



# Quarterly Report

Individual  
September 30th 2020

The quarterly report has been prepared in accordance to the International Financial Reporting Standard (IFRS) adopted by the European Union (EU) in September 2020.



[www.brk.ro](http://www.brk.ro)

SSIF BRK FINANCIAL GROUP SA | Individual Quarterly Report IFRS

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## **KEY EVENTS – Q3/2020**

### **Overall result**

**Our turnover** has reached a value of **RON 5 million**, doubling in value compared to the same period last year, the growth being fueled by a positive evolution in three of our intermediation activities (domestic market, international market and issuing services). During the first nine months of 2020, our **net result** registered a book loss of RON 2.2 million, however, compared to last quarter's earnings, when BRK reported a net loss of RON 6.42 million, **we have registered a net positive result of RON 4.22 million**. In addition, our net earnings per share is of RON (0.019), compared to a positive RON 0.033 per share during the same reporting period in 2019.

No significant changes have been registered with respect to our financial position. As of September 30th 2020, our **total assets amount to RON 145.4 million** (against RON 144.6 million on December 31st 2019), while **total equity** decreased from RON 64.4 million (in December 2019) to RON 62.2 million. BRK **does not have any significant financial liabilities** (a RON 900 thousand amount was deducted from a credit line at the end of September 2020), while the other liabilities, approximately RON 80 million, are represented by client accounts, and amounts that are currently being deduced.

### **Intermediation segment**

We report a positive income with regards to intermediation, registering significant increases on the three operational sub-segments of this business. Thus, our fee and commission income as a result of trading has increased by 51% (RON 2.27 million against RON 1.5 million in Q3 2019), while our income as a result of **international trading** has increased fourfold, reaching a value of RON 1.94 million (against RON 0.42 million in Q3 2019), along with a twofold income increase in the Corporate segment, through which BRK offers **services to listed issuers** (RON 778 thousand compared to RON 374 thousand in Q3 2019). Referring to our market share, **BRK intermediated transactions worth RON 900 million** (against RON 450 million during the first nine months of 2019). As a direct result, the aforementioned has increased from 2.77% (September 2019) to 3.54% in September 2020. That implies an advance in our market positioning, placing us as the 7th (compared to the 8th in 2019) in the total pool of intermediaries that operate on the Romanian stock market. Consequently, our total expenses have increased as well, mostly influenced by **third party expenses**, out of which a significant proportion have been attributed to the institutions and markets on which BRK operates. Net of this expense, that is strongly correlated with the total transaction volume, the other expenses have registered a slight decrease when compared to the same period last year.

### **Asset management segment**

BRK has realized a **total net gain from its' own account operations of RON 4.72 million**. Therefore, our **result from asset management activities is positive** (+ RON 240 thousand), compared to a loss of RON 4.48 million in the first half of 2020. This rebound can be accounted as a result of increases in the quotas of financial instruments (an important aspect to be highlighted is the fact that a significant proportion of the respective loss is due to a negative net income from market activities) as well as profitable own account trades in this period. Another aspect that has helped recovering the loss is represented by net income generated from issuing activities, trades with structured products and the provided liquidity aid in other companies, where **BRK reached a total value of RON 228 million** during the first nine months of 2020 (against RON 60 million during the same period last year), resulting in an increase of 280%. The income from dividends amounts to RON 1.81 million, meaning a 30% increase compared to last year.

**CEO**  
**Monica Ivan**

**CFO,**  
**Sandu Pali**

**SSIF BRK FINANCIAL GROUP SA**  
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**Individual statement of the financial position – September 30<sup>th</sup> 2020**

<i>In RON</i>		<b>30.09.2020</b>	<b>31.12.2019</b>
<b>Assets</b>			
Intangible asses	<b>8</b>	753.984	1.213.729
Tangible assets	<b>9</b>	5.715.496	5.887.007
Real estate investments	<b>10</b>	40.668	669.959
Financial assets measured at fair value through profit or loss	<b>11</b>	48.648.430	44.644.883
Financial assets at amortized cost	<b>11</b>	-	-
Loans and advances granted	<b>15</b>	6.744.027	12.111.428
Receivables	<b>15</b>	1.135.175	662.686
Other financial assets		4.926.271	17.454.740
Financial assets on behalf of clients		30.101.590	7.318.324
Client accounts	<b>17</b>	46.183.140	53.626.771
Cash and equivalents	<b>17</b>	1.247.209	781.635
Assets classified for sale	<b>14</b>	-	303.389
<b>Total assets</b>		<b>145.495.990</b>	<b>144.674.551</b>
<b>Equity</b>			
Share capital	<b>18</b>	54.039.987	54.039.987
Share capital adjustments	<b>18</b>	4.071.591	4.071.591
Own shares	<b>18</b>	(24.047)	(24.047)
Equity premiums	<b>18</b>	5.355	5.355
Re-evaluation reserves		-	-
Other reserves	<b>19</b>	11.268.338	10.860.687
Total reserves	<b>19</b>	11.268.338	10.860.687
Current result	<b>20</b>	(2.230.736)	8.153.016
Reported result	<b>20</b>	(4.947.800)	(12.693.166)
		-	-
<b>Total equity attributable to shareholders</b>		<b>62.182.687</b>	<b>64.413.423</b>
<b>Liabilities</b>			
Financial leasing debt	<b>26</b>	-	-
Provisions		-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
Short-term debt	<b>22</b>	900.000	4.187.543
Current leasing debt	<b>22</b>	3.091	28.640
Amounts due to customers	<b>22</b>	72.460.556	60.945.094
Other short-term debt	<b>21</b>	7.147.110	12.297.303
Provisions	<b>23</b>	2.802.547	2.802.547
<b>Total current liabilities</b>		<b>83.313.303</b>	<b>80.261.127</b>
<b>Total liabilities</b>		<b>83.313.303</b>	<b>80.261.127</b>
<b>Total equity and liabilities</b>		<b>145.495.990</b>	<b>144.674.551</b>

**SSIF BRK FINANCIAL GROUP SA**  
**Individual Quarterly Report – September 30th 2020**

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**Individual income statement – September 30<sup>th</sup> 2020**

**Reported on 30.09.2020**

*In RON*

		<b>30.09.2020</b>	<b>30.09.2019</b>
<b>Income from continuing operations</b>			
Commission and other similar income	<b>25</b>	5.008.080	2.302.254
Net financial gains excluding dividend income	<b>22</b>	(2.871.829)	12.528.226
Dividend income	<b>29</b>	1.813.382	1.396.040
Interest income	<b>29</b>	1.298.767	1.703.710
Lease income	<b>25</b>	47.160	8.520
Gains from adjustments of assets at fair value		-	11.835
Gains / (losses) from the sale of tangible assets at fair value		230.677	49.357
Other income	<b>26</b>	578.119	639.462
Gains / (losses) from provision write-offs		-	-
Income from the adjustment of current assets		91.578	3.215
<b>Total income from continuing operations</b>		<b>6.195.935</b>	<b>18.642.619</b>
Personnel expenses	<b>27</b>	(3.256.768)	(3.577.003)
Other operating expenses	<b>28</b>	(355.038)	(312.086)
Raw materials		(118.339)	(106.710)
Energy and water		(102.429)	(97.473)
Tax expenses		(134.270)	(107.903)
Cost of sales	<b>29</b>	(3.837.285)	(2.610.069)
Adjustments of tangible and intangible assets		(681.484)	(709.447)
Expenses related to provisions		-	-
Interest expense		(181.634)	(168.931)
Net impairments	<b>30</b>	-	-
Depreciation of minority interest equity		-	-
Net losses from the disposal of fixed assets		-	-
Losses from the depreciation of receivables		(84.466)	(3.399)
Other expenses	<b>30</b>	(29.996)	(42.445)
<b>Total expenses</b>		<b>(8.426.671)</b>	<b>(7.423.380)</b>
Provision related expenses		-	-
<b>Gross income</b>		<b>(2.230.736)</b>	<b>11.219.239</b>
<b>Earnings Before Taxes</b>		<b>(2.230.736)</b>	<b>11.219.239</b>
Tax expense	<b>31</b>	-	-
<b>Net result</b>		<b>(2.230.736)</b>	<b>11.219.239</b>

**Individual income statement (continued)**

**Reported on 30.09.2020**

*In RON*

	<b>30.09.2020</b>	<b>30.09.2019</b>
<b>Other elements of the overall result</b>		
Net changes in the fair value of financial assets available for sale through profit or loss		
<b>Items that may be reclassified through profit or loss</b>	-	-
Net changes in the fair value of financial assets available for sale		
Free received shares classified as available for sale	-	-
Changes in the value of fixed assets classified as available for sale	-	-
	-	-
<b>Items that may not be classified through profit or loss</b>		
Changes in the value of used fixed assets		
Changes in the value of real estate investments		-
Issuance / cancellation of reserves for employee share benefits	-	-
Tax expense related other elements of the overall result	-	-
<b>Total other elements of the overall result</b>	-	-
<b>Total profit and loss including other elements of the overall result</b>	<b>(2.230.736)</b>	<b>11.219.239</b>
	<b>30.09.2020</b>	<b>30.09.2019</b>
<b>Loss attributable to:</b>		
Shareholders	(2.230.736)	11.219.239
Minority interest	-	-
<b>Profit for the period</b>	<b>(2.230.736)</b>	<b>11.219.239</b>
<b>Total result attributable to:</b>		
Shareholders	(2.230.736)	11.219.239
Minority interest	-	-
<b>Total overall result for the period</b>	<b>(2.230.736)</b>	<b>11.219.239</b>
Basic earnings per share (RON)	<b>24</b> (0,0066)	0,0332
Diluted earnings per share (RON)	<b>24</b> (0,0066)	0,0332
Continuing operations		
Basic earnings per share (RON)	(0,0190)	0,0332
Diluted earnings per share (RON)	(0,0190)	0,0332
<b>30.09.2020</b>		
Number of shares (weighted average):	337.749.919	337.749.919

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**Individual statement of changes in equity - September 30.09.2020**

<i>In RON</i>	Share capital	Own shares	Re-evaluation adjustments	Legal reserves	Other reserves	Own share losses	Reported result from conversion to IFRS	Reported result	Total equity
<b>January 1<sup>st</sup> 2020</b>	<b>54.039.986</b>	<b>(24.048)</b>	<b>3.524.052</b>	<b>4.587.874</b>	<b>2.748.759</b>	<b>4.071.591</b>	<b>(4.166.869)</b>	<b>(3.765.590)</b>	<b>64.413.423</b>
<b>Loss for the period</b>	-	-	-	-	-	-	-	(2.230.736)	(2.230.736)
Other elements of the overall result	-	-	-	-	-	-	0	-	-
Gains transferred through profit or loss	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
<b>Deferred tax liability</b>	-	-	-	-	-	-	-	-	-
Changes in profit, loss or through overall result	-	-	-	-	-	-	-	-	-
Changes in share capital	-	-	-	-	-	-	-	-	-
Transfer of re-evaluation reserves in assets available for sale	-	-	-	-	-	-	-	-	-
<b>Transfers in the reported result</b>	-	-	-	-	-	-	-	(2.230.736)	<b>(2.230.736)</b>
<b>Total of other elements of the overall result</b>	-	-	-	-	-	-	-	-	-
<b>Total overall result for the period</b>	-	-	-	-	-	-	-	-	-
Changes in own shares	-	-	-	-	-	-	-	-	-
Buybacks	-	-	-	-	-	-	-	-	-
<b>Total changes in own shares</b>	-	-	-	-	-	-	-	-	-
<b>September 30<sup>th</sup> 2020</b>	<b>54.039.986</b>	<b>(24.048)</b>	<b>3.524.052</b>	<b>4.587.874</b>	<b>2.748.759</b>	<b>4.071.591</b>	<b>(4.166.869)</b>	<b>(2.230.736)</b>	<b>62.182.687</b>

CEO  
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**Individual statement of changes in equity - 2019**

<i>In RON</i>	Share capital I	Own shares	Re-evaluation adjustments	Legal reserves	Other reserves	Own share losses	Reported result from conversion to IFRS	Reported result	Total equity
<b>January 1<sup>st</sup> 2019</b>	<b>54.039.986</b>	<b>(24.048)</b>	<b>3.524.052</b>	<b>4.587.874</b>	<b>2.748.759</b>	<b>4.071.591</b>	<b>(4.166.869)</b>	<b>(11.918.606)</b>	<b>56.260.406</b>
<b>Loss for the period</b>	-	-	-	-	-	-	-	8.153.016	<b>8.153.016</b>
Other elements of the overall result	-	-	-	-	-	-	0	-	-
Gains transferred through profit or loss	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
<b>Deferred tax liability</b>	-	-	-	-	-	-	-	-	-
Changes in profit, loss or ther overall result	-	-	-	-	-	-	-	-	-
Changes in share capital	-	-	-	-	-	-	-	-	-
Transfer of re-evaluation reserves in assets available for sale	-	-	-	-	-	-	-	-	-
<b>Transfers in the reported result</b>	-	-	-	-	-	-	-	8.153.016	<b>8.153.016</b>
<b>Total of other elements of the overall result</b>	-	-	-	-	-	-	-	-	-
<b>Total overall result for the period</b>	-	-	-	-	-	-	-	-	-
Changes in own shares	-	-	-	-	-	-	-	-	-
Buybacks	-	-	-	-	-	-	-	-	-
<b>Total changes in own shares</b>	-	-	-	-	-	-	-	-	-
<b>December 31<sup>st</sup> 2019</b>	<b>54.039.986</b>	<b>(24.048)</b>	<b>3.524.052</b>	<b>4.587.874</b>	<b>2.748.759</b>	<b>4.071.591</b>	<b>(4.166.869)</b>	<b>(3.765.590)</b>	<b>64.413.423</b>

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**SSIF BRK FINANCIAL GROUP SA**  
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**Individual statement of cash flows – September 30th 2020**

	<b>30.09.2020</b>	<b>31.12.2019</b>
	<b>RON</b>	
<b>Operational activities:</b>		
Gross income	<b>(2.230.736)</b>	<b>8,153,017</b>
<b>Adjustments for the reconciliation of the net result:</b>		
Adjustment of non-current assets	681.484	479.586
Income from buybacks	-	-
Gains / (losses) in unrealized gains from the re-evaluation of financial assets	(385.295)	-
Value adjustments in short-term investments	-	(2.309.121)
Income tax	-	-
Provisions for current and non-current assets	-	(892)
Provisions for risks and expenses	(91.578)	-
Interest expense	-	151.135
Interest income	181.634	(1.012.266)
Dividend income	(1.298.767)	(888.556)
Relative result – other instruments	(1.813.382)	(363.558)
Gains / (losses) from the sale of tangible assets	(2.041.836)	-
Gains from exchange rate differences related to IB and IG	(230.677)	(206)
<b>Increase / (Decrease) in operating cash before changes in current assets</b>	<b>(7.229.154)</b>	<b>4.731.557</b>
Changes in liquid securities:		
Increase / (Decrease) in receivables	472.489	2.752.413
Increase / (Decrease) in debt	(5.150.193)	(1.035.725)
Increase / (Decrease) in assets available for sale	-	-
<b>Net flows generated from operations</b>	<b>(11.906.858)</b>	<b>6.448.245</b>
<b>Cash flows from activities:</b>		
Paid income tax	-	-
Interest income	740.969	97.545
Interest expense	(180.769)	(149.551)
<b>Net flows generated from activities</b>	<b>(11.346.657)</b>	<b>6.396.239</b>
<b>Cash flows from investing activities:</b>		
Purchases of tangible assets paid in cash	(50.277)	(9.520)
Cash purchases of financial assets	5.498.092	10.895.030
Inflows from the sale property, plant, equipment and other non-current assets	1.163.357	-
Dividend inflows	313.382	888.556

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Loans (granted) / reimbursed and margin accounts	(2.130.000)	5.945.160
Net position from the sale of other instruments	2.754.369	2.196.550
Interest inflows from bonds	1.344	329.970
Inflows from exchange rate effects	133.116	-
<b>Net generated cash flows from investing activities</b>	<b>7.683.383</b>	<b>20.308.671</b>
	<b>30.09.2020</b>	<b>30.12.2019</b>
	<b>RON</b>	
<b>Cash flows from financing activities:</b>		
Leasing outflows	(26.413)	(13.664)
Inflows / Outflows from short-term debt	(3.287.669)	(1.666.158)
<b>Net cash flows generated from financing activities</b>	<b>(3.314.082)</b>	<b>(1.679.822)</b>
<b>Cash flows – total</b>	<b>(6.977.356)</b>	<b>15.138.175</b>
<b>Changes in cash and equivalents</b>		
Cash and equivalents at the beginning of the reporting period	54.407.705	27.867.012
Increase / (decrease) in cash and equivalents	(6.977.356)	15.138.175
Exchange rate variation on cash and equivalents		
<b>Cash and equivalents at the end of the reporting period</b>	<b>47.430.349</b>	<b>43.013.136</b>
Of which (under seizure)	24 -	4.980.780
Of which:		
<b>Cash on behalf of clients</b>	<b>46.183.140</b>	<b>41.119.860</b>
<b>Cash on behalf of The Company</b>	<b>1.247.209</b>	<b>1.893.276</b>

These financial statements have been approved today, November the 12th 2020.

**CEO**  
**Monica Ivan**

**CFO,**  
**Sandu Pali**

## **1. REPORTING ENTITY**

SSIF BRK FINANCIAL GROUP SA („The Company”) is a financial investment company headquartered in Romania. Our registered address in Cluj-Napoca can be found on 119, Mator 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 have been prepared based on the accounting regulations, standards and policies included in these financial statements.

## **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 in 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).

With regards to Rule 39/2015, International Financial Reporting Standards herein after referred to as IFRS, shall mean the standards adopted according to the procedure provided by the European Council (EC) Regulation no. 1606/2002, as revised.

### **b) Basis of measurement**

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

- financial assets held at fair value through profit or loss are stated at fair value;
- derivatives are stated at fair value;
- investment property is stated using the re-evaluation model in accordance with IAS 40;
- non-current assets represent 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 of December 31, 2003.

Thus, the amounts expressed in the current measurement unit as of 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.

**2. BASIS OF PREPARATION (continued)**

i. 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.

ii. Derivatives

The fair value of derivative products at the end of the period is calculated as the minimum 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.

iii. 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.

iv. 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.

**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 IFRS 9**

The adoption of IFRS 9 "Financial Instruments" replaces the existing provisions of IAS 39 "Financial Instruments: Recognition and measurement" and includes new principles as regards to the classification 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 shares and securities in the Romanian market.

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.

### **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 present value of future cash flows, the basic requirement is to identify estimated collections, the payment schedule and the discount rate used. The Company defined as "non-performing" exposures the receivables that meet one or both of the criteria: exposures for which the Company estimates that it is unlikely that the debtor will fully pay its obligations regardless of the exposure value and the number of days for which the exposure is delayed; unpaid amounts.

#### **ii. Derivatives**

Derivatives are initially recognized at fair value; 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.

##### *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.

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)**

#### **k) Employee benefits**

##### **i. Short-term benefits**

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

A liability is recognized at the amount that is expected to be paid under short-term cash 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.

##### **ii. Share-based transactions**

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

#### **l) 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.

#### **m) 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.

#### **n) Income from rentals**

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

#### **o) 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. 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.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **p) 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.

#### **q) 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.

#### **r) Segment reporting**

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

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

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Standards and interpretations in usage for the current year**

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

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

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

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

#### **Standards and interpretations issued by IASB and adopted by the EU, but not yet effective**

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

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

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

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **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**

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

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

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

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

##### **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.

###### ***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:

**Current exposures**

<i>In RON</i>	<b>Sep-20</b>	<b>Dec-19</b>
<hr/>		
<b>Total current accounts and bank deposits</b>	<b>47.492.258</b>	<b>55.643.571</b>

**Fair value bond exposures**

<i>In RON</i>	<b>Sep-20</b>	<b>Dec-19</b>
<hr/>		
<b>Total corporate bonds</b>	<b>6.138</b>	<b>55.391</b>

**Fair value exposure to loans granted**

<i>In RON</i>	<b>Sep-20</b>	<b>Dec-19</b>
Romlogic Technology SA	500.000	9.315.550
Firebyte Games SA	980.000	320.885
Gocab Software	1.600.000	950.000
<b>Total loans granted</b>	<b>3.080.000</b>	<b>10.586.435</b>



#### **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.

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

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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 of 30.09.20 were as follows:

In RON	Carrying amount				
	Below 3	3 to 12	More than 1	No maturity	
	months	months	year		
<b>30 September 2020</b>					
<b>Financial assets</b>					
Cash and equivalents	47.492.258	50.815.163	-	-	-
Deposits	-	-	-	-	-
Fair value assets through profit or loss	48.642.292	-	-	-	48.642.292
Loans granted	6.744.027	500.000	1.096.760	5.147.267	-
Fair value bonds	6.138	-	-	6.138	-
Other financial assets	35.027.861	-	-	-	35.027.861
<b>Total financial assets</b>	<b>171.992.684</b>	<b>52.528.144</b>	<b>2.666.858</b>	<b>2.890.531</b>	<b>113.907.152</b>
Financial liabilities	900.000	-	-	-	-
Dividends payable	-	-	-	-	-
Liabilities at amortized cost	-	-	-	-	-
<b>Total financial liabilities</b>	<b>900.000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>In RON</b>					
	<b>Carrying amount</b>				
	<b>Below 3</b>	<b>3 to 12</b>	<b>More than 1</b>	<b>No maturity</b>	
	<b>months</b>	<b>months</b>	<b>year</b>		
<b>31 December 2019</b>					
<b>Financial assets</b>					
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
<b>Total financial assets</b>	<b>135.937.781</b>	<b>55.632.956</b>	<b>5.869.048</b>	<b>5.073.221</b>	<b>69.362.556</b>
Financial liabilities	4.187.543	-	-	-	-
Dividends payable	-	-	-	-	-
Liabilities at amortized cost	-	-	-	-	-
<b>Total financial liabilities</b>	<b>4.187.543</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### **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;
- Relative valuation ;
- Statistical analysis

The Company is exposed to the following market risk categories

##### **i) Price risk**

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

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

<b>Sector</b>	<b>Sept-20</b>	<b>%</b>	<b>Sept-2019</b>	<b>%</b>
Financial and insurance activities	22,798,864.41	46.86%	19,126,928.88	44.59%
Information and communication	15,280,608.90	31.41%	17,969,939.55	41.90%
Manufacturing	5,293,448.27	10.88%	3,282,500.00	7.65%
Retail;	1,559,294.40	3.21%	1,923,955.00	4.49%
Mining and quarrying	1,110,525.00	2.28%	-	0
Production and distribuion of electricity and gas	1,014,611.00	2.09%	-	0
Healthcare	933,894.50	1.92%	-	0
Agriculture	276,210.50	0.57%	-	0
Construction	215,566.80	0.44%	324,773.25	0.76%
Real estate activities	89,550.00	0.18%	-	0
Others			262,611.35	0.61%
<b>Total</b>	<b>48.648.172,03</b>		<b>42.890.708,03</b>	

#### **4. FINANCIAL RISK MANAGEMENT (continued)**

##### **Operational risk**

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

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

- Requirements for appropriate segregation of tasks and responsibilities
- Requirements for reconciliation, monitoring and authorization of transactions;
- Compliance with regulations and legislation;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks and the adequacy of controls and procedures for identified risks;
- Training and professional development;
- Ethical and business standards; - risk mitigation.

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

##### **Interest rate risk**

As of September 30, 2020, SSIF BRK FINANCIAL GROUP SA has a granted credit line in order 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**

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**4. FINANCIAL RISK MANAGEMENT (continued)**

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

In RON	Carrying amount				
		Below 3 months	3 to 12 months	More than 1 year	No maturity
<b>30 September 2020</b>					
<b>Financial assets</b>					
Cash and equivalents	44.938.495	1.809.233	717.823	26.707	44.938.495
Deposits	-	-	-	-	-
Fair value assets through profit or loss	48.642.292	-	-	-	48.642.292
Loans granted	-	-	-	-	-
Fair value bonds	6.138	-	-	-	6.138
Other financial assets	6.744.027	-	-	-	6.744.027
<b>Total financial assets</b>	<b>171.992.684</b>	<b>52.528.144</b>	<b>2.666.858</b>	<b>2.890.531</b>	<b>113.907.152</b>
Financial liabilities	1.414.413	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortized cost	-	-	-	-	-
<b>Total financial liabilities</b>	<b>1.414.413</b>	-	-	-	-

In RON	Carrying amount				
		Below 3 months	3 to 12 months	More than 1 year	No maturity
<b>31 December 2019</b>					
<b>Financial assets</b>					
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
<b>Total financial assets</b>	<b>135.937.781</b>	<b>54.795.166</b>	<b>5.869.048</b>	<b>5.073.221</b>	<b>70.200.346</b>
Financial liabilities	4.187.543	-	-	-	-
Dividends payable	-	-	-	-	-
Financial liabilities at amortized cost	-	-	-	-	-
<b>Total financial liabilities</b>	<b>4.187.543</b>	-	-	-	-

- - - -

**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. 585/2013 with respect to capital adequacy.

#### 4. FINANCIAL RISK MANAGEMENT

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

Exposures to foreign exchange risk comprise the following elements:

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

The methodology for determining the capital risk exposure is as follows :

*In RON*

**September 30<sup>th</sup> 2020**

<b>Financial assets</b>	<b>RON</b>	<b>EUR</b>	<b>USD</b>	<b>Others</b>
Cash and equivalents	44.938.495	1.809.233	717.823	26.707
Deposits	-	-	-	-
Fair value assets through profit or loss	48.642.292	-	-	-
Fair value bonds	6.138	-	-	-
Loans granted	6.744.027	-	-	-
Other financial assets	7.220.426	18.938.213	8.869.221	-
<b>Total financial assets</b>	<b>107.551.378</b>	<b>20.747.446</b>	<b>9.587.044</b>	<b>26.707</b>
Financial liabilities	900.000			
Dividends payable	-			
<b>Total financial liabilities</b>	<b>900.000</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

*In RON*

**December 31<sup>st</sup> 2019**

<b>Financial assets</b>	<b>RON</b>	<b>EUR</b>	<b>USD</b>	<b>Others</b>
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
Fair value financial assets through comprehensive income				
Fair value bonds	55.391	-		
Loans granted	12.111.428			
Other financial assets	10.669.381	7.953.764	6.149.920	
<b>Total financial assets</b>	<b>118.253.025</b>	<b>8.313.865</b>	<b>6.202.193</b>	<b>3.168.698</b>
	4.187.543			
	-			
Financial liabilities	4.187.543			
Dividends payable		-	-	-
Financial liabilities at amortized cost				
<b>Total financial liabilities</b>	<b>53.967.805</b>	<b>360.101</b>	<b>52.274</b>	<b>28.226</b>

**5. CAPITAL MANAGEMENT**

BRK's policy SA is to maintain a sound capital base to maintain investor, creditor and market confidence and sustain the future development of the company.

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.

<b>Indicator</b>	<b>Reported on June 30th</b>	<b>Reported on December 31st 2019</b>
Total own funds	47.575.907,99	47.575.907,99
Total capital requirements	16.214.165,69	16.216.165,69
Risk exposure	182.282.854,87	182.282.854,87



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

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

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

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

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

The information related to reportable segments is as follows:

**SSIF BRK FINANCIAL GROUP SA**  
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**6. OPERATIONAL SEGMENTS (continued)**

**Information regarding the reporting segments**

	Sept-20				Sept-19			
	<b>Total</b> <b>of which:</b>	<b>Intermediation</b>	<b>Trading</b>	<b>Unallocated</b>	<b>Total,</b> <b>of which:</b>	<b>Intermediation</b>	<b>Trading</b>	<b>Unallocated</b>
Commission income	5.006.228	5.006.228	-	-	2.300.371	2.300.371	-	-
Rental income	47.160	-	47.160	-	8.520	-	8.520	-
Net transaction gains	(2.871.829)	-	(2.871.829)	-	12.279.999	-	12.279.999	-
Dividend gains	1.813.382	-	1.813.382	-	1.396.040	-	1.396.040	-
Interest income	1.298.767	659.062	639.705	-	1.703.710	-	1.703.710	-
UF distribution income	1.852	1.852	-	-	1.883	1.883	-	-
Other income	1.741.476	578.119	1.163.357	-	783.423	233.510	405.952	-
Net financial losses	-	-	-	-	-	-	-	-
Personnel expenses	(3.256.768)	(1.291.139)	(477.501)	(1.488.128)	(3.577.003)	(1.418.095)	(1.394.453)	(764.454)
	(589.906)	(294.953)	(294.953)	-	(444.242)	(394.258)	(49.984)	-
Adjustments of fair value assets net of goodwill	-	-	-	-	-	-	-	-
Provision expenses								
Cost of sales	(4.192.322)	(1.678.584)	(213.689)	(2.300.049)	(2.922.156)	(2.593.368)	(328.788)	-
Other expenses	(1.228.776)	(296.096)	(932.680)	-	(311.308)	(63.081)	(248.227)	-
<b>Total:</b>	(2.230.736)	2.684.488	(1.127.048)	(3.788.177)	11.219.238	(1.933.039)	13.772.769	(764.454)
<b>Earnings before taxes</b>	(2.230.736)	2.684.488	(1.127.048)	(3.788.177)	11.219.238	(1.933.039)	13.772.769	(764.454)
	145.495.992				125.643.172			
<b>Segment assets of which:</b>		74.203.224	55.637.606	9.145.014		-	-	138.985.844
- Intangible assets	753.984	-	-	753.984	753.984	-	-	753.984
- Tangible assets	5.715.496	-	-	5.715.496	5.715.496	-	-	5.715.496
- Real estate investments	40.668	-	40.668	-	40.668	-	40.668	-
- Financial investments	48.648.432	-	37.501.473	11.146.959	48.648.432	-	-	48.648.432
- Receivables	42.903.950	31.572.277	9.949.158	1.382.515	42.903.950	-	-	42.903.950
- Available amounts	47.433.462	42.630.947	8.186.975	(3.384.460)	47.433.462	-	-	47.433.462
Liabilities, of which:	83.313.305	114.137.942	4.254.815	(35.079.452)	83.313.305	-	-	83.313.305
- Client amounts	72.460.556	72.460.556	-	-	60.945.094	60.945.094	-	-

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

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

Reconciliation

<i>In RON</i>	<b>Sept-20</b>	<b>Sept-19</b>
<b>Income</b>		
Income from reported segments	5.006.228	2.300.371
Unallocated income	-	-
Write-offs	-	-
<b>Consolidated income before tax</b>	<b>5.006.228</b>	<b>2.300.371</b>
<b>Result account</b>		
<b>Profit attributable to reported segments</b>	<b>(2.230.736)</b>	<b>11.219.238</b>
Write-offs	-	-
Unallocated amounts	-	-
<b>Consolidated loss</b>	<b>(2.230.736)</b>	<b>11.219.238</b>
<b>Assets</b>		
Assets attributable to reported segments	145.495.992	105.391.656
Assets attributable to unreported segments	-	9.012.480
Goodwill	-	-
<b>Total assets</b>	<b>145.495.992</b>	<b>114.404.136</b>
<b>Liabilities</b>		
Liabilities attributable to reported segments	115.590.209	48.084.536
Provisions	2,802,547	149.249
Deferred tax	-	-
Liabilities attributed to unreported segments	(35,079,452)	1.234.508
<b>Total consolidated liabilities</b>	<b>83,313,305</b>	<b>49.468.293</b>

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

<b>Income from intermediation</b>	<b>30-Sept-20</b>	<b>30-Sept-19</b>
Fee income (Domestic markets)	2.278.809	1.504.156
Fee income (International markets)	2.409.542	422.020
Fee income (Derivatives)	-	-
Fee income (Other activities)	778,774	374,195
UF distribution income	1.852	1.883
<b>Total income</b>	<b>5,008,080</b>	<b>2,302,254</b>

**8. INTANGIBLE ASSETS**

<i>In RON</i>	<b>Licenses and software</b>	<b>Prepayments</b>	<b>Total</b>
<b>Cost</b>			
<b>Balance January 1<sup>st</sup> 2019</b>	<b>4.860.235</b>	<b>27.820</b>	<b>4.888.055</b>
Purchases	1.895	-	1.895
By transfers	-	-	-
Outflows	-	-	-
<b>Balance December 31<sup>st</sup> 2019</b>	<b>4.862.130</b>	<b>27.819</b>	<b>4.888.055</b>
<b>Balance January 1<sup>st</sup> 2020</b>	<b>4.862.130</b>	<b>27.820</b>	<b>4.889.950</b>
Purchases	4.862.130	27.820	4.889.950
By transfer	1.151	-	1.151
Outflows	-	-	-
By transfer	-	-	-
<b>Balance September 30<sup>th</sup> 2020</b>	<b>4,863,281</b>	<b>27,820</b>	<b>4,891,101</b>

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

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<b>Losses from depreciation and amortization</b>	<b>Licenses and software</b>	<b>Prepayments</b>	<b>Total</b>
<b>Balance January 1st 2019</b>	<b>3.029.332</b>	-	<b>3.029.332</b>
Amortization during the year	646.889	-	646.889
Amortization of outflows	-	-	-
<b>Balance December 31<sup>st</sup> 2019</b>	<b>3.676.221</b>	-	<b>3.676.221</b>
<b>Balance January 1<sup>st</sup> 2020</b>	<b>3.676.221</b>	-	<b>3.676.221</b>
Amortization during the year	460,896	-	460,896
Amortization of outflows	-	-	-
<b>Balance September 30<sup>th</sup> 2020</b>	<b>4,137,117</b>	-	<b>4,137,117</b>
<b>Carrying amounts</b>			
<b>Balance January 1<sup>st</sup> 2019</b>	1.830.904	27.820	1.858.723
<b>Balance December 31<sup>st</sup> 2019</b>	1.185.909	27.820	1.213.729
<b>Balance January 1<sup>st</sup> 2020</b>	1.185.909	27.820	1.213.729
<b>Balance September 30<sup>th</sup> 2020</b>	726.164	27.820	753.984

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>	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Office equipment</b>	<b>Non-current assets in usage</b>	<b>Total</b>
<b>Balance January 1<sup>st</sup> 2019</b>	<b>6.036.262</b>	<b>1.577.518</b>	<b>305.467</b>	<b>12.823</b>	<b>7.932.070</b>
Purchases and upgrades	-	6.076	-	9.520	15.596
Advances for current assets	-	-	-	-	-
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 sale	-	-	-	-	-
<b>Balance December 31<sup>st</sup> 2020</b>	<b>6.036.262</b>	<b>1.583.595</b>	<b>305.467</b>	<b>22.343</b>	<b>7.947.665</b>
<b>Balance January 1<sup>st</sup> 2020</b>	<b>6.036.262</b>	<b>1.583.595</b>	<b>305.467</b>	<b>22.343</b>	<b>7.947.665</b>
Purchases and upgrades	0	43.077	6.000	-	49.077
Advances for current assets	-	-	-	-	-
Ongoing transfers	-	-	-	-	-
Re-evaluation:	-	-	-	-	-
Compensation for depreciation	-	-	-	-	-
Value increases	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-
Transfers from real estate investments	-	-	-	-	-
Outflows of tangible assets:	-	-	-	-	-
- Through sale	-	-	0	-	-
- Through sale	-	-	-	-	-
<b>Balance September 30<sup>th</sup> 2020</b>	<b>6.036.262</b>	<b>1.626.672</b>	<b>311.466</b>	<b>22.343</b>	<b>7.996.742</b>

**SSIF BRK FINANCIAL GROUP SA**  
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**9. TANGIBLE ASSETS (continued)**

<b>In RON</b>	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Office equipment</b>	<b>Non-current assets in usage e</b>	<b>Total</b>
<b>Losses from Depreciation and Amortization</b>					
<b>Balance January 1<sup>st</sup> 2019</b>	<b>196.817</b>	<b>1.325.621</b>	<b>248.716</b>	-	<b>1.771.154</b>
Amortization during the year	199.937	66.628	22.940	-	289.505
Losses from depreciation, of which:	-	-	-	-	-
- Expensed	-	-	-	-	-
- Deducted from the comprehensive income	-	-	-	-	-
Non-current assets outflows	-	-	-	-	-
Amortization of disposed non-current assets	-	-	-	-	-
Compensation of depreciation against re-evaluation	-	-	-	-	-
<b>Balance December 31<sup>st</sup> 2019</b>	<b>396.754</b>	<b>1.392.250</b>	<b>271.654</b>	-	<b>2.060.658</b>
<b>Balance January 1<sup>st</sup> 2020</b>	<b>396.754</b>	<b>1.392.250</b>	<b>271.654</b>	-	<b>2.060.658</b>
Amortization during the year	149.952	55.998	14.638	-	220.588
Losses from depreciation, of which:	-	-	-	-	-
- Expense	-	-	-	-	-
- Deducted from the comprehensive income	-	-	-	-	-
Non-current assets outflows	-	-	-	-	-
Amortization of disposed non-current assets	-	-	-	-	-
Compensation of depreciation against re-evaluation	-	-	-	-	-
<b>Balance September 30<sup>th</sup> 2020</b>	<b>546.706</b>	<b>1.448.248</b>	<b>286.292</b>	-	<b>2.281.246</b>
<b>Carrying amounts:</b>					
<b>Balance January 1<sup>st</sup> 2019</b>	5.839.445	251.897	56.750	12.823	6.148.092
<b>Balance December 31<sup>st</sup> 2019</b>	5.639.508	191.344	33.813	22.343	5.887.007
<b>Balance January 1<sup>st</sup> 2020</b>	5.639.508	191.344	33.813	22.343	5.887.008
<b>Balance January 1<sup>st</sup> 2020</b>	5.489.555	178.424	25.175	22.343	5.715.497

## 9. TANGIBLE ASSETS (continued)

On September 30th 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.

As of September 30th 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

In December 2018, the company contracted a credit line in the amount of 5,340,000 lei, and secured the loan with the operating properties of the company. Details regarding these guarantees can be found in note 22. The credit line was extended during 2019 for another 12 months until 30.12.2020.

## 10. REAL ESTATE INVESTMENTS

<i>In RON</i>	<b>Sep-20</b>	<b>Dec-19</b>
<b>Balance January 1<sup>st</sup> 2020</b>	<b>669.959</b>	<b>918.186</b>
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	-	-
Investment property advances	-	-
	-	-
Disposals of investment property (exchanges of assets)	(629.291)	-
		(248.227)
Plus re-evaluation	-	-
Less re-evaluation	-	-
<b>Balance September 30<sup>th</sup> 2020</b>	<b>40.668</b>	<b>669.959</b>

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. The credit line contracted by BRK in December of 2019 has been diminished by the value of the sold asset.



**11. FINANCIAL INVESTMENT**

*In RON*

		<b>Sep-20</b>	<b>Dec-19</b>
<b>Financial assets at fair value through profit or loss</b>	Quoted shares	19.719.653	24.436.675
	Quoted fund units	465.500	566.500
	Unquoted fund units	6.744.138	8.811.471
	Quoted bonds	-	49.253
	Unquoted bonds	6.138	6.138
	Unquoted shares	21.713.003	9.020.671
Other financial instruments	Structured products	-	1.754.174
<b>Total financial assets through profit or loss</b>		<b>48.648.432</b>	<b>44.644.883</b>
<b>Total financial investments</b>		<b>48.648.432</b>	<b>44.644.883</b>

**SSIF BRK FINANCIAL GROUP SA**  
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Quoted securities: shares, bonds and fund units are evaluated at the exchange rate of September 30th 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.

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 September 30th 2020.

**12. LOANS AND ADVANCES GRANTED**

*In RON*

	<b>Sep-20</b>	<b>Dec-19</b>
Gross margin loans	3.547.267	4.067.830
Loans to affiliated parties	3.080.000	10.586.435
Interest on loans granted	116.760	403.665
Receivables increases in share capital of affiliated parties	-	500.000
Depreciation of loans	-	(3.446.502)
<b>Net value of loans and advances granted</b>	<b>6.744.027</b>	<b>12.111.428</b>

During January – September 2020, The Company granted loans to the following: Romlogic SA – RON 500.000, FireByte – RON 980.000, GoCAB – RON 650.000

In order to determine the fair value, management considered the net future cash flows related to these loans granted. These loans have a maturity of 1 year. 3 scenarios have been considered for each loan with respect to the inability of returning the carrying amount.

These credits are classified under stage 2, according to Note 3.

The credits granted to the company's clients are classified as stage 1, according to note 3.

During 2020, there have several loans granted have been converted to share capital for the loans granted in 2019, the carrying amount being valued at RON 9.5 million.

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**LOANS AND ADVANCES GRANTED (continued)**

The company has maintained its offered services to clients in order to execute margin transactions. The balance as of September 30th 2020 amounts to RON 3.547.267. The acquired financial instruments are treated as guarantees at fair value. Therefore, there are no depreciation indicators as of September 30th 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:

<b>Company</b>	<b>% ownership September 2020</b>	<b>Value December 2019</b>	<b>% ownership 2019</b>	<b>Value 2019</b>
Sai Broker	99,98%	6.070.389	99,98%	6.070.389
Romlogic Technology	90,75%	7.549.009	37,52%	2.139.479
Firebyte	70,93%	50.233	30,00%	50.233
Reit Capital SA	99.5%	89.950	0%	
<b>Total</b>		<b>13.759.181</b>	-	<b>8.260.101</b>

SSIF BRK FINANCIAL GROUP SA owns SAI Broker SA (99,98%), and has a significant stake in FireByte (70.93%), Romlogic Technology (97,750 %) and Reit Capital SA (99.50%).

During the first three quarters of 2020, income from dividends has amounted to RON 1.500.000.

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**13. ASSOCIATE INVESTMENTS (continued)**

During the three quarters of 2020, the following transactions have been registered

<b>Name</b>	<b>Stake</b>	<b>Activity</b>	<b>Volume and weight</b>	
			-Fee income 835 lei	
			-Intermediation income 1852 lei	
<b>SAI Broker</b>	Ownership 99.98%	Asset management	- Rent income 25.650 lei	
			-Dividend income 1.500.000 lei	
			-Interest income 291.087 lei	
<b>Romlogic Technology SA</b>	Ownership 90.75%		-Share capital conversion 9.560.760 lei	
			-Loans granted 500.000 lei	
<b>Firebyte Games SA</b>	Ownership 70.93%	Game development	-Loans granted 500.000 lei -Interest income 33.835 lei Rent income 21.510 lei	--
<b>GOCAB SOFTWARE</b>	Ownership 0.2%		-Loans granted 650.000 lei Interest income 64.516 lei	-

The transactions with the associates were done at market value.

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**13. INVESTMENT IN ASSOCIATES (continued)**

The following amounts with respect to our investments in associates are expressed in the table below, as of September 30th 2020.

<i>In RON</i>	<b>Sep-20</b>	<b>Sep-19</b>
SAI Broker	2.850	52.834
Firebyte Games SA	1.002.616	-
Gocab Software	1.672.949	-
Romlogic Technology SA	521.194	8.437.838
Reit Capital SA	89.550	-
<b>Total</b>	<b>3.289.159</b>	<b>8.490.672</b>

**14. NON-CURRENT ASSETS HELD FOR SALE**

<i>In RON</i>	<b>Sep-20</b>	<b>Dec-19</b>
<b>Balance January 1<sup>st</sup></b>	<b>303.389</b>	<b>544.721</b>
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	-	-
<b>Balance September 30<sup>th</sup> 2020</b>	<b>0</b>	<b>303.389</b>

The owned non-current assets held for sale as of December 31<sup>st</sup> 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>	<b>Sep-20</b>	<b>Dec-19</b>
Receivables	128.245	57.839
Receivables (state budget)	-	-
Net debtor receivables	303.363	51.739
Employees engaged in payables	28.698	29.283
Debtors (previous employees)	274.665	22.456
Others	703.567	553.108
<b>Total receivables</b>	<b>1.135.175</b>	<b>662.686</b>

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**15. TRADE RECEIVABLES (continued)**

Borrowers from the trading of financial instruments come from transactions concluded in September 2020 and the first two days of October 2020.

Similarly, borrowers settled through clients have the same dates.

*In lei*

	<b>Sep-20</b>	<b>Dec-19</b>
Borrowers (financial instruments of the company)	6.226.520	2.088.901
Client borrowers	28.801.341	22.684.163
<b>Oher financial assets</b>	<b>35.027.861</b>	<b>24.773.064</b>

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

The gross amounts are as follows

*In RON*

	<b>Sep-20</b>	<b>Dec-19</b>
Borrowers (ex-employees) – Stage 3	1.816.713	1.902.048
Depreciation	(1.788.014)	(1.879.592)
<b>Net value – borrowers</b>	<b>28.699</b>	<b>22.456</b>

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

*In RON*

	<b>Sep-20</b>	<b>Dec-19</b>
Balance January 1 <sup>st</sup>	1.879.592	1.888.714
Additional provisions	-	-
Cancelling of provisions	(91.578)	(9.122)
<b>Balance December 31<sup>st</sup></b>	<b>1.788.014</b>	<b>1.879.592</b>

During the first quarter of 2020, adjustments have been made as a result of recovered amounts of RON 91.578.

**16. DEFERRED TAXES**

**Deferred income tax not recognized**

The deferred tax assets were not recognized for the following:

*In RON*

	<b>Sep-20</b>	<b>Dec-19</b>
Loss for the period	(2.230.736)	8.153.017
Total expense	-	-
<b>Net gain / (loss)</b>	<b>(2.230.736)</b>	<b>8.153.017</b>
Tax rate	16%	16%

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**16. DEFERRED TAXES**

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

**Deferred tax liabilities not recognized**

	<b>Sep-20</b>	<b>Dec-19</b>
Differences from re-evaluation	3.524.052	3.524.052
	<b>3.524.052</b>	<b>3.524.052</b>
Tax rate	16%	16%
<b>Deferred taxes not recognized</b>	<b>563.848</b>	<b>563.848</b>

**Deferred taxes that are recognized**

The company has to recover a cumulative tax loss of RON 28000 thousand. Tax losses can be recovered in a period of 7 years. As a result, no deferred tax assets and liabilities were recognized. As the Company registered losses, future profits are uncertain.

**17. CASH AND EQUIVALENTS**

<i>In RON</i>	<b>Sep-20</b>	<b>Dec-19</b>
Client accounts	46.183.140	53.626.771
Cash and equivalents	1.247.209	781.635
<b>Balance September 30<sup>th</sup> 2020</b>	<b>47.430.349</b>	<b>54.408.405</b>

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>	<b>Share capital value</b>	<b>Number of ordinary shares</b>	<b>Nominal value</b>
January 1 <sup>st</sup> 2019	54.039.987	337.749.919	0,16
December 31 <sup>st</sup> 2019	54.039.987	337.749.919	0,16
January 1 <sup>st</sup> 2020	54.039.987	337.749.919	0,16
September 30 <sup>th</sup> 2020	54.039.987	337.749.919	0,16

**18. EQUITY AND RESERVES (continued)**

There were no changes in the share capital within the first nine months of 2020.

Own shares as of September 30th 2020 are 319.967.

<i>In RON</i>	<b>Sep-20</b>	<b>Dec-19</b>
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
<b>Total</b>	<b>58.092.886</b>	<b>58.092.886</b>

**19. RESERVES AND RE-EVALUATION DIFFERENCES**

<i>In lei</i>	<b>Sep-20</b>	<b>Dec-19</b>
Re-evaluation differences of property, plant and equipment	3.524.052	3.524.052
Legal reserves	4.995.526	4.995.526
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	-	-
<b>Total reserves and re-evaluation differences</b>	<b>11.268.338</b>	<b>10.860.687</b>

**Re-evaluation differences**

There were no re-evaluation differences during 2020.

**Legal reserves**

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

**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>Sep-20</u>	<u>Dec-19</u>
Profit carried forward as a result of IFRS transition	2.713.367	2.713.367
Reported result as a result of IFRS application	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)	(11.918.587)
Current result	(2.230.736)	8.153.064
<b>Total reported result</b>	<b>(7.178.536)</b>	<b>(4.540.109)</b>

**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:

<b>Year</b>	<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:

<b>Account</b>	<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	6.880.234	-
<b>Total</b>	<b>6.880.234</b>	<b>6.880.234</b>

\* Incorporated re-evaluation reserves from 2011.

\*\*Incorporated in 2007 upon merger with Investco.

**21. TRADE AND OTHER PAYABLES**

<i>In RON</i>	<u>Sep-20</u>	<u>Dec-19</u>
Payables	535.640	441.942
Liabilities to employees	160.923	184.224
Liabilities with state budget	176.019	126.638
Sundry creditors from house transactions	1.884.061	872.784
Sundry creditors from clients' transactions	1.611.841	10.237.065
Sundry creditors from structured products	2.778.625	434.650
<b>Total trade and other payables</b>	<b>7.147.110</b>	<b>12.297.303</b>

## 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 issued by the Company and listed on the Bucharest Stock Exchange.

## 22. BORROWINGS

The loans contracted by The Company are as follows:

*In RON*

	<b>Sep-20</b>	<b>Dec-19</b>
<b>Non-current liabilities</b>		
Financial leasing liabilities	-	-
	-	-
<b>Current liabilities</b>	<b>Sep-20</b>	<b>Dec-19</b>
Guaranteed credit lines	900.000	4.187.543
Current part of financial leasing liabilities	3.091	28.639
<b>Current liabilities</b>	<b>903.091</b>	<b>4.216.182</b>

In 2020, no new leases were contracted, and the credit line contracted in 2017 was extended until December 2020. The credit line was secured with the following buildings owned by the Company:

No.	Pledged property	Category	<b>Value (EUR)</b>	<b>Value (RON)</b>
1	Apartment in Suceava	Operational	38.400	176.517
2	Property in Bucuresti Bocsa	Operational	157.000	721.698
3	Property in Cluj- Motilor	Operational	1.032.700	4.747.115
4	Apartment in Iasi	Operational	41.000	188.469
	<b>Total</b>		<b>1.269.100</b>	<b>5.833.799</b>

**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>	<b>Sep-20</b>	<b>Dec-19</b>
<b>Payable to clients</b>		
Creditors (domestic market)	46.159.415	50.328.348
Creditors (international markets)	26.301.140	10.616.746
Corporate creditors	-	-
	<b>72.460.556</b>	<b>60.945.094</b>

**23. PROVISIONS**

<i>In RON</i>	<b>Sep-20</b>	<b>Dec-19</b>
<b>Provisions</b>		
<b>Balance January 1st</b>	<b>149.249</b>	<b>450.182</b>
Cancelled during the period	-	300.933
Established during the period	-	-
<b>Balance September 30<sup>th</sup></b>	<b>149.249</b>	<b>149.249</b>

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**24. CONTINGENT ASSETS AND LIABILITIES**

This note is regarding Provisions described the circumstances that led to the establishment of litigation provisions for events in previous years.

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 lei</i>	<b>Ongoing activities Sep-20</b>	<b>Ongoing activities Sep-19</b>	<b>Halted activities</b>		<b>Sep-20</b>	<b>Total Sep-19</b>
			<b>Sep-20</b>	<b>Sep-19</b>		
Fees and commissions from spot markets	2.278.809	1.504.156	-	-	2.278.809	1.504.156
Fees and commissions from international markets	1.948.646	422.020	-	-	1.948.646	422.020
Fees and commissions from derivatives	-	-	-	-	-	-
Income from similar activities	778.774	374.195	-	-	778.774	374.195
Income from intermediation	-	-	-	-	-	-
UF distribution income	1.852	1.883	-	-	1.852	1.883
<b>Subtotal of income from commissions and related activities</b>	<b>5.008.080</b>	<b>2.302.254</b>	-	-	<b>5.008.080</b>	<b>2.302.254</b>
Rental income	47.160	8.520	-	-	47.160	8.520
Other operating income	808.796	677.371	-	-	808.796	677.371
<b>Total income</b>	<b>5.864.036</b>	<b>2.988.145</b>	-	-	<b>5.864.036</b>	<b>2.988.145</b>

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, 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 client's accounts.

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**26. OTHER INCOME**

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

**27. PERSONNEL EXPENSES**

<i>In RON</i>	<b>Sep-20</b>	<b>Sep-19</b>
Staff	(2.073.950)	(2.255.693)
Social contributions	(1.031.658)	(1.193.695)
Employee profit sharing	-	-
BoA remunerations	(151.160)	(127.615)
BoA profit sharing	-	-
<b>Total personnel expenses through comprehensive income</b>	<b>(3.256.768)</b>	<b>(3.577.003)</b>

The remuneration of the managers is established by the Decision of the Board of Directors of the Company.

During 2020, the management of the company was provided by the Deputy General Manager in the person of Mrs. Monica-Adriana Ivan, and by the Deputy General Manager in the person of Mr. Razvan Rat.

**28. OHER OPERATING EXPENSES**

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

<i>In RON</i>	<b>Sep-20</b>	<b>Sep-19</b>
Raw materials	(117.833)	(106.697)
Water and energy	(102.429)	(97.487)
Taxes and levies	(134.270)	(107.903)
<b>Total</b>	<b>(354.533)</b>	<b>(312.087)</b>

**29. OTHER EXPENSSE**

<i>In RON</i>	<b>Sep-20</b>	<b>Sep-19</b>
Compensations, fines and penalties	(5.382)	(2.187)
Donations granted	-	-
Value adjustments and disposals of intangible assets	(681.484)	(709.447)
Other expenses	(24.614)	(40.258)
<b>Total</b>	<b>(711.480)</b>	<b>(751.893)</b>

With respect to expenses, compensations and fines, an amoun of RON 5.382 was registered during 2020.

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**30. FINANCIAL INCOME AND EXPENSES**

In RON	<u>Sep-20</u>	<u>Sep-19</u>
Net result on transactions with financial assets at fair value through profit or loss	(5.298.960)	7.903.754
Net gains on the valuation of financial assets at fair value through profit or loss	385.295	3.971.897
		-
Net gains on transactions with derivatives - Futures	-	
Net gains on transactions with derivatives – international markets	-	-
Net gains on transactions with other financial instruments	2.041.836	652.575
Dividend income:	1.813.382	1.396.040
Related to available-for-sale financial assets		
Related to financial assets at fair value through profit or loss	1.813.382	1.396.040
<b>Total trading income</b>	<b>(1.058.447)</b>	<b>13.924.266</b>
Total net changes in the fair value of financial assets at fair value through profit or loss, of which:	-	-
Revenues from interest on deposits	731.091	607.290
Revenues from interest on margin contracts and loan contracts	567.552	663.019
Net gains on interest/coupons related to bonds	124	433.401
Net gains on foreign exchange differences	-	-
Other financial income	-	-
<b>Total financial income</b>	<b>240.321</b>	<b>15.627.976</b>
Losses on derivatives	-	-
<b>Total trading expenses</b>	<b>-</b>	<b>-</b>
Expenses with definitive impairment of available-for-sale securities	-	-
Expenses with interest on financial liabilities carried at amortized cost	(171.509)	(151.135)
<b>Total financial expenses</b>	<b>(171.509)</b>	<b>(151.135)</b>
<b>Net financial result through profit or loss</b>	<b>(4.651.487)</b>	<b>12.077.373</b>
Recognized to other comprehensive income <i>In RON</i> Detailed on the following page	-	-
Recognized to other comprehensive income in lei		
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. FINANCIAL INCOME AND EXPENSES (continued)**

As a result of adopting IFRS 9 starting with January 1st 2018, BRK Financial Group has modified its' accounting policy, thereby classifying the equity in its' portfolio at fair value through profit or loss. Before January 1st 2018, only the held for trading financial instruments, along with associate investment amounts were classified as such. 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.

Income from dividends is recognized in the profit and loss account.

<b><i>In RON</i></b>	<b>Sep-20</b>	<b>Sep-19</b>
<b>TOTAL</b>	<b>1.808.844</b>	<b>888.556</b>

### 31. INCOME TAX EXPENSES

#### Reconciliation of the effective tax rate

*In lei*

	<b>Sep-20</b>	<b>Sep-19</b>
Profit for the period	<b>(2.230.736)</b>	<b>11.219.238</b>
Total income tax expense	0	0
<b>Profit before tax (including halted activities)</b>	<b>(2.230.736)</b>	<b>11.219.238</b>
Tax rate	16%	16%
Income tax calculated by applying the tax rate to book profit	(356.918)	1.304.483
Impact of non-deductible expenses	0	543.255
Impact of non-taxable revenues	(1.171.125)	(260.493)
Impact of expenses from IFRS restatement not accounted in the calculation of income tax	-	-
Accumulated tax loss	1.730.210	18.892.944
Impact of tax losses from previous years	(276.834)	(3.022.871)
Total income tax expenses calculated as per the tax rate	(74.667)	17.457.318
<b>Income tax expenses not registered for negative amounts</b>	<b>(74.667)</b>	<b>17.457.318</b>
Final income tax expenses	-	-
Final tax rate	-	-

### 32. EARNINGS PER SHARE

#### Basic earnings per share

The calculation of earnings per share as of September 30th, 2020 is based on the profit attributable to shareholders (all ordinary shareholders) and the average number of outstanding ordinary shares of 337,749,919. As of September 30th, 2020, the average number of outstanding ordinary shares was the same 337,749,919.

#### Profit attributable to ordinary shareholders

		<b>Sep-20</b>	<b>Sep-19</b>
<b>Profit attributable to:</b>			
Shareholders		<b>(2.230.736)</b>	<b>11.219.239</b>
Non-controlling interest		-	-
<b>Profit for the period</b>		<b>(2.230.736)</b>	<b>11.219.239</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders		<b>(2.230.736)</b>	<b>11.219.239</b>
Non-controlling interests		-	-
<b>Total comprehensive income for the period</b>		<b>(2.230.736)</b>	<b>11.219.239</b>
<b>Earnings per share</b>			
Basic earnings per share (RON)	24	(0,0066)	0,0332
Diluted earnings per share (RON)	24	(0,0066)	0,0332
Continuing activities			
Basic earnings per share (RON)		(0,0066)	0,0332
Diluted earnings per share (RON)		(0,0066)	0,0332



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**32. EARNINGS PER SHARE (continued)**

The result presented follows the calculation of income tax..

	<b>Sep-20</b>	<b>Sep-19</b>
<b>Loss attributable to:</b>		
Shareholders	(2.230.736)	11.219.239
Non-controlling interests	-	-
<b>Loss for the period</b>	<b>(2.230.736)</b>	<b>11.219.239</b>
<b>Total comprehensive income for the period to:</b>		
Shareholders	(2.230.736)	11.219.239
Non-controlling interests	-	-
<b>Total comprehensive income for the period</b>	<b>(2.230.736)</b>	<b>11.219.239</b>
<b>Earnings per share</b>		
Basic earnings per share (RON)	(0.0066)	0.0332
Diluted earnings per share (RON)	(0.0066)	0.0332
Continuing activities		
Basic earnings per share (RON)	(0.0066)	0.0332
Diluted earnings per share (RON)	(0.0066)	0.0332

**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.

<b>Year</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Number of shares	337.749.919	337.749.919	337.749.919	337.749.919	337.749.919

**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 policies.

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**33. FAIR VALUE HIERARCHY (continued)**

in RON	<b>Stage 1 A</b>	<b>Stage 2A</b>	<b>Stage 3A</b>	
<b>September 30<sup>th</sup> 2020</b>	<b>Stage 1 B</b>	<b>Stage 2B</b>	<b>Stage 3B</b>	<b>Total</b>
<b>Fair value assets through profit or loss of which:</b>	<b>16.647.555</b>	<b>9.524.578</b>	<b>29.220.065</b>	<b>55.392.199</b>
Quoted shares	14.811.763	4.907.630	-	19.719.393
Quoted fund units	465.500	-	-	465.500
Unquoted fund units	1.370.293	4.616.948	756.898	6.744.138
Quoted bonds	-	-	-	-
Unquoted bonds	-	-	6.138	6.138
Unquoted shares	-	-	21.713.003	21.713.003
Structured products	-	-	-	-
Loans granted	-	-	6.744.027	6.744.027
Financial derivatives	-	-	-	-
Other financial instruments	-	-	-	-
<b>TOTAL</b>	<b>16.647.555</b>	<b>9.524.578</b>	<b>29.220.065</b>	<b>55.392.199</b>

in RON	<b>Stage 1 A</b>	<b>Stage 2A</b>	<b>Stage 3A</b>	
<b>December 31<sup>st</sup> 2019</b>	<b>Stage 1 B</b>	<b>Stage 2B</b>	<b>Stage 3B</b>	<b>Total</b>
<b>Fair value assets through profit or loss of which:</b>	<b>20.278.444</b>	<b>10.869.391</b>	<b>23.854.302</b>	<b>55.002.136</b>
Quoted shares	18.316.139	6.120.536	-	24.436.675
Quoted fund units	566.500	-	-	566.500
Unquoted fund units	1.346.552	4.748.855	2.716.064	8.811.471
Quoted bonds	49.253	-	-	49.253
Unquoted bonds	-	-	6.138	6.138
Unquoted shares	-	-	9.020.671	9.020.671
Structured products	-	-	-	-
Loans granted	-	-	12.111.428	12.111.428
Financial derivatives	<b>0</b>	-	-	<b>0</b>
Other financial instruments	<b>1.754.174</b>	-	-	<b>1.754.174</b>
<b>TOTAL</b>	<b>22.032.618</b>	<b>10.869.391</b>	<b>23.854.302</b>	<b>56.756.311</b>

**33. FAIR VALUE HIERARCHY (continued)**

**Changes in fair value of stage 3**

*in RON*

	<b>Sep-20</b>	<b>Dec_2019</b>
As of January 1st	<b>23.854.302</b>	<b>16.479.090</b>
Total gain / (loss) through profit or loss	1.082.911	3.021.401
Total unrecognized gains / (losses) through comprehensive income	-	
Acquisitions(*)	9.650.310	9.309.297
Sales(**)	(5.367.458)	(12.310.572)
Stage 3 fair value transfers(***)	-	3.021.401
As of December 31 <sup>st</sup>	<b>29.220.065</b>	<b>23.854.302</b>

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

(\*\*\*)Affiliated margin credits have been included in stage 3 of fair value hierarchy. Their value as of September 30th 2020 is RON 6.744.027. The description represents the conversion of credits for Romlogic, Firebyte and GoCAB

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**33. FAIR VALUE HIERARCHY (continued)**

The evaluation methods for stage 3 are listed as follows :

No.	Financial assets	Fair value as of September 30h in RON	Valuation method	Unobservable input ranges	Relationship between fair value and unobservable inputs
1	Unquoted majority interests	6.939.120	Discounted cash flows	Weighted average cost of capital: 11,39 %	The lower the weighted average cost of capital, the higher the fair value
				Long-term income growth rate: 2,6%	The higher the long-term income growth rate, the higher the fair value
				Weighted average cost of capital: 12,75%	The lower the weighted average cost of capital, the higher the fair value
2	Unquoted majority interests	-	Discounted cash flows	Lack of liquidity discount: 15,60%	The lower the discount for the lack of liquidity, the higher the fair value
				Long-term income growth rate: 1,30%	The higher the long-term income growth rate, the higher the fair value
				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
3	Unquoted minority interests	539.393	Net asset value		
4	Unquoted minority interests	14.234.489	Discounted cash flows	Weighted average cost of capital: 10,50%	The lower the weighted average cost of capital, the higher the fair value
				Lack of control discount: 10%	The lower the discount for the lack of control, the higher the fair value
				Long-term income growth rate: 2%	The higher the long-term income growth rate, the higher the fair value
5	Unquoted bonds	6.138	Net asset value at amortized cost	Return rate of (IRR): 8,23%	The lower the cash flow discount rate, the higher the fair value
6	Loans granted	6.744.027	Discounted cash flows		
7	Fund units	756.898	Net asset value		
<b>Total</b>		<b>29.220.065</b>			

**SSIF BRK FINANCIAL GROUP SA**  
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**33. FAIR VALUE HIERARCHY (continued)**

No.	Financial assets	Fair value as of December 31h 2019 in RON	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% Weighted average cost of capital: 10,50% Lack of control discount: 10%	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	6.138	Net asset value at amortized cost	Return rate of (IRR): 8,23%	The lower the cash flow discount rate, the higher the fair value
6	Loans granted	12.111.428	Discounted cash flows		
7	Fund units	2.716.064	Net asset value		
<b>Total</b>		<b>23.854.302</b>			

### **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**

#### **Investment in associates**

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

**These financial statements have been approved on 12.11.2020**

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