



ANNUAL REPORT – 2020



A word from the president

Dear shareholders,

We provide you with the Annual Report of the Board of Directors together with the individual and consolidated financial statements for 2020, and we are pleased to provide results that exceed the budget projection approved in April 2020. After a difficult start to the year, with losses in the first two quarters (largely in the context of market volatility with a direct impact on the market value of our own portfolio), in the third and fourth quarters the results exceeded our most optimistic expectations.

The Covid-19 pandemic has also affected BRK. Covid-19 was a challenge for BRK, taking care primarily of the health of our employees, to ensure that the relationship with investors is not affected during this period on one hand and that the level of service quality for our customers is not affected on the other. We implemented working from home very quickly and safely for most colleagues at headquarters and agencies. Volatility brought significant revenues from brokerage activity, and the market fall had an impact on our own portfolio, especially in the first 6 months, which recovered by the end of the year.

Reviewing the major achievements of 2020, we begin by emphasizing the doubling of our turnover in the intermediation segment - to which the volatile climate that attracted both new customers and growing turnover of existing customers contributed significantly, but at the same time represents a natural organic growth as a result of changes started in 2018-2019, which aimed to improve the quality of services provided to customers with emphasis on their digital experience, but also the use of know-how acquired in the field of services addressed to issuers, as evidenced by the 5 significant corporate operations brokered by BRK.

On the other hand, market making operations contributed significantly to the results obtained, both sectors of this segment having remarkable increases in 2020. In terms of the quality of issuer of structured products and provider of liquidity on its own products, BRK reconfirmed its solid positioning in the market, and the turnover recorded in this segment in the year ended, means a tripling of the volume compared to 2019 and exceeding the previous record turnover, which dates back to 2013. In 2020, we managed to translate the expertise of over 10 years in market making operations, by developing market making services for domestic issuers and with visible results for the actions for which we have assumed the objective of supporting liquidity. At the end of 2020, we had a portfolio of 6 issuers for which we provide liquidity, and we still intend to expand our client portfolio. It is the third consecutive year in which the Stock Exchange rewards us for the achievements in the area of market making operations and we can say that time has proved us right, because this year marks 10 years since BRK started to carry out the first such operations. For the year 2021, we intend to complete a project started 2 years ago, through which we set out to list our products on several regional exchanges, among the target countries being Austria, Poland and Hungary.

Last but not least, the end of 2020 brought remarkable progress in terms of the evolution of the 3 subsidiaries in which BRK holds stakes, and the first of these (Firebyte Games) reached an adequate level, so that at the beginning of 2021 they took the steps regarding the listing on the Stock Exchange, and the first major step was reached on 15.02.2021 when a private placement of shares issued by Firebyte Games was successfully concluded. For 2021, we focus our efforts on listing at least one of the other 2 subsidiaries, and developing the new subsidiary (REIT Capital SA) which manages a REIT (Star Residence Invest) company, newly admitted to trading.

Robert Iulian Dănilă,
Chairman of the Board

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Individual financial statements

Individual statement of financial position as of December 31 2020

As of December 31 2020

In RON

Assets

	2020	2019
Intangible asses	600.354	1.213.729
Tangible assets	8.019.937	5.887.007
Real estate investments	-	669.959
Financial assets at fair value through profit and loss	48.761.259	44.644.883
Financial assets at amortized cost	-	-
Loans granted	7.772.861	12.111.428
Receivables	914.854	662.686
Other financial assets	72.450.030	24.773.064
Client accounts	51.746.125	53.626.771
Cash and equivalents	4.931.596	781.635
Assets held for sale	-	303.389
Prepayments	-	-
Total assets	195.197.016	144.674.551

Equity

Share capital	54.039.987	54.039.987
Share capital adjustment	4.071.591	4.071.591
Treasury shares	(24.047)	(24.047)
Share premiums	5.355	5.355
Other reserves	13.621.430	11.268.338
Current result	1.879.074	7.745.366
Reported result	(4.947.866)	(12.693.166)
Total shareholders' equity	68.645.523	64.413.423
Non-controlling interests		
Total equity	68.645.523	64.413.423

Liabilities

Long-term liabilities	-	-
Financial leasing	-	-
Income in advance	-	-
Deferred taxes	-	-
Total long-term liabilities	-	-

Short-term liabilities

Current portion of financial leasing	-	28.639
Liabilities to clients	111.752.738	60.945.094
Payables	12.109.024	12.297.303
Income in advance	-	-
Provisions	246.033	2.802.547
Total current liabilities	126.551.495	80.261.126
Total liabilities	126.551.493	80.261.126
Total equity and liabilities	195.197.016	144.674.550

Individual statement of profit and loss as of December 31 2020

	2020	2019
Income from continuing operations		
Intermediation	8.305.226	3.868.350
Fee and commission income	6.399.427	3.065.675
Corporate income	1.041.523	356.522
Other intermediation income	864.276	446.153
Market making	3.947.487	1.190.869
Net transaction income	3.362.768	1.122.551
Other MM income	584.720	68.318
Other income from continuing operations	44.680	8.442
Salaries and employee benefits	(4.098.965)	(4.545.176)
Expenses with fees and commissions	(2.550.132)	(1.134.423)
Expenses related to external benefits	(2.236.385)	(2.174.789)
Third party expenses	(526.979)	(316.490)
Other operating expenses	(837.194)	(934.745)
Adjustments	(917.313)	(994.922)
Profit / (loss) from continuing operations	1.130.425	(5.032.884)
Income / (loss) from financial instruments	(2.618.570)	9.115.558
Dividend income	2.249.099	1.422.354
Trading income	4.285.779	10.301.174
Trading loss	(9.153.448)	(2.607.970)
Income / (loss) from financial assets at fair value	(243.874)	7.598.271
Income from financial assets at fair value	13.441.681	14.984.233
Loss from financial assets at fair value	(13.685.556)	(7.385.962)
Income / (loss) from provisions	3.146.502	(2.889.875)
Income from cancelling provisions	5.349.752	196.606
Expenses related to provisions	(2.203.250)	(3.086.481)
Other income / (expenses) from interest and exchange rate differences	383.077	1.632.074
Interest income	481.917	1.137.057
Interest income from margin accounts	232.752	299.586
Other interest income	106.642	427.780
Interest expense	(205.946)	(374.117)
(Expenses)/Income from exchange rate differences	(232.287)	141.768
Income/(loss) related to provisions and risks	(161.433)	(2.677.963)
Expenses related to provisions	(2.885.324)	(2.758.452)
Income from cancelling provisions	2.807.845	67.824
Other net provisions	(83.954)	12.665
Other income / (expenses) net	242.911	407.835
Income/(loss) from the sale of assets	190.009	110.393
Other operating expenses	(30.243)	(73.109)
Other operating income	83.145	370.551
Operating income	1.879.037	8.153.017
EBT	1.879.037	8.153.017
Taxes	-	-
Operating income	1.879.037	8.153.017
Discontinued operations	-	-
Losses from discontinued operations (after depreciation)	-	-
Profit for the period	1.879.037	8.153.017

As of December 31 2020	2020	2019
In RON		
Other elements of comprehensive income	-	-
Net change in fair value of available for sale assets	-	-
Elements which can be reclassified through profit and loss		
Net change in fair value of financial assets held for sale	-	-
Free shares classified as held for sale	-	-
Net changes in assets held for sale	-	-
Elements which cannot be reclassified through profit or loss		
Changes in the values of used assets	2.353.092	-
Changes in the value of real estate investments	-	-
Constitution / 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
Profit attributable to:	1.879.037	8.153.017
Shareholders		
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
EPS		
Basic EPS (RON)	0,0056	0,0241
Diluted EPS (RON)		
Continuing operations		
Basic EPS (RON)		
Diluted EPS (RON)		
31.12.2020		
Weighted average number of shares:	337.749.919	337.749.919

Chairman of the Board,
Robert Dănilă

CEO,
Monica Ivan

Economic Director,
Sandu Pali

About BRK

SSIF BRK Financial Group S.A. was founded as a joint stock company on October 26th 1994, under the initial name of SIVM Broker S.A., and subsequently SSIF Broker S.A. up to the end of 2015. As a result of expanding the operational activities through strategic acquisitions, and internal development as well, the company rebranded itself into SSIF BRK Financial Group S.A. Thus, on March 3rd 2016, the rebranding was carried out successfully, after publishing the EGSM decision on December 16th 2015 in Romania's Official Gazette no. 226, part four, on January 15th 2016. The FSA authorization was granted on February 24th 2016.

BRK Financial Group became the first publicly listed domestic investment company in 2005. BRK is the only listed company in its category on the main market, and it is traded as a premium security. BRK Financial Group's shares were admitted for trading on BVB on February 5th 2005 under the BRK ticker. BRK's shares are included in the BETPlus index. BRK is headquartered in Cluj-Napoca and offers a nationwide presence through offices in Bucharest, Timisoara, Iasi and Suceava.

BRK Financial Group's fundamental activity is made up of two business directions, namely, asset management and intermediation. Furthermore, BRK trades both shares and structured products in its own account, and carries out market making activities while the intermediation segment is constituted of customer transactions and corporate operations.

BRK Financial Group mainly relies on its' own capital for operational financing, this source weighting over 90% of the company's financing sources. The company has contracted a credit line with a ceiling of RON 3.5 million.

SSIF BRK Financial Group S.A. is a founding member of the Bucharest Stock Exchange (BVB), SIBEX and Romanian Investors Compensation Fund. In 2019, BRK became a founding member of the Romanian Central Counterparty (CCP.RO Bucharest S.A.).

The company also offers a range of specialized services to issuers and potential issuers. In the past, BRK was involved in listing some of the most prestigious companies in Romania on the Bucharest Stock Exchange, and listed 11 of the 12 initially listed companies, preparing and listing a number of 45 companies for trading. Among them we mention: Antibiotice Iași, Azomureș Târgu-Mureș, Terapia Cluj-Napoca, Artrom Slatina, Astra Vagoane Arad and others. Over time, the company has gained a broad experience in corporate operations: consulting services on primary or secondary public offerings, purchase offers, takeovers, delisting, consulting on admission to trading on a regulated market, issues and offers public bond sales, mandatory purchase offers, share repurchase operations, company divisions, etc.

Presentation of our core business

BRK Financial Group's fundamental activity is made up of two business directions, namely, asset management and intermediation. Furthermore, BRK trades both shares and structured products in its own account, and carries out market making activities while the intermediation segment is constituted of customer transactions and corporate operations.

Intermediation segment

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:

- 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 trading on their own online. Within this segment, BRK also offers the possibility to trade on a margin (based on a credit line granted by the 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 and intermediation of transactions with structured products on the dedicated market segment on 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 BVB.
- Listing of companies and investment funds on the capital market through initial public offerings or on the basis of admission to trading prospectuses.
- Consulting for financing through issues of shares and bonds or promotion on the capital market.

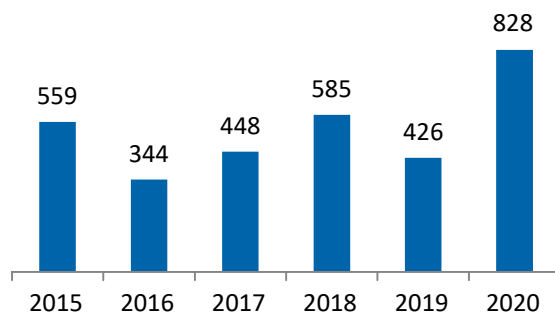
During the last 5 years, BRK Financial Group has been placed annually in the top of SSIFs from BVB, the transactions carried out by customers and those in its own name generating a market share of 1.5 - 5% of the annual value of total transactions per year.

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.

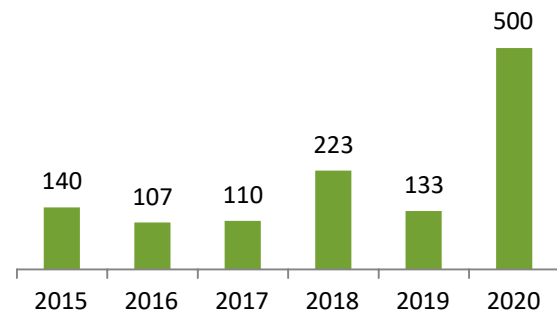
Trading on international markets was an important source of commission income in 2020, given the increased interest of customers in transactions on international markets, as well as the attraction of new customers who have accessed this service.

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.).

Client transactions (RON million)



House transactions (RON million)



Asset management

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 allocated to the business segment "Issuance of Structured products and market making operations"

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.

Market making

Since 2010, the company has been carrying out market-making activities (establishing and maintaining bid / ask quotes) for various financial instruments. The benefit of this type of transaction is the spread between the bids and asks.

The market-making operations have a continuous character and are specific to international brokerage firms, so it is justified to consider that these operations belong to the operational chain of the 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, and 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 intermediary for increasing liquidity in 2020" within the "Performers of the Year 2020" event, organized by the Bucharest Stock Exchange.

Issuance of structured products and liquidity

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

In 2020, BRK Financial Group intermediated RON 347M in the Structured products segment, increasing by 228% compared to 2019 (RON 87M in 2019) holding a market share of 20.92%, occupying the third position in the top prepared by BVB regarding the most active intermediaries on the Structured products segment, very close to the main competitor - Erste Group Bank (with a market share of 27.55%).

In 2020, BRK issued 55 structured products, as follows: 45 Turbo Long and Turbo Short certificates with support asset Dow Jones Industrial Average Index, 3 with Gold support asset, and 7 with oil futures contract support asset.

Activity in 2020

On January 23, 2020, the Company's Board of Directors approved the basic prospectus in connection with the structured product issuance program that includes the range of products that could be subject to future issues of turbo certificates and protected capital certificates. On 20 May 2020, the Financial Supervisory Authority approved the Basic Prospectus in connection with the Structured Products Issue Program and the issuance of the Certificate certifying the approval of the Basic Prospectus for notification to the competent authorities of Austria, Hungary and Poland.

BRK expands the “Issuer's Market Making” business line started in 2019, increasing the service's addressability among several issuers, and becomes a Market Maker for the shares of Teraplast, Medlife, Nuclearelectrica, Purcari, Romcarbon and Impact issuers.

The Covid-19 pandemic also felt its effect on BRK. Covid-19 was also a challenge for BRK, taking care first of all of the health of our employees, to make sure that the relationship with investors is not affected during this period on the one hand and that the level of service quality for our customers is not affected. We implemented the remote work mode very quickly and safely for most colleagues at headquarters and agencies. Volatility brought significant income from brokerage activity, and the fall of the market had an impact on its own portfolio, especially in the first 6 months, partially recovered by the end of the year.

The steps regarding the lifting of the insurance seizure instituted by the D.I.I.C.O.T. on 25.09.2015, so that on 13.03.2020 the company was informed about the lifting of the insurance seizure for the amount of 4,980,779.61 lei.

During the OGMS of 27.04.2020, the articles of incorporation of the company are amended and the composition of the Board of Directors is changed by electing two new members. They are authorized by the FSA on 2 October 2020.

In accordance with the corporate and group strategy, approved in the OGMS 2019, BRK continued to invest in the 3 subsidiaries in the field of technology (Firebyte Games SA, Romlogic Technology SA and Gocab Software SA.).

Dynamic and structure of revenue streams

Capital market trading services are offered by BRK Financial Group nationally and internationally, both to individuals and legal entities classified as retail, professional or institutional clients. BRK had 2142 active customers in 2020, and in terms of their dispersion, retail customers own 85% of turnover, and institutional customers have a share of about 15%. We register a significant increase in the turnover of institutional clients, from RON 42M to over RON 100M.

8.1. Dynamic and structure of revenue streams	31-Dec-20	31-Dec-19	Abs val	Var %
Intermediation activity	8.305.226	3.868.350	4.436.876	115%
Intermediation income	6.399.427	3.065.675	3.333.751	109%
Domestic fee and commission income	3.064.557	1.959.981	1.104.576	56%
International fee and commission income	2.639.233	535.604	2.103.628	393%
Income from related activities	695.637	570.090	125.547	22%
Corporate income	1.041.523	356.522	685.001	192%
Other intermediation income	864.276	446.153	418.123	94%

Each of the 3 segments of the intermediation business (domestic market trading, international market trading, services addressed to issuers) generated an income at least double compared to the previous year, so that all total revenues of the intermediation segment reached the level of 8.3M (vs 3.8M / 2019), increasing by 114% compared to the previous year. Among the growth catalysts we mention the ascending evolution of the number of newly opened accounts, but also the increase of the value of transactions made by existing customers, BRK intermediating transactions totaling 1.38 billion lei at BVB in 2020 (vs. RON 616M in 2019, + 124%) . As a positioning on the market, BRK rises to the 7th place in the top of intermediaries at BVB, the market share increasing from 2.53% in 2019 to 3.70% in 2020. The exponential growth of fees related to transactions on international markets as well as the quantitative increase of primary market operations offered to issuers.

	31-Dec-20	31-Dec-19	Abs val	Var %
Market making activity	3.947.487	1.190.869	2.756.619	231%
Net transaction income	3.362.768	1.122.551	2.240.217	200%
Other MM income	584.720	68.318	516.402	756%

We report a net result of 3.94M RON from market making operations (vs 1.2M RON / 2019) increasing by 228% compared to 2019, in line with the evolution of turnovers with structured products (347M RON in 2020 compared to 87M RON in year 2019). We appreciate that the volatility that characterized the stock market context in 2020 contributed to the increase in turnovers with structured products, as well as the diversification of the product range by including the main goods (gold, silver, oil) in the range of underlying assets. The results of contracts with issuers on the issuer's market making service also contributed to this result, which became more and more consistent in the second half of the year, with a maximum in December, when BRK's client portfolio reached six customers for this service.

	31-Dec-20	31-Dec-19	Abs val	Var %
Asset management activities	667.135	15.456.028	(14.788.893)	-96%
Dividend income	2.249.099	1.422.354	826.745	58%
Income/(losses) from trading shares and bonds	(4.867.669)	7.693.204	(12.560.873)	163%
Net gains / (losses) from the measurement of financial assets measured at fair value through profit or loss	(243.874)	7.598.271	(7.842.145)	103%
Net income / (expenses) provisions for fixed financial assets	3.146.502	(2.889.875)	6.036.377	NA
Net interest income / (expenses) and exchange rate differences	383.077	1.632.074	(1.248.997)	-77%

The business includes two segments: brokerage activities and portfolio management.

	31-Dec-20	31-Dec-19	Abs val	Var %
Income from intermediation	8.305.226	3.511.828	4.793.398	136%
Salaries and employee benefits	(1.623.758)	(789.377)	(834.381)	106%
Expenses related to commissions	(1.257.152)	(197.427)	(1.059.725)	537%
Expenses related to external benefits	(371.562)	(120.179)	(251.382)	209%
Third party expenses	(526.979)	(316.490)	(210.489)	67%
Other expenses from continuing operations	(190.578)	(87.429)	(103.149)	118%
Total expenses related to continuing operations	(3.970.028)	(1.510.903)	(2.459.126)	163%
Marginal segment contribution	4.335.198	2.000.926	2.334.272	117%
<i>Weight</i>	52%	57%	-5%	-8%

The result of the intermediation segment increased from RON 2M in 2019 to RON 4.33M in 2020, amid the increase in business volume. In line with the increase in revenues, some direct expenses increased (commissions paid to stock exchanges and capital market institutions in line with the increase in turnover, salary expenses due to the recruitment of productive staff, allocation of marketing and promoter expenses to the intermediation segment).

The contribution of the intermediation segment to the overheads increased approximately in line with the increase in revenues, with a slight decrease in the contribution rate from 57% to 52% amid the focus of growth efforts and market share capture.

Asset management results

	31-Dec-20	31-Dec-19	Var Abs	Var %
Net income from trading	4.614.622	17.003.419	(12.388.796)	-73%
Salaries and employee benefits	(1.190.515)	(1.484.995)	294.480	-20%
Expenses related to commissions	(776.041)	(524.362)	(251.679)	48%
Expenses related to external benefits	(743.557)	(406.005)	(337.552)	83%
Third party expenses	-	-	-	100%
Other expenses from continuing operations	(255.047)	(161.178)	(93.869)	58%
Total expenses related to continuing operations	(2.965.160)	(2.576.539)	(388.621)	15%
Marginal segment contribution	1.649.462	14.426.879	(12.777.417)	-89%
<i>Weight</i>	no. 36%	no. 85%	-49%	-58%

Own portfolio management activity Dividend income: out of the total dividend income, the amount of RON 1.5 million (2019: RON 1.1 million) refers to the dividends paid by the subsidiary SAI Broker. Excluding the amounts received from related parties, the variation of dividend income is 137%, from RON 315k in 2019 to RON 750k million, due to the fact that during March-July when stock quotes had decreased, for certain positions in its portfolio decided to keep them on the date of registration. Profit / (loss) realized from transactions in shares and bonds: In the first 2 quarters of 2020, certain losses were marked on some positions in the portfolio, in the climate of excessive volatility that characterized that period. Also, in 2019, the main contribution to the value of RON 7.69M was represented by the full exit from Facos. Net gains / (losses) from the measurement of financial assets measured at fair value through profit or loss: We report a loss of RON -243k resulting from the marking of market positions in portfolio positions, especially in the area of historical holdings, which have higher volatility in the context of lower liquidity.

Net income / (expenses) net fixed assets financial provisions: the main contribution to the amounts recorded in 2020 is the cancellation of the provisions related to the loans granted to the subsidiaries. Other net interest income / (expenses) and exchange rate differences: This category of income (expenses) includes interest receivable on cash, interest expenses related to the credit line, as well as exchange rate differences - the latter mainly from hedging operations related to structured products. This result has a volatility appears, being influenced on the one hand by the variations of the RON in relation to the dollar (in particular) and other European currencies (in the subsidiary), respectively the level of interest rates as well as the level of liquidity and / or level of credit line usage.

Trading on own account

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

The result of the activity of managing its own portfolio registered a cumulative net result of + 1.65M RON, the revenues being net being of 4.61M RON, and the operating expenses being of 2.96M RON. By net income we mean the result of all investments in which the capital of BRK Financial Group was involved (investments in shares, bonds, units of units, participations in closed companies, market making operations related to issued structural products, interest received and paid, dividends and coupons, interest related to margin trading, exchange rate differences, etc.). The result also includes the effect of the marking on the market (i.e. the revaluation of participations in the case of unlisted companies) of all the instruments held, as well as the provisions (constituted or canceled).

Analysis of the structure of the financial assets portfolio

In accordance with the objectives mentioned in the investment strategy approved by the Board of Directors, in 2019 (for 2019 and 2020), the management strategy was aimed at continuing the process of restructuring its own portfolio of financial assets aimed at the following: quantitative adjustment and portfolio quality and portfolio diversification across several classes of financial assets, the alienation of holdings, either due to their small size or lack of growth prospects, and the use of proceeds from other investments with more attractive potential returns.

	Number of issuers		Market value	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Listed companies	21	15	16,861,751	25,052,428
Unlisted shares	16	15	24,898,238	10,780,983
Fund units	7	9	7,001,270	8,811,471
Total portfolio	44	39	48,761,259	44,644,882

As of December 31, 2020, BRK's listed share portfolio was valued at RON 16.86 million, consisting of both the stock of shares held for the purpose of market making operations and the stock of shares held for speculative purposes / portfolio investments. Short-term (but due to the special dynamics of operations on its own portfolio), on 31.12.2020, the value of the equity portfolio is lower, BRK having a more significant cash position.

The value of participations in unlisted companies increased significantly (from 10.78 to 24.9 M RON) as a result of the interest / increase of participations in the capital of these companies, respectively by increasing the value of unlisted companies, where BRK holds participations. Regarding BRK's portfolio of fund units, they decreased both in number and value, as a result of the sale of fund units to 2 investment funds.

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

	Absolute values		Weight in total	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Cash	4,931,488	781,635	6.2%	9.90%
Loans granted of which:	7,884,733	14,710,553	13.5%	23.13%
<i>Customer lending - margin trading</i>	<i>4,004,733</i>	<i>4,445,003</i>	<i>7.5%</i>	<i>6.99%</i>
<i>Loans to other companies</i>	<i>3,880,000</i>	<i>10,265,550</i>	<i>6.0%</i>	<i>16.14%</i>
International financial instruments	3,959,848	5,500,288	6.2%	8.65%
Domestic market financial instruments	46,948,048	37,084,273	74.1%	58.32%
TOTAL PORTFOLIO	63,724,225	58,076,749	100.0%	100.00%

The loans granted by BRK Financial Group, in the total amount of RON 7.88 million, include both loans granted to customers for margin trading on BVB, and loans granted to companies in which BRK holds shares. Loans to customers for margin transactions amounted to almost RON 4 million at the end of 2020, a slight decrease compared to 2019. Loans to third parties by BRK Financial Group decreased in 2020 to 3.88 M Ron, from 10.26 M Ron in 2019, amid the conversion of some debts in contribution to the share capital of some subsidiaries.

The staff

In 2020, the average number of employees was 36. At the end of 2020, the actual number of employees of the company was 39, hiring staff in the productive area (stockbrokers) and in the analysis department in accordance with the strategy to provide clients analysis reports on as many issuers as possible and with an appropriate frequency.

The company's development strategy involves expanding the activity and increasing the number of employees in the future, both in administrative and support roles, and in directly productive segments (expanding the sales force), in correlation with business volume. The company constantly encourages and supports the professional development and specialization of the staff employed in the area of competence specific to each one, by participating in the professional training programs, respectively continuous professional training.

Objectives for 2021

Our medium- and long-term strategic objectives were to capitalize on the full potential of business opportunities, improve competitiveness, ensure quality services at competitive costs, focus on customer needs and digitize its experience. Punctually, for the year 2021, we appreciate that the following points could be reached:

Building intelligent operating systems, simplifying processes and improving the digital customer experience;

Development of the research department and offering coverage with analysis on as large a number of issuers as possible;

Increasing the market share to at least 5% in terms of turnovers at BVB and maintaining the market share on the structured products segment (BVB);

Listing of structured products on other exchanges in the region (Austria, Poland and Hungary)

- Exponential increase in revenues related to services provided to issuers, whether we are talking about consulting and intermediation services for listing, or we are talking about market making services;
- BRK Financial Group will continue to seek to support, both financial-investment and through managerial know-how, startups or ambitious entrepreneurial teams, analyzing the opportunities offered by them and coordinating their activity and initiating the governance system. The concrete objectives for 2021 focus on listing at least one other subsidiary in the technology field, as well as developing the new REIT Capital subsidiary by expanding the scope of operations and assets under management.

Important events after the reporting period

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 announced 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.

Corporate governance

The company operates according to solid principles of corporate governance. These principles underlie the management framework. BRK Financial Group operates according to internal procedures that determine the effectiveness of control mechanisms, in order to protect and harmonize the interests of all categories of participants in the activity carried out within the company. In December 2020, BRK Financial Group obtained a grade of 9 according to the VEKTOR methodology - a progress of 3 points compared to the beginning of the year and a progress of 4.5 points compared to 2019. This methodology considers communication and transparency towards investors.

Relationship with investors

BRK Financial Group respects the rights of its shareholders in carrying out the activities undertaken by the company in their interest. The company is constantly concerned with improving communication and relations with its shareholders, aiming to ensure fair treatment. The articles of association of the company regulate the rights of the shareholders regarding the shares held and their exercise through the participation in the General and Extraordinary Meeting of Shareholders. Also, the constitutive act regulates the management body of the company and the manner of its administration. The relationship with the shareholders is ensured at the level of the executive directors and of the Board of Directors. The BRK Financial Group website provides concise information on the organization and conduct of business, products and services offered, financial statements, Ordinary and Extraordinary General Meetings, disputes involving the company and other elements that may be of interest to shareholders, employees or customers. The company's website also contains information about the members of the Board of Directors and audit reports.

All information for shareholders is available in the "Investor Relations" and "About Us" sections, both in Romanian and in English. Regarding the potential questions, opinions or suggestions that shareholders may have, the company provides the e-mail address actionariat@brk.ro to facilitate an easy and appropriate communication. Along with the information available on the company's website, shareholders can consult the reports and communiqués submitted by BRK Financial Group. These can be consulted on the website of the

Bucharest Stock Exchange (BVB). The Company provides annually the financial reporting calendar, the OGMS and EGMS notices, their decisions and current reports.

Board of Directors

BRK Financial Group was managed in 2020, for the most part, by a Board of Directors consisting of five members elected at the General Meeting of Shareholders and subsequently at the General Meeting of Shareholders in April 2020, the company has a board of directors. The administration is consisting of three members, authorized in October 2020.

Following the elections held at the OGMS in April 2020, a new Board of Directors was elected, consisting of three members: Mr. Robert Dănilă, Mr. Gabriel Goia and Mr. Sorin Constantin. Mr. Dănilă and Mr. Goia received the ASF approval in October 2020, Mr. Constantin being previously authorized.

During 2020, the Board of Directors of BRK Financial Group SA met 18 times, either by participating at the company's headquarters or by means of distance communication and its activity complied with legal and statutory provisions. Important topics and projects were debated, relevant to the company's activity, and decisions were issued regarding the multiple functional aspects of the company. Among the topics that were found in the agenda of the Board of Directors, having a special impact on the current activity, were the approvals of some internal policies and procedures that were updated to correspond to the changes made at the company level.

The Board of Directors operates on the basis of its own operating regulations, which establish the effective working of the Board, the manner of convening and convening it, the company's staff to submit activity reports (executives, CCI representatives, risk manager, internal auditor, Economic Director, House Operations Director).

In order to avoid any potential conflicts of interest, the members of the Board of Directors through the submitted and published CV, inform both the Board and the shareholders and potential investors about any professional commitments, including about the executive and non-executive positions in the Board of companies. and / or non-profit institutions, and through the statements provided to the Financial Supervisory Authority, all information regarding direct or indirect participations, individual participations or as a result of the concerted action with third parties is revealed.

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

The board's councils

There are four committees on the Board of Directors of BRK Financial Group: the Nomination Committee, the Audit Committee, the Risk Committee and the Remuneration Committee.

The committees set up at the level of the Board of Directors function as working groups of the Board, their role being determined and established in accordance with the applicable legal provisions and to meet the needs of the company. The establishment of the composition of the committees of the Council was based on the expertise of its members and the need to make the most of the experience gained by them in various fields of activity.

The three directors are members of all committees.

Risk Committee-The role of this committee is mainly to monitor the risks that may have an impact on the company and to analyze and evaluate the reports submitted by the designated person with risk management at the company level. The risk committee is informed monthly by the person appointed with risk management through a full activity report, on the company's situation in terms of liquidity indicators and other risk indicators that are calculated in accordance with the regulations of the Financial Supervisory Authority.

The Audit Committee-Its role is to analyze and audit the financial statements of the company. The audit committee evaluates the company's periodic financial statements, the correctness of their preparation and the auditors' opinions on the financial statements.

Remuneration Committee-Having the task of evaluating the remuneration policies within the company and proposes for approval to the Board of Directors their modification and updating.

The Nomination Committee has the role of evaluating the persons proposed for the management positions and key functions within the company and also of analyzing the proposals for the persons who may represent the company in the Boards of Directors of other entities.

Internal auditing

During 2020, the internal audit was provided by Asconcor SRL, which operates independently, in accordance with the recommendations of corporate governance. The internal audit reports were presented to the Board of Directors of the company, and the measures proposed in the audit reports were implemented by decisions of the Board of Directors. The internal audit reports aim at verifying the correlation of the clients' balances with the analytical records, the verification of the capital adequacy reports, the verification by sampling of the clients' cash availabilities and other relevant aspects of the company's activity.

External auditing

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

During the OGMS held on 29.07.2019, the election of the financial auditor JPA Audit & Consultancy SRL for the years 2019, 2020 and 2021 was approved.

Internal compliance

In accordance with the legal provisions in force, the company has organized an Internal Control and Compliance Department (CCI) composed, during 2020, of personnel authorized by the FSA and in the process of authorization.

The main role of the Internal Control and Compliance Department is to verify the compliance by BRK Financial Group and its staff with the regulations in force in the field of capital market and internal procedures related to customer relations, in order to limit the risk to which the company is exposed and the development of honest business practices.

The Internal Control and Compliance Department reports monthly to the Board of Directors of the company, the executive management and the internal auditor on the activity carried out and the issues notified, if applicable. CCI proposes to the company's management measures to remedy the problematic issues, following that the decision on the application of the proposed measures will be

taken by the members of the Board of Directors and / or the executive management. The decision is to be brought to the attention of those involved by the representatives of the executive management.

Also, CCI verifies the transmission to the capital market institutions of the mandatory reports according to the legislation in force, including the current reports deriving from the obligations assumed as an issuer traded on the Bucharest Stock Exchange - Premium category. During 2020, the Internal Control and Compliance Department prepared 67 control reports, which were carried out in accordance with the Annual Control and Compliance Plan or at the request of management. The control reports were brought to the attention of the Board of Directors, the executive management and the internal auditor. Following the proposals made in the control reports prepared during 2020, the company's management took remedial measures by amending certain procedures, adopting decisions.

Risk management

Within BRK Financial Group, in accordance with the legal provisions in force, a risk manager has been appointed, an employee with specific responsibilities for monitoring the risk at company level. The monitoring of the risks specific to the activity carried out is done in accordance with the Policies on risk management - Rules and mechanisms for risk assessment and management, approved by the Board of Directors. In the process of identifying and assessing financial risks, as well as the indicators used in risk management, EU Regulation no. 575/2013 on prudential requirements for credit institutions and investment companies, as provided by the European legislator, but also the regulations and legislation of the Financial Supervisory Authority.

Regarding the assessment of operational risks generated by IT systems, the aspects provided by Norm no. 4/2018 on the management of operational risks generated by information systems used by regulated entities, authorized / endorsed and / or supervised by the Financial Supervisory Authority.

The risk management system, built according to the regulations presented above, includes a set of appropriate risk management mechanisms and procedures, analyzes, as well as the presentation of the results of the activity of identification and assessment of financial risks, as well as proposals for proper management; of diminishing the effects of the risks related to the investment and general activity of the company.

In this regard, the following categories of potential or existing risks to which SSIF BRK Financial Group SA is exposed were analyzed and assessed:

1. Liquidity risks, with the following sub-categories: risk of not covering current liquidity needs, risk of financing long-term assets from non-permanent resources and liquidity risk of the financial assets portfolio held by SSIF BRK Financial Group SA;
2. Market risks, with the following subcategories: position risk, currency risk, commodity risk and long-term interest rate risk;
3. Credit risks, with the following sub-categories: credit risk (related to the dynamics of the financial solvency of the issuers of financial assets held by SSIF BRK Financial Group SA and of participations and debt securities), the counterparty credit risk arising from the loans granted by the company, as a creditor, to the companies in which it holds qualified participations, the legal risk.

4. Operational risks, analyzed from the perspective of the quantitative approach. Within this category are analyzed all the operational risks generated by the processes, systems and human resources that SSIF BRK Financial Group SA uses in its current activity;
5. Concentration risk, with the following sub-categories: high exposures to a debtor / issuer and high exposures to a sector of economic activity. At the same time, within the concentration risk, the exposures registered by BRK Financial Group to different categories of financial assets and operations are analyzed from the perspective of the requirements provided by the legislation in force;
6. Currency risks, which deal with the positions held by BRK Financial Group in cash and foreign currency deposits, financial instruments denominated in foreign currency, derivative financial instruments with foreign exchange assets;
7. Valuation of positions and inclusion of instruments in the portfolio of BRK Financial Group.

At the level of SSIF BRK Financial Group SA, the financial, investment and operational risks were evaluated / quantified, monitored and treated in order to reduce their impact according to the classification presented above. When establishing this risk classification structure, the magnitude of the impact of that risk was taken into account in the event that it would materialize on the levels of own funds held by SSIF BRK Financial Group SA.

The following principles and aspects have been taken into account when setting the quantitative limits for financial risks:

Principles:

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

Issues to consider:

The level of liquidity required has been set so that it is prudent and able to cope at any time with any net cash outflow in the event of a crisis.

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

When establishing the levels for market, credit, counterparty, operational risks, it was taken into account that the solvency level determined as a ratio between the capital requirements related to these financial risks and the own funds (financial resources) of SSIF BRK Financial Group SA should be at least three times the minimum required (existence of reserves), as provided for in EU Regulation no. 575/2013.

When setting the current quantitative limits, the level of leverage was taken into account.

Thus, on 31.12.2020, the level of own funds of SSIF BRK Financial Group registered the value of RON 50,310,624.16. Also, the value of risk-weighted exposures on 31.12.2020 was RON 134,005,407.71.

Transparency and reporting

In order to ensure transparency on the activity carried out and on the financial statements, SSIF BRK Financial Group makes available to all interested parties, through communications sent to BVB and through its website, the annual, half-yearly and quarterly reports prepared in accordance with applicable accounting standards. (IFRS). The annual financial statements are presented both individually and consolidated, both preliminary and audited, along with the explanatory notes. Quarterly and half-yearly results are presented only in individual and unaudited reports. The company also publishes other current reports on all important events that have or could have an impact on the company's image and activity. The company published on its website the articles of incorporation of the company as well as the names of the members of the Board of Directors.

Following the evaluation of VEKTOR (indicator of communication with investors for listed companies) conducted by the Association for Investor Relations on the Romanian Stock Exchange (ARIR), BRK Financial Group obtained a grade of 9/10 for communication and investor relations.

Avoidance of conflicts of interest

In order to avoid conflicts of interest, the company applies clear procedures that establish the necessary methods, operations and controls.

BRK Financial Group has taken steps to avoid conflicts of interest and operational segregation. Information flows are managed through the application of information barriers, which have been established procedurally.

Social responsibility

Social responsibility is an integral part of the company's business strategy. Involvement in the community, supporting the common development values of society as a whole, has been a constant concern for BRK Financial Group throughout 2020. Financial education is perhaps the most important direction of involvement in the community, due to a pressing need to increase the level of financial education among the active population or young people. It was the first year in which BRK Financial Group specialists participated, as mentors, in the non-banking financial education program developed in partnership with ASF for the 7th and 11th grade students. The teaching activity intensified at the beginning of 2020, but later, the context created by the health crisis led to the suspension of the program. BRK has in place procedures that regulate the methods of recovery and recycling of waste resulting from the current activity. As a result of the internal procedures implemented, paper consumption has decreased significantly.

Financial calendar

April 19 2021	Publication of financial results for the first quarter
April 26 2021	General Meeting of Shareholders for the approval of the 2020 annual financial results
April 27 2021	Publication of the 2020 Annual Report
August 13 2021	Publication of half-yearly financial results
November 12 2021	Publication of financial results for the third quarter

BRK Share

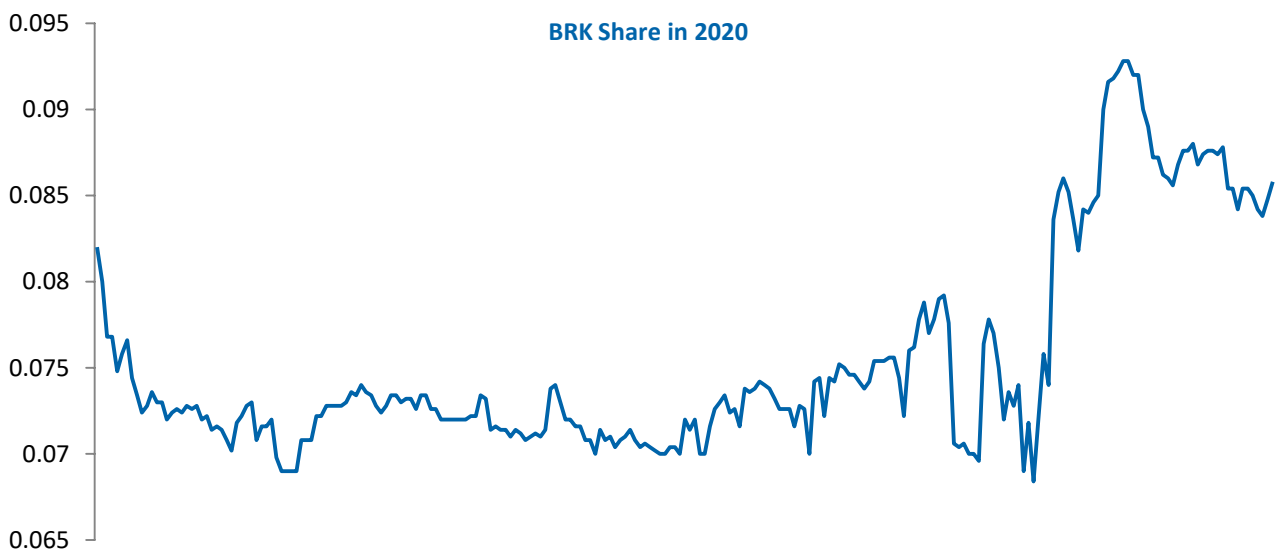
BRK Financial Group shares are issued in dematerialized, ordinary, indivisible and freely negotiable form from the date of admission to trading on the Bucharest Stock Exchange (BVB). The shares of BRK Financial Group were admitted to trading on the main market administered by the Bucharest Stock Exchange on February 5,

2005 under the symbol BRK. BRK shares are listed on the Premium category of the Bucharest Stock Exchange and are included in the BETPlus index basket.

The company is under the incidence of the capital market legislation, respectively Law no. 297/2004 on the capital market, Law 24/2017 on issuers of financial instruments and market operations as well as secondary regulations issued by the Financial Supervisory Authority (FSA) and BVB.

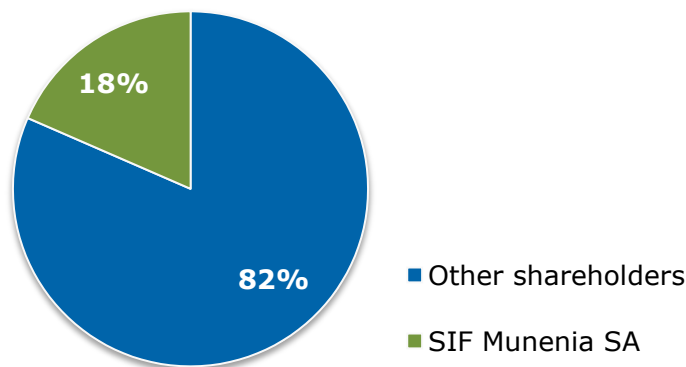
The records of the shares are kept by the Central Depository, an independent registry company, authorized by the Financial Supervisory Authority. The total number of shares issued by BRK is 337,749,919, and the nominal value of one share is RON 0.16.

During 2020, the average price of the BRK share was RON 0.0754 / share, decreasing by 4.55% compared to the average price recorded in 2019 (0.079 RON / share). The closing price of the BRK share on December 31, 2020, the last trading day of the year, was 0.082 RON / share, decreasing by 3.3% compared to the closing of the previous year.



Shareholders

At 31 December 2020, the shareholding structure of BRK Financial Group was as follows:



Stock market context

In the first quarter of 2020, stock market indices around the world recorded substantial losses, triggered by the onset of the pandemic. The most dramatic period was from March 6 to 18, when most indices marked decreases of over 20%. The widespread panic felt in the capital markets was determined by the economic uncertainty created by the health crisis. Also, the restrictions imposed by the authorities in several states, in order to slow down the spread of the virus, have created impediments in the normal conduct of business.

Indices	Countries	% 20/19	% 19/18	% 18/17
S&P 500	USA	16.26%	28.9%	-6.2%
NIKKEI-225	Japan	16.01%	18.2%	-12.1%
Shanghai Composite	China	13.87%	22.3%	-24.6%
Dow Jones	USA	7.25%	22.3%	-5.6%
DAX-30	Germany	2.49%	25.1%	-18.3%
WIG-20	Poland	-3.43%	-5.6%	-7.5%
CAC-40	France	-7.14%	26.4%	-11.0%
PX	Czechia	-8.61%	13.1%	-8.5%
BUX	Hungary	-8.92%	17.7%	-0.6%
RTS	Russia	-10.42%	44.9%	-7.4%
ATX	Austria	-13.90%	16.1%	-19.7%
FTSE-100	UK	-14.34%	12.1%	-12.5%
SOFIX	Bulgaria	-21.24%	-4.4%	-12.3%

Among the most important indices at the international level, the S&P 500 recorded the most spectacular return during 2020, exceeding the maximum value recorded in March and reaching new all-time highs. Stock markets in Japan and China also saw substantial increases of 16% and 13.9%, respectively. In contrast, most European stock indices fell from the end of 2019 to the end of 2020. The only exception in this regard was the DAX-30, which grew by 2.5% during the year.

The Federal Reserve (FED) reduced the reference interest rate twice during 2020. The first reduction, of 0.5%, took place on 3 March, and subsequently, on 15 March, a second reduction of 1%, which reduced the reference rate to 0.25%.

The Romanian capital market registered significant decreases in the first quarter of 2020. The value of the BET index decreased by the end of March by 23.6%, but these decreases was recovered in the following quarters, especially in the second quarter. In the first quarter, the most significant decrease was registered by the BET-NG index, of -26.2%. In Q2, the fastest return was the BET-TR index, with an increase of 17.7%. In the third quarter, the only indices that did not show an appreciation were BET-FI and BET-NG, which decreased by 1.8% and 0.8%, respectively.

The Bucharest Stock Exchange (BVB) officially became an emerging market starting with September 21, 2020, and Banca Transilvania (TLV) and the energy producer Nuclearelectrica (SNN) were the first companies in Romania included in the FTSE Global All Cap index and in three other international stock market indices.

The year 2020 was characterized by a high volatility, the total number of transactions on the main segment of the Bucharest Stock Exchange increasing by 59%. The traded volume was 9.8 billion, marking an increase of

38%, and the total traded value was RON 12.2 billion, increasing by 26%. Also, due to the events caused by the Covid-19 pandemic, the total capitalization of the main segment decreased by 14%, reaching RON 154.3 billion. This trend was similar on the AeRo market, where the number of transactions almost doubled, from 44,482 to 89,466. On the AeRo market, the traded volume increased by 24%, and the total traded value was of RON 339 million, increasing by 45%. The market capitalization of AeRo increased by 9%, reaching RON 9.7 billion.

Indices	T1	T2	T3	T4	2020/2019
BET	-23.6%	13.6%	4.0%	8.9%	-1.7%
BET-TR	-23.6%	17.7%	4.5%	10.0%	3.4%
BET-BK	-23.3%	15.1%	1.9%	9.7%	-1.3%
BET-FI	-17.0%	8.6%	-1.8%	2.4%	-9.4%
BET-XT-TR	-23.2%	16.2%	3.2%	8.7%	0.0%
BET-NG	-26.2%	14.3%	-0.8%	5.3%	-11.8%
BET-XT	-23.2%	12.4%	2.7%	7.6%	-4.7%
BETPlus	-23.4%	13.6%	4.0%	8.6%	-1.7%

The EUR / RON exchange rate increased during 2020. In the first quarter, the average value of the exchange rate was 4,7959, and in the second quarter of 4,8367. The increase continued in Q3, with an average of 4,8446, and in the last quarter the average was 4.8713 lei for one euro. The closing value at the end of the year was 4.8694, marking an appreciation of 1.95%.

Consolidated performance

The direct participations of BRK Financial Group in the group's subsidiaries refer to the participation in SAI Broker S.A. No changes in the share capital of SAI Broker S.A. took place during 2020.

Company within group	Field of activity	Number of financial instruments held	Nominal value of the instrument	Stake 2020 (%)	Stake 2019 (%)
SAI BROKER SA	Asset management	220.581	10.00	99,98%	99.98%

In accordance with the requirements of IFRS 10, reporting entities must consolidate their financial statements with those of the entities in which they have invested and which they control. The amendment to investment companies provides an exception to the consolidation requirements of IFRS 10 and requires investment companies to measure certain subsidiaries at fair value through profit or loss, rather than consolidating them. The term “investment entity” refers to an entity whose object of activity is to make investments in order to obtain a return on capital appreciation, investment income or both.

According to the internal evaluation carried out at the beginning of 2020, the management of BRK Financial Group S.A. concluded that it meets the criteria required by IFRS 10 in order to be able to be defined as an investment entity and thus to value certain subsidiaries at fair value without the need to consolidate them. Thus, in the consolidation perimeter for 2020 were kept only two companies, namely: SSIF BRK Financial Group S.A. and SAI Broker S.A.

General information about SAI Broker

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

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

663 - „ Fund management activities”;

6630 - „Asset management activities”: management of collective investment undertakings (UCIs) and collective investment undertakings (UCITS) In addition to the management of UCITS, the company may manage alternative investment funds (AIF), for which it is subject to prudential supervision, in particular those established as investment funds, as defined and regulated by the GEO no. 32/2012 or registered according to the legal provisions.

The activity of managing the collective portfolio refers at least to:

- a. Investment management;
- b. Carrying out activities regarding:
 1. legal and accounting services related to portfolio management;
 2. customer information requests;
 3. portfolio evaluation and determination of the value of participation titles, including fiscal aspects;
 4. monitoring compliance with current regulations;
 5. maintaining a register of shareholders;
 6. income distribution;
 7. issuance and redemption of participation titles;
 8. record keeping;
- c. Marketing and distribution.

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

- portfolio management;
- risk management;

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

i) management of the entity: legal and accounting services of the fund, requests for information from customers, evaluation and pricing, including tax refunds; monitoring compliance with applicable law; keeping the register of holders of participation titles; income distribution; issues and redemptions of participation titles; settlement of contracts, including issuance of certificates; record keeping;

ii) distribution;

iii) activities related to the assets of the AIF, namely services required for the performance of administrative tasks, infrastructure management, real estate management, advice to entities on capital structure, industrial strategy and related issues, consultancy and services on mergers and acquisitions of entities, such as and other services related to the management of the AIF and the companies and other assets in which it has invested.

SAI Broker SA obtained the operating authorization from the National Securities Commission, currently the Financial Supervisory Authority (A.S.F) at the beginning of 2013. By the ASF certificate no. 24 / 05.07.2017, the registration of SAI Broker SA as administrator of alternative investment funds (AIFM) was certified.

The company does not have open branches or agencies, the activity being carried out only at the headquarters.

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

Having active and passive investment policies depending on the profile of each fund, SAI Broker offers specific financial services for investment management, with responsibility and professionalism, aiming to manage risks and take advantage of opportunities in the Romanian market or in other markets abroad. .

The short-term goal is to promote the funds launched and expand the distribution of fund units in the system

Main achievements of SAI Broker

At the end of 2020, the value of assets under the company's management was 179 million lei compared to 214 million lei at the end of 2019. The financial performances obtained in 2020 were lower than the initial projections due to the decrease of assets under management. In 2020, SAI Broker SA did not authorize new investment funds.

In 2020, the company financially supported by contributing to the share capital and granting loans the development of the companies GoCab Software and Firebyte Games S.A., the latter being in the process of listing on the Bucharest Stock Exchange.

The capital investments made by SAI Broker SA in 2020 were 1.48 million lei, increasing from 0.1 million to 1.58 million lei, and the balance of loans increased by 0.25 million lei from 0.37 million lei to 0.62 million lei.

Financial information of SAI Broker

From the administration activity of the 9 funds: FII BET-FI Index Invest, FDI FIX Invest, FDI PROSPER Invest, FDI Fortuna Classic, FDI Fortuna Gold, FPI Smart Money and FPI OPTIM Invest, FPI H.Y.B. Invest, Alpha Invest, SAI In 2020, Broker SA registered revenues from current activity in the total amount of 3.24 million lei, increasing by

2% compared to those obtained in 2019, representing management fees, subscription fees and successful commissions.

In 2020, the net financial gains other than dividends amounted to 800 thousand lei compared to about 549 thousand lei in the previous year. The year 2020 represented a new year of growth and improvement of the company's financial performance, the global result registering a positive value, of 2.23 million lei compared to 2.18 million lei in 2019. This significant improvement was due to the increase of the values of the managed assets, especially in the first part of 2020, in the category of private funds, as well as the positive returns of all funds under management.

Indicators (in RON)	2020	2019	Evolution '20/'19
The overall result situation			
Income from current activity	3,243,134	3,180,649	1.96%
Total income from continuous activities	4,057,503	3,752,226	8.14%
Expenses	-1,542,682	-1,292,180	19.39%
Result of operating activities	2,260,319	2,212,646	2.15%
The result of the period	2,230,168	2,177,536	2.42%

Strategy of SAI Broker

The management and team of SAI Broker SA is aware of the trust placed by investors in the managed funds, so that the transposition of the investment strategies defined for each fund is done professionally and in compliance with all legal provisions. The performance targets defined by benchmarks for each managed public fund were exceeded each year in the vast majority of cases. The team engaged in the investment process carried out on behalf of the managed funds also paid special attention to the investment risks, keeping the general risk in the risk class specified in the fund's documentation or in a lower risk class.

SAI Broker SA aims for the year 2021 to carry out on behalf of the funds, profitable investment operations that will keep the funds managed in the top of funds in Romania in terms of the yield obtained. 2021 to take the step towards the distribution of fund units in the online system.

Internal audit of SAI Broker

At the level of companies in which SSIF BRK FINANCIAL GROUP holds participations, the internal audit and the financial audit are not subject to integrated processes, the companies having different objects of activity. At the level of each company, the internal audit operations are differentiated according to the specifics of the market on which each company operates. At the level of SSIF BRK FINANCIAL GROUP and SAI BROKER SA, the internal audit is outsourced to ensure its development efficiently and independently. The audit missions performed in 2020 at SSIF BRK FINANCIAL GROUP SA and SAI BROKER SA aimed at following the reports related to risk management and evaluating the internal control system at the level of the two companies, according to the legislation applicable to the capital market. The reports on the completion of the audit engagements were submitted to the management of the entities in order to apply the recommendations made by the auditors.

Regarding the financial audit, the companies in which SSIF BRK FINANCIAL GROUP SA holds participations audited the financial statements for 2020. The audit of the financial statements was performed within the deadline provided by law, and the audited financial statements were submitted to the General Meetings of Shareholders of the companies concerned. .

Environmental concerns of SAI Broker

SAI Broker SA is aware that any economic, legal activity that produces an economic benefit can have social and environmental disadvantages. SAI Broker SA considers that a sustainable development is possible only in the conditions of achieving responsible business. For this reason, SAI Broker SA considers, for the sustainability of the financial services sector, the following principles:

- sustainable progress is what enables current needs to be met without compromising the ability of future generations to do the same.
- respect for human rights and national and international standards regarding work and working conditions.
- environment protection.
- developing partnerships and businesses with collaborators and economic entities that embrace the same vision on sustainability / sustainability risk.

SAI Broker SA considers that it is important that the social and environmental impact that the investment management activity can have, can be foreseen, be approached from an ethical point of view and responsible for the entire duration of an investment.

Consolidated financial statements

Consolidated statement of financial position as of Dec 31 2020

<i>In RON</i>	2020	2019
Assets		
Intangible asses	1.681.040	2.308.808
Tangible assets	8.035.979	5.914.801
Real estate investments	-	669.959
Financial assets at fair value through profit and loss	45.510.488	41.468.492
Financial assets at amortized cost	-	-
Loans granted	7.772.861	12.111.428
Receivables	1.184.648	1.065.958
Other financial assets	72.450.110	24.773.144
Client accounts	51.746.125	53.626.771
Cash and equivalents	5.350.843	1.240.115
Assets held for sale	-	303.389
Prepayments	-	-
Total assets	193.732.095	143.482.865
Equity		
Share capital	54.039.987	54.039.987
Share capital adjustment	4.071.591	4.071.591
Treasury shares	(24.047)	(24.047)
Share premiums	5.355	5.355
Other reserves	14.604.757	11.163.983
Current result	1.493.317	7.283.070
Reported result	(7.368.801)	(13.564.158)
Total shareholders' equity	66.822.158	62.976.641
Non-controlling interests	608	407
Total equity	66.822.767	62.977.048
Liabilities		
Long-term liabilities	-	-
Financial leasing	-	-
Income in advance	-	-
Deferred taxes	-	-
Total long-term liabilities	126.909.329	80.505.817
Short-term liabilities	2.443.700	4.187.543
Current portion of financial leasing	-	28.640
Liabilities to clients	111.693.643	60.770.151
Payables	12.278.953	12.475.036
Income in advance	-	-
Provisions	493.033	3.044.447
Total current liabilities	126.909.329	80.505.817
Total liabilities	126.909.329	80.505.817
Total equity and liabilities	193.732.095	143.482.865

Consolidated statement of profit and loss as of December 31 2020

	31-Dec-20	31-Dec-19
Income from continuing operations		
Intermediation	11.542.292	7.043.227
Fee and commission income	9.636.492	6.240.552
Corporate income	1.041.523	356.522
Other intermediation income	864.276	446.153
Market making	3.947.487	1.190.869
Trading income	3.362.768	1.122.551
Other MM income	584.720	68.318
Other operating income	286.580	254.072
Expenses with employees and benefits	(5.320.149)	(5.562.816)
Fee and commission expenses	(2.550.132)	(1.134.423)
External benefits	(2.392.814)	(2.274.970)
Third party expenses	(526.979)	(316.490)
Other operating expenses	(923.755)	(1.033.285)
Adjustments	(955.553)	(1.031.670)
Income / (loss) from operating activities	3.106.976	(2.865.486)
Net gains / (losses) on financial instruments	(3.682.930)	8.208.882
Dividend income	763.788	337.433
Revenue from transactions in shares and bonds performed	4.706.730	10.479.419
Losses from transactions with shares and bonds performed	(9.153.448)	(2.607.970)
Net gains / (losses) from the measurement of financial assets measured at fair value through profit or loss	(1.360.014)	5.658.464
Revenue from the measurement of financial assets measured at fair value through profit or loss	12.325.541	13.044.426
Losses from the measurement of financial assets measured at fair value through profit or loss	(13.685.556)	(7.385.962)
Net income / (expenses) provisions for fixed financial assets	3.146.502	(2.906.103)
Revenue from the provision of fixed assets and financial assets	5.349.752	196.606
Provisions for fixed assets, financial assets	(2.203.250)	(3.102.709)
Other net interest income / (expenses) and exchange rate differences	520.158	1.757.461
Interest income, loans and bonds	481.917	1.137.057
Interest income margin loans	232.752	299.586
Other interest income	243.723	553.167
Interest expenses	(205.946)	(374.117)
Interest expenses	(232.287)	141.768
Net income / (expenses) provisions for risks and expenses	(408.433)	(2.919.859)
Expenses with provisions for risks and expenses	(3.132.324)	(3.000.352)
Provisional cancellation income for risks and expenses	2.807.845	67.828
Other net provisions	(83.954)	12.665
Other net income / (expenses)	201.209	385.265
Net gains / (losses) on the sale of assets	190.009	110.393
Other operating expenses	(37.745)	(78.609)
Other operating income	48.945	353.481
Result of operating activities	1.523.468	7.318.624
EBT	1.523.468	7.318.624
Income tax expense	(30.151)	(35.110)
Income tax expense	1.493.317	7.283.514

Discontinued operations		
Loss of discontinued operations (after tax)		
Profit of the period	1.493.317	7.283.514

Statement of comprehensive income - continued
Reported as of 31.12.2019

In RON

Other elements of the overall result	-	-
The net change in the fair value of available-for-sale financial assets transferred to profit or loss	-	-
The net change in the fair value of available-for-sale financial assets transferred to profit or loss		
Net change in the fair value of available-for-sale financial assets	-	-
Free shares received classified as available for sale	-	-
Changes in the value of fixed assets available for sale	-	-
Positions that cannot be reclassified to profit and loss		
Changes in the value of fixed assets used	2.353.092	-
Changes in the value of real estate investments	-	-
Establishment / cancellation of profit reserves for granting free shares to employees	-	-
Tax related to other elements of the overall result	-	-
Total other elements of the overall result for the period	2.353.092	-
Total profit and loss account and other comprehensive income for the period	1.493.317	7.283.514
Attributable profit:	1.493.317	7.283.514
Shareholders of the Company	1.493.018	7.282.057
Non-controlling interests	299	1.457
Profit for the period		
Comprehensive income attributable to:	-	-
Shareholders	2.352.621	-
Non-controlling interests	471	-
Total comprehensive income for the period	2.353.092	7.283.514
EPS		
Basic EPS (RON)	0,0044	0,0216
Diluted EPS (RON_		
Continuing operations		
Basic EPS (RON)		
Diluted EPS (RON)		
31.12.2020		
Weighted average number of shares:	337.749.919	337.749.919

Chairman of the Board,
Robert Dănilă

CEO,
Monica Ivan

Economic Director,
Sandu Pali



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    BRK FINANCIAL GROUP

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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”).

OUTLINE**PAGE****Individual financial statements**

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Individual statement of financial position – December 31st 2020

<i>In RON</i>		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

**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

		31.12.2020	31.12.2019
Intermediation		<u>8.305.226</u>	<u>3.868.350</u>
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		<u>3.947.487</u>	<u>1.190.869</u>
Net transaction income	26	3,362,768	1,122,551
Other market making income	26	584,720	68,318
Other income from continuing operations		<u>44.680</u>	<u>8.442</u>
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		<u>1.130.425</u>	<u>(5.032.884)</u>
Net Income / (Loss) from financial instruments		<u>(2.618.570)</u>	<u>9.115.558</u>
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		<u>(243.874)</u>	<u>7.598.271</u>
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		<u>3.146.502</u>	<u>(2.889.875)</u>
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		<u>383.077</u>	<u>1.632.074</u>
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

The accompanying notes are an integral part of this financial statements

Individual comprehensive income (continued)

Net Income / (Expense) from provisions and related risks		<u>(161,433)</u>	<u>(2.6.77.963)</u>
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)		<u>242,911</u>	<u>407,835</u>
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		<u>(2,614,590)</u>	<u>5,890,016</u>
Earnings Before Taxes		1,879,037	8,153,017
Income tax		-	-
Earnings from continuing operations		1,879,037	8,153,017
Discontinued operations		-	-
Losses from discontinued operations (after tax)		-	-
Profit for the period		<u>1,879,037</u>	<u>8,153,017</u>
<u>Other comprehensive income elements</u>		<u>-</u>	<u>-</u>
Net change in fair value of available for sale assets through profit or loss		-	-
<u>Elements which can be reclassified through profit or loss</u>		<u>-</u>	<u>-</u>
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		-	-
<u>Elements which cannot be reclassified through profit or loss</u>		<u>-</u>	<u>-</u>
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		-	-
<u>Total other elements of comprehensive income</u>		<u>2.353.092</u>	<u>-</u>
<u>Total comprehensive income</u>		<u>4.232.129</u>	<u>8,153,017</u>

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

Chairman of the Board
Robert Danila

Economic Director
Sandu Pali

CEO
Monica Ivan

Individual statement of changes in equity for 31.12.2020

<i>In RON</i>	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

Chairman of the board
Robert Danila
CEO
Monica Ivan

Economic Director
Sandu Pali

The accompanying notes are an integral part of this financial statements

Individual statement of changes in equity - 2019

<i>In RON</i>	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

Chairman of the board,
Robert Danila
CEO
Monica Ivan

Economic Director,
Sandu Pali

The accompanying notes are an integral part of this financial statements

Individual statement of cash flows - 2020

	31.12.2020	31.12.2019
	RON	RON
Operational activities:		
	1.879.074	8.153.016
Gross income		
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-current 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)
Increase / (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

The accompanying notes are an integral part of this financial statements

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

	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 reporting 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

Chairman of the board
Robert Danila
CEO
Monica Ivan

Economic Director
Sandu Pali

1. REPORTING ENTITY

SSIF BRK FINANCIAL GROUP SA („the 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. Trading price: 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. Fair value determined through Dividend Discount Model (DDM): 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. Fair value determined through Discounted Cash Flows(DCF): 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. Fair value determined by the asset method: If the company has valuable redundant assets and the operating activity is small, the evaluation price is considered to be the intrinsic value resulting from the application of the adjusted net asset value.
5. Fair value determined through relative valuation: 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 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 interpretations issued by IASB, 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 (0 - 5%)	Low (5% - 10%)	Medium (10% - 12%)	High (12% - 15%)	Very high > 15% from fp
Credit risk		Very low (0 - 40%)	Low (40% - 80%)	Medium (80% - 120%)	High (120% - 140%)	Very high > 140% din fp
Counterparty risk		Very low (0 - 4%)	Low (4% - 8%)	Medium (8% - 12%)	High (12% - 15%)	Very high >15%
Risk of concentration		Very low	Low	Medium	High	Very high
	Sector	< 5%	(5% - 10%)	(10% - 15%)	(15% - 20%)	>20%
	Entity	< 5%	(5% - 15%)	(15% - 20%)	(20% - 25%)	>25%
Operational risk		Very low (0 - 15%)	Low (15% - 30%)	Medium (30% - 40%)	High (40% - 50%)	Very high > 50% from fp
LCR (liquidity indicator)		Very low > 5	Low (3.5 - 5)	Medium (2 - 3.5)	High (1 - 2)	Very high < 1
Portfolio liquidity		Very low > 50%	Low (40% - 50%)	Medium (30% - 40%)	High (20% - 30%)	Very high < 20% from the total portfolio

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Notes to the individual financial statements IFRS

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

<i>In RON</i>	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

<i>IN RON</i>	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

<i>IN RON</i>	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.

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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 liabilities					
Financial liabilities	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 liabilities					
Financial liabilities	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 categories

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.

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

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					
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					
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 financier.

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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:

<i>In RON</i>				
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

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

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.

Operațiuni de market making și 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:

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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

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- 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
- <u>client amounts</u>	111.752.738	111.752.738	-	-	60.945.094	60.945.094	-	-	111.752.738	60.945.094

8. INTANGIBLE ASSETS

<i>In RON</i>	Licenses and software	Prepayments	Total
Cost			
Balance January 1 st 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 1 st 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 1 st 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 1 st 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			
Balance January 1 st 2019	1.830.904	27.820	1.858.723
Balance December 31 st 2019	1.185.909	27.820	1.213.729

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Balance January 1 st 2020	1.185.909	27.820	1.213.729
Balance December 31 st 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.

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9. TANGIBLE ASSETS

<i>In RON</i>	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	-	-	-	-	-
Outflores 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 January 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
Outflores of tangible assets:	-	-	-	-	0
- 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

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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			
	Quoted shares	14.524.751	24.436.675
	Quoted fund units	-	566.500
	Unquoted fund units	7.001.270	8.811.471
	Quoted bonds	2.337.000	49.253
	Unquoted bonds	946.302	6.138
	Unquoted shares	23.944.718	9.020.671
	Other financial instruments	7.218	1.754.174
		48.761.259	44.644.883
	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

<i>In RON</i>	<u>December-20</u>	<u>December-19</u>
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 capital of affiliated parties	-	500.000
Depreciation of loans	(300.000)	(3.446.502)
Net value of loans and advances granted	<u>7.772.861</u>	<u>12.111.485</u>

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%	<u>3.000</u>	0,33%	<u>3.000</u>
Total		<u>23.931.253</u>	-	<u>8.260.101</u>

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.

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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
			- Fee income 3.358 Lei
			- Intermediation income 2.496 lei
SAI Broker	Ownership 99.98%	Asset management	- Rent income 34.200 lei
			-Dividend income 1.499.748 lei
			-Interest income 306.484 lei
Romlogic Technology SA	Ownership 90.75%		- 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:

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

14. NON-CURRENT ASSETS HELD FOR SALE

<i>In RON</i>	<u>December -20</u>	<u>December -19</u>
Balance January 1st	<u>303.389</u>	<u>544.721</u>
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	<u>-</u>	<u>303.389</u>

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

<i>In RON</i>	<u>December -20</u>	<u>December -19</u>
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	<u>914.854</u>	<u>659.937</u>

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

<i>In RON</i>	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:

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

<i>In RON</i>	<u>December -20</u>	<u>December -19</u>
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	<u>58.092.886</u>	<u>58.092.886</u>

19. RESERVES AND RE-EVALUATION DIFFERENCES

<i>In RON</i>	<u>December -20</u>	<u>December -19</u>
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	<u>13.621.364</u>	<u>10.860.687</u>

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

SSIF BRK FINANCIAL GROUP SA
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20. REPORTED RESULT

<i>In RON</i>	<u>December -20</u>	<u>December -19</u>
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 results 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	<u>(3.162.680)</u>	<u>(4.947.720)</u>

Reported result by transitioning to IFRS

The reported result from the transition to IFRS dates back to 2008.
The reported result 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	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
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	<u>Debit</u>	<u>Credit</u>
Share capital adjustments	-	4.071.591
Re-evaluation differences*	-	59.884
Other reserves**	-	2.748.760
Reported result from first adopting IAS 29	<u>6.880.234</u>	-
Total	<u>6.880.234</u>	<u>6.880.234</u>

* Incorporated re-evaluation reserves from 2011.

**Incorporated in 2007 upon merger with Investco.

21. TRADE AND OTHER PAYABLES

<i>In RON</i>	<u>December -20</u>	<u>December -19</u>
Payables	524.684	441.942
Liabilities to employees	158.873	184.224
Liabilities with state budget	217.093	126.638
Sundry creditors 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	<u>12.109.024</u>	<u>12.297.303</u>

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	<u>December -20</u>	<u>Decembrie-19</u>
Guaranteed credit lines	2.443.700	4.187.543
Current part of financial leasing liabilities	-	<u>28.639</u>
Current liabilities	<u>2.443.700</u>	<u>4.216.182</u>

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		<u>1.269.100</u>	<u>5.833.799</u>

22. BORROWINGS (continued)

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

<i>In RON</i>	December -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

<i>In RON</i>	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.

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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

<i>In RON</i>	Ongoing activities	Ongoing activities	Halted activities		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

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26. INCOME FROM MARKET MAKING

<i>In RON</i>	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	<u>3.947.487</u>	<u>1.547.391</u>

27. PERSONNEL EXPENSES

<i>In RON</i>	<u>December -20</u>	<u>December -19</u>
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	<u>(4.098.965)</u>	<u>(4.545.176)</u>

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:

<i>In RON</i>	<u>December -20</u>	<u>December -19</u>
Internal Market commission expenses	(1.736.534)	(941.779)
Internationa Market commission expenses	(813.598)	(192.645)
Total	<u>(2.550.132)</u>	<u>(1.134.423)</u>

29. EXPENDITURE ON SERVICES

<i>In RON</i>	<u>December -20</u>	<u>December -19</u>
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	<u>(2.236.385)</u>	<u>(2.174.789)</u>

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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	<u>December -20</u>	<u>December -19</u>
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)
Telecommunication 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	<u>(837.194)</u>	<u>(934.745)</u>

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	<u>December -20</u>	<u>December -19</u>
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	<u>4.614.622</u>	<u>17.003.419</u>
Recognized to other comprehensive income		
<i>In RON</i>		
Detailed on the following page	-	-

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

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, 2019 were 5% and (2018: 5%)

<i>In RON</i>	<u>December -20</u>	<u>December -19</u>
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	<u>2.249.099</u>	<u>1.422.354</u>

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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		

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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.

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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. FAIR VALUE HIERARCHY (continued)

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

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33. FAIR VALUE HIERARCHY (continued)

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
		-		Weighted average cost of capital: 12,75% Lack of liquidity discount: 15,60%	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
2	Unquoted majority interests		Discounted cash flows	Long-term income growth rate: 1,30%	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	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			

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33. 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 % 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	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
5	Unquoted bonds	6.138	Net asset value at amortized cost	Lack of control discount: 10% Long-term income growth rate: 2%	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
6	Loans granted	12.111.428	Discounted cash flows	Return rate of (IRR): 8,23%	The lower the cash flow discount rate, the higher the fair value
7	Fund units unquoted Smart Money	2.716.064	Net asset value	Cash flow discount rate – 5.5%	The book value is identified by equity. The lower the resulting price/accounting value, the lower the fair value.
	Total	<u>23.854.302</u>		Market value of equity Weighted average cost of capital: 10,50%	The lower the weighted average cost of capital, the higher the fair value

33. 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. Valuers estimate the discount for lack of marketability based on their professional judgement after considering market liquidity conditions and company-specific factors.

34. 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.



SSIF BRK FINANCIAL GROUP S.A.

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    BRK FINANCIAL GROUP

www.brk.ro



S.S.I.F. BRK Financial Group S.A.

Calea Mitorilor, nr. 119
Cluj Napoca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders' of S.S.I.F. BRK Financial Group S.A.

Opinion

We have audited the financial statements of the S.S.I.F. BRK Financial Group S.A. (BRK Financial Group or the "Company"), which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The financial statements as at December 31, 2020 are identified as it follows:

- Shareholder's Equity 68.645.523 lei
- Net Profit 1.879.074 lei

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with the F.S.A. Rule No. 39/2015 approving the Accounting Regulations compliant with International Financial Reporting Standards (IFRS), applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole and in forming an opinion on the

financial statements and we do not express an opinion on these individual matters.

Key Audit Matter	Our Approach
<p>Financial Assets Valuation</p> <p><i>Listed Financial Assets</i></p> <p>Company listed financial assets portfolio value has been considered a key aspect for the performance of the Company. We did not consider those listed financial assets to have a significant risk or affected by significant professional judgements due to their high liquidity. However, due the importance in the financial statements as a whole, this category has been considered significant when planning for our audit strategy and resource allocation.</p> <p><i>Unlisted Financial Assets</i></p> <p>The Company holds shares of unlisted entities and loans allowed to those entities. Valuation of those financial assets is performed by independent appraisers or by accepted valuation methodologies, as it is mentioned in Note 2 (i) to the financial statements. This is a key audit matter due to the significance in the financial statements. At the date of December 31st, 2020, the net difference from the revaluation of the unlisted share instruments, booked to revenues, was of 2,231 thousand lei.</p>	<p>Our audit procedures on the valuation, existence and completeness of the financial assets’ portfolio included, without been limited to:</p> <ul style="list-style-type: none"> • documenting and assessing the processes in place to record investment transactions and to value the portfolio • marking the valuation of 100 percent of investments in the portfolio to externally quoted prices • examination of the documentation and valuation process and accounting of the listed financial assets • we have obtained the net assets values of the companies included in the portfolio • external confirmation of the investment holding <p>Our audit procedures on the valuation, existence and completeness of the financial assets’ portfolio included, without been limited to:</p> <ul style="list-style-type: none"> • documenting and assessing the processes in place to record investment transactions and to value the portfolio • the valuation of unlisted entities has been performed by professional appraisers authorized by ANEVAR or by inside company specialists. We have involved our valuation specialists and obtained the valuation reports and analyzed from the view of respecting the valuation standards applicable in Romania • examination of the documentation and valuation process and accounting of the listed financial assets • we have obtained the net assets values of the companies’ existent in the portfolio • external confirmation of the investment holding

House Financial Asset's separation from the Client's Assets

The Company is a stock exchange broker and house financial assets and instruments should be disclosed separately from the clients' assets.

Our procedures included, without being limited to:

- identifying and testing the internal control relevant procedure
- testing and direct confirmation for a sample of transactions
- transaction reconciliation for the audited period

Other Matters

At the date of our audit report, the capital markets and the European economies continue to be affected by the effects of the COVID-9 pandemic, Romania being in the same situation. Those evolutions would probably determine revisiting the basic factors on which the financial assets, loans and participations are valued, without been able to precisely estimate the effects of those events to the future results of the Company. The management is monitoring those events and their influence on the Company's operations.

We draw the attention to Note 37 to the financial statements were it is mentioned that during February 2021 a private placement of Firebyte Games SA subsidiary has been completed allocating 8.8 mil shares to investors for a subscription price of 0.56 lei/share. At the date of the financial statements BRK held 63.84% of the share capital of Firebyte Games SA.

Other Information: The Director's Report

The directors are responsible for the preparation and presentation of other information. That information includes the Directors' Report, but do not include the individual financial statements and the audit report.

The directors' report is not part of the individual financial statements. Our opinion on the individual financial statements do not cover the director's report.

In relation with the individual financial statements for the year ended December 31, 2020, our responsibility is to read that other information and to assess if this information differs significantly to the individual financial statements or if it is significantly misstated.

In relation with the Director's Report, we have read and we report that it was prepared, in all material respects, in accordance with the F.S.A. Rule no. 5/2018 and the Rule no. 39/2015 for entities supervised and regulated by the F.S.A.

In our opinion:

- a) Nothing was identified by us that makes us believe that the information presented in the director's report, in all material respects, is not in accordance with the individual financial statements
- b) The director's report mentioned above includes, in all material respects, the information requested by the F.S.A. Rule no. 5/2018 and Rule no. 39/2015 for the approval of the accounting regulations in accordance

with the International Accounting Reporting Standards, applicable for the entities authorized, regulated and supervised by the Financial Supervisory Authority (“F.S.A.”) for the Financial Instruments and Investments Sector.

Based on our understanding and knowledge obtained during our audit on the S.S.I.F. BRK Financial Group S.A. financial statements prepared for the year ended December 31, 20 and, on its environment, we are asked to report if we have identified significant misstatements in the directors’ Report. We have nothing to report concerning this aspect.

Report on specific regulation concerning S.S.I.F.

In relation with our audit on the financial statements as at December 31, 2020 and considering:

- the provisions in the art. 56 and 61 of the Law no. 126/2018 regarding the prudential rules that intermediaries have to respect for the assurance of the separation of the financial instruments and the funds owned by clients and by the intermediary
- the provisions of art. 21 of the F.S.A. regulation no. 10/2018, with further changes and additions we report that:
 - a) We have reviewed the procedures that ensure the separation of the financial instruments owned by the investors and those owned by the intermediary, aimed at protecting their ownership rights, as well as against the use of those financial instruments by the intermediaries, in transaction on their own, except for situations where the investors give their clear consent.
 - The Company applies procedures that insure the separation of the financial instruments of their own portfolio from the one owned by their clients.
 - b) We have reviewed the procedures that ensure the separation of the investors’ funds with the purpose of protecting the ownership right, except for the credit institutions, in order to prevent the use of such funds in the Company’s interest.
 - The Company applies procedures to ensure the separation of the investors’ funds from the own’s fund or that are used in the Company’s interest.
 - c) We have reviewed the accounting and data processing procedures that are designed to ensure the separation of the funds and financial instruments of the investors and the intermediary.
 - The Company designed chart of accounts and opened bank accounts that ensure that investors and own funds are separated.
 - The data processing systems ensure the use of accounts and codes specific in order to separate the above-mentioned items.

Based on our knowledge and the understanding obtained during our audit of the financial statements for the year ended December 31, 2020 of S.S.I.F. BRK Financial Group S.A. and its environment, we did not identify data and nothing came to our attention that make us believe that the Company does not comply to the objectives described in the above paragraphs at the level of the reporting entity.

*Responsibilities of
Management and
Those Charged
with Governance
for the Financial
Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the F.S.A. Rule 39/2015 and for such internal control as management determines is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

*Auditor's
Responsibilities
for the Audit of the
Financial
Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Report on Other
Legal and
Regulatory
Requirements*

We have been nominated as auditors for the financial statements by the General Assembly of Shareholders of S.S.I.F. BRK Financial Group SA for the year ended December 31, 20. The total duration of our engagement is of 3 years, covering the years ended December 31, 2019, 2020 and 2021.

We confirm that our opinion on the financial statements is according to the supplementary report presented to the Company’s Audit Committee at the same date as this report. We have been independent throughout our engagement to the Company.

We confirm that we have not deliver any other non-audit services as mentioned in the art. 5 par. (1) of the EU regulation no. 537/2014.

In the name of
JPA Audit și Consultanță S.R.L.
Bd. Mircea Vodă 35, etaj 3, sector 3 Bucuresti
Registered Auditor ASPAAS FA319



Florin Toma
Registered Auditor ASPAAS AF1747

**Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)**
Firma de Audit:
JPA AUDIT & CONSULTANȚĂ S.R.L.
Registrul Public Electronic: **FA 319**

**Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)**
Auditor financiar: **FLORIN TOMA**
Registrul Public Electronic: **AF 1747**

Bucharest
March 25th, 2021

No. 1309



Consolidated 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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Consolidated Statement of Financial Position as of December 31 2020

<i>In RON</i>	2020	2019
Assets		
Intangible assets	1.681.040	2.308.808
Tangible assets	8.035.979	5.914.801
Real estate investments	-	669.959
Financial assets measured at fair value through profit or loss	45.510.488	41.468.492
Financial assets at amortized cost	-	-
Loans granted	7.772.861	12.111.428
Receivables	1.184.648	1.065.958
Other financial assets	72.450.110	24.773.144
Client bank accounts	51.746.125	53.626.771
Cash and equivalents	5.350.843	1.240.115
Assets held for sale	-	303.389
Prepayments		
Total assets	193.732.095	143.482.865
Equity		
Share capital	54.039.987	54.039.987
Adjustment of share capital	4.071.591	4.071.591
Treasury shares	(24.047)	(24.047)
Share premiums	5.355	5.355
Other reserves	14.604.757	11.163.983
Current result	1.493.317	7.283.070
Reported result	(7.368.801)	(13.564.158)
Total shareholders' equity	66.822.158	62.976.641
Non-controlling interests	608	407
Total equity	66.822.767	62.977.048
Liabilities		
Payables	-	-
Financial leasing	-	-
Income in advance	-	-
Deferred taxes	-	-
Total long-term liabilities	126.909.329	80.505.817
Short-term bank liabilities	2.443.700	4.187.543
Current portion of financial leasing	-	28.640
Amounts due to customers	111.693.643	60.770.151
Payables	12.278.953	12.475.036
Income in advance	-	-
Provisions	493.033	3.044.447
Total current liabilities	126.909.329	80.505.817
Total liabilities	126.909.329	80.505.817
Total equity and liabilities	193.732.095	143.482.865

Chairman of the Board,
Robert Danila

Economic Director,
Sandu Pali

CEO,
Monica Ivan

The accompanying notes are an integral part of these financial statements

Consolidated statement of comprehensive income

Reported on December 31 2020

	31-Dec-20	31-Dec-19
Income from continuing operations		
Intermediation	11.542.292	7.043.227
Fee and commission income	9.636.492	6.240.552
Corporate income	1.041.523	356.522
Other intermediation income	864.276	446.153
	-	
Income from Market Making	3.947.487	1.190.869
Net gains from transactions	3.362.768	1.122.551
Other MM income	584.720	68.318
Other income from continuing operations	286.580	254.072
Salaries and employee benefits	(5.320.149)	(5.562.816)
Fee and commission expenses	(2.550.132)	(1.134.423)
Expenses with external benefits	(2.392.814)	(2.274.970)
Expenses related to third parties	(526.979)	(316.490)
Other expenses related to continuing operations	(923.755)	(1.033.285)
Adjustments related to tangible and intangible assets	(955.553)	(1.031.670)
Profit / (loss) from continuing operations	3.106.976	(2.865.486)
Net gains/(losses) from financial instruments	(3.682.930)	8.208.882
Dividend income	763.788	337.433
Income from trading with shares and bonds	4.706.730	10.479.419
Loss from trading with shares and bonds	(9.153.448)	(2.607.970)
Net gain/(loss) from financial assets at fair value through profit or loss	(1.360.014)	5.658.464
Income from financial assets at fair value through profit or loss	12.325.541	13.044.426
Loss from financial assets at fair value through profit or loss	(13.685.556)	(7.385.962)
Net gain/(expense) from provisions related to financial instruments	3.146.502	(2.906.103)
Income from the cancellation of provisions	5.349.752	196.606
Expenses related to provisions	(2.203.250)	(3.102.709)
Other net interest gain/(loss)	520.158	1.757.461
Interest income	481.917	1.137.057
Income from margin accounts	232.752	299.586
Other interest income	243.723	553.167
Interest expense	(205.946)	(374.117)
(Expenses)/Income from exchange rate differences (house)	(232.287)	141.768
Net gain/(expense) from provisions related to risk	(408.433)	(2.919.859)
Expenses with provisions related to risk	(3.132.324)	(3.000.352)
Income from the cancellation of provisions	2.807.845	67.828
Other net provisions	(83.954)	12.665
Other net gain/(loss)	201.209	385.265
Net gain/(loss) from the sale of assets	190.009	110.393
Other operating expenses	(37.745)	(78.609)
Other operating income	48.945	353.481
Result from operating activities	1.523.468	7.318.624
Profit before taxes	1.523.468	7.318.624
Taxes	(30.151)	(35.110)
Profit from continuing operations	1.493.317	7.283.514
Discontinued operations	-	-
Loss from discontinued operations (after tax)	-	-
Profit for the period	1.493.317	7.283.514

The accompanying notes are an integral part of these financial statements

Consolidated statement of comprehensive income – continued

Reported on December 31 2020

In RON

Other elements of comprehensive income	-	-
Net change in the fair value of available-for-sale financial assets transferred through profit or loss	-	-
Elements that can be reclassified through profit and loss		
Net change in the fair value of available-for-sale financial assets	-	-
Free shares received classified as available for sale	-	-
Changes in the value of fixed assets available for sale	-	-
Elements that cannot be reclassified through profit and loss		
Changes in the value of fixed assets used	2.353.092	-
Changes in the value of real estate investments	-	-
Establishment / cancellation of profit reserves for granting free shares to employees	-	-
Tax related to other elements of the overall result	-	-
Total other elements of comprehensive income for the period	2.353.092	-
Total profit and loss account and other elements of comprehensive income for the period	4.232.129	7.283.514
Profit attributable to:		
Shareholders	1.493.018	7.282.057
Non-controlling interests	299	1.457
Profit for the period	1.493.317	7.283.514
Total comprehensive income attributable to		-
Shareholders	2.353.092	-
Non-controlling interests	-	-
Total comprehensive income	2.353.092	7.283.514
Earnings per share		
Basic earnings per share (RON)	0,0044	0,0216
Diluted earnings per share (RON)	0,0044	0,0216
Continuing operations		
Basic earnings per share (RON)	0,0044	0,0216
Diluted earnings per share (RON)	0,0044	0,0216
31.12.2020		
Weighted average number of shares:	337.749.919	337.749.919

Chairman of the board,
Robert Danila

Economic Director,
Sandu Pali

CEO,
Monica Ivan

SSIF BRK FINANCIAL GROUP SA
Notes to the Consolidated Financial Statements IFRS

RON	Share capital	Adjustment of share capital	Treasury shares	Share premiums	Revaluation differences	Legal reserves	Reported result from IFRS transition	Reported result	Total equity
	54.039.986	4.071.590	(24.048)	5.354	3.524.052	4.995.524	2.748.759	(4.173.240)	62.977.048
Balance Jan 1 2020									
Profit for the period	-	-	-	-	-	-	-	1.879.074	1.879.074
Other elements of comprehensive income	-	-	-	-	-	-	-	-	-
Gains from profit and loss	-	-	-	-	-	93.954	-	(93.954)	-
Changes in the value of fixed assets available for sale	-	-	-	-	-	-	-	-	-
Changes in the value of fixed assets used	-	-	-	-	-	-	-	-	-
Changes in the value of real estate investments	-	-	-	-	2.353.092	-	-	-	-
Other capital changes	-	-	-	-	-	-	-	-	-
Deferred income tax related to fixed assets	-	-	-	-	-	-	-	-	-
Changes in the comprehensive profit and loss account	-	-	-	-	-	-	-	-	-
Decreases of share capital	-	-	-	-	-	-	-	-	-
Transfer of revaluation differences for assets sold at reserves	-	-	-	-	-	-	-	-	-
Transfers in the reported result	-	-	-	-	-	-	-	-	-
Total other elements of comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	2.353.092	93.954	-	1.785.120	-
Trading with own shares	-	-	-	-	-	-	-	-	-
Own share buybacks	-	-	-	-	-	-	-	-	-
Total trading with own shares	-	-	-	-	-	-	-	-	-
Balance Dec 31 2020	54.039.986	4.071.590	(24.048)	5.354	5.877.144	5.089.478	2.748.759	(3.162.740)	66.822.767

Consolidated statement of changes in equity for 31.12.2020

Chairman of the Board,
Robert Danila
CEO,
Monica Ivan

Economic Director,
Sandu Pali

The accompanying notes are an integral part of these financial statements

Individual statement of changes in equity for 2019

RON	Share capital	Adjustment of share capital	Treasury shares	Share premiums	Revaluation differences	Legal reserves	Reported result from IFRS transition	Reported result	Total equity
Balance Jan 1 2020	54.039.986	4.071.590	(24.048)	5.354	3.524.052	4.587.874	(774.563)	(9.113.907)	56.260.406
Profit for the period	-	-	-	-	-	-	-	7.745.366	8.153.016
Other elements of comprehensive income	-	-	-	-	-	-	0	-	-
Gains from profit and loss	-	-	-	-	-	407.650	-	-	-
Changes in the value of fixed assets available for sale	-	-	-	-	-	-	-	-	-
Changes in the value of fixed assets used	-	-	-	-	-	-	-	-	-
Changes in the value of real estate investments	-	-	-	-	-	-	-	-	-
Other capital changes	-	-	-	-	-	-	-	-	-
Deferred income tax related to fixed assets	-	-	-	-	-	-	-	-	-
Changes in the comprehensive profit and loss account	-	-	-	-	-	-	-	-	-
Decreases of share capital	-	-	-	-	-	-	-	-	-
Transfer of revaluation differences for assets sold at reserves	-	-	-	-	-	-	-	-	-
Transfers in the reported result	-	-	-	-	-	-	-	-	-
Total other elements of comprehensive income	-	-	-	-	-	-	-	(2.804.699)	(2.804.699)
Total comprehensive income for the period	-	-	-	-	-	407.650	-	7.745.366	8.153.016
Trading with own shares	-	-	-	-	-	-	-	-	-
Own share buybacks	-	-	-	-	-	-	-	-	-
Total trading with own shares	-	-	-	-	-	-	-	-	-
Balance Dec 31 2020	54.039.986	4.071.590	(24.048)	5.354	3.524.052	4.995.524	2.748.759	(4.173.240)	62.977.048

Chairman of the Board,
Robert Danila
 CEO,
Monica Ivan

Economic Director,
Sandu Pali

The accompanying notes are an integral part of these financial statements

Individual statement of cash flows for 2020

	31.12.2020	31.12.2019
	RON	RON
Operating activities:		
Gross profit	1.493.317	7.283.070
Adjustments to reconcile net income with net cash used in operating activities:		
Adjustments to the value of tangible and intangible assets	-	-
Income from redemption of own shares	-	-
Impairment losses on available-for-sale financial assets	(5.812.970)	(5.297.590)
Gains (-) / (+) unrealized losses from the valuation of financial assets	-	-
Adjustments to the value of short-term investments	-	-
Income tax	(95.845)	37.330
Provisions for current and fixed assets	(2.465.000)	2.895.198
Provisions for risks and expenses	205.946	374.117
Interest expenses	(1.683.090)	(2.308.167)
Interest income	(749.371)	(822.354)
Dividend income	(3.362.768)	(981.653)
Relative earnings certified turbo and IG	(431.909)	(350.523)
Gain / (loss) on the sale of property, plant and equipment	-	(26.320)
Income from exchange rate diff, related to IB, IG	3.834.873	973.142
Increase / (decrease) in operating cash before changes in working capital	(7.217.872)	3.744.949
Changes in working capital:		
(Increase) / Decrease in the balances of other receivables	503.394	(381.298)
Increase / (Decrease) in trade and other debt balances	(2.754.904)	3.213.133
Increase / (Decrease) in available-for-sale asset balances	-	-
Net cash flow generated by operational activities	(9.469.382)	6.763.612
Cash flows from operating activities:		
Paid income taxes	-	-
Interest receipts	963.849	852.470
Paid interest	(205.081)	(221.543)
Net cash flows generated by operating activities	(8.710.614)	7.394.539
Cash flows from investment activities:		
Cash payment for the purchase of tangible and intangible assets and real estate investments	(82.445)	405.369
Payment in cash for the purchase of financial instruments	8.018.285	22.629.048
Cash receipts from the sale of land and buildings, plant and equipment, intangible assets and other long-term assets	1.163.357	-
Dividends received	2.263.536	1.444.669
(Loans granted) / reimbursed affiliates and customer margin accounts	(2.930.000)	(8.260.550)
	-	-
Net position in sales from turbo certificate sales and IG payments	5.924.158	3.559.668
Interest receipts	128.291	443.617
Dividends paid	(1.500.000)	(1.107.421)
Net cash flow generated by investment activities	12.985.182	19.114.399

	31.12.2020	31.12.2019
	RON	
Cash flows from financing activities:		
Payment for purchase through leasing	(26.413)	(11.837)
Receipts / payments for short-term bank loans	(1.743.969)	(4.991.870)
Net cash flow generated by financing activities	(2.230.083)	(5.003.707)
Cash flows - total	(2.504.186)	19.349.704
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	54.866.885	35.517.181
Increase / (decrease) in cash and cash equivalents	2.230.084	19.349.704
The effect of changes in the exchange rate on the opening balance of cash and cash equivalents	-	-
Cash and cash equivalents at the end of the period	57.096.969	54.866.885
Of which unavailable (under seizure)	-	4.980.780
Of which :		
Cash held on behalf of clients	51.746.125	53.626.771
Cash held on behalf of the company	5.350.843	1.240.115

Chairman of the Board,
Robert Danila
CEO,
Monica Ivan

Economic director,
Sandu Pali

1. REPORTING ENTITY

SSIF BRK Financial Group S.A. ("The Company") is a financial investment company based in Romania. The address of the registered office is Cluj-Napoca, str Motilor nr 119. The consolidated financial statements of the Company for the financial year ended December 31, 2020 include SSIF BRK Financial Group SA, its subsidiaries and a company consolidated by equivalence (hereinafter referred to as "Group ", Respectively" Group entities ").

The main activity of the parent company is the intermediation of financial investment services and the management of its own portfolio of financial assets, and the activities of the subsidiaries and the associated company are oriented towards the administration of investment funds, the production of canned meat and, with a lower share of services. insurance.

The financial statements of SSIF BRK FINANCIAL GROUP S.A. represent the consolidated financial statements ("consolidated statements") of the company and have been prepared in accordance with the requirements of the FSA Instruction. no. 2/2014 on the application of International Financial Reporting Standards by entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector, as subsequently amended, and Norm no. 39/2015 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards adopted by the European Union ("IFRS"), applied by the entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector and are the responsibility of management Society.

The consolidated annual financial statements for the financial year 2020 have been prepared based on the regulations, standards and accounting policies included in these financial statements.

These consolidated financial statements have been authorized for publication in March 2021 by the Board of Directors of SSIF BRK FINANCIAL GROUP SA, without the possibility of their modification after this date.

SSIF BRK FINANCIAL GROUP SA also issued individual financial statements in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS") for the financial year ended 31.12.2020.

2. ENTITIES IN THE GROUP

Subsidiaries of the group

At December 31, 2020, the Group consolidated an associate entity, presented below:

Group	Headquarters	Type	Stake	
			2020	2019
S.A.I. Broker S.A.	Cluj-Napoca, Romania	subsidiary	99.98%	99.98%

Name of subsidiary: S.A.I. Broker S.A.

Headquarters location: Cluj-Napoca, str. Motilor nr. 119, judet Cluj

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

Legal form: S.A.

Unique code: 30706475

Main activity: Alte intermediari financiare

Description: S.A.I. Broker S.A. is an investment fund management company. It was set up on September 26, 2012.

S.A.I. Broker S.A. manages on 30.12.2020, 9 investment funds with assets in total value of: 189.14 million lei:

- Closed-End Investment Fund BET-FI Index Invest
- FIX INVEST Open-End Investment Fund
- SMART Money Private Investment Fund
- Optim Invest Closed-End Investment Fund
- Prosper Invest Open-End Investment Fund
- Fortuna Classic Open-End Investment Fund
- Fortuna Gold Open-End Investment Fund
- H.Y.B Invest Open-End Investment Fund;
- ALPHA Invest Open-End Fund.

3. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements are prepared by the Company in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS"). The Company has prepared these half-yearly financial statements in accordance with IAS 34 Interim Financial Reporting, and with the requirements of Norm 39/2015, updated, for the approval of the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority. from 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 evaluation

The financial statements have been prepared based on historical cost, except for the following significant elements of the statement of financial position:

- Financial assets held at fair value through profit or loss are measured at fair value;
- derivative financial instruments are measured at fair value;
- real estate investments are valued according to the model based on revaluation, in accordance with the provisions of IAS 40;
- fixed assets representing buildings and related land are valued at revalued value, in accordance with the provisions of IAS 16;
- fixed assets available for sale are measured at fair value, according to IFRS 5 regulations;
- In accordance with IAS 29, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy must be presented in the current unit of measurement at the balance sheet date (non-monetary items are restated using a general price index from the date of acquisition or contribution).

3. BASIS OF PREPARATION (continued)

According to IAS 29, an economy is considered to be hyperinflationary if, among other factors, the cumulative inflation rate over a three-year period exceeds 100%.

The continuous decrease of the inflation rate and other factors related to the characteristics of the Romanian economic environment indicate that the economy whose functional currency was adopted by the Company has ceased to be hyperinflationary, with effect on the financial periods starting with January 1, 2004. IAS 29 was adopted in the preparation of the individual financial statements as of December 31, 2003.

Thus, the values expressed in the current unit of measurement at December 31, 2003 are treated as the basis for the carrying amounts reported in the individual financial statements and do not represent measured values, replacement costs, or any other measurement of the current value of assets or prices. would take place at this time.

- For the purpose of preparing the individual financial statements, the Company adjusts the share capital to be expressed in the current unit of measurement on December 31, 2003.

Continuity of activity

Based on the management's own evaluations, the Company will continue to operate in the foreseeable future. The Company's management estimates the continuity of the activity for a period longer than 12 months from the date of preparation of the present financial statements.

Determining fair values

Certain accounting policies of the entity and disclosure requirements require the determination of fair value for both financial and non-financial assets and liabilities. Fair values were determined for the purpose of evaluating and / or presenting the information based on the methods described below. Where applicable, additional information is provided on the assumptions used in determining fair values in the specific notes of the respective asset or liability.

- Equity and bond investments

Other fair value forms that do not rely on the last trading price are as follows

- Trading price: 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.
- Fair value determined through Dividend Discount Model (DDM): 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.
- Fair value determined through Discounted Cash Flows (DCF): 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.
- Fair value determined by the asset method: If the company has valuable redundant assets and the operating activity is small, the evaluation price is considered to be the intrinsic value resulting from the application of the adjusted net asset value.
- Fair value determined through relative valuation: 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).

3. 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 RON / EUR, 3.9660 RON / USD and 5.4201 RON / GBP (December 31, 2019: 4.7793 RON / EUR, 4.2608 RON / USD, and 5.6088 RON / 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 estimates and assumptions underlying them are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate has been revised and in future periods affected.

3. 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

4. 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 IFR9

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 de-recognition 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 maximizing 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 IFRS9 as of January 1, 2018 compared to their previous amount under IAS39, except those presented below

4. 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 sense, these instruments are classified in stage 1, stage 2 or stage 3 according to their absolute or relative credit quality in terms of initial payments. So:

Stage 1: includes (I) newly recognized exposures; (ii) exposures for which the credit risk has not been significantly impaired since initial recognition; (iii) low credit risk exposures (low 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.

4. 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 present value of future cash flows, the basic requirement is to identify estimated collections, the payment schedule and the discount rate used.

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

- exposures for which the Company evaluates that it is unlikely that the debtor will pay its obligations in full, regardless of the value of the exposures and the number of days for which the exposure is overdue;
- 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, and 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.

i. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**c) Imobilizari corporale**

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.

i) 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.

j) 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

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

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

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 the income statement based on accrual accounting, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**s) Financial income and expenses (continued)**

Dividend income is recognized in the income statement on the date on which the entity's right to collect dividends is established, which in the case of quoted instruments is given ex-dividend.

Financial expenses include:

- impairment losses recognized in financial assets recorded at fair value through profit or loss;
- Foreign exchange gains and losses are reported on a net basis.

t) Income tax

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

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

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

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

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

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

u) Earnings per share

The Group presents information on basic and diluted earnings per share for its ordinary shares. The result per basic share is calculated by dividing the profit or loss attributable to the holders of ordinary shares of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted by the value 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)

The operating results of an operating segment are periodically reviewed by the Company's management to make decisions about the resources to be allocated to the segment and to analyze its performance, and for which separate 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 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 involves an acquisition to include input data and a background 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 de-recognition
- Adding various evaluation bases and

Mention 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 only be recycled when this improves the relevance and accurate picture of the financial statements.

a) As of 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 due to COVID-19** - 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 Group from deducting from the cost of a tangible asset income generated as a result of using the asset for the period in which the 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 landlord payments regarding modernizations, to remove confusion regarding the treatment of rent advantages.
- - 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 anticipate 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Standards and interpretations issued by IASB, 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).

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

4. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk
- Operational risk
- Exchange rate risk
- Currency risk

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

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 risks 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 the business strategy. In terms of risk appetite, it represents 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.

Tolerance 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% of fp
Market risk	Securities					Very high
	Debt securities		Low			
	OPCVM			Medium		
Currency risk		Very low (0 - 5%)	Low (5% - 10%)	Medium (10% - 12%)	High (12% - 15%)	Very high > 15% of fp
Riscul de credit		Very low (0 - 40%)	Low (40% - 80%)	Medium (80% - 120%)	High (120% - 140%)	Very high > 140% din fp
Counterparty risk		Very low (0 - 4%)	Low (4% - 8%)	Medium (8% - 12%)	High (12% - 15%)	Very high >15%
Concentration risk		Very low	Low	Medium	High	Very high
	Sector	< 5%	(5% - 10%)	(10% - 15%)	(15% - 20%)	>20%
	Entity	< 5%	(5% - 15%)	(15% - 20%)	(20% - 25%)	>25%
Operational risk		Very low (0 - 15%)	Low (15% - 30%)	Medium (30% - 40%)	High (40% - 50%)	Very high > 50% of fp
LCR (liquidity indicator)		Very low > 5	Low (3.5 - 5)	Medium (2 - 3.5)	High (1 - 2)	Very high < 1
Portfolio liquidity		Very low > 50%	Low (40% - 50%)	Medium (30% - 40%)	High (20% - 30%)	Very high < 20 % of total

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					<i>portfolio</i>
Leverage	Very low	Low	Medium	High	Very high
	> 50%	(40% - 50 %)	(30% - 40%)	(20% - 30%)	< 20%
RAC (adequacy rate)	Very low	Low	Medium	High	Very high
	> 50%	(35% - 50%)	(25% - 35%)	(18% - 25%)	< 18%

Market risk refers to the risk that the company will incur losses 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

Credit risk

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

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

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

<i>In RON</i>	December-20	December-19
Banca Transilvania	27.378.164	21.737.005
BRD - Group Societe Generale	983.963	6.180.052
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	-	-
Cash	401	15.835
Total current accounts and bank deposits	57.145.680,98	54.883.426,87

Fair value bond exposures

<i>In RON</i>	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

<i>IN RON</i>	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.

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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	56.764.415	56.764.415	-	-	-
Deposits	380.865	380.865	-	-	-
Fair value assets through profit or loss	43.147.259	-	-	-	50.333.788
Loans granted	8.400.502	942.641	7.257.861	200.000	-
Fair value bonds	1.735.589	-	-	1.735.589	-
Other financial assets	72.778.999	-	-	-	72.778.999
Total financial assets	183.207.629	58.087.921	7.257.861	1.935.589	123.112.787
Financial liabilities	2.613.629	2.613.629	-	-	-
Dividends payable	-	-	-	-	-
Liabilities at amortized cost	247.000	-	-	-	-
Total financial liabilities	2.860.629	2.613.629	-	-	-

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	54.437.772	54.437.772	-	-	-
Deposits	429.114	429.114	-	-	-
Fair value assets through profit or loss	45.445.493	-	-	-	45.445.493
Loans granted	12.484.881	1.598.003	5.869.048	5.017.830	-
Fair value bonds	1.719.935	-	-	1.719.935	-
Other financial assets	25.353.259	580.195	-	-	24.773.064
Total financial assets	139.870.454	57.045.084	5.869.048	6.737.765	70.218.557
Financial liabilities	4.367.583	4.367.583	-	-	-
Dividends payable	-	-	-	-	-
Other financial liabilities	241.900	241.900	-	-	-
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 categories

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 it 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.

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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	56.764.415	56.764.415	-	-	-
Deposits	380.865	380.865	-	-	-
Fair value assets through profit or loss	43.147.259	-	-	-	50.333.788
Loans granted	8.400.502	942.641	7.257.861	200.000	-
Fair value bonds	1.735.589	-	-	1.735.589	-
Other financial assets	72.778.999	-	-	-	72.778.999
Total financial assets	183.207.629	58.087.921	7.257.861	1.935.589	123.112.787
Financial liabilities					
Financial liabilities	2.613.629	2.613.629	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortized cost	247.000	-	-	-	-
Total financial liabilities	2.860.629	2.613.629	-	-	-

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	54.437.772	54.437.772	-	-	-
Deposits	429.114	429.114	-	-	-
Fair value assets through profit or loss	45.445.493	-	-	-	45.445.493
Loans granted	12.484.881	1.598.003	5.869.048	5.017.830	-
Fair value bonds	1.719.935	-	-	1.719.935	-
Other financial assets	25.353.259	580.195	-	-	24.773.064
Total financial assets	139.870.454	57.045.084	5.869.048	6.737.765	70.218.557
Financial liabilities					
Financial liabilities	4.367.583	4.367.583	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortized cost	241.900	241.900	-	-	-
Total financial liabilities	4.609.483	4.609.483	-	-	4.609.483

Riscul valutar

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. 585/2013 with respect to capital adequacy

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

December 31 2020 Financial assets	RON	EUR	USD	Other currency
Cash and equivalents	55.716.032	1.026.968	4.498	26.767
Deposits	436.088	-	-	-
Fair value assets through profit or loss	47.554.975	-	7.218	1.852.629
Financial assets at fair value through other comprehensive income	792.108	-	-	-
Fair value bonds through profit or loss	2.430.846	247.474	-	-
Loans and advances granted	8.187.735	-	-	-
Other financial assets	6.738.127	49.587.171	20.900.442	-
Total financial assets	121.855.911	50.861.613	20.912.158	1.879.395

December 31 2019 Financial assets	RON	EUR	USD	Other currency
Cash and equivalents	54.426.285	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	1.028.478	-	-	-
Fair value bonds through profit or loss	55.391	-	-	-
Loans and advances granted	12.484.881	-	-	-
Other financial assets	11.249.576	7.953.764	6.149.920	-
Total financial assets	120.693.631	8.313.865	6.202.193	3.168.698

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:

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- 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

The group has three main segments that have different characteristics, so they require separate presentation:

- the intermediation segment
- trading segment
- the investment funds administration segment

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.).

Asset management

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 of 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.

Market making and liquidity

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.

Closed-End Investment Fund BET-FI Index Invest registered with the Financial Supervisory Authority under no. PJR05SAIR / 120031 dated 29.01.2013.

The purpose of establishing the Fund is exclusive and consists in attracting the financial resources available from individuals and legal entities through a regular public offer of fund units and investing these

resources mainly in shares that are part of the BET-FI index.

FIX INVEST Open-End Investment Fund, authorized by the Financial Supervisory Authority no. A / 8 / 14.02.2014.

SMART Money Private Investment Fund approved by the Financial Supervisory Authority with no. A / 19 / 09.04.2014.

The Optim Invest Closed-End Investment Fund operates on the basis of the Authorization of the Financial Supervisory Authority (FSA) no. A / 171 / 22.05.2015 and is registered in the FSA Register under no. CSC08FIIRS / 120040.

The fund is set up to attract, privately, the financial resources of qualified investors natural or legal persons, in order to invest them mainly in shares issued by companies and participation titles of UCITS and / or AOPC, in accordance with the provisions of the regulatory framework incident.

The Prosper Invest Open-End Investment Fund operates based on the Authorization of the Financial Supervisory Authority (FSA) no. A / 44 / 20.03.2015 and is registered in the FSA Register under no. CSC06FDIR / 120093.

The objective of the fund consists in the mobilization of financial resources, through a continuous offer of participation titles, in order to make investments on the capital markets, in the conditions of a high degree of assumed risk, specific to the investment policy provided in the Issue Prospectus.

Fortuna Classic Open-End Investment Fund is registered with FSA. with the number CSC06FDIR / 120008 dated 18.12.2003. The sole purpose of the fund is to make collective investments, placing financial resources in liquid financial instruments and operating on the principle of risk diversification and prudential management.

The Fortuna Gold Fund is registered with FSA. with the number CSC06FDIR / 120009 dated 18.12.2003. The sole purpose of the fund is to make collective investments, placing financial resources in liquid financial instruments and operating on the principle of risk diversification and prudential management.

FIA H.Y.B. Invest is registered with FSA. with the number CSC09FIAR / 120003 dated 08.08.2019.

The objective of the Fund is to increase the long-term capital invested through investments in debt instruments such as high-yield bonds (non-investment grade or junk).

FIA Alpha Invest is registered with FSA. with the number CSC09FIAR / 120002 dated 08.08.2019.

The objective of the Fund is to increase the long-term capital invested through investments in listed shares with favorable development prospects.

The information regarding the reportable segments is presented as follows:

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Notes to the consolidated financial statements IFRS

6. OPERATIONAL SEGMENTS (continued)

Information regarding the reporting segments

	Total of which:	Intermedia tion	Trading	Unallocated	Total of which:	Total of which:	Intermedia tion	Trading	Unallocated	Total of which:	All segments	
	AN 2020					An 2019					2020	2019
	11,542,292	3,243,134	8,299,158	-	-	10,198,533	6,692,477	3,506,056	-	-	11,542,292	10,198,533
Intermediation activity												
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	(4,661,989)	-	-	(4,661,989)	-	8,334,269	-	-	8,334,269	-	(4,661,989)	8,334,269
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	-	(2,906,103)	-	-	(2,906,103)	-	3,146,502	(2,906,103)
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)	(2,444,998)	-	-	-	(2,444,998)	(161,433)	(2,444,998)
Other net income / (expenses)	450,611	-	-	-	450,611	403,430	-	-	-	403,430	450,611	403,430
Personnel expenses	(5,320,149)	-	(1,623,758)	(1,190,515)	(2,505,876)	(6,369,263)	(789,377)	(806,447)	(1,484,995)	(3,288,444)	(5,320,149)	(6,369,263)
Market commission and intermediary expenses	(2,550,132)	-	(1,257,152)	(776,041)	(516,940)	(1,331,850)	(197,427)	(197,427)	(524,362)	(412,635)	(2,550,132)	(1,331,850)
Expenditures on external services	(2,509,526)	(93,625)	(331,294)	(747,344)	(1,337,264)	(2,528,799)	(207,642)	(97,337)	(410,952)	(1,812,868)	(2,509,526)	(2,528,799)
Expenses with collaborators	(526,979)	-	(526,979)	-	-	(632,980)	(316,490)	(316,490)	-	-	(526,979)	(632,980)
Other expenses	(1,091,696)	-	(190,578)	(255,047)	(646,071)	(1,269,574)	(87,429)	(87,429)	(161,178)	(933,538)	(1,091,696)	(1,269,574)
Adjustments of fair value assets net of goodwill	(955,553)	-	-	-	(955,553)	(1,031,670)	-	-	(58,528)	(973,142)	(955,553)	(1,031,670)
Total:	1,493,317	3,149,509	4,369,397	(397,744)	(5,627,846)	7,283,514	5,094,112	2,000,926	13,565,887	(9,453,753)	1,493,317	11,207,172

SSIF BRK FINANCIAL GROUP SA
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Profit of the segment before taxes	1,493,317	3,149,509	4,369,397	(397,744)	(5,627,846)	7,283,514	-	-	-	1,858,723	1,493,317	1,858,723
Segment marginal contribution rate							-	-	-	-	-	-
Segment assets of witch:	186,576,726	-	121,732,099	59,704,716	5,139,911	11,761,183	1,455,481	-	-	6,769,200	186,576,726	11,761,183
- Intangible assets	4,684,575	269,758	-	3,994,821	600	1,858,723	-	-	-	1,858,723	4,684,575	1,858,723
- Tangible assets	8,019,937	-	-	-	8,019,937	7,828,510	1,059,310	-	47,538,881	-	8,019,937	7,828,510
- Real estate investments	-	-	-	-	-	918,186	-	-	8,900,524	918,186	-	918,186
- Financial investments	48,761,259	-	-	48,761,259	-	48,577,556	396,171	-	780,930	-	48,761,259	48,577,556
- Loans and advances granted	8,189,790	-	-	7,772,861	419,396	37,531,349	-	28,630,824	-	-	8,189,790	37,531,349
- Receivables	73,364,611	-	69,985,974	3,170,597	208,041	54,424,236	-	53,643,306	-	(0)	73,364,611	-
- Available amounts	-	-	51,746,125	-	-	-	-	-	-	-	-	-
Liabilities, of which:	126,968,425	-	112,169,667	2,188,126	44,680	80,503,068	-	-	-	8,442	-	-
- client amounts	111,752,738	-	111,752,738	1	-	60,945,095	-	-	-	-	-	-

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

8. Intangible assets

<i>In RON</i>	Licenses and software	Prepaymen ts	Total
Cost			
Balance January 1 st 2019	6.079.632	27.820	6.107.452
Purchases	33.742	-	33.742
By transfers	(1.692)	-	(1.692)
Outflows	-	-	-
By transfers	-	-	-
Balance December 31st 2019	6.111.682	27.820	6.139.501
Balance January 1 st 2020	6.111.682	27.820	6.139.501
Purchases	3.797	-	3.797
By transfers	-	-	-
Outflows	22.523	-	22.523
By transfers	-	-	-
Balance December 31st 2020	6.138.002	27.820	6.165.821
Losses from depreciation and amortization			
	Licenses and software	Prepayments	Total
	3.168.968	-	3.168.968
Balance January 1 st 2019	663.419	-	663.419
Amortization during the year	1.692	-	1.692
Losses from depreciation recognized on expenses	-	-	-
Amortization of outflows	3.830.694	-	3.830.694
Balance December 31st 2019	3.830.694	-	3.830.694
Balance January 1 st 2020	631.565	-	631.565
Amortization during the year	-	-	-
Losses from depreciation recognized on expenses	22.523	-	22.523
Amortization of outflows	4.484.782	-	4.484.782
Balance December 31st 2020	4.484.782	-	4.484.782
Carrying amounts			
	Licenses	Prepayments	Total
Balance January 1 st 2019	2.910.664	27.820	2.938.484
Balance January 1 st 2019	2.280.987	27.820	2.308.808
Balance December 31 st 2019	2.280.988	27.820	2.308.808
Balance January 1 st 2020	2.280.988	27.820	2.308.808
Balance December 31 st 2020	1.653.219	27.820	1.681.039

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.

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

9. TANGIBLE ASSETS

<i>In RON</i>	Land and buildings	Plant and equipment	Office equipment	Non-current assets in usage	Total
Balance January 1st 2019	6.036.262	1.638.105	313.567	12.823	8.000.756
Purchases and upgrades	-	13.922	-	9.520	23.442
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	-	-	-	-	-
Outflows of tangible assets:	-	-	-	-	-
- Through sale	-	-	-	-	-
- Through scrap	-	-	-	-	-
Balance December 31st 2019	6.036.262	1.652.028	313.567	22.343	8.024.198
Balance January 1st 2020	6.036.262	1.652.028	313.567	22.343	8.024.198
Purchases and upgrades	0	72.975	19.099	0	92.074
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
Outflows of tangible assets:	-	-	0	0	0
- Through sale	-	-	0	0	0
- Through scrap	0	(51.963)	0	0	(51.963)
Balance December 31st 2020	7.786.659	1.673.040	332.665	22.343	9.814.707

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

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	1.353.019	249.839	-	1.799.675
Amortization during the year	199.937	84.146	25.640	-	309.723
Losses from depreciation, of which:	-	-	-	-	-
- Expensed	-	-	-	-	-
- Deducted from the comprehensive income	-	-	-	-	-
Depreciation related to fixed assets outflows	-	-	-	-	-
Amortization of disposed non-current assets	-	-	-	-	-
Compensation of depreciation against re-evaluation	-	-	-	-	-
	396.754	1.437.165	275.479	-	2.109.398
Balance December 31st 2019	396.754	1.437.165	275.479	-	2.109.398
Balance January 1st 2020	199.937	89.765	28.283	-	317.984
Amortization during the year	-	-	-	-	-
Losses from depreciation, of which:	-	-	-	-	-
- Expense	-	-	-	-	-
- Deducted from the comprehensive income	- 596.690	- 51.963	-	-	648.653
Non-current assets outflows	-	-	-	-	-
Amortization of disposed non-current assets	-	-	-	-	-
Compensation of depreciation against re-evaluation	-	1.474.967	303.762	-	1.778.729
Balance December 31st 2020					
Carrying amounts:					
	5.839.444	285.086	63.727	12.823	6.201.082
Balance January 1st 2019	5.639.508	214.863	38.088	22.343	5.914.802
Balance December 31st 2019	-	-	-	-	-
	5.639.508	214.863	38.088	22.343	5.914.802
Balance January 1st 2020	7.786.659	198.074	28.904	22.343	8.035.978
Balance December 31st 2020					

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)

Prezentari privind reevaluarea

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			
	Quoted shares	14.960.878	18.801.233
	Quoted fund units	-	566.500
	Unquoted fund units	7.427.555	9.125.683
	Quoted bonds	3.035.972	1.613.030
	Unquoted bonds	1.036.617	106.905
	Unquoted shares	18.414.608	9.127.513
	Other financial instruments	634.859	2.127.627
		<hr/>	<hr/>
Total financial assets through profit or loss			41.468.491
Total financial investments		45.510.488	41.468.491

11. FINANCIAL INVESTMENT (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

<i>In RON</i>	<u>December-20</u>	<u>December-19</u>
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 capital of affiliated parties	-	500.000
Depreciation of loans	(300.000)	(3.446.502)
Net value of loans and advances granted	<u>7.772.861</u>	<u>12.111.485</u>

During 2020, the parent company SSIF BRK FINANCIAL GROUP granted loans to affiliated companies as follows: Romlogic SA - 1,100,000 lei, FireByte amount of 780,000 lei, GoCab Software amount of 2,000,000 lei In order to determine the fair value, the Company's management took into consider the future net cash flows 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.

During 2020, SAI Broker SA granted loans to Firebyte Games SA in the amount of 170,000 lei. Also, an additional act of extension of the loan contract was concluded on 12.03.2019 in the amount of 54,095 lei. During 2020, SAI Broker SA received from Firebyte Games SA interest in the amount of 13,349 lei.

During 2020, SAI Broker SA granted loans to GoCab Software SA in the amount of 400,000 lei. For these loans, SAI Broker SA received in 2020 interest in the amount of 29,207 lei.

During 2019, SAI Broker SA extends the loans granted to Firebyte Games SA in the amount of 171,948 lei and grants other loans in the amount of 100,000 lei. The interest calculated for these loans is 14,759 lei. In November 2019, SAI Broker SA subscribes GOCAB Software shares worth 89,100 lei. At the same time, in December 2019, SC GOCAB Software grants a loan of 50,000 lei, for which it calculates interest in the amount of 333 lei.

BRK FINANCIAL GROUP maintained the service offered to clients to perform margin transactions. The credit balance in the margin granted to the clients on 31.12.2020 was of 4,004,733 lei.

lei. For the margin loans, the clients bring as guarantees the securities purchased with these loans, therefore there are no indications of depreciation and this represents the fair value on December 31, 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:

Companies	% ownership December 2020	Value December 2020	% ownership December 2019	Value December 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.

SSIF BRK FINANCIAL GROUP SA
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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
			- Fee income 3.358 Lei
			- Intermediation income 2.496 lei
SAI Broker	Ownership 99.98%	Asset management	- Rent income 34.200 lei
			-Dividend income 1.499.748 lei
			-Interest income 306.484 lei
Romlogic Technology SA	Ownership 90.75%		- 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:

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

14. NON-CURRENT ASSETS HELD FOR SALE

<i>In RON</i>	<u>December -20</u>	<u>December -19</u>
Balance January 1st	<u>303.389</u>	<u>544.721</u>
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	<u>-</u>	<u>303.389</u>

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

<i>In RON</i>	<u>December -20</u>	<u>December -19</u>
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	<u>914.854</u>	<u>659.937</u>

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 (continued)

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:

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

18. CAPITAL SI REZERVE (continuare)

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.

<i>In RON</i>	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

<i>In RON</i>	Decembrie-20	Decembrie-19
Re-evaluation differences of property, plant 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

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20. REPORTED RESULT

<i>In RON</i>	<u>December -20</u>	<u>December -19</u>
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 results 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	<u>(3.162.680)</u>	<u>(4.947.720)</u>

Reported result by transitioning to IFRS

The reported result from the transition to IFRS dates back to 2008.
The reported result 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	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
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	<u>Debit</u>	<u>Credit</u>
Share capital adjustments	-	4.071.591
Re-evaluation differences*	-	59.884
Other reserves**	-	2.748.760
Reported result from first adopting IAS 29	<u>6.880.234</u>	=
Total	<u>6.880.234</u>	<u>6.880.234</u>

* Incorporated re-evaluation reserves from 2011.

**Incorporated in 2007 upon merger with Investco.

21. TRADE AND OTHER PAYABLES

<i>In RON</i>	<u>December -20</u>	<u>December -19</u>
Payables	524.684	441.942
Liabilities to employees	158.873	184.224
Liabilities with state budget	217.093	126.638
Sundry creditors 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	<u>12.109.024</u>	<u>12.297.303</u>

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	<u>December -20</u>	<u>Decembrie-19</u>
Guaranteed credit lines	2.443.700	4.187.543
Current part of financial leasing liabilities	-	<u>28.639</u>
Current liabilities	<u>2.443.700</u>	<u>4.216.182</u>

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 Suceava Building Bucuresti	Operational	38.400	176.517
2	Bocsa Building Cluj-	Operational	157.000	721.698
3	Motilor	Operational	1.032.700	4.747.115
4	Apartment Iasi	Operational	41.000	188.469
	Total		<u>1.269.100</u>	<u>5.833.799</u>

22. BORROWINGS (continued)

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

<i>In RON</i>	December -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

<i>In RON</i>	December -20	December -19
Provisions		
Balance January 1st	2.802.547	149.249
Cancelled during the 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.

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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. INCOME FROM ASSET MANAGEMENT

<i>In lei</i>	Ongoing activities		Halted actives		Total	
	2020	2019	2020	2019	2020	2019
Revenues from commissions on the domestic market and administration Investment funds	6,301,623	5,405,787	-	-	6,301,623	5,405,787
Revenues from commissions on the foreign market	2,639,233	768,930	-	-	2,639,233	768,930
Income from related activities	695,637	146,100	-	-	695,637	146,100
Subtotal income from intermediation commissions and related activities	9,636,492	6,320,817	-	-	9,636,492	6,320,817
Income from corporate operations	1,041,523	356,522	-	-	1,041,523	356,522
Other intermediate income	864,276	365,888	-	-	864,276	365,888
Total income	11,542,292	7,043,227	-	-	11,542,292	7,043,227

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

<i>In RON</i>	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	<u>3.947.487</u>	<u>1.547.391</u>

27. PERSONNEL EXPENSES

<i>In RON</i>	<u>December -20</u>	<u>December -19</u>
Staff	(3,572,415)	(3,553,457)
Social contributions	(1,450,861)	(1,725,769)
Employee profit sharing	-	-
BoA remunerations	(296,873)	(283,590)
BoA profit sharing	-	-
Total personnel expenses through comprehensive income	<u>(5,320,149)</u>	<u>(5,562,816)</u>

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:

<i>In RON</i>	<u>December -20</u>	<u>December -19</u>
Internal Market commission expenses	(1,755,857)	(959,543)
International Market commission expenses	(813,598)	(192,645)
Total	<u>(2.550.132)</u>	<u>(1.134.423)</u>

29. EXPENDITURE ON SERVICES

<i>In RON</i>	<u>December -20</u>	<u>December -19</u>
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	(1,121,809)	(999,527)
Total	<u>(2,392,814)</u>	<u>(2,274,970)</u>

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30. OTHER OPERATING EXPENSES

Cheltuielile cu colaboratorii se refera la cheltuielile cu agentii de delegati in suma de 526.979 lei (2019 : 316,490 lei).

Alte cheltuieli cu activitatea de baza se refera in principal la:

In RON	<u>December -20</u>	<u>December -19</u>
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)
Telecommunication 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	<u>(955.553)</u>	<u>(1.031.670)</u>

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	<u>December -20</u>	<u>December -19</u>
Net Gains/(Losses) from financial instruments, of which:	(3.682.930)	8.208.882
Dividend income	763.788	337.433
Income from transactions with shares and bonds performed	4.706.730	10.479.419
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:	(1.360.014)	5.658.464
Gains related to financial assets at fair value through profit or loss	12.325.541	13.044.426
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:	520.158	1.757.461
Interest income on loans and bonds	481.917	1.137.057
Revenues from interest on margin contracts	232.752	299.586
Other interest income	243.723	553.167
Interest expenses	(205.946)	(374.117)
(Expenses)/Income different exchange rate house	(232.287)	141.768
Net financial result through profit or loss	<u>2.571.203</u>	<u>14.282.323</u>
Recognized to other comprehensive income		

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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, 2019 were 5% and (2018: 5%)

<i>In RON</i>	<u>December -20</u>	<u>December -19</u>
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	<u>2.249.099</u>	<u>1.422.354</u>

31. INCOME TAX EXPENSES

Reconciliation of the effective tax rate

In RON

	December -20	December -19
Profit for the period	1.523.468	7.318.624
Total income tax expense	(30.151)	(35.110)
Profit before tax (including halted activities)	1.523.468	7.318.624
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

Basic 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	1.493.018	7.282.057
Non-controlling interests	299	1.457
Profit for the period	1.493.317	7.283.514
Total comprehensive income attributable to:		
Company shareholders	2.352.621	-
Non-controlling interests	471	-
Total comprehensive income for the period	2.353.092	-
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	1.493.317	7.283.514
Non-controlling interests	-	-
Profit for the period	1.493.317	7.283.514
Total comprehensive income for the period to:		
Shareholders	2.352.621	-
Non-controlling interests	471	-
Total comprehensive income for the period	2.352.092	-
Earnings per share		
Basic earnings per share (lei)	0,0044	0,0216
Diluted earnings per share (lei)	0,0044	0,0216
Continuing activities		
Basic earnings per share (lei)	0,0044	0,0216
Diluted earnings per share (lei)	0,0044	0,0216

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.

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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:	12.301.964	12.696.156	28.278.012	53.276.131
Quoted shares	9.265.992	5.694.886	-	14.960.878
Quoted fund units	-	-	-	-
Unquoted fund units	-	7.001.270	426.285	7.427.555
Quoted bonds	3.035.972	-	-	3.035.972
Unquoted bonds	-	-	1.036.617	1.036.617
Unquoted shares	-	-	18.414.608	18.414.608
Loans granted	-	-	8.400.502	8.400.502
Other financial instruments	7.218	-	-	7.218
TOTAL	12.309.182	12.696.156	28.278.012	53.283.349

In RON

31 December 2019

	Level 1	Level 2	Level 3	Total
Fair value assets through profit or loss of which:	20.278.444	10.869.391	23.854.358	55.002.193
Quoted shares	18.751.086	6.120.536	-	24.871.622
Quoted fund units	566.500	-	-	566.500
Unquoted fund units	1.346.552	4.748.855	3.030.276	9.125.683
Quoted bonds	1.613.030	-	-	1.613.030
Unquoted bonds	-	-	106.905	106.905
Unquoted shares	-	-	3.057.124	3.057.124
Loans granted	-	-	-	-
Quoted shares	-	-	12.484.938	12.484.938
Derivative financial instruments, such as financial assets	0	-	-	0
Other financial instruments	1.754.174	-	-	1.754.174
TOTAL	24.031.342	10.869.391	18.679.243	53.579.976

33. FAIR VALUE HIERARCHY (continued)

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	18.679.243	23.834.175
Total gain / (loss) through profit or loss	1.968.642	3.021.401
Total unrecognized gains / (losses) through comprehensive income	-	-
Acquisitions	11.979.203	9.309.353
Sales	(4.349.076)	(12.310.572)
Stage 3 fair value transfers	-	-
As of December 31st	28.278.012	18.679.243

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33. FAIR VALUE HIERARCHY (continued)

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	10.862.439	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	6.945.410	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	1.036.617	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	8.400.502	Discounted cash flows	Cash flow discount rate – 5.5%	The lower the cash flow discount rate, the higher the fair value
	Total	<u>28.278.012</u>			

33. 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	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	23.854.302			

33. 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. Valuers estimate the discount for lack of marketability based on their professional judgement after considering market liquidity conditions and company-specific factors.

34. AFFILIATED 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. EVENIMENTE ULTERIOARE DATEI BILANTULUI

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.



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S.S.I.F. BRK Financial Group S.A.

Calea Motilor, nr. 119

Cluj Napoca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of S.S.I.F. BRK Financial Group S.A.

Report on the Audit of the Consolidated Financial Statements

Opinion on the Consolidated Financial Statements

1. We have audited the consolidated financial statements of the S.S.I.F. BRK Financial Group S.A. (BRK Financial Group or the „Group”), which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.
2. Those consolidated financial statements are identified as follow:
 - Net assets/Shareholders' Equity 66.822.158 lei
 - Profit 1.493.317 lei
3. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Group as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with the F.S.A. Rule No. 39/2015 approving the Accounting Regulations compliant with International Financial Reporting Standards (IFRS), applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector.
4. We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company within the meaning of the Ethics Code for Professional Accountants (IESBA Code) issued by the International Ethics Standards Board for Accountants and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Other Aspects

5. At the date of our report the European economies are disrupted by the COVID-19 pandemic, the Romanian market making no exception from this. Those evolutions would, consequently, determine revisiting the factors that drive the valuation of the consolidated financial assets, the loans awarded and participations and the going concern of the business, without having the possibility to assess the level of such disruption at this date. Management is monitoring the events and the effects on the Group's business.

Other information – Report on the compliance of the Director’s Report to the Consolidated Financial Statements

6. The directors are responsible for the preparation and presentation of other information. That information includes the Directors’ Report, but do not include the consolidated financial statements and the audit report.

The directors’ report is not part of the consolidated financial statements. Our opinion on the consolidated financial statements do not cover the director’s report.

In relation with the consolidated financial statements for the year ended December 31, 2020, our responsibility is to read that other information and to assess if this information differs significantly to the consolidated financial statements or if it is significantly misstated.

In relation with the Director’s Report, we have read and we report that it was prepared, in all material respects, in accordance with the F.S.A. Rule no. 5/2018 and the Rule no. 39/2015 for entities supervised and regulated by the F.S.A.

In our opinion:

- a) Nothing was identified by us that makes us believe that the information presented in the director’s report, in all material respects, is not in accordance with the consolidated financial statements
- b) The director’s report mentioned above includes, in all material respects, the information requested by the F.S.A. Rule no. 39/2015 for the approval of the accounting regulations in accordance with the International Accounting Reporting Standards, applicable for the entities authorized, regulated and supervised by the Financial Supervisory Authority (“F.S.A.”) for the Financial Instruments and Investments Sector.

Based on our understanding and knowledge obtained during our audit on the S.S.I.F. BRK Financial Group S.A. consolidated financial statements prepared for the year ended December 31, 2020 and, on its environment, we are asked to report if we have identified significant misstatements in the directors’ Report. We have nothing to report concerning this aspect. no information that is included in the directors’ report came to our attention that would make us believe that it is misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

8. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. We are independent towards the Group, in accordance with the Ethics Code for Professional Accountants (IESBA Code) issued by the International Ethics Standards Board for Accountants and we have fulfilled our ethical requirements in accordance with the IESBA Code.

Report on Other Legal and Regulatory Requirements

12. We were nominated by the general meeting of Shareholders to audit Group's the consolidated financial statements at December 31, 2020. The total duration of our engagement is of 3 years, covering the years ended December 31, 2020, December 31, 2020 and December 31, 2021.
13. We confirm that our opinion on the financial statements is according to the supplementary report presented to the Audit Committee, issued in at the same day as the present report. Also, we have maintained our independence towards the Group throughout our engagement.

14. We confirm that we have not provided any other non-audit services as mentioned in the art. 5 par. (1) of the EU regulation no. 537/2014.

In the name of
JPA Audit și Consultanță S.R.L.
Bd. Mircea Vodă 35, etaj 3, sector 3 Bucuresti
Registered ASPAAS FA319

**Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)**

Firma de Audit:

JPA AUDIT & CONSULTANȚĂ S.R.L.
Registrul Public Electronic: **FA 319**



Florin Toma
ASPAAS AF1747

Autoritatea pentru Supravegherea Publică a

Activității de Audit Statutar (ASPAAS)

Auditor financiar: FLORIN TOMA

Registrul Public Electronic: AF 1747

Bucharest
March 26th, 2021

STATEMENT OF THE PERSONS RESPONSIBLE WITHIN THE COMPANY

The undersigned, Robert Iulian Danila, Chairman of the Board of Directors, Monica Ivan, General Manager, Pali Sandu Mircea, Economic Director, declare on our own responsibility that, to our knowledge, the individual financial-accounting statements as at 31.12.2020, prepared in accordance with the standards applicable accounting, provides a correct and consistent picture of the assets, liabilities, financial position, profit and loss account of SSIF BRK Financial Group SA and the Report of the Board of Directors, prepared in accordance with the provisions of ASF, includes a correct analysis of development and performance The company as well as a description of the main risks and uncertainties specific to the activity carried out. SSIF BRK Financial Group SA carries out its activity in conditions of continuity.

Chairman of the Board

Robert Iulian Danila

General manager

Monica Ivan

Economic Manager

Sandu Mircea Pali

STATEMENT ON IMPLEMENTATION OF CORPORATE GOVERNANCE PRINCIPLES

	Provisions in the Corporate Governance Code	In Accord	In disaccord	Partially in accord	The reason for nonconformity
A1	The company must have an internal Council regulation that includes terms of reference / responsibilities of the Board and the key management functions of the company and which applies, inter alia, the General Principles of Section A.	X			
A2	Provisions for managing conflicts of interest should be included in the Council Regulation. Members of the Council must notify the Council of any conflicts of interest that have arisen or may arise and refrain from attending the discussion (including by not presenting, unless the failure to attend would hamper the formation of the quorum) and the vote for adoption a ruling on the issue giving rise to the conflict of interest concerned.	X			
A3	The Board of Directors or the Supervisory Board must be composed of at least 5 members.		X		
A4	Most members of the Board of Directors should not have executive functions. At least one member of the Board of Directors or the Supervisory Board should be independent of Standard Category companies. In the case of Premium Category companies, not less than two non-executive members of the Board of Directors or the Supervisory Board must be independent. Each independent member of the Board of Directors or the Supervisory Board, as the case may be, must file a statement at the time of his nomination for election or re-election, and when any change of his status occurs, indicating the elements on the basis of which he is declared independent in terms of character and judgment.	X			
A5	Other relatively permanent commitments and obligations of a member of the Board, including executive and non-executive positions in the Board of Nonprofit Companies and Companies, should be disclosed to potential shareholders and investors prior to nomination and during their term in the office.	X			
A6	Any member of the Board of Directors should report to him / her on any report with a shareholder holding directly or indirectly shares representing more than 5% of all voting rights. This obligation refers to any report that may affect the position of the member on matters decided by the Board.	X			
A7	The company must designate a Council Secretary responsible for supporting the work of the Council.	X			

A8	The Corporate Governance Statement will inform whether an evaluation of the Council has taken place under the chairmanship of the President or the nomination committee and, if so, will summarize the key measures and the resulting changes. The company must have a policy / guidance on the Committee's assessment of the purpose, criteria and frequency of the evaluation process.	X			
A9	The corporate governance statement should contain information on the number of meetings of the Council and committees over the past year, the participation of administrators (in person and in absentia) and a report by the Council and committees on their activities.			X	Information on the participation of administrators in person and in absentia in Council meetings was not included in the annual report.
A10	The corporate governance statement should include information on the exact number of independent members of the Board of Directors or the Supervisory Board.	X			
A11	The Board of Premium Companies should set up a nomination committee made up of non-executive members to lead the nomination process of new members in the Board and make recommendations to the Board. Most members of the nomination committee must be independent.			X	
B1	The Board should set up an audit committee in which at least one member should be a non-executive independent member. Most members, including the Chairman, must have demonstrated that they have appropriate qualifications relevant to the functions and responsibilities of the Committee. At least one member of the audit committee must have proven and appropriate audit or accounting experience. In the case of Premium Category companies, the audit committee must be composed of at least three members and the majority of the members of the audit committee must be independent.	X			
B2	The chair of the audit committee shall be an independent non-executive member.	X			
B3	Within its responsibilities, the audit committee must carry out an annual assessment of the internal control system.	X			
B4	The assessment should take into account the effectiveness and scope of the internal audit function, the adequacy of the risk management and internal control reports submitted to the Council's audit committee, the promptness and effectiveness with which executive management addresses the deficiencies or weaknesses identified in the audit internal and the submission of relevant reports to the Board.	X			
B5	The audit committee should assess the conflicts of interest in relation to the transactions of the company and its subsidiaries with related parties.	X			
B6	The audit committee must assess the effectiveness of the internal control system and the risk management system.	X			
B7	The Audit Committee should monitor the application of generally accepted legal standards and the internal audit standards. The audit committee must receive and evaluate internal audit team reports	X			

B8	Whenever the Code mentions reports or analyzes initiated by the Audit Committee, they must be followed by periodic reports (at least annually) or ad hoc reports to be submitted to the Council.	X			
B9	No shareholder may be granted preferential treatment to other shareholders in connection with transactions and agreements between company and shareholders and their affiliates.	X			
B10	The Council must adopt a policy to ensure that any transaction of the company with any of the companies with which it has close relationships with a value equal to or greater than 5% of the net assets of the company (according to the latest financial report) is approved By the Council following a obligatory opinion of the Board's Audit Committee and properly disclosed to shareholders and potential investors, to the extent that such transactions fall within the category of events subject to reporting requirements.	X			
B11	Internal audits should be performed by a separate structural division (internal audit department) within the company or by hiring an independent third party.	X			
B12	In order to ensure the main functions of the internal audit department, it must report functionally to the Board via the audit committee. For administrative purposes and within the management's responsibility to monitor and mitigate risks, it must report directly to the General Director.	X			
C1	The company must publish the remuneration policy on its website and include a statement on the implementation of the remuneration policy in the annual report during the annual period under review.	X			
C1	The remuneration policy should be formulated in such a way as to enable shareholders to understand the principles and arguments underpinning the remuneration of the members of the Board and of the General Director as well as the directors in the dualist system. It should describe how to process the process and make decisions on remuneration, detail the components of executive management's remuneration (such as salaries, annual bonuses, long-term incentives related to shareholder value, benefits in kind, pensions, etc.) and describe the purpose, principles and assumptions underlying each component (including general performance criteria for any form of variable remuneration). In addition, the remuneration policy must specify the duration of the contract of the executive director and the period of notice stipulated in the contract, as well as any compensation for unjustified revocation.	X			
C1	The remuneration report should present the implementation of the remuneration policy for the persons identified in the remuneration policy during the annual period under review.	X			
C1	Any essential change in remuneration policy must be published in a timely manner on the company's website.	X			
D1	The company must organize an Investor Relations Service - made known to the general public through the responsible person (s) or organizational unit. In addition to the information required by	X			

	law, the company must include on its website a section dedicated to Investor Relations, in Romanian and English, with all relevant information of interest to investors, including:				
D1.1	The main corporate regulations: the constitutive act, the procedures regarding the general meetings of the shareholders;			X	The manner of shareholders participation at the General Meetings and the procedure regarding voting within them, is presented in the Companies on Incorporation.
D1.2	The professional CV's of members of the company's governing bodies, other professional engagements of Board members, including executive and non-executive positions in boards of directors in companies or non-profit institutions;	X			
D1.3	Current reports and periodic reports (quarterly, semestrial and annualy) - at least those set out in point D.8 - including current reports with detailed information on non-compliance with this Code;	X			
D1.4	Information on general shareholders' meetings: agenda and information materials; The procedure for electing the members of the Council; The arguments supporting the candidates' proposals for election to the Council, together with their professional CVs; Shareholders' questions about agenda items and company responses, including decisions taken;	X			
D1.5	Information on corporate events, such as the payment of dividends and other distributions to shareholders, or other events that lead to the acquisition or limitation of the rights of a shareholder, including deadlines and principles applied to such operations. Such information will be applied within a timeframe that will allow investors to make investment decisions.	X			
D1.6	The names and contact details of a person who will be able to provide relevant information upon request;	X			
D1.7	Company presentations (e.g., investor presentations, quarterly results, etc.), financial statements (quarterly, semestrial, annualy), audit reports, and annual reports.	X			
D2	The company will have a policy on the annual distribution of dividends or other benefits to shareholders proposed by the General Director or the Board and adopted by the Council in the form of a set of guidelines that the company intends to follow regarding the distribution of net profit. The principles of the annual distribution policy to shareholders will be published on the company's website.	X			
D3	The company will adopt a policy regarding the forecasts, whether they are made public or not. The forecasts refers to quantified conclusions of studies aimed at determining the overall impact		X		This criteria is not applicable.

	of a number of factors for a future period (the so-called hypotheses): by its nature, this projection has a high level of uncertainty, the actual results may differ materially from Forecasts originally presented. The forecast policy will determine the frequency, timing and content of the forecasts. If published, forecasts can only be included in the annual, half-yearly or quarterly reports. The forecasting policy will be published on the company's website.				
D4	The rules of general shareholders' meetings should not limit the participation of shareholders to general meetings and the exercise of their rights. Changes to the rules will enter into force at the earliest, starting with the next shareholders meeting.	X			
D5	External auditors will be present at the general shareholders' meeting when their reports are presented at these meetings.	X			
D6	The Board will provide the Annual General Meeting of Shareholders with a brief assessment of the internal control and risk management systems as well as opinions on matters subject to the decision of the general meeting.	X			
D7	Any specialist, consultant, expert, or financial analyst may attend the shareholders' meeting on the basis of a prior invitation from the Board. Accredited journalists may also attend the general meeting	X			
D8	The quarterly and half-yearly financial reports will include both Romanian and English information on the key factors influencing changes in sales, operating profit, net profit and other relevant financial ratios from quarter to quarter, as well as from one year to another.	X			
D9	A company will hold at least two meetings / teleconferences with analysts and investors each year. The information presented on these occasions will be published in the investor relations section of the company's website at the dates of the meetings / teleconferences	X			
D10	If a society supports different forms of artistic and cultural expression, sporting activities, educational or scientific activities and considers that their impact on the innovative character and the competitiveness of society is part of its mission and development strategy, it will publish the activity policy in this area.	X			At society level, there is no express policy regarding the support of various forms of artistic and cultural expression. However, current reports were transmitted whenever the company was involved in such activities.



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