of 2,353,092 LEI.

11. FINANCIAL INVESTMENT

In RON		**December-20**	**December-19**
Financial assets at fair value through profit or loss	Quouted shares	14.524.751	24.436.675
	Quouted fund units	-	566.500
	Unqouted fund units	7.001.270	8.811.471
	Quouted bonds	2.337.000	49.253
	Unqouted bonds	946.302	6.138
	Unquoted shares	23.944.718	9.020.671
	Other financial instruments	7.218	1.754.174
Total financial assets through profit or loss		**48.761.259**	**44.644.883**
Total financial investments		**48.761.259**	**44.644.883**

11. REAL ESTATE INVESTMENTS (continued)

Quoted securities: shares, bonds and fund units are evaluated at the exchange rate of December 31st 2020, 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.

The structured products held are valued at the quotation from 31.12.2020.

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 31.12.2020.

12. LOANS AND ADVANCES GRANTED

In RON	**December-20**	**December-19**
Gross margin loans	4.004.733	4.067.830
Loans to affiliated parties	3.880.000	10.586.435
Interest on loans granted	188.128	403.722
Receivables increases in share capial of affiliated parties	-	500.000
Depreciation of loans	(300.000)	(3.446.502)
Net value of loans and advances granted	**7.772.861**	**12.111.485**

During 2020, the company granted loans to affiliates as follows: Romlogic SA - 1,100,000 lei, FireByte 780,000 lei, GoCab Software 2,000,000 lei In order to determine the fair value, the Company's management took into account the future net flows of cash related to these Loans, these loans having a maturity of less than 1 year on December 31, 2020. For each loan, 3 scenarios were defined regarding the recoverability of the amounts granted in the time interval until 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 the present 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.

For the loan granted to FireByte 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 that a depreciation of 100% of the value was taken into account. the total amount of the loan in the absolute amount of 300,000 lei to determine the fair value.

The company maintained the service offered to customers to perform margin transactions. The credit balance in the margin granted to the clients on 31.12.2020 was of 4,004,733 lei. For the loans in the margin, 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, 2020.

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:

Societate	% ownership December 2020	Value December 2020	% ownership December 2019	Value December Decembrie 2019
Sai Broker	99,98%	7.186.529	99,98%	6.070.389
Romlogic Technology	90,75%	13.905.440	37,52%	2.139.479
Firebyte	63.84%	2.746.733	30,00%	50.233
Reit Capital SA	99,5%	89.550	0%	-
GOCAB SOFTWARE SA	0,33%	3.000	0,33%	3.000
Total		**23.931.253**	-	**8.260.101**

SSIF BRK FINANCIAL GROUP SA owns SAI Broker SA (99,98%), and has a significant stake in Romlogic Technology SA (90,75%).

During the year 2020 income from dividends has amounted to 1.499.748 lei.

During the year 2020, the following transactions have been registered:

Company	The nature of affiliation	The nature of activity	Volume and weight of the activity
SAI Broker	Ownership 99.98%	Asset management	- Fee income 3.358 Lei - Intermediation income 2.496 lei - Rent income 34.200 lei -Dividend income 1.499.748 lei
Romlogic Technology SA	Ownership 90.75%		-Interest income 306.484 lei - Share capital conversion 9.315.550 - Loans granted 1.100.000 lei
Gocab Software	Ownership 0,33%		- Loans granted 1.050.000 lei - Interest income 105.086 LEI
Firebyte Games SA	Ownership 63.84%	Game development	- Loans granted 500.000 lei - Interest income 33.835 lei - Rent income 28.680 lei
Reit Capital SA	Ownership 99.5%	Business and management consulting activities	

The transactions with the associates were done at market value.

13. INVESTMENT IN ASSOCIATES (continued)

As of 31.12.2020 and 31.12.2019 the following amounts with respect to our investments in associates are expressed in the table below:

In RON	**December-20**	**December -19**
SAI Broker	2.850	52.834
REIT CAPITAL SA	-	-
Firebyte Games SA	818.017	836.820
Gocab Software	1.813.519	958.433
Total	**3.770.978**	**8.096.433**

14. NON-CURRENT ASSETS HELD FOR SALE

In RON	**December -20**	**December -19**
Balance January 1st	**303.389**	**544.721**
Transfers of property during the year	-	-
Inflows of guarantees	-	-
Inflows during the year (exchanges of assets)	-	-
Disposals	(303.389)	(241.332)
Plus re-evaluation	-	-
Minus re-evaluation	-	-
Balance December 31st 2020	-	**303.389**

The owned non-current assets held for sale as of December 31st 2019 have been sold during the first quarter of 2020, registering a loss of RON 88.389. The respective asset can be found in Alba Iulia.

BRK's credit line, contracted in December, has diminished in value by the guarantee's value.

15. TRADE RECEIVABLES

In RON	**December -20**	**December -19**
Receivables	27.140	57.839
Receivables (state budget)	-	-
Net debtor receivables	267.871	49.302
Employees engaged in payables	33.733	26.847
Debtors (previous employees)	234.138	22.456
Others	619.843	552.796
Total receivables	**914.854**	**659.937**

15. TRADE RECEIVABLES (continued)

The debtors from the trading of the company's financial instruments come from transactions concluded in December 2020, which have as settlement date the first two days of January 2021.

Similarly, the debtors from financial instruments settled by clients come from transactions concluded in December 2020, which have as settlement date the first two days of January 2021.

In RON	**December -20**	**December -19**
Borrowers (financial instruments of the company)	4.255.134	2.088.901
Client borrowers	68.194.896	22.684.163
Oher financial assets	**72.450.030**	**24.773.064**

The entity's exposure to credit risk and foreign exchange risk, as well as impairment losses related to trade receivables are presented in note number 4.

The gross balances and the depreciations of the debtors are the following:

In RON	**December -20**	**December -19**
Borrowers (ex-employees) – Stage 3	1.809.845	1.902.048
Depreciation	(1.783.747)	(1.879.592)
Net value – borrowers (ex-employees)	**26.098**	**22.456**

Changes in the fair values for receivable depreciation against borrowers was the following:

In RON	**December -20**	**December -19**
Balance January 1st	**1.879.592**	**1.888.714**
Additional provisions	-	-
Cancelling of provisions	(95.845)	(9.122)
Balance December 31st	**1.783.747**	**1.879.592**

During the year of 2020, adjustments have been made as a result of recovered amounts of RON de 95.845 lei.

16. DEFERRED TAXES

Deferred income tax not recognized

The deferred tax assets were not recognized for the following:

In RON	**December -20**	**December -19**
Loss for the period	1.879.074	8.153.016
Total expense	-	-
Net gain / (loss)	1.879.074	8.153.016
Tax rate	16%	16%

16. DEFERRED TAXES

Deferred tax liabilities not recognized

	December -20	December -19
Differences from re-evaluation	5.877.144	3.524.052
	5.877.144	**3.524.052**
Tax rate	16%	16%
Deferred taxes not recognized	**940.343**	**563.848**

Deferred taxes that are recognized

The company has to recover a cumulative tax loss of RON 22.728 thousand. Tax losses can be recovered in a period of 7 years. It cannot be expected, for the time being, that the deductible differences will cover the tax loss. As a result, no deferred tax receivables and payables were recognized.

17. CASH AND EQUIVALENTS

In RON	December -20	December -19
Client accounts	51.746.125	53.626.771
Cash and equivalents	4.931.596	781.635
Balance December 31st	**56.677.722**	**54.408.405**

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. EQUITY AND RESERVES

The share capital and reserves are as follows:

In RON	Share capital value	Number of ordinary shares	Nominal value/share
January 1st 2019	54.039.987	54.039.987	0,16
December 31st 2019	54.039.987	54.039.987	0,16
January 1st 2020	54.039.987	54.039.987	0,16
December 31st 2020	54.039.987	54.039.987	0,16

18. EQUITY AND RESERVES (continued)

In 2020 there were no changes in the share capital or in the number of shares issued.

The company's own shares as of December 31, 2020 are 319,967 shares.

In RON	**December -20**	**December -19**
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 RE-EVALUATION DIFFERENCES

In RON	**December -20**	**December -19**
Re-evaluation differences of property, pland and equipment	5.887.144	3.524.052
Legal reserves	4.995.460	4.587.875
Fair value reserves	-	3.623.734
Other reserves	2.748.760	2.748.760
-of which IAS 29 (adjusted for inflation)	2.748.760	2.748.760
Legal reserves from own shares	-	-
Total reserves and re-evaluation differences	**13.621.364**	**10.860.687**

Re-evaluation differences

The revaluation differences registered changes during 2020 of 2,353,092 lei.

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.

Fair value reserves

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

No dividends were granted during 2020

20. REPORTED RESULT

In RON	**December -20**	**December -19**
Profit carried forward as a result of IFRS transition	2.713.367	2.713.367
Reported result as a result of IFRS9 application	3.392.306	3.392.306
Reported result according to IAS 29	(6.880.234)	(6.880.234)
Reported result from recycling current resuls of prior periods	(4.173.239)	(11.918.605)
Reported result	(93.954)	-
Current result	1.879.094	8.153.064
Reported profit	(93954)	(405.118)
Total reported result	**(3.162.680)**	**(4.947.720)**

Reported result by transitioning to IFRS

The reported result from the transition to IFRS dates back to 2008.
The reported resul from the application of IFRS 9 dates back to 2018.

Reported result 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**
Discount index	1.00	1.15	1.41	1.90	2.77	4.04	6.42	16.36	22.71

Following the application of this discount index, the company registered as follows:

Account	**Debit**	**Credit**
Share capital adjustments	-	4.071.591
Re-evaluation differences*	-	59.884
Other reserves**	-	2.748.760
Reported result from first adopting IAS 29	6.880.234	-
Total	**6.880.234**	**6.880.234**

* Incorporated re-evaluation reserves from 2011.
**Incorporated in 2007 upon merger with Investco.

21. TRADE AND OTHER PAYABLES

In RON	**December -20**	**December -19**
Payables	524.684	441.942
Liabiliies to employees	158.873	184.224
Liabilities with state budget	217.093	126.638
Sundry crediors from house transactions	1.462.483	872.784
Sundry creditors from clients' transactions	7.728.308	10.237.065
Various creditors result from financial instruments on foreign markets	2.017.584	434.650
Total trade and other payables	**12.109.024**	**12.297.303**

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

Current liabilities	**December -20**	**Decembrie-19**
Guaranteed credit lines	2.443.700	4.187.543
Current part of financial leasing liabilities	-	28.639
Current liabilities	**2.443.700**	**4.216.182**

No new leases were contracted during 2020. The credit line was guaranteed with the following patrimonial buildings:

No.	**Pledged property**	**Category**	**Value euro**	**Value lei**
1	Apartment in Suceava	Operational	38.400	176.517
2	Property in Bucuresti Bocsa	Operational	157.000	721.698
3	Property Cluj-Motilor	Operational	1.032.700	4.747.115
4	Apartment Iasi	Operational	41.000	188.469
	Total		**1.269.100**	**5.833.799**

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:

In RON	**December -20**	**December -19**
Payable to clients		
Creditors (domestic market)	46.807.871	50.328.348
Creditors (international markets)	64.944.867	10.616.746
Corporate creditors	-	-
	111.752.738	**60.945.094**

23. PROVISIONS

In RON	**December -20**	**December -19**
Provisions		
Balance January 1st	**2.802.547**	**149.249**
Cancelled during he period	(2.712.000)	(58.702)
Established during the period	155.486	2.712.000
Balance December 31st	**246.033**	**2.802.547**

During 2020, 2,712,000 lei were resumed at income from provisions and provisions in absolute value of 155,486 lei were established.

24. CONTINGENT ASSETS AND LIABILITIES

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

25. OPERATING INCOME

In RON	Ongoing activities	Ongoing activities	Halted activies		Total	
	2020	2019	2020	2019	2020	2019
Fees and commissions from spot markets	3.064.557	2.230.910	-	-	3.064.557	2.230.910
Fees and commissions from international markets	2.639.233	768.930	-	-	2.639.233	768.930
Income from similar activities	695.637	146.100	-	-	695.637	146.100
Subtotal of income from commissions and related activities	**6.399.427**	**3.145.940**	**-**	**-**	**6.399.427**	**3.145.940**
Rental income	1.041.523	356.522	-	-	1.041.523	356.522
Other operating income	864.276	365.888		-	864.276	365.888
Total income	**8.305.226**	**3.868.350**	**-**	**-**	**8.305.226**	**3.868.350**

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

26. INCOME FROM MARKET MAKING

In RON	**December-20**	**December-19**
Net gains from spot market	4.589.533	4.734.605
Net gains from international markets	(1.226.765)	(3.612.054)
Other revenue MM	584.720	424.839
Market Making Result	**3.947.487**	**1.547.391**

27. PERSONNEL EXPENSES

In RON	**December -20**	**December -19**
Staff	(2.497.499)	(2.656.001)
Social contribuions	(1.422.522)	(1.699.488)
Employee profit sharing	-	-
BoA remunerations	(178.944)	(189.687)
BoA profit sharing	-	-
Total personnel expenses through comprehensive income	**(4.098.965)**	**(4.545.176)**

The remuneration of the general managers is established by the Decision of the Board of Directors at the Company, and other benefits granted are in accordance with the collective labor contract at unit level. During 2020, the management of the company was provided by the General Manager Monica-Adriana Ivan and by the Deputy General Manager Razvan Rat.

Also, the Financial Supervisory Authority authorized as members of the Board of Directors. During 2020, the allowances granted to the members of the Board of Directors amounted to 178,944 lei.

28. COMMISSION AND INTERMEDIATE EXPENSES

Fee expenses include expenses with commissions and fees charged by capital market institutions:

In RON	**December -20**	**December -19**
Internal Market commission expenses	(1.736.534)	(941.779)
Internationa Market commission expenses	(813.598)	(192.645)
Total	**(2.550.132)**	**(1.134.423)**

29. EXPENDITURE ON SERVICES

In RON	**December -20**	**December -19**
Expenses regarding audit fees, lawyers	(313.825)	(561.173)
Expenses with computer maintenance software services	(933.880)	(698.394)
Expenses with consulting and training services	(23.299)	(15.876)
Other expenses	(965.380)	(899.346)
Total	**(2.236.385)**	**(2.174.789)**

30. OHER OPERATING EXPENSES

The expenses with the collaborators refer to the expenses with the delegate agencies in the amount of 526,979 lei (2019: 316,490 lei).

Other operating expenses include:

In RON	December -20	December -19
Raw materials expenses	(151.698)	(174.057)
Expenses with other taxes and fees	(146.746)	(112.269)
Expenses with utilities	(129.428)	(129.718)
Expenses with financial services	(101.853)	(85.607)
Expenses with publicity	(74.931)	(121.249)
Telecomunication expenses	(67.482)	(55.753)
Insurance expenses	(46.469)	(55.118)
Maintenance and repair expenses	(39.017)	(31.240)
Transport expenses	(38.161)	(82.916)
Rent expenses	(19.702)	(18.309)
Other expenses	(21.707)	(68.512)
Total	**(837.194)**	**(934.745)**

Value adjustments of intangible and tangible assets include depreciation expenses in the amount of 917,323 lei (2019: 994,922 lei).

31. TRADING ACTIVITY INCOME/(LOSSES)

In RON	December -20	December -19
Net Gains/(Losses) from financial instruments, of which:	**(2.618.570)**	**9.115.558**
Dividend income	2.249.099	1.422.354
Income from transactions with shares and bonds performed	4.285.779	10.301.174
Losses from transactions with shares and bonds performed	(9.153.448)	(2.607.970)
Net Gains/(Losses) from market making activity:	**3.947.487**	**1.547.391**
Net Gains/(Losses) Related to financial assets at fair value through profit or loss, of which:	**(243.874)**	**7.598.271**
Gains related to financial assets at fair value through profit or loss	13.441.681	14.984.233
Losses related to financial assets at fair value through profit or loss	(13.685.556)	(7.385.962)
Net income/(expenses) net fixed financial assets provisions, of which:	**3.146.502**	**(2.889.875)**
Revenue cancellation of provisions for fixed financial assets	5.349.752	196.606
Provisions for fixed assets, financial assets	(2.203.250)	(3.086.481)
Other net income / (expenses) from interest and exchange rate differences, of which:	**383.077**	**1.632.074**
Interest income on loans and bonds	481.917	1.137.057
Revenues from interest on margin contracts	232.752	299.586
Other interest income	106.642	427.780
Interest expenses	(205.946)	(374.117)
(Expenses)/Income different exchange rate house	(232.287)	141.768
Net financial result through profit or loss	**4.614.622**	**17.003.419**

Recognized to other comprehensive income
In RON

Detailed on the following page	-	-

Recognized to other comprehensive income		
In RON		
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	**-**	**-**

30. TRADING ACTIVITY INCOME/(LOSSES) (continued)

Unrealized net gains / (losses) from the measurement of investments at fair value through profit or loss for the financial year ended 31 December 2020 were mainly generated by the net change in the fair value of financial instruments that are part of the trading book 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.

31a. Dividend income is recorded in profit or loss at net value. Dividend tax rates for the period ended December 31, 2020 were 5% and (2019: 5%)

In RON	**December -20**	**December -19**
NUCLEARELECTRICA	31.626	-
AAGES	3.990	-
FONDUL INCHIS DE INVESTITII BET FI INDEX INVEST	-	269
PETAL	1.252	2.077
UNIVERS	121.795	93.343
Bursa Romana de Marfuri	1.769	1.193
LIFE IS HARD	4.218	-
VILA SNAGEORZ	8.069	-
SIF TRANSILVANIA	303.525	22.990
FOJE	-	8.406
TERAPLAST	125.300	
BURSA DE VALORI BUCURESTI	148.412	186.828
SAI BROKER SA	1.499.143	1.107.235
TOTAL	**2.249.099**	**1.422.354**

31. INCOME TAX EXPENSES

Reconciliation of the effective tax rate

In RON	**December -20**	**December -19**
Profit for the period	**1.879.037**	**8.153.017**
Total income tax expense	0	0
Profit before tax (including halted activities)	**1.879.037**	**8.153.017**
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)
The influence of the expenses resulting from the restatement on IFRS considered at the calculation of the profit tax	-	-
Cumulative tax losses	18.892.944	37.972.924
The influence of fiscal losses of previous periods	(3.022.871)	(6.075.668)
Total income tax expense calculated according to the tax rate	17.457.318	31.574.017
Unrecorded income tax expense for negative amounts	**(17.457.318)**	**(31.574.017)**
Final income tax expense	-	-
Final profit tax rate	-	-

32. EARNINGS PER SHARE

Earnings per share

The calculation of the result per basic share as of December 31, 2020 is based on the profit attributable to the shareholders (totally ordinary shareholders) and the average number of ordinary shares in circulation of 337,749,919 shares. As of December 31, 2019, the average number of ordinary shares outstanding was the same, of 337,749,919 shares.

Profit attributable to ordinary shareholders

	31.12.2020	**31.12.2019**
Profit attributable to:		
Company shareholders	1.879.037	8.153.017
Non-controlling interests	-	-
Profit for the period	**1.879.037**	**8.153.017**
Total comprehensive income attributable to:		
Company shareholders	1.879.037	8.153.017
Non-controlling interests	-	-
Total comprehensive income for the period	**1.879.037**	**8.153.017**
Earnings per share		

32. EARNINGS PER SHARE (continued)

The result presented follows the calculation of income tax.

	December -20	December -19
Profit attributable to:		
Shareholders	1.879.037	8.153.017
Non-controlling interests	-	-
Profit for the period	**1.879.037**	**8.153.017**
Total comprehensive income for the period to:		
Shareholders	1.879.037	8.153.017
Non-controlling interests	-	-
Total comprehensive income for the period	**1.879.037**	**8.153.017**
Earnings per share		
Basic earnings per share (lei)	0,0056	0,0241
Diluted earnings per share (lei)	0,0056	0,0241
Continuing activities		
Basic earnings per share (lei)	0,0056	0,0241
Diluted earnings per share (lei)	0,0056	0,0241

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 presents 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, and 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 Dividend Discount Model (DDM), by applying the Discounted Cash Flow (DCF) method or the asset-based method as presented in the Company's accounting.

33. FAIR VALUE HIERARCHY (continued)

In RON **31 December 2020**	Level 1	Level 2	Level 3	Total
Fair value assets through profit or loss of which:	**11.174.083**	**12.696.156**	**32.663.881**	**56.534.119**
Quoted shares	8.829.865	5.694.886	-	**14.524.751**
Quoted fund units	-	-	-	**-**
Unquoted fund units	-	7.001.270	-	**7.001.270**
Quoted bonds	2.337.000	-	-	**2.337.000**
Unquoted bonds	-	-	946.302	**946.302**
Unquoted shares	-	-	23.944.718	**23.944.718**
Loans granted	-	-	7.772.861	7.772.861
Other financial instruments	7.218	-	-	**7.218**
TOTAL	**11.174.083**	**12.696.156**	**32.663.881**	**56.534.119**

In RON **31 December 2019**	Level 1	Level 2	Level 3	Total
Fair value assets through profit or loss of which:	**22.032.618**	**10.869.391**	**23.854.302**	**56.756.311**
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**
Loans granted	-	-	-	**-**
Quoted shares	-	-	12.111.428	**12.111.428**
Derivative financial instruments, such as financial assets	0	-	-	**0**
Other financial instruments	1.754.174	-	-	**1.754.174**
TOTAL	**22.032.618**	**10.869.391**	**23.854.302**	**56.756.311**

33. CHANGES IN FAIR VALUE OF STAGE 3

The table below shows the change in the carrying amount of investments classified in Level 3 of the fair value hierarchy in 2020 and 2019:

Changes in fair value of stage 3
in RON

	2020	**2019**
As of January 1st	**23.854.358**	**23.834.175**
Total gain / (loss) through profit or loss	3.090.857	3.021.401
Total unrecognized gains / (losses) through comprehensive income	-	-
Acquisitions	10.057.290	9.309.353
Sales	(4.338.624)	(12.310.572)
Stage 3 fair value transfers	-	-
As of December 31st	**32.663.881**	**23.854.358**

35. FAIR VALUE HIERARCHY

No	Financial assets	Fair value as of 31 December 2020 in lei	Valuation method	Unobservable input ranges	Relationship between fair value and unobservable inputs
1	Unquoted majority interests	9.206.020	Discounted cash flows	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	-	Discounted cash flows	Weighted average cost of capital: 12,75% Lack of liquidity discount: 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	606.759	Net asset value	Net asset value of the reporting entity	The book value is identified by equity. The lower the resulting price/accounting value, the lower the fair value.
4	Unquoted minority interests	14.131.939	Discounted cash flows	Weighted average cost of capital: 10,50% Lack of control discount: 10% Long-term income growth rate: 2%	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	946.302	Net asset value at amortized cost	Return rate of (IRR): 8,23%	The lower the cash flow discount rate, the higher the fair value
6	Loans granted	7.772.861	Discounted cash flows	Cash flow discount rate – 5.5%	The lower the cash flow discount rate, the higher the fair value
	Total	**32.663.881**			

35. FAIR VALUE HIERARCHY (continued)

No	Financial assets	Fair value as of 31 December 2019 in lei	Valuation method	Unobservable input ranges	Relationship between fair value and unobservable inputs
1	Unquoted majority interests	6.105.300	Discounted cash flows	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%	The higher the long-term income growth rate, the higher the fair value
2	Unquoted majority interests	-	Discounted cash flows	Weighted average cost of capital: 12,75%	The lower the weighted average cost of capital, the higher the fair value
				Lack of liquidity discount: 15,60%	The lower the discount for the lack of liquidity, the higher the fair value
				Long-term income growth rate: 1,30%	The higher the long-term income growth rate, the higher the fair value
3	Unquoted minority interests	539.393	Net asset value	Net asset value of the reporting entity	The book value is identified by equity. The lower the resulting price/accounting value, the lower the fair value.
4	Unquoted minority interests	2.375.978	Discounted cash flows	Weighted average cost of capital: 10,50%	The lower the weighted average cost of capital, the higher the fair value
				Lack of control discount: 10%	The lower the discount for the lack of control, the higher the fair value
				Long-term income growth rate: 2%	The higher the long-term income growth rate, the higher the fair value
5	Unquoted bonds	6.138	Net asset value at amortized cost	Return rate of (IRR): 8,23%	The lower the cash flow discount rate, the higher the fair value
6	Loans granted	12.111.428	Discounted cash flows	Cash flow discount rate – 5.5%	The lower the cash flow discount rate, the higher the fair value
7	Fund units unquoted Smart Money	2.716.064	Net asset value	Market value of equity	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	**23.854.302**			

35. FAIR VALUE HIERARCHY (continued)

Price / Book value: *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.*

Lack of control discount: *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.*

Lack of liquidity discount: *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. Valuators estimate the discount for lack of marketability based on their professional judgement after considering market liquidity conditions and company-specific factors.*

36. AFFILIATE PARTIES

Benefits of key management staff

Transactions with related parties, in the form of key management personnel, are limited to the benefits granted to the members of the Board of Directors and the members of the executive management, which were presented in the note Expenses with staff.

Investment in associates.

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

37. EVENTS AFTER THE BALANCE SHEET DATE

The events subsequent to the balance sheet date were taken into account when assessing the conditions that existed on 31.12.2020 regarding the receivables positions and the significant estimates that were made, including those regarding the establishment of provisions for litigation.

- ✓ On February 15, 2021, the private placement of the subsidiary Firebyte Games SA was completed. The investment was brokered by BRK Financial Group. Investors were allocated 8,800,000 new shares with a nominal value of 0.1 RON / share and a subscription price of 0.56 RON/share.
- ✓ On March 3, 2021 BRK Financial Group announces the expansion of the addressability of the products and services offered, developing and launching in this regard the product "Investment account for children" through which parents (or legal representatives) can open a trading account for minors.

These financial statements have been approved on 25.03.2021

Chairman of the Board,
Robert Danila

Economic Director,
Sandu Pali

CEO,
Monica Ivan

SSIF BRK FINANCIAL GROUP S.A.

Cluj-Napoca, Calea Moţilor 119

(+4) 0364 401 709

office@brk.ro

BRK FINANCIAL GROUP

www.brk.ro