



**SIF BANAT-CRIȘANA**

— **ANNUAL REPORT** —  
**OF THE BOARD OF DIRECTORS**  
FOR THE FINANCIAL YEAR 2021

PREPARED PURSUANT TO LAW NO. 24/2017, LAW NO. 74/2015, LAW NO. 243/2019,  
ASF REGULATION NO. 5/2018, ASF REGULATION NO. 10/2015, ASF REGULATION NO. 7/2020  
AND ASF RULE NO. 39/2015

*This Report of the Board of Directors is provided as a free translation from Romanian,  
which is the official and binding version. In case of inconsistencies between the information provided  
in Romanian and those provided in English, Romanian language shall prevail.*

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# MAIN FINANCIAL AND OPERATIONAL INFORMATION

<b>FINANCIAL POSITION [RONm]</b>			
	2019	2020	2021
Total assets, of which	2,926.68	2,883.77	3,607.39
Total financial assets	2,900.02	2,859.53	3,579.13
Equity	2,748.20	2,729.90	3,416.13
Total liabilities	178.47	153.87	191.26

<b>FINANCIAL PERFORMANCE (IFRS) [RONm]</b>			
	2019	2020	2021
Income	121.54	94.84	135.55
Gain on investment	75.95	27.82	288.29
Expenses	22.24	28.47	27.50
Gross profit	175.26	94.18	396.34
Net profit for the year	159.49	92.12	387.00

<b>FINANCIAL INDICATORS [%]</b>			
	2019	2020	2021
ROE (net profit / equity)	5.80	3.37	11.33
ROA (net profit / total assets)	5.45	3.19	10.73
Gross profit margin (gross profit / total income)	66.54	30.47	73.32

<b>SHARES AND NET ASSET PERFORMANCE</b>			
	2019	2020	2021
Share price (year end, in RON)	2.7300	2.2000	2.5400
Net asset value* / share (RON)	5.2959	5.6051	6.7170
PER**	8.9	12.3	3.4
Dividend / share (RON)	-	-	***
Accounting net asset / share (RON)	5.3411	5.3055	6.7311
Nominal value of share (RON)	0.1	0.1	0.1
Number of issued shares	517,460,724	515,422,363	515,422,363
Number of outstanding shares	514,542,363	514,542,363	507,510,056

\* calculated acc. to ASF regulations  
\*\* calculated using EPS for the average number of shares in the respective year  
\*\*\* as per GMS decision

<b>OPERATIONAL DATA</b>			
	2019	2020	2021
Number of employees, year end	34	34	33
Number of branch offices	1	1	1

<b>SHAREHOLDING STRUCTURE</b> as of December 31, 2021		
	number of shareholders	stake
Romanian individuals	5,741,881	39.98%
Non-resident individuals	2,095	0.35%
Romanian legal entities	118	37.84%
SIF Banat-Crișana (treasury stock)*	1	1.54%
Non-resident legal entities	25	20.29%
<b>TOTAL</b>	<b>5,744,120</b>	<b>100%</b>

\* repurchased in 2021

# GENERAL INFORMATION ON THE COMPANY

COMPANY NAME	<b>Societatea de Investiții Financiare Banat-Crișana S.A.</b> (hereinafter referred to as "SIF Banat-Crișana" or "the Company")
COMPANY TYPE	<ul style="list-style-type: none"><li>▪ joint stock company, Romanian legal entity with entire private capital</li><li>▪ established as a self-managed investment company, authorized by the Financial Supervisory Authority as Alternative Investment Fund Manager (AIFM) - Authorization no. 78 / 09.03.2018, and as closed-ended alternative investment fund, diversified, addressed to retail investors (AIFRI) - Authorization no. 130 / 01.07.2021</li></ul>
SHARE CAPITAL	<ul style="list-style-type: none"><li>▪ RON 51,542,236.30 – subscribed and paid-in capital</li><li>▪ 514,422,363 shares issued; 507,510,056 outstanding shares as of December 31, 2021</li><li>▪ RON 0.10 per share nominal value</li></ul>
REGISTRATIONS	<ul style="list-style-type: none"><li>▪ Number in Trade Register J02/1898/1992</li><li>▪ Tax Identification Code RO 2761040</li><li>▪ Number in ASF AFIAA Register PJR07.1AFIAA / 020007 / 09.03.2018</li><li>▪ Number in ASF FIAIR Register PJR09FIAIR / 020004 / 01.07.2021</li><li>▪ Legal Entity Identifier (LEI) 254900GAQ2XT8DPA7274</li></ul>
MAIN ACTIVITY	Main activity is, as per the classification of economic activities in the national economy (CAEN): financial intermediation, except for insurance and pension funds (CAEN code 64), and the main object of activity: Other financial intermediation n.c.a. (CAEN code 6499): <ul style="list-style-type: none"><li>▪ portfolio management</li><li>▪ risk management;</li><li>▪ other activities carried out within the collective management of an investment fund, allowed by the legislation in force.</li></ul>
TRADING MARKET	The company is listed since November 1, 1999, on the regulated market of Bucharest Stock Exchange (BVB or BSE) – Premium category - ticker <b>SIF1</b>
FINANCIAL AUDITOR	<b>Deloitte Audit S.R.L.</b>
DEPOSITARY BANK	<b>Banca Comercială Română (BCR)</b>
SHARES AND SHAREHOLDERS' REGISTER	<b>Depozitarul Central S.A. Bucharest</b>
HEADQUARTERS	<b>Arad</b> , 35A Calea Victoriei, 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
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# 1. ANALYSIS OF SIF BANAT-CRIȘANA ACTIVITY

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## Economic environment

### Domestic economic environment

Macroeconomic indicators in Romania have evolved divergently in recent times, following the negative impact on economy generated on the one hand by the pandemic situation and the significant increases in consumer goods prices fuelled by consistent surges in energy, food, and non-commodity prices, and on the other hand by the military offensive launched by Russia against Ukraine on February 24, 2022.

The service sector continued to be severely impacted in 2021 by the measures to halt the spread of SARS-CoV-2 disease. The sharp rise in inflation has prompted central banks to adopt a more cautious monetary policy and raise interest rates. In the first part of 2021, the National Bank of Romania reduced by a step the reference interest rate from 1.50% to 1.25%, to support the economy affected by the pandemic, but against the background of a strong inflationary trend, it adjusted monetary policy from *dovish* to *hawkish*. In H2 2021, NBR raised the monetary policy interest rate in two stages from 1.25% to 1.75%. At present, the monetary policy rate set by the NBR is 2.50%, but the symmetrical corridor consisting of interest for the deposit facility (which is currently at 1.50%) and interest for the lending facility (3.50%) has been extended.

The unemployment rate remained at a reasonable level, and the number of insolvencies (especially among HoReCa companies) increased at a moderate pace. The latest data published by the National Institute of Statistics showed an unemployment rate in December 2021 of 5.4% compared to the 6.4% reported by the European Union and a slight increase in the number of insolvencies compared to 2020.

After a slowdown of -3.7% in 2020, the progress of real GDP (adjusted for inflation) in 2021 was 5.9%, according to data revised in March 2022 and published by INS. The advance was largely supported by household consumption and investments while exports made a negative contribution. Towards the end of 2021, the growth slowed down due to supply chain constraints, the new wave of SARS-CoV-2 infections and the sharp rise in inflation.

The annual consumer price index for 2021, reported by INS, was 5.1% (up from 2.6% in 2020), a distance that deviated from the multi-annual stationary inflation target adopted by the ECB and NBR of 2.5%, aimed at ensuring price stability and moving to the EU's long-term continuing inflation target.

Foreign direct investment amounted to 7.25 billion euros in 2021 (compared to 3 billion euros in 2020) of which equity investments (including estimated net reinvested profit) amounted to a net value of 5.78 billion euros, and intragroup loans amounted to 1.47 billion euros.

At the same time, NBR reported that the current account deficit significantly deepened, exceeding 16.95 billion euros in 2021, compared to 10.98 billion euros in the previous year. The current account deficit and the public debt were also expanding, but the limits on the deficit thresholds were temporarily raised in order to intervene effectively during the health crisis caused by the spread of the SARS-CoV-2 virus.

The course of the local currency against the euro had moderate changes but with a slightly downward trend, resulting in an average annual exchange rate of RON 4,9204 / EUR in 2021 compared to RON 4,8371 / EUR in 2020. In relation to the US dollar, the evolution of the exchange rate can be considered relatively stable, the annual average in 2021 being at RON 4.1604 / USD compared to 4.2440 in the same period of 2020. There were no excessive volatilities of exchange rate.

Rating agencies reviewed Romania's outlook, Moody's and Standard & Poor's gave a stable outlook while Fitch reported a negative outlook. The ratings were maintained at Baa3 by Moody's and S&P and Fitch rated the current conditions at a BBB- rating.

BVB / BSE capital market

The Romanian capital market ended 2021 as one of the best years in recent history in terms of growth rate. The BET index delivered a yield of 33% in 2021, ranking among CEE performers in terms of yield. BET-TR index, which also includes dividends, ended 2021 with a growth of +40%, which represents a performance in a context dominated by the uncertainties generated by the coronavirus pandemic. BET-TR index ended 2021 at a level of 23,113 points, which is a new all-time high.

Procedures have been started to simplify tax procedures for individual investors by introducing the withholding tax system for capital gains.

Starting with December 20, 2021, Romanian companies became more visible internationally after the Bucharest Stock Exchange increased its presence in the indices of the global supplier FTSE Russell to seven companies: Banca Transilvania (TLV), Nuclearelectrica (SNN), OMV Petrom (SNP), TeraPlast (TRP) and One United Properties (ONE) in the FTSE Global All-Cap indices, and Bittnet (BNET) and Transport Trade Services (TTS) in the FTSE Global Micro-Cap index.

The total value of trades with all types of financial instruments on the Regulated Market of BVB exceeded the threshold of RON 20 billion (aprox. 4 billion euros). The daily average trading with all types of financial instruments (shares, fixed income instruments, structured products, fund units, ETFs) reached RON 79.4 million, the equivalent of 16.1 million euros.

In 2021, BVB had 23 listings of issuers of shares with a total equivalent value of 234 million euros and 45 issues of fixed income securities with a total value of 1.8 billion euros.

According to data published by the Investor Compensation Fund (FCI), in the first nine months of last year, the number of direct investors in BVB exceeded 74,000 participants. The number of those who work indirectly on the stock exchange, through investment funds, reached 540,000 investors at the end of November, according to the Romanian Association of Fund Managers (AAF).

For an institutional investment environment, these amounts continue to mean limited market liquidity and hide high risks if there is a will or need to sell the holdings listed on BVB (difficulty / impossibility of exit).

At the end of 2021, the stock market valuation indicators failed to hold on to similar values in the same period of 2019 (the pre-pandemic period) due to the economic effects of the pandemic, but higher trading volumes supported the progress of demand.

In the last month of 2021, the P / E indicator was 11.64 compared to 8.85 in 2020 and 8.81 in 2019, P / BV was 1.15 compared to 0.91 in 2020 and 1.07 in 2019 and DY was 4.47% compared to 6.49% in 2020 and 6.79% in 2019.

### **International economic environment**

Most countries have taken steps to stimulate their own economies to combat the negative economic effects resulting from the restrictions imposed by the COVID-19 pandemic, which have adversely impacted the tourism and HoReCa segment, but which have also caused significant damage to industrial production, as a result of disruptions in global supply chains. Monetary and fiscal stimulus have largely offset the damage caused by the pandemic and raised financial markets to historic highs by the end of the year. Commodity prices, stock markets, the real estate market have followed upward trends rarely seen in the past due to low interest rates and the package of massive economic incentives globally.

## Analysis of the portfolio

The investment strategy of SIF Banat-Crișana aims to maximize the performance of the portfolio in order to increase the value of assets under management and investment income.

The financial objective is to make use of an aggregate return on the portfolio generated from dividend and capital gains.

SIF Banat-Crișana has as investment objective the efficient management of a diversified portfolio of quality assets, able to ensure a constant flow of income, the conservation and medium-long term capital growth, to increase the value shareholders and obtain high return from the invested capital.

Strategic allocations by asset class and within each class are based on assessments of the individual attractiveness of investment opportunities, given the current macroeconomic and market environment.

Investments are made over a certain period, under regulated prudential conditions, under adequate monitoring and control of risks, in order to ensure a constant balance between risk and expected return. The investment decision-making process is formalized through internal procedures and competency levels approved by the company's Board of Directors.

The company applies an exit strategy adapted to the specifics of each investment, defined based on the applied strategy, the investment objectives, the conditions of the exit transaction.

The execution of various exit strategies is adapted and correlated with a series of internal and external factors, such as: general economic outlook, course of financial markets, liquidity of listed equity securities and daily trading volumes, small business regional, access barriers depending on the shareholders' structure, Company's needs for liquidity.

Lines of action in portfolio management:

- establishment of a diverse portfolio of assets apt to reach the targeted returns at the decided risk level
- improving portfolio quality, as basis for its growth and capacity to constantly generate revenues
- portfolio management and development to adapt to the overall risk profile
- development of specific areas of expertise that form the basis of operations
- improvement of corporate governance practices

SIF Banat-Crișana has under management a diversified portfolio, and the financial instruments in which it invests are mainly shares, fixed income financial instruments and fund units. All significant holdings of the Fund are structured, according to the relevant portfolios of financial instruments and their risks, into 3 classes of instruments as follows: (i) equity instruments: listed shares, unlisted shares; (ii) debt instruments: government bonds, municipal bonds, corporate bonds, bank deposits (investments), units of funds issued by AIF, (iii) derivative instruments for the purpose of reducing / hedging / managing risk.

In the investment process, SIF Banat-Crișana acknowledges that global sustainability challenges, including climate change, resource scarcity and human rights are of critical importance and need to be addressed. In this regard, to provide long-term value to the investments made, SIF Banat-Crișana analyses the sustainability risk of issuers regarding the criteria applied to determine whether an economic activity qualifies as sustainable and contributes substantially to one or more among the sustainability objectives.

SIF Banat-Crișana does not currently consider the potential negative effects of investment decisions on sustainability factors, as described in this process in EU Regulation 2088/2019, for the following reasons:

- The requirements to be met by financial market participants, formulated by EU Regulation 2088/2019 (SFDR), and supplemented by EU Regulation 852/2020 on establishing a framework to facilitate sustainable investment, cover only environmental and not social issues and the labour force or governance issues.
- Data and information on issuers or financial products classified as sustainable are limited and non-uniform.
- The complexity of the requirements set out in the published regulations and in the draft technical standards requires additional time for the adequacy of the sustainability risk analysis and reporting processes.

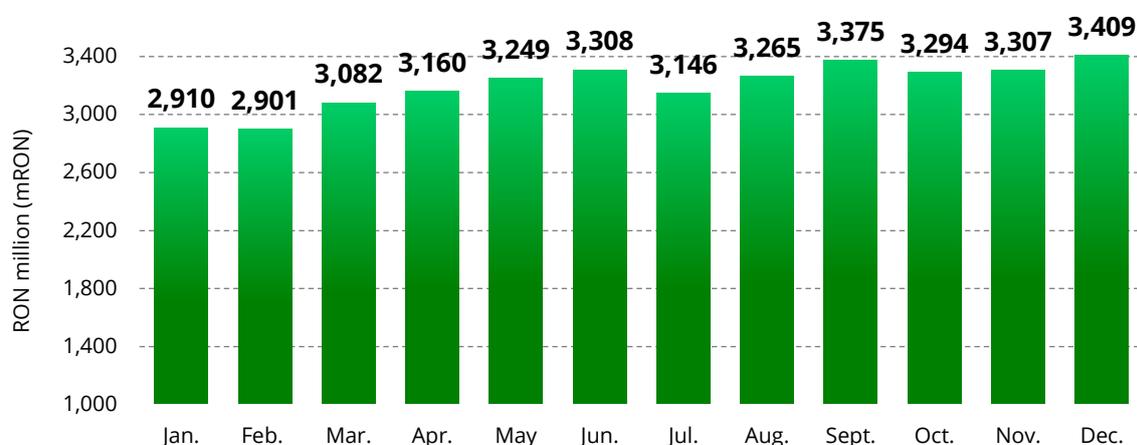
Understanding the importance of ESG factors and their long-term impact, SIF Banat-Crişana will consider, depending on the clarification of the above-mentioned matters, to analyse and decide on the consideration of the negative effects of investment decisions on the sustainability factors, informing investors on any new concrete steps taken in this regard.

Additional information on the objectives and investment policy, as well as the description of the types of assets in which SIF Banat-Crişana can invest as an Alternative Investment Fund addressed to Retail Investors (AIFRI; in Romanian: FIAIR) are presented in detail in the fund's operating documents, available for consultation. on the company's website, at [www.sif1.ro](http://www.sif1.ro), in the section *Corporate Governance* › *AIFRI*.

## Net asset value (NAV) evolution

SIF Banat-Crişana net asset value (NAV) as of December 31, 2021, amounted to **RON 3,408,921,783<sup>1</sup>**, up **18.2%** as compared to **RON 2,884,036,120** as of December 31, 2020, while net asset value per share (NAV/S) was of **RON 6.7170** on December 31, 2021, vs. **RON 5.6051** as of December 31, 2020.

NET ASSET VALUE IN 2021



The calculation of NAV and NAV/S is performed by SIF Banat-Crişana on a monthly basis, the values are certified by the depositary bank Banca Comercială Română (BCR). Throughout 2021, the valuation of assets for the calculation of SIF Banat-Crişana NAV was carried out in full compliance with the regulations issued by the Financial Supervisory Authority.

NAV and NAV/S for each month were submitted to Bucharest Stock Exchange and the Financial Supervisory Authority – Financial Instruments and Investments Sector, and are permanently available to investors, as they are published on SIF Banat-Crişana website ([www.sif1.ro](http://www.sif1.ro)) no later than 15 calendar days from the end of the period for which reporting is done.

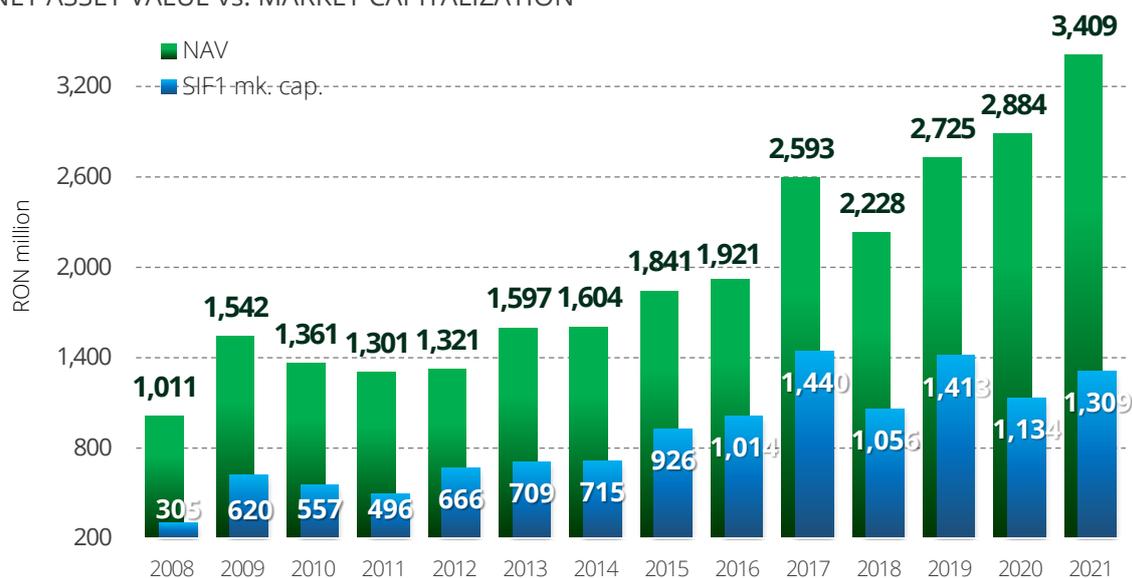
The value of the total assets of SIF Banat-Crişana, calculated according to ASF regulations, had a constantly positive progress in 2021, ranging between RON 2.9 billion (January 2021) and RON 3.6 billion (December 2021).

Over the same period, the progress of the net asset value had a rise of 18.2%. A slight decrease of NAV was recorded in July 2021 as a result of the change in the NAV calculation formula by including tax on deferred profit in the total debts of the company, as per the provisions of ASF Regulation no. 7/2020 applicable from the date of authorization of SIF Banat-Crişana as FAIFRI (July 1, 2021).

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<sup>1</sup> Net Asset Value as of 31.12.2021 was recalculated as follows: portfolio items (shares) valued on the basis of valuation reports - recorded at values updated as of 31.12.2021; non-portfolio items - based on the final balance sheet underlying the preparation of the standalone annual financial statements subject to the approval of the OGM of April 28 (29), 2022. Statement of assets and liabilities of SIF Banat-Crişana as of December 31, 2021, and detailed statement of investments (as per annexes 10 and 11 to Regulation No. 7/2020) - recalculated and certified by the depositary of assets, Banca Comercială Română - are attached to this report.

## NET ASSET VALUE vs. MARKET CAPITALIZATION



NOTE: net asset values (NAV) are those reported for the end of December for each year; for 2008 – 2015 non-portfolio items were calculated based on accounting records pursuant to Romanian Accounting Regulations (RAS) in force at that time; and under IFRS for 2016 – 2021; mk. cap. calculated using closing price for SIF1 in the last trading day of each year

### The methodology for calculating the net asset value

During January – June 2021, NAV calculation was performed in accordance with the provisions of the ASF Regulation no. 10/2015, ASF Regulation no. 15/2004, ASF Regulation no. 9/2014 amended and supplemented by ASF Regulations no. 2/2018 and no. 20/2020.

Starting with July 1, 2021, the date of authorization of SIF Banat-Crișana as an alternative investment fund addressed to retail investors, the calculation of the net asset value was performed in accordance with the provisions of Law no. 243/2019 on alternative investment funds and for the amendment and completion of certain normative acts and of the ASF Regulation no. 7/2020 on the authorization and operation of alternative investment funds with subsequent amendments and completions. From this date, the reporting formats of *statement of assets and liabilities*, respectively *the detailed statement of investments*, related to the reporting period comply with the content established in annexes no. 10 and 11 of the ASF Regulation no. 7/2020, with subsequent amendments and completions.

According to ASF Regulation no. 7/2020, the net asset value of an AIFRI established as an investment company is determined as the difference between the total value of the assets and the sum of the accrued expenses and deferred income. Both current and non-current debts and accrued provisions are included in the calculation of the total amount of debts. In accordance with these regulations, starting with July 1, 2021, following the authorization of SIF Banat-Crișana as AIFRI, the company calculated the net asset value by adding the deferred income tax (non-current debt) to the total debts. In the chart above for the monthly evolution of NAV in 2021, the change in the NAV for July compared to the value for June is mainly due to the increase in the value of debt as a result of the inclusion of deferred income tax.

The statement of SIF Banat-Crișana's assets and liabilities as of December 31, 2021, prepared as per the provisions of annex 10 to Regulation no. 7/202 is presented as annex to this report.

Throughout 2021, the valuation of assets for the calculation of net asset value was carried out in accordance with the regulations issued by the Financial Supervisory Authority, the provisions of ASF Regulation no. 10/2015 and of ASF Regulation no. 9/2014 (art. 113-122), with subsequent amendments and completions.

As per these regulations:

- Financial instruments admitted to trading or traded in the last 30 trading days on a regulated market or in systems other than regulated markets, including in an alternative trading system in Romania, from a Member State or a non-member, are measured:

- a) At the closing price of the market segment considered as the main market or the reference price provided in trading systems other than regulated markets including alternative systems by the operator of that trading system for the day for which the calculation is made;
- b) By way of exception from the provisions of letter a) above, in the case of joint stock companies admitted to trading on a regulated market or a multilateral trading system with a liquidity considered by SIF Banat-Crișana, based on a judgment of prudential value in relation to the active market defined by International Financial Reporting Standard 13 - Fair value measurement (IFRS 13), as irrelevant for the application of the marking to market valuation method, the shares of those companies will be measured in the assets of SIF Banat-Crișana in accordance with the evaluation standards in force, according to the law, based on an evaluation report. SIF Banat-Crișana maintained in 2021 this valuation method for *the following portfolio companies: SIF Imobiliare PLC (symbol SIFI), SIF Hoteluri SA (symbol CAOR), and IAMU SA (symbol IAMU).*

- Securities not admitted to trading on a regulated market or not traded in the last 30 trading days are valued at the book (accounting) value per share resulting from the last annual financial statements, respectively the value of equity included in the monthly reports to BNR (National Bank of Romania) for credit institutions.

- In the case of joint stock companies not admitted to trading in a regulated market or alternative system, in which SIF Banat-Crișana holds more than 33% of the share capital, those shares are measured in SIF Banat-Crișana net asset exclusively in accordance with the international standards evaluation based on an evaluation report, updated at least annually. These companies are presented in a separate annex under the *Detailed Portfolio Statement*.

- Fixed income financial instruments are measured using the method based on the daily recognition of interest and amortization of the discount / premium for the period passed from the date of the investment.

- The shares of companies in insolvency, judicial liquidation or reorganization proceedings are valued at zero until the procedure is completed.

- The values of non-portfolio items taken into account in the calculation of net assets are in accordance with International Financial Reporting Standards ("IFRS").

The valuation methods applied by the Company to evaluate the financial assets in the portfolio are presented on Company's website, [www.sif1.ro](http://www.sif1.ro), in the operating documents as AIFRI, namely Simplified Prospectus, Rules of the Fund in the section *Corporate Governance* › *AIFRI*, and in the section *Investments* › *Net Asset* › *Net asset value calculation methodology*.

## Portfolio structure

The investment limits and restrictions incidental to the operations carried out by SIF Banat-Crișana during 2021 complied with the incidental legal provisions, established by Law no. 243/2019 on the regulation of alternative investment funds.

The strategy for asset allocation aims to maximize the performance of the portfolio within the prudential conditions set by regulations applicable to the company's business.

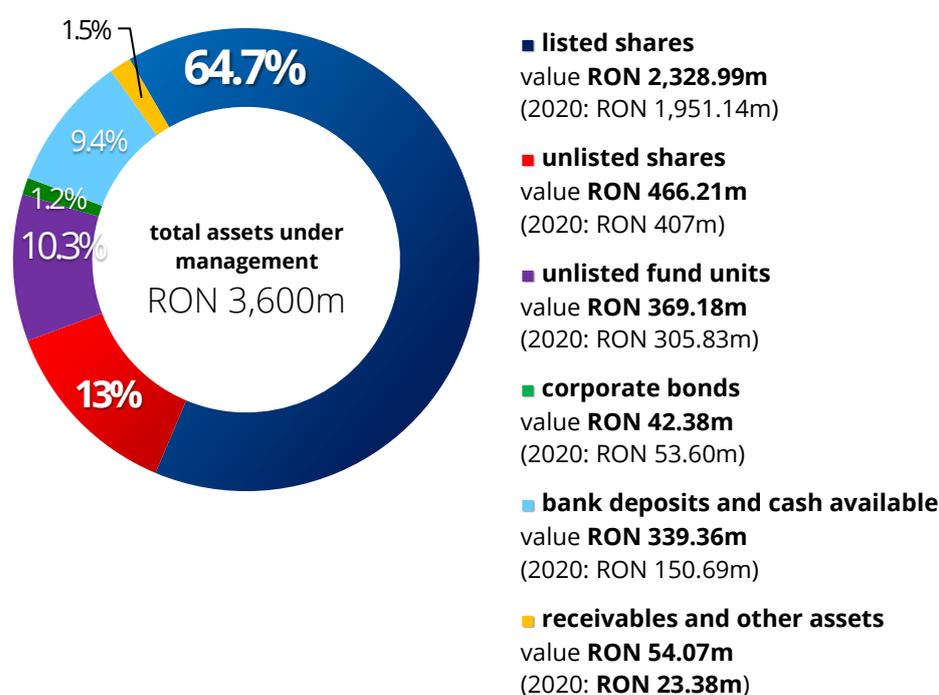
The management has established procedures for internal risk management, to identify, monitor and cover the risks associated with the investments made by SIF Banat-Crișana. The management regularly reviews compliance with prudential limits and investment restrictions. If violations of the applicable investment restrictions are found due to changes in stock market prices or other circumstances, the management is compelled to take immediate action to correct these breaches.

The investment limits and restrictions incidental to the operations carried out by SIF Banat-Crișana during 2021 complied with the legal provisions incidental to the status of Closed, Diversified Alternative Investment Fund addressed to retail investors and no violations of these limits were recorded.

The detailed statement of SIF Banat-Crișana's investments as of December 31, 2021, prepared pursuant to Annex 11 of Regulation no. 7/2020, is presented as annex to this report.

#### ASSETS UNDER MANAGEMENT as at December 31, 2021

breakdown on classes (weight on total assets)



*Note: values calculated as of December 31, 2021, and December 31, 2020, acc. to ASF Regulations no. 9/2014, no. 10/2015, and no. 2/2018*

As of December 31, 2021, the value of SIF Banat-Crișana's stock portfolio reached RON 2,795.19m (2020: RON 2,358.17m) weighting 82% in the total assets under management at 2021 year-end.

### Stock portfolio structure

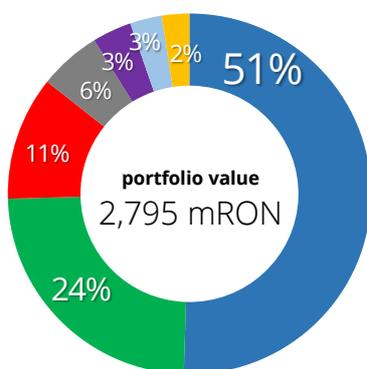
A significant share in the portfolio structure as of 31.12.2021 is still held by the banking-financial sector (50.50%), that includes banks, AIF and AIFM (SIFs) and other companies in the financial field; the commerce - real estate sector (24.07%) and the pharmaceuticals sector (11.11%).

The financial-banking sector further has the largest weight in the portfolio, and the value of the shareholdings in this sector, calculated as per ASF regulations, raised during the year 2021, due to the progress of share prices on the trading markets.

SIF Banat-Crișana's portfolio of assets under management has been within the holding limits

provided by the ASF regulations throughout 2021. Detailed information is presented in the subchapter *Risk Management*.

#### STOCK PORTFOLIO - sector breakdown



■ **banking-financials, financial investments, asset management**

stakes in **13** companies, worth **RON 1,411.53m**  
(31.12.2020: RON 1,151.26m)

■ **commerce - real estate**

stakes in **12** companies, worth **RON 672.83m**  
(31.12.2020: RON 617.32m)

■ **pharmaceuticals**

stakes in **2** companies, worth **RON 310.57m**  
(31.12.2020: RON 161.86m)

■ **cardboard and paper**

stakes in **4** companies, worth **RON 154.97m**  
(31.12.2020: RON 122.43m)

■ **hospitality (hotels and restaurants)**

stakes in **4** companies, worth **RON 97.65m**  
(31.12.2020: RON 100.03m)

■ **energy - utilities**

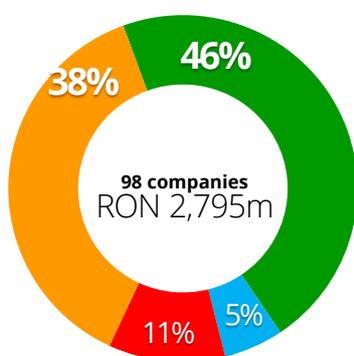
stakes in **6** companies, worth **RON 79.31m**  
(31.12.2020: RON 72.33m)

■ **other industries and activities**

stakes in **57** companies, worth **RON 68.34m**  
(31.12.2020: RON 132.94m)

*Note: percentages in the chart represent the stake of the category in the stock portfolio as of December 31, 2021; values calculated pursuant to ASF Regulations no. 9/2014, no. 10/2015, and no. 2/2018*

#### STOCK PORTFOLIO - breakdown on shareholdings



■ **up to 5%**

Shareholdings up to 5% in **32** companies  
worth **RON 1,289.29m** (31.12.2020: RON 1,025.35m)

■ **5-33%**

Shareholdings between 5-33% in **50** companies  
worth **RON 154.67m** (31.12.2020: RON 208.71m)

■ **33-50%**

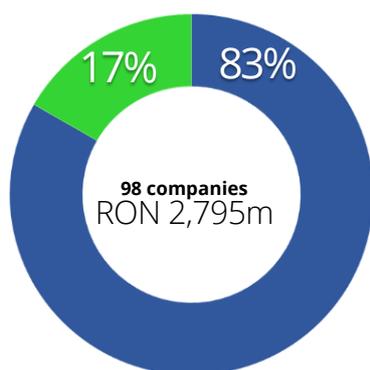
shareholdings between 33-50% in **3** companies  
worth **RON 301.99m** (31.12.2020: RON 155.46m)

■ **above 50%**

majority stakes, above 50%, in **13** companies  
worth **RON 1,049.23m** (31.12.2020: RON 968.65m)

*Note: percentages in the chart represent the stake of the category in the stock portfolio as of December 31, 2021; values calculated pursuant to ASF Regulations no. 9/2014, no. 10/2015, and no. 2/2018*

## STOCK PORTFOLIO - breakdown on liquidity



■ listed companies

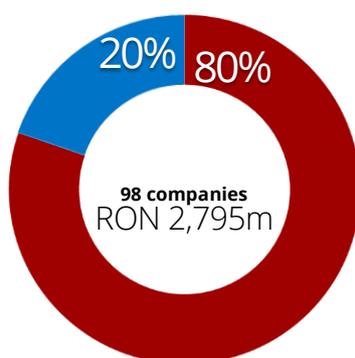
**RON 2,328.99m** (31.12.2020: RON 1,951.14m) value of holdings in **34** companies (31.12.2020: 42)

■ unlisted companies

**RON 466.21m** (31.12.2020: RON 407.03m) value of holdings in **64** companies (31.12.2020: 74)

*Note: percentages in the chart represent the stake of the category in the stock portfolio as of December 31, 2021; values calculated pursuant to ASF Regulations no. 9/2014, no. 10/2015, and no. 2/2018*

## STOCK PORTFOLIO - breakdown by region



■ Romania

**RON 2,244.03m** (31.12.2020: RON 1,813.91m) value of holdings in **96** companies (31.12.2020: 114)

■ external markets

**RON 551.16m** (31.12.2020: RON 544.27m) value of holdings in **2** companies (31.12.2020: 2): Austria (1 company – Erste Bank), Cyprus (1 company – SIF Imobiliare)

*Note: percentages in the chart represent the stake of the category in the stock portfolio as of December 31, 2021; values calculated pursuant to ASF Regulations no. 9/2014, no. 10/2015, and no. 2/2018*

## Stock portfolio management

As at 2021-year end, SIF Banat-Crișana was majority stakeholder (with a stake above 50%) in 13 companies, (2020: 13) with an aggregate value of RON 1,049.23m, standing for 31% of NAV.

Throughout 2021, the management of SIF Banat-Crișana continued its efforts to streamline the process of managing the majority holdings, by actively involving and supporting the development plans and medium and long-term strategies of the companies. SIF Banat-Crișana collected dividends amounting to RON 130.45 million, generated mainly by the recommencement of dividend distribution of banking companies, and especially by dividends collected from several majority holdings (SIF Imobiliare, Azuga Turism, Vrancart).

## TOP 10 COMPANIES IN SIF BANAT-CRIȘANA PORTFOLIO as of December 31, 2021

Company (market symbol)	Sector	Stake	Value of stake* [RON]	% of NAV
1 Banca Transilvania (TLV)	banking - financial	4.78%	777,833,705	22,82%
2 SIF Imobiliare Plc (SIFI)	real estate	99.99%	346,555,946	10,17%
3 Biofarm (BIO)	pharmaceuticals	36.75%	301,988,554	8,86%
4 SIF1 IMGB	real estate	99.92%	241,615,614	7,09%
5 BRD Groupe Société Générale (BRD)	banking - financial	1.95%	240,994,297	7,07%
6 Erste Group Bank AG (EBS)	banking - financial	0.23%	204,603,935	6,00%
7 Vrancart (VNC)	cardboard and paper	75.06%	154,883,211	4,54%
8 SAI Muntenia Invest	financial (AIFM)	98.99%	88,812,234	2,61%
9 SIF Hoteluri (CAOR)	hospitality	98.99%	67,177,115	1,97%
10 SIF Muntenia (SIF4)	financial (AIF)	5.12%	62,895,942	1,85%
<b>TOTAL</b>			<b>2.487.360.552</b>	<b>72.97%</b>

\* computed as per ASF Regulations ASF no. 9/2014 (art. 113-122), no. 10/2015 și no. 7/2020, NAV = net asset value

With stakes held mainly in companies listed on regulated markets, the structure and exposure of the portfolio aim to adapt to the dynamic economic realities of recent years, as well as to a balance and diversification between different economic branches, to capture their development and growth potential, in correlation with the investment risks assumed.

There is a constant need for strategic rebalancing of the portfolio, for which the dynamics of the economy, macroeconomic and geopolitical factors, as well as capital markets are continuously analysed, identifying, as far as possible, the risk factors that may affect the portfolio of the Company.

## Information on the largest holdings in the stock portfolio

### 1. BANCA TRANSILVANIA

RESULTS FOR THE GROUP (RONm)	2020	2021p	Δ
<b>Net interest income</b>	2,580,067	2,739,836	<b>6.19%</b>
<b>Net fee and commission income</b>	656,440	806,276	<b>22.83%</b>
<b>Net trading income</b>	310,121	461,286	<b>48.74%</b>
<b>Other operating income</b>	390,576	340,780	<b>-12.75%</b>
<b>Net banking income</b>	<b>3,937,204</b>	<b>4,348,178</b>	<b>10.44%</b>
<b>Operating expenses</b>	<b>-1,782,284</b>	<b>-2,090,983</b>	<b>17.32%</b>
<b>CoR (Cost of Risk)</b>	-783,884	-234,827	-
<b>Net Profit</b>	<b>1,197,305</b>	<b>1,782,704</b>	<b>48.89%</b>
<b>ROE (Return on Equity)</b>	13.8%	20.0%	
<b>LDR (Loan-to-Deposit Ratio)</b>	45.7%	45.1%	
<b>CAR (Capital Adequacy Ratio)</b>	22.2%	24.5%	
<b>Cost/Income</b>	45.3%	48.1%	

Banca Transilvania reported a preliminary net profit up 49% YO (respectively by RON 585.4m), mainly due to the YOY reduction by RON 549m of net expenses with adjustments for assets, provisions for other risks and credit commitments (cost of risk).

Personnel expenses unexpectedly increased (+20.9%, from RON 958.9m to RON 1,159m), and the dynamics of the growth of total assets (+20.99% YOY) was lower than that of total debts (+23.3% YOY) resulting in a 1.8% decline of equity. The non-performing exposure rate remained very low at 2.7% and with a very high coverage rate of 166%, the 2-digit increase in net credit output and the rising trend in interest rates are a solid basis for a further positive operational performance of the bank.

Banca Transilvania, ticker TLV and ISIN ROTLVAACNOR1, is listed on BVB and traded in the Main segment, Premium category.

## 2. SIF IMOBILIARE

	2015	2016	2017	2018	2019	2020
<b>Revenues</b> [EURm]	12.35	10.38	7.85	7.52	6.92	5.82
<b>Gross Profit</b> [EURm]	8.61	4.47	4.59	10.03	4.62	7.94
<b>Net Profit</b> [EURm]	6.37	4.35	4.28	9.49	3.28	6.95

*consolidated financial statements*

SIF Imobiliare Plc is the important company in from the real-estate sector in SIF Banat-Crişana's portfolio, holding a stake of 99.99% of its share capital.

The holding SIF Imobiliare Plc was established in 2013 following the decision of SIF Banat-Crişana to create a centralized managing structure, according to the principles of an integrated management, for several companies with activities in the real estate field. This decision was based on the unification of objectives, the minimization of operational costs, the maximization of revenues and at the same time to seize the opportunities arising in the market.

The General Meeting of Shareholders of April 2021 decided to distribute the amount of 10,574,938 euros as dividends from the profits of 2019 and 2020.

After a difficult year 2020, caused by the impact of the health crisis on the real estate market, 2021 is a year of recovery, both the Industrial and Retail divisions generated rising revenues and profits.

SIF Imobiliare Plc is listed on BVB since December 23, 2013, its securities are traded on AeRo exchange segment under the ticker SIFI (ISIN: CY0104062217). The independent auditor for SIF Imobiliare Plc is Evoserve Auditors Limited from Cyprus.

## 3. BIOFARM

	2017	2018	2019	2020	2021p
<b>Turnover</b> [RONm]	170.2	184.2	202.8	216.4	239
<b>Operating Profit</b> [RONm]	43	47.2	60.8	63.5of	68.6
<b>Net Profit</b> [RONm]	36	38.4	50.8	54.2	60
<b>Dividends</b> [RONm]	18.7	9.8	30.5	21.6	n/a

As of December 31, 2021, SIF Banat-Crişana holds 362,096,587 BIO shares, a stake of 36.75% of Biofarm's share capital.

The main events that defined Biofarm in 2021 were: the celebration of 100 years of activity and the inauguration of one of the most modern drug factories in Romania, an investment of 35 million euros, from own funds.

Biofarm's portfolio covers the most important therapeutic areas in the Consumer Healthcare division - digestive & metabolic, respiratory & ENT, cardiovascular & circulatory, nervous system, multivitamins, 9 brands in the portfolio, having the leading position in terms of volumes in the reference markets.

In 2021, Company's turnover increased +10.4%, and net profit raised +10.7%.

Biofarm, ticker BIO, ISIN: ROBIOFACNOR9, is listed on BVB since November 19, 1996, currently traded in Main segment, Premium category.

## 4. SIF1 IMGB

SIF Banat Crişana purchased, during 4Q 2020, the majority stake in Doosan IMGB S.A., representing 99.92% of the share capital.

Following the General Meeting of Shareholders in January 2020, the termination of the production activity was approved, a cessation that took place gradually between February and May 2020.

In 2021, the General Meeting of Shareholders approved the strategy of capitalization of assets and settlement of the Company's liabilities with a view to transforming the former industrial platform into a modern mixed urban project. Thus, in the first half of 2021, according to the GMS decision

of March 2021, measures were initiated / carried out to capitalize on the surplus assets of SIF1 IMGB SA.

After the company registered a loss of RON 22.9m in 2020, the year in which the cessation of activity took place, the preliminary results for the financial year 2021 indicate a net profit of RON 47.5m.

## 5. BRD - GROUPE SOCIÉTÉ GÉNÉRALE

Results for the Group (RONm)	2020	2021p	Δ
<b>Net interest income</b>	1,956,653	1,953,108	-0.18%
<b>Net fee and commission income</b>	674,289	726,595	7.76%
<b>Net trading income</b>	270,818	244,316	-9.79%
<b>Net banking income</b>	<b>2,926,532</b>	<b>2,950,439</b>	0.82%
<b>Operating expenses</b>	<b>-1,481,372</b>	-	2.24%
<b>CoR</b>	-312,900	159,233	
<b>Net Profit</b>	<b>951,565</b>	<b>1,279,256</b>	34.44%
<b>ROE (Return on Equity)</b>	11.0%	13.5%	
<b>LDR (Loan-to-Deposit Ratio)</b>	57.6%	60.8%	
<b>Cost/Income</b>	50.6%	51.3%	
<b>NPL (Non-Performing Loan)</b>	3.0%	3.1%	
	11.0%	13.5%	

The Bank recorded a preliminary net result for 2021 up 34% YoY following the reversal of provisions (net cost of positive risk of + 43m versus -313m in 2020), as both revenues and operating expenses increased by 0,8% and 2.2% respectively YoY.

There is an 11% YoY increase in loans, with total assets rising by 8.7% YoY to RON 67bn.

Following the fact that the bank is capitalized above the operational needs, the shareholders approved the payment of a "one-off" dividend of RON 2.4164 / share in 2022 followed by the return to the level (%) of distribution before the pandemic.

BRD-Groupe Société Générale, ticker BRD and ISIN ROBRDBACNOR2, is listed on BVB, traded in the Main segment, Premium category.

## 6. ERSTE GROUP BANK AG

Results for the Group (EURm)	2020	2021p	Δ
<b>NII (Net Interest Income)</b>	4,774.8	4,975.7	4.2%
<b>Net fee and commission income</b>	1,976.8	2,303.7	16.5%
<b>Net trading income</b>	137.6	58.6	-57.4%
<b>Operating result</b>	<b>2,662.8</b>	<b>3,092.2</b>	16.1%
<b>Operating income</b>	<b>7,155.1</b>	<b>7,742.0</b>	8.2%
<b>Operating expenses</b>	<b>-4,220.5</b>	<b>-4,306.5</b>	2.0%
<b>CoR</b>	-1,294.8	-158.8	
<b>Net Profit</b>	<b>783.1</b>	<b>1,923.4</b>	145.60%
<b>CAR (Capital Adequacy Ratio)</b>	19.70%	19.10%	
<b>ROE (Return on Equity)</b>	4.7%	11.6%	
<b>LDR (Loan-to-Deposit Ratio)</b>	86.9%	85.6%	
<b>NIM (Net Interest Margin)</b>	2.08%	2.05%	
<b>Cost/Income</b>	59.0%	55.6%	
<b>NPL (Non-Performing Loan)</b>	2.7%	2.4%	

With the operating income significantly affected by net interest income and net fee and commission income, and a positive year-on-year difference in risk cost of more than EUR 1.1bn, the preliminary net result for 2021 rose 135% year-on-year to 2.4 bn EUR.

Operating expenses were kept under control, increasing marginally by 2%. Profitability measured by ROE returned to two digits (11.6% vs 4.7% in 2020).

The management reiterated its intention to propose the distribution of a gross dividend of EUR 1.60 / share.

The securities issued by Erste Group Bank AG, ticker EBS, ISIN: AT0000652011, are listed on Vienna, Prague, and Bucharest Stock Exchange.

## 7. VRANCART

	2020	2021p
<b>Turnover</b> [RONm]	349.7	453.9
<b>Operating Profit</b> [RONm]	24.7	13.3
<b>Financial result</b> [RONm]	-6.1	-4.6
<b>Amortization and Depreciation</b> [RONm]	34.8	35.1
<b>Net Profit</b> [RONm]	16.6	7.7

\* consolidated results

In 2021, although the turnover of Vrancart SA Group increased 30% YoY, the difficult macroeconomic context materialized by the increase of costs with utilities, raw materials, and personnel, encumbered a higher dynamic to the increase of operating expenses, the Group closing the year with a declining operational result YoY by 19% compared to 2020. In the conditions of relatively constant non-cash expenses with amortization and depreciation of fixed assets, the preliminary net result for 2021 decreased to 7.7mRON.

Vrancart SA, ticker VNC, ISIN: ROVRJUACNOR7, is listed on BVB, currently traded in the Main segment, Standard category.

## 8. SAI MUNTENIA

	2019	2020	2021
<b>Total Income</b> [RONm]	26.14	20.69	53.11
<b>Total Expenses</b> [RONm]	13.89	13.00	10.72
<b>Net Profit</b> [RONm]	12.25	6.80	35.86

Societatea de Administrare a Investițiilor (Investment Management Company) Muntenia Invest SA ("SAI Muntenia Invest SA") was established in 1997, as a joint stock company, and entered in SIF Banat-Crișana's portfolio in 2013. SAI Muntenia Invest has no subsidiaries, branches, or places of business.

The company's main activity (as per the Code of Classification of Activities in the National Economy – other financial intermediation n.c.a.) is the management of collective investment undertakings in transferable securities (UCITS, Ro: OPCVM) established in Romania or in another Member State, and the activity of management of alternative investment funds (AIF), in compliance with the provisions of the relevant legislation. The activity of SAI Muntenia Invest is regulated and supervised by ASF.

Starting with December 21, 2017, SAI Muntenia Invest is registered as Alternative Investment Fund Manager (AIFM) and was registered in ASF Register as registered AIFM. Thus, SAI Muntenia Invest may carry out both the activities of management of collective investment undertakings (UCITS) and alternative fund management activities (AIF), regarding portfolio management and risk management.

The activity of SAI Muntenia Invest was carried out during 2021 in compliance with the provisions of Law no. 31/1990 on trading companies, GEO no. 32/2012 and ASF Regulation no. 9/2014 as authorized AIF, and Law no. 74/2015 on the managers of alternative investment funds and ASF Regulation no. 10/2015, as registered AIFM, as well as in accordance with the provisions of its articles of incorporation and own internal regulations.

The current activity of SAI Muntenia Invest SA carried out during 2021 was the management of SIF Muntenia S.A. and of closed-end investment fund FDI Plus Invest.

Administration, management of the financial assets portfolio and making financial investments for SIF Muntenia S.A. were made in compliance with the legal provisions in force, the provisions of the management contract concluded between the Company and SIF Muntenia S.A., the articles of association of SIF Muntenia S.A., as well as the provisions of the Management Program approved by the General Meeting of Shareholders of SIF Muntenia S.A. held in April 2021.

FDI Plus Invest operates under the authorization issued by ASF no. A/86/09.04.2014 and it is registered in the ASF Registry under no. CSC06FDIR/120092.

FDI Plus Invest has as its objective investing the financial resources in such a way as to provide investors with the protection of invested capital from the eroding effect induced by long-term inflation and obtaining higher returns than they would obtain should they individually invested the amounts in bank deposits.

The management of the Fund was carried out in 2021 in terms of continuity, in compliance with the Fund's documents and the legal regulations in force.

During 2021, SAI Muntenia Invest did not invest on its behalf or through entities managed in derivative financial instruments (traded on regulated markets, on organized trading systems (OTF) or outside markets (OTC) and not has not used leverage, collateral, or asset reuse techniques, nor has it carried out securities financing transaction (SFT) operations, nor has it used full return swap instruments, as defined by the EU Regulation 2015 / 2365.

According to the Statement published by SAI Muntenia Invest regarding the implementation of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, the company did not take into account in 2021 the negative effects of investment decisions on sustainability factors, proposing its regularly reassessment and inform investors of any future changes.

## 9. SIF HOTELURI

	2019	2020	2021p
<b>Turnover</b> [RONm]	26.5	8.33	16.4
<b>Operating Profit</b> [RONm]	0.61	-13.5	4.75
<b>Net Profit</b> [RONm]	1.5	-13.3	4.62
<b>EBITDA</b> [RONm]	5.294	-10.0	7.16

SIF Banat-Crişana owns a stake of 98.99% of the share capital of SIF Hoteluri.

The company SIF Hoteluri is listed on BVB with the ticker CAOR.

The condition generated by COVID-19 and the restrictions consequently adopted by the government caused an unprecedented crisis in the hotel industry, and the activity of SIF Hoteluri was drastically impacted mainly in 2020, but also during 2021, when SIF Hoteluri faced both with the risks specific to its current operation and with the severe risks installed at the level of the hotel industry generated by the pandemic.

In the management of the company, it was primarily aimed the reduction of financial exposure and maintaining the financial health of the company, to ensure the conditions for overcoming difficult periods and ensuring business continuity.

In 2021, the activity of the hotels in the company's patrimony gradually relaunched, at the end of the year the turnover at company level rose over 96% vs. 2020. The increase was generated both by the partial recommencement of hotel activities with reduction of COVID 19 restrictions, but also of the registration of the "HoReCa" non-reimbursable financing contract according to GEO 224/2020 obtained by the company.

## 10. SIF MUNTENIA

	2020	2021p
<b>Net Profit</b> [RONm]	-25.86	266.19
<b>Dividends</b> [RONm]	-	n/a

SIF Muntenia is a closed-end financial investment fund with a diversified investment policy. The strategic objectives assumed by the fund are the continuation of the portfolio restructuring process and its efficient management, respectively the continuation of the investment process, focusing on investments in Romania.

The Financial Supervisory Authority issued on 09.07.2021 the authorization by which SIF Muntenia SA was classified as an Alternative Investment Fund for Retail Investors (FIAIR), having as depositary BRD - Groupe Société Générale SA and being under the management of SAI Muntenia Invest SA.

On December 31, 2021, SIF Banat-Crișana holds a stake representing 5.12% of the share capital of SIF Muntenia.

### Workout portfolio

In the internal structure of holdings management, the workout portfolio consists of companies undergoing various stages during the procedure of judicial liquidation, insolvency or those inactive, and those likely to enter the insolvency proceedings.

As of December 31, 2021, the number of companies in the workout portfolio was of 47 (2020: 54).

Most of these companies originate from the earlier portfolio taken from FPP1 when SIF Banat-Crișana was established, and they are not the result of portfolio investment decisions.

During the year 2021, two new companies were included in the workout portfolio. At the same time, eight companies whose value was provisioned in previous years were stricken off the portfolio, and a company was sold on the capital market.

At the end of 2021, 40 companies in the portfolio were still in bankruptcy / insolvency / dissolution proceedings. All these companies are reflected in the calculated value of the portfolio at zero.

The Company monitors the progress of these companies in the workout portfolio, without allocating significant resources. The main activities concerning these companies are: (i) monitoring and recording important events occurring in their situation; (ii) exercising shareholder's duties, monitoring the legality and expediency of the decisions of their governing bodies; (iii) choosing the appropriate legal means to protect the interests of the Company as a result of possible unlawful OGM decisions; (iv) preparing and submitting declarations of debt / other legal papers that need to be prepared; (v) periodically checking of the files for insolvency in Insolvency Bulletin and Courts' Portal and Trade Register website; (vi) the removal of records when companies are de-registered.

### Purchases and sales of financial assets in 2021

During 2021 the following acquisitions of financial assets were carried out:

- on the domestic markets in a total amount of RON 80.7m, of which RON 12.9m purchases of securities recorded at fair value through profit and loss, and RON 67.8m represent acquisitions of securities recorded at fair value through other comprehensive income;
- shares acquired free of charge as a result of the share capital increase by the incorporation of profit by Banca Transilvania (25.2m shares);

Disposals financial assets during 2021 include:

- sales of listed shares reflected at fair value through other comprehensive income, on the domestic markets, in the total amount of RON 196.8m, with a gain of RON 117.7m,

- the value of securities stricken off the portfolio following the liquidation of companies in the total amount of RON 9.3m (net book value adjusted to zero in the previous years);
- redemption at maturity of the bonds issued by SIFI BH retail (2,200,000 euros – January 2021).

## Risk Management

SIF Banat-Crișana acknowledges its exposure to financial and operational risks resulting from daily activities, and the achievement of its strategic objectives. In this context, SIF Banat-Crișana's policy on significant risk management provides the framework for the identification, assessment, monitoring, and control of these risks, in order to maintain them at acceptable levels depending on the Company's risk appetite and its ability to cover, absorb or mitigate these risks.

SIF Banat-Crișana's policy on significant risk management comprises all the elements necessary for risk management operations associated with each investment position to be properly identified, assessed, managed, and monitored, including using appropriate crisis simulation procedures. The company has implemented a documented procedure for *pre-investment verification*, which monitors whether the investment / divestment process is carried out according to the investment strategy, objectives and risk profile chosen.

### Risk profile and risk limits

By nature of the object of activity, the Company is exposed both to the risks associated with the financial instruments and to the markets on which it has exposures, as well as to certain operational risks, which can materialize in loss of capital or low investment performance in relation to the chosen risks.

The strategy of management of significant risks assumed by the Board of Directors is based on risk management objectives and pursues three parameters: risk appetite, risk profile and risk tolerance.

#### Risk appetite

As per the Policy on the management of significant risks, SIF Banat-Crișana's Board of Directors has assumed a medium risk appetite, representing the level of risk that the Company accepts for new exposures, in addition to the risk arising from existing exposures in its portfolio.

This objective considers the fact that, in conditions of economic difficulties, the Company will objectively accept a higher level of risk from the existing exposures of the Company's portfolio but will take all necessary measures to reduce the risk appetite for new (future) exposures.

The company's risk appetite is clearly connected to the overall business strategy and business plan.

#### Risk profile

Represents all the risks to which the Company is estimated to be exposed depending on the strategic objectives and the defined risk appetite. By risk management, the risk profile is not considered as a static measure, but a dynamic assessment of the evolving risks, at a predetermined frequency that would protect as solidly as possible the Company's investment portfolio exposed to risk. The role of the risk profile is to determine the size of each significant risk and the overall level of risk, based on relevant, qualitative, and quantitative indicators.

### **The Board of Directors approved the classification of the global risk of the Company at MEDIUM level in 2021, corresponding to a medium risk appetite.**

The risk management policy is based on a system of limits used to monitor and control significant risks, in accordance with the risk profile and the approved investment strategy.

The risk profile is annually assessed and monitored against the established risk level objectives. Depending on the progress of the risk profile in relation to these objectives, as well as the temporal dimension of a certain evolution, corrective or control measures of the risk factors may be ordered.

The annual assessment of the global risk profile and setting the risk limits for 2021 was based on the information contained in the periodic risk reports from 2019 to 2020 and the stress tests performed in 2018-2020 and setting the risk limits considered the structure of the asset portfolio and the obligation to comply with the prudential holding limits in accordance with AIF legislation.

The objectives of the Risk Management Office for 2021 considered both the identification of risk-generating situations in the activity associated with the management of the SIF Banat-Crişana portfolio and its secondary risks, and the risk assessment with strict compliance with regulations specific to the field of activity (both national and European directives and regulations) and the adequacy of working procedures to the new regulations on the activity of the AIFM / AIF.

The action plan for ensuring the continuity of the risk management activity for 2021 was approved by the Board of Directors in January 2021.

## Main risks for the Company

The significant risks to which SIF Banat-Crişana is exposed are **market risk**, comprising the sub-categories: price / position risk, interest rate risk, foreign exchange risk and concentration risk, **liquidity risk, credit and counterparty risk, operational risk** including the sub-categories: risk related to technical resources / IT systems, professional risk, model / process risk, risk associated with outsourced activities, **other risks** including sub-categories: reputational risk, strategic risk, regulatory risk, tax-related risk, business-related risk.

The Company's exposure to each of the aforementioned risks is detailed in *Note 4 to the Financial Statements*.

In the analysis of risks and their materialization potential, all significant holdings of the Company were structured according to the relevant portfolios of financial instruments into 3 classes of instruments as follows: (i) equity instruments: listed shares, unlisted shares; (ii) debt instruments: government bonds, municipal bonds, corporate bonds, bank deposits (investments), fund units issued by AIF, (iii) derivative instruments for the purpose of risk reduction / hedging / management.

For the risks associated with each class of instruments mentioned, the rules of identification, assessment and monitoring described in the approved specific risk procedures shall apply.

### a) Market risk

**Market risk** is the risk resulting from the unfavourable variation in the value or revenues made from the assets held, or from changes in exchange rates or interest rates.

The objective of market risk management is to control and manage market risk exposures in acceptable parameters to the extent that profitability is optimized against the associated risk.

The Company's strategy on managing market risk is handled within the investment objective, and market risk is managed in accordance with policies and procedures considered most appropriate.

The Company is exposed to the risk that the fair value of the financial instruments held will fluctuate following the changes in market prices caused either by factors specific to the activity of issuers or by factors affecting all instruments traded on the market.

The four subcategories of market risk specific to financial instrument portfolios are: price / position risk, interest rate volatility risk, currency risk and concentration risk.

PROXI-85 risk portfolio, a reference for price risk in the traded stock portfolio, is analysed compared to the total risk of the BET-BK index as a forecast of future volatilities.

The capital market rebounded with the resumption of economic activities following the global health crisis triggered by the COVID-19 pandemic, the stock market indices recorded new all-time highs (BET over 13,000 points, BET-TR over 23,000 points).

In this context, the market value of PROXI-85 increased against the background of the exit from the area of excessive volatility, the risk of the portfolio has steadily progressed. As of 31.12.2021, VaR for the PROXI-85 portfolio was 9.89% of the market value of RON 2,024 million. Tracking-error, indicating active management and representing the risk for the part of the PROXI-85 portfolio other than the BET-BK benchmark, was 6.25% and Expected shortfall (Conditional VaR), which indicates the potential loss of the portfolio in extreme cases of exceeding the 99% confidence level, was of 12.09%, lower as compared to the half-year data.

With respect to interest-bearing financial instruments, the Company's policy is to invest in short-term financial instruments in general, thus partially reducing both the risk of fluctuation and the risk of maturity differences (the Company has no liabilities with maturities over 1 year).

Only small stake of net assets (1.18%) is placed in corporate bonds, whose interest rates are unlikely to vary significantly. Thus, the Company is subject to limited exposure to changes in fair value or future cash flows due to fluctuations in prevailing market interest rate levels.

The company did not use derivative financial instruments for hedging against interest rate fluctuations.

Financial instruments denominated in euro: shares and corporate bonds, as well as monetary instruments: deposits and current accounts, are subject to currency risk. The amounts representing the balance of current accounts opened in currencies other than EURO (GBP and USD) are of the level of thousands of RON, irrelevant for the currency risk analysis.

The company traded both in Romanian currency (Leu or RON) and foreign currency (Euro) in 2021, the Romanian currency fluctuated compared to foreign currencies, but the exchange rate volatility was not a high one, its growth being tempered by the monetary policy and the intervention of the NBR. The value of Company's portfolio exposure (shares, bonds, deposits, and current accounts) represents a weight of 16.08% of total assets as of December 2021.

The company did not make any derivative transactions on the exchange rate during the financial year presented.

The Company's exposure diversification policy applies to the structure of the portfolio, the structure of the business model, as well as the structure of exposures to financial risks. This diversification policy implies: (i) diversifying the portfolio by avoiding excessive exposure to a debtor, issuer, country, or geographical region; (ii) the diversification of the structure of the business plan aims at the level of the Company to avoid excessive exposure to a certain line of business / sector of activity; diversifying the structure of financial risks aims at avoiding excessive exposure to a certain type of financial risk.

Due to the specifics of the portfolio, the exposure on the banking sector remains significant, issuers in the banking sector and issued financial instruments (equity instruments, deposits, and current accounts) have a share of 45.21% in TA as of 31.12.2021. The exposure increase is mainly due to the upsurge of the prices of listed bank shares (TLV, EBS and BRD) and the collection of dividends distributed by issuers in the portfolio, and sale operations. Banks are most exposed to systemic and contagion risk in crisis situations, a positive aspect of these holdings is the liquidity of the investment.

## **b) Liquidity risk**

The company carefully maintains a level of liquidity appropriate to its underlying obligations, based on an assessment of the relative liquidity of the assets on the market, carefully considering the period required for liquidation and the price or value at which those assets can be liquidated, as well as their sensitivity to market risks or other market factors.

In the risk management process, the liquidity of the financial instruments portfolio is analysed separately from the liquidity risk related to the Company's payment obligations.

The liquidity risk related to the company's payment obligations is very low, as current debts can be immediately covered by the current account balance and short-term deposits. The valuation of net LCR indicator as of December 31, 2021, is 26.73, indicating a much higher asset value than the current debt value.

The Company systematically monitors the liquidity profile of assets, considering the marginal contribution of each asset that may have a significant impact on liquidity, as well as significant liabilities and commitments, contingent or otherwise, that the Company may have in relation to its underlying obligations.

The Company has implemented procedures and policies that establish appropriate actions to measure liquidity to assess the quantitative and qualitative risks of the positions and expected investments that have a significant impact on the liquidity profile of the asset portfolio, in order to properly measure their effects on the global liquidity profile.

To limit / avoid liquidity risk, the Company systematically monitors the liquidity profile of assets and liabilities and will continuously adopt a prudent cash outflow policy.

### **c) Credit risk**

**Credit risk** is the risk of an economic loss due to a counterparty's failure to meet contractual obligations or the increased default risk during the transaction as a result of changes in the factors that determine the credit quality of an asset.

**Counterparty risk** is a contingent one, any loss being dependent on a counterparty's failure (credit risk) in an ongoing transaction (market risk) at the time of the credit counterparty's default.

The company is exposed to credit and counterparty risk as a result of investments made in bonds issued by companies, current accounts and bank deposits and other receivables.

Cash held by the Company, which is not invested in portfolio companies or government securities, may be placed in short-term bank deposits. The credit risk is also diminished by placing the Company's cash in several banks. In 2021, bank deposits were made at the highest ranked banking institutions in the system, with a rating similar or close to the country rating (BBB+ and BB+, confirmed by Fitch Rating Agency in June 2021).

Credit risk management is performed by closely and constantly monitoring credit risk exposures so that the Company does not suffer losses as a result of the concentration of credit in a certain sector or field of activity.

The diversification of exposures in the banking sector, through investments in deposits in euro on short and medium term, was used as a means of protection against fees and negative interest rates charged by the largest Romanian banks, and protection against rising inflation.

The assessment of the counterparty's credit risk indicators based on exposure to unlisted or unrated issuers and based on exposure by business sectors leads to the conclusion that they fall within the approved risk limits for a medium risk appetite.

The company did not trade derivative financial instruments (listed or OTC), so it is not subject to counterparty risk.

### **d) Operational risk**

**Operational risk** is the risk of direct or indirect losses resulting from deficiencies or weaknesses in procedures, personnel, the Company's internal systems or from external events that could impact its operations. Operational risks arise from all activities of the Company.

The Company's objective of managing operational risk in such a way as to limit financial losses, to not damage its reputation, to achieve its investment objective and to generate benefits for investors, was met throughout the year.

The risk limits for the operational risk subcategories (legal, professional, process / model and associated with outsourced activities) are established as a result of the risk indicator assessment (KRI), the appetite for operational risk being medium.

For the year 2021, based on the value of the assets under management on the last working day of the previous year, SIF Banat-Crişana was included in the category of medium risk for the risks generated by the information systems. In March 2021, the internal assessment of the operational risks generated by the information systems according to the ASF Norm no. 4/2018 for the year 2020 was performed.

During 2021 there were no incidents of an operational risk arising from IT systems. All the important IT systems comply with the requirements of art. 16 of the ASF Rule no. 4/2018, ensuring the integrity, confidentiality, authenticity, and availability of data in accordance with the risk category of the important computer system internally defined.

Given the persistent incidence of pandemic risk on the health and safety of employees, measures have been further taken within the Company to combat this risk, being observed, and strictly applied the measures provided in the Business Continuity Plan so that the situations of contamination (spread) of the SARS COV2 virus could be timely prevented.

#### **Risk of money laundering and terrorist financing (ML/TF)**

The Company makes sure that it takes appropriate measures to identify and assess the risks related to money laundering and terrorist financing, considering the risk factors, including those relating to customers, countries or geographical areas, products, services, transactions, or distribution channels, in proportion to the nature and size of its activity. The assessment of ML / TF risks associated with the clientele of SIF Banat-Crişana is performed both at the initiation of a business relationship and after the transaction, if during it one of the risk factors changes.

Following the ML / FT risk assessment for 2021, it turned out that all business partners have an inherently low risk (score between 0-5 points). Simplified customer awareness and normal business monitoring measures have been applied. The total residual risk remaining after the internal controls have been applied to the inherent risk leads to the conclusion that the exposure of SIF Banat-Crişana to the risk of ML / TF is low and falls within the appetite and limits approved by the Board of Directors.

#### **e) Other risks the Company is exposed to**

The internal assessment of other types of risks not included in the main categories (market, credit, liquidity, operational) consists in their qualitative assessment depending on the impact it could cause on the income, expenses, and value of Company's assets.

From a risk management perspective, *reputational risk* can be divided into two important classes: (i) the belief that the Company can and will deliver on its promises to shareholders and investors; (ii) the belief that the Company conducts its business properly and adheres to ethical practices.

Regarding the efficient management of events that may give rise to reputational risk, the Risk Management Office monitored the image of the Company in the media in order to identify any events/rumours that could generate reputational risk and link them with the course of SIF1 stock on BVB (BSE).

Reputational risk assessment falls within the low risk level for 2021, no direct relationship was found between the course of the SIF1 stock market price and the image of the Company in the media, the decline in the last quarter can be attributed to the execution of buyback programs and the investors' concern on the evolution of the COVID-19 pandemic in 4th wave.

The Company's policy on *strategic risk* addresses the establishing of rational long-term strategic objectives, the management structure constantly adopting a prudential policy to mitigate / avoid

strategic risk and will continuously monitor the progress of the market in relation to budgeted operations.

According to the internal evaluation methodology, the strategic risk is low for the Company.

*Regulatory (compliance) risk* is uncontrollable and unquantifiable in that neither the triggering event nor the level of impact can be anticipated. The regulatory risk assessment is part of the medium risk appetite. On July 1, 2021, SIF Banat-Crișana was authorized as AIFRI and the legal regulations in this regard became applicable. From a qualitative point of view, the management of regulatory risk was achieved by permanently adapting policies, rules, and procedures to changes occurred and by reducing or increasing the level of activities where appropriate.

Compliance risks are considered as parts of the risk management framework. The compliance function monitors all aspects of compliance with legal and regulatory provisions and provides reports to directors on a regular basis, if necessary, in cooperation with the risk management function.

*The taxation risk* remains medium, the interpretation of texts and the practical implementation of the procedures of the new applicable tax regulations harmonized with European legislation could vary from entity to entity, and there is a risk that in some situations the tax authorities will adopt a different position from that of the Company.

*The business environment risk* was high in the difficult internal macroeconomic context by prolonging the medical crisis over which the energy crisis overlapped, they maintained the risk regarding the tensions of macroeconomic balances at a severe level, according to NBR.

In Q4 2021, globally, significant increases in consumer goods prices continued, with a more pronounced impact on the inflation targets of many central banks. Inflation continued to be fuelled by strong increases in the prices of energy products, food, and other non-energy commodities. In a global climate dominated by multiple and synchronized supply-side inflationary shocks, some price increases are being transferred to a significant extent to the final consumer goods as well.

Also, 4th wave of the COVID-19 pandemic and associated restrictive measures continued to generate uncertainty and high risks to short-term forecasts in the context of the severe public health crisis.

The Romanian capital market concluded 2021 as one of the best years in recent history in terms of growth rate. The BET index had a yield of +33% in 2021, ranking among the performers in the EEC in terms of yield. The BET-TR index, which includes dividends, ended 2021 up +40% to a level of 23,113 points, a new all-time high, which is impressive in a context dominated by the uncertainties generated by the pandemic.

Rating agencies reviewed Romania's outlook, Moody's and Standard & Poor's gave a stable outlook while Fitch reported a negative outlook. Ratings have been maintained, Baa3 from Moody's and S&P and Fitch have rated current conditions at a BBB- rating.

SIF Banat-Crișana takes the necessary measures for the sustainability and development of the Company in the existing conditions on the financial market, by monitoring the cash flows and the adequacy of the investment policies.

The avoidance of risks, the mitigation of their effects, are ensured by the Company through an investment policy that respects the prudential rules imposed by the applicable legal provisions and regulations in force.

No exceedances of the risk limits at the level of the global risk profile were reported during 2021.

As a result of this assessment, it is ascertained that the analysed risks fit in the average global risk profile.

**Through risk management, both by prior substantiation of investments and by ex-post monitoring, the Company ensures that portfolio management is within the appropriate risk parameters.**

### **Internal mechanisms to ensure monitoring of exposure limits**

The internal regulatory framework is represented by the following documents: (i) SIF Banat-Crișana Simplified Prospectus, Registration document Part two; (ii) The internal regulations of SIF Banat-Crișana, in force since January 1, 2020; (iii) Significant risk management policy; (iv) The methodology of verification and periodic reporting of compliance with the investment limits according to the provisions of art. 35 par. (2) of FIA Law 243/2019, approved by the Board of Directors; (v) The procedure for prior verification at the time of investment; (vi) Working procedure for conducting depository and custody operations.

#### **Periodic monitoring and reporting**

The verification and reporting of compliance with the investment limits is performed monthly, together with the calculation and reporting of the statement of SIF Banat-Crișana assets and liabilities, to the senior management and the operational offices. At the request of the depository bank BCR, this is also sent to them for double verification.

#### **Prior verification at the time of investment**

The person responsible for risk management analyses the investment proposals prepared by the Investment Managers to ensure that the risks associated with each investment position and their overall effect on the portfolio correspond to the investment objectives and risk profile approved by the Board.

The risk opinion, in which the investment proposals are analysed and are verified both the compliance with the holding limits specified by art. 35 para. (2) of Law 243/2019 as well as the investment risk limits defined by the global risk profile, together with the Investment Report constitute the documents based on which the investments are approved according to the Decision and Signature Competencies within the Company.

Exposures higher than 10% on instruments issued by the same issuer are on Banca Transilvania SA (largest weight TA of 21.61%) and SIF Imobiliare PLC (weight of 10.30% in TA). These holdings together represent an exposure of 31.90% of the TA without exceeding the upper limit of 80%.

On 31.12.2021 SIF Banat-Crișana holds a number of 9,878,329 shares issued by Depozitarul Central, a stake of 3.9057% of the share capital of the issuer, a number of 142,500 shares issued by the Central Counterparty CCP.RO, a stake of 1.7857% in the share capital of the issuer.

As of 31.12.2021, SIF Banat-Crișana holds a number of 372,352 shares issued by the market operator Bucharest Stock Exchange, a stake of 4.6259% in the share capital of the issuer.

**During 2021, the assets portfolio of SIF Banat-Crișana complied with the legal provisions in force regarding the permitted investments and the holding limits specified by Law 243/2019, Law 24/2017 and ASF Regulation no. 3/2016.**

### **Leverage**

Through the Simplified Prospectus and the Rules of SIF Banat-Crișana, as a FIAIR, the Company has stipulated that it does not use substantially (continuously and consistently) the leverage effect, defined as any method by which the AIFM increases the exposure of an AIF it manages either by loan of cash or securities, or by positions of derivative financial instruments or by any other means, in the process of portfolio management, respectively the methods used to increase the portfolio exposure will comply with the average risk profile decided.

Through the Risk Management Policy and the Authorization Documents as AIFRI, the Company ensures that its overall exposure to derivative financial instruments in the portfolio under management does not exceed the total value of its assets, SIF Banat-Crișana will not use financing operations through financial instruments and will not invest in Total Return Swap instruments as defined by Regulation (EU) no. 2365/2015. SIF Banat-Crișana cannot make short sales, defined according to the provisions of Regulation (EU) no. 236/2012 aspects of credit risk swaps, other than for the purpose of hedging (risks).

Leverage is expressed as the ratio between the overall exposure of the financial instruments portfolio and the net asset value. The calculation of the exposure is made using the gross method and the commitment method according to the provisions of EU Regulation 231/2013 art. 7 and art. 8, Annex I on "Methods of increasing the exposure of an AIF" and Annex II on "Conversion methodologies for financial derivatives" and the approved internal procedures.

Throughout 2021, the Company did not use leverage for its portfolio under management, not having the tools to generate such an effect. As of December 31, 2021, the leverage indicator by the gross method had the value of 99.77% (vs. 99.46% / Q3; 93.5% / Q2 and 95.48% / Q1 2021) and by the commitment method 100%.

The calculation for the global exposure through the two methods and the leverage indicator was presented for information to the Board of Directors as an integral part of the periodic quarterly risk reports.

Starting with July 2021, with the publication of the Statement of assets and liabilities in accordance with the ASF Regulation no. 7/2020 (Annexes 10 and 11), SIF Banat-Crișana as AIFRI, calculates and publishes monthly the level of leverage and the value of the global exposure calculated at the reporting date for the assets, according to the provisions of EU Regulation no. 231/2013.

## **Crisis simulations**

The Risk Management Office carried out a crisis simulation in Q4 2021, the methodology of which was approved by the Board of Directors on November 12, 2021, with the reference date being October 31, 2021.

The methodology was based on the European Systemic Risk Board's forecasts on the risks and vulnerabilities of the non-banking financial sector. Calibration of stressors and shocks were based on the scenario and time horizon for which the stress conditions were tested, respectively the expectation of a capital markets decline between 10% and 20% for the last quarter of 2021 and the first quarter of 2022, followed by a consolidation at lower levels.

The crisis simulation highlights the effects of significant risks that the company may face in turbulent financial markets. The analysis of investment risk and liquidity risk in the analysed scenarios indicates that they are in line with expectations (assumed limits) and the nature of the portfolio of financial instruments. Market risk is the most important risk that SIF Banat-Crișana has to manage, the depreciation of assets in crisis situations can have a significant impact on the financial results as well as the global risk profile.

Comparing the results of stress tests performed since 2018, it was observed that due to the increase in value of exposures to investment risk, the impact of risks is lower in 2021, maintaining the same methodology and shocks applied. As a precaution, in 2021 the significance threshold for credit risk was reduced to RON 10 million and 3\*4 scenarios for liquidity risk were simulated.

The analysis of the scenarios and the results of the stress test are useful for finding the critical points having influence on the investment strategy and setting the objectives.

Given the obligation to apply the Guide 16.07.2020 | ESMA34-39-897, for October 31, 2021, the liquidity stress simulation was performed to verify compliance with the liquidity risk limits approved by the global risk profile of SIF Banat-Crișana. The conclusions were as follows:

- The analysed LST scenario for assets was the decrease of the share prices at the level calculated in the assumptions of the stress scenario at market risk at the same time with a decrease of trading volumes by 5%, 10% and 20% respectively. Financial instruments that provide immediate and reserve liquidity can cover an atypical liquidity requirement of at least RON 445.14 million for the next 30 days.

- In the LST for liabilities, 4 scenarios were tested: (i) increasing the liquidity requirement on the debt side by fully distributing the profit obtained until Q3; (ii) a 25% increase in current debt over their annual average over the last 12 months; (iii) the highest amount paid as dividends or for buyback programs (including the running costs of the program) in the last 5 years (2016-2021); (iv) the largest amount requested (not necessarily also approved) by shareholders in an EGMS / OGMS at SIFBC or other SIFs in the form of cash distribution or buyback programs (maximum 10% of the subscribed share capital).

- The limits set for the liquidity requirement (LCR) indicator, after applying the shocks analysed in the combined LST scenarios for assets and liabilities, can be exceeded in the pessimistic scenario of simultaneous payment of the simulated debt by LST for liabilities and the sale of financial instruments high-quality liquid assets for which deferred income tax is also paid, simulated by LST for assets, to obtain short-term liquidity.

Maintaining the prudent management of liquidity by ensuring a liquidity buffer that allows the current activity in good conditions, as well as defining their management tools are concrete objectives of the liquidity risk management policy at SIF Banat-Crişana.

The results obtained as a result of performing the annual stress test were presented to the Board of Directors and approved by it on January 20, 2022, and together with the methodology used, detailing the tested scenarios, were submitted to ASF on January 31, 2022.

The Liquidity Crisis Simulation Policy (LST Policy) was approved by the Board of Directors in January 2021 and complements SIF Banat-Crişana's Significant Risk Management Policy.

## **Sustainability Risk – implementing SFDR**

Legislative steps at European level, also transposed into national legislation or directly applicable in Romania are Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR), Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (Taxonomy Regulation), Delegated Regulation (EU) No 2021/2178 supplementing the Regulation on taxonomy, specifying the content and presentation of information to be disclosed by non-financial undertakings on environmentally sustainable economic activities and specifying the methodology to comply with this obligation to provide information.

Sustainable financing aims to involve the financial sector to support sustainable development in the context of mitigating the impact of climate change with financial sector entities considering environmental, social and governance factors (ESG factors) by steering longer-term investments in sustainable economic activities and projects.

In 2021, SIF Banat-Crişana as an AIFM implemented the Policy on the integration of sustainability risks in the investment decision-making process, thus aligning with the transparency requirements according to SFDR. (document available on Company's site, [www.sif1.ro](http://www.sif1.ro) in the *Corporate Governance* section)

Sustainability risks are environmental, social or governance events or conditions that, if they occur, have, or might have, a significant adverse impact on an issuer's assets, financial condition, and revenues, and on its reputation.

Sustainability risks might significantly impact other types of risk existing at the investment level and might be a factor that contributes to their materialization: i) credit risk / counterparty risk; ii) market risk; iii) liquidity risk; iv) operational risk; v) strategic risk and vi) reputational risk.

As presented in the Simplified Prospectus and the Rules of the Fund, documents that formed the basis of SIF Banat-Crișana's authorization as FIAIR, the Company analyses the sustainability risk of issuers with respect to the criteria applied to determine whether an economic activity qualifies and contributes substantially to one or more of the sustainability objectives to provide long-term value to the investments made.

SIF Banat-Crișana does not currently take into account the potential negative effects of investment decisions on sustainability factors, as described in this process under EU Regulation 2088/2019, and will make sure that, with the uniform application of the requirements for the disclosure of information on the manner and extent to which the activities of non-financial undertakings are associated with economic activities that qualify as environmentally sustainable, to disclose as per the provisions of Delegated Regulation (EU) 2021/2178 the non-financial information on the proportion of exposures aligned to the taxonomy.

SIF Banat-Crișana will analyse and decide on the consideration of the effects negative impact of investment decisions on sustainability factors, informing investors of any new concrete steps taken in this regard.

SIF Banat-Crișana's remuneration policy, updated in 2021 and approved by shareholders, promotes effective and sound risk management, without the remuneration structure encouraging excessive risk-taking in relation to sustainability risks, being correlated with risk-adjusted performance.

## Human resources

SIF Banat-Crișana's personnel, as of December 31, 2021, consisted of 33 persons with an employment contract (42% women, 58% men), of which 26 at headquarters in Arad and 7 at Bucharest branch.

To meet the business objectives, SIF Banat-Crișana has as employees a variety of specialists, with qualifications in the specific fields of the investment funds sector, as well as staff providing support activities, the distribution of personnel in the company's departments being balanced in terms of gender, age, and education level. Company's personnel have the necessary studies, skills, and experience to ensure that the company's activities are carried out in optimal conditions and that all the requirements imposed by the applicable specific regulations are met.

Diversity and equal opportunities are key elements of SIF Banat-Crișana strategy in the field of human resources, aiming to provide a work environment free of discrimination, valuing the work of each employee or collaborator. SIF Banat-Crișana is committed to providing its employees with conditions for professional and personal development, in a stimulating and challenging work environment, respecting the principles of diversity, non-discrimination and equal opportunities, paying special attention to the safety and security of employees, now even more given the pandemic.

Convinced that employees perform better and are more motivated when there is a balance between their professional and private life, SIF Banat-Crișana is aware of the importance of a healthy lifestyle and provides preventive care as a complementary service to the public health system.

The company appoints employees responsible for occupational safety, who are regularly trained and instructed to have the necessary skills in identifying hazards and assessing risks in the work

system (equipment, work environment or workload). No accidents at work were recorded in the company.

For the employees to obtain superior professional performance, various professional development programs adapted to the specifics of each activity are developed in accordance with the internal needs and in close correlation with the legislative changes in the field of investment funds. These include professional development programs to expand the area of competence of key personnel, some as part of continuing professional training, according to ASF regulations aimed at continuing professional training of specialists and operators working in financial markets supervised by the Financial Supervisory Authority. Thus, during 2021, 72% of employees participated in at least one form of professional training (continuous training, seminars, conferences).

The labour relations of the company are regulated by the individual labour contracts and Collective Labour Contract. In accordance with the provisions of Law 55/2020 on some measures for preventing and fighting the COVID-19 pandemic, the collective labour contracts whose validity expires during the alert state remain active. In this situation, the Collective Labour Agreement registered with the Arad Territorial Labour Inspectorate with no. 1485 / 14.02.2019 is still in force. No trade union organization operates within the Company, the employees being represented in the negotiation of the collective labour contract by representatives elected according to the law. No matters of conflict were recorded in the relationship between management and employees.

The year 2021 was also full of challenges caused by the pandemic context. The existing procedures have been adapted or new ones have been created, action plans have been developed, the remote-working method has been continued so that the company's activity was not affected.

**Evaluating the individual performance of employees.** Each year, the employees of SIF Banat-Crişana undergo a process of evaluation of their individual performances, aiming at optimizing their activities, improving performance and adequate reward.

**Diversity policy.** SIF Banat-Crişana promotes a culture of respect, collaboration, and performance, where all employees can perform and develop, in conditions of equality in terms of gender, ethnicity, age, etc. Considering that diversity and variety must always be considered, the skills, competence, and experience of a candidate (for hire or promotion) and a person is neither chosen nor excluded because of race, skin-colour, gender, origin or sexual orientation.

The company promotes and encourages the individual needs and skills of employees and turns them into added value for the organization, at human capital level.

## Tangible assets of the Company

SIF Banat-Crişana owns the premises for the conduct of operational and administrative activities of the company located in Arad (headquarters). The company also owns real-estate properties in the cities of Bucharest and Cluj-Napoca, following the closing-down of company's branch-office in 2015. Moreover, following the withdrawal of the contribution in kind to the share capital of the company Azuga Turism, SIF Banat-Crişana owns a land located in the town of Buşteni. The above-mentioned buildings (except for the headquarters located in Arad, included in the tangible assets) are accounted pursuant to IFRS as investment property at fair value, totalling RON 12,953,334 as of December 31, 2021.

As of December 31, 2021, the net book value (accounting value) of tangible assets in the construction category is of RON 2,789,137. The company carried out the revaluation of tangible assets on December 31, 2019, in view of harmonizing the accounting and the utility values of the tangible assets owned.

The company has no issues concerning the ownership of its tangible assets.

## Litigations

As documented in the Legal Department records as of December 31, 2021, the Company was involved in 75 litigations in Court. The Company had locus standi in 59 litigations, passive capacity in 14 litigations, and intervener in 2 litigations.

In most of the litigations where the Company is the claimant, the object of the litigations is the cancellation/ruling of the nullity for some decisions of the general meetings of shareholders from the companies in the portfolio, or the insolvency procedure for some of companies in the portfolio.

Company's management will continue to make all the efforts to protect the legitimate interests of SIF Banat-Crișana and its shareholders in all such litigations, in accordance with the law.

## Perspectives for 2022

Romania has continued the post-pandemic economic cycle at the beginning of 2022, amid the elimination of health restrictions and the low level of real financing costs.

Regarding the COVID-19 pandemic, it should be noted that although the risks of the current dominant variant (Omicron) are lower, producing mild forms with symptoms typical of common colds and the mortality rate being relatively low, China and Western European countries are currently reporting an increase of infection cases. We cannot rule out the possibility of the resumption of the spread of COVID -19 and the emergence of mutations that could further put serious pressure on the world's economies, with restrictions being applied depending on the incidence rate for each locality. EU pandemic policies have outlined a plan to continue economic support programs.

Economic growth forecasts for Romania, issued by the European Commission in February 2022, were of 4.2% for 2022 and 4.5% for 2023, respectively, while inflation is expected to rise to 5.3% in 2022 and 2.5% in 2023. Given the military tensions in Ukraine, these figures will most likely be adjusted during the current year.

Concerning the capital market, the Bucharest Stock Exchange expects the Central Counterparty to become operational towards the end of this year, which will allow derivative transactions and will make a substantial contribution to the development of the market and stock market liquidity. Preliminary results for 2021, reported by listed companies, are generally in line with investor expectations.

In the financial markets, the perception of risk intensified after the start of the conflict in Ukraine, noting the severe adjustments in the stock markets and the strong appreciation of the US dollar exchange rate (towards the highest level since May 2020 against the Euro).

The high exposure of banks to government securities will have an impact on the level of aggregate financial performance in the banking sector in Q1, amidst the upward shift in the yield curve after the start of the conflict in Ukraine. NBR has already signalled the resumption of the program to buy government securities on the secondary market to counteract the risks for the progress of the real economy and financial stability.

It could be predicted that from the beginning of the year real earnings in Europe and the US will fall due to high inflation (as inflation could be higher than the rise in nominal wages), which would obviously damage consumption indicators. The new energy shock, on the one hand, will push inflation to an even higher level, and on the other hand, if there are problems in Europe's energy supply, unemployment is expected to rise, which could undermine even wage preservation and implicitly amplifies the deterioration of consumption indicators.

Thus, the emergence of a stagflation-like situation in Romania and throughout Europe is a real peril because the economic slowdown will not bring automatic disinflation in addition to the depreciation of the currency (euro against the dollar and the leu against the euro / dollar).

The outbreak of the war in Ukraine naturally led to a major stock market slump that spread globally. All major stock indices have been volatile since the launch of the military offensive and some of the previously rises of quotations have been eroded.

Under these conditions, the growth outlook has sharply deteriorated recently, not only in the short term but also in the long term. Initial estimates of macroeconomic indicators at European level will need to be readjusted to current realities.

Considering the macroeconomic, political, and social influences on the managed portfolio, SIF Banat-Crișana will pursue the long-term investment strategy of maximizing the performance of the portfolio to increase the value of assets under management and investment income.

The management and development of the portfolio will be carried out in such a way as to adapt to the overall risk profile of the Company and in the conditions of a rigorous risk management.

## 2. THE SHARES ISSUED BY SIF BANAT-CRIȘANA

### CHARACTERISTICS OF SIF BANAT-CRIȘANA SHARES

Total number of shares issued (December 31, 2021)	<b>515,422,363</b>
Outstanding shares (December 31, 2021)	<b>507,510,056</b>
Nominal value	<b>RON 0.1000 / share</b>
Type of shares	<b>common, ordinary, registered, dematerialized, indivisible</b>
Trading market	<b>Regulated spot market of Bucharest Stock Exchange (BVB or BSE), Premium category, listed since November 1, 1999</b>
Trading venue (MIC)	<b>XBSE</b>
Symbol on BVB (ticker)	<b>SIF1</b>
ISIN code	<b>ROSIFAACNOR2</b>
International identifier	<b>Bloomberg BBGID: BBG000BMN388 (SIF1:RO)</b>
Reuters	<b>SIF1.BX</b>

Shares issued by SIF Banat-Crișana grant all shareholders equal rights.

Since its establishment, SIF Banat-Crișana has not issued bonds or other debt instruments.

The shares issued by the Company are freely traded on the regulated market of the Bucharest Stock Exchange (BVR or BSE), according to the rules established by the market operator, any person could acquire SIF1 shares.

Romanian legislation provides certain restrictions on the acquisition of shares issued by the Company, as follows:

Romanian legislation provides certain restrictions on the acquisition of shares issued by the Company, as follows:

- (i) The company is authorized as an alternative investment funds manager (AIFM), being affected by the provisions of Regulation no. 3/2016 on the applicable criteria and the procedure for the prudential assessment of acquisitions and increase of shareholdings held in entities regulated by the Financial Supervisory Authority, applicable to potential acquirers and significant shareholders within the alternative investment funds managers.
- (ii) According to the Regulation, the acquisition of qualified participations in the company is subject to the approval of the Financial Supervisory Authority. For the purposes of the regulations, qualified participation means a direct or indirect holding of voting rights or capital of the Company, which represents at least 10% of them or which allows the exercise of a significant influence over the management of the Company.
- (iii) For the purposes of the Regulation, a potential acquirer is considered to have a significant influence when his holdings, although below the 10% threshold, allow it to exercise significant influence over the management of the Company, such as having a representative in the board of directors. Holdings of less than 10% overlap the approval requirements, from case to case, depending on the ownership structure of the regulated entity and specific involvement of the acquirer in its management.
- (iv) The Company's shares are listed on the regulated market on the Bucharest Stock Exchange and are applicable the provisions of Law no. 24/2017 on issuers of financial instruments and market operations in the matter of the obligation to carry out a mandatory public takeover bid, in case of reaching the threshold of 33% of the voting rights.

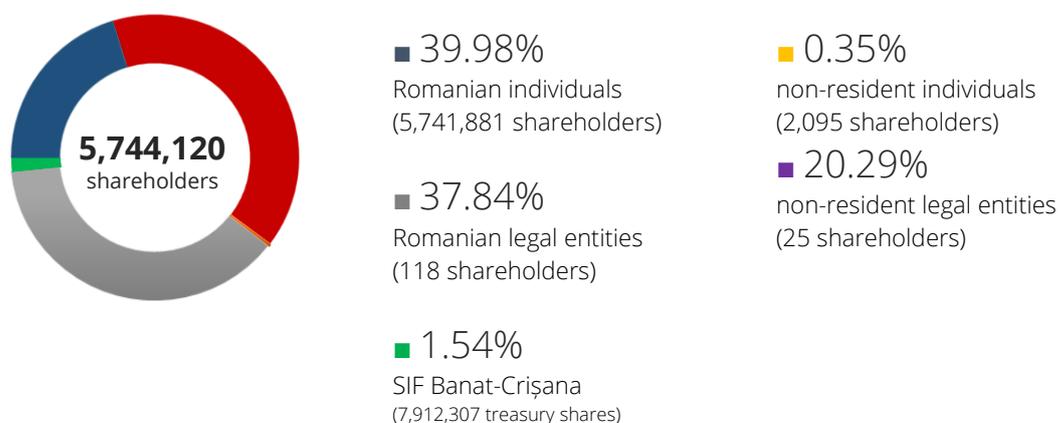
As of December 31, 2021, SIF Banat-Crișana holds 7,912,307 own shares, *purchased in the public tender offer carried out during September 29 – October 12, 2021, under the buyback programs*

approved by the EGM of April 27, 2020, and November 2, 2020. Details on the buyback programs approved by the EGMS of SIF Banat-Crişana are presented in Chapter 5 Other significant information.

As of December 31, 2021, SIF Banat-Crişana has 5,744,120 shareholders (2020: 5,747,126), according to the data reported by Depozitarul Central SA Bucharest, the company keeping the register of shareholders for SIF Banat-Crişana.

### Shareholder structure

as per shareholdings as of December 31, 2021



### Dividend distribution policy

SIF Banat-Crişana aims to maintain a balance between the remuneration of shareholders through dividends and the need to finance new investments from the reinvested-obtained profit. The strategy of maintaining this balance aims both to increase the long-term investment attractiveness for SIF Banat-Crişana shares and to maintain the investment potential, ensuring the long-term sustainable profitability of the activity for the benefit of increasing the value created for shareholders.

The method of remunerating SIF Banat-Crişana shareholders is applied for their benefit both through the dividend distribution policy and through the decision to reinvest the profit or to repurchase the securities, for the stated purpose of increasing the value of the shares. The remuneration of SIF Banat-Crişana shareholder can be performed transparently, correctly, and financially and fiscally efficient, in any of the variants decided to be followed: distribution of dividend in cash, reinvestment of profit in the hope of increasing the value of the share by at least the size of the undistributed dividend or buyback programs approved by the GMS.

#### Dividend distribution from the net profit of the Company for the last 5 financial years

Financial year for which the distribution was made	2017*	2018*	2019*	2020*
Net Profit (RONm)	69.55	77.19	159.49	92.12
Total number of shares	520,000,000	517,460,724	517,460,724	515,422,363
Gross DPS (RON)	-	-	-	-

\* 2017, 2018, 2019 and 2020 with no dividend distribution as per GMS decisions of April 26, 2018, April 22, 2019, and April 27, 2020, and April 26, 2021

The general meeting of SIF Banat-Crişana's shareholders held on April 26, 2021, approved the allocation of the entire net profit for the financial year 2020, to *Other reserves*, for own financing sources. Further information on the buyback programs approved by the shareholders is presented in Chapter 5 – Other significant information of this report.

## SIF1 SHARES ON BVB

	2018	2019	2020	2021
Price (RON, closing price)				
low	1.9800	1.9550	1.8450	2.1700
high	3.0600	2.8800	2.9900	2.8300
year end	2.0400	2.7300	2.2000	2.5400
Net profit per share (RON)	0.149	0.309	0.179	0.754
PER	13.7	8.9	12.29	3.36
NAV/S (RON)	4.3067	5.2959	5.6051	6.6664
Dividend (RON/share)	-	-	-	n/a
Mk. Cap.* (RONm)	1,055.62	1,412.67	1,133.93	1,309.17

\* calculated using the closing price on the last trading session of the year and all the issued shares

### Bucharest Stock Exchange (BVB) indices including SIF1 shares:

BET-XT | BET-XT-TR | BET-XT-TRN | BET-FI | BET-BK

BET-XT (BUCHAREST EXCHANGE TRADING EXTENDED INDEX) is a blue-chip index and reflects the evolution of the prices of the 25 most liquid stocks traded in the regulated market, including the SIFs, the maximum weight of a ticker in the index being of 15%. Change of BET-XT in 2021: +30.69%. Weight of SIF1 in BET-XT: 2.53% (2021 year-end).

BET-XT-TR (BUCHAREST EXCHANGE TRADING EXTENDED TOTAL RETURN) is the total return version of BET-XT index, which includes the 25 most traded Romanian companies listed on BVB, tracking the price changes of its constituent companies, and is adjusted to also reflect the dividends paid by them. Performance of BET-XT-TR in 2021: +36.67%. Weight of SIF1 in BET-XT-TR: 2.52% (2021 year-end).

BET-XT-TRN (BUCHAREST EXCHANGE TRADING EXTENDED NET TOTAL RETURN) was launched on October 11, 2021, and it is the net total return version of market reference index BET. BET-TRN tracks the price performance of its constituent companies and is adjusted to reflect the reinvestment of the net dividends paid by them. Performance of BET-XT-TR in 2021: +0.86%. Weight of SIF1 in BET-XT-TR: 2.52% (2021 year-end).

BET-FI (BUCHAREST EXCHANGE TRADING – INVESTMENT FUNDS) is the first sectorial index of BVB and reflects the overall trend of prices of financial investment funds (SIFs and Fondul Proprietatea) traded on the BVB regulated market. Change of BET-FI in 2021: +21.81%. Weight of SIF1 in BET-FI: 16.92% (2021 year-end).

BET-BK (BUCHAREST EXCHANGE TRADING BENCHMARK INDEX) is a price index weighted by the free-float capitalization of the most liquid companies listed on the regulated market of BVB, which can be used as a benchmark by fund managers, and other institutional investors, the calculation methodology reflecting the legal requirements and the investment limits of funds. Change of BET-BK in 2021: +34.66%. Weight of SIF1 in BET-BK: 2.37% (2021 year-end).

SIF1 shares were traded on Bucharest Stock Exchange (BVB or BSE) in 252 trading sessions during 2021.

SIF1 share price rose 16.51%, from RON 2.1800 (closing price on January 4, 2021, the first trading session of the year), to RON 2.5400 (closing price on December 30, the last trading day of 2021). The highest price recorded in 2021 was of RON 2.8300 recorded during the trading session of July 7, while the lowest was in the trading session of January 5, when the price was of RON 2.1700 per share (closing price), the spread during the period was 30% (considering the values recorded at the close of trading sessions).

The highest daily volume of SIF1 shares traded on the main regular market (REGS) during 2021 was of 8,386,666 shares, recorded on September 27.

Liquidity for SIF1 title was higher than in the previous year, in 2021 were traded a total of

26,408,513 shares on the main regular market, representing 5.124% of the total shares issued, while during 221 of the 252 trading sessions the transferred volume was below 100,000 units. The total value of shares traded in 2021 was of RON 68,025,257.

On „DEAL” market 6 transactions were performed, with a total of 4,730,111 shares, worth RON 12m.

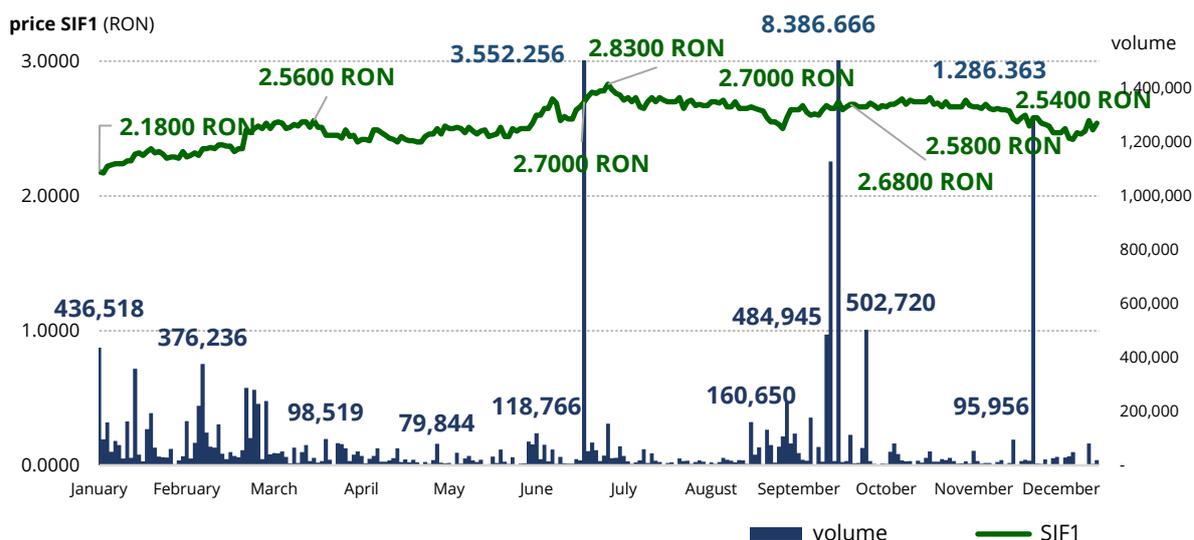
**Market capitalization for SIF1 was of RON 1,309.17m on December 30, 2021,** (calculated using the closing price).

### SIF1 vs. BET-FI 2021



*highlighted values recorded at the close of trading sessions*

### SIF1 PERFORMANCE AND VOLUME IN 2021



*highlighted values recorded at the close of trading sessions, on main regular market*

### 3. CORPORATE GOVERNANCE

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SIF Banat-Crișana is committed to sustaining and developing the best corporate governance practices, to ensure an efficient decision-making process, thus leading to the long-term viability of the business, achieving company's objectives, and creating sustainable value for all stakeholders (shareholders, management, employees, partners, authorities).

SIF Banat-Crișana has always considered of a great importance the best practices of corporate governance and has assented to the Corporate Governance Code issued by the Bucharest Stock Exchange. To remain competitive in an extremely dynamic environment, SIF Banat-Crișana develops and adapts its corporate governance practices to comply with the new requirements and take advantage of the new opportunities.

As per best corporate governance practices, the management of the company is conducted in a climate of openness, based on the honest dialogue between the executive management and the Board of Directors, and within each of these bodies. Board members, executive directors, and employees of the Company have assumed the duty to be diligent, responsible, and loyal to the Company, adopting decisions in Company's interests and to increase its value, considering the legitimate interests of all interested parties (stakeholders).

Given the applicable Corporate Governance Code issued by Bucharest Stock Exchange, SIF Banat-Crișana assessed the status of compliance with the provisions of the Code.

A statement on SIF Banat-Crișana's compliance with the principles and recommendations of the Code as of December 31, 2021, is presented in Annex 3 of this report, the document that will also be published on Company's website, [www.sif1.ro](http://www.sif1.ro).

By Regulation no. 2/2016, the Financial Supervisory Authority (ASF) settled the unitary regulatory framework for the implementation of corporate governance principles to entities authorized, regulated, and supervised by ASF, which is applicable starting January 1, 2017. SIF Banat-Crișana's statement on the application of corporate governance principles during 2021, prepared pursuant to the annex of the Regulation no. 9/2019, is presented in Annex 4 to this report.

#### **Administration and management of the Company**

Pursuant to the provisions of Company's Articles of Association, SIF Banat-Crișana is administrated under a unitary system, apt to ensure Company's efficient operation, in accordance with the objectives of good corporate governance and the protection of the shareholders' legitimate interests.

#### **General meeting of shareholders**

The General Meeting of Shareholders (GMS) is the supreme governing body of the company.

General meetings are ordinary and extraordinary. The Ordinary General Meeting gathers at least once a year, no later than four months after the close of the financial year. The Extraordinary General Meeting shall be convened whenever necessary. The powers of the general meeting of shareholders are stated in the Articles of Association and comply with the legal provisions in force. Company's Articles of Association are available on company's website, [www.sif1.ro](http://www.sif1.ro), in the *Corporate Governance* section.

General Meeting's decisions are taken by show of hands or by secret vote. The secret vote is compulsory for electing Board members and for the appointment of the financial auditor and to revoke them and also for decisions on the liability of the Board members. The decisions taken by the general meeting complying with the law and Company's Articles of Association shall be binding upon the shareholders who did not attend the meeting or voted against.

The general meeting of shareholders is chaired by the Chairman of the Board of the Directors and in his absence by the vice-chairman. The meetings are recorded by the secretariat elected by the General Meeting. Minutes of the meeting shall be recorded in a special register.

During 2021, SIF Banat-Crișana's Board of Directors convened three times the Ordinary General Meeting and three times the Extraordinary General Meeting of Shareholders.

Details on the procedure for holding the general meetings of shareholders are presented in the Convening Notice for each meeting, on the Company's website, in the section *Investor Relations › General Shareholders' Meetings*.

Information on the general meetings of shareholders and the adopted resolutions are presented on Company's website, [www.sif1.ro](http://www.sif1.ro), in the section *Investor Relations › General Shareholders' Meetings*.

## **The Board of Directors**

SIF Banat-Crișana is administered by the Board of Directors (viz. administrators) comprised of five members, elected by the ordinary general meeting of shareholders for a mandate (term of office) of four years, with the possibility of being re-elected.

The Board of Directors has decision-making powers regarding the administration of the Company in the period between the general meetings of shareholders, except for the decisions that the law or company's Articles of Association provide exclusively for the general meeting.

The Board elects from among its members a chairman and a vice-chairman. As per the Articles of Association, the chairman of the Board holds the position of CEO (general director) of the Company.

Board members must cumulatively meet the general conditions stipulated by Law no. 31/1990 on trading companies, completed with the criteria established by Capital Market Law no. 297/2004, Law no. 74/2015, Law no. 24/2017, and the regulations issued by the Financial Supervisory Authority (ASF).

The members of the Board are authorized in this function by ASF following their election by the general meeting of shareholders.

The Board of Directors may create advisory committees comprised of its members, charged with conducting investigations and making recommendations to the Board.

The composition of the Board of Directors as of December 31, 2021, was the following:

- |                           |                            |
|---------------------------|----------------------------|
| ▪ Bogdan-Alexandru Drăgoi | Chairman of the Board      |
| ▪ Radu Răzvan Străuț      | Vice-Chairman of the Board |
| ▪ Sorin Marica            | member of the Board        |
| ▪ Marcel Heinz Pfister    | member of the Board        |
| ▪ Ionel-Marian Ciucioi    | member of the Board        |

BOARD OF DIRECTORS as of December 31, 2021

	Position	Other information
Bogdan-Alexandru DRĂGOI (1980)	Chairman of the Board of Directors, Executive administrator, Member of the Board since March 2015	<p><b>Studies</b>                      Tufts University, Fletcher, Boston, Massachusetts, USA                      Specialization in International Relations – graduated <i>Magna cum Laudae</i>                      Specialization in Economics – graduated <i>Magna cum Laudae</i>                      Member of Golden Key Honor Society</p> <p><b>Experience</b>                      SIF Banat-Crișana – Chairman and CEO – <i>July 2015- present</i>                      BRD - Groupe Société Générale – member of the Board - <i>November 2019 – present</i>                      Biofarm S.A. – member of the Board – <i>December 2015 - present</i>                      Vrancart S.A. – member of the Board – <i>December 2015 – present</i>                      Administrare Imobiliare S.A. – member of the Board – <i>September 2015 – present</i>                      Presidential Adviser – The Administration of the President of Romania – <i>(May 2012 – December 2014)</i>                      Minister – Ministry of Public Finance – <i>(February 2012 – May 2012)</i>                      Secretary of State – Ministry of Public Finance – <i>(January 2009 – February 2012)</i>                      General Director, Economic Dept. – Bucharest Municipality – <i>(November 2007 – June 2008)</i>                      Secretary of State – Ministry of Public Finance – <i>(September 2006 – November 2007)</i>                      Advisor of the Minister – Ministry of European Integration – <i>(April – September 2006)</i>                      Vice-President/Shareholder- FocusSat SA România – <i>(October 2004 – April 2006)</i>                      Associate – Inquam Limited UK – <i>(November 2003 – December 2004)</i>                      Business Analyst – Inquam Limited UK – <i>(January 2002 – November 2003)</i></p>
Radu Răzvan STRĂUȚ (1984)	Vice-Chairman of the Board of Directors, Executive administrator, Member of the Board since April 2017	<p><b>Studies</b>                      CFA Institute, Charlottesville, Virginia, SUA – May 2015                      CFA Institute Investment – Claritas Investment Certificate – Foundations Program                      Faculty of Law, University of Bucharest, Romania – October 2013 – June 2014                      Master’s Degree – “European Union Law”                      Academy of European Law (ERA), Trier, Germania – June 2013                      Summer Course on EU Regulation and Supervision of Financial Markets                      Faculté de Droit, University of Geneva and Institut De Haute Etudes Internationales, Geneva Switzerland – February – July 2007                      Certificat de droit transnational                      Faculty of Law, “Babeș-Bolyai” University, Cluj-Napoca, Romania – 2004 – 2008                      BA in Law</p> <p><b>Experience</b>                      SIF Banat-Crișana – Vice-Chairman of the Board (<i>since April 2017 – present</i>) and Deputy General Director (<i>since May 2018 - present</i>)                      Administrare Imobiliare S.A. – administrator – 2017 – present                      SIF1 IMGB – Chairman of the Board – December 2020 - present</p> <p>Individual Lawyer Office “Străuț Radu-Răzvan” – <i>October 2015 – April 2017</i>                      Attorney-at-law                      Reff și Asociații SCA – Deloitte Legal – 2008 – 2015                      Senior Associate Lawyer in the Banking and Capital Markets Department – <i>September 2010 – October 2015</i>                      Collaborator attorney-at-law in the Banking and Capital Markets Department – <i>November 2008 – September 2010</i>                      Deloitte Consultanță SRL – <i>September 2008 – October 2009</i>                      Junior consultant</p>
Sorin MARICA (1971)	Member of the Board of Directors since April 2017, Independent, non-executive administrator, Member of the Audit Committee, Chairman of Nomination and Remuneration Committee	<p><b>Studies</b>                      The Bucharest University of Economic Studies – 2014-2017                      PhD Candidate “Financing of national programs for preserving and promoting Romanian customs and traditions”                      “Lucian Blaga” University – Sibiu – 2013 – 2015                      Master in Defence Diplomacy                      The Faculty of Finance, Banking and Stock Exchanges – Bucharest University of Economic Studies 1992 – 1997                      Bachelor’s Degree in Economic Sciences</p> <p><b>Experience</b>                      S.C. Dracula Park S.A. – Bucharest – 2002 – <i>present</i>                      General Director /Chairman of the Board                      Kogaion 115 Foundation – 2004 – <i>present</i>                      President, Project Manager                      Ministry of Transport – Bucharest – 2013 – 2014                      Counsellor / Cabinet Director at the Ministry of Transport                      Ministry of Tourism – 2002 – 2003                      Counsellor of the Minister of Tourism                      National Institute for Research and Development in Tourism (INCD) – 2002 – 2003                      Deputy General Director                      S.C. Active International S.A. Bucharest (Investment Firm) – 2000 – 2002                      Chairman / General Director                      S.C. Active Management International S.A. Bucharest (Investment Firm) – 1999 – 2000                      Chairman / General Director                      S.C. Active International S.A. Bucharest (Investment Firm) – 1997 – 1999                      Broker/Trader</p>

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**BOARD OF DIRECTORS as of December 31, 2021**


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	Position	Other information
		<b>Studies</b> University of Liechtenstein – <i>March 2010 – January 2011</i> Executive MBA in Wealth Management University of Liechtenstein – <i>September 2008 – November 2009</i> Diploma of Advanced Studies (DAS) in Private Banking College of Higher VET in Business Administration, Zurich – <i>October 2004 – October 2007</i> Professional Bachelor's in economics (ODEC)
Marcel PFISTER (1980)	Member of the Board of Directors since April 2017,	<b>Experience</b> MIND Consulting AG, Liechtenstein – Managing Director – 2019 - present Unitis AG, Switzerland – member of the Board – 2020- present Bank Alpinum AG – <i>July 2016 – February 2019</i> Vice Director Falcon Private Bank Ltd. – <i>October 2010 – June 2016</i> Director Banque Pasche (Liechtenstein) SA – <i>April 2009 – September 2010</i> Vice President Alpe Adria Privatbank AG (former Hypo Alpe Adria Bank (Liechtenstein) AG) – <i>December 2007 – April 2009</i> Vice President Alpe Adria Privatbank AG (former Hypo Alpe Adria Bank (Liechtenstein) AG) – <i>December 2007 – April 2009</i> Junior Relationship Manager Private Banking Zurich Cantonal Bank (ZKB) – <i>November 2005 – April 2007</i> Junior Controller Zurich Cantonal Bank (ZKB) – <i>September 2003 – November 2005</i> Relationship Manager Zurich Cantonal Bank (ZKB) – <i>December 2002 – September 2003</i> Account Manager
	Independent, non-executive administrator	
	Chairman of the Audit Committee	
	Member of Nomination and Remuneration Committee;	
		<b>Studies</b> University of Economic Studies Bucharest 2002 Faculty of International Business and Economics Constantin Brâncoveanu Highschool, Horezu (Vâlcea) 1995
Ionel-Marian CIUCIOI (1977)	Member of the Board of Directors, non-executive administrator	<b>Experience</b> Vrancart S.A. - Chairman of the Board of Directors and General Director – <i>November 2013 – present</i> Rompaper SRL Braşov – Member of the Board - <i>January 2017- present</i> Vrancart Recycling SRL – Administrator – <i>August 2020 – present</i> Giant Prodimpex Târgu Mureş – Administrator – <i>October 2015 - 2018</i> SIF Banat-Crişana – <i>September 2015 – April 2017</i> Member of the Board of Directors Administrare Imobiliare S.A. – <i>May 2015 – September 2015</i> Member of the Board of Directors PricewaterhouseCoopers Romania – <i>January 2011 – July 2013</i> Senior Manager, Financial Services Dept. Ernst & Young Romania – <i>October 2004 – December 2010</i> Audit Manager, Financial Services Dept. UTI Group – <i>June 2003 – September 2004</i> Financial analyst DDP Consult – <i>October 2002 – June 2003</i> Financial analyst
	Member of the Audit Committee	
	Member of Nomination and Remuneration	

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The Board of Directors is assisted in its activity by a secretary of the Board, a person with the necessary experience and professional training, who attends the Board meetings and is responsible with aiding the Board and its committees in having an effective activity, his role consisting in supporting the Chairman and the other members of the Board, both as a group and individually, and ensuring the Board complies with the internal regulations, observing the compliance with the current corporate governance regulations, laws and regulations relevant to the company's business. The Secretary is also responsible for providing the effective communication between the Board and its committees, between the executive directors and the Board. In 2021 the position of Secretary of the Board of Directors was held by Mr. Daniel Gavrilă.

## The activity of the Board of Directors in 2021

During 2021, the Board of Directors of SIF Banat-Crișana met 35 times, pursuant to the statutory provisions.

The convening of the Board members was in accordance with the Procedure for Board's convening and conducting the meeting of the SIF Banat-Crișana's Board of Directors.

The presence of the members at the meetings convened during 2021 was compliant to the legal requirements.

The meetings of the Board of Directors were chaired by Mr Bogdan-Alexandru Drăgoi, Chairman of the Board of Directors.

Following the meetings, the Board of Directors issued a total of 115 resolutions on the current activity of the company. All decisions were taken by the vote "for" of the majority of those present.

Of the 115 resolutions issued by the Board of Directors during the period under review:

- 66 resolutions had well defined objective, requiring its fulfilment;
- 49 were resolutions for the approval of internal regulations and some procedures, mandatory reports, and activity reports:
  - 19 resolutions for the approval of internal regulations and working procedures;
  - 30 resolutions for the approval of mandatory annual, quarterly, and half-yearly periodic reports submitted to ASF, BVB, MFP, and for the approval of activity reports of the administrators, departments, compartments, offices.

By analysing the status of execution for the 115 resolutions issued by the Board of Directors, it results they were all fully fulfilled.

For the year 2020, the Ordinary General Meeting of Shareholders held on April 27, 2020, approved the individual monthly remuneration for the Board members, and the general limits of all additional remunerations for administrators and the general limits of directors' remuneration. The monthly and additional remunerations granted to the members of the Board of Directors in 2020 fell within the limits approved by the GMS.

The Ordinary General Meeting of Shareholders of April 26, 2021, approved the amendment to point 9 of the *Remuneration Policy of SIF Banat-Crișana*, approved by Resolution no. 4 by the OGM of January 6, 2021, for its correlation with the provisions of art. 5 of the EU Regulation no. 2088/2019 on sustainability-related disclosures in the financial services sector, with the following provisions:

*"SIF Banat-Crișana promotes an effective and solid risk management, without the remuneration structure encouraging taking excessive risks, including in relation to the risks related to sustainability, being correlated with the risk-adjusted performance."*

## Advisory Committees within the Board of Directors

### The Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its responsibilities in the financial reporting, internal control, and risk management areas, assists the Board of Directors in monitoring the trustworthiness and integrity of financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting standards applied by the Company. The duties of the Audit Committee are detailed in the Company's Internal Regulations.

The Audit Committee consists of at least three non-executive members of the Board of Directors. The Chairman of the committee is an independent non-executive member. At least one member of the audit committee shall have competence in accounting or auditing.

Throughout 2021, the composition of the Audit Committee was the following: Mr. Marcel Pfister – Chairman of the Audit Committee, Mr. Sorin Marica – member and Mr. Ionel Marian CIUCIOI – member.

The members of the Audit Committee have the appropriate experience for the specific duties incumbent as members of this body.

During 2021, the Audit Committee met 8 in sessions. These meetings were held for the monitoring of the financial reporting process, namely the annual financial statements prepared pursuant to the International Financial Reporting Standards (IFRS) approved by ASF Rule no. 39/2015 and the annual consolidated financial statements; monitoring condensed interim accounting quarterly and half-yearly 2021 reporting; monitoring the interim consolidated financial statements for H1 2021, analysis and approval of evaluation of internal control system, analysis of bids for the selection of financial auditor for 2022 – 2023 and recommending as Deloitte Audit SRL as financial auditor; analysis of the risk report on the management of significant risks within the company; monitoring the activity of the internal auditor.

The annual report of the Audit Committee for the year 2020 was submitted to the Financial Supervisory Authority.

## **Nomination and Remuneration Committee**

A Nomination and Remuneration Committee (NRC) functions, with advisory role, within the Board of Directors, to assist the Board in fulfilling its responsibilities for the nomination of candidates for management positions and their remuneration. NRC recommends to the Board of Directors the appointment or dismissal of key personnel and control personnel within the Company, the level of their remuneration and their rights and duties and, at the same time, participate in the development and review of remuneration policies applicable at Company level. NRC duties are detailed within the Company's Internal Regulations and are presented in the Corporate Governance Regulation, available for consultation on Company's website, [www.sif1.ro](http://www.sif1.ro), in *Corporate Governance* section.

The Nomination and Remuneration Committee is comprised of at least at least two members elected from the non-executive members of the Board of Directors, subject to the condition of independence provided for by the Company Law. Membership of the Committee does not prevent members from participating in the work of other Committees of the Board of Directors. The Committee meets regularly, at least twice a year, and exceptionally if the case.

Throughout 2021, the composition of the Committee was the following: Mr. Sorin MARICA – Chairman of the Audit Committee, Mr. Marcel PFISTER – member and Mr. Ionel Marian CIUCIOI – member.

In 2021, the Nomination and Remuneration Committee met seven times, these meetings addressing the following:

- the collective evaluation of the management structure at the level of the Board of Directors;
- individual evaluation of the directors of the company prior to the submission for the approval of the Financial Supervisory Authority;
- analysis of the remuneration of the directors and of the additional remuneration of the members of the advisory committees within the Board of Directors;
- analysis and recommendation on the transfer of shares to the beneficiaries in the share-based payment programs;
- analysis and recommendation on share-based payment plans;

- analysis and approval of the salary rise at Company level;
- regular assessment of the adequacy of the members of the management structure and of the persons holding key positions;
- evaluating the performance of the executive management;
- analysis and recommendation of the granting of the variable component for accomplishing the objectives in 2021.

The report on the activity of the Nomination and Remuneration Committee for the year 2021 is presented as Annex 5 of this report.

## The executive management

The effective management of the Company is performed by Executive Directors appointed by the Board of Directors, in accordance with the Company's Articles of Association and applicable regulations, so that everyday management of the Company to be provided, at all times, by at least two persons.

The Executive Directors must meet the conditions set by the regulations issued by the Financial Supervisory Authority applicable to the Company and are endorsed in this position by the Authority.

As per Law no. 31/1990 on trading companies, the Board of Directors has delegated some of his powers to the Chairman of the Board - CEO (General Director) and the Vice-Chairman – Deputy General Director, within the limits set by the law, Company's Articles of Association, and decisions of the Board of Directors, except for the powers reserved by the law and / or Company's Articles of Association for the general meeting of shareholders or the Board of Directors.

The Chairman - CEO (Director General) and the Vice-Chairman – Deputy General Director exercise their mandate under "Contracts on delegating powers" granted by the Board and are vested with all powers to act on behalf of the Company and to represent it in relations with third parties. The other two directors are employees of the Company and have limited powers of representation.

Responsibilities and duties of directors are set by the Board of Directors and are described in the Company's Internal Regulations.

The composition of company's executive team as of December 31, 2021, was the following:

- Mr. Bogdan-Alexandru Drăgoi      Chairman, CEO
- Mr. Radu Răzvan Străuț      Vice-Chairman, Deputy General Director
- Mrs. Teodora Sferdian      Deputy General Director
- Mr. Laurențiu Riviș      Director

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**EXECUTIVE DIRECTORS OF SIF BANAT-CRIȘANA as of December 31, 2021**


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	Position	Other information
Bogdan-Alexandru DRĂGOI	CEO (General Director)	Information presented on page 39
Radu Răzvan STRĂUȚ	Deputy General Director	Information presented on page 39
Teodora SFERDIAN	Deputy General Director	<p><b>Studies</b> Faculty of Economics - Aurel Vlaicu University Arad (2000 – 2004) Faculty of Electronics and Telecommunications – Polytechnic Institute of Timișoara (1975 – 1980)</p> <p><b>Experience</b> SIF Banat-Crișana, Arad (1994 – present); Deputy General Director (2014 – present); Member of the Board of Directors at COMALIM SA Arad; SIFI Cluj Retail SA, Gaz Vest SA, SIF Hoteluri Oradea Rolling Stock Company Arad – electrical engineer (1981 – 1994)</p> <p><b>Specializations</b> Capital markets / analysis and portfolio management (Bank Akademie &amp; CDG Germany); General management (Austrian Chamber of Commerce &amp; WIFI Vienna); Investment consultant; Implementing IFRS (KPMG); Business Valuation (ANEVAR); Risk Management; Corporate governance standards; Development and HR performance management.</p> <p><b>Responsibilities</b> Oversees the activities of Corporate Administration (Accounting, Reporting, Investor Relations and Compliance, Human Resources, and IT offices)</p>
Laurențiu RIVIȘ	Director	<p><b>Studies</b> Faculty of Law, “Vasile Goldiș” Western University of Arad, (1998 – 2002)</p> <p><b>Experience</b> SIF Banat-Crișana, Arad (January 2005 – present); Director (February 2016 – present) Director Legal Division (September 2013 – February 2016) Legal adviser (January 2005 – September 2013) Vice-Chairman of the Board of Depozitarul Central S.A (April 2019 – present) Legal adviser for companies in Bega Grup Timișoara (2003 – 2004) Member of the Board at Beta Transport Cluj-Napoca (2007 - 2011) and Prebet Aiud Nov. 2016 – Jan. 2018</p> <p><b>Specializations</b> Continuous Professional Training course organized by AS Financial Markets SRL - 2017 “Alternative Investment Fund Managers” – course of study - AS Financial Markets – 2015 “International Financial Reporting Standards – IFRS” – course of study - KPMG Romania – 2014 “Legal English. Platinum One to One” – course of study - St. Giles International, London – 2011</p> <p><b>Responsibilities</b> Coordination of legal activities of the companies and the management of workout portfolio</p>

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Participation of administrators and executives in the share capital of SIF Banat-Crișana:

Name	Position	SIF1 shares held as of December 31, 2021	
		No. of shares	% of share capital
Bogdan-Alexandru DRĂGOI	Chairman and CEO	1,687,633	0.3274%
Radu-Răzvan STRĂUȚ	Vice-Chairman - Deputy General Director	1,396,056	0.2709%
Sorin MARICA	Non-executive administrator	48,559	0.0094%
Marcel PFISTER	Non-executive administrator	48,309	0.0094%
Ionel CIUCIOI	Non-executive administrator	48,309	0.0094%
Teodora SFERDIAN	Deputy General Director	90,541	0.0176%
Laurențiu RIVIȘ	Director	55,848	0.0108%

To the knowledge of the Company, for the administrators and executives, there are no identified agreements, arrangements or family connections between the respective person and another person for the reason that the respective person has been appointed in this position.

In the last 5 years, the members of the Board of Directors and the members of the executive management have not been involved in litigations or administrative procedures regarding their activity within SIF Banat-Crișana.

## Description of the main elements of the internal control systems and risk management

### Risk management

SIF Banat-Crișana applies procedures and strategies for risk management and establishes the conditions under which they are periodically reviewed.

The Board of Directors approves the appetite and the limits of risk tolerance of SIF Banat-Crișana, as well as the procedure for identifying, assessing, monitoring, managing, and reporting the significant risks to which the Company is or may be exposed. Procedures for identifying, assessing, monitoring, managing and reporting significant risks shall include at least the following: (i) the definition of risk categories and methods for their assessment; (ii) presentation of how SIF Banat-Crișana manages each relevant risk category and area, as well as any accumulations of risks; (iii) an indication of the risk tolerance limits for each relevant risk category according to the general risk appetite, in accordance with the specific requirements of the relevant legislation; (iv) establishing the frequency and description of the content of periodic stress tests and presenting the situations justifying the ad hoc performance of other stress tests.

The Board of Directors, the executive / senior management, as the case may be, shall ensure that the approved significant risk policy and procedures are applied at SIF Banat-Crișana level, and appropriate tools, techniques and mechanisms are used in their application.

The assessment of the efficiency of the risk management system adopted by SIF Banat-Crișana is performed by the board of directors at least every six months based on the risk reports, depending on the policies, procedures and controls performed.

**The permanent risk management function** has a main role in defining the risk policy, in monitoring and measuring the risks, ensuring the permanent compliance of the risk level with the risk profile of the Company decided by the Board of Directors. The person in charge of the administration shall have access to all relevant information and shall provide the senior management with up-to-date information on which to take prompt remedial action, if necessary.

Mrs. Adina Eleonora Hodăjeu holds the quality of Person responsible for risk management starting with March 9, 2018, no. in ASF register: PFR13.2FARA / 020053.

The performance of the risk management function is periodically reviewed by the internal and external audit function.

The management structure of SIF Banat-Crișana, through the Board of Directors and the Audit Committee, periodically approves and reviews both the risk strategy and the significant risk management policy.

**The policy on significant risk management** of SIF Banat Crișana includes all the elements necessary for risk management operations associated with each investment position to be properly identified, assessed, managed, and monitored, including using appropriate crisis simulation procedures. The company has implemented a documented procedure for *pre-investment verification*, which monitors whether the investment / divestment process is carried out according to the investment strategy, objectives and risk profile assumed.

The fulfilment of the risk management function is regularly examined by the internal and external audit functions.

## Compliance control function

SIF Banat-Crișana established and permanently and operatively maintains the compliance control function, which runs independently of other activities. The Compliance Office reports to the Board of Directors and has the following main responsibilities:

- monitoring and regularly assessing the effectiveness and the means of implementation of the set measures and procedures, as well as measures decided to resolve any situations of non-compliance by the Company;
- advising and assisting the relevant responsible persons for carrying out services and activities to meet the requirements set for the Company under the law and ASF regulations.

The activity of Compliance Office was performed pursuant to the plan of investigation and control for 2021, approved by the Board of Directors of SIF Banat-Crișana, the provisions of ASF Regulation no. 9/2014, no. 10/2015, of EU Regulation 231/2013, of the working procedures and internal regulations.

Lines of action addressed were: control of compliance with regulations in force on the capital market and/or internal procedures, informing the Company and personnel of the legal status of the capital market, endorsement of documents submitted by SIF Banat-Crișana to ASF in order to get authorizations provided by the ASF regulations, endorsing the reports submitted to capital market entities and ASF, endorsement of informative materials and advertisements of the Company, other activities concerning the Company's and its personnel compliance with the capital market legislation in force and the internal regulations.

In the inspection activities carried out during 2021, it was verified the compliance with work procedures and capital market legislation in such activities as:

- trading of securities;
- valuation of assets for the calculation of net asset value;
- observing the legal requirements of transparency and reporting;
- calculation and payment of monthly quota of 0.0078% of the net asset value to ASF;
- prevention of money laundering and terrorism financing through capital market;
- compliance with the international sanctions regime;
- compliance with the legal provisions and internal procedures concerning avoidance and / or managing conflicts of interest, privileged information regime and personal transactions;
- reviews concerning the risk control system;
- assessing and managing the operational risks generated by the IT equipment in use.

It was ascertained following the control that the activities addressed are compliant with the capital market legislation, internal regulations, and procedures.

Following the inspections, proposals, and recommendations for the improvement of activity and working procedures were made.

**Resolution of petitions.** The shareholders have the right to address SIF Banat-Crișana by means of a petition should they have complaints regarding the company's activities, performed under the legislation in force, or regarding the information provided by the company following their request. The settlement of petitions submitted by shareholders is set by ASF Regulation no. 9/2015, and the procedure to be followed is published company's website. As per the provisions of the regulation, the Company prepared a unique register of petitions in a secure electronic format, to record the submitted petitions, questions addressed and their solution. The responsibility of keeping the register of petitions lies with the compliance officer.

## Internal Audit

The internal audit activity is performed by the internal audit office which is subordinated to the Board of Directors. The activity is reported to the Audit Committee and the Board of Directors.

The internal audit activity of SIF Banat-Crișana is outsourced to the firm New Audit SRL from Arad.

Company's activities are subject to an internal audit that is conducted periodically, in order to provide an independent assessment of the operations carried out, their control and management processes, considering the possible exposure to risk on various business segments (safety of assets, compliance with regulations and contracts, integrity of financial and operational information, etc.) makes recommendations to improve the systems, controls and procedures to provide efficient and effective operations and observes the proposed corrective actions and the attained results.

The internal audit is performed as: evaluation of management and internal control systems - *system audit*; assessment of results in relation to the targeted objectives and assessing their actual impact - *performance audit*; compliance with the legal norms of procedures and operations - *regularity audit*.

The internal audit activity is carried out based on the annual audit plan prepared pursuant to Company's objectives. The audit plan and the necessary resources for this activity are endorsed by the Audit Committee and approved by the Board of Directors, pursuing the examination of all activities and operations carried out by the Company.

The internal audit activity maintains a multi-annual plan that includes, over a period of two years, all the activities and processes that can be audited within the company. Internal audit missions are included in the plan based on the analysis of the risks associated with the auditable activities, to establish the priorities of the audit missions.

The internal audit activity is carried out in accordance with the International Standards for the professional practice of internal audit.

The internal audit activity is an independent and objective activity granting the Company a guarantee of a certain control over the operations and which is performed pursuant to the procedures prepared for the purposes of the work. Each internal audit assignment is performed based on a detailed program, which comprises the applicability, scope, objectives, allocated resources and its period.

The internal audit objectives are to assist the Company in identifying and evaluating the significant risks providing an independent assessment of the risk management, of control and management processes and assisting the Company in maintaining an effective and efficient control system.

The main activities and operations of the Company subject to internal audit in 2021 addressed:

- management of the financial instruments portfolio, substantiating investment / divestment decisions in these instruments and complying with the approved competence limits;
- trading of securities, compliance with short-term investment policy and approved working procedures;
- compliance with the provisions of collective labour contract; the management of human resources; remuneration of personnel
- compliance with working procedures, internal regulations and legislation specific to the compliance office;
- compliance with the working procedures, internal regulations and significant risk management policy of SIF Banat-Crișana;
- compliance with the procedure on conflicts of interest, respectively conflicts of interest in which the members of the management of SIF Banat-Crișana and certain categories of employees are involved;

- compliance with working procedures related to economic and administrative activities, including the inventory of assets. Observance of the procurement procedure and conclusion of contracts in which SIF Banat-Crișana is a party;

Non-audit activities carried-out:

- preparation of the yearly program for internal audit for the next period
- preparation of half-yearly and annual reports on the internal audit activity;
- reporting to ASF on the stage of implementation of the recommendations formulated by the internal auditor;
- other administrative activities.

The internal auditor reports to the Audit Committee and the Board of Directors of SIF Banat-Crișana on the purpose of the audit, the findings, conclusions, recommendations, and proposals made. No significant issues that would require the intervention from the Board of Directors were identified.

Internal Audit appreciates that the activities and operations performed by SIF Banat-Crișana during 2021, which were subject to the audit, are compliant with the policies, programs, and management of the Company and with the legal provisions and internal regulations.

Permanent risk monitoring materialized both by the periodic risk reports, by the annual crisis simulation and by the prior verification at the time of the investments, leads to the conclusion that the risk management system at SIF Banat-Crișana level is effective, the measures adopted for monitoring and control the exposures to the identified risks are appropriate and timely and the recommendations and concerns are given the necessary attention.

## Other matters of corporate governance

### Respecting the shareholders' rights

The holding of the General Meeting of Shareholders (GMS) and the matters concerning the rights and obligations of the shareholders are regulated by Companies Law no. 31/1990, by Capital Market Law no. 297/2004, as well as by other legal regulations in the matter.

The shares issued by SIF Banat-Crișana are common, ordinary, registered, dematerialized, indivisible, granting equal rights to shareholders.

SIF Banat-Crișana shareholders can exercise all the rights conferred by law and by the Articles of Association, Law no. 31/1990, the capital market legislation.

Romanian legislation provides certain restrictions on the acquisition of shares issued by the Company. These are presented in Chapter 2 - *Shares issued by SIF Banat-Crișana*.

In accordance with Art. 272 par. (1) letter a) and par. (6) of Law no. 126/2018 on the markets of financial instruments, the voting rights related to holdings in a regulated entity (such as SIF Banat-Crișana) are suspended by law if the acquisition or, as the case may be, increase of a participation was carried out without meeting the criteria provided by ASF regulations on the rules of procedure and the criteria for the prudential assessment of acquisitions in the concerned regulated entity.

SIF Banat-Crișana offers an equitable treatment for all shareholders, including the minority and non-resident shareholders, pursuant to legal provisions and those of Company's Articles of Association.

General meetings of shareholders are convened by the Board of Directors at least 30 days before the set date to be held. The general meetings give the opportunity for Board members and Company's executive directors to present the shareholders the results achieved during the exercise of their mandate under the conferred responsibilities.

SIF Banat-Crişana endeavours to ensure an impartial treatment for all shareholders, providing them with relevant and up-to-date information enabling them to exercise their rights of a fair manner. Shareholders should exercise their rights in good faith and with respect for the rights and interests of the Company and other shareholders.

**The right to vote** | SIF Banat-Crişana endeavours to facilitate the participation of shareholders at the general meetings of shareholders ("GMS"). SIF Banat-Crişana's shareholders can participate in the GSM directly, by designating a representative by a special/general empowerment or can vote by correspondence (through the post or by electronic voting).

The Board approves procedures for the orderly and efficient organization of GSM works, pursuant to the incident laws and ASF regulations. At Company's headquarters and posted on its website ([www.sif1.ro](http://www.sif1.ro)) are made available for the shareholders the information and materials concerning the General Meeting: the convening notice for the GSM, informative materials, and the documents to be discussed and approved by the meeting, the participation and voting procedures, empowerment forms and correspondence voting forms, the resolutions approved by GSM, and the results of votes for each item on the agenda.

One or several shareholders, representing individually or jointly at least 5% of share capital of the Company, may request by an application addressed to SIF Banat-Crişana, the introduction of additional items on the agenda of the GSM and / or may table draft resolutions for items included or to be included on the agenda of the GSM.

Are entitled to attend and vote at the general meeting of shareholders only the shareholders registered at the reference date in consolidated shareholders' register kept by Depozitarul Central S.A. Bucharest (Central Depository Company).

In 2021, the Board of Directors convened the Ordinary General Meeting of Shareholders ("OGM") for January 6 (7), 2021, the Ordinary General Meeting of Shareholders ("OGM") and the Extraordinary General Meeting of Shareholders ("EGM") for April 26 (27), 2021, the Extraordinary General Meeting of Shareholders ("EGM") for October 11 (12), 2021, and the Extraordinary General Meeting of Shareholders ("EGM") for November 25 (26), 2021. Information on the general meetings of shareholders and the resolutions adopted are published on company's website, [www.sif1.ro](http://www.sif1.ro), in the section *Investor Relations* > *General Shareholders' Meetings*.

For the general meetings of shareholders, suspending the voting rights was made as per the legal provisions.

**Right to dividend** | The dividend policy embraced by SIF Banat-Crişana aims at keeping a balance between the shareholders' remuneration through dividend and the need to finance new investment of the reinvested profits obtained. The strategy of keeping this balance aims to increase the long-term investment attractiveness of SIF Banat-Crişana shares, while maintaining the potential for the future development of the company, ensuring the long-term sustainable profitability of the business for the benefit of increasing the value created for shareholders.

The manner of remunerating SIF Banat-Crişana's shareholders is applied for their benefit both through the dividend distribution policy, and also by the decision to reinvest the profits or to repurchase the shares for the stated purpose of increasing the value of the shares. This increase of shareholder's capital is manifested by at least by the implicit growth in the value of the share due to the favourable effect of profitable reinvestment of the capital. Depending on the economic and financial developments, the risk profile, and the investment expectations of the shareholders, the two ways of remuneration should offer at least the same investment attractiveness. If profit reinvestment opportunities are more attractive to shareholders or in case of repurchasing shares from the market, the return on SIF Banat-Crişana's shareholder capital is likely to be higher than a simple distribution of taxable dividends.

Remunerating the shareholders through dividend distribution or their reinvestment, or by repurchasing shares listed on the market, may bring additional benefits to shareholders, over the medium and long term.

Determining the manner and proportion of the distribution of net profit is subject to the approval of the General Meeting of Shareholders and considers the sustainability of the measure, the economic context, and the current market performance.

The OGM held on April 26, 2021, decided not to distribute dividends, allocating the net profit for the 2020 financial year, in the amount of RON 92,122,406, to *Other reserves*, as own financing sources.

SIF Banat-Crișana' dividend policy is published on the company's website, [www.sif1.ro](http://www.sif1.ro), in the *Corporate Governance* section.

**Right to information** | SIF Banat-Crișana respects the right of shareholders to be informed, providing them, by means of ad hoc and periodic reporting, timely and relevant information, enabling them to exercise their rights in a fair manner. Information on Company's activity considered to affect the price of shares on the stock exchange market was subject to current reports or announcements, communicated within 24 hours to the market, immediately made available to investors on BVB website and on the Company's website, [www.sif1.ro](http://www.sif1.ro).

To ensure equal access to information for the investors, posting on the Company's website of reports and announcements destined to the market participants is made after the information is published by the market operator, Bucharest Stock Exchange (BVB or BSE), on their website.

To inform the shareholders and investors, the Company sets a financial reporting calendar that is communicated in January to BVB and ASF, and also published on Company's website, [www.sif1.ro](http://www.sif1.ro), and that of the Bucharest Stock Exchange.

Increasing the company's visibility on the Romanian capital market and towards a wider base of international institutional investors was further an objective assumed in the activity plan for 2021, promoting SIF Banat-Crișana in the capital market events (either individually or together with BVB, intermediaries, media outlets), to increase transparency and attract new investors / shareholders.

The organizational structure providing the relationship with shareholders, potential investors, analysts, mass-media, and the interested public is the Investor Relations Compartment. Contact details: 35A Calea Victoriei, Arad 310158, Romania, tel | fax: +40257 304 446, email: [investitori@sif1.ro](mailto:investitori@sif1.ro), person of contact Mr. Claudiu Horeanu.

Further details on shareholders' rights are presented in SIF Banat-Crișana's Articles of Association, available on Company's website, in the section *About SIF Banat-Crișana, Corporate Governance* subsection.

Details regarding the procedure for holding the general meetings of shareholders are presented in the Convening Notice for each meeting, on Company's website, in the *Investor Relations* section, *General Shareholders' Meetings* subsection.

## **Anti-corruption measures**

SIF Banat-Crișana respects the ethical and moral standards, permanently being engaged in implementing the necessary measures to prevent situations of abuse in the company's relations with all categories of collaborators, as well as in portfolio management, fund management and investment process. SIF Banat-Crișana has developed and implemented reference documents dealing with, among other aspects, anti-corruption policies and procedures, namely: *Corporate Governance Code, Internal Regulations, Internal Regulations and Policy on Corporate Social Responsibility*.

These documents focus on the principles on which the company's policy is based in terms of anti-corruption measures, ethics, and business morality, embracing these values being essential, all decisions of the company's management are in accordance with the provisions and recommendations contained in the listed documents.

### **Internal reporting (whistleblower)**

The company permits the internal reporting, by its employees, of the violation of capital market regulations and internal procedures through a specific, independent and autonomous channel implemented through the e-mail system.

The compliance officer shall have access to the reports submitted for further verification and the preparation of reports to senior management with proposals for remedying the reported situations.

In 2021 there were no complaints or notifications received through this channel.

### **Conflicts of interest**

SIF Banat Crişana applies internal rules and procedures aimed at avoiding conflicts of interest, by implementing appropriate measures in relation to the nature, size and complexity of the activities carried out. To avoid potential conflicts of interest, the Board members and executive directors of the company must comply with at least the following requirements without being limited to them:

The members of the Board of Directors must meet the conditions set out in the republished Law no. 31/1990 and the capital market legislation and may not be members of the board of directors / supervisory board or directors / members of the board of directors of another AIFM / investments management company / investment companies or of the depositary of assets of SIF Banat-Crişana, must not be members of the board of directors / supervisory board of an SSIF (broker) with which SIF Banat-Crişana has concluded a financial intermediation contract and must not be employed or have any kind of contractual relationship with another investment management company or with an investment company, with the exception of other entities belonging to the same group.

The directors of the company as well as the persons replacing them may not be members of the board of directors / supervisory board or directors / members of the board of directors of another AIFM or of the custodian of SIF Banat-Crişana's assets, must not be members of the board of directors / supervisory board, directors or members of the board of directors of a financial investment services company (SSIF, brokers) with which SIF Banat-Crişana has entered into a contract and must not be employed or have any contractual relationship with another AIFM, with the exception of other entities belonging to the same group. Through the internal policies, rules, and procedures, as well as through the functional organization adopted, SIF Banat-Crişana considers that the relevant persons involved in the various activities that encompass a risk of conflict of interest to carry out these activities with an adequate degree of independence.

The internal policies, rules, and procedures to be complied with in SIF Banat-Crişana aim at ensuring the degree of independence necessary for the prevention and management of conflicts of interest, as follows:

- the procedures provide for measures to prevent and control the exchange of information between relevant persons involved in the portfolio management activities or in other activities involving a risk of conflict of interest if the exchange of information may harm the interests of the Company or its shareholders;
- specific internal procedures regulate the confidentiality of information and the circulation of documents in physical and electronic format; for accessing the documents in the computer system, access levels are established;
- established assignments and responsibilities shall prevent the simultaneous or consecutive involvement of a relevant person in portfolio management, control or risk management

- activities for the proper management of conflicts of interest;
- from an organizational point of view, the functions regarding the decision, execution and supervision of the activity are separated so as to avoid the execution by the same person of tasks that may result in undetectable errors or activities that expose the company to risk;
  - the directors will take decisions in the interest of the Company and will not take part in the debates or decisions that create a conflict between their personal interests and those of the Company or of some companies controlled by SIF Banat-Crișana;
  - each member of the Board will ensure the avoidance of any direct or indirect conflict of interests with SIF Banat-Crișana or the companies under its control;
  - each administrator shall inform the Board of Directors upon conflicts of interest, as they arise and shall refrain from debating and voting on the respective matters, in accordance with the relevant legal provisions;
  - it is forbidden for the members of the Board, directors or any other person with whom the Company has an employment contract, to disseminate information on the transactions that SIF Banat-Crișana intends to carry out with financial instruments in its portfolio;
  - in order to identify situations of a possible conflict of interest, in which an administrator or employee of the company may have a material interest on his behalf or of third parties, there is an obligation that employees / directors / administrators communicate to the company the activities and interests outside the company by filling in the form "Declaration of external interests" - which is filled in at the beginning of the relations with SIF Banat-Crișana and is updated periodically or whenever the situation requires it.

If conflicts of interest arise, SIF Banat-Crișana ensures the correct management / administration and in the general interest of the company's shareholders.

## **Corporate information regime**

The members of the Board, executive directors, and employees of SIF Banat-Crișana are bound to keep the confidentiality of the documents and corporate information/data, and comply with the Code of Ethics and Business Conduct and with the procedures approved by the Board of Directors concerning corporate information.

The Board of Directors adopted procedures regarding the Company's internal circuit of the documents and the disclosure to third parties of documents and information concerning SIF Banat-Crișana, giving special importance to inside information - as defined by Law no. 24/2017 and European regulations, that may impact the market price of the shares issued by the Company.

The company must inform the public and ASF, thereupon, on privileged information directly concerning it. Postponement of public disclosure of inside information is made under the conditions specified by the applicable law, provided the confidentiality of such information.

In application of the provisions of the national and European regulations, namely ASF Regulation no. 5/2018, EU Regulation 596/2014 and EU Regulation 347/2016, the company establishes and permanently updates the list of persons having access to inside information regarding the Company. The list of persons with access to inside information regarding SIF Banat-Crișana shall be communicated to the Financial Supervision Authority upon its request.

## **Transactions of persons having access to privileged information (transactions of insiders)**

Internal procedures prohibit the members of the board of directors, the directors of the company, as well as by any person with whom the Company has concluded an employment contract to use "inside information" related to the investment policy of SIF Banat-Crișana, when they perform transactions with financial instruments in their own portfolio ("personal transactions").

The company has established internal rules and procedures for personal transactions. Any personal transaction carried out by a person with access to inside information shall be notified in advance to the Compliance Office of the company in order to verify its compliance with the requirements regarding the avoidance of conflicts of interest. Transactions performed are notified to the Compliance Office, to be recorded in the personal transaction log, a register managed by the compliance officer.

## **Transactions of the management**

In accordance with the provisions of the internal rules and procedures and of EU Regulation no. 596/2014 and EU Regulation no. 523/2016, the persons discharging managerial responsibilities or persons closely associated with them notify the company about each transaction carried out on their behalf in connection with the shares or debt securities of SIF Banat-Crişana. This provision applies to any subsequent transactions once the amount of EUR 5,000 has been reached during a calendar year. The threshold of EUR 5,000 is calculated by summing up all transactions since the beginning of the calendar year without offsetting them. For transactions with other securities, the internal rules and procedures concerning personal transactions are applicable.

Notified transactions are recorded in the personal transaction log managed by the Compliance Office.

## **Treatment applicable to transactions with affiliated entities**

The company has the obligation to publish a report in case the Board of Directors approves a significant transaction with affiliated parties. Law no. 24/2017 on issuers of financial instruments and market operations provides for this reporting obligation in the case of significant transactions, viz. a transaction whose individual or cumulative value represents more than 5% of the company's net assets according to the latest published financial statements.

If significant transactions are concluded with affiliates, at the end of each semester, the financial auditor is required to review the company's reported transactions during the semester and prepare a report assessing whether the transaction is fair and justified for the company and non-affiliated shareholders, including minority shareholders.

SIF Banat-Crişana did not carry out significant transactions with affiliated parties in 2021 that must be reported according to the provisions of Law 24/2017.

## **Protection of personal data**

Starting with May 25, 2018, Regulation (EU) 2016/679 ("GDPR") on the protection of individuals with regard to the processing of personal data and on the free movement of such data is applied by all Member States of the European Union. SIF Banat-Crişana is committed to protecting and respecting the confidentiality of the personal data to which it has access or which it processes in the course of its activity.

To comply with the new legal provisions, SIF Banat-Crişana has updated its policies on the protection of personal data, and these are available in a dedicated section on the website of the company *Protection of Personal Data*, describing mainly what personal data are collected from those with whom the Company interacts, the reason why they are processed and the rights of these persons. The section also hosts the forms by which the shareholders or petitioners can express their agreement regarding the processing of the personal data they submit, an answer that implies the processing of these data can be given by the Company after receiving this consent.

SIF Banat-Crişana ensures the confidentiality of the information brought to its knowledge, within the framework of this obligation, by undertaking to protect and properly use the personal information provided by data subjects or a third party.

SIF Banat-Crișana legally processes the personal data to which it has access (e.g. based on the consent of the individual, a contract, legal obligations, legitimate interests of the Company), in order to ensure access to the Company's website and the transmission by the Company of the answers to the requests of the visitors of the Company's website, in compliance with the provisions of Regulation (EU) no. 2016/679 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46 / EC.

Through its own website, [www.sif1.ro](http://www.sif1.ro), or through the communications sent to its email addresses, SIF Banat-Crișana may collect personal data either as an entity regulated / authorized / supervised by ASF, either as an issuer of securities listed on the regulated market, or as a contractual partner, or in other particular cases, which may exceptionally arise in the activity of the Company.

SIF Banat-Crișana will periodically update the *Personal data protection policy* according to subsequent legislative changes.

## **ESG (Environmental, social, and corporate governance)**

During the recent years, issues related to sustainability and sustainable investment have evolved from a marginal topic of ecology to a major subject matter, relevant not only to environmental experts and activists. Investors, but also employees, pay more attention to the ecological footprint of companies, not only those in traditional polluting industries, but also investment funds, with holdings in sectors with a diverse impact on the environment.

In the EU Sustainable Finance Action Plan, the European Commission aims to create a legal framework that will make environmental, social responsibility and governance issues key decision-making criteria for the financial system.

EU Regulation 2019/2088 on Sustainable Finance Disclosure Regulation (SFDR) entered into force on March 10, 2021 and requires financial market participants to publish information on how they integrate ESG risks and opportunities into their investments decisions. Financial institutions need to adapt to meet the new non-financial reporting requirements by 2023.

SIF Banat-Crișana statement prepared as per the provisions of art. 4 par (1) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019 on information on sustainability in the financial services sector is published on the company's website, [www.sif1.ro](http://www.sif1.ro), *Corporate Governance* section. Also in this section, the *Policy on integrating ESG risks in the investment decision-making process* is available for consultation.

In a first stage, the challenge for SIF Banat-Crișana is to allocate efforts to identify, collect, analyse and report ESG indicators (*the accuracy and comparability of reported non-financial information, collecting relevant data, allocating IT resources, the expertise needed for understanding and implementing the reporting requirements, and the creation and conduct of stakeholder consultation processes, materiality analysis, identification and reporting of material topics and specific indicators.*)

The **Risk Management** chapter presents matters related to the risk management, monitoring, and reporting processes, which also include the ESG risks relevant for the activity of SIF Banat-Crișana.

### **Environment**

Although SIF Banat-Crișana, by the nature of its activity, does not have a direct negative impact on the environment, materialized mainly by the consumption of energy and paper, it has a vigilant concern regarding the good management of environmental issues in the course of the processes related to the daily activity carried out, the resources being efficiently used and ensuring the protection of the environment.

The reduction of energy consumption (electricity consumed for the current activity at the headquarters and branch, respectively gas for heating workspaces) was a concern in 2021, taking

measures to make more efficient use of space and increase energy efficiency. Despite all these interests, the headquarters operating in a building with low energy efficiency given its age, the efficiency measures that can be implemented are limited.

In order to minimize the impact on the environment, SIF Banat-Crișana aims to save paper in its operations, opting whenever possible for electronic communication instead of the one on paper, the digitization of operations helping to reduce paper consumption. Measures related to the use of low-power electronic equipment, in compliance with higher standards in the field of ergonomics and environmental protection, are also included in the effort to make energy efficiency more efficient.

As an investment fund, SIF Banat-Crișana might have a substantial indirect impact on the environment through its business operations, and awareness of this impact and taking appropriate measures are among the important challenges anticipated by the company, the group and the financial industry.

### **Social responsibility**

The social responsibility of SIF Banat-Crișana is constantly demonstrated using procedures for a good management of environmental issues, responsible management of employees, ensuring safety standards at work, and in general through the development of socially responsible business practices. As companies are no longer judged only by their economic performance, but also by their contribution to the communities in which they operate, SIF Banat-Crișana understands to be an involved and responsible actor, attentive and receptive to community needs and sustainable development.

The role of social actor of SIF Banat-Crișana is to promote professionalism, excellence, innovation, responsibility, team spirit, diversity, commitment.

In pursuing social responsibility policies, the Company makes every effort to ensure the continued observance of fundamental human rights, encouraging and continuously developing good practices in this field.

During 2021, SIF Banat-Crișana financially supported projects in the field of education, social protection, and health, totalling RON 2.74 million.

SIF Banat-Crișana's corporate social responsibility policy is published on company's website, [www.sif1.ro](http://www.sif1.ro), in the section dedicated to corporate governance.

### **Financial reporting**

Financial statements for 2021 have been prepared pursuant to the International Financial Reporting Standards and ASF Rule no. 39/2015, which applies along with the Accounting Law no. 82/1991 (republished and amended). The financial auditor is Deloitte Audit SRL.

*On April 26, 2021, the Company published *The Standalone Financial Statements and The Consolidated Financial Statements for the year ended December 31, 2020*, prepared in accordance with the ASF Rule no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards (IFRS) applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority (ASF), operating in the Financial Instruments and Investments Sector, audited by Deloitte Audit SRL and approved by the Ordinary General Meeting of Shareholders held on April 26, 2021 - together with the annual report of the Board of Directors and Independent Auditor's Report.*

On May 14, 2021, the Company published the Quarterly Report as of March 31, 2021, as per the provisions of Law no. 24/2017, Regulation no. 15/2004, ASF Regulation no. 5/2018 and Rule no. 39/2015.

On August 31, 2021, the Company published SIF Banat-Crişana's H1 2021 Report as per the provisions of Law no. 24/2017, Regulation no. 15/2004, ASF Regulation no. 5/2018 and Rule no. 39/2015. The condensed interim standalone financial statements as of June 30, 2021, part of the half-yearly report, were prepared according to Rule no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated, and supervised by the Financial Supervisory Authority.

On September 30, 2021, the Company published SIF Banat-Crişana's H1 2021 consolidated report. The condensed interim consolidated financial statements as of June 30, 2021, part of the half-yearly report, were prepared according to Rule no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated, and supervised by the Financial Supervisory Authority.

On November 15, 2021, the Company published the Q3 2021 report, prepared as per the provisions of Law no. 24/2017, Law no. 243/2019, Regulation no. 10/2015, ASF Regulation no. 7/2020, ASF Regulation no. 5/2018, and Rule no. 39/2015.

## 4. FINANCIAL ANALYSIS

SIF Banat-Crișana prepared the financial statements as of December 31, 2021, pursuant to International Financial Reporting Standards (IFRS) as adopted by the European Union and to the ASF Rule no. 39/2015 for the approval of Accounting Regulations applicable to entities authorized, regulated, and supervised by the Financial Supervisory Authority (ASF) in the Sector of Financial and Investment Instruments.

The Standalone Financial Statements as of December 31, 2021, including the related notes, are presented in Annex 1 to this report.

The following are comments on the financial position and the results of the Company in the financial year 2021, compared to the preceding four financial years:

### 4.1 Statement on the standalone financial position

STATEMENT OF ASSETS, LIABILITIES AND EQUITY	2021	2020	2019	2018	2017
Cash and cash equivalents (including bank deposits)	339,358,760	150,710,816	121,716,306	35,274,867	16,134,803
Financial assets at fair value through profit and loss	1,680,415,609	1,394,390,304	1,226,791,154	1,105,989,265	338
Financial assets at fair value through other comprehensive income (assets available for sale for 2017 FY)	1,559,352,399	1,314,430,895	1,508,267,047	1,279,345,173	2,440,191,357
Investments recorded at amortized cost	-	-	43,246,691	6,505,683	6,499,764
Investment property, Tangible assets, Other assets	28,259,291	24,239,628	26,657,141	25,828,264	25,318,909
<b>Total assets</b>	<b>3,607,386,059</b>	<b>2,883,771,643</b>	<b>2,926,678,339</b>	<b>2,452,943,252</b>	<b>2,488,145,171</b>
Deferred tax liabilities	179,957,876	146,231,940	169,850,613	129,889,043	176,433,120
Other liabilities (other liabilities, leasing, deferred revenues)	11,301,898	7,635,012	8,624,272	1,633,596	20,471,908
<b>Total liabilities and deferred revenues</b>	<b>191,259,774</b>	<b>153,866,952</b>	<b>178,474,885</b>	<b>131,522,639</b>	<b>196,905,028</b>
Share capital	51,542,236	51,542,236	51,746,072	51,746,072	52,000,000
Treasury shares (including costs related to the repurchase)	(21,694,227)	(2,240,526)	(7,430,298)	(224,045)	(4,872,849)
Retained earnings	1,140,789,898	743,318,231	812,306,354	683,411,583	290,919,193
Other equity elements (other reserves, legal reserves, benefits granted)	1,261,063,053	1,170,807,710	1,009,486,883	933,609,102	701,364,620
Reserves from revaluation of financial assets through other items of comprehensive income (available for sale for 2017 FY)	984,425,325	766,477,039	882,094,444	652,877,901	1,251,829,179
<b>Total equity</b>	<b>3,416,126,285</b>	<b>2,729,904,691</b>	<b>2,748,203,455</b>	<b>2,321,420,612</b>	<b>2,291,240,143</b>
<b>Total liabilities and equity</b>	<b>3,607,386,059</b>	<b>2,883,771,643</b>	<b>2,926,678,339</b>	<b>2,452,943,252</b>	<b>2,488,145,171</b>

*Cash and cash equivalents* include all liquid investments of the Company in term bank deposits, current accounts, and petty cash. The amount increased as compared to 2020, as the investment activity and the amounts collected as dividends and the maturity of investments in fixed income instruments generated a cash surplus, placed in short-term monetary instruments (bank deposits).

The category of *Financial assets at fair value through profit or loss* comprises the Company's shareholdings in subsidiaries and associates (except for interests in consolidated subsidiaries), holdings in fund units and investments in bonds (issued by subsidiaries – VNC24. The item *Financial assets at fair value through profit and loss* rose as compared to 2020 as a result of the recognition of the positive differences in the fair value of the financial assets in this category as at the reporting date, both related to existing holdings and acquisitions in 2021 (as the difference between fair value and acquisition cost).

*Financial assets at fair value through other comprehensive income* comprise shareholdings, in respect of which the Company has chosen - from the initial application of IFRS 9 - the irrevocable option to reflect fair value changes in other (items of) comprehensive income, and investments in

corporate bonds (Impact). The increase vs. the previous year of this category is due to the upsurge in the market value in 2021 of the listed stakes included in this category (especially shares of companies in the financial sector). The progress is all the more remarkable as, following the sales of financial assets made in 2021, RON 187.1 million were derecognized from this category (representing the book value of the assets at the date of sale).

*Investment property, Tangible assets and Other assets* mainly include land and buildings acquired by the Company following the closing down of some branch offices and withdrawal of the contribution in kind of some companies in the portfolio. Company's Investment property at fair value as of December 31, 2021, amounts to RON 12.95 million. *Tangible assets* held by the Company are those used while carrying out operational and administrative activities, at the headquarters. The item *Other assets* mainly includes the Company's receivables from third parties. The level of these balance sheet items increased as compared to 2020, being mainly influenced by the increase in receivables representing the regularization on December 31 of the profit tax paid during the year.

*Deferred tax liabilities* represent the tax payable / recoverable in future periods related to temporary taxable differences / deductibles between the carrying amount and the tax asset or liability. The increase of this item as compared to the previous year is mainly the effect of the adjustment of the deferred income tax related to the increase in the level of reserves from the fair value measurement of securities valued at fair value through other comprehensive income, as the capital markets in 2021 gained momentum, especially for the minority interests having the utmost weight in the portfolio.

*Equity* holds the largest stake in the structure of liabilities. The value of this item significantly increased vs. the previous year, given that both the net profit and the amounts reflected in other comprehensive income supported the progress of equity.

#### 4.2 Statement on the standalone profit and loss and other comprehensive income

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME	2021	2020	2019	2018	2017
<b>Income, of which:</b>	<b>135,547,935</b>	<b>94,840,715</b>	<b>121,537,512</b>	<b>114,876,610</b>	<b>84,927,868</b>
Dividend income	130,451,726	85,778,801	115,088,023	110,224,602	81,469,412
Interest income	4,737,208	8,889,199	6,052,181	4,399,872	3,277,959
Other operating revenues	359,001	172,715	397,308	252,136	180,497
<b>Gain on investments, of which:</b>	<b>288,290,481</b>	<b>27,816,050</b>	<b>75,953,657</b>	<b>(16,053,869)</b>	<b>3,308,817</b>
Net gain on foreign exchange	2,274,798	2,156,143	1,961,301	92,468	168,443
Gain on investment property	699,195	2,769,835	(81,351)	86,351	989,353
Net profit on sale of assets	-	-	-	(1,282,416)	2,150,991
Net gain / (Net loss) on financial assets at fair value through profit and loss	285,316,488	22,890,072	74,073,706	(14,950,272)	30
<b>Expenses, of which:</b>	<b>(27,498,092)</b>	<b>(28,472,943)</b>	<b>(22,236,060)</b>	<b>(17,930,623)</b>	<b>(15,745,275)</b>
Expenses/reversals on adjustments for impairment	-	-	-	-	3,710,134
Expenses related to fees and charges	(5,109,130)	(8,794,811)	(3,322,619)	(3,248,280)	(2,717,509)
Other operating expenses	(22,388,962)	(19,678,132)	(18,913,441)	(14,682,344)	(16,737,900)
<b>Profit before tax</b>	<b>396,340,324</b>	<b>94,183,822</b>	<b>175,255,110</b>	<b>80,892,118</b>	<b>72,491,410</b>
Income tax	(9,339,219)	(2,061,416)	(15,760,578)	(3,705,890)	(2,938,215)
<b>Net profit for the period</b>	<b>387,001,105</b>	<b>92,122,406</b>	<b>159,494,532</b>	<b>77,186,227</b>	<b>69,553,195</b>
<b>Other comprehensive income</b>	<b>320,541,254</b>	<b>(112,288,232)</b>	<b>276,874,562</b>	<b>(83,198,128)</b>	<b>268,866,118</b>
<b>Total comprehensive income for the period</b>	<b>707,542,359</b>	<b>(20,165,826)</b>	<b>436,369,094</b>	<b>(6,011,901)</b>	<b>338,419,313</b>

The course of **Income** with significant weight was as follows:

*Dividend income* increased in 2021, 52.1% up vs. 2020. The increase is primarily on the back of dividends collected from portfolio companies, given that in the previous year the dividend policy of many companies was marked by the pandemic situation. Structurally, the majority weight (61%)

of the dividends collected from the companies where SIF Banat-Crişana holds the majority stake in 2021 is remarkable.

*Interest income* includes interest on bank deposits and corporate bonds respectively the financing component attached to the contracts for the transfer of financial assets. In 2021, the volume of interest income was lower than in the previous year. Structurally, interest income related to assets at fair value through profit and loss increased as compared to 2020, while interest income related to assets at amortized cost and assets at fair value through other comprehensive income are lessening, given the maturity of high-yield investments in 2020 and the beginning of 2021.

*Other operating income* usually includes Company's proceeds from rent, recovery of trial costs and other incidental income.

*Gains on investments* in 2021 was favourable influenced by the fair value differences for financial assets measured at fair value through profit and loss, as per IFRS 9. These investments include both shareholdings in subsidiaries removed from the scope of consolidation following the ascertainment of the investment entity status, as well as investments in fund units issued by closed-end investment funds. All these categories recorded increases in 2021, subsidiaries and associates having the main weight in the volume of gain.

*Commission expenses* include fees due to regulatory institutions, the depository, and the Stock Exchange and the intermediaries (brokers). Their level lessened as compared to the values for the previous year, their decrease offsetting the increase of the category of *Other operating expenses*, which includes the expenses on personnel and management salaries, the taxes and fees and other expenses incurred in the operation of the Company. Total expenses for 2021 are below those for 2020.

### 4.3 Standalone cash flow statement

CASH FLOW STATEMENT	2021	2020	2019	2018	2017
<b>Operating activities</b>					
Net profit for the year	387,001,105	92,122,406	159,494,532	77,186,227	69,553,195
<i>Adjustments for:</i>					
Amortization of tangible and intangible assets	516,273	508,825	271,833	281,866	202,645
Net (Gain) / Loss on disposal of tangible assets	5,369	33,012	1,585	4,557	(11,988)
Gain on valuation of investment property	(699,195)	(2,769,835)	81,351	(86,351)	(989,353)
Expenditure on adjustments for impairment of assets	-	-	-	-	(3,912,645)
(Net gain)/Net loss on sale of assets	-	-	-	1,282,416	(2,150,991)
(Net gain) / Net loss from financial assets at fair value through profit and loss	(285,316,488)	(22,890,072)	(74,073,706)	14,950,272	(30)
Dividend income	(130,451,726)	(85,778,801)	(115,088,023)	(110,224,602)	(81,469,412)
Interest income	(4,737,208)	(8,889,199)	(6,052,181)	(4,399,872)	(3,277,959)
Expense with / (income from) other provisions and adjustments	-	-	-	-	202,512
Expense with interest related to leasing agreements	56,967	68,104	7,622	-	-
Exchange rate differences financial assets	16,254	(1,089,757)	(1,231,751)	(10,086)	-
Benefits granted in equity instruments	2,576,937	1,867,063	1,414,000	2,380,000	-
Income tax	9,339,219	2,061,416	15,760,578	3,705,890	2,938,216
<b>Changes in assets and liabilities related to operating activities</b>					
Changes in other assets	(411,564)	47,345	(85,847)	17,207	(114,865)
Changes in other liabilities	3,792,170	3,630,709	1,423,686	(2,083,394)	1,096,503
Income tax paid	(30,732,758)	(4,451,293)	(19,121,966)	(25,588,823)	(962,378)
<b>Net cash (used in) / from operating activities, of which:</b>	<b>(49,044,645)</b>	<b>(25,530,077)</b>	<b>(37,198,288)</b>	<b>(42,584,693)</b>	<b>(18,896,551)</b>
<b>Investment activities</b>					
Payments for purchase of financial assets at FVTOCI (2017 available for sale)	(67,751,279)	(7,459,123)	(6,586,167)	(247,001,150)	(187,000,444)
Proceeds from the sale of financial assets at FVTOCI (2017 available for sale)	196,793,416	65,497,597	107,323,972	172,710,266	85,805,053
(Investments) / Proceeds from deposits with term longer than 3 months	(79,198,863)	4,500,000	1,500,000	(1,200,000)	36,072,333
Proceeds from sale of assets at FVTPL	16,484,890	9,899,346	84,852,486	23,466,399	-
Payments for purchase of assets at FVTPL	(12,906,934)	(159,436,657)	(123,637,912)	-	(160,893)
Proceeds/(Payments) for purchase of assets recorded at amortized cost	-	43,746,000	(42,995,700)	-	-
Payments for purchases of tangible assets	(113,688)	(216,528)	(49,697)	(58,870)	440,757
Proceeds from sale of assets and investment property	926,060	9,636,800	-	-	(462,162)
Dividends collected	125,033,641	83,779,746	110,293,952	106,528,122	79,528,077
Interest collected	3,581,221	9,364,509	5,277,106	6,274,164	4,497,211
<b>Net cash (used in) / from investment activities</b>	<b>182,848,463</b>	<b>59,311,690</b>	<b>135,978,041</b>	<b>60,718,931</b>	<b>18,719,932</b>
<b>Financing activities</b>					
Payments related to leasing	(281,064)	(274,603)	(30,137)	-	-
Dividends paid	-	-	(5,495)	-	(3,450,000)
Repurchase of own shares	(24,107,040)	-	(10,770,725)	(224,045)	(1,425,254)
<b>Net cash (used in) / from financing activities</b>	<b>(24,388,104)</b>	<b>(274,603)</b>	<b>(10,806,357)</b>	<b>(224,045)</b>	<b>(4,875,254)</b>
<b>Increase / (decrease) in net cash and cash equivalents</b>	<b>109,415,714</b>	<b>33,507,010</b>	<b>87,973,396</b>	<b>17,910,193</b>	<b>(5,051,873)</b>
<b>Cash and cash equivalents on January 1st</b>	<b>150,710,816</b>	<b>117,203,806</b>	<b>29,230,410</b>	<b>11,320,217</b>	<b>16,372,090</b>
<b>Cash and cash equivalents on December 31st</b>	<b>260,126,530</b>	<b>150,710,816</b>	<b>117,203,806</b>	<b>29,230,410</b>	<b>11,320,217</b>

In 2021, the investment activity generated cash from dividends collected (RON 125 million), from net divestments from minority interests in the category of assets at fair value through other comprehensive income (RON 197 million). Most of the cash was steered to investment recorded through other comprehensive income (RON 68 million). Structurally, the cash surplus of the investment activity was used to finance the cash requirement of the operating activity (RON 49 million – income tax for the financial year, operating expenses), most of the surplus being directed to short-term money investments, a decision explaining the increase in *Cash and cash equivalents* as of December 31, 2021, as compared to the beginning of the financial year.

#### 4.4 Implementation of Budget for 2021, summary statement

Implementation of Budget for 2021	Result for 2020	Provisions for 2021*	Result for 2021	+/- vs. 2020
<b>Total income</b>	<b>94,840,715</b>	<b>96,127,000</b>	<b>135,547,935</b>	<b>42,9%</b>
<b>Net gain on investment</b>	<b>27,816,050</b>	<b>14,000,000</b>	<b>288,290,481</b>	<b>936,4%</b>
<b>Operating expenses</b>	<b>28,472,943</b>	<b>27,877,750</b>	<b>27,498,092</b>	<b>-3,4%</b>
<b>Profit before tax</b>	<b>94,183,822</b>	<b>82,249,250</b>	<b>396,340,324</b>	<b>320,8%</b>
Income tax (including tax on gross dividends due)	2,061,416	511,200	9,339,219	353,0%
<b>Net profit for the year</b>	<b>92,122,406</b>	<b>81,738,050</b>	<b>387,001,105</b>	<b>320,1%</b>
<b>Total comprehensive income for the year</b>	<b>(20,165,826)</b>	<b>-</b>	<b>707,542,359</b>	<b>N/A</b>

**Total income** achieved is 41% above the provisions of 2021 and 42.9% higher the achievements of 2020. The dynamics of the main variables are presented in the *Statement of Profit and Loss and Other Comprehensive Income*.

**Net gain on investment** significantly increased as compared to 2020 and it exceeded the provisions, in the context in which this component was positively influenced by the marking to market of assets measured at fair value through profit and loss, with both listed investments and those valued through valuation reports advancing vs. 2020.

**Operating expenses** incurred in 2020 are in line with the budgeted provisions, and 3,4% below the previous year's results mainly due to the lessened costs of commissions.

**The gross result** in the amount of RON 396.34 million tops the provisions for 2021 mainly as the result of the impact of net gain on investment.

**The net result of the year** in the amount of **RON 387 million** significantly surpasses both the level of the provisions for 2021 and the result of the previous year on the back of high dividend income and favourable dynamics of stock quotes, reflected in the gain on investment level.

## 5. OTHER SIGNIFICANT INFORMATION

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### Ordinary General Meeting of Shareholders of January 6, 2021

On January 6, 2021, the Ordinary General Meeting of Shareholders took place, deciding upon:

- the election of the members of the Board of Directors of the company for a term of office of 4 years, starting with April 25, 2021, and until April 25, 2025, in the following composition: Bogdan-Alexandru Drăgoi, Radu Răzvan Străuț, Ionel Marian Ciucioi, Marcel Heinz Pfister, and Sorin Marica.
- the approval of the Remuneration Policy in accordance with the provisions of art. 92<sup>1</sup> of Law no. 24/2017 on issuers of financial instruments and market operations.
- the approval of the remuneration due to the members of the Board of Directors for the financial year 2021, at the level established by the Resolution of the OGM held on April 26, 2016.
- the approval of the general limits of all the additional remunerations of the members of the board of directors and the general limits of the directors' remuneration, for the financial year 2021, at the level established by the Resolution no. 7 of OGM held on April 27, 2020.

The Resolutions adopted by the OGM of January 6, 2021, in full, are available for consultation on Company's website, at [www.sif1.ro](http://www.sif1.ro), in the Investor Relation section.

### Authorization of administrators

By Authorization no. 44 of March 18, 2021, the Financial Supervisory Authority authorized the members of the Board of Directors of SIF Banat-Crișana, in accordance with the resolution no. 3 of the Ordinary General Meeting of Shareholders of 06.01.2021, for a term of office of 4 years, starting with 25.04.2021. The composition of the Board of Directors of SIF Banat-Crișana, authorized by ASF Authorization no. 44/18.03.2021, is the following: Bogdan-Alexandru Drăgoi, Radu Răzvan Străuț, Ionel Marian Ciucioi, Marcel Heinz Pfister, and Sorin Marica.

### The Ordinary and Extraordinary General Meeting of SIF Banat-Crișana Shareholders of April 26 (27), 2021

On April 26, 2021, at the first call, took place the ordinary and the extraordinary general meeting of shareholders, convened by the Board of Directors.

The OGM approved:

- The standalone and the consolidated financial statements for the 2020 financial year, based on the discussions and reports presented by the Board of Directors and the Financial Auditor;
- Distribution of the entire net profit for the 2020 financial year, amounting to RON 92,122,406, to Other reserves, as own financing sources. By approving this option of profit distribution, it was removed from the agenda of the EGM of April 26, 2021, the proposal to approve a buyback program to reduce the company's share capital (Program 4), included on item 3 of the agenda of this EGM, becoming.
- The discharge of liability of the of the members of the Board of Directors for the activity carried out in the financial year 2020;
- The Income and Expenditure Budget and activity program for 2021;
- Amending point 9 of the *Remuneration Policy of SIF Banat-Crișana*, approved by Resolution no. 4 by the OGM of January 6, 2021, with the following provisions: "*SIF Banat-Crișana promotes an effective and solid risk management, without the remuneration structure encouraging taking excessive risks, including in relation to the risks related to sustainability, being correlated with the risk-adjusted performance.*"

The EGM approved the first two topics on the agenda, namely the election of the secretaries of the works and the commission for counting the votes cast by the shareholders.

Considering:

- the provisions of the Convening Notice of the OGM on topic 4 on the agenda of this meeting, according to which in the situation of OGM approving the second option on the distribution of net profit for 2020, it became obsolete and it was removed from the Agenda of EGM of April 26 (27), 2021 the proposal for the approval of a buyback program for the reduction of share capital (Program 4), included on topic 3 of the agenda of this meeting;
- the resolution no. 4 adopted by the OGM of April 26, 2021, approving the second option of profit distribution;

The Extraordinary General Meeting of Shareholders (EGM) of April 26, 2021, ascertained that the proposal from topic 3 of the agenda of the EGM regarding the approval of a buyback program ("Program 4") became obsolete, thus no longer subject to debate and approval by shareholders.

Consequently, in the absence of a decision on topic 3 of the agenda, it was also no longer subject to debate and approval by shareholders the topic 4 of the agenda of the EGM, on the approval of 21.05.2021 as the registration date (20.05. 2021 as ex date).

#### Decisions of the Board of Directors from April 25, 2021

The Board of Directors of SIF Banat-Crişana, gathered on April 25, 2021, in the presence of the five administrators elected by the Ordinary general Meeting of Shareholders of January 6, 2021, and authorized by ASF with ASF Authorization no. 44 of March 18, 2021, adopted the following decisions:

- Mr. Bogdan-Alexandru DRĂGOI was re-elected as Chairman of the Board of Directors for a term of office of four years, starting with 25.04.2021 and until April 25, 2025.
- Mr. Radu Răzvan STRĂUȚ was re-elected as Vice-Chairman of the Board of Directors for a term of office of four years, starting with 25.04.2021 and until April 25, 2025.
- Elected the Audit Committee for the term of office 2021 – 2025, with the following composition: Mr. Marcel PFISTER – chairman of the committee, Mr. Sorin MARICA – member, Mr. Ionel Marian CIUCIOI – member.
- Elected the Nomination and Remuneration Committee for the term of office 2021 – 2025, with the following composition: Mr. Sorin MARICA – chairman of the committee, Mr. Marcel PFISTER – member, Mr. Ionel Marian CIUCIOI – member.
- The Board of Directors re-elected Mr. Bogdan-Alexandru DRĂGOI as CEO (General Director) and Mr. Radu-Răzvan STRĂUȚ as Deputy General Director, delegating to them the management of the company in accordance with the provisions of art. 143 of Law no. 31/1990, following that they will exercise their attributions related to the position of CEO, respectively Deputy General Director, only after obtaining the approval decision issued by the ASF.

#### Authorisation of Company's directors

By ASF Authorisation no. 79 / 26.04.2021, the Financial Supervisory Authority (ASF) authorised Mr. Bogdan-Alexandru Drăgoi and Mr. Radu Răzvan Străuț as directors of SIF Banat-Crişana, in accordance with the Decision of the Board of Directors no. 6/25.04.2021.

On May 5, 2021, SIF Banat-Crişana submitted to ASF the copy of the registration certificate issued by the National Trade Register Office regarding the new mandates.

## Authorization of the Company as Alternative Investment Fund addressed to Retail Investors

During H1 2021, the company completed the process of adapting the company's internal operating documents in accordance with the requirements of Law no. 243/2019 and ASF Regulation no. 7/2020 on alternative investment funds.

Based on the documentation submitted by the company, the Financial Supervisory Authority issued Authorization no. 130 / 01.07.2021 by which SIF Banat-Crișana is authorized as an Alternative Investment Fund addressed to Retail Investors (AIFRI) with Banca Comercială Română as depositary bank.

By the same authorization, the Financial Supervisory Authority (ASF) authorized the changes in Company's Articles of Association, in accordance with Resolution of the Extraordinary General Meeting of SIF Banat-Crișana Shareholders no. 3 of July 6, 2020, and no. 1 of November 2, 2020.

The documents regarding the company operating as AIFRI, containing the *Articles of Association*, the *Simplified Prospectus*, the *Rules of the Fund*, and the *Key Investor Information Document* were published on company's website, [www.sif1.ro](http://www.sif1.ro), in the *Corporate Governance* section.

## Amendment to the disclosure document published by current report of August 17, 2020

On August 2, 2021, The Company informed the investors on the decision of the Board of Directors from July 30, 2021, to prolong the duration of the Share-based payment plan (Stock Option Plan) announced by the Current Report of August 17, 2020. At that date, SIF Banat-Crișana informed the shareholders on the approval of the "Share-based payment plan" ("Stock Option Plan"), by which 880,000 SIF1 shares were offered to members of Company's leadership, as per the Resolution no. 5 of the Extraordinary General Meeting of Shareholders of April 27, 2020.

The updated disclosure document is available for consultation on Company's website, at [www.sif1.ro](http://www.sif1.ro), in the *Investor Relations* section.

## The execution of buyback programs

By the Resolutions no. 3 of April 27, 2020, published in the Official Gazette of Romania, Part IV, no. 1682 of 12.05.2020 and no. 4 of April 27, 2020, published in the Official Gazette of Romania, Part IV, no. 1611 of 06.05.2020, the Extraordinary General Meeting of Shareholders approved the execution of two buyback:

- Program 1 for the buyback of 15,000,000 shares, to reduce the Company's share capital,
- Program 2 for the buyback of 880,000 shares, for their distribution free of charge to members of the company's management.

By Resolution no. 3 of November 2, 2020, published in the Official Gazette of Romania, Part IV, no. 4256 of 03.12.2020, the Extraordinary General Meeting of Shareholders approved the execution of a buyback (Program 3) for the repurchase of 15,000,000 shares, to reduce the Company's share capital.

In accordance with the decisions of the aforementioned general meetings, the acquisition of shares under the buyback programs will be carried out through all market operations permitted by law, including through public tender offers initiated by the Company, in compliance with legal provisions.

Also, by the same resolutions of the general meetings mentioned above, the Board of Directors of the Company was empowered to adopt all the necessary measures and to fulfil all the necessary formalities, to implement the approved buyback programs.

Based on the mandate granted by the general meeting of shareholders, the Board of Directors approved the cumulative execution, for a total of a maximum of 30,880,000 shares, of the Buyback Programs no. 1, 2 and 3, mentioned above, SIF Banat-Crișana initiating a public offer to purchase its own shares, in compliance with the requirements approved by EGM Resolutions no. 3 / 27.04.2020, no. 4 / 27.04.2020 and no. 3 / 01.11.2020.

As intermediary within the Public Tender Offer in respect to shares issued by SIF Banat-Crișana was appointed SSIF Swiss Capital SA.

The document of the public offer for the purchase of shares issued by SIF Banat-Crișana was approved by the Financial Supervisory Authority by Decision no. 1166/22.09.2021, approving the purchase by the company of 30,880,000 shares, at a price of RON 2.70 / share.

In accordance with the decision of the authority, the public offer took place between 29.09.2021 - 12.10.2021, using exclusively the market systems on which the Company's shares are traded, thus allowing unrestricted and unlimited access of all potential sellers, individuals, and legal entities, without determining in any way the persons to whom it is addressed, ensuring equal reception possibilities.

On October 15, 2021, the intermediary SSIF Swiss Capital SA communicated to BVB the notification on the results of the public tender offer in respect to shares issued by SIF Banat-Crișana, according to which, within the offer a number of 8,792,307 shares were acquired, representing 1.7058% of SIF Banat-Crișana's share capital.

Total amount paid by the Company (less fees and commissions) was of RON 23,739,228.90, and the settlement was made through Depozitarul Central on 15.10.2021.

## Resolutions of the Ordinary and the Extraordinary General Meeting of Shareholders of October 11, 2021

The ordinary and the extraordinary general meeting of SIF Banat-Crișana shareholders were held on October 11, 2021, starting with 10:00 (Romanian time) and 12:00 (Romanian time), respectively, at the first call.

The Ordinary General Meeting of Shareholders (OGM) approved the appointment of Deloitte Audit S.R.L. as financial auditor, extending the existing mandate with 2 (two) years, and the empowerment of the board of directors to negotiate and conclude the audit for the purpose of auditing the standalone and consolidated financial statements for the financial years ended December 31, 2022, and December 31, 2023.

The extraordinary general meeting of shareholders approved the following main topics agenda:

- the execution of a buyback program for 880,000 shares ("Program 4") for the distribution free of charge to members of the Company's management (administrators, executive directors) to build their loyalty and to reward their activity in the Company, according to performance criteria to be determined by the Board of Directors. The approved program has the following main features: price range approved: RON 0.1 - RON 6.1042; duration of a maximum of 18 months after publication of the decision in the Official Gazette of Romania, Part IV; the shares acquired under the program will be paid from sources permitted by law.
- the use of the shares purchased under Buyback Program 4 for their distribution free of charge to members of the company's management (administrators, executive directors) in a "Stock Option Plan", in compliance with applicable law. The Board of Directors of the company is empowered to take all necessary measures and to fulfil all the formalities required for the approval and implementation of the share-payment plan of "Stock Option Plan" type.

The Resolutions adopted by the OGM and EGM of October 11, 2021, in full, are available for consultation on Company's website, at [www.sif1.ro](http://www.sif1.ro), in the Investor Relation section.

## Resolutions of the Extraordinary General Meeting of SIF Banat-Crișana Shareholders of November 25, 2021

The extraordinary general meeting of SIF Banat-Crișana shareholders was held on November 25, 2021, at the first call and decide on the topics on the EGM agenda as follows:

- Approval of the method for allocating the 8,792,307 treasury shares repurchased by the Company under the buyback programs previously approved by the general meeting of shareholders in order to reduce the company's share capital and for the distribution free of charge to members of the Company's management, programs carried out through conducting the public tender offer approved by the Financial Supervisory Authority by Decision no. 1166 / 22.09.2021, in Option 3, namely the allocation of a number of 7,912,307 shares to reduce the Company's share capital and the allocation of a number of 880,000 shares to be distributed free of charge to the members of the Company's management. The Board of Directors has to convene an extraordinary general meeting of shareholders having on the agenda the proposal to reduce the Company's share capital by the cancelation of the shares allocated for this purpose.

The full version of the Resolutions adopted by the EGM is available for consultation on Company's website, at [www.sif1.ro](http://www.sif1.ro), in the *Investor Relation* section.

## 6. EVENTS AFTER THE REPORTING PERIOD

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Disclosure document concerning the shares offered to the members of the management structure

On January 25, 2022, SIF Banat-Crișana informed the shareholders, by a current report submitted to Bucharest Stock Exchange, that based on the resolutions adopted by the Extraordinary General Meeting of the Shareholders of the Company of October 11, 2021 (Resolution no. 3/11.10.2021, Resolution no. 4/11.10.2021), SIF Banat-Crișana's Board of Directors approved through Decision of the Board no. 5 of 20.01.2022 the offering free of charge to the members of the management structure (administrators, directors) of 880,000 shares in a share-based payment plan of a "Stock Option Plan" type.

The vesting (transfer of shares) will be made when the conditions in the "Stock Option Plan" are met and the option is exercised by each beneficiary, after a term of 12 months has passed since the signing of the payment agreements.

The disclosure document concerning the shares offered or allotted to members of SIF Banat-Crișana management, prepared as per EU Regulation no. 1129/2017 and ASF Regulation no. 5/2018, was published on the website of BVB and on Company's website, [www.sif1.ro](http://www.sif1.ro), in the *Investor Relations* section.

## 7. PROPOSALS OF THE BOARD OF DIRECTORS

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Given this report, the Board of Directors submits for approval of the Ordinary General Meeting of Shareholders convened for April 28 (29), 2022:

**1. The standalone financial statements as of December 31, 2021, prepared pursuant to International Financial Reporting Standards adopted by the European Union and ASF Rule no. 39/2015, including:**

- Standalone statement of profit or loss and other comprehensive income
- Standalone statement of financial position
- Standalone statement of changes in equity
- Standalone statement of cash flows
- Notes to the standalone financial statements

**2. The proposal for the distribution of the net profit for the financial year ended December 31, 2021.**

The Board of Directors proposes for the approval of the Ordinary General Meeting of Shareholders the distribution of the net profit for 2021, in the amount of RON 387,001,105, in one of two options:

**OPTION 1:**

Distribution of the net profit for the financial year 2021, in the amount of RON 387,001,105 on the following destinations:

**- Dividends RON 30,450,603, representing a gross dividend of RON 0.0600/share,**

Approval of the date of July 28, 2022, as the dividend **payment date**. The payment of dividends to shareholders will be made in accordance with the legal provisions, and the payment costs will be borne by the shareholders from the net dividend amount.

**- Other reserves RON 356,550,502**

In case of the approval of this distribution of profit, it becomes obsolete, and it is removed from the agenda of the EGM convened for April 28 (29), 2022, the proposal for the approval a buyback program for 15,500,000 shares at most for the reduction of company's share capital (Program 5), included on topic 4 of the agenda of the said meeting.

**or**

**OPTION II:**

**Allocation of the amount of RON 387,001,105 to Other Reserves**, as own financing sources, to support a buyback program for 15,300,000 shares at most, for the reduction of company's share capital (Program 5), included on topic 4 of the agenda of the EGM convened for April 28 (29), 2022.

In case of the approval of this distribution of profit, it will be submitted for the approval of the EGM convened for April 28 (29), 2022, the resolution of topic 4 on the agenda of this general meeting, regarding the execution of the buyback program for the reduction of company's share capital (Program 5).

**3. Discharge from liability of the Board of Directors for the activity carried out during the financial year 2021.**

**This report is accompanied by the following annexes:**

<b>ANNEX 1</b>	Standalone Financial Statements as of December 31, 2021, prepared pursuant to International Financial Reporting Standards adopted by the European Union and ASF Rule no. 39/2015
<b>ANNEX 2</b>	Statement of SIF Banat-Crişana assets and liabilities as of December 31, 2021, and the detailed statement of investments (as per Annexes no. 10 and 11 to Regulation no. 7/2020)
<b>ANNEX 3</b>	Compliance with the Code of Corporate Governance issued by BVB
<b>ANNEX 4</b>	Statement on the compliance with the principles of corporate governance as per ASF Regulation no. 2/2016
<b>ANNEX 5</b>	Annual Report of the Nomination and Remuneration Committee
<b>ANNEX 6</b>	SIF Banat-Crişana's Remuneration Report for 2021

The version prepared in Romanian of the Annual Report of the Board of Directors (which is the official and binding version) was approved by the Board of Directors of SIF Banat-Crişana in the meeting held on March 28, 2022.

**Bogdan-Alexandru DRĂGOI**

Chairman of the Board of Directors

## **SIF Banat-Crișana S.A.**

Separate financial statements  
at 31 December 2021  
in accordance with FSA Norm No.  
39/2015 for the approval of accounting  
regulations in accordance with  
International Financial Reporting  
Standards, applicable to entities  
authorized, regulated and supervised by  
the Financial Supervisory Authority in the  
Financial Instruments and Investments  
Sector

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**Separate statement of profit or loss and other comprehensive income  
for the financial year ending 31 December 2021**

<i>In LEI</i>	<i>Note</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Income</b>			
Dividend income	7	130.451.726	85.778.801
Interest income (related to assets at fair value through other comprehensive income, depreciated cost assets)	8	1.601.660	6.410.296
Interest income (related to assets at fair value through profit or loss)	8	3.135.548	2.478.903
Other operating income	9	359.001	172.715
<b>Gain/(Loss) from investments</b>			
Gain/(Loss) from investment property	10	699.195	2.769.835
Gain /(Loss) from exchange rate differences		2.274.798	2.156.143
Gain/(Loss) on financial assets at fair value through profit or loss	11	285.316.488	22.890.072
<b>Expenses</b>			
Fees expense	12	(5.109.130)	(8.794.811)
Other operating expenses	13	(22.388.962)	(19.678.132)
<b>Profit before tax</b>		<b>396.340.324</b>	<b>94.183.822</b>
Corporate income tax	14	(9.339.219)	(2.061.416)
<b>Net profit for the financial year</b>		<b>387.001.105</b>	<b>92.122.406</b>
<b>Other comprehensive income</b>			
<b>Items that are or can be transferred to profit or loss</b>			
Amounts that can be transferred to profit or loss (debt instruments)		73.975	(29.465)
<b>Items that are or can be transferred to retained earnings</b>			
Change in fair value for financial assets measured through other comprehensive income	18	373.791.887	(135.855.548)
The effect of the related corporate tax		(53.324.608)	23.596.781
<b>Other comprehensive income</b>		<b>320.541.254</b>	<b>(112.288.232)</b>
<b>Total comprehensive income for the period</b>		<b>707.542.359</b>	<b>(20.165.826)</b>
<b>Earnings per share</b>			
Basic		0,7541	0,1790
Diluted		0,7541	0,1790

The separate financial statements were approved by the Board of Directors on 28 March 2022 and signed on its behalf by:

Bogdan-Alexandru Drăgoi  
Chairman, Chief Executive Officer

Dorel Baba  
Financial Reporting Manager

**Separate statement of financial position**  
**for the financial year ending 31 December 2021**

<i>In LEI</i>	<i>Note</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Active</b>			
Cash and cash equivalents	15	260.126.530	150.710.816
Bank deposits	16	79.232.230	-
Financial assets measured at fair value through other comprehensive income (bonds)	18	5.283.259	5.111.504
Other financial assets	19	10.514.505	5.973.797
Other assets		225.875	189.805
Financial assets measured at fair value through profit or loss	17	1.680.415.609	1.394.390.304
Financial assets measured at fair value through other comprehensive income (shares)	18	1.554.069.140	1.309.319.391
Assets representing the rights of use of the underlying assets under the leasing contract	20	725.329	889.240
Investment property	10	12.953.334	13.180.199
Property, plant and equipment	21	3.840.248	4.006.587
<b>Total assets</b>		<b><u>3.607.386.059</u></b>	<b><u>2.883.771.643</u></b>
<b>Liabilities</b>			
Other financial liabilities	22	10.219.192	6.673.694
Other liabilities and deferred income		293.418	26.797
Lease liabilities		789.288	934.521
Deferred income tax liabilities	23	179.957.876	146.231.940
<b>Total liabilities</b>		<b><u>191.259.774</u></b>	<b><u>153.866.952</u></b>
<b>Equity</b>			
Share capital	24	51.542.236	51.542.236
Treasury shares	24	(21.363.229)	(2.199.867)
Losses on the repurchase of treasury shares		(330.998)	(40.659)
Benefits granted in equity instruments		-	1.867.063
Other reserves	24	1.249.578.037	1.157.455.631
Reserves from the revaluation of property, plant and equipment		1.176.569	1.176.569
Legal reserves	24	10.308.447	10.308.447
Reserves from the revaluation of financial assets at fair value through other comprehensive income	18, 24	984.425.325	766.477.039
Retained earnings	24	1.140.789.898	743.318.231
<b>Total equity</b>		<b><u>3.416.126.285</u></b>	<b><u>2.729.904.691</u></b>
<b>Total liabilities and equity</b>		<b><u>3.607.386.059</u></b>	<b><u>2.883.771.643</u></b>

The separate financial statements were approved by the Board of Directors on 28 March 2022 and signed on its behalf by:

Bogdan-Alexandru Drăgoi  
Chairman, Chief Executive Officer

Dorel Baba  
Financial Reporting Manager

## Separate statement of changes in equity for the financial year ending 31 December 2021

<i>In LEI</i>	Share capital	Treasury shares	Losses from repurchase of treasury shares	Legal reserves	Reserves from the revaluation of financial assets at fair value through other comprehensive income	Reserves from the revaluation of property, plant and equipment	Benefits granted in equity instruments	Other reserves	Retained earnings	Total
<b>Balance as at 1 January 2021</b>	<b>51.542.236</b>	<b>(2.199.867)</b>	<b>(40.659)</b>	<b>10.308.447</b>	<b>766.477.039</b>	<b>1.176.569</b>	<b>1.867.063</b>	<b>1.157.455.631</b>	<b>743.318.231</b>	<b>2.729.904.691</b>
Profit for the financial year	-	-	-	-	-	-	-	-	387.001.105	387.001.105
Reserve from the revaluation of financial assets transferred to profit and loss	-	-	-	-	-	-	-	-	-	-
Reserve from the revaluation of financial assets transferred to retained earnings	-	-	-	-	(117.660.625)	-	-	-	117.660.625	-
Variation in the reserve	-	-	-	-	373.879.953	-	-	-	-	373.879.953
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-
Related deferred profit tax	-	-	-	-	(38.271.042)	-	-	-	(15.067.657)	(53.338.699)
<b>Total overall result for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>217.948.286</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>489.594.073</b>	<b>707.542.359</b>
Other reserves - own sources	-	-	-	-	-	-	-	92.122.406	(92.122.406)	-
Dividend payment	-	-	-	-	-	-	-	-	-	-
Dividends prescribed	-	-	-	-	-	-	-	-	-	-
Variation in benefits granted	-	4.575.867	77.472	-	-	-	(1.867.063)	-	-	2.786.276
Treasury shares repurchase	-	(23.739.229)	(367.811)	-	-	-	-	-	-	(24.107.040)
Cancellation of treasury shares	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with shareholders, recognised directly in equity</b>	<b>-</b>	<b>(19.163.362)</b>	<b>(290.339)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.867.063)</b>	<b>92.122.406</b>	<b>(92.122.406)</b>	<b>(21.320.764)</b>
<b>Balance at 31 December 2021</b>	<b>51.542.236</b>	<b>(21.363.229)</b>	<b>(330.998)</b>	<b>10.308.447</b>	<b>984.425.325</b>	<b>1.176.569</b>	<b>-</b>	<b>1.249.578.037</b>	<b>1.140.789.898</b>	<b>3.416.126.285</b>

The separate financial statements were approved by the Board of Directors on 28 March 2022 and signed on its behalf by:

Bogdan-Alexandru Drăgoi  
Chairman, Chief Executive Officer

Dorel Baba  
Financial Reporting Manager

## Separate statement of changes in equity for the financial year ending 31 December 2021

<i>In LEI</i>	Share capital	Treasury shares	Losses from repurchase of treasury shares	Legal reserves	Reserves from the revaluation of financial assets at fair value through other comprehensive income	Reserves from the revaluation of property, plant and equipment	Benefits granted in equity instruments	Other reserves	Retained earnings	Total
<b>Balance as at 1 January 2020</b>	<b>51.746.072</b>	<b>(7.295.461)</b>	<b>(134.838)</b>	<b>10.349.214</b>	<b>882.094.444</b>	<b>1.176.569</b>	-	<b>997.961.099</b>	<b>812.306.354</b>	<b>2.748.203.454</b>
Profit for the financial year	-	-	-	-	-	-	-	-	92.122.406	92.122.406
Reserve from the revaluation of financial assets transferred to the profit and loss account	-	-	-	-	-	-	-	-	-	-
Reserve from the revaluation of financial assets transferred to retained earnings	-	-	-	-	(3.942.196)	-	-	-	3.942.196	-
Variation in the reserve	-	-	-	(40.767)	(135.890.625)	-	-	-	40.767	(135.890.625)
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-
Related deferred profit tax	-	-	-	-	24.215.417	-	-	-	(613.024)	23.602.393
<b>Total overall result for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40.767)</b>	<b>(115.617.405)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95.492.346</b>	<b>(20.165.826)</b>
Other reserves - own sources	-	-	-	-	-	-	-	159.494.532	(159.494.532)	-
Dividend payment	-	-	-	-	-	-	-	-	-	-
Dividends prescribed	-	-	-	-	-	-	-	-	-	-
Variation in benefits granted	-	-	-	-	-	-	1.867.063	-	-	1.867.063
Treasury shares repurchase	-	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares	(203.836)	5.095.594	94.179	-	-	-	-	-	(4.985.937)	-
<b>Total transactions with shareholders, recognised directly in equity</b>	<b>(203.836)</b>	<b>5.095.594</b>	<b>94.179</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.867.063</b>	<b>159.494.532</b>	<b>(164.480.469)</b>	<b>1.867.063</b>
<b>Balance at 31 December 2020</b>	<b>51.542.236</b>	<b>(2.199.867)</b>	<b>(40.659)</b>	<b>10.308.447</b>	<b>766.477.039</b>	<b>1.176.569</b>	<b>1.867.063</b>	<b>1.157.455.631</b>	<b>743.318.231</b>	<b>2.729.904.691</b>

The separate financial statements were approved by the Board of Directors on 28 March 2022 and signed on its behalf by:

Bogdan-Alexandru Drăgoi  
Chairman, Chief Executive Officer

Dorel Baba  
Financial Reporting Manager

## Separate statement of cash flows for the financial year ending 31 December 2021

<i>In LEI</i>	<i>Note</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Operating activities</b>			
Net profit of the period		<b>387.001.105</b>	<b>92.122.406</b>
<i>Adjustments for:</i>			
Depreciation of tangible and intangible assets		516.273	508.825
(Gain)/Loss on disposal of property, plant and equipment		5.369	33.012
(Gain)/Loss on the valuation of investment property		(699.195)	(2.769.835)
(Gain)/ Loss on financial assets at fair value through profit and loss		(285.316.488)	(22.890.072)
Dividend income	7	(130.451.726)	(85.778.801)
Interest income	8	(4.737.208)	(8.889.199)
Interest expenses related to leasing contracts		56.967	68.104
Expenses/(income) from exchange rate diff. of assets and financial liabilities		16.254	(1.231.751)
Benefits granted in equity instruments		2.576.937	1.867.063
Corporate income tax	14	9.339.219	2.061.416
<b>Changes in assets and liabilities related to the operating activity</b>			
Changes in other assets (receivables, etc.)		(411.564)	47.345
Changes in other financial liabilities		3.792.170	3.630.709
Corporation tax paid		(30.732.758)	(4.451.293)
<b>Net cash used in operating activities</b>		<b>(49.044.645)</b>	<b>(25.530.077)</b>
<b>Investment activities</b>			
Payments for the purchase of financial assets measured at fair value through other comprehensive income (shares, bonds)	18	(67.751.279)	(7.459.123)
Proceeds from the sale of financial assets measured at fair value through other comprehensive income (shares, bonds)	18	196.793.416	65.497.597
(Placements)/Receipts from term deposits for more than 3 months		(79.198.863)	4.500.000
Proceeds from the sale/redemption of assets at fair value through profit and loss (fund units, bonds)	17	16.484.890	9.899.346
Payments for the acquisition of assets at fair value through profit and loss (fund units, bonds, shares)	17	(12.906.934)	(159.436.657)
Proceeds/(Payments) from the sale of assets valued at amortised cost		-	43.746.000
Proceeds from the sale of property, plant and equipment and investment property		926.060	9.636.800
Payments for purchases of property, plant and equipment		(113.688)	(216.528)
Dividends received		125.033.641	83.779.746
Interest received		3.581.221	9.364.509
<b>Net cash from investment activities</b>		<b>182.848.463</b>	<b>59.311.690</b>
<b>Financing activities</b>			
Payments related to leasing		(281.064)	(274.603)
Dividends paid		-	-
Treasury shares repurchase		(24.107.040)	-
<b>Net cash used in financing activities</b>		<b>(24.388.104)</b>	<b>(274.603)</b>
<b>Increase/(decrease) net in cash and cash equivalents</b>		<b>109.415.714</b>	<b>33.507.010</b>
Cash and cash equivalents on January 1st		150.710.816	117.203.806
<b>Cash and Cash Equivalents as of December 31st</b>		<b>260.126.530</b>	<b>150.710.816</b>

The separate financial statements were approved by the Board of Directors on 28 March 2022 and signed on its behalf by:

Bogdan-Alexandru Drăgoi  
Chairman, Chief Executive Officer

Dorel Baba  
Financial Reporting Manager

# Notes to separate financial statements

*for the financial year ending 31 December 2021*

## 1. Reporting entity

The Financial Investment Company Banat-Crișana SA ("The Company") was established on the basis of Law nr. 133/1996 through the reorganization and transformation of the Banat-Crișana Private Property Fund and is a joint stock company operating under Law 31/1990. Societatea is incorporated as a self-managed investment company, authorized by the Financial Supervisory Authority as An Alternative Investment Fund Manager (AIFM) - Authorization no. 78/09.03.2018, classified in accordance with the provisions of Law no. 243/2019 as a closed-end, diversified alternative investment fund for retail investors (FIAIR). The Financial Supervisory Authority has issued Authorization no. 130/01.07.2021 authorizing SIF Banat-Crișana S.A. as an Alternative Investment Fund for Retail Investors (F.I.A.I.R).

The company also prepares consolidated financial statements as the ultimate parent undertaking for the group entities.

SIF Banat-Crișana has its headquarters in Arad, Calea Victoriei, nr. 35 A, Arad county, code 310158, tel: 0257.304.438, Fax: 0257.250.165. The registration number from the Trade Register Office is: J02/1898/1992, and the Unique Tax Registration Code is: RO 2761040.

The company's object of activity is:

- portfolio management;
- risk management;
- other activities carried out within the framework of the collective management of an investment fund, permitted by the legislation in force.

The Company's shares are listed on the Bucharest Stock Exchange, starting with November 1st, 1999 and the Premium category is traded on the regulated market, with the indication SIF1.

The company's storage company, starting with 28.11.2019 is BCR, until this date (from 29.01.2014) being BRD Groupe Société Générale.

The registry services company is Depozitarul Central SA Bucharest.

## 2. Basis of presentation

### (a) Declaration of conformity

The separate financial statements were drawn up in accordance with Rule no. ANRE President's Order no. 39/2015 for the approval of accounting regulations in accordance with the International Financial Reporting Standards adopted by the European Union, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector (Norm).

Users of these separate financial statements should read these statements together with the Consolidated Financial Statements of the Group for the year ended 31 December 2021 in order to obtain complete information on the financial position, the results of operations and the cash flows of the group as a whole. The separate financial statements were approved by the Board of Directors at the meeting dated 28 March 2022.

Business segments are reported in a manner compatible with internal reporting, analyzed by the main decision-maker of the Company (Board of Directors). It is responsible for allocating resources and evaluating the performance of operational segments. Reportable segments whose earnings, earnings, or assets are ten or more percent of all segments are reported separately. The company manages all activities as a single reportable segment of activity.

### (b) Presentation of separate financial statements

The company has adopted a liquidity-based presentation in the statement of financial position and an overview of income and expenses according to their nature in the statement of comprehensive income, considering that these methods of presentation provide information that is credible and more relevant than that which would have been presented under other methods permitted by IAS 1 "Presentation of Financial Statements".

# Notes to separate financial statements

*for the financial year ending 31 December 2021*

## **(c) Basis of evaluation**

Separate financial statements are prepared on a going concern basis and the fair value convention for financial assets and liabilities at fair value through profit or loss or other comprehensive income.

Other financial assets and liabilities, as well as non-financial assets and liabilities, are presented at amortised cost, revalued value or historical cost.

The methods used to measure fair value are set out in Note 3(e)(iii) and Note 5.

## **(d) Functional and presentation currency**

The Company's management considers that the functional currency, as defined by IAS 21 "Effects of the change in the exchange rate", is the Romanian leu (RON or lei). The separate financial statements are presented in LEI, rounded to the nearest leu, the currency that the Company's management has chosen as the presentation currency.

## **(e) Use of estimates and judgments**

The preparation of separate financial statements in accordance with IFRS involves the use by management of estimates, judgments and assumptions that affect the application of accounting policies as well as the reported value of assets, liabilities, income and expenses. The estimates and assumptions associated with these judgments are based on historical experience as well as other factors considered reasonable in the context of these estimates. The results of these estimates form the basis of judgments regarding the carrying amounts of assets and liabilities that cannot be obtained from other sources of information. The results obtained may differ from the values of the estimates.

The estimates and assumptions underlying them are periodically reviewed. Revisions in accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period in which the estimate is revised, and in future periods if the revision affects both the current and future periods.

The judgments made by management in the application of IFRS that have a material effect on the separate financial statements as well as estimates involving a significant risk of a material adjustment during the next year are set out in Note 5.

## **(f) Changes in accounting policies**

The accounting policies adopted are consistent with those used in the previous year.

## **3. Significant accounting policies**

The accounting policies set out below have been consistently applied over all periods presented in these separate financial statements.

### **(a) Subsidiaries and associates**

Subsidiaries are entities under the company's control. The company controls an investee in when it is exposed or has rights to variable returns based on its participation in the investee and has the ability to influence those returns through its authority on the investee. At the time of the control assessment, potential or convertible voting rights that are exercisable at that time are also taken into account.

Associates are those companies in which the Company can exercise significant influence, but not control over financial and operational policies.

The list of subsidiaries and the list of associates as of December 31, 2020 and December 31, 2021 are presented in Note 27 to the separate financial statements.

In the separate financial statements, investments in subsidiaries and associates are accounted for as financial assets at fair value through the profit or loss in accordance with accounting policy 3e), with the exception of consolidated subsidiaries (SAI Muntenia and Real Estate Administration).

# Notes to separate financial statements

for the financial year ending 31 December 2021

## (b) Transactions in foreign currency

Operations denominated in foreign currency are recorded in LEI at the official exchange rate from the date of settlement of transactions. Monetary assets and liabilities recorded in foreign currencies at the time when the statement of financial position is drawn up shall be converted into the functional currency at the rate of that day. Gains or losses on monetary items are represented by the difference between the amortised cost expressed in functional currency at the beginning of the reporting period, adjusted for effective interest and payments in the period, and the amortised cost in foreign currency converted into the functional currency at the closing rate of the period.

Settlement gains or losses are recognised in the profit and loss account unless the exchange rate differences stem from the translation of securities classified as measured at fair value through other comprehensive income that are included in the reserve arising from the change in the fair value of those financial instruments and where the exchange rate differences stem from the translation of securities classified at value fair through profit and loss that are presented as gains or losses on fair value.

The exchange rates of the main foreign currencies were:

Currency	Spot Course 31 December 2021	Spot Course 31 December 2020
EUR	4,9481	4,8694
USD	4,3707	3,9660

## (c) Cash and cash equivalents

Cash includes cash availability in the cash register and at banks and sight deposits.

Cash equivalents are highly liquid short-term financial investments that are easily convertible into cash and are subject to an insignificant risk of a change in value.

When compiling the cash flow statement, the following were considered as cash and cash equivalents: actual cash, current accounts with banks and deposits with an initial maturity of less than 90 days.

## (d) Financial assets and liabilities

**Financial instruments under IFRS 9 include the following:**

- Investments in equity instruments (e.g. shares);
- Investments in debt instruments (e.g. securities, bonds, loans);
- Trade receivables and other receivables;
- Cash and cash equivalents;
- Participations in subsidiaries, associates and joint ventures;
- Financial liabilities

### (i) Classification

The financial instruments held are presented by the Company in accordance with IFRS 9 "Financial Instruments" as financial assets and financial liabilities.

Society Presents **financial assets** at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of:

- (a) the entity's business model for the management of financial assets, and
- (b) the characteristics of the contractual cash flows of the financial asset.

### Business model

- Is how an entity manages its financial assets to generate cash flows: *collecting, selling assets or both;*
- Its determination is carried out factually, taking into account: *how to evaluate and report performance and risks and how to manage and how to compensate the management* (on the basis of the fair value or cash flows associated with those investments);

# Notes to separate financial statements

## *for the financial year ending 31 December 2021*

*Business model for the shares held for which FVTOCI was selected on the transition date or on the date of initial recognition*

- efficient management of a diversified portfolio of quality assets, able to ensure a constant flow of income, preservation and medium-long-term growth of capital, in order to increase the value for shareholders and obtain the highest possible returns on the invested capital
- The differentiated approach adopted by the Company for each of its holdings aims to capitalize on an aggregate return, generated from dividend gain and capital gain.

*Model of assets held for collection*

- Managed to achieve cash flows by collecting principal and interest over the life of the instrument;
- No holding is required until maturity;
- There are categories of sales transactions compatible with this model: those due to the increase in credit risk, limited or insignificant sales in value, or sales at dates close to the maturity of the instruments;
- Interest income, impairment gains or losses and exchange differences are recognised in profit and loss;
- The accounting reflection of these assets (if the SPPI criterion is also met and the fair value by profit or loss option has not been selected) is made at amortised cost (using the effective interest method).

*Model of assets held for collection and sale*

- Managed both to achieve cash flows from collection and through the (full) sale of assets;
- Sales are of high frequency and value compared to the previous model, without specifying a certain threshold for classification in this model;
- The purpose of these sales may be: to manage current liquidity needs, to mention a certain structure of yields obtained or decisions to optimize the balance sheet of the entity (correlation of the duration of financial assets with that of financial liabilities);
- The accounting reflection of these assets (if the SPPI criterion is also met and the fair value by profit and loss option has not been selected) is done at fair value through other comprehensive income (use of the effective interest method; interest, impairment gains or losses and exchange rate differences — in profit and loss / change in the fair value of these instruments — in other comprehensive income, amounts recognised in other comprehensive income are recycled through profit and loss on derecognition of the asset).

*Other business model*

- Assets managed for the purpose of achieving cash flows through sale;
- The collection of cash flows associated with these investments is incidental, not the purpose of holding them;
- Assets whose performance is managed and reported on the basis of their fair value;
- Their accounting reflection is done at fair value through profit or loss.

### **SPPI test**

It contains criteria that assess to what extent the cash flow structure of a debt instrument fits into the pattern of a basic lending arrangement (interest reflects the amount of money over time, the credit risk associated with the principal, the hedging of other risks and costs associated with lending, and a profit margin).

There are a number of indicators that indicate where debt instruments held should be measured at fair value through profit and loss:

- Certain non-standard interest rates;

# Notes to separate financial statements

## *for the financial year ending 31 December 2021*

- the presence of leverage;
- certain hybrid instruments (include an embedded derivative).

There are also indicators which, while requiring a fair value reflection, may, in certain circumstances, be consistent with the VCS criterion and those assets can still be accounted for at amortised cost:

- the existence of an option of early repayment or extension of the term of the asset;
- non-recourse assets guaranteeing repayment of debt
- contractually related instruments.

### **Financial assets measured at fair value through profit or loss (FVTPL)**

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or fair value through other comprehensive income.

### **Financial assets measured at fair value through other comprehensive income (FVOCI)**

A financial asset, of the nature of debt instruments, shall be measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held as part of a business model the objective of which is achieved by collecting the contractual cash flows and selling the financial assets, and

(b) the contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of principal and interest on the principal amount outstanding.

The company may make an irrevocable choice upon initial recognition in the case of certain investments in *equity instruments* that would otherwise be measured at fair value through profit or loss to show subsequent changes in fair value in other comprehensive income (as required by paragraphs 5.7.5 and 5.7.6 of IFRS 9—Financial Instruments).

### **Financial assets measured at amortised cost**

A financial asset shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held as part of a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows, and

(b) the contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of principal and interest on the principal amount outstanding.

### **Financial liabilities**

Financial liabilities are measured at fair value through profit or loss (FVTPL) if:

- meet the requirements of the definition of 'held for trading';
- are designated in the category FVTPL upon initial recognition (if the specific conditions are met).

Other financial liabilities are valued at amortised cost.

#### ***(ii) Recognition***

Financial assets and liabilities are recognised on the date on which the Company becomes a contractual party to the terms of that instrument. When the Company first recognises a financial asset, it shall classify it in accordance with paragraphs 4.1.1–4.1.5 (at amortised cost, fair value through profit or loss, or at fair value through other comprehensive income) of IFRS 9 and measure it in accordance with paragraphs 5.1.1–5.1.3. (a financial asset or a financial liability is measured at its fair value plus respectively less transaction costs, directly attributable to the acquisition or issue of the asset or liability).

#### ***(iii) Assessment***

After initial recognition, the entity shall measure financial assets in accordance with paragraphs 4.1.1–4.1.5 of IFRS 9 to:

- a) Amortized cost;
- b) Fair value through other comprehensive income; or
- c) Fair value through profit or loss.

## Notes to separate financial statements

### *for the financial year ending 31 December 2021*

After initial recognition, the entity shall measure financial liabilities in accordance with paragraphs 4.2.1–4.2.2 of IFRS 9. Thus, the Company will classify all financial liabilities at amortised cost, except for:

- a) financial liabilities measured at fair value through profit or loss;
- b) financial liabilities arising when the transfer of a financial asset does not meet the conditions for derecognition;
- c) financial collateral arrangements, measured at the higher of the amount of the provision for losses (Section 5.5 of IFRS 9) and the amount initially recognised less cumulative income (recognised under IFRS 15);
- d) commitments to provide a loan at an interest rate below market value, measured at the higher of the value of the provision of losses (section 5.5 of IFRS 9) and the amount initially recognised less cumulative income (recognised under IFRS 15);
- e) contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

#### ***Valuation at amortised cost***

The amortised cost of a financial asset or a financial liability is the amount at which the financial asset or financial liability is measured after initial recognition less repayments of principal, plus or minus the accumulated depreciation using the effective interest method for each difference between the starting amount and the maturity amount, and minus any reduction for any estimated credit losses.

The effective interest rate is the rate that accurately discounts future cash payments and receipts over the expected life of the financial instrument to the level of the gross carrying amount of the financial asset in question the amortised cost of the financial liability. When calculating the effective interest rate, the entity shall estimate cash flows taking into account all the contractual terms of the financial instrument, but shall not take into account future losses from the change in credit risk. The calculation shall include all commissions and points paid or received by the parties to the contract which form an integral part of the effective interest rate, transaction costs and all other premiums and discounts.

#### ***Fair value measurement***

Fair value is the price that would be received at the sale of an asset or paid for the transfer of a liability in a normal transaction between participants in the main market at the measurement date, or in the absence of the main market, in the most advantageous market to which the Company has access on that date.

The company measures the fair value of a financial instrument using quoted prices in an active market for that instrument. A financial instrument has an active market if quoted prices are readily and regularly available for that instrument. Society measures instruments quoted on active markets using the closing price.

A financial instrument is considered to be quoted in an active market when quoted prices are readily and regularly available from an exchange, a dealer, a broker, an industry association, a pricing service or a regulatory agency, and these prices reflect transactions that occur in a real and regular manner, carried out under objective market conditions.

In the category of shares listed on an active market are included all those shares admitted to trading on the stock exchange or alternative market and showing frequent trades. The market price used to determine fair value is the closing price of the market on the last trading day before the measurement date.

Fund units are valued on the basis of NAV, calculated by the fund manager using closing quotes for listed financial instruments.

Government bonds are valued on the basis of the market quotation available on Bloomberg for that issue, multiplied by the denomination per unit.

In the absence of a price quotation on an active market, the Company it uses evaluation techniques. The fair value of financial assets not traded on an active market is determined by authorised valuers, within the existing valuation compartment within the Company and by external valuers.

Valuation techniques include techniques based on the use of observable input data, such as the quoted price of the identical item held by another party as an asset, in a market that is not active, and for assets for which observable prices are not available, valuation techniques based on discounted cash flow analysis, and other valuation methods commonly used by market participants. These include the method of comparisons with similar instruments for which there is an observable market price respectively the

## Notes to separate financial statements

### *for the financial year ending 31 December 2021*

method of percentage of the net assets of these companies, adjusted with a discount for minority holding and a discount for lack of liquidity), making the most of market information, relying as little as possible on specific information Company. The company uses valuation techniques that maximize the use of observable data and minimize the use of unobservable data.

Valuation techniques shall be used consistently.

#### ***(iv) Identification and valuation of value impairment***

The company shall recognise an adjustment for expected credit losses relating to a financial asset that is measured in accordance with paragraphs 4.1.2 or 4.1.2A of IFRS 9 (debt instruments measured at amortised cost or fair value through other comprehensive income), a claim arising from a lease, a lending arrangement and a financial collateral arrangement.

Society applies the impairment requirements for recognising the loss allowance for assets measured at fair value through other comprehensive income (debt instruments that meet the criteria of paragraph 4.1.2A of IFRS 9 — assets held for the purpose of collecting cash flows and selling, whose cash flows are exclusively repayments of principal or interest payments). The adjustment thus determined is recognised on behalf of other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.

At each reporting date, the Company assess the adjustment for credit losses relating to an instrument to reflect:

- Expected lending losses for 12 months, if the credit risk has not increased significantly since initial recognition;
- Lifetime expected credit losses, if the credit risk has increased significantly since initial recognition.

Society recognises in profit or loss, as an impairment gain or loss, the amount of expected, recognised or reversed losses required to affect the adjustment for losses at the reporting date up to the level required by IFRS 9.

The company assesses the expected credit losses of a financial instrument so that it represents:

- An impartial value, resulting from the weighting of several possible outcomes according to the probabilities associated with them;
- The time value of money;
- Reasonable information available at no disproportionate cost or effort at the time of reporting.

The firm may assume that the credit risk for a financial instrument has not increased significantly since initial recognition if the financial instrument is considered to have a low credit risk at the reporting date. A financial instrument is considered to have a low risk if:

- The borrower has a high ability to meet the obligations associated with the contractual cash flows in the near term;
- Unfavourable changes in the economic and business environment can, but not necessarily, reduce the debtor's ability to meet his obligations.

Collateral is not taken into account in the assessment of low credit risk for issuers. At the same time, financial instruments are not considered to be low-risk just because they have a lower risk than the other instruments issued by the borrower or compared to the credit risk prevailing in the geographical region or jurisdiction in which it operates.

The company mainly uses available external credit risk ratings in the assessment of credit risk.

#### ***(v) Derecognition***

Society derecognises a financial asset when the rights to receive cash flows from that financial asset expire, or when the Company has transferred the rights to receive the contractual cash flows relating to that financial asset in a transaction in which it has transferred substantially all the risks and benefits of ownership.

Any interest in the transferred financial assets retained by the Company or created for the Society it is recognised separately as an asset or liability.

Society derecognises a financial liability when contractual obligations have ended or when contractual obligations are cancelled or expire.

## Notes to separate financial statements

### *for the financial year ending 31 December 2021*

Derecognition financial assets and liabilities are accounted for using the weighted average cost method. This method involves calculating the value of each item based on the weighted average of the value of similar items in stock at the beginning of the period and the value of similar items purchased during the period.

#### **(vi) Reclassifications**

If the Company reclassifies financial assets in accordance with paragraph 4.4.1 of IFRS 9 (as a result of changes in the business model for the management of its financial assets), then all affected financial assets will be reclassified. Financial liabilities may not be reclassified after initial recognition.

Society apply the reclassification of financial assets prospectively from the date of reclassification. Any previously recognised gains, losses or interest will not be restated.

In the event of a reclassification, the Company it shall do so:

- When reclassifying an asset from amortised cost to fair value through profit or loss, fair value is determined at the reclassification date. The difference between amortised cost and fair value is recognised in profit or loss;
- When reclassifying an asset from the fair value through profit or loss category to that of amortised cost, the fair value at the reclassification date becomes the new gross carrying amount;
- When reclassifying an asset from amortised cost to fair value through other comprehensive income, fair value is determined at the reclassification date. The difference between amortised cost and fair value is recognised in other comprehensive income without adjusting the effective interest rate or expected losses on the loan;
- When reclassifying an asset from the fair value category through other comprehensive income to that of amortised cost, the reclassification is performed at the fair value of the asset at the reclassification date. Amounts previously recognised in other comprehensive income are eliminated in relation to the fair value of the asset without affecting the profit or loss account. The effective interest rate and expected losses on the loan are not adjusted as a result of the reclassification;
- When reclassifying an asset from the fair value through profit or loss category to that of fair value through other comprehensive income, the asset continues to be measured at its fair value;
- When reclassifying an asset from the fair value category through other comprehensive income to that of fair value through profit or loss, the financial asset continues to be measured at fair value. Amounts previously recognised in other comprehensive income are reclassified from equity to the profit or loss account as a reclassification adjustment (in accordance with IAS1).

#### **(vii) Gains and losses**

Gains or losses arising from a change in the fair value of a financial asset or financial liability that is not part of a hedging relationship are recognised as follows:

- a) Gains or losses arising from financial assets or financial liabilities classified as measured at fair value through profit or loss are recognised in profit or loss;
- b) Gains or losses arising from a financial asset measured at fair value through other comprehensive income are recognised in other comprehensive income.

Gains on shares measured at fair value through other comprehensive income are recognised as follows:

- Changes in fair value (including exchange rate) in other comprehensive income
- Dividend income is recognised in profit or loss

Gains on debt instruments (bonds):

- Changes in fair value (including exchange rate) in other comprehensive income
- Interest income is recognised in profit or loss
- Adjustments for loss of value are recorded in profit or loss

When the asset is derecognised, cumulative losses or gains previously recognised in other comprehensive income:

- are reclassified from equity to profit or loss in the case of debt instruments;
- are transferred within the retained earnings in the case of equity instruments (shares).

# Notes to separate financial statements

## *for the financial year ending 31 December 2021*

At the time of depreciation or derecognition of financial assets accounted for at amortised cost, as well as through the process of their depreciation, the Company recognizes a gain or loss in the profit or loss account.

For financial assets recognised using settlement date accounting, any change in the fair value of the asset to be received during the period between the trading date and the settlement date is not recognised for assets recognised at cost or amortised cost (excluding impairment losses). For assets carried at fair value, however, the change in fair value shall be recognised in profit or loss or equity, as the case may be.

### **(f) Other financial assets and liabilities**

Other financial assets and liabilities are valued at amortised cost using the effective interest method.

### **(g) Property, plant and equipment**

#### **(i) Recognition and evaluation**

Property, plant and equipment recognised as assets are initially valued at cost. The cost of an item of property, plant and equipment consists of the purchase price, including non-recoverable taxes, after deducting any price reductions of a commercial nature and any costs directly attributable to bringing the asset to the location and under the condition necessary for it to be used for the purpose desired by management, such as: expense on employees arising directly from the construction or purchase of the asset, site development costs, initial delivery and handling costs, installation and assembly costs, professional fees.

Property, plant and equipment are classified by the Company into the following classes of assets of the same nature and with similar uses:

- Land and buildings;
- Technical installations and means of transport;
- Other installations, tools and furniture

#### **(ii) Evaluation after recognition**

After recognition as an asset, items of property, plant and equipment of the nature of land and buildings whose fair value can be measured reliably are carried at a revalued amount, which is fair value at the date of the revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Other property, plant and equipment are measured at cost less cumulative depreciation and any impairment losses.

Revaluations are made on a regular basis to ensure that the carrying amount does not differ significantly from what would have been determined by using fair value at the end of the reporting period.

If an item of property, plant and equipment is revalued, then the entire class of property, plant and equipment to which that item belongs is subject to revaluation.

If the carrying amount of an asset is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in equity as a revaluation surplus.

However, the increase will be recognised in profit or loss to the extent that it offsets a decrease in the revaluation of the same asset previously recognised in profit or loss.

If the carrying amount of an asset is reduced as a result of a revaluation, that decrease is recognised in profit or loss.

However, the reduction will be recognised in other comprehensive income to the extent that the revaluation surplus presents a credit balance for that asset. Transfers from revaluation surplus to retained earnings shall not be effected by way of profit or loss.

#### **(iii) Subsequent costs**

Subsequent costs related to property, plant and equipment are assessed in the light of the general criterion for the recognition of property, plant and equipment, namely

- Whether future economic benefits associated with the asset are likely to be entered;

## Notes to separate financial statements

### *for the financial year ending 31 December 2021*

- Whether these costs can be measured reliably..

The costs of daily maintenance ("repair and maintenance expenses") related to property, plant and equipment are not capitalized; they are recognised as the costs of the period in which they occur. These costs consist mainly of expense on labour and consumables, and may also include the cost of low-value components.

Expense on the maintenance and repair of property, plant and equipment shall be recorded in the profit or loss account when they occur, and significant improvements to property, plant and equipment which increase their value or lifetime, or which significantly increase their capacity to generate economic benefits, shall be capitalised.

#### ***(iv) Amortization***

Depreciation is calculated for the cost of the asset or another cost-substituting amount less the residual value. Depreciation is recognised in the profit or loss account using the straight-line method for the estimated useful life of property, plant and equipment.

The estimated useful life spans for the current period and for the comparative periods are as follows:

Construction	10-50 years
Equipment, technical installations and machinery	3-30 years
Means of transport	4-12 years
Furniture and other property, plant and equipment	3-20 years

Depreciation methods, estimated useful life spans as well as residual values are reviewed by the Company's management at each reporting date.

#### ***(v) Sale/disposal of property, plant and equipment***

The carrying amount of an item of property, plant and equipment is derecognised (removed from the statement of financial position) upon disposal or when no future economic benefit is expected from its use or disposal.

Property, plant and equipment that is scrapped or sold are removed from the balance sheet together with the corresponding cumulative depreciation. Any profit or loss arising from such an operation shall be included in the current profit or loss account.

#### ***(h) Intangible assets***

Intangible assets are initially valued at cost. After initial recognition, an intangible asset is accounted for at cost less cumulative depreciation and any cumulative impairment losses (Note 3k).

##### ***(i) Depreciation of intangible assets***

Depreciation is calculated for the cost of the asset or another amount that substitutes for cost. Depreciation is recognised in profit or loss using the straight-line method for the estimated useful life of intangible assets from the date on which they are available for use, which most accurately reflects the expected pattern of consumption of the economic benefits embodied in the asset.

The estimated useful life spans for the current period and for the comparative periods are as follows:

Software	1-3 years
Other intangible assets	1- 5 years

Depreciation methods and useful life shall be reviewed at the end of each financial year and adjusted accordingly.

#### ***(j) Investment property***

## Notes to separate financial statements

### *for the financial year ending 31 December 2021*

An investment property is a real estate property (land, building or part of a building) owned by the Company to obtain rental income or to increase the value of capital, or both, rather than to be used for the production or supply of goods or services or for administrative purposes or to be sold in the ordinary course of business.

#### **(i) Acknowledgment**

An investment property shall be recognised as an asset if, and only if there is a likelihood that the future economic benefits associated with the investment property will accrue to the Company and the cost of the investment property can be measured reliably.

#### **(ii) Assessment**

##### *Recognition assessment*

An investment property must initially be valued at cost, including transaction costs. The cost of a purchased investment property includes its purchase price plus any directly attributable expenses (e.g. professional fees for the provision of legal services, transfer of ownership fees and other transaction costs).

##### *Measurement after recognition*

##### *The fair value model*

After initial recognition, all investment property is measured at fair value unless fair value cannot be determined reliably on a continuing basis.

In exceptional circumstances where, at the time of the first acquisition of an investment property, there is clear evidence that the fair value of the investment property cannot be reliably determined on a continuing basis, the Company measures that investment property using the cost model. All other investment property is measured at fair value. If the Company has previously measured an investment property at fair value, then it will continue to measure that investment property at fair value until the time of disposal.

Gains or losses resulting from changes in the fair value of investment property are recognised in the profit or loss of the period in which they occur.

The fair value of investment property shall reflect market conditions at the end of the reporting period.

#### **(iii) Derecognition**

The carrying amount of an investment property is derecognised (removed from the statement of financial position) at the time of disposal or when the investment is permanently withdrawn from use and no future economic benefits are expected to arise from its disposal.

Gains or losses arising from the disposal or disposal of an investment property shall be recognised in profit or loss during the period of termination or disposal.

## **k) Leasing**

*On the date of commencement of the contract*, the lessee recognises that right of use in the asset a liability within the liability. The valuation of the right-of-use asset is made at cost. This includes the initial measurement of the liability, the net payments (minus incentives received) of the lease made at or before the start of the contract or before that date any costs incurred by the lessee at the beginning of that lease.

The measurement of the liability shall be made on the basis of the net present value of future lease payments, using the interest rate applicable under the contract or, failing that, the cost of an equivalent loan to the lessee. Lease payments include: fixed amounts, variable amounts (dependent on indices or rates, depending on the level of these parameters at the beginning of the contract), amounts related to the residual value, the purchase price (in case of exercising the option) respectively penalties due in case of early termination of the contract.

In the subsequent measurement, the carrying amount is the initial cost less any accumulated depreciation, accumulated impairment losses or adjusted for any revaluations of the liability. Depreciation of the asset occurs over the period between the beginning of the contract and the end of the contract/useful life term.

The revaluation of the leasing debt is carried out by increasing the carrying amount by the accumulated interest, reducing it with the leasing payments made respectively adjusted according to any contractual changes.

## **Notes to separate financial statements**

***for the financial year ending 31 December 2021***

The amount of interest shall be included in the expenses of the period and shall be determined on the basis of the financing interest rate provided for in the contract, that is to say, the marginal borrowing rate of the lessee concerned, the interest rate that the lessee would have to pay in order to borrow, for a similar period and with a similar guarantee, the funds necessary to obtain an asset of an amount similar to that of the right-of-use asset, in a similar economic environment.

### **(l) Impairment of non-financial assets**

The carrying amount of the Company's assets which are not of a financial nature, other than assets of the nature of deferred taxes, shall be reviewed at each reporting date in order to identify the existence of impairment indices. If such indications exist, the recoverable amount of those assets shall be estimated.

An impairment loss is recognised when the carrying amount of the asset or its cash-generating unit exceeds the recoverable amount of the cash-generating asset or unit.

A cash-generating unit is the smallest identifiable group that generates cash and is independent of other assets and groups of assets. Impairment losses are recognised in the profit and loss account.

The recoverable amount of an asset or a cash-generating unit is the maximum between its value in use and its fair value less the costs of selling that asset or units. For the determination of the net use value, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to that asset.

Impairment losses recognised in previous periods shall be assessed at each reporting date to determine whether they have decreased or no longer exist. Impairment loss shall be resumed if there has been a change in the estimates used to determine the recovery value. Impairment loss shall only be resumed if the carrying amount of the asset does not exceed the calculated carrying amount, net depreciation and impairment, if the impairment loss had not been recognised.

### **(m) Share capital and treasury shares**

Ordinary shares are recognised in the share capital. Incremental costs directly attributable to an issue of ordinary shares are deducted from the capital net of the effects of taxation.

For the purpose of preparing ifrs compliant separate financial statements, the Company also applied the provisions of IAS 29 "Financial reporting in hyperinflationary economies" by adjusting, for current measurement as at December 31, 2003, the share capital.

The company recognizes redemptions of equity shares at the time of the transaction as a decrease in equity. The repurchased equity shares are recorded at the acquisition value, with brokerage fees and other costs directly related to the acquisition being recognised in a separate account also as a decrease in equity. Cancellation of treasury shares held is carried out on the basis of the approval of shareholders, in compliance with all legal requirements regarding this operation. When derecognised, the Company uses the share capital accounts (for face value) respectively retained earnings (for the difference between the acquisition cost and the nominal value) in return for the cancelled treasury shares.

### **(n) Provisions for liabilities and charges**

Provisions are recognised in the statement of financial position when an obligation related to a past event arises for the Company and it is likely that in the future it will be necessary to consume economic resources to extinguish that obligation and a reasonable estimate of the amount of the obligation can be made. For the determination of the provision, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and the risks specific to that liability. The amount recognised as a provision constitutes the best estimate of the expenses required to settle the current obligation at the end of the reporting period.

### **(o) Interest income and expenses**

Interest income and charges shall be recognised in the separate statement of profit or loss by the effective interest method. The effective interest rate represents the rate that accurately discounts future cash payments and receipts over the expected life of the financial instrument up to the level of the gross carrying

## Notes to separate financial statements

### *for the financial year ending 31 December 2021*

amount of the financial asset in question the amortised cost of the financial liability. Interest income shall also include the financing component of a contract for the disposal of financial assets in the event that it is material and results, implicitly or explicitly, from the terms of the contract.

#### **(p) Dividend income**

Dividends on an equity instrument classified at fair value through other comprehensive income that at fair value through profit or loss are recognised in profit or loss when the entity's entitlement to receive those amounts is determined, unless those amounts represent a substantial return on investment cost, complying with IFRS 9.

The company does not record dividend income from shares received free of charge when they are distributed proportionally to all shareholders.

Dividend income is recorded at the gross amount that includes the dividend tax, which is recognized as a current expense with the income tax. Their accounting recognition is made after the date of registration, which identifies the shareholders on whom the decisions of the general meeting of shareholders are reflected, taking into account the number of shares held by the Company on the date of registration and the gross dividend / share approved by those decisions.

#### **(q) Employee benefits**

##### ***(i) Short-term benefits***

Obligations with short-term benefits granted to employees are not updated and are recognized in the statement of overall result as the related service is provided.

The short-term benefits of employees include salaries, bonuses and social security contributions. The short-term benefits of employees are recognized as an expense when services are provided.

##### ***(ii) Defined contribution plans***

The company makes payments on behalf of its own employees to the pension system of the Romanian state, health insurance, during the normal activity. Also, the Company retains and transfers to private pension funds, the amounts with which the employees have enrolled in an optional pension plan.

All employees of the Company are members and also have the legal obligation to contribute (through social contributions) to the pension system of the Romanian State (a plan of determined contributions of the State). All related contributions are recognised in the profit or loss account of the period when they are made. The company has no other additional obligations.

The company is not employed in any independent pension scheme and therefore has no other obligations in this respect. e company is not obliged to provide services subsequent to former or current employees.

##### ***(iii) Long-term employee benefits***

The net obligation of the Company regarding the benefits related to the long-term services is represented by the value of the future benefits that the employees have earned in exchange for the services provided by them in the current and previous periods. Based on the Collective Labour Agreement in force, people who retire at old age may benefit at the time of retirement from an aid at the level of five average net salaries per society.

The present value of this obligation is not material, and as such the Company has not recognized these future costs as a provision in these financial statements.

##### ***(iv) Payment based on shares and share option plan programs***

According to IFRS 2, for share-based payment transactions with a settlement in shares, the entity shall measure the goods or services received and the corresponding increase in equity directly at the fair value of the goods or services received, unless fair value cannot be estimated reliably. If the entity cannot reliably

## **Notes to separate financial statements**

### ***for the financial year ending 31 December 2021***

estimate the fair value of the goods or services received, the entity shall measure their value and the corresponding increase in equity indirectly in relation to the fair value of the equity instruments awarded. To apply these provisions to transactions with employees and other persons providing similar services, the entity shall measure the fair value of the services received by reference to the fair value of the equity instruments granted because it is generally not possible to estimate reliably the fair value of the services received. The fair value of those equity instruments shall be measured at date of grant.

An award of equity instruments may be conditional on satisfaction specific conditions for entry into rights. For example, an assignment of shares or share options to an employee is generally conditional on the employee remaining in the service of the entity for a specified period of time. It may be necessary to meet performance conditions, such as for the entity to achieve a specified increase in profit or a specified increase in the entity's share price. Conditions for entry into rights other than market conditions shall not be taken into account when estimating the fair value of shares or options per share at the measurement date. Conversely, the conditions for entry into entitlement must be taken into account by adjusting the number of equity instruments included in the measurement of the transaction value, so that ultimately the value recognised for the goods or services received in return for the equity instruments awarded must be based on the number of equity instruments that ultimately come into entitlement. Therefore, on a cumulative basis, no value is recognised for the goods or services received if the equity instruments awarded do not enter into their rights due to the failure to comply with a condition for entry into rights, for example, the partner does not complete the specified service period or a performance condition is not met.

#### **(r) Corporate income tax**

##### ***Reflected in the statement of financial position***

The corporate tax includes the current tax and the deferred tax.

Income tax is recognised in profit or loss or in other comprehensive income if the tax is related to capital items.

The company recognises a deferred income tax liability (asset) for taxable (deductible) temporary fair value differences on investments in shares measured at fair value through other comprehensive income. The amount of this liability(s) is adjusted accordingly each time any taxable (deductible) fair value differences are recognised.

The deferred tax is determined using the balance sheet method for those temporary differences that arise between the tax base for calculating the tax on assets and liabilities and their carrying amount used for reporting in the separate financial statements.

Deferred tax shall not be recognised for the following temporary differences: initial recognition of goodwill, initial recognition of assets and liabilities arising from transactions which are not combinations of enterprises and which do not affect either accounting or tax profit, and differences arising from investments in subsidiaries and associates, provided that they are not resumed in the near future. The deferred tax is calculated on the basis of the tax percentages that are expected to be applicable to the temporary differences upon their resumption, based on the legislation in force on the date of reporting or the legislation issued on the date of reporting and which will enter into force later.

The deferred tax liability is recognised only to the extent that it is likely that taxable profit will be obtained in the future after offsetting against the tax loss of previous years and the income tax to be recovered. The deferred tax asset is reduced to the extent that the corresponding tax benefit is unlikely to be realized.

Calculated deferred tax assets and liabilities are presented at net value in the company's separate financial statements.

Deferred tax assets and liabilities are cleared if there is a legal right to set off current tax assets and liabilities that relate to taxes levied by the same tax authority, from the same taxable entity, or on different tax entities but which intend to clear current tax assets and liabilities on a net basis, or their tax assets and liabilities will be realized simultaneously.

##### ***Reflected in the statement of profit or loss***

Current income tax also includes tax on income from dividends recognised at gross value.

# Notes to separate financial statements

## *for the financial year ending 31 December 2021*

The additional taxes arising from the distribution of dividends are recognised on the same date as the obligation to pay the dividends.

The current tax is the tax payable on the profit realized in the current period, determined on the basis of the percentages applied at the balance sheet date and all the adjustments related to the previous periods. As of December 31, 2021 and December 31, 2020, the corporate tax was 16%.

### **(s) Earnings per share**

The company presents the result per share base and diluted for ordinary shares. The earnings per share is determined by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares for the reporting period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares with the dilution effects generated by the potential ordinary shares.

### **(t) Dividends**

Dividends are treated as a distribution of profit during the period in which they were declared and approved by the General Meeting of Shareholders.

Dividends not paid for three years and for which the right to claim them has been time-barred shall be recorded in equity to Other reserves – distinct account.

### **(u) Adoption of New or revised standards and interpretations**

The following new standards, amendments to existing standards and interpretations issued by the IASB and adopted by the EU have an effect for the current reporting period:

#### **Standards and amendments to existing standards issued by the IASB and adopted by the EU are in force for the current reporting period:**

Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases" — Reform of the Interest Rate Benchmark — Phase Two adopted by the EU on 13 January 2021 (applicable for annual periods beginning on or after 1 January 2021),

Amendments to IFRS 16 "Leases" - Concessions to rents due to Covid-19 after 30 June 2021 adopted by the EU on 30 August 2021 (applicable from 1 April 2021 for financial years from, at the latest, 1 January 2021 or after),

Amendments to IFRS 4 "Insurance Contracts" — Extension of the temporary exemption from IFRS 9 adopted by the EU on 16 December 2020 (the expiry date of the temporary exemption from IFRS 9 was extended to 1 January 2021 for annual periods as of or after 1 January 2023).

The adoption of these amendments to the existing standards did not lead to significant changes in the financial statements of the Company.

#### **Standards and amendments to existing standards issued by the IASB and adopted by the EU, but which have not yet entered into force**

At the time of signing these Financial Statements, the following amendments to the existing standards were issued by the IASB and adopted by the EU, but have not yet entered into force:

Amendments to IAS 16 'Property, plant and equipment' — Proceeds before expected use adopted by the EU on 28 June 2021 (applicable for annual periods beginning on or after 1 January 2022),

# Notes to separate financial statements

## *for the financial year ending 31 December 2021*

Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets' — Onerous contracts — Cost of contract performance adopted by the EU on 28 June 2021 (applicable for annual periods beginning on or after 1 January 2022),

Amendments to IFRS 3 "Business Combinations" — Definition of the conceptual framework with amendments to IFRS 3 adopted by the EU on 28 June 2021 (applicable for annual periods as of or after 1 January 2022),

IFRS 17 "Insurance Contracts" including amendments to IFRS 17 issued by the IASB on 25 June 2020 - adopted by the EU on 19 November 2021 (applicable for annual periods beginning on or after 1 January 2023),

Amendments to various standards due to the "IFRS Enhancements (2018–2020 Cycle)" resulting from the annual draft IFRS Improvement (IFRS 1, IFRS 9, IFRS 16 and IAS 41) with the primary purpose of eliminating inconsistencies and clarifying certain formulations — adopted by the EU on June 28, 2021 (the amendments to IFRS 1, IFRS 9 and IAS 41 are applicable for annual periods beginning on or after 1 January 2022). The amendment to IFRS 16 refers only to an illustrative example, so no effective date is mentioned).

### **New standards and amendments to existing standards issued by the IASB but not yet adopted by the EU**

At present, the IFRS standards adopted by the EU do not differ significantly from the regulations adopted by the IASB, with the exception of the following new standards and amendments to existing standards, which have not yet been adopted for application in the EU by the date of publication of these Financial Statements:

IFRS 14 "Deferral accounts related to regulated activities" (applicable for annual periods from or after 1 January 2016) – the European Commission has decided not to issue the approval process of this interim standard and to wait for the final standard,

Amendments to IAS 1 "Presentation of Financial Statements" — Classification of liabilities into short-term and long-term liabilities (applicable for annual periods beginning on or after 1 January 2023),

Amendments to IAS 1 "Presentation of Financial Statements" — Presentation of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023),

Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors" — Definition of accounting estimates (applicable for annual periods beginning on or after 1 January 2023),

Amendments to IAS 12 "Income Tax" — Deferred tax on assets and liabilities arising from a single transaction (applicable for annual periods beginning on or after 1 January 2023),

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"— Sale of or contribution of assets between an investor and its associates or joint ventures and subsequent amendments (the effective date has been postponed for an indefinite period until the research project on the equity method is completed),

Amendments to IFRS 17 "Insurance Contracts" — Initial Application of IFRS 17 and IFRS 9 — Comparative Information (applicable for annual periods as of or after 1 January 2023.)

The company anticipates that the adoption of these new standards and changes to existing standards will not have a material impact on the financial statements during the initial maintenance period.

### **(v) Subsequent events**

## Notes to separate financial statements

### *for the financial year ending 31 December 2021*

Events occurring after the balance sheet date may provide additional information on the period reported as compared to that known at the balance sheet date. If the annual financial statements have not been approved, they must be adjusted to also reflect additional information, if that information relates to conditions (events, operations, etc.) that existed at the balance sheet date.

Events after the balance sheet date are those events, favourable or unfavourable, that occur between the balance sheet date and the date on which the annual financial statements are approved. Events after the balance sheet date shall include all events occurring up to the date on which the annual financial statements are approved, even if those events occur after the disclosure of financial information to the public.

Two types of events after the balance sheet date can be identified:

- those proving the conditions which existed at the balance sheet date. These events after the balance sheet date lead to an adjustment of the annual financial statements; and
- those giving indications of conditions arising after the balance sheet date. These events after the balance sheet date do not lead to an adjustment of the annual financial statements.

In the case of events after the balance sheet date that lead to the adjustment of the annual financial statements, the Company shall adjust the amounts recognised in its financial statements to reflect events after the balance sheet date. An event after the balance sheet date that leads to an adjustment in the annual financial statements and that requires the Company to adjust the amounts recognised in its annual financial statements or the recognition of items that have not previously been recognised is the resolution after the balance sheet date of a dispute that confirms that the entity has an obligation present at the balance sheet date. The company adjusts any previously recognised provision in connection with this dispute or recognizes a new provision.

In the case of events after the balance sheet date which do not lead to an adjustment of the annual financial statements, the Company shall not adjust the amounts recognised in its financial statements to reflect those events after the balance sheet date.

If the Company receives, after the balance sheet date, information about the conditions that existed at the balance sheet date, the Company shall update the disclosures relating to these conditions in the light of the new information.

#### **(x) The impact of the COVID-19 pandemic and recent global developments on the financial position of the Company**

As a result of the negative impact of the COVID-19 pandemic on global and local economic activities, the Company's management estimates that the financial performance (in a higher proportion) and the financial position (in a smaller proportion) were significantly influenced by the effects of the pandemic in 2020 and part of 2021. These influences may also manifest themselves in future financial years both in terms of the fair values of the financial assets held, both those reflected in the profit and loss account and in other comprehensive income, and in the Company's recurring income from dividends and interest on monetary investments (against the background of falling interest rates as a result of monetary policy decisions at global and local level).

In addition to the pandemic context, the degradation of the regional geopolitical and security context can significantly influence both the fair values of the entity's financial assets and the expected future cash flows. The galloping evolution of commodity prices, energy products and the global inflationary context, coupled with the uncertainty of the impact and tempo of the monetary policies of the main central banks, are the main sources of uncertainty in calibrating the management activity of the Company's assets.

The Company's management constantly monitors the main dynamics of the local and international economic environment, but a precise assessment of the potential impact on the position and future financial performance is difficult to achieve. However, the Company's management does not anticipate difficulties in fulfilling its obligations to third parties under the conditions of a balanced structure of assets held and the significant amount of liquidity with immediate availability.

#### **4. Managing significant risks**

# Notes to separate financial statements

## *for the financial year ending 31 December 2021*

The risk management activity is found in the organizational structure of the Company and concerns both the general risks and the specific risks, as provided by the applicable national and European legislation and regulations.

The most important financial risks to which the Company is exposed are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate risk and equity instruments' price risk. This note presents information regarding the Company's exposure to each of the above-mentioned risks, the Company's objectives and policies and the risk assessment and management processes.

The company uses a variety of policies and procedures to manage and assess the types of risk to which it is exposed. These policies and procedures are presented in the subchapter dedicated to each type of risk.

### **4.1 Financial risks**

#### **(a) Market risk**

Market risk is the current or future risk of losses on balance sheet and off-balance sheet positions due to adverse market price fluctuations (such as e.g. share prices, interest rates, exchange rates). The Company's management establishes the risk limits that can be accepted, limits that are regularly monitored. However, the use of this approach does not lead to the prevention of losses outside the limits set in the event of a significant market fluctuation.

The position risk is associated with the portfolio of financial instruments held by the Company with the intention to benefit from the favorable evolution of the price of the respective financial assets or from any dividends / coupons granted by the issuers. The company is exposed to position risk, both in relation to the general one and to the specific one, due to short-term investments made in bonds, shares and fund units.

The Management has continuously pursued and seeks to minimize the possible adverse effects associated with this financial risk through an active policy of prudential portfolio diversification, as well as by using one or more risk mitigation techniques depending on the evolution of market prices related to the financial instruments held by the Company.

#### Risk of concentration

The concentration risk concerns all the assets held by the Company, regardless of the period of their holding, and by reducing this type of risk, it is aimed at avoiding the registration of too large an exposure to a single debtor / issuer at the level of the Company.

Management's policy of diversification of exposures applies to the structure of the portfolio, the structure of the business model, as well as the structure of exposures to financial risks. Thus, this diversification policy involves: diversifying the portfolio by avoiding excessive exposure to a debtor, issuer, country or geographical region; the diversification of the structure of the business plan aims at the level of the Company to avoid excessive exposure towards a certain line of business / sector of activity; the diversification of the structure of financial risks is aimed at avoiding excessive exposure to a certain type of financial risk.

The market risk of equity instruments results predominantly from shares measured at fair value through other comprehensive income and the profit or loss account. The entities in which the Company holds shares operate in various industries.

The objective of market risk management is to control and manage market risk exposures within acceptable parameters, to the extent that profitability is optimised.

The Company's strategy for managing market risk is driven by its investment objective, and market risk is managed in accordance with its policies and procedures.

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

#### *(i) Market price risk*

## Notes to separate financial statements

### for the financial year ending 31 December 2021

Price risk is the risk of loss-making on both balance sheet and off-balance sheet positions due to asset price developments.

The company is exposed to the risk that the fair value of the financial instruments held may fluctuate as a result of changes in market prices, whether it is caused by factors specific to the activity of its issuer or factors affecting all instruments traded on the market.

The Board of Directors monitors the way in which the market risk management is carried out, and the internal procedures provide that, when the price risks are not in accordance with the investment policy and the Company's principles, the portfolio must be relaunched.

A positive change of 10% in the price of financial assets at fair value through profit or loss (subsidiary shares, associates, corporate bonds and fund units) would lead to an increase in post-tax profit, by RON 161,503,340 (December 31, 2020: RON 130,238,674), a negative change of 10% having an equal and contrary net impact.

A positive 10% change in the prices of financial assets measured at fair value through other comprehensive income, investments in corporate shares and bonds would lead to an increase in equity, net of income tax, by 133,426,086 LEI (31 December 2020: 112,627,921 lei), a negative variation of 10% having an equal net impact and of opposite sign.

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

As can be seen from the table below, on December 31, 2021, the company mainly held shares in companies operating in the financial-banking and insurance field, with a share of 49.9% of the total portfolio, up from the share of 49.1% recorded on December 31, 2020.

In LEI	31 December 2021	%	31 December 2020	%
Financial intermediation and insurance	1.409.857.853	49,9%	1.153.509.071	49,1%
Manufacturing	796.836.286	28,2%	574.531.935	24,5%
Hotels and restaurants	97.642.827	3,5%	100.015.985	4,3%
Wholesale and retail trade, repair of motor vehicles	39.048.278	1,4%	30.964.570	1,3%
Production and supply of energy, gas, water	27.214.550	1,0%	12.951.575	0,6%
Extractive industry	17.897.034	0,6%	13.037.218	0,6%
Other activities	1.174.734	0,0%	3.738.815	0,2%
Financial services applicable to the real estate domain	390.087.877	13,8%	415.606.095	17,7%
Construction	606.059	0,0%	197.061	0,0%
Transport and storage	44.560.504	1,6%	42.978.421	1,8%
Rental of real estate	2.319.072	0,1%	1.104.583	0,0%
Agriculture, forestry and fisheries	151.713	0,0%	411.121	0,0%
<b>TOTAL</b>	<b>2.827.396.787</b>	<b>100,0%</b>	<b>2.349.046.451</b>	<b>100%</b>

As of December 31, 2021, the Company holds fund units worth RON 369,180,263 (31 December 2020: RON 305,468,130), at the Closed-End Investment Funds Active Plus, Star Value, Optim Invest, Certinvest Actiuni and Romania Strategy Fund. The company is exposed to price risk in terms of investments made (listed shares, bonds, bank deposits) with a different degree of risk by these Investment Funds.

The sectoral structure of the Company's holdings was influenced by the asymmetrical return of the share prices during the Covid-19 pandemic in the sense of (1) the faster growth of the fair value and implicitly of the share of investments in the financial sector (mainly listed entities), (2) the increase in the share of the manufacturing sector, mainly due to the upward evolution of the listed holdings in the pharma segment and (3) the slow/stagnating fair value of the sectors directly and significantly affected by the pandemic and the measures to combat it (mainly hotels and restaurants).

(ii) Interest rate risk

## Notes to separate financial statements

### for the financial year ending 31 December 2021

Interest rate risk is the risk that the company's income or expenses, or the value of the Company's assets or liabilities, will fluctuate as a result of changing interest rates in the market.

With regard to interest-bearing financial instruments: interest rate risk is composed of the fluctuation risk recorded in the value of a given financial instrument as a result of changes in interest rates and the risk of differences between the maturity of interest-bearing financial assets and that of interest-bearing liabilities. However, interest rate risk can also influence the value of fixed interest-bearing assets (e.g. bonds), so an increase in the market interest rate will lead to a decrease in the value of the future cash flows generated by them and may lead to a reduction in their price, if it increases the preference of investors to place their funds in bank deposits or other instruments whose interest rate has increased, and vice versa - a reduction in the market interest rate can cause the price of shares and bonds to rise and cause an increase in the fair value of future cash flows.

With respect to fixed-rate assets or marketable assets, the Company is exposed to the risk that the fair value of future cash flows on financial instruments will fluctuate as a result of changes in market interest rates.

Thus, the Company will be subject to limited exposure to fair value rate risk or future cash flows due to fluctuations in the prevailing levels of interest rates in the market.

The company does not use derivatives to protect itself from interest rate fluctuations.

The following table illustrates the annual interest rates obtained by the Company for the interest-bearing assets during 2021:

Financial assets	RON		EUR	
	Interval		Interval	
	Min	Max	Min	Max
Bank deposits	0,00%	2,18%	0,06%	0,12%
Financial assets at fair value through profit and loss	3,50%	4,30%	6,00%	6,00%
Financial assets at fair value through other comprehensive income	-	-	5,75%	5,75%

The following table illustrates the annual interest rates obtained by the Company for the interest-bearing assets during 2020:

Financial assets	RON		EUR	
	Interval		Interval	
	Min	Max	Min	Max
Bank deposits	0,60%	2,75%	-	-
Financial assets at fair value through profit and loss	4,15%	5,16%	5,91%	6,00%
Financial assets at fair value through other comprehensive income	-	-	5,75%	5,75%
Investments valued at amortised cost	-	-	13,00%	13,00%

The table below contains a summary of the Company's exposure to interest rate risks. The table includes the Assets and Liabilities of the Company at the accounting values, classified according to the most recent date between the date of the change in interest rates and the maturity date.

In RON	2021	2020
Cash and cash equivalents*	106.464.876	114.600.000
Bank deposits	79.198.863	-
Financial assets at fair value through profit and loss - corporate bonds	37.612.296	48.303.551
Financial assets at fair value through other comprehensive income — corporate bonds	5.273.438	5.102.644
<b>TOTAL</b>	<b>228.549.473</b>	<b>168.006.195</b>

\*Short-term investments in bank deposits (maturity of less than 3 months) are included in cash equivalents

The impact on the Net Profit of the Company (on account of interest income) of a change in the  $\pm 1.00\%$  of the interest rate on floating interest bearing assets and liabilities and denominated in other currencies in

## Notes to separate financial statements

### for the financial year ending 31 December 2021

conjunction with a change of  $\pm 1.00\%$  in the interest rate on variable interest-bearing assets and liabilities expressed in RON is RON 1,919,816 (31 December 2020: 1,411,252 lei).

In the case of bonds disclosed at fair value (level 1) held, a change of  $\pm 5\%$  of their market price determines a net impact in the amount of  $\pm 1,579,716$  lei (31 December 2020:  $\pm 2,028,749$  lei) in the profit or loss account, respectively in the amount of  $\pm 221,484$  lei (31 December 2020:  $\pm 214,311$  lei) in other elements of the global result.

#### (iii) Currency risk

Currency risk is the risk of incurring losses or non-realization of the estimated profit as a result of unfavourable fluctuations in the exchange rate. The company invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, so it is exposed to risks that the exchange rate of the national currency in relation to another currency will have adverse effects on the fair value or future cash flows of that portion of the financial assets and liabilities denominated in another currency.

The company performed transactions in the reporting periods both in Romanian currency (Leu) and in foreign currency. The Romanian currency fluctuated compared to foreign currencies, EURO and USD.

The financial instruments used give the possibility to preserve the value of monetary assets held in LEI, by making investments and collecting interest according to the maturity date.

The company did not carry out any transactions in exchange rate derivatives during the financial years presented.

The financial assets and liabilities of the Company in RON and foreign currencies as at 31 December 2021 and 31 December 2020 can be analyzed as follows:

#### Financial assets exposed to exchange rate risk (in RON)

In RON	2021	2020
Cash and cash equivalents	252.423.162	34.944.113
Bank deposits	79.232.230	-
Financial assets at fair value through the profit or loss — (including assets held by investment funds)*	15.217.333	28.483.377
Financial assets at fair value through other comprehensive income**	209.887.194	180.596.402
<b>Total assets</b>	<b>556.759.919</b>	<b>244.023.892</b>
Lease liabilities	(789.288)	(934.521)
<b>Total liabilities</b>	<b>(789.288)</b>	<b>(934.521)</b>
<b>Net financial assets</b>	<b>555.970.631</b>	<b>243.089.371</b>

\* Within the financial assets at fair value through the profit or loss are included the bonds in euro and the foreign currency holdings of the closed-end investment funds, proportional to the Company's holding in their net assets.

\*\* In financial assets at fair value through other comprehensive income in EUR are included holdings held outside the country, i.e. Austria - Erste Bank and impact corporate bonds.

As of December 31, 2021 and December 31, 2020, the Company holds fund units at Active Plus Closed-End Investment Funds, Star Value, Optim Invest, Certinvest Shares and Romania Strategy Fund. The company is exposed to foreign exchange risk in terms of investments made by these Investment Funds (financial instruments listed on foreign markets, available or investments in foreign currency).

As of December 31, 2021, respectively on December 31, 2020, the assets of the closed-end funds represented mainly investments in shares listed on a regulated market in Romania and other Member States of the European Union.

The following table shows the sensitivity of profit or loss as well as equity to possible changes at the end of the reporting period of the foreign exchange rates in correspondence with the reporting currency, keeping all other variables constant:

	31 December 2021		31 December 2020	
<b>Impact in the profit and loss account</b>	<b>Impact in other elements of the overall result</b>	<b>Impact in the profit and loss account</b>	<b>Impact in other elements of the overall result</b>	

## Notes to separate financial statements

### for the financial year ending 31 December 2021

Eur appreciation by 5% (2020: 5%)	14.757.401	8.593.365	2.839.388	7.370.366
Depreciation EUR 5% (2020: 5%)	(14.757.401)	(8.593.365)	(2.839.388)	(7.360.366)
<b>Total</b>	-	-	-	-

#### (b) Credit risk

Credit risk is the risk that a counterparty of a financial instrument will fail to fulfill a financial obligation or commitment in which it has entered into a relationship with the Company, thus resulting in a loss for the Company. The company is exposed to credit risk as a result of investments made in bonds issued by companies or the Romanian State, current accounts and bank deposits and other receivables.

The Company's management closely and constantly monitors the exposure to credit risk so that it does not suffer losses as a result of the concentration of credit in a particular sector or field of activity.

As of December 31, 2021 and December 31, 2020, he does not hold collateral as insurance, nor any other improvements in the credit rating.

As of December 31, 2021 and December 31, 2020, the Company did not register any outstanding financial assets, except for some balances from various debtors, which were considered impaired.

Below are the financial assets with exposure to credit risk:

31 December 2021	Current accounts	Bank deposits	Bonds (measured at fair value through other comprehensive income)	Bonds (measured at fair value through profit or loss)	Other financial assets	Total
AAA rating up to A-						
BBB+	34.760.929	7.485.591	-	-	-	42.246.521
BBB	21.852	-	-	-	-	21.852
BBB-	19.765.325	178.178.148				197.943.473
bb+	99.102.745	-	-	-	-	99.102.745
B-			5.283.259			5.283.259
Baa1		-	-	-	-	-
NO	-	-	-	37.907.699	10.514.505	48.422.204
<b>TOTAL</b>	<b>153.650.852</b>	<b>185.663.739</b>	<b>5.283.259</b>	<b>37.907.699</b>	<b>10.514.505</b>	<b>393.020.053</b>

31 December 2020	Current accounts	Bank deposits	Bonds (measured at fair value through other comprehensive income)	Bonds (measured at fair value through profit or loss)	Other financial assets	Total
AAA rating up to A-						
BBB+	35.058.726	90.600.000	-	-	-	125.658.726
BBB	22.683	-	-	-	-	22.683
bb+	941.635	24.000.000				24.941.635
B-			5.111.504			5.111.504
Baa1	3.153	-	-	-	-	3.153
NO	-	-		49.195.115	5.973.797	55.168.912
<b>TOTAL</b>	<b>36.026.197</b>	<b>114.600.000</b>	<b>5.111.504</b>	<b>49.195.115</b>	<b>5.973.797</b>	<b>210.906.614</b>

## Notes to separate financial statements

### for the financial year ending 31 December 2021

The maximum exposure to the credit risk of the Company is in the amount of RON 393,020,053 as of December 31, 2021 (December 31, 2020: RON 210,906,614) and can be analyzed as follows:

	Credit Rating			31 December 2021	31 December 2020
BRD - Groupe Société Générale	BBB+	BRD - Groupe Société Générale	Fitch	13.670.675	34.554.259
Banca Transilvania	bb+	Banca Transilvania	Fitch	99.102.745	24.941.635
Banca Comerciala Romana	BBB+	Banca Comerciala Romana	Fitch	28.575.512	91.103.916
CEC Bank**	BBB-		Fitch	98.979.897	
Exim Bank	BBB-	Exim Bank Romania	Fitch	98.963.576	
Intesa Sanpaolo Romania*	BBB	Intesa Sanpaolo Italia	Fitch	21.852	22.683
Raiffeisen Bank Romania	Baa1	Raiffeisen Bank Romania	Mood y's	-	3.153
UniCredit Tiriac	BBB+	UniCredit Tiriac	Fitch	333	552
<b>TOTAL (Note 15 and 16)</b>				<b>339.314.591</b>	<b>150.626.197</b>

\*For the banks for which there is no rating, we took into account the rating of the parent company/\*\* sovereign rating Romania

The Company's exposure to credit and counterparty risk through corporate bonds held as at 31 December 2021 is presented in the following table:

Issuing	Nr.buc.	Denomination	Interest rate	Value at Dec. 31, 2021 -lei-	Scandeanche	
Impact SA**	Eur	210	5.000,00	5,75%	5.273.438	2022
Vrancart SA*	Lei	368.748	100,00	4,30%	37.612.296	2024
<b>Total</b>					<b>42.885.734</b>	

\*variable interest rate (on the most recent coupon) / \*\*fixed interest rate

The Company's exposure to credit and counterparty risk through corporate bonds held on 31 December 2020 is shown in the following table:

Issuing	Nr.buc.	Denomination	Interest rate	Value at Dec. 31, 2020 -lei-	Scandeanche	
Impact SA**	Eur	210	5.000,00	5,75%	5.102.644	2022
Vrancart SA*	Lei	368.748	100,00	4,16%	37.612.296	2024
Sifi Bh Retail SA**	Eur	1.000	2.000,00	6,00%	10.691.255	2021
<b>Total</b>					<b>53.406.195</b>	

\*variable interest rate

\*\*fixed interest rate

The bonds issued by Banca Transilvania and Blue Air Aviation (during 2020) and SIFI BH Retail (January 2021) were collected at maturity. Given the current structure of investments in bank deposits and bonds, management does not estimate a significant impact from a credit risk perspective on the financial position of the Company.

Cash and cash equivalents and bank deposits are not overdue and are not depreciated.

The company conducted an internal analysis of the expected credit losses, the conclusion of the analysis being that their impact is insignificant. Thus, the Company does not provide information in the notes on expected credit losses required by IFRS 9.

Corporate bonds are not overdue and are not depreciated.

From the category of other financial assets, various debtors worth RON 4,830,024 (31 December 2020: RON 5,791,202) are not overdue or impaired claims.

As of December 31, 2021 and December 31, 2020, the company considers impaired the value of the receivables (within various debtors) in the amount of RON 1,292,517 (December 31, 2020: RON 1,405,732)

## Notes to separate financial statements

### for the financial year ending 31 December 2021

representing dividends and penalties due from the portfolio companies and not collected for previous periods.

#### (c) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties in fulfilling obligations arising from short-term financial liabilities, which are extinguished by payment in cash or by other financial means, or that such obligations are extinguished in a manner unfavorable to the Company.

The company follows the evolution of the liquidity level in order to be able to pay its obligations on the date on which they become due and permanently analyzes the assets and liabilities, depending on the remaining period until the contractual maturities.

The structure of assets and liabilities was analyzed based on the remaining period from the balance sheet date until the contractual maturity date, both on December 31, 2021 and December 31, 2020, as follows:

<i>In LEI</i>	<b>Book value</b>	<b>Under 3 months</b>	<b>Between 3 and 12 months</b>	<b>Older than 1 year</b>	<b>No predetermined maturity</b>
<b>31 December 2021</b>					
<b>Financial assets</b>					
Cash and cash equivalents	<b>260.126.530</b>	260.126.530	-	-	-
Bank deposits	<b>79.232.230</b>	26.405.245	52.826.985	-	-
Financial assets at fair value through profit or loss	<b>1.680.415.609</b>	295.403	-	37.612.296	1.642.507.911
Financial assets measured at fair value through other comprehensive income	<b>1.559.352.399</b>	-	5.283.259	-	1.554.069.140
Other financial assets	<b>11.807.022</b>	11.807.022	-	-	-
<b>Total financial assets</b>	<b>3.590.933.790</b>	<b>298.634.199</b>	<b>58.110.244</b>	<b>37.612.296</b>	<b>3.196.577.050</b>
<b>Financial liabilities</b>					
Lease liabilities	<b>789.288</b>	63.319	195.013	530.955	-
Other financial liabilities	<b>10.219.192</b>	10.219.192	-	-	-
<b>Total financial liabilities</b>	<b>11.008.480</b>	<b>10.282.511</b>	<b>195.013</b>	<b>530.955</b>	<b>-</b>
<b>Excess liquidity</b>	<b>3.579.925.310</b>	<b>288.351.688</b>	<b>57.915.231</b>	<b>37.081.341</b>	<b>3.196.577.050</b>
<i>In LEI</i>					
<b>31 December 2020</b>					
<b>Financial assets</b>					
Cash and cash equivalents	<b>150.710.816</b>	150.710.816	-	-	-
Bank deposits	-	-	-	-	-
Financial assets at fair value through profit or loss	<b>1.394.390.304</b>	11.582.819	-	37.612.296	1.345.195.189
Financial assets measured at fair value through other comprehensive income	<b>1.314.430.895</b>	-	8.860	5.102.644	1.309.319.391
Other financial assets	<b>7.379.529</b>	7.379.529	-	-	-
<b>Total financial assets</b>	<b>2.866.911.544</b>	<b>169.673.165</b>	<b>8.860</b>	<b>42.714.940</b>	<b>2.654.514.579</b>
<b>Financial liabilities</b>					
Lease liabilities	<b>934.521</b>	55.090	165.215	714.216	-
Other financial liabilities	<b>6.673.694</b>	6.673.694	-	-	-
<b>Total financial liabilities</b>	<b>7.608.215</b>	<b>6.728.784</b>	<b>165.215</b>	<b>714.216</b>	<b>-</b>

# Notes to separate financial statements

for the financial year ending 31 December 2021

<b>Excess liquidity</b>	<b>2.859.303.329</b>	<b>162.944.381</b>	<b>(156.355)</b>	<b>42.000.725</b>	<b>2.654.514.579</b>
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The share of immediately available liquidity (cash and cash equivalents) is increasing compared to the previous year, both overall and for each relevant category of maturity/chargeability, shown in the table above. The liquidity risk remains mainly influenced by the liquidity of the local capital market, respectively by the ratio between the volume of the main listed holdings of the Company and their average daily liquidity.

## 4.2 Other risks

By the nature of the object of activity, the Company is exposed to different types of risks associated with the financial instruments and the market in which it invests. The main types of risks to which the Company is exposed are:

- the risk associated with taxation;
- the risk related to the business environment;
- operational risk.

The risk management is aimed at maximizing the Company's profit relative to the level of risk to which it is exposed.

The company uses a variety of policies and procedures to manage and assess the types of risk to which it is exposed. These policies and procedures are presented in the subchapter dedicated to each type of risk.

### (a) Taxation risk

Starting with January 1, 2007, following Romania's accession to the European Union, the Company had to comply with the European Union regulations, and therefore prepared for the application of the changes brought by the European legislation. The company has implemented these changes, but the way of their implementation remains open to tax audit for 5 years.

The interpretation of the texts and the practical implementation of the procedures of the new applicable tax regulations could vary and there is a risk that in certain situations the tax authorities will adopt a different position from that of the Company.

From the point of view of the corporate tax for the financial year 2015, there is a risk that the tax authorities will interpret differently the accounting treatments determined by the transition to IFRS as an accounting base.

The company chose to pre-register the dividends distributed and unclaimed for 3 years by the shareholders and to register them in the account of Other reserves (analytically distinct). According to the provisions of the Civil Code, the limitation applies to the right to request forced execution, not to the right of ownership over the amounts. Since the transfer of those amounts, already taxed within the scope of both corporation and dividend tax, back to equity is a transaction with shareholders, not a taxable transaction. Consequently, the Company did not recognise a deferred tax on these amounts. In those circumstances, there is a risk of a different interpretation by the tax authorities of these transactions.

In addition, the Romanian Government has a number of agencies authorized to carry out the audit (control) of companies operating in Romania. These controls are similar to tax audits in other countries, and can cover not only tax issues, but also other legal and regulatory issues that are of interest to these agencies. It is possible that the Company will be subject to tax controls as new tax regulations are issued.

### (b) Risk related to the economic environment

The management of SIF Banat-Crişana cannot forecast all the effects of the international economic developments with an impact on the financial sector in Romania, but considers that in 2021 it adopted the necessary measures for the sustainability and development of the Company in the conditions existing on the financial market, by monitoring the cash flows and the adequacy of the investment policies.

The avoidance of risks, the mitigation of their effects are ensured by the company through an investment policy that complies with the prudential rules imposed by the applicable legal provisions and regulations.

## **Notes to separate financial statements**

### ***for the financial year ending 31 December 2021***

SIF Banat-Crişana has adopted risk management policies through which an active management of them is carried out, being applied specific procedures for identifying, assessing, measuring and controlling the risks, which would provide a reasonable assurance regarding the fulfillment of the company's objectives, being pursued a constant balance between risk and expected profit.

The risk management process aims at: (i) identifying and evaluating significant risks with a major impact in achieving the investment objective and developing activities that counteract the identified risk; (ii) adapting risk management policies to financial developments in the capital market, monitoring performance and improving risk management procedures; (iii) reviewing investment decisions in relation to capital and money market developments; (iv) compliance with the legislation in force.

The euro area economy has seen a significant recovery in recent years, both in terms of GDP growth (with annualised growth of more than 1.5%) and in terms of the gradual reduction in the unemployment rate and the return of inflation to the ECB's target level (2%). However, the ECB has lately maintained both the reference interest rate in the area of absolute historical lows (0%) and the commitment to fully reinvest the amounts received at maturity of the financial instruments purchased in the quantitative easing programme, the duration of which is dependent on the sustainability of the inflation trend towards the ECB's 2% target. During March 2020, amid the global spread of tensions related to the Covid-19 virus, the Federal Reserve reduced the key monetary policy interest rate to 0% in two exceptional meetings, along with a \$700 billion package for quantitative easing operations.

At the end of 2021 and in the first months of 2022, both the Federal Reserve and the European Central Bank explicitly indicated their intention to end the liquidity support granted to the economy during 2022 and the entry into a cycle of gradual increase in the key interest rate, in order to counter the effects of the inflationary tensions that have manifested themselves in the main developed economies, especially in the second part of 2021. Recent geopolitical tensions and growing insecurity related to the supply of products from the energy sector have led to significant increases in oil and natural gas prices in the first months of 2022. These effects have also generated an accelerated decline in the main global stock indices to the levels recorded in the first months of the COVID 19 pandemic in the first quarter of 2020. The high volatility of the main capital markets in recent months and the lack of visibility in the attitude of central banks to these externalities, and are the main challenges in managing the asset portfolio in 2022.

#### **(c) Operational risk**

Operational risk is the risk of recording direct or indirect losses resulting from deficiencies or deficiencies of the Company's procedures, personnel, internal systems or external events that may have an impact on its operations. Operational risks arise from all activities of the Company.

The Company's objective is to manage operational risk to the extent of limiting its financial losses, not damaging its reputation and achieving its investment objective of generating benefits for investors.

The primary responsibility for the implementation and development of control over the operational risk lies with the Board of Directors. This responsibility is supported by the development of general operational risk management standards, which include controls and processes at service providers and service commitments with service providers.

#### **(d) Capital adequacy**

Management's capital adequacy policy focuses on maintaining a solid capital base in order to support the company's continued development and the achievement of investment objectives.

The equity of the Company includes the share capital, various types of reserves and retained earnings. The equity amounted to RON 3,416,126,285 as of 31 December 2021 (2,729,904,691 lei as at 31 December 2020).

## **5. Accounting estimates and significant judgments**

Management discusses the development, selection, presentation and implementation of significant accounting policies and estimates. All these are approved at the meetings of the Board of Directors of the Company.

These presentations supplement the information on the management of financial risk (see note 4).

# Notes to separate financial statements

*for the financial year ending 31 December 2021*

## Key sources of estimation uncertainty

Significant accounting judgments for the application of the Company's accounting policies include:

### Application of the Amendment to IFRS 10 Investment Entities

In 2018, the Company reviewed the ifrs 10 criteria for classification as an investment entity and concluded that they are met, namely:

- a) obtain funds from one or more investors for the purpose of providing them with investment management services;
- b) undertakes to its investors that the purpose of its business is to invest funds only for gains from the increase in the value of the investment, investment income or both; and
- c) quantifies and measures the performance of almost all of its investments on the basis of fair value (IFRS 10.27).

The company also fulfils the specific characteristics of an investment entity, namely:

- Investment-related services;
- The purpose of the activity; and
- Fair value measurement.

### Determination of the fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using the measurement techniques described in accounting policy 3(e)(iii). For financial instruments that are rarely traded and for which there is no price transparency, fair value is less objective and is determined using various levels of estimates of the degree of liquidity, degree of concentration, uncertainty of market factors, price assumptions and other risks affecting that financial instrument.

The company uses the following hierarchy of methods for the calculation of fair value:

- Level 1: The market price quoted in an active market for an identical instrument.
- Level 2: Assessment techniques based on observable elements. This category includes instruments valued using: the quoted market price on the active markets for similar instruments; quoted prices for similar instruments on markets considered to be less active; or other valuation techniques in which items can be directly or indirectly observable from market statistics.
- Level 3: Valuation techniques based largely on unobservable elements. This category includes all instruments for which the evaluation technique includes elements that are not based on observable data and for which unobservable input parameters can have a significant effect on the assessment of the instrument. This category includes instruments that are valued on the basis of quoted prices for similar instruments but for which adjustments based largely on unobservable data or estimates are needed to reflect the difference between the two instruments.

The concentration risk to which the Company is exposed is presented in Note 4.1(a)(i), including the structure of exposures to the main NACE sectors as at 31 December 2021 and 31 December 2020 respectively.

The fair value of financial assets and liabilities that are traded on active markets is based on market quoted prices or prices quoted by intermediaries. For all other financial instruments, the Company determines fair value using valuation techniques. Valuation techniques include present net value and discounted cash flow patterns, comparison with similar instruments

for which there are observable market prices and other valuation techniques. Assumptions and data used in valuation techniques include risk-free interest rates and reference rates, credit spreads and other premiums used to estimate discount rates, bond and capital returns, exchange rates, capital price indices, volatility and forecast correlations. The purpose of valuation techniques is to determine fair value reflecting the price of financial instruments at the reporting date, which would be determined under objective conditions by market participants.

## Notes to separate financial statements

### for the financial year ending 31 December 2021

The company uses recognised valuation models to determine the fair value of simple financial instruments that use only observable market data and require very little estimation and analysis from management (e.g. instruments that are measured on the basis of quoted prices for similar instruments and for which no adjustments based on unobservable data or estimates are required to reflect the difference between the two instruments). Observable prices and entry parameters in the model are usually available in the market for capital instruments. Their availability reduces the need for estimates and analyses by management and the uncertainty associated with the determination of fair value. The availability of observable market prices and inputs varies by product and market and is subject to changes arising from specific events and general financial market conditions.

For shares that do not have a quoted market price in an active market the company uses valuation models that are usually derived from known valuation models. Some or all of the material inputs into these models may not be observable in the market and are derived from market prices or are estimated on the basis of assumptions. Valuation models that require unobservable inputs require to a greater extent a high degree of analysis and estimation by management to determine fair value. Management's analysis and estimation shall, in particular, intervene in the selection of the appropriate valuation model, the determination of the future cash flows of the financial instrument, the determination of the likelihood of defaults by the counterparty and advance payments and the selection of appropriate discount rates.

For financial instruments for which there is no active market (Tier 2 and Tier 3), fair value was determined by external valuers using valuation techniques that include techniques based on net present value, the discounted cash flow method, the method of comparisons with similar instruments for which there is an observable market price. Assessment techniques have been used consistently and there are no changes in their application.

In 2021, valuation methods for unlisted and listed holdings that do not meet criteria to be considered an active market within the meaning of IFRS have been maintained.

However, the possibility of subsequent changes in these assumptions on financial markets in general, and on individually measured issuers, may be favourable or unfavourable to fair values in future financial years. Given the persistence of uncertainties related to the effectiveness of measures to contain the effects of the pandemic, there is, however, the possibility that current assessments, in particular issuers in sectors directly exposed to these measures, may not adequately encompass the full spectrum of uncertainties and consequences for fair values resulting from valuation models.

The Company's management analyzed the situation between the date of completion of the valuation reports and the date of authorisation for publication of the annual financial statements, concluding that there is no publicly available information of such a nature that it could significantly impact the fair values of holdings presented in these annual financial statements.

An analysis of the financial instruments and investments in property and land and buildings recognised at fair value according to the measurement method is presented in the table below:

#### 31 December 2021

<i>In LEI</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss - shares	482.685.633	-	790.642.016	1.273.327.648
Financial assets at fair value through profit and loss account - fund units	369.180.263	-	-	369.180.263
Financial assets at fair value through profit and loss account - bonds	37.907.699	-	-	37.907.699
Financial assets measured at fair value through other comprehensive income – shares	1.407.516.618	-	146.552.522	1.554.069.140
Financial assets measured at fair value through other comprehensive income - corporate bonds	5.283.259	-	-	5.283.259
Investment property	-	-	12.953.334	12.953.334
Land and buildings	-	-	3.472.577	3.472.577
	<b>2.302.573.472</b>	<b>-</b>	<b>953.620.450</b>	<b>3.256.193.922</b>

# Notes to separate financial statements

for the financial year ending 31 December 2021

## 31 December 2020

<i>In LEI</i>	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss - shares	277.335.076	-	762.391.983	1.039.727.059
Financial assets at fair value through profit and loss account - fund units	305.468.130	-	-	305.468.130
Financial assets at fair value through profit and loss account - bonds	37.898.081	11.297.035	-	49.195.115
Financial assets measured at fair value through other comprehensive income – shares	1.183.689.056	-	125.630.335	1.309.319.392
Financial assets measured at fair value through other comprehensive income - corporate bonds	5.111.504	-	-	5.111.504
Investment property	-	-	13.180.199	13.180.199
Land and buildings	-	-	3.602.488	3.602.488
	<b>1.809.501.847</b>	<b>11.297.035</b>	<b>904.805.005</b>	<b>2.725.603.887</b>

In 2021 and 2020 there were no transfers between fair value levels.

The following table shows the reconciliation from the initial balance to the final balance for financial assets measured at fair value and investment property, level 3 of the fair value hierarchy:

	Financial assets measured at fair value through other comprehensive income - shares	Financial assets measured at fair value through the profit or loss - shares	Investment property
<b>2021</b>			
<b>Balance as at 1 January 2021</b>	<b>125.630.335</b>	<b>762.391.983</b>	<b>13.180.199</b>
(Gains) or losses recognised in:			
- profit and loss account	-	28.250.032	699.195
- other elements of the overall result	36.146.025	-	-
Acquisitions/Entries	-	-	-
Value of holdings ceded	(15.223.837)	-	(926.060)
<b>Balance at 31 December 2021</b>	<b>146.552.522</b>	<b>790.642.015</b>	<b>12.953.334</b>
<b>2020</b>			
<b>Balance as at 1 January 2020</b>	<b>112.694.805</b>	<b>553.111.966</b>	<b>20.047.164</b>
(Gains) or losses recognised in:			
- profit and loss account	-	55.223.792	2.769.835
- other elements of the overall result	12.565.727	-	-
Acquisitions/Entries	369.803	158.938.967	-
Value of holdings ceded	-	(4.882.742)	(9.636.800)
<b>Balance at 31 December 2020</b>	<b>125.630.335</b>	<b>762.391.983</b>	<b>13.180.199</b>

Although the Company considers its own estimates of fair value to be appropriate, the use of other methods or assumptions could lead to different fair value values. For fair values recognised by the use of a significant number of unobservable inputs (Level 3), changing one or more assumptions in order to enable alternative assumptions would have an effect on the overall and current result.

At the value resulting from the valuation of investments in shares, a sensitivity analysis was carried out by estimating some risk variations on the main influencing factors. Two evaluation techniques were used, namely:

(1) *Valuation based on discounted cash flow* - thus, both the EBITDA values and the values of the weighted average cost of capital were statistically modified by +/-5% (2020: +/-5%), considered as a risk limit, obtaining values per share and implicitly of the company's equity with a deviation from the standard value. These deviations from the standard amount influence the profit and loss account, i.e. other comprehensive income (net tax) items.

## Notes to separate financial statements

for the financial year ending 31 December 2021

2021	Impact in the profit or	Impact in other elements
Change the global elements variable	loss account	of the overall result
EBITDA increase by 5%	7.424.275	2.229.550
EBITDA decrease by 5%	(7.422.923)	(2.229.550)
Wacc increase by 5%	(8.744.952)	(2.029.598)
Wacc reduction by 5%	10.170.990	2.269.550
2020	Impact in the profit or	Impact in other elements
Change the global elements variable	loss account	of the overall result
EBITDA increase by 5%	8.096.056	2.029.910
EBITDA decrease by 5%	(8.099.653)	(2.029.250)
Wacc increase by 5%	(10.085.543)	(1.781.812)
Wacc reduction by 5%	11.899.997	1.986.167

(2) Valuation based on adjusted net assets – both the values of assets and the values of obligations (liabilities) have been modified by +/-5% (2020: +/-5%), obtaining values per share and equity of the company, with a deviation from the standard value. These deviations from the standard amount influence the profit and loss account, i.e. other comprehensive income (net tax) items.

2021	Impact in the profit or	Impact in other elements
Change the global elements variable	loss account	of the overall result
5% increase in assets	30.364.033	4.475.898
Decrease of assets by 5%	(30.391.272)	(4.476.348)
Liabilities increase by 5%	(844.397)	(2.298.323)
Liabilities reduction by 5%	846.838	2.298.323
2020	Impact in the profit or	Impact in other elements
Change the global elements variable	loss account	of the overall result
5% increase in assets	29.620.758	4.567.756
Decrease of assets by 5%	(29.621.208)	(4.567.756)
Liabilities increase by 5%	(433.660)	(2.271.038)
Liabilities reduction by 5%	463.318	2.271.038

At the value resulting from the assessment of the fund units, a sensitivity analysis was carried out. These funds generally invest in highly liquid stocks and bonds. As such, the sensitivity analysis was carried out considering a change of +/-10% in the market prices of equity instruments. These changes influence the profit and loss account (tax net) with the amount of +/- RON 31,011,142 as of December 31, 2021 (December 31, 2020: +/- RON 25,659,323).

At the value resulting from the valuation of investment property, a sensitivity analysis was performed by estimating risk variations on the main influencing factors. Two evaluation techniques were used, namely:

- valuation based on updated net cash-flow - thus, the values of estimated revenues to be obtained from these investment property have been changed +/-5%. These deviations from the standard amount influence the profit and loss account (net of tax).

- valuation based on market value - thus, the values of market prices estimated to be obtained from these investment property have been changed +/-5%. These deviations from the standard amount influence the profit and loss account (net of tax).

2021	Change the global elements variable	Impact in the profit or loss account
	Revenue growth of 5%	103.911
	Decrease in revenues by 5%	(103.494)
	Market value increase of 5%	453.867
	Decrease market value 5%	(453.867)

2020

## Notes to separate financial statements

for the financial year ending 31 December 2021

<b>Change the global elements variable</b>	<b>Impact in the profit or loss account</b>
Revenue growth of 5%	93.979
Decrease in revenues by 5%	(94.466)
Market value increase of 5%	531.724
Decrease market value 5%	(531.724)

The management considers that a presentation in the manner of the above is useful for establishing the directions of action useful in risk management.

### **Classification of financial assets and liabilities**

The accounting policies of the Company provide the basis for assets and liabilities to be classified, at the initial time, in different accounting categories. For the classification of assets and liabilities at fair value through profit or loss, the Company determined that one or more of the criteria set out in Note 3(e)(i) were met.

The details of the classification of the Company's financial assets and liabilities are given in note 6.

### **Determination of the fair value of Investment Property**

The fair value of completed investment property is determined using the income method with explicit assumptions about the benefits and liability to property over the life of the asset including an exit or write-off value. As an accepted method within the income approach for valuation, the method of capitalizing income on real estate shares is used. To the projected cash flow series, a market-derived capitalisation rate is applied to determine the current value of the cash flows associated with the property.

Specific income and timing of inflows and exits are determined by events such as the revision of rents, renewal of the lease and related rental periods, re-renting, redevelopment or renovation. The corresponding duration is usually determined by the market behavior. In the case of investment property, revenues estimated to be gross income minus unoccupied premises, unrecoverable expenses, collection losses, rental incentives, maintenance costs, agency costs and commissions, and other operating and management expenses.

For the years ended December 31, 2021 and 2020, the Company has obtained valuation reports on its investment property. The fair value of investment property is based on these measurements.

For all investment property, the current usability is equivalent to the highest and best usability. In case of outsourcing the preparation of evaluation reports, the Company shall review the valuations made by the independent evaluators for financial and reporting purposes.

IFRS 13 defines fair value as the price that would be received if an asset was sold or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. The company now presents fair values according to a "fair value hierarchy" (according to IFRS 13) that classifies inputs used in three-tier measurement techniques. The hierarchy gives the highest priority (Tier 1) to prices listed in active markets for identical assets or liabilities and the lowest priority (Tier 3) to insignificant inflows. The different levels of the fair value hierarchy are explained below:

— Level 1: Listed (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

— Tier 2: Use of a model with inputs (other than tier 1 prices) that are directly or indirectly observable market data, and

— Level 3: Using a model with inputs that are not based on observable data.

The investment property of the Company are classified as Level 3. There were no transfers between hierarchy levels during the year.

Information on measuring fair value using significant unobservable inputs (Level 3) for 2021 is presented in the table below:

<b>Segments</b>	<b>Method of assessment</b>	<b>Estimated value of rent – euro/sqm</b>	<b>% capitalisation rates</b>
Commercial and services – buildings	Revenue method	12-14 euro/sqm	8 – 9%

## Notes to separate financial statements

*for the financial year ending 31 December 2021*

Information on measuring fair value using significant unobservable inputs (Level 3) for 2020 is presented in the table below:

<b>Segments</b>	<b>Method of assessment</b>	<b>Estimated value of rent - euro/sqm</b>	<b>% capitalisation rates</b>
Commercial and services - buildings	Revenue method	10 euro/sqm	8,5 - 9%

## Notes to separate financial statements

for the financial year ending 31 December 2021

### 6. Financial assets and liabilities

The table below summarizes the accounting values and fair values of the Company's financial assets and liabilities as at December 31, 2021:

<i>In LEI</i>	Financial assets valued at:		Financial assets/liabilities valued at amortised cost	Total carrying amount	Fair value
	fair value through profit or loss	fair value through other comprehensive income			
<b>Cash and cash equivalents</b>	-	-	<b>260.126.530</b>	<b>260.126.530</b>	<b>260.126.530</b>
Cash in the cashier's office	-	-	2.019	2.019	2.019
Current accounts with banks	-	-	153.650.852	153.650.852	153.650.852
Bank deposits with an initial maturity of less than 3 months	-	-	106.473.659	106.473.659	106.473.659
<b>Bank deposits</b>	-	-	<b>79.232.230</b>	<b>79.232.230</b>	<b>79.232.230</b>
<b>Financial assets at fair value through profit or loss</b>	<b>1.680.415.609</b>	-	-	<b>1.680.415.609</b>	<b>1.680.415.609</b>
Shares	1.273.327.647	-	-	1.273.327.647	1.273.327.647
Fund units	369.180.263	-	-	369.180.263	369.180.263
Corporate bonds	37.907.699	-	-	37.907.699	37.907.699
<b>Financial assets measured at fair value through other comprehensive income</b>	-	<b>1.559.352.399</b>	-	<b>1.559.352.399</b>	<b>1.559.352.399</b>
Shares	-	1.554.069.140	-	1.554.069.140	1.554.069.140
Corporate bonds	-	5.283.259	-	5.283.259	5.283.259
<b>Financial assets measured at amortised cost</b>	-	-	-	-	-
Bonds issued by financial institutions	-	-	-	-	-
<b>Other financial assets</b>	-	-	<b>10.514.505</b>	<b>10.514.505</b>	<b>10.514.505</b>
<b>Total financial assets</b>	<b>1.680.415.609</b>	<b>1.559.352.399</b>	<b>349.873.265</b>	<b>3.510.409.043</b>	<b>3.510.409.043</b>
Lease liabilities	-	-	(789.288)	(789.288)	(789.288)
Other financial liabilities	-	-	(10.219.192)	(10.219.192)	(10.219.192)
<b>Total financial liabilities</b>	-	-	<b>(11.008.480)</b>	<b>(11.008.480)</b>	<b>(11.008.480)</b>

## Notes to separate financial statements

for the financial year ending 31 December 2021

The table below summarizes the accounting values and fair values of the Company's financial assets and liabilities as at December 31, 2020:

<i>In LEI</i>	Financial assets valued at:		Financial assets/liabilities valued at amortised cost	Total carrying amount	Fair value
	fair value through profit or loss	fair value through other comprehensive income			
<b>Cash and cash equivalents</b>	-	-	<b>150.710.816</b>	<b>150.710.816</b>	<b>150.710.816</b>
Cash in the cashier's office	-	-	19.449	19.449	19.449
Current accounts with banks	-	-	36.026.197	36.026.197	36.026.197
Bank deposits with an initial maturity of less than 3 months	-	-	114.665.170	114.665.170	114.665.170
<b>Bank deposits</b>	-	-	-	-	-
<b>Financial assets at fair value through profit or loss</b>	<b>1.394.390.304</b>	-	-	<b>1.394.390.304</b>	<b>1.394.390.304</b>
Shares	1.039.727.059	-	-	1.039.727.059	1.039.727.059
Fund units	305.468.130	-	-	305.468.130	305.468.130
Corporate bonds	49.195.115	-	-	49.195.115	49.195.115
<b>Financial assets measured at fair value through other comprehensive income</b>	-	<b>1.314.430.895</b>	-	<b>1.314.430.895</b>	<b>1.314.430.895</b>
Shares	-	1.309.319.391	-	1.309.319.391	1.309.319.391
Corporate bonds	-	5.111.504	-	5.111.504	5.111.504
<b>Financial assets measured at amortised cost</b>	-	-	-	-	-
Bonds issued by financial institutions	-	-	-	-	-
<b>Other financial assets</b>	-	-	<b>5.973.797</b>	<b>5.973.797</b>	<b>5.973.797</b>
<b>Total financial assets</b>	<b>1.394.390.304</b>	<b>1.314.430.895</b>	<b>156.684.613</b>	<b>2.865.505.812</b>	<b>2.865.505.812</b>
Lease liabilities	-	-	(934.521)	(934.521)	(934.521)
Other financial liabilities	-	-	(6.673.694)	(6.673.694)	(6.673.694)
<b>Total financial liabilities</b>	-	-	<b>(7.608.215)</b>	<b>(7.608.215)</b>	<b>(7.608.215)</b>

# Notes to separate financial statements

for the financial year ending 31 December 2021

## 7. Dividend income

In accordance with IFRS 9 and as a result of the Company choosing the option to measure the holdings through other comprehensive income, the dividends on those holdings are recognised in the income unless they represent a return on the cost of the investment.

The dividend income is recorded at gross value. The dividend tax rates for the financial year ended December 31, 2021 from resident and non-resident companies were 0%, 5% and 27.5% (2020: 0% and 5%). The breakdown of dividend income on the main counterparties is shown in the table below:

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>Assessment</b>
SIF Real Estate PLC	52.286.577	-	FVTPL
Banca Transilvania*	21.951.593	27.387.563	FVTOCI
Azuga Turism SA	10.009.139	-	FVTPL
Erste Bank*	8.505.506	18.343	FVTOCI
Biofarm	7.966.125	11.224.994	FVTPL
Vrancart SA Adjud	7.511.836	8.983.226	FVTPL
SAI Muntenia Invest	6.698.660	12.237.552	FVTOCI
Conpet	3.880.988	3.968.618	FVTOCI
Iamu Blaj	3.067.867	3.067.867	FVTPL
Gaz Vest Arad	2.607.914	752.117	FVTPL
BT Asset Management**	2.000.000	-	FVTOCI
SNP Petrom	1.111.840	1.111.840	FVTOCI
BRD	1.019.801	-	FVTOCI
SIF Oltenia	580.414	1.160.829	FVTOCI
Evergent Investments/SIF Moldova**	496.605	3.005.937	FVTOCI
Antibiotics Iasi	46.843	423.328	FVTOCI
Others	628.835	738.274	FVTOCI
SIFI CJ Logistic	81.184	-	FVTPL
uniteh	-	7.770.077	FVTPL
SNGN ROMGAZ	-	2.530.384	FVTOCI
SNTGN Transgaz	-	678.282	FVTOCI
Electrica SA	-	477.389	FVTOCI
Romp petrol Well Services	-	242.181	FVTOCI
<b>Total</b>	<b>130.451.726</b>	<b>85.778.801</b>	
FVTOCI	46.921.084	53.980.520	
FVTPL	83.530.642	31.798.281	

**FVTPL** = Financial assets at fair value through profit or loss/ **FVTOCI** = Financial assets at fair value through other comprehensive income

\*Partial sales of the package held in 2021/\*\* Full sale of the package held in 2021

## 8. Interest income

**Interest income (assets at amortised cost, assets at fair value through other comprehensive income)**

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Interest income on deposits and current accounts	1.303.587	2.012.471
Interest income on bonds measured at amortised cost	-	4.103.958

## Notes to separate financial statements

### for the financial year ending 31 December 2021

Interest income on assets measured by other comprehensive income (corporate bonds)	298.074	293.867
	<b>1.601.660</b>	<b>6.410.296</b>

#### Interest income (assets at fair value through profit or loss)

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Interest income on corporate bonds	1.417.727	2.478.903
Interest income related to the contract for the disposal of financial assets*	1.717.821	-
	<b>3.135.548</b>	<b>2.478.903</b>

\*The amount represents the financing component extracted from the total value of the contract for the assignment of the participation in Central S.A., according to the contractual clauses agreed between the parties, with a maximum duration of completion of 30 months from the date of its signing (February 2021).

#### 9. Other operating income

	<b>31 December 2021</b>	<b>31 December 2020</b>
Income from impairment adjustments for amounts receivable	113.215	-
Other revenue	245.786	172.715
<b>Total</b>	<b>359.001</b>	<b>172.715</b>

#### 10. Gain/(Loss) from investment property

	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Balance January 1st</b>	<b>13.180.199</b>	<b>20.047.164</b>
Entries	-	-
Exits	(926.060)	(9.636.800)
Changes in fair value — gain/(loss)	699.195	2.769.835
<b>Balance at 31 December</b>	<b>12.953.334</b>	<b>13.180.199</b>

During 2021, a space held in Timisoara was sold, the gain related to the transaction recognized as a result of 2021 being in the amount of RON 874, while on December 31, 2020, the assigned asset was measured at fair value based on the sale price resulting from the contract concluded, by applying the provisions of IAS10. The amount of RON 698,321 represents the change in fair value during 2021.

During 2020, a space owned in Timisoara was sold, the gain from the transaction being in the amount of 2,466,217 lei. The amount of RON 303,618 represents the change in fair value during 2020.

The evaluation was carried out by internal evaluators, evaluators authorized by the National Association of Authorized Valuers in Romania (ANEVAR).

#### 11. Net gain/(loss) on financial assets at fair value through profit or loss

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Gain/(Loss) from the valuation of fund units	64.601.601	(58.119.753)
Gain/(Loss) from the valuation of bonds	21.232	(73.494)
Gain/(Loss) from the valuation/disposal of shares in subsidiaries and associates	220.693.655	81.083.319
<b>Total</b>	<b>285.316.488</b>	<b>22.890.072</b>

## Notes to separate financial statements

### for the financial year ending 31 December 2021

The gain realized on 31 December 2021 from the evaluation of the fund units is in the amount of 64.6 million lei (2020: loss of 58.1 million lei) and includes:

- favorable difference in value resulting from the valuation in the amount of LEI 63.7 million (2020: unfavorable differences of LEI 61.4 million);
- the amount of RON 0.9 million (2020: LEI 3.3 million) paid by F.I.A. Certinvest Shares representing dividends received from the portfolio companies and distributed to the fund participants, according to the fund's prospectus.

The gain from the valuation / disposal of subsidiaries and associates as at 31 December 2021 in the amount of LEI 220.7 million (2020: LEI 81.1 million) includes:

- a favorable difference from the evaluation of the subsidiaries (level 1 and level 3) in the amount of LEI 59.4 million (2020: LEI 52.39 million and LEI 0.92 million from the sale of a subsidiary). Within this amount is also included the fair value difference (between the market value and the value of the subscription), related to the shares subscribed and paid during December 2021, as a result of participating in the share capital increase with cash contribution to Vrancart S.A.
- a favorable difference from the assessment of associates (level 1 and level 3) in the amount of LEI 161.3 million (2020: LEI 27.77 million);

### 12. Fees charged

<i>In LEI</i>	<b>2021</b>	<b>2020</b>
Fees of the Financial Supervisory Authority	2.961.805	2.613.550
Deposit fees	1.051.054	795.843
Commissions due to transactions	853.025	5.143.948
Registry fees	183.746	144.000
Other commissions	59.500	97.471
<b>Total</b>	<b>5.109.130</b>	<b>8.794.811</b>

### 13. Other operational expenses

<i>In LEI</i>	<b>2021</b>	<b>2020</b>
Expenses related to other taxes, duties and similar payments	122.026	242.505
Expenses on salaries and other staff costs	16.133.021	14.842.612
Depreciation charges	280.654	280.164
Expenses on external benefits	5.560.675	4.016.088
Interest expense and depreciation of assets with the right to use from the leasing contract	292.586	296.766
<b>Total</b>	<b>22.388.962</b>	<b>19.678.132</b>

#### **Expenses on wages and salaries treated as such**

	<b>2021</b>	<b>2020</b>
Expenses on salaries	15.425.352	14.161.527
- fixed	8.699.975	8.487.873
- variables	6.725.377	5.673.654
Expenses on insurance and social protection	509.827	492.764
Other staff costs	197.842	188.321
<b>Total</b>	<b>16.133.021</b>	<b>14.842.612</b>

	<b>2021</b>	<b>2020</b>
Employees with higher education	27	28
Employees with secondary education	3	3
Employees with general education	3	3
<b>TOTAL</b>	<b>33</b>	<b>34</b>

## Notes to separate financial statements

for the financial year ending 31 December 2021

The average number of employees for the financial year ended 31 December 2021 was 34 (2020: 34).  
The fee paid to the auditors during 2021 for the audit of financial statements was in the amount of 372,014 lei (2020: 380,012 lei), of which for individual situations 257,176 lei (2020: 229,407 lei), for consolidated situations 107,544 lei (2020: 134,064 lei), additional expenses 7,294 lei (2020: 16,541 lei) and for non-audit services 0 lei (2020: 41,907 lei).

### 14. Corporation tax

<i>In LEI</i>	<b>2021</b>	<b>2020</b>
<b>Current profit tax</b>		
Current corporate income tax (16%)	5.506.294	-
Tax on dividends (0%, 5%, 27.5%)	3.828.392	2.077.696
<b>Expenses with / (Income from) deferred income tax related to:</b>		
-Financial assets at fair value through other comprehensive income	-	-
- Financial assets at fair value through profit or loss	-	-
-Property, plant and equipment /Investment property	4.533	(16.280)
<b>Total corporation tax recognised in the profit or loss of the financial year</b>	<b>9.339.219</b>	<b>2.061.416</b>

Reconciling profit before tax with income tax expense in the profit and loss account:

<i>In LEI</i>	<b>2021</b>	<b>2020</b>
<b>Profit before tax</b>	<b>396.340.324</b>	<b>94.183.822</b>
<b>Tax in accordance with the statutory tax rate of 16% (2020: 16%)</b>	<b>63.414.452</b>	<b>15.069.412</b>
<b>Effect on corporate tax of:</b>		
Tax on dividends (0%, 5%, 27.5%)	3.828.392	2.077.696
Non-deductible expenses and assimilated elements	14.564.606	15.186.234
Non-taxable income	(67.464.865)	(31.724.362)
Items similar to earnings	19.750.556	71.867
Items similar to expenses	-	-
Tax loss to be recovered	(1.396.849)	1.396.849
Tax deferred	4.533	(16.280)
Amounts representing sponsorship within legal limits and other deductions	(3.744.309)	-
Tax recognized in retained earnings	(19.617.295)	-
<b>Corporate income tax</b>	<b>9.339.219</b>	<b>2.061.416</b>

Non-deductible expenses on which the income tax effect has been calculated mainly include unfavourable differences in the fair value measurement of holdings where the holding is greater than 10% for an uninterrupted period of more than 1 year.

Non-taxable income mainly includes dividend income due from Romanian legal entities and income from fair value measurement related to holdings where the holding is over 10% for an uninterrupted period longer than 1 year.

Starting with January 1, 2014, the amendments to the Fiscal Code entered into force according to which the non-taxable incomes for the calculation of the profit tax are included in the category of non-taxable income, along with dividend income, and income from the sale / assignment of participation titles and liquidation income, regardless of whether the legal entities in which participation titles are held are Romanian or foreign legal entities, from states with which Romania has concluded conventions for the avoidance of double taxation (including from outside the EU). These incomes are non-taxable if certain conditions are met (if at the date of sale / sale of the shares or on the date of commencement of the liquidation operation, the minimum period of 1 year of uninterrupted holding of a participation of at least 10% is fulfilled).

# Notes to separate financial statements

for the financial year ending 31 December 2021

## 15. Cash and cash equivalents

In LEI	31 December 2021	31 December 2020
Cash in the cashier and other valuables	2.019	19.449
Current accounts with banks	153.650.852	36.026.197
Deposits with banks with an initial maturity of less than 3 months	106.473.659	114.665.170
<b>Total</b>	<b>260.126.530</b>	<b>150.716.816</b>

Current accounts opened with banks and bank deposits are permanently at the disposal of the Company and are not restricted.

Cash and cash equivalents are not overdue and are not depreciated.

## 16. Bank deposits

In LEI	31 December 2021	31 December 2020
Deposits with banks with an initial maturity of more than 3 months	79.198.863	-
Attached interest on deposits	33.367	-
<b>Total</b>	<b>79.232.230</b>	<b>-</b>

Bank deposits are not overdue and are not depreciated.

## 17 Assets measured at fair value through the profit or loss

In LEI	31 December 2021	31 December 2020
Shares measured at fair value, showing separately:	1.273.327.647	1.039.727.059
-unconsolidated subsidiaries	944.124.545	871.798.145
-associate entities	329.203.103	167.928.914
Fund units measured at fair value	369.180.263	305.468.130
Corporate bonds (including attached interest)	37.907.699	49.195.115
<b>Total</b>	<b>1.680.415.609</b>	<b>1.394.390.304</b>

Shares measured at fair value through profit or loss include (unbound) subsidiaries in the amount of 944.124.545 Lei (2020: RON 871,798,145) and associates RON 329,203,103 (2020: RON 167,928,914).

The fair value of investments in subsidiaries is shown below:

	31 December 2021	31 December 2020
<b>1 Measured at fair value through profit or loss</b>		
SIF IMOBILIARE PLC NICOSIA	346.555.946	368.782.154
SIF1 IMGB BUCHAREST	241.630.000	214.790.000
NAPOMAR SA CLUJ-NAPOCA	10.709.567	11.395.709
SIF HOTELS SA ORADEA	67.177.207	57.535.630
AZUGA TURISM SA BUCURESTI	15.076.659	21.623.517
IAMU SA BLAJ	41.055.745	43.479.532
CENTRAL SA CLUJ-NAPOCA	38.903.269	30.729.283
VRANCART SA ADJUD*	180.697.079	122.357.737
SIF SPV TWO BUCHAREST	56.094	52.531
UNITEH SA TIMISOARA	375.311	163.724
SIFI CJ LOGISTIC	1.887.667	888.329
<b>Total</b>	<b>944.124.545</b>	<b>871.798.145</b>

## Notes to separate financial statements

for the financial year ending 31 December 2021

<b>Measured at fair value through other comprehensive</b>		
<b>2 income</b>		
Real Estate Administration Bucharest	43.531.931	46.823.941
SAI Muntenia Invest SA Bucharest	88.812.234	51.969.608
<b>Total</b>	<b>132.344.165</b>	<b>98.793.549</b>

\*Including the fair value of the shares subscribed and paid off in December 2021

**Situation of investment funds in which fund units are held:**

	<b>31 December 2021</b>	<b>31 December 2020</b>
Active Plus Closed Investment Fund	195.234.134	162.502.921
Optim Invest Closed Investment Fund	43.346.457	35.627.770
Star Value Closed-End Investment Fund	10.556.251	9.803.909
Alternative Investment Fund Certinvest Shares	81.440.361	67.067.871
Alternative Investment Fund Romania Strategy Fund	38.603.060	30.465.660
<b>Total</b>	<b>369.180.263</b>	<b>305.468.130</b>

The movement of financial assets measured at fair value through profit or loss in 2021 is shown in the following table:

	<b>Corporate</b>			
	<b>Shares</b>	<b>Fund units</b>	<b>bonds</b>	<b>Total</b>
<b>1 January 2021</b>	<b>1.039.727.058</b>	<b>305.468.130</b>	<b>49.195.115</b>	<b>1.394.390.304</b>
Acquisitions	12.906.934	-	-	12.906.934
Sales	-	-	(10.712.680)	(10.712.680)
Change in interest receivable	-	-	(596.162)	(596.162)
Change in fair value (including exchange rate differences)	220.693.655	63.712.133	21.425	284.427.214
<b>31 December 2021</b>	<b>1.273.327.647</b>	<b>369.180.263</b>	<b>37.907.699</b>	<b>1.680.415.609</b>

The acquisitions made during 2021 include participation in the share capital increase with cash contribution to Vrancart SA, made in December 2021 and completed in February 2022. In connection with this acquisition, the Company recognised the acquired shares on 31 December 2021 and, as part of the change in fair value, recognised the difference between the market price of the shares and their acquisition value by applying the transaction date accounting principles and the requirements of IAS 10.

The outflows from corporate bonds represent the maturity repurchase of the remaining principal from the bonds issued by SIFI BH Retail S.A.

The movement of financial assets measured at fair value through profit or loss in 2020 is shown in the following table:

	<b>Corporate</b>			
	<b>Shares</b>	<b>Fund units</b>	<b>bonds</b>	<b>Total</b>
<b>1 January 2020</b>	<b>804.587.514</b>	<b>366.420.749</b>	<b>55.782.890</b>	<b>1.226.791.154</b>
Acquisitions	158.938.967	497.690	-	159.436.657
Sales	(4.882.742)	-	(6.568.790)	(11.451.432)
Change in interest receivable	-	-	(228.402)	(228.402)
Change in fair value (including exchange rate differences)	81.083.319	(61.450.309)	209.417	19.842.426
<b>31 December 2020</b>	<b>1.039.727.058</b>	<b>305.468.130</b>	<b>49.195.115</b>	<b>1.394.390.304</b>

The acquisitions made during 2020 include shares of subsidiaries classified as assets at fair value through profit or loss respectively fund units at Certinvest Shares in the amount of LEI 0.5 million.

The sales of shares in the amount of 4.9 million lei include the equivalent value of the shares of Somplast SA.

In corporate bonds, the outflows include the value of Banca Transilvania bonds repurchased at maturity.

# Notes to separate financial statements

for the financial year ending 31 December 2021

## Hierarchy analysis of the fair value of financial instruments

At 31 December 2021, financial assets measured at fair value classified by level 3 are as follows:

Financial Assets	Fair value 31st December 2021	Valuation method	Input data		Indirect input data	Weighted average cost of capital		Discount rate		Sensitivity - relationship between fair value and indirect input data
						Standard values	Variation vs standard	Standard values	Variation vs standard	
<b>Financial assets</b>	<b>937.194.538</b>									
<b>Unlisted majority holdings, unlisted holdings</b>	<b>222.831.412</b>	Discounted cashflow	Turnover, EBITDA	Plus/minus 5% vs standard	Weighted average cost of capital	9,1%-37,0%	Plus/minus 5% vs standard			An increase (decrease) in EBITDA and a decrease (increase) in WACC leads to an increase (decrease) in fair value
<b>Unlisted majority holdings, unlisted holdings</b>	<b>634.036.950</b>	Adjusted net assets	Individual net assets for all entities in the portfolio	Plus/minus 5% vs standard values of assets and liabilities	Rent and capitalization rate			8%-11% used for fixed assets (main weight in total assets)	Plus/minus 5% vs standard	An increase (decrease) in net assets leads to an increase(decrease) in fair value
<b>Unlisted majority holdings and investments in unlisted associates</b>	<b>66.117.819</b>	Sale/purchase agreement - not finalized at FS date								
<b>Minority holdings in unlisted entities or listed stocks with no active market</b>	<b>1.635.333</b>	Market comparison method	A sale of shares held in the susequent quarter, an indicator of fair value at reporting date							
	<b>3.525.290</b>	Market comparison method	Comparable trades with significant peer companies							
	<b>9.047.734</b>	Adjusted net assets	historical annual/half-year financial statements		Discounts for lack of liquidity, control or active market					
<b>Total</b>	<b>937.194.538</b>									

# Notes to separate financial statements

for the financial year ending 31 December 2021

At 31 December 2020, financial assets measured at fair value classified by level 3 are as follows:

Fiancial Assets	Fair value 31th December 2021	Valuation method	Input data		Indirect input data	Weighted average cost of capital		Discount rate		Sensitivity - relationship between fair value and indirect input data
						Valori standard	Variatii fata de valori standard	Valori standard	Variatii fata de valori standard	
<b>Financial assets</b>	<b>888.022.319</b>									
<b>Unlisted majority holdings, unlisted holdings</b>	<b>216.733.279</b>	Discounted cashflow	Turnover, EBITDA	Plus/minus 5% vs standard	Weighted average cost of capital	8%-31.7%	Plus/minus 5% vs standard			An increase (decrease) in EBITDA and a decrease (increase) in WACC leads to an increase (decrease) in fair value
<b>Unlisted majority holdings, unlisted holdings</b>	<b>631.500.678</b>	Adjusted net assets	Individual net assets for all entities in the portfolio	Plus/minus 5% vs standard values of assets and liabilities	Rent and capitalization rate			%-11% used for fixed assets (main weight in total assets)	Plus/minus 5% vs standard	An increase (decrease) in net assets leads to an increase(decrease) in fair value
<b>Investments in associates</b>	<b>12.951.575</b>	Discounted cashflow	Turnover, EBITDA	Plus/minus 5% vs standard	Weighted average cost of capital	11,67%	Plus/minus 5% vs standard			An increase (decrease) in EBITDA and a decrease (increase) in WACC leads to an increase (decrease) in fair value
<b>Minority holdings in unlisted entities or listed stocks with no active market</b>	<b>10.999.350</b>	Market comparison method	historical annual/half-year financial statements		Comparable trades with significant peer companies					
	<b>15.837.437</b>	Adjusted net assets	historical annual/half-year financial statements		Discounts for lack of liquidity, control or active market					
<b>Total</b>	<b>888.022.319</b>									

# Notes to separate financial statements

for the financial year ending 31 December 2021

## 18 Assets measured at fair value through other comprehensive income

The fair value of the shares for which the Company selected the option to reflect fair value accounting through other items of result as at 31 December 2021 and 31 December 2020 is presented below, structured by the main sectors of economic activity. The Company has chosen, at the date of transition to IFRS 9 and initial recognition of new acquisitions, this mode of presentation as required by IFRS 9 as this option is consistent with the Company's investment strategy and horizon in relation to these investments.

In LEI	31 December		31 December	
	2021	%	2020	%
Financial intermediation and insurance	1.409.857.854	90,7%	1.153.509.071	88,1%
Manufacturing industry	20.755.341	1,3%	27.531.618	2,1%
Hotels and restaurants	15.388.961	1,0%	20.856.838	1,6%
Wholesale and retail trade, repair of motor vehicles	145.009	0,0%	235.287	0,0%
Extractive industry	17.897.034	1,2%	13.037.218	1,0%
Other activities	1.174.734	0,1%	3.738.815	0,3%
Financial services applicable to the real estate domain	43.531.931	2,8%	46.823.941	3,6%
Construction	606.059	0,0%	197.061	0,0%
Transport and storage	44.560.504	2,9%	42.978.421	3,3%
Agriculture, forestry and fisheries	151.713	0,0%	411.121	0,0%
<b>TOTAL</b>	<b>1.554.069.140</b>	<b>100,0%</b>	<b>1.309.319.391</b>	<b>100%</b>

Dividend income from shares measured at fair value through other comprehensive income is presented separately in Note 7.

The movement of financial assets measured at fair value through other comprehensive income in 2021 is shown in the following table:

In LEI

	Shares*	Corporate bonds**
<b>1 January 2021</b>	<b>1.309.319.391</b>	<b>5.111.504</b>
Purchases	67.751.279	
Sales	(196.793.416)	
Change in interest receivable	-	962
Change in fair value (including exchange rate differences)	373.791.886	170.793
<b>31 December 2021</b>	<b>1.554.069.140</b>	<b>5.283.259</b>

\*the option to measure fair value through other comprehensive income was exercised at initial recognition

\*\*SPPI tested and recognised as held for collection and sale

The inflows of shares in 2021, in the total amount of LEI 67.7 million, mainly include the acquisition of Banca Transilvania shares in the amount of LEI 61.2 million and BVB in the amount of LEI 6.5 million.

The sales of shares in the amount of 196.8 million lei, mainly include the sale of Erste Bank shares (fair value of the package at the date of sale: 71.6 million lei), Banca Transilvania (24 million lei) and exits from evergent companies (68.2 million lei), BT Asset Management (11 million lei), Mobex (3.2 million lei), Iproeb (4.1 million lei), Rompetrol Well Services, Compa (1.3 million lei) and Comat Maramureş (1 million lei). The net result from transactions in the amount of LEI 117.66 million was transferred to the retained earnings.

The movement of financial assets measured at fair value through other comprehensive income in 2020 is shown in the following table:

In LEI

	Shares*	Corporate bonds**
<b>1 January 2020</b>	<b>1.503.213.414</b>	<b>5.053.634</b>
Purchases	7.459.123	-
Sales	(65.497.597)	-
Change in interest receivable	-	(1.417)

## Notes to separate financial statements

for the financial year ending 31 December 2021

Change in fair value (including exchange rate differences)	(135.855.548)	59.288
<b>31 December 2020</b>	<b>1.309.319.391</b>	<b>5.111.504</b>

\*the option to measure fair value through other comprehensive income was exercised at initial recognition

\*\*SPPI tested and recognised as held for collection and sale

The inflows of shares in 2020, in the total amount of 7.5 million lei, mainly include the acquisition of Banca Transilvania shares in the amount of 4.4 million lei and BVB in the amount of 2.5 million lei.

The sales of shares in the amount of 65.5 million lei, mainly include the sale of shares of Romgaz (45.4 million lei), Transgaz (12.9 million lei) and Electrica (7.1 million lei).

The net result from transactions in the amount of LEI 3.9 million was recognized in the retained earnings.

### Changes in the fair value of financial assets measured through other comprehensive income

In LEI	2021	2020
<b>On January 1st</b>	<b>766.477.039</b>	<b>882.094.443</b>
Gain/(Loss) on the fair value measurement of financial assets measured at fair value through other comprehensive income	373.879.953	(135.890.625)
(Gain)/Loss transferred to retained earnings on financial assets measured at fair value through other comprehensive income out of the portfolio	(117.660.625)	(3.942.196)
(Gain)/Loss transferred to the profit and loss account of financial assets measured at fair value through other comprehensive out-of-portfolio income items	-	-
Effect of the related deferred income tax	(38.271.042)	24.215.417
<b>As of December 31st</b>	<b>984.425.325</b>	<b>766.477.039</b>

During 2021, out of a result related to the ceded assets of RON 117,660,625 transferred to the retained earnings, RON 107,990,187 represents differences from the marking on the market accumulated until the date of disposal, and RON 9,670,438 the value differences between the sale price and the book value on the date of their disposal.

During 2020, the Company recorded the amount of (3,058,266) lei as the difference between the sale price of the derecognised shares and their most recent accountingly recognized fair value. Thus, out of a result related to the ceded assets of RON 3,942,196 transferred to the retained earnings, RON 7,000,462 represent value differences recognized until 31 December 2019, and (RON 3,058,266) the value differences between 01 January 2020 and the date of derecognising these assets.

### 19. Other financial assets

In LEI	31 December 2021	31 December 2020
Various debtors	6.122.541	7.196.933
Other financial assets	5.684.481	182.596
Provisions for the depreciation of various debtors	(1.292.517)	(1.405.732)
<b>Total</b>	<b>10.514.505</b>	<b>5.973.797</b>

The provision for the depreciation of various debtors and for the dividends receivable can be analysed as follows:

In LEI	31 December 2021	31 December 2020
<b>On January 1st</b>	<b>1.405.732</b>	<b>1.405.732</b>
Resumption of provision	(113.215)	-
Provisioning	-	-
<b>As of December 31st</b>	<b>1.292.517</b>	<b>1.405.732</b>

## Notes to separate financial statements

### for the financial year ending 31 December 2021

On 31 December 2021, the provision for dividends received or de-registered as a result of the deregistration of companies in judicial reorganization was resumed.

As of December 31, 2021, other debtors (dividends receivable), amounting to LEI 1,292,517 (2020: LEI 1,405,732) were overdue by more than 365 days and adjusted for depreciation.

Financial assets that are not overdue are not considered impaired and do not have an external credit rating.

### 20. Assets representing rights of use of the underlying assets under the lease

In accordance with IFRS 16, applicable from 2019 onwards, the lease of a space concluded in 2019 has been recognised as a lease. The contract was concluded for a period of 5 years and the Company used a discount rate of 6%.

#### Assets representing the rights of use of the underlying assets under the leasing contract

<i>In LEI</i>	31 December 2021	31 December 2020
<b>Balance January 1st</b>	<b>889.240</b>	<b>1.117.902</b>
Impact of changing provisions contract	71.708	-
Amortization	(235.619)	(228.662)
<b>End-of-period balance</b>	<b>725.329</b>	<b>889.240</b>

#### Lease liabilities recognised in the statement of financial position

<i>In LEI</i>	31 December 2021	31 December 2020
<b>Balance January 1st</b>	<b>934.521</b>	<b>1.121.201</b>
Impact modification of contract provisions	65.027	-
Liabilities paid	(224.097)	(206.499)
Expenses arising from exchange rate differences	13.837	19.819
<b>Balance the end of the period, of which:</b>	<b>789.288</b>	<b>934.521</b>
- with a maturity of less than 1 year	258.333	220.305
- with a maturity of more than 1 year	530.955	714.216

#### Expenses related to the leasing contract included in the statement of profit or loss and other elements of the overall result

	31 December 2021	31 December 2020
Depreciation charges	235.619	228.662
Interest expense	56.967	68.104
Expenses with exchange rate differences	7.156	19.819
<b>Total</b>	<b>299.742</b>	<b>316.585</b>

### 21. Property, plant and equipment

<i>In LEI</i>	Land and buildings	Technical installations and means of transport	Other installations, machinery and furniture	Total
Cost				
As of 1 January 2021	3.734.817	1.989.121	434.009	6.157.945
Revaluation	-	-	-	-
Purchases		94.789	18.898	113.687
Outputs		(25.136)	(15.723)	(40.859)
<b>As of 31 December 2021</b>	<b>3.734.817</b>	<b>2.058.775</b>	<b>437.181</b>	<b>6.230.773</b>
<b>Accumulated depreciation and impairment losses</b>				
As of 1 January 2021	132.329	1.633.869	385.159	2.151.357

## Notes to separate financial statements

for the financial year ending 31 December 2021

Revaluation-related depreciation	-	-	-	-
Depreciation expense	129.911	127.595	17.152	274.658
Outputs		(20.412)	(15.079)	(35.490)
<b>As of 31 December 2021</b>	<b>262.240</b>	<b>1.741.054</b>	<b>387.232</b>	<b>2.390.525</b>
<b>Net book value</b>				
<b>As of 1 January 2021</b>	<b>3.602.488</b>	<b>355.252</b>	<b>48.848</b>	<b>4.006.587</b>
<b>As of 31 December 2021</b>	<b>3.472.577</b>	<b>317.721</b>	<b>49.950</b>	<b>3.840.248</b>

<i>In LEI</i>	Land and buildings	Technical installations and means of transport	Other installations, machinery and furniture	Total
<i>Cost</i>				
As of 1 January 2020	3.734.817	1.950.345	457.954	<b>6.143.116</b>
Revaluation	-	-	-	-
Purchases	-	205.607	22.119	<b>227.726</b>
Outputs	-	(166.831)	(46.066)	<b>(212.897)</b>
<b>As of 31 December 2020</b>	<b>3.734.817</b>	<b>1.989.121</b>	<b>434.006</b>	<b>6.157.945</b>
<i>Accumulated depreciation and impairment losses</i>				
As of 1 January 2020	-	1.678.839	384.148	<b>2.062.986</b>
Revaluation-related depreciation	-	-	-	-
Depreciation expense	132.329	121.505	18.950	<b>272.784</b>
Outputs	-	(166.473)	(17.939)	<b>(184.413)</b>
<b>As of 31 December 2020</b>	<b>132.329</b>	<b>1.633.869</b>	<b>385.159</b>	<b>2.151.357</b>
<b>Net book value</b>				
<b>As of 1 January 2020</b>	<b>3.734.817</b>	<b>271.508</b>	<b>73.806</b>	<b>4.080.131</b>
<b>As of 31 December 2020</b>	<b>3.602.488</b>	<b>355.252</b>	<b>48.848</b>	<b>4.006.587</b>

The last revaluation of property, plant and equipment of the nature of land and constructions was carried out on December 31, 2019 by an internal evaluator, member of ANEVAR.

### 22. Other financial liabilities

<i>In LEI</i>	31 December 2021	31 December 2020
Liabilities to employees and related contributions	2.583.734	2.370.287
Duties and taxes	-	1.806
Domestic suppliers and creditors	7.635.458	4.301.601
<b>Total</b>	<b>10.219.192</b>	<b>6.673.694</b>

### 23. Deferred income tax liabilities

Assets and deferred tax liabilities at 31 December 2021 are generated by the items detailed in the following table:

<i>In LEI</i>	Active	Debt	Net
Financial assets at fair value through profit or loss	-	-	-
Financial assets at fair value through other comprehensive income	-	1.111.127.369	(1.111.127.369)
Property, plant and equipment and investment property	-	13.609.350	(13.609.350)
<b>Total</b>	<b>-</b>	<b>1.124.736.719</b>	<b>(1.124.736.719)</b>
Net temporary differences – 16% share	-	-	<b>(1.124.736.719)</b>
Net temporary differences – 10% share	-	-	-
<b>Deferred income tax liabilities</b>	<b>-</b>	<b>-</b>	<b>(179.957.876)</b>

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for the financial year ending 31 December 2021

Tax liabilities deferred at 31 December 2020 are generated by the items detailed in the following table:

<i>In LEI</i>	<b>Active</b>	<b>Liabilities</b>	<b>Net</b>
Financial assets at fair value through profit or loss	-	-	-
Financial assets at fair value through other comprehensive income	-	900.346.816	(900.346.816)
Property, plant and equipment and investment property	-	13.602.799	(13.602.799)
<b>Total</b>	-	<b>913.949.615</b>	<b>(913.949.615)</b>
Net temporary differences – 16% share	-	-	<b>(913.949.615)</b>
Net temporary differences – 10% share	-	-	--
<b>Deferred income tax liabilities</b>	-	-	<b>(146.231.940)</b>

The liabilities regarding the profit tax deferred in the balance as at 31 December 2021 in the amount of 179,957,876 lei (2020: 146,231,939 lei) include:

- the deferred profit tax directly recognized by the decrease of other elements of the global result in the amount of LEI 173,610,067 (2020: LEI 135,339,025), being generated by the reserves related to financial assets measured at fair value through other elements of the global result,
- deferred tax related mainly to differences in the inflation of financial assets, impairment adjustments and investment property, in the amount of LEI 6,347,809 recognized in the retained earnings.

Table of movements on deferred profit tax liabilities

	<b>01/01/2021</b>	<b>Increases/ decreases in the profit and loss account</b>	<b>Increases/decreases in other elements of the overall result</b>	<b>31/12/2021</b>
Financial assets measured at fair value through other comprehensive income	144.055.492	-	38.271.040	182.326.533
Property, plant and equipment and investment property	2.176.448	(4.545.105)	-	(2.368.657)
	<b>146.231.940</b>	<b>(4.545.105)</b>	<b>38.271.040</b>	<b>179.957.876</b>

	<b>01/01/2020</b>	<b>Increases/ decreases in the profit and loss account</b>	<b>Increases/decreases in other elements of the overall result</b>	<b>31/12/2020</b>
Financial assets measured at fair value through other comprehensive income	167.654.341	-	(23.598.849)	144.055.492
Property, plant and equipment and investment property	2.196.272	(16.280)	(3.544)	2.176.448
	<b>169.850.613</b>	<b>(16.280)</b>	<b>(23.602.393)</b>	<b>146.231.940</b>

### 24. Capital and reserves

#### (a) Share capital

As of December 31, 2021, the share capital of SIF Banat Crişana has the value of 51,542,236 lei, being divided into 515,422,363 shares with the face value of 0.1 lei and is resulted from direct subscriptions made to the share capital of SIF, by transforming into shares the amounts due as dividends under law no. 55/1995 and by the effect of law 133/1996. As of December 31, 2021, the number of shareholders was 5,744,120 (December 31, 2020: 5,747,126).

The shares issued by SIF Banat Crişana are traded on the Bucharest Stock Exchange since November 1999. The records of the shares and shareholders are kept by the company Depozitarul Central S.A. Bucharest.

## Notes to separate financial statements

### for the financial year ending 31 December 2021

All shares are ordinary, have been subscribed and are paid in full on 31 December 2021 and 31 December 2020. All the shares have the same voting right and have a nominal value of 0.1 lei / share. The number of shares authorized to be issued is equal to that of the shares issued.

The EGSM of 27 April 2020 approved:

- the reduction of the share capital of the Company pursuant to Art. 207 para. (1) lit.c) of Law no. 31/1990, from 51,746,072.4 lei to 51,542,236.3 lei as a result of the cancellation of a number of 2,038,361 treasury shares acquired by the company under repurchasement programmes. This operation was completed in December 2020.

- the use of a number of 880,000 shares, owned by the Company and redeemed under the EGSM Decision of April 26, 2018, for the distribution free of charge to the members of the Company's management, within the "Stock Option Plan", approved by the EGSM Decision of April 22, 2019. The Board of Directors of the Company approved at the end of May 2020 "Action-based payment plan", which was completed in May 2021.

- the carrying out of a buy-back programme of 15,000,000 shares own ("Schedule I") by the Company in order to reduce its share capital and repurchase a maximum of 880,000 shares ("Schedule II"), for free distribution to the members of the Company's management, in order to retain them, as well as to reward them for the activity carried out within the Company, according to the performance criteria established by the Board of Directors. The Board of Directors of the Company approved in August 2020 "Action-based payment plan", which was completed in December 2021.

EGSM of 2 November 2020 approved:

- revocation in part of the Decision of the Extraordinary General Meeting of Shareholders dated April 22, 2019, published in the Official Gazette of Romania, Part IV, no. 2154/23.05.2019, respectively of Article 1 of this Decision, which approved the development of a repurchase program for a maximum of 15,000,000 treasury shares;

- carrying out a program for the redemption of treasury shares ("Program 3") by the Company, in order to reduce its share capital. The maximum number of shares that can be redeemed is no more than 15,000,000 shares.

The EGSM of 11 October 2021 approved:

- the development of a program for the redemption of its treasury shares ("Program 4") by the Company, for distribution free of charge to the members of the Company's management (administrators, directors), in order to keep them loyal, as well as to reward them for the activity carried out within the Company, according to the performance criteria to be established by the Board of Directors. The maximum number of shares that can be redeemed is no more than 880,000 shares. The distribution of the shares will be carried out within the framework of a "Stock Option Plan", in compliance with the legislation in force.

The EGSM of 25 November 2021 approved:

- the method of allocating the 8,792,307 treasury shares repurchased by the Company on the basis of the buy-back programs previously approved by the general meeting of shareholders in order to reduce the share capital and for distribution free of charge to the members of the Company's management, programs carried out by carrying out the public purchase offer approved by the Financial Supervisory Authority by Decision no. 1166/22.09.2021, in the following variant: the allocation of a number of 7,912,307 shares in order to reduce the share capital of the Company and the allocation of a number of 880,000 shares for distribution free of charge to the members of the Company's management.

Program	Allocation date	Number of Shares	Share price*	Total program value	Amount recognised in expenses in 2021
Program approved by EGSM from 22.04.2019 and EGSM from 27.04.2020	May 2020	880.000	2,38	2.094.400	960.669
Program approved by EGSM from 27.04.2020	August 2020	880.000	2,11	1.856.800	1.616.268
				<b>Total</b>	<b>2.576.937</b>

\*according to the allocation document

## Notes to separate financial statements

for the financial year ending 31 December 2021

Program	Allocation date	Number of Shares	Share price*	Total program value	Amount recognised in expenses in 2020
Program approved by EGSM from 22.04.2019 and EGSM from 27.04.2020	May 2020	880.000	2,38	2.094.400	1.221.731
Program approved by EGSM from 27.04.2020	August 2020	880.000	2,11	1.856.800	618.932
Program value adjustment to share price as of December 31, 2020					26.400
<b>Total</b>					<b>1.867.063</b>

\*according to the allocation document

In LEI	31 December 2021	31 December 2020
Share capital	51.542.236	51.542.236
<b>Total</b>	<b>51.542.236</b>	<b>51.542.236</b>

### (b) Retained earnings

In LEI	31 December 2021	31 December 2020
Retained earnings from the transition to IAS and IFRS	422.323.709	422.323.709
Retained earnings from the application of IFRS 9 (including gains on transactions)	310.528.734	207.935.766
Unshared profit	18.874.346	18.874.346
Profit or loss for the financial year	387.001.105	92.122.406
Other amounts recognized in retained earnings (legal reserves, revaluation of property, plant and equipment, etc.)	2.062.005	2.062.005
<b>Total</b>	<b>1.140.789.898</b>	<b>743.318.231</b>

### (c) Other reserves

In LEI	31 December 2021	31 December 2020
Reserves apportioned from net profit	995.838.093	903.715.687
Reserves constituted as a result of the application of Law no. 133/1996	145.486.088	145.486.088
Reserves from prescribed dividends	88.420.910	88.420.910
Reserves from FX differences and investment facilities	19.832.946	19.832.946
<b>Total</b>	<b>1.249.578.037</b>	<b>1.157.455.631</b>

The reserve related to the initial portfolio was constituted following the application of Law no. No 133/1996, as the difference between the value of the portfolio contributed and the amount of the subscribed share capital of SIF. Those reserves are thus treated in the same way as a contribution premium and are not used for the sale of non-current securities.

### (d) Legal reserves

According to the legal requirements, the Company constitutes legal reserves in the amount of 5% of the profit registered according to the accounting regulations applicable up to the level of 20% of the share capital according to the Articles of Incorporation. The value of the legal reserve as at 31 December 2021 is

## Notes to separate financial statements

### for the financial year ending 31 December 2021

10,308,447 lei (December 31, 2020: 10.308.447 lei). În 2020, the Company has reduced the legal reserve as a result of the reduction of the share capital.

Legal reserves cannot be distributed to shareholders.

#### **(e) Changes in the fair value of financial assets measured through other comprehensive income**

This reserve shall comprise cumulative net changes in the fair values of financial assets measured through other comprehensive income from the date of their classification in this category until the date on which they were derecognised or impaired.

Reserves are recorded at net worth of the related deferred tax. The amount of deferred tax recognised directly by the reduction in equity is set out in note 23.

The following table shows the reconciliation of the net differences in the change in fair value for financial assets measured through other comprehensive income:

<i>In LEI</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Differences in changes in fair value for financial assets measured through other comprehensive income (bonds)	65.463	(8.511)
Changes in fair value for financial assets measured through other comprehensive income (shares)	984.359.861	766.485.550
<b>Total</b>	<b>984.425.325</b>	<b>766.477.039</b>

#### **(f) Dividends**

The Shareholders of the Company did not approve during 2021 to distribute dividends from the 2020 profit.

## 25. Earnings per share

The calculation of the result per share was made on the basis of the profit attributable to ordinary shareholders and the weighted average number of ordinary shares:

<i>In LEI</i>	<b>2021</b>	<b>2020</b>
Profit attributable to ordinary shareholders	387.001.105	92.122.406
Weighted average number of ordinary shares*	513.222.844	514.542.363
<b>Basic earnings per share</b>	<b>0,7541</b>	<b>0,1790</b>

\*taking into account your own redeemed shares

The diluted earnings per share is equal to the result per share as the Company did not register any potential ordinary shares.

In 2021 and 2020 there were no changes in accounting policies or new standards adopted that would affect earnings per share and require disclosure in accordance with IAS 8.

## 26. Commitments and contingent liabilities

### **(a) Court actions**

As of December 31, 2021, the Company's records contained 75 litigations pending before the courts of law. The company had locus standi in 59 litigations, passive locus standi in 14 litigations and the capacity of intervener in 2 litigations.

In most of the disputes in which the Company has the capacity of plaintiff, the object of the disputes is the annulment/ finding of nullity of some decisions of the general meetings of shareholders in the portfolio companies or the insolvency procedure of some portfolio companies.

# Notes to separate financial statements

for the financial year ending 31 December 2021

## (b) Transfer price

Romanian tax legislation contains transfer pricing rules between affiliated persons since 2000. The current legislative framework defines the "market value" principle for transactions between affiliated persons, as well as transfer pricing methods. As a result, the tax authorities are expected to initiate thorough transfer pricing checks to ensure that the tax result is not distorted by the effect of prices charged in relations between affiliated persons. The company cannot quantify the outcome of such a check.

## (c) Other commitments

This is not the case.

## 27. Related parties

The parties are considered related if one of the parties has the ability to control the other party or to exercise significant influence over it in making financial or operating decisions.

The company has identified in the course of its activity the following related parties:

### Key management staff

#### 31 December 2021

- On December 31, 2021, the Board of Directors of SIF BANAT-CRIȘANA SA consisted of 5 members: Bogdan-Alexandru Drăgoi-President, Răzvan-Radu Străuț-Vice-President, Sorin Marica, Marcel Pfister and Ionel Marian Ciucioi.
- On December 31, 2021, the members of the executive management of SIF BANAT-CRIȘANA SA: Bogdan-Alexandru Drăgoi – General Manager, Răzvan-Radu Străuț – Deputy General Manager, Teodora Sferdian – Deputy General Manager and Laurențiu Riviș – Director.

#### 31 December 2020

- On December 31, 2020, the Board of Directors of SIF BANAT-CRIȘANA SA consisted of 5 members: Bogdan-Alexandru Drăgoi-President, Răzvan-Radu Străuț-Vice-President, Sorin Marica, Marcel Pfister and Ionel Marian Ciucioi.
- On December 31, 2020, the members of the executive management of SIF BANAT-CRIȘANA SA: Bogdan-Alexandru Drăgoi – General Manager, Răzvan-Radu Străuț – Deputy General Manager, Teodora Sferdian – Deputy General Manager and Laurențiu Riviș – Director.

During the financial year, no transactions were made and no advances and loans were granted to the directors and managers of the Company, except for advances for travel in the interest of the service.

During 2021, the gross amounts paid to the members of the Board of Directors and directors (authorized by the ASF) amounted to LEI 8,169 thousand (2020: LEI 7,716 thousand).

The company did not receive or provide guarantees in favour of any related parties.

### Subsidiaries

The Company's subsidiaries as of December 31, 2021 and December 31, 2020 are as follows:

Company name	Holding percentage as at 31 December 2021	Holding percentage as at 31 December 2020
SIF IMOBILIARE PLC NICOSIA	100,00%	100,00%
SAI MUNTENIA INVEST SA BUCURESTI	99,98%	99,98%

## Notes to separate financial statements

for the financial year ending 31 December 2021

SIF1 IMGB	99,92%	99,92%	
NAPOMAR SA CLUJ-NAPOCA	99,43%	99,43%	
SIF HOTELS SA ORADEA	99,00%	99,00%	
AZUGA TURISM SA BUCURESTI	98,94%	98,94%	
REAL ESTATE ADMINISTRATION SA BUCHAREST	97,40%	97,40%	
SILVANA SA CEHU SILVANIEI	96,28%	96,28%	individual
ARIO SA BISTRITA	93,64%	93,64%	F
IAMU SA BLAJ	76,70%	76,70%	
CENTRAL SA CLUJ	74,53%	74,53%	
VRANCART SA ADJUD	75,06%	75,06%	
SIF SPV TWO BUCHAREST	99,99%	99,99%	
UNITEH TIMISOARA*	36,34%	36,34%	
SIFI CJ LOGISTIC*	5,53%	5,53%	

\* are subsidiaries through their control and indirectly through SIF Imobiliare

### Associates

The associates of the Company as of December 31, 2021 and December 31, 2020 are as follows:

a. Entities in which the Company holds shares in excess of 20% of the share capital and in which it has significant influence:

Company name	Holding percentage as at 31 December 2021	Percentage of holding as at 31 December 2020
GAS VEST SA ARAD	25,82%	25,82%
BIOFARM SA BUCURESTI	36,75%	36,75%

b. Companies in which the Company holds over 20% of the share capital, but which do not qualify as associates, due to the fact that the Company does not exercise significant influence in the companies:

Company name	Holding percentage as at 31 December 2021	Percentage of holding as at 31 December 2020
FORESTIERA SA TIRGOVISTE	25,75%	25,75%
AGROMECA GATAIA	23,91%	23,91%
CTCE SA ALBA IULIA	23,24%	23,24%
SPRUCE SA SUCEAVA	21,63%	21,63%

c. Holdings over 20% of the share capital, but the companies are in insolvency / liquidation / bankruptcy, etc.:

Company name	Holding percentage as at 31 December 2021	Percentage of holding as at 31 December 2020	State
COMAR BAI A MARE	34,94%	34,94%	F
ELBAC SA BACAU	32,45%	32,45%	F
PETROCART	30,18%	30,18%	INDIVIDUAL
AGROPRODUCT RESITA	30,00%	30,00%	RJ
AGROINDUSTRIALA NADLAC	30,00%	30,00%	F
THE ARDEALUL ALBA IULIA PLANT	29,51%	29,51%	F
COMMIXT SA OCNA MURES	28,97%	28,97%	F
METALURGICA SA MARGHITA	-	28,41%	F
SUINPROD LOWER GALDA	27,09%	27,09%	DIZ
MEBIS SA BISTRITA	26,78%	26,78%	INDIVIDUAL
EXFOR SA BUCURESTI	24,23%	24,23%	F
MOPAL SA BISTRITA	21,89%	21,89%	RJ
TRANSYLVANIA AIUD	20,19%	20,19%	F

# Notes to separate financial statements

for the financial year ending 31 December 2021

Ins: Insolvency  
 RJ: judicial reorganization  
 DIZ: dissolving  
 F: bankruptcy  
 A: Erasers

## Transactions through profit or loss

	2021	2020
<b>Income from dividends, showing separately:</b>		
SIF Real Estate PLC	52.286.577	-
Azuga Tourism	10.009.139	-
SAI MUNTENIA	6.698.660	12.237.552
VRANCART ADJUD	7.511.836	8.983.226
BIOFARM BUCHAREST	7.966.125	11.224.994
IAMU BLAJ	3.067.867	3.067.867
GAS WEST ARAD	2.607.914	752.117
UNITEH	-	7.770.077
<b>Total</b>	<b>90.148.118</b>	<b>44.035.833</b>
<b>Interest income, showing separately:</b>		
VRANCART ADJUD	1.378.945	1.681.799
SIFI BH RETAIL	38.782	643.800
	<b>1.417.727</b>	<b>2.325.599</b>
<b>Other expenses, showing separately:</b>		
REAL ESTATE ADMINISTRATION – rents, operating expenses	336.853	279.066
GAS WEST – natural gas	77.815	41.183
	<b>414.668</b>	<b>320.249</b>

## Transactions through the statement of financial position

	2021	2020
<b>Other liabilities, showing separately:</b>		
SILVANA CEHU SILVANIEI	790.389	671.886
SILVANA CEHU SILVANIEI-adjustment	(565.284)	(671.886)
VRANCART ADJUD-main bonds	37.612.296	37.612.296
VRANCART ADJUD-interest	295.403	285.785
SIFI BH RETAIL – main bonds	-	10.691.255
SIFI BH RETAIL – interest to be collected	-	605.780
GAZ VEST – dividends receivable	2.607.914	752.117
<b>Total</b>	<b>40.740.718</b>	<b>49.947.232</b>
<b>Other liabilities, showing separately:</b>		
ADMINISTRARE IMOBILIARE SA	57.617	-
GAS WEST	34.268	7.398
<b>Total</b>	<b>91.885</b>	<b>7.398</b>

During 2021, the following operations were carried out with the subsidiaries:

- Vrancart SA – participation in the increase of the share capital with cash in the amount of 12,906,934 lei, representing cval. 129,069,342 shares.

During 2020, the following operations were carried out with the subsidiaries:

- SIFI CJ Logistic: the acquisition of 54,486 shares, the percentage held being 5.53%. The fair value as at 31 December 2020 (level 3) is 888,329 lei;
- DOOSAN IMGB: acquisition of 301,078,647 shares, the percentage held being 99.92%. The fair value at 31 December 2020 (level 3) is 214,790,000 lei.

# Notes to separate financial statements

*for the financial year ending 31 December 2021*

## 28. Reporting by business segments

### Activity Segments Information

Business segments are components that engage in commercial activities, that can generate income or expense, whose operating results are periodically reviewed by the main decision-maker (CODM) and for which discreet financial information is available. CODM is the person or group of persons who allocate resources and evaluate the performance of the entity. CODM has been identified as the Board of Directors of the Company.

### Description of the products and services from which each reportable segment derives its revenue

The company is organized on the basis of a main business segment, its main activity being the making of financial investments in order to increase the value of its treasury shares in accordance with the regulations in force and the subsequent management of the investment portfolio and the exercise of all related rights to the instruments invested.

### Factors that were used by leadership to identify reportable segments

The company considered that it has only one segment of activity, as it has only one strategic business unit. The financial information of the segment that is reviewed by CODM includes the Company's investment portfolio, mainly financial assets, as well as the Company's dividend income. CODM obtains the Company's financial statements prepared according to IFRS. This financial information overlaps with the analysis of the segment provided internally to CODM. As such, management applied the basic principle of IFRS 8, Business Segments, in determining which of the overlapping sets of financial information should form the basis of some business segments.

Management considered that the ifrs financial statements information is not available frequently enough to conclude that segment reporting should exclude any details other than information about the investment portfolio and dividend income.

Measurement of the operating profit of the segment, i.e. the assets and liabilities attributable to the segment

The CODM reviews the ifrs-based financial statements and assesses the performance of the profit-based segment before tax.

## 29. Subsequent events

- On January 25, 2022 it was published Information document on the provision of shares to the members of the management structure. The document was approved by the Board of Directors by CA Decision no. 5 from 20.01.2022 and includes the free offering of a number of 880,000 shares to the members of the management structure (administrators, directors), within the framework of a "Stock Option Plan".
- On January 25, 2022, the contract for the full sale of the stake held in GazVest S.A. Arad was signed. The value of the contract was used to determine fair value differences at 31 December 2022 for associates and recognised in the investment gain/(loss);
- On February 23, 2022, the certificate of registration of securities was issued, certifying the completion of the share capital increase with cash contribution to Vrancart SA. On March 1, the Central Depository registered the new securities in the shareholders' register.

**STATEMENT OF** **Annex 10**  
**SIF Banat-Crişana assets and liabilities** as per Reg. 7/2020  
**AIFRI established by a constitutive act**  
**31.12.2021\* - recalculated**

ITEM	VALUE [RON]
<b>1 Intangible assets</b>	<b>4,113</b>
<b>2 Tangible assets</b>	<b>3,840,248</b>
<b>3 Investment property</b>	<b>12,953,334</b>
<b>4 Biological assets</b>	<b>-</b>
<b>5 Assets representing rights to use the underlying assets in a leasing contract</b>	<b>725,329</b>
<b>6 Financial assets</b>	<b>3,206,749,638</b>
<b>6.1 Financial assets measured at amortized cost</b>	<b>-</b>
<b>6.2 Financial assets measured at fair value through profit and loss</b>	<b>1,643,528,284</b>
<b>6.2.1 Shares</b>	<b>1,237,177,818</b>
6.2.1.1 Admitted to trading on a trading venue	912,646,402
6.2.1.2.1 in Romania	912,646,402
6.2.1.2.1.1 Traded in the last 30 trading days	566,090,456
6.2.1.2.1.2 Not traded in the last 30 trading days	346,555,946
6.2.1.2.2 in a Member State	-
6.2.1.2.3 in a third country	-
6.2.1.2 Not admitted to trading	324,531,416
6.2.1.2.1 in Romania	324,531,416
6.2.1.2.2 in a Member State	-
6.2.1.2.3 in a third country	-
<b>6.2.2 Corporate bonds</b>	<b>37,170,203</b>
<b>6.2.2.1 Admitted to trading on a trading venue</b>	<b>37,170,203</b>
6.2.2.1.1 in Romania	37,170,203
6.2.2.1.1.1 Traded in the last 30 trading days	-
6.2.2.1.1.2 Not traded in the last 30 trading days	37,170,203
6.2.2.1.2 in a Member State	-
6.2.2.1.3 in a third country	-
<b>6.2.2.2 Not admitted to trading</b>	<b>-</b>
<b>6.2.3 Securities of AIF / UCITS</b>	<b>369,180,263</b>
<b>6.2.3.1 Shares</b>	<b>-</b>
<b>6.2.3.2 Fund units</b>	<b>369,180,263</b>
6.2.3.2.1 Admitted to trading on a trading venue	-
6.2.3.2.2 Not admitted to trading	369,180,263
6.2.3.2.2.1 in Romania	330,577,203
6.2.3.2.2.2 in a Member State	-
6.2.3.2.2.3 in a third country	38,603,060
<b>6.3 Financial assets measured at fair value through other comprehensive income</b>	<b>1,563,221,354</b>
<b>6.3.1 Shares</b>	<b>1,475,548,516</b>
6.3.1.1 Admitted to trading on a trading venue	1,333,872,415
6.3.1.2.1 in Romania	1,129,268,480
6.3.1.2.1.1 Traded in the last 30 trading days	1,128,387,980
6.3.1.2.1.2 Not traded in the last 30 trading days	880,500
6.3.1.2.2 in a Member State	204,603,935
6.3.1.2.2.1 Traded in the last 30 trading days	204,603,935
6.3.1.2.2.2 Not traded in the last 30 trading days	-
6.3.1.2.3 in a third country	-
6.1.1.2.3.1 Traded in the last 30 trading days	-
6.1.1.2.3.2 Not traded in the last 30 trading days	-
6.3.1.2 Not admitted to trading	141,676,101
6.3.1.2.1 in Romania	141,676,101
6.3.1.2.2 in a Member State	-
6.3.1.2.3 in a third country	-
<b>6.3.2 Corporate bonds</b>	<b>5,205,327</b>
6.3.2.1 Admitted to trading on a trading venue	5,205,327
6.3.2.1.1 in Romania	5,205,327
6.3.2.1.1.1 Traded in the last 30 trading days	5,205,327
6.3.2.1.1.2 Not traded in the last 30 trading days	-
6.3.2.1.2 in a Member State	-
6.3.2.1.3 in a third country	-
6.3.2.2 Not admitted to trading	-
<b>6.3.3 Securities of AIF / UCITS</b>	<b>82,467,512</b>
<b>6.3.3.1 Shares</b>	<b>82,467,512</b>
6.3.3.1.1 Admitted to trading on a trading venue	82,467,512
6.3.3.1.1.1 in Romania	82,467,512
6.3.3.1.1.1.1 Traded in the last 30 trading days	82,467,512
6.3.3.1.1.1.2 Not traded in the last 30 trading days	-
6.3.3.1.1.2 in a Member State	-
6.3.3.1.2.3 in a third country	-
6.3.3.2 Not admitted to trading	-
<b>6.3.3.2 Fund units</b>	<b>-</b>
<b>7 Cash available (cash and cash equivalent)</b>	<b>153,652,089</b>
<b>8 Bank deposits</b>	<b>185,705,889</b>
<b>9 Other assets:</b>	<b>36,331,394</b>
9.1 Dividends or other receivables	28,421,782
9.2 Other assets	7,909,612
<b>10 Accrued expenses</b>	<b>219,523</b>
<b>11 Total assets</b>	<b>3,600,181,557</b>
<b>12 Total liabilities</b>	<b>190,966,356</b>
12.1 Financial liabilities measured at amortized cost	11,008,480
12.2 Deferred income tax liabilities	179,957,876
12.3 Other liabilities	-
<b>13 Provisions for risks and expenses</b>	<b>-</b>
<b>14 Deferred income</b>	<b>293,418</b>
<b>15 Equity, of which:</b>	<b>3,416,126,285</b>
15.1 Share capital	51,542,236
15.2 Items treated as equity	642,622,709
15.3 Other components of equity	984,425,325
15.4 Premium related to capital	-
15.5 Revaluation reserves	1,176,569
15.6 Reserves	3,220,076,087
15.7 Treasury shares	-21,694,227
15.8 Retained earnings	688,511,013
15.9 Retained earnings first-time adoption of IAS 29 (debtor account)	-2,537,534,532
15.10 Result for the period	387,001,105
<b>16 Net Asset Value</b>	<b>3,408,921,783</b>
<b>17 Number of issued shares</b>	<b>507,510,056</b>
<b>18 Net Asset Value per Share</b>	<b>6,7170</b>
<b>19 Number of companies in the portfolio, of which:</b>	<b>98</b>
19.1 Companies admitted to trading on an EU trading venue	34
19.2 Companies admitted to trading on a stock exchange in a third country	-
19.3 Companies not admitted to trading	64

NOTE

\* NAV as of 31.12.2021 was recalculated as follows: portfolio items (shares) valued on the basis of valuation reports - recorded at present values as of 31.12.2021; non-portfolio items - based on the final balance sheet that formed the basis for the preparation of the stand-alone annual financial statements, audited, subject to the approval of the OGM of April 28 (29), 2022.

\*\* Value of treasury shares, repurchased in the Public Tender Offer carried out between September 29 - October 12, 2021

\*\*\* Pursuant to Art.123, par. (3) of the ASF Regulation no. 9/2014, on the calculation of NAV, this item represents:

**"The total number of issued and outstanding shares, less treasury stock"**

based on which the NAV per share is calculated. At the date of this report, out of the 515,422,363 shares issued, the company, holds 7,912,307 treasury shares, repurchased in the PTO carried out between September 29 - October 12, 2021

This statement is provided as a free translation from Romanian, which is the official and binding version

SIF Banat-Crişana

Depository bank

Banca Comercială Română

ANNEX - according to art.38 par. (4) of Law 243/2019

Assets in SIF Banat-Crișana portfolio evaluated using valuation methods in accordance with International Valuation Standards  
as of 31.12.2021 - recalculated

No.	Name of the issuer	Tax Identification Code	Symbol	No. of shares held	No./date of valuation report	RON / share	Total value	Valuation method
<b>Companies not admitted to trading where SIF BC stake is&gt; 33% of the share capital</b>								
1	AZUGA TURISM	28330211		786,882	629/09.03.2022	19.1600	15,076,659	income approach, discounted cash flow method
2	NAPOMAR	199176		10,256,241	630/09.03.2022	1.0442	10,709,567	income approach, discounted cash flow method
3	CENTRAL	199230		53,120	631/09.03.2022	769.6009	40,881,200	income approach, discounted cash flow method
4	SAI MUNTENIA INVEST	9415761		119,976	632/09.03.2022	740.2500	88,812,234	income approach, discounted cash flow method
5	SIF SPV TWO	40094500		119,988	633/09.03.2022	0.4675	56,094	asset approach, corrected Net Asset method
6	Administrare Imobiliare SA	20919450		16,049,741	634/09.03.2022	2.6425	42,411,441	asset approach, corrected Net Asset method
7	SIF1 IMGB	380430		301,078,647	636/09.03.2022	0.8025	241,615,614	asset approach, corrected Net Asset method
<b>Companies admitted to trading with irrelevant liquidity for the application of the mark to market valuation method (according to Art.114 par. (4) of Reg.9 / 2014)</b>								
8	SIF Imobiliare PLC	HE323682	SIFI	4,499,961	635/09.03.2022	77.0131	346,555,946	asset approach, corrected Net Asset method
9	SIF Hoteluri	56150	CAOR	31,820,906	637/09.03.2022	2.1111	67,177,115	income approach, discounted cash flow method
10	IAMU	1766830	IAMU	7,286,299	628/09.03.2022	5.6346	41,055,380	income approach, discounted cash flow method

Leverage and exposure calculated in accordance with the provisions of Regulation (EU) no. 231/2013 - as of 30.09.2021

Method for calculating AIFRI exposure	Exposure value (RON)	Leverage (%)
Gross method	3,401,219,198	99.77
Commitment method	3,408,921,783	100

SIF Banat-Crișana

Certification of Depositary Bank,  
Banca Comercială Română

ITEM	Beginning of the reporting period [30.06.2021]				End of the reporting period [31.12.2021]				Differences (RON)
	% of net asset	% of total assets	Currency	RON	% of net asset	% of total assets	Currency	RON	
<b>I Total assets</b>	<b>106.31</b>	<b>100.00</b>	<b>54,753,840</b>	<b>3,288,920,535</b>	<b>105.61</b>	<b>100.00</b>	<b>541,464,654</b>	<b>3,058,716,903</b>	<b>256,507,182</b>
1 Securities and money market instruments, of which:	68.80	64.72	5,180,369	2,158,786,990	67.14	63.58	209,809,262	2,079,085,085	124,926,987
1.1 Securities and money market instruments admitted or traded on a regulated	61.80	58.13	5,180,369	1,938,522,608	61.14	57.89	5,205,327	2,079,085,085	140,587,434
1.1.1 shares	60.46	56.87	-	1,901,404,808	59.90	56.72	-	2,041,914,882	140,510,074
1.1.2 other securities assimilated to these	-	-	-	-	-	-	-	-	0
1.1.3 corporate bonds	1.34	1.27	5,180,369	37,117,800	1.24	1.18	5,205,327	37,170,203	77,360
1.1.4 other debt securities	-	-	-	-	-	-	-	-	0
1.1.5 other securities	-	-	-	-	-	-	-	-	0
1.1.6 money market instruments	-	-	-	-	-	-	-	-	0
1.2 Securities and money market instruments admitted or traded on a regulated market in a member state	7.00	6.59	-	220,264,382	6.00	5.68	204,603,935	-	-15,660,447
1.2.1 shares	7.00	6.59	-	220,264,382	6.00	5.68	204,603,935	-	-15,660,447
1.2.2 other securities assimilated to these	-	-	-	-	-	-	-	-	0
1.2.3 corporate bonds	-	-	-	-	-	-	-	-	0
1.2.4 other debt securities	-	-	-	-	-	-	-	-	0
1.2.5 other securities	-	-	-	-	-	-	-	-	0
1.2.6 money market instruments	-	-	-	-	-	-	-	-	0
1.3 Securities and money market instruments admitted on a stock exchange in a third country or negotiated on another regulated market in a third country, that operates on a regular basis and is recognized and open to the public, approved by ASF, of which:	-	-	-	-	-	-	-	-	0
2 Newly issued securities	-	-	-	-	-	-	-	-	0
3 Other securities and money market instruments	12.76	12.00	-	401,286,139	13.68	12.95	-	466,207,517	64,921,378
4 Bank deposits, of which:	7.56	7.11	-	237,805,056	5.45	5.16	178,215,175	7,490,714	-52,099,167
4.1 bank deposits with credit institutions in Romania;	7.56	7.11	-	237,805,056	5.45	5.16	178,215,175	7,490,714	-52,099,167
4.2 bank deposits with credit institutions in a Member State;	-	-	-	-	-	-	-	-	0
4.3 bank deposits with credit institutions in a third country.	-	-	-	-	-	-	-	-	0
5 Derivatives traded on a regulated market	-	-	-	-	-	-	-	-	0
6 Current accounts and cash	1.59	1.50	49,573,471	568,381	4.51	4.27	153,440,217	211,872	103,510,236
7 Money market instruments other than those traded on a regulated market, as referred to in Art. 82(g) of GEO no. 32/2012 - Repo contracts on securities	-	-	-	-	-	-	-	-	0
8 Equity securities of AIF/UCITS (RO: FIA/OPCVM) of which:	14.66	13.79	-	461,077,785	13.25	12.55	-	451,647,775	-9,430,010
8.1 AIF shares	-	-	-	80,234,830	-	-	-	82,467,512	2,232,682
8.2 UCITS fund units	-	-	-	380,842,955	-	-	-	369,180,263	-11,662,692
9 Dividends or other rights receivable	0.39	0.37	-	12,259,743	0.83	0.79	-	28,421,782	16,162,039
10 Other assets (amounts in transit, amounts with distributors, with brokers, etc.)	0.54	0.51	-	17,136,441	0.75	0.71	-	25,652,159	8,515,719
<b>II Total liabilities</b>	<b>6.31</b>	<b>5.94</b>	<b>-</b>	<b>198,598,004</b>	<b>5.61</b>	<b>5.31</b>	<b>-</b>	<b>191,259,774</b>	<b>-7,338,230</b>
1 Expenses for the payment of fees due to AIFM	-	-	-	-	-	-	-	-	0
2 Expenses for the payment of fees due to depositary bank	-	-	-	-	-	-	-	-	0
3 Expenses for the payment of fees due to intermediaries	-	-	-	-	-	-	-	-	0
4 Expenses on turnover fees and other banking services	-	-	-	-	-	-	-	-	0
5 Interest expenses	-	-	-	-	-	-	-	-	0
6 Issuance expenses	-	-	-	-	-	-	-	-	0
7 Expenses with the payment of commissions/fees due to ASF	-	-	-	-	-	-	-	-	0
8 Financial audit costs	-	-	-	-	-	-	-	-	0
9 Other approved expenses / liabilities	6.31	5.94	-	198,598,004	5.61	5.31	-	191,259,774	-7,338,230
10 Redemptions payable	-	-	-	-	-	-	-	-	0
<b>III Net Asset Value (I-II)</b>	<b>100.00</b>	<b>94.06</b>	<b>54,753,840</b>	<b>3,090,322,531</b>	<b>100.00</b>	<b>94.69</b>	<b>541,464,654</b>	<b>2,867,457,129</b>	<b>263,845,411</b>

\* NAV as of 31.12.2021 was recalculated as follows: portfolio items (shares) valued on the basis of valuation reports - recorded at present values as of 31.12.2021; non-portfolio items - based on the final balance sheet that formed the basis for the preparation of the standalone annual financial statements, audited, subject to the approval of the OGM of April 28 (29), 2022.

## Statement of net asset value per share 31.12.2021 - recalculated\*

RON

ITEM	Current period	Corresponding period of the previous year **	Differences
Net Asset Value	3,408,921,783	2,884,036,120	524,885,663
Number of fund units / shares outstanding	507,510,056	514,542,363	-7,032,307
Net asset value per share	6.7170	5.6051	1.1119

\* value calculated acc. to ASF Reg. 15/2004

## DETAILED STATEMENT OF INVESTMENTS AS OF: 31.12.2021

## I. Securities admitted or traded on a regulated market in Romania

## 1. Shares traded in the last 30 trading days (working days)

No.	Issuer	Symbol	Date of last trading session	No. of shares held	Nominal value	Value of share	Total value	Stake of issuer's share capital	Weight in AIFRI total assets
					RON	RON	RON	%	%
1	BANCA TRANSILVANIA	TLV	30-Dec-21	301,485,932	1.00	2.5800	777,833,705	4.7768	21.61
2	BIOFARM	BIO	30-Dec-21	362,096,587	0.10	0.8340	301,988,554	36.7471	8.39
3	BRD - GROUPE SOCIETE	BRD	30-Dec-21	13,615,497	1.00	17.7000	240,994,297	1.9537	6.69
4	VRANCART	VNC	30-Dec-21	774,416,054	0.10	0.2000	154,883,211	75.0633	4.30
5	CONPET	COTE	30-Dec-21	562,740	3.30	79.0000	44,456,460	6.5000	1.23
6	OMV PETROM	SNP	30-Dec-21	35,865,800	0.10	0.4990	17,897,034	0.0633	0.50
7	COMPANIA HOTELIERA BUCURESTI	RCHI	30-Dec-21	113,934,583	0.10	0.1350	15,381,169	13.6687	0.43
8	BURSA DE VALORI BUCURESTI	BVB	30-Dec-21	372,352	10.00	25.5000	9,494,976	4.6259	0.26
9	ANTIBIOTICE	ATB	30-Dec-21	14,167,736	0.10	0.6050	8,585,648	2.1104	0.24
10	ARGUS	UARG	29-Dec-21	1,790,432	1.50	1.8900	3,383,916	5.0039	0.09
11	COMELF	CMF	30-Dec-21	1,211,907	0.58	1.8000	2,181,433	5.3919	0.06
12	SATURN	SATU	2-Dec-21	346,926	2.50	5.5000	1,908,093	17.5385	0.05
13	PRIMACONSTRUCT	PCTM	28-Dec-21	90,685	2.50	20.6000	1,868,111	15.6969	0.05
14	REVA	REVA	28-Dec-21	74,777	2.50	17.2000	1,286,164	5.0112	0.04
15	ARCELOR MITTAL	SIDG	27-Dec-21	5,921,324	2.00	0.2000	1,184,265	2.9820	0.03
16	SIFI CJ LOGISTIC	CACU	30-Dec-21	54,486	2.50	18.1000	986,197	5.5275	0.03
17	URBANA	URBA	28-Dec-21	13,208	9.20	57.5000	759,460	16.5830	0.02
18	INDUSTRIA SARMEI CAMPIA	INSI	29-Dec-21	4,604,082	0.10	0.1000	460,408	1.2497	0.01
19	ANTECO	ANTE	2-Dec-21	7,042,220	0.10	0.0500	352,111	17.2036	0.01
20	PROSPECTIUNI	PRSN	30-Dec-21	5,198,500	0.10	0.0455	236,532	0.7240	0.01
21	SOMETRA	SOMR	16-Nov-21	1,217,602	2.50	0.1020	124,195	4.5814	0.00
22	PROFESSIONAL IMO	PPLI	8-Dec-21	1	1.00	2.5000	3	-	0.00
<b>TOTAL</b>							<b>1,586,245,940.47</b>		<b>44.06</b>

## 2. Shares not traded in the last 30 trading days (working)

No.	Issuer	Symbol	Date of last trading session	No. of shares held	Nominal value	Value of share	Total value	Stake of In issuer's share capital	Weight in AIFRI total assets
					RON	RON	RON	%	%
1	SIF IMOBILIARE	SIFI	14-Aug-20	4,499,961	4.47	77.0131	346,555,946	99.9997	9.63
2	SIF HOTELURI	CAOR	2-Dec-21	31,820,906	2.50	2.1111	67,177,115	98.9997	1.87
3	IAMU	IAMU	14-Dec-21	7,286,299	2.50	5.6346	41,055,380	76.6967	1.14
4	TRANSSEX	TRNG	2-Jul-21	143,577	2.50	6.1326	880,500	2.6965	0.02
5	TALC DOLOMITA	TALD	9-Oct-15	167,108	2.50	0.0000	0	7.8944	0.00
6	ICSH	ICSH	26-Mar-12	84,500	2.50	0.0000	0	1.2891	0.00
7	PETROCART	PTRC	10-Jul-19	11,852,163	0.50	0.0000	0	30.1767	0.00
8	SIFI LUNTEH	LUNIT	12-Aug-20	158,573	2.50	0.0000	0	36.3399	0.00
9	UCM	UCM	6-Dec-11	1,071,827	0.10	0.0000	0	0.9750	0.00
<b>TOTAL</b>							<b>455,668,942</b>		<b>12.66</b>

## 3. Shares not traded in the last 30 trading days (working days) for which the financial statements are not obtained within 90 days from the legal date of submission

Not the case

## 4. Preference rights / allocation rights

Not the case

## 5. Bonds admitted to trading issued or guaranteed by authorities of local public administration / corporate bonds

No.	Issuer	Bond symbol	Date of last trading session	No. of bonds held	Date of acquisition	Date of coupon	Date of coupon maturity	Initial value	Daily increase	Cummulative interest	Cummulative discount/prime	Market price	Total value	Weight in total issued bonds	Weight in AIFRI total assets
									RON	RON	RON	RON	RON	RON	%
1	VRANCART ADIUD	VVNC24		368,748	17-Mar-17	25-Oct-21	24-Jan-22	36,874,800	4.344	295,403	0		37,170,203	96.41	1.03
2	IMPACT	IMP22E		210	19-Dec-17	29-Dec-21	19-Jun-22	5,195,505	818	9,822	0		5,205,327	8.39	0.14
<b>TOTAL</b>													<b>42,375,529</b>		<b>1.18</b>

## 6. Bonds admitted to trading issued or guaranteed by central government authorities

Not the case

## 7. Other securities admitted to trading on a regulated market

Not the case

## 8. Amounts being settled for securities admitted or traded on a regulated market in Romania

Issuer	Type of security	Symbol	Value per unit	No. of traded securities	Total value	Stake of issuer's share capital/total bonds of a issuer	Weight in AIFRI total assets
			RON		RON	%	%
BURSA DE VALORI	actiuni	BVB	25.20	638	16,078	0.0079	0.0005
<b>TOTAL</b>					<b>16,078</b>		<b>0.0005</b>

**II. Securities admitted or traded on a regulated market in a Member State****1. Shares traded in the last 30 trading days (business days)**

Issuer	ISIN code	Date of last trading session	No. of shares held	Nominal value*	Value of share	NBR currency rate EUR/RON	Total value	Stake in issuer's share capital	Weight in AIFRI total assets
				currency	currency	RON	RON	%	%
ERSTE GROUP BANK AG	EBS	30-Dec-21	1,000,000		41.35	4.9481	204,603,935	0.2327	5.68
<b>TOTAL</b>							<b>204,603,935</b>		<b>5.68</b>

**2. Bonds admitted to trading issued or guaranteed by authorities of local public administration , corporate bonds**

Not the case

**3. Bonds admitted to trading issued or guaranteed by central government authorities**

Not the case

**4. Other securities admitted to trading on a regulated market of a Member State**

Not the case

**5. Amounts being settled for securities admitted or traded on a regulated market in a Member State**

Not the case

**III. Securities admitted or traded on a regulated market in a third country**

Not the case

**IV. Money market instruments admitted or traded on a regulated market in Romania**

Not the case

**V. Money market instruments admitted or traded on a regulated market in a Member State**

Not the case

**VI. Money market instruments admitted or traded on a regulated market in a third country**

Not the case

## **VII. Newly issued securities**

Not the case

VIII. Other securities and money market instruments

VIII.1 Other securities

1. Shares not admitted to trading

Nr. crt.	Issuer	No. of shares held	Nominal value	Value of share	Total value	Stake in issuer's share capital	Weight in AIFRI total assets
			RON	RON	RON	%	%
1	SIF 1 IMGB	301,078,647	2.50	0.8025	241,615,614	99.9202	6.71
2	SAI MUNTENIA INVEST	119,976	10.00	740.2500	88,812,234	99.9800	2.47
3	ADMINISTRARE IMOBILIARE	16,049,741	2.50	2.6425	42,411,441	97.3981	1.18
4	CENTRAL	53,120	10.00	769.6009	40,881,200	74.5314	1.14
5	AZUGA TURISM	786,882	17.50	19.1600	15,076,659	98.9354	0.42
6	GAZ VEST	105,068	100.00	154.1124	16,192,282	25.8185	0.45
7	NAPOMAR	10,256,241	2.50	1.0442	10,709,567	99.4348	0.30
8	EXIMBANK	414,740	6.00	9.3628	3,883,128	0.3108	0.11
9	CCP_RO BUCHAREST	142,500	10.00	9.6527	1,375,510	1.7857	0.04
10	DEPOZITARUL CENTRAL	9,878,329	0.10	0.1212	1,197,253	3.9057	0.03
11	IFB FINWEST	7,976,121	0.10	0.1084	864,612	8.6736	0.02
12	SPUMOTIM	12,398	2.50	50.4533	625,250	3.9864	0.02
13	MOBIROM	11,589	2.50	50.3314	583,291	9.0289	0.02
14	AMIS MOB	12,607	2.50	38.6518	487,283	8.1220	0.01
15	BIZOFRUCT	39,424	2.50	8.4889	334,666	4.4235	0.01
16	CTCE	8,501	2.50	31.3769	266,735	23.2357	0.01
17	GRUP BIANCA TRANS	562,400	0.10	0.4115	231,428	5.1783	0.01
18	COMMETCAR	14,862	2.50	12.2881	182,626	10.0002	0.01
19	FORESTIERA	42,269	2.50	4.2359	179,047	25.7520	0.00
20	APRO HOREA	8,220	2.50	17.4368	143,331	13.5427	0.00
21	MOLIDUL	90,579	2.50	0.9129	82,690	21.6326	0.00
22	SIF SPV TWO	119,988	1.00	0.4675	56,094	99.9900	0.00
23	MODERN	3,302	2.50	4.6358	15,307	2.4485	0.00
24	BANCA COMERCIALA ROMANA	1	0.10	0.6200	1	0.0000	0.00
25	PROIECT	2,162	8.00	0.0000	0	10.0000	0.00
26	COMMIXT	10,543	2.50	0.0000	0	28.9667	0.00
27	MINIERA CUART	17,396	2.50	0.0000	0	3.3999	0.00
28	TRANSILVANIA AIUD	46,779	2.50	0.0000	0	20.1873	0.00
29	SUINPROD GALDA	143,084	2.50	0.0000	0	27.0910	0.00
30	AGROINDUSTRIALA NADLAC	66,406	2.50	0.0000	0	29.9996	0.00
31	SANEVIT	535,217	0.10	0.0000	0	8.9696	0.00
32	UZINA ARDEALUL	55,593	2.50	0.0000	0	29.5075	0.00
33	TEHNOLOGIE MOBILA STIL	9,000	2.50	0.0000	0	4.5523	0.00
34	TREMULA	66,112	2.50	0.0000	0	17.9898	0.00
35	LEMN-MOL-FA	37,146	2.00	0.0000	0	13.0184	0.00
36	IPEGM	9,913	2.50	0.0000	0	3.4000	0.00
37	COMBINATUL DE UTILAJ GREU	409,572	4.00	0.0000	0	5.0221	0.00
38	AUTODANUBIUS	11,653	2.50	0.0000	0	14.0387	0.00
39	FORTOP	39,226	2.50	0.0000	0	12.4859	0.00
40	AGROINDUSTRIALA INEU	59,755	2.50	0.0000	0	11.5001	0.00
41	BANCA INTERNATIONALA A RELIGIILOR	186,849	1.00	0.0000	0	0.9342	0.00
42	TREMULA BRAILA	17,465	2.50	0.0000	0	13.4561	0.00
43	AVERSA	142,699	2.50	0.0000	0	2.1416	0.00
44	LASPERESIA	20	2.50	0.0000	0	1.9455	0.00
45	AGROMEC GATAIA	13,585	2.50	0.0000	0	23.9097	0.00
46	SILVANA	1,443,772	2.50	0.0000	0	96.2832	0.00
47	ERGOLEMN	9,637	2.50	0.0000	0	12.9584	0.00
48	CONTOR GROUP	2,900,049	0.10	0.0000	0	1.4962	0.00
49	BRAFOR	5,928,744	0.10	0.0000	0	2.6874	0.00
50	SIMATEC	42,886	2.50	0.0000	0	18.8217	0.00
51	EXFOR	399,654	2.50	0.0000	0	24.2311	0.00
52	SOMES	1,653,350	2.10	0.0000	0	13.1191	0.00
53	IFOR	101,803	2.50	0.0000	0	15.3525	0.00
54	CUART	4,516	2.50	0.0000	0	3.3999	0.00
55	MOPAL	251,067	80.45	0.0000	0	21.8936	0.00
56	ELBAC	8,299,560	0.10	0.0000	0	32.4500	0.00
57	ARCER	83,213	2.50	0.0000	0	19.7002	0.00
58	ARIO	3,523,021	3.70	0.0000	0	93.6407	0.00
59	COMAR	40,601	2.50	0.0000	0	34.9415	0.00
60	AGROPRODUCT RESITA	72,720	2.50	0.0000	0	30.0045	0.00
61	ROSTRAMO	434,501	2.50	0.0000	0	10.0371	0.00
62	STREIUL	9,344	2.50	0.0000	0	17.4419	0.00
63	FORTPRES - CUG	103,523	2.50	0.0000	0	1.3598	0.00
64	MEBIS	346,637	2.50	0.0000	0	26.7806	0.00
<b>TOTAL</b>					<b>466,207,517</b>		<b>12.95</b>

2. Acțiuni tranzacționate în cadrul altor sisteme decât piețele reglementate

Nu e cazul

3. Acțiuni neadmise la tranzacționare evaluate la valoarea zero (lipsă situații financiare actualizate depuse la Registrul Comerțului)

Nu e cazul

4. Obligațiuni neadmise la tranzacționare

Nu e cazul

5. Amounts being settled for shares traded on a other systems than regulated market

Not the case

VIII.2. Other money market instruments

Not the case

IX.Current accounts and cash

1. Current accounts and cash, in RON

No.	Bank name	Present value	Weight in total assets of AIFRI
		RON	%
1	Banca TRANSILVANIA	126,925.09	0.00
2	B.R.D. - G.S.G.	60,150.60	0.00
3	Intesa San Paolo	21,852.47	0.00
4	CEC Bank	465.40	0.00
5	Raiffeisen Bank	-	-
6	Unicredit Tiriac Bank	332.88	0.00
7	Eximbank	908	0.00
8	BCR	-	-
9	SIF Banat-Crisana - petty cash	1236.98	0.00
<b>TOTAL</b>		<b>211,871.76</b>	<b>0.01</b>

2. Current accounts and cash, demoninated in EURO

No.	Bank name	Present value	NBR exchange rate	Present value in RON	Weight in total assets of AIFRI
		currency			%
1	Banca TRANSILVANIA	20,002,290.96	4.9481	98,973,335.90	2.75
2	B.R.D. - G.S.G.	2,750,656.76	4.9481	13,610,524.71	0.38
3	Raiffeisen Bank	-	4.9481	-	-
4	BCR	4,261,958.88	4.9481	21,088,598.73	0.59
5	CEC Bank	29.71	4.9481	147.01	0.00
6	Eximbank	3,994,220.81	4.9481	19,763,803.99	0.55
<b>TOTAL</b>				<b>153,436,410.35</b>	<b>4.26</b>

3. Current accounts and cash, denominated in USD

No.	Bank name	Present value	NBR exchange rate	Present value in RON	Weight in total assets of AIFRI
		currency			%
1	Banca TRANSILVANIA	266.91	4.3707	1,166.58	0.00
2	BCR	302.58	4.3707	1,322.49	0.00
<b>TOTAL</b>				<b>2,489.07</b>	<b>0.00</b>

4. Disponibil în conturi curente și numerar denominate în GBP

No.	Bank name	Present value	NBR exchange rate	Present value in RON	Weight in total assets of AIFRI
		currency			%
1	Banca TRANSILVANIA	223.33	5.8994	1,317.51	0.00
<b>TOTAL</b>				<b>1,317.51</b>	<b>0.00</b>

X. Bank deposits by separate categories: set up at credit institutions in Romania / in another Member State / in a third country

1. Bank deposits denominated in RON

Nr. crt.	Denumire bancă	Set up date	maturity date	Initial value	Daily increase	Accrued interest	Total value	Weight in total assets of AIFRI
				RON	RON	RON	RON	%
	<b>BCR</b>							
1		31/12/2021	01/01/2022	1,485,591	47.46	47.46	1,485,639	0.04
		17/12/2021	07/01/2022	1,000,000	56.39	845.83	1,000,846	0.03
		17/12/2021	07/01/2022	2,000,000	112.78	1,691.67	2,001,692	0.06
2		17/12/2021	07/01/2022	3,000,000	169.17	2,537.50	3,002,538	0.08
<b>TOTAL</b>							<b>7,490,714</b>	<b>0.21</b>

2. Bank deposits denominated in foreign currency

No.	Bank name	Set up date	Maturity date	Initial value	Daily increase	Accrued interest	NBR exchange rate EUR/RON	Total value	Weight in total assets of AIFRI
				currency	currency	currency	RON	RON	%
	<b>CEC BANK</b>								
1		02/12/2021	02/01/2022	5,000,247	8.22	246.59	4.9481	24,742,940	0.69
2		02/12/2021	02/01/2022	5,000,747	8.22	246.61	4.9481	24,745,415	0.69
3		17/12/2021	17/01/2022	5,002,500	8.22	123.35	4.9481	24,753,481	0.69
4		17/12/2021	17/01/2022	5,000,000	8.22	123.29	4.9481	24,741,110	0.69
	<b>EXIMBANK</b>								
1		23/08/2021	23/02/2022	5,334,500	14.82	1,941.17	4.9481	26,405,245	0.73
2		19/08/2021	19/05/2022	5,671,414	18.90	2,552.14	4.9481	28,075,352	0.78
3		19/08/2021	19/05/2022	5,000,000	16.67	2,250.00	4.9481	24,751,633	0.69
<b>TOTAL</b>								<b>178,215,175</b>	<b>4.95</b>

**XI. Derivatives traded on a regulated market**

Not the case

## **XII. Derivatives traded outside regulated markets**

Not the case

**XIII. Money market instruments, other than those traded on a regulated market**

Not the case

XIV. Equity securities of UCITS/AIF

1. Equity securities denominated in RON

No.	Fund name	Date of last trading session	No. of securities held (shares/fund units)	Value of equity security(NAV/unit)	Market price	Total value	Weight in UCITS/AIF's total equity securities	Weight in total assets of AIFRI
				RON	RON	RON	%	%
<b>Shares</b>								
1	SIF MUNTENIA	30-Dec-21	40,123,500		1.5650	62,895,942	5.1136	1.75
2	SIF OLTENIA	30-Dec-21	11,608,286		1.6860	19,571,570	2.3217	0.54
<b>Fund units</b>								
1	Fondul Inchis de Investitii ACTIVE PLUS		15,050.2178	12,972.1800		195,234,134	76.4216	5.42
2	FIAIP OPTIM INVEST		3,494.6900	12,403.5200		43,346,457	30.8552	1.20
3	FIA STAR VALUE		9,382.0000	1,125.1600		10,556,251	18.4780	0.29
4	FIA CERTINVEST ACTIUNI		307.6000	264,760.6000		81,440,361	55.6938	2.26
5	ROMANIA STRATEGY FUND Klasse B		58,000.0000	665.5700		38,603,060	50.8772	1.07
<b>TOTAL</b>						<b>451,647,775</b>		<b>12.55</b>

2. Equity securities denominated in foreign currency

Not the case

3. Amounts under settlement for equity securities denominated in RON

Fund name	Market price	No. of securities traded	Total value	Weight in UCITS/AIF's total equity securities	Weight in total assets of AIFRI
	RON		RON	%	%
SIF MUNTENIA	1.5673	21,000	33,070.00	0.0027	0.0009
<b>TOTAL</b>			<b>33,070.00</b>		<b>0.0009</b>

4. Amounts under settlement for equity securities denominated in foreign currency

Not the case

**XV. Dividend or other receivable rights**

**1. Dividends receivable**

No.	Issuer	Share symbol	Ex-dividend date	No. of shares held	Gross dividend	Amount receivable	Weight in total assets of AIFRI
					RON	RON	%
1	GAZ VEST		1-Jul-21	105,068	2,607,914	2,607,914	0.07
	<b>TOTAL</b>					<b>2,607,914</b>	<b>0.07</b>

**2. Shares distributed without consideration in cash**

Not the case

**3. Shares distributed with consideration in cash**

Issuer	Share symbol	Ex-dividend date	No. of shares held	Share value	Total value*	Weight in total assets of AIFRI
				RON	RON	%
VRANCART	VNCR02	17-May-2021	129,069,342	0.2	25,813,868	0.72
	<b>TOTAL</b>				<b>25,813,868</b>	<b>0.72</b>

\* recalculated as per art.120, p.(1) of ASF Regulation no. 9/2014

**4. Amounts payable for shares distributed with consideration in cash**

Not the case

**5. Preemptive rights (prior to admission to trading and after the trading period)**

Issuer of shares	Share symbol	Ex-dividend date	No. of preemptive rights	Theoretical value of preemptive rights	Total value
VRANCART	VNCR01	17-May-21	774,416,054	0	0
	<b>TOTAL</b>			<b>0</b>	<b>0</b>

**Evolution of the net asset value and net asset value per share in the last reporting periods**

	December 2021	November 2021	October 2021
Net asset value	3,408,921,783	3,307,360,255	3,293,519,648
Net asset value per share	6.7170	6.5282	6.5008

**Explanatory note:**

The valuation methods used for the financial instruments for which valuation methods have been chosen in accordance with the valuation standards in force, according to the law are the following:  
For the companies: IAMU, NAPOMAR, SAI MUNTENIA INVEST, CENTRAL, SIF HOTELURI, AZUGA TURISM income approach, discounted cash flow method was used;  
For the companies: SIF 1 IMGB, ADMINISTRARE IMOBILIARE, SIF IMOBILIARE, SIF SPV TWO the asset approach, the corrected Net Asset method was used

Leverage and exposure value as per Regulation (EU) no. 231/2013

Method for calculating AIFRI exposure	Exposure value (RON)	Leverage (%)
Gross method	3,401,219,198	99.77
Commitment method	3,408,921,783	100.00

SIF Banat-Crișana

Certification of Depositary Bank,  
Banca Comercială Română

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 COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE ISSUED BY BVB
 

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Provisions of the Code	Compliance	Explanations
<b>Section A - Responsibilities</b>		
<b>A.1.</b> All companies should have internal regulation of the Board which includes terms of reference/ responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	YES	
<b>A.2.</b> Provisions for the management of conflict of interest should be included in Board regulation.	YES	
<b>A.3.</b> The Board of Directors should have at least five members.	YES	
<b>A.4.</b> The majority of the members of the Board should be non-executive. Not less than two non-executive members of the Board of Directors should be independent, in the case of Premium Tier Companies. Each member of the Board should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgment.	YES	
<b>A.5.</b> A Board member's other relatively permanent professional commitments and engagements, including executive and nonexecutive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	YES	
<b>A.6.</b> Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights.	YES	
<b>A.7.</b> The company should appoint a Board secretary responsible for supporting the work of the Board.	YES	
<b>A.8</b> The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	YES	
<b>A.9.</b> The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	YES	
<b>A.10.</b> The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors.	YES	
<b>A.11</b> The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.	YES	

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 COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE ISSUED BY BVB
 

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Provisions of the Code	Compliance	Explanations
<b>Section B - Risk management and internal control system</b>		
<b>B.1.</b> The Board should set up an audit committee, and at least one member should be an independent non-executive. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	YES	
<b>B.2.</b> The audit committee should be chaired by an independent non-executive member.	YES	
<b>B.3.</b> Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	YES	
<b>B.4.</b> The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.	YES	
<b>B.5.</b> The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	YES	
<b>B.6.</b> The audit committee should evaluate the efficiency of the internal control system and risk management system.	YES	
<b>B.7.</b> The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	YES	
<b>B.8.</b> Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by periodical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	YES	
<b>B.9.</b> No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties	YES	
<b>B.10.</b> The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the audit committee.	YES	
<b>B.11.</b> The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	YES	
<b>B.12.</b> To ensure the fulfilment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	YES	

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COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE ISSUED BY BVB

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Provisions of the Code	Compliance	Explanations
<b>Section C - Fair rewards and motivation</b>		
<b>C.1.</b> The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review.	YES	
Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.		
<b>Section D - Building value through investors' relations</b>		
<b>D.1.</b> The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including: <b>D.1.1.</b> Principal corporate regulations: the articles of association, general shareholders' meeting procedures. <b>D.1.2.</b> Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions; <b>D.1.3.</b> Current reports and periodic reports (quarterly, semi-annual and annual reports); <b>D.1.4.</b> Information related to general meetings of shareholders; <b>D.1.5.</b> Information on corporate events; <b>D.1.6.</b> The name and contact data of a person who should be able to provide knowledgeable information on request; <b>D.1.7.</b> Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	YES	
<b>D.2.</b> A company should have an annual cash distribution or dividend policy. The annual cash distribution or dividend policy principles should be published on the corporate website.	YES	
<b>D.3.</b> A company should have adopted a policy with respect to forecasts, whether they are distributed or not. The forecast policy should be published on the corporate website.	YES	
<b>D.4.</b> The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	YES	
<b>D.5.</b> The external auditors should attend the shareholders' meetings when their reports are presented there.	YES	
<b>D.6.</b> The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	YES	
<b>D.7.</b> Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	YES	

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 COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE ISSUED BY BVB
 

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Provisions of the Code	Compliance	Explanations
<b>D.8.</b> The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	YES	
<b>D.9.</b> A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.	YES	
<b>D.10.</b> If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	YES	

This Statement summarises the main highlights of the Code's provisions, in an edited format. The full text of the Code is available on Bucharest Stock Exchange website: [www.bvb.ro](http://www.bvb.ro)  
 This Statement is provided as a free translation from Romanian, which is the official and binding version

**Statement approved by the Board of Directors in the meeting held on March 28, 2022.**

**Bogdan-Alexandru DRĂGOI**  
 Chairman of the Board of Directors

# SIF BANAT-CRIȘANA'S STATEMENT ON THE APPLICATION OF THE PRINCIPLES OF CORPORATE GOVERNANCE

pursuant to Regulation no. 2/2016 with subsequent amendments

No.	Rules for the application of the principles of corporate governance	Conformity		If NO - explanations
		YES	NO	
1.	The regulated entity defined in its instruments of incorporation and internal policies the responsibilities of the board on the implementation and compliance with the principles of corporate governance.	YES		
2.	The internal policies and / or regulations lay down the corporate governance structures, functions, competences and responsibilities of the board and executive management/senior management.	YES		
3.	The annual financial statements of the regulated entity are accompanied by the annual report of the remuneration committee and an explanatory note which shall describe the relevant events in connection with the application of the principles of corporate governance, occurring over the financial year.	YES		
4.	The regulated entity has drawn up a communication strategy with the stakeholders, to ensure a proper information.	YES		
5.	The structure of the Board ensures, if the case, a balance between the executive and non-executive members so that no person or small group of persons influences the decision-making process.	YES		
6.	The Board is convened at least every three months to monitor the performance of the regulated entity's business.	YES		
7.	The Board or the executive management/senior management, as the case, regularly reviews the policies on the financial reporting, internal control and risk management system adopted by the regulated entity.	YES		
8.	In fulfilling its duties, the board is assisted by a remuneration committee issuing recommendations.	YES		
9.	The Remuneration Committee submit to the board annual reports on its activity.	YES		
10.	In its activity, the Board has the support of other advisory committees issuing recommendations concerning various topics that are the subject of decision-making process	YES		
11.	The advisory committees submit to the Board works/reports on the topics entrusted by it.	YES		
12.	The procedures / policies / internal regulations of the regulated entities there are provisions concerning the selection of applications for the persons of the executive management/senior management, appointment of new persons or renewal of the existing mandates.	YES		
13.	The regulated entity shall ensure that the executive management/senior management undergo continuous professional training so that it efficiently performs its tasks.	YES		
14.	Key functions are established so as they match the organisational structure of the regulated entity compliant with the applicable regulations.	YES		
15.	The Board regularly reviews the efficiency of the internal control system of the regulated entity and its update manner to ensure a rigorous management of the risks to which the regulated entity is exposed.	YES		
16.	The audit committee makes recommendations to the Board on the selection, appointment and replacement of the financial auditor, and on the terms and conditions of its remuneration.	YES		

No.	Rules for the application of the principles of corporate governance	Conformity		If NO - explanations
		YES	NO	
17.	At least once a year the Board reviews and ensures that the remuneration policies are consistent and are subject to an efficient risk management.	YES		
18.	The remuneration policy of the regulated entity is set out in the internal regulations on the implementation and compliance with the principles of corporate governance.	YES		
19.	The Board has adopted a procedure for the identification and proper settlement of any conflict of interest.	YES		
20.	The executive management/senior management, as appropriate, informs the Board on potential or consumed conflicts of interest where they could be / is involved in the conditions of their occurrence and do not participate in the decision-making process related to the conflict state if these structures or persons are involved in the respective conflict state.	YES		
21.	At least once a year the Board analyses the efficiency of the risk management system of the regulated entity.	YES		
22.	The regulated entity has drawn up procedures for the identification, assessment, and management of the significant risks to which it is or is likely to be exposed.	YES		
23.	The regulated entity has in place clear action plans for the continuity of its business and for any emergency situations.	YES		
24.	The Board of the subsidiary applies principles and policies of internal governance similar to those of the parent company, unless there are other legal requirements that lead to the establishment of own policies.	YES		

This Statement is provided as a free translation from Romanian, which is the official and binding version, approved by the Board of Directors in the meeting held on March 28, 2022.

**Bogdan-Alexandru DRĂGOI**  
Chairman of the Board of Directors



## SIF BANAT-CRIȘANA

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### **Nomination and Remuneration Committee** **Report on the activity of the Committee for the year 2021**

- prepared as per the provisions of ASF Regulations no. 10/205 and no. 2/2016, with subsequent additions and amendments -

The Nomination and Remuneration Committee (NRC) is a permanent committee, having advisory function, subordinated to the Board of Directors.

The Committee is comprised of three members elected from non-executive members of the Board, in compliance with the independence requirements provided by the law on trading companies. According to the Company's internal regulations, NRC meets regularly, at least twice a year, and whenever it sees fit.

NRC assists the Board of Directors in fulfilling its responsibilities for the nomination of the candidates for management and key positions, as well as their remuneration, having mainly the following responsibilities, stipulated in the Company's internal regulations:

- Evaluates and proposes candidates to the Board of Directors for their appointment, reappointment or dismissal in / as a member of the Board;
- Prepares the evaluation of the performance of the members of the Board of Directors, using a self-assessment process and evaluates, at least once a year, the independence and adequacy of the members of the Board of Directors;
- Prepares recommendations to the Board of Directors for the appointment or dismissal of the personnel having key and control functions within the Company, as well as for establishing the level of remuneration and their rights and duties;
- Formulates proposals, submitting them to the Board of Directors, on the remuneration policy of the members of the executive and non-executive management structure (including bonuses, incentives and stock option plans), ensuring that they are at the correct level, in accordance with corporate governance rules, best practices on the market, that are aligned with the Company's strategy and performance, long-term shareholders' interests, using a balanced combination of incentives to attract, motivate and retain highly qualified and experienced persons in management positions;
- Analyses and formulates proposals in the attention of the Board on the total annual variable remuneration package in the Company;
- Formulates proposals for the attention of the Board regarding the preparation of the remuneration policy at the Company level and revises the annual remuneration report.

During 2021, the Nomination and Remuneration Committee had the following composition: Mr. Sorin MARICA - Chairman of the Committee, Mr. Marcel PFISTER – member, and Mr. Ionel Marian CIUCIOI - member.

In 2021, the Nomination and Remuneration Committee met 7 times, the meetings being mainly dedicated to assessing the adequacy of the members of the management and of key functions, formulating proposals on the remuneration of the members of the Board subject to the approval of the general meeting of the shareholders, proposals regarding the share-based payment plan

and the analysis of granting the variable component of remuneration to the directors and employees of the Company.

Specifically, the activity of NRC in 2021 addressed the following:

**• Collective evaluation of the management structure at the level of the Board of Directors**

Considering: (i) Resolution no. 3 of the OGM of January 6, 2021, renewing the mandate of the members of the Board of the Company for a period of another 4 years, respectively for the period between April 25, 2021 and April 25, 2025; (ii) the NRC report on the evaluation of the suitability of the candidates nominated by the Board of Directors for the OGM of January 6, 2021, through which the individual evaluation of the members of the Board of Directors was carried out, in the meeting of 12.01.2021, CNR proceeded to collective evaluation of the management structure at the Board's level.

In accordance with Art. 23 corroborated with those from art. 26 of ASF Regulation no. 1/2019 ("Regulation 1/2019"), NRC carried out the collective evaluation of the management structure at the Board's level, using the adequacy matrix presented in Annex no. 4 to Regulation 1/2019, adapted by the company according to the specific activities and risks, considering the principles and criteria provided in art. 4, respectively in annex no. 3 to Regulation 1/2019.

*Conclusions of the evaluation:*

NRC identified the following strengths of the Board of Directors: solid and diversified knowledge and professional experience (financial, legal expertise, financial audit, business administration, financial market and in particular the capital market etc.), experience in previous management positions, high decision-making skills, leadership and teamwork, strategic vision and long-term planning skills, independence in thinking and opinions, determination and active involvement in the society, proactive and anticipatory attitude, effective communication inside and outside organization, good knowledge of the business model and the activities carried out by the company, good knowledge of the risks inherent in activating in the field of financial investments and the management of financial asset portfolios.

No weaknesses of the Board were identified.

The collaboration between the members of the Board of Directors is done in optimal conditions, the administrators maintaining a close and continuous connection, with an at least monthly frequency. All members of the Board of Directors have access to relevant information within the company, which is provided to them frequently by the executive management and the functional departments of the company, by means of reports presented at board meetings, advisory committees operating within the Board or ad hoc requests.

The diversity of knowledge and experience gained in various top management positions by all members of the Board adds value to this decision-making body.

The knowledge and experience of all members of the Board of Directors in the field of finance and the capital market, also provides, at a collective level, solid and varied professional skills and experience related to the industry in which the company operates. This ensures a good knowledge and understanding of the business model and the activity carried out by the company and the potential risks associated with its activity, offering the possibility of efficient and prudent management of the portfolio and in accordance with the regulations applicable to all the activities of SIF Banat-Crișana.

An important feature of the Board structure is the active involvement of its members in the activity of this decision-making body, the meetings of the Board being overwhelmingly attended by all directors, demonstrating conscientiousness and involvement in the decision-making process.

NCR considered as adequate and efficient the current structure of the Board of Directors, taking into account the size of the company and the complexity of the activity carried out. The members of the Board of Directors collectively provide expertise to make appropriate decisions in accordance with the business plan / business model, risk appetite, strategy and markets in which the Company operates and have all the knowledge and skills necessary to conduct the Company's business, including a sufficient number of members with knowledge in each field to substantiate their views in the decision-making process.

Board members collectively have the ability to monitor and validate or challenge, as appropriate, the decisions of senior management / executive management.

The conclusion of the collective evaluation of the Board revealed that this structure has the knowledge, skills and professional experience and complies with the requirements of reputation, honesty, integrity, and governance provided by Regulation 1/2019, necessary to perform the specific duties of the functions and no situations giving rise to concerns about the suitability of a director or management structure at the level of the Management Board as a whole were identified.

#### **• Individual evaluation of Company's executives prior to submission for the approval of the Financial Supervisory Authority**

Considering (i) the SIF Banat-Crișana's OGM Resolution of January 6, 2021 for electing the members of the Board of Directors for a term of office of four years, starting with the term of April 25, 2021, approved by ASF Authorization no. 44 / 18.03.2021; (ii) Decision of the Board of Directors no. 1 of April 25, 2021 electing Mr. Bogdan-Alexandru Drăgoi as Chairman of the Board of Directors and electing Mr. Radu-Răzvan Străuț as Vice Chairman of the Board of Directors, for a new term of 4 years, starting with from 25.04.2021 and until 25.04.2025; (iii) The provisions of art. 7 of the Articles of Association according to which *"The Board of Directors elects from among its members a chairman and a vice chairman. The Chairman of the Board of Directors will also hold the position of General Director (CEO) of the company."*, respectively *"The Chairman – CEO, and in his absence, the Vice-Chairman, represents the company in dealings with third parties."*; (iv) The provisions of art. 25 of Regulation 1/2019, according to which the regulated entities have to carry out the individual evaluation of the members of the management structure, prior to their submission for the approval of the Financial Supervisory Authority, in the meeting of 25.04.2021, NRC proceeded to evaluate Mr. Bogdan-Alexandru Drăgoi and Mr. Radu-Răzvan Străuț, persons eligible for the position of General Director (CEO), respectively Deputy General Director and to whom the Board of Directors to delegate part of its powers in accordance with the provisions of art. 143 of Law no. 31/1990.

In the evaluation process, the provisions of Regulation 1/2019 were observed, being analysed for each person the criteria established by the regulation, based on documents and information provided by the evaluated persons (diplomas and certificates, CVs, statements compliant to R1/2019 etc.) as well as other data and information available to NRC members (internal audit and compliance reports, public information, etc.)

The conclusions of the evaluation process were substantiated on the analysis of the information in the submitted documents, the analysis of the information regarding reputation, integrity, honesty and independent thinking, as well as the direct discussions with the persons concerned and the analysis of their activity within the Company. being recorded in the evaluation sheets, according to the following criteria: a) relevant knowledge, skills, and experience; b) time dedicated to the exercise of the respective positions; c) evaluation of reputation, honesty, and integrity; d) governance criteria.

The evaluation carried out by NRC revealed that the evaluated persons have the knowledge, skills and professional experience and comply with the requirements of reputation, honesty, integrity

and governance provided by Regulation 1/2019, Law no. 74/2015 and Regulation 10/2015, necessary for the fulfilment of the specific attributions of the positions of General Manager, respectively Deputy General Manager and did not identify situations that would generate concerns regarding the adequacy of these persons.

▪ **Analysis of directors' remuneration and of the additional remuneration for the members of the advisory committees within the Board of Directors**

During the meeting of 25.04.2021, NRC analysed the powers and responsibilities of the CEO and the Deputy General Director, respectively the role of the advisory committees operating within the Board of Directors of SIF Banat-Crișana and submitted to the Board of Directors proposals on the remuneration of the directors and the additional remuneration of the members of the advisory committees within the Board of Directors, in accordance with the remuneration policy approved by the shareholders.

NRC concluded that:

Ensuring an effective and efficient management and administration of the company, in compliance with the principles of investor protection, must ensure the proportionality of the remuneration granted to the specific responsibilities of the functions exercised by the directors and members of the advisory committees within the Board.

Given the level of responsibilities and competencies of directors and non-executive administrators (members of the two advisory committees within the Board), the complexity and importance of the issues under their analysis and decisions, the impact of their work on company's operations, level of expertise and time required for the performance of specific tasks, it is considered that the fixed remuneration granted to directors as well as the special remuneration of members of advisory committees must be high enough to reward the work done, but also to ensure the responsible and independent performance of duties and specific competencies.

The level of remuneration must promote the long-term sustainability of the company, in line with the business strategy, objectives, values and long-term interests of the company and at the same time align the remuneration regime within the company with financial investment policies and practices.

In addition to the above, the Nomination and Remuneration Committee analysed the level of liquidity and assets under the management of the company and the possibilities of the remuneration system to react to possible internal and external events.

In accordance with the provisions of the Internal Regulations of SIF Banat-Crișana, NRC recommended to the Board of Directors:

- Approval of the contracts delegating powers to the Chairman - Chief Executive Officer and to the Vice-Chairman – Deputy General Director, while maintaining the existing clauses, including those regarding the fixed remuneration due, complying with the limits imposed by resolutions of the general meeting of shareholders and decisions of the Board.

- To maintain the additional remuneration for non-executive directors, members of advisory committees, in compliance with the limits imposed by decisions of the general meeting of shareholders.

▪ **Analysis and recommendation on transfer of shares to beneficiaries under ongoing share-based payment plans ("Stock Option Plan")**

In the meeting of 17.05.2021, NRC analysed the way of fulfilling the necessary conditions for the vesting of the Stock Option Plan beneficiaries approved by EGM of 22.04.2019, respectively EGM of 27.04.2020, implemented by the decision of the Board of 14.05.2020. The company has fulfilled all the requirements for informing investors and timely publishing the Disclosure Document

regarding the offering or allotment of shares to the members of the management structure of SIF Banat-Crișana, prepared according to Annex no. 4 to Regulation no. 5/2018.

The Nomination and Remuneration Committee ascertained that the conditions for the transfer of shares under this share-based payment program were met and proposed to the Board the approval of the transfer of ownership of 880,000 shares, representing 0.1707% of the share capital, to the beneficiaries of the program, according to the rights exercised by them.

In the meeting of 06.12.2021, NRC analysed the way of fulfilling the necessary conditions for the vesting of the Stock Option Plan beneficiaries approved by the EGM of 27.04.2020, implemented by the decisions of the Board of Directors of 11.08.2020, respectively 30.07. 2021, as a result of the resolutions adopted by the EGM of 25.11.2021. The company has fulfilled all the requirements for informing investors and timely publishing of the Disclosure Document regarding the offering or allotment of shares to the members of the management structure of SIF Banat-Crișana, prepared according to Annex no. 4 to Regulation no. 5/2018.

The Nomination and Remuneration Committee ascertained that the conditions for the transfer of shares under this share-based payment program were met and proposed to the Board the approval of the transfer of ownership of 880,000 shares, representing 0.1707% of the share capital, to the beneficiaries of the program, according to the rights exercised by them.

In the current reports of 18.05.2021, respectively of 07.12.2021, SIF Banat-Crișana informed the investors on the completion of the two share-based payment plans, being also made the direct transfer of shares to the beneficiaries in the records of Depozitarul Central. The information provided in art. 19 of the EU Regulation 596/2014 on these transactions are available on the company's website in the *Investor Relations* section.

#### **- Analysis and recommendation on the share-based payment plans (“Stock Option Plan”):**

In the meeting of 30.07.2021, the Nomination and Remuneration Committee analysed the execution of the Stock Option Plan approved by the Board decision of 11.08.2020 and recommended to the Board of Directors its modification and of the model of Share-based payment agreement, so that the exercise by the beneficiaries of the right to receive shares free of charge can be done after a period of 14 months from the signing of the payment agreement concluded between the Company and the Beneficiary, but not more than 16 months from the date of signing the agreement.

The Board of Directors approved the NRC proposal. The company has fulfilled all the requirements for informing investors and timely publishing the Disclosure Document regarding the offering or allotment of shares to the members of the management structure of SIF Banat-Crișana, prepared according to Annex no. 4 to Regulation no. 5/2018, updated.

#### **- Analysis and endorsement of the salary rise at Company level**

In the meeting of 25.10.2021, NRC analysed the report presented by the executive management and endorsed the granting of salary raises for all the executive staff of the Company, including the fixed remuneration of the directors, considering the following:

- indexation of fixed salaries / remuneration in order to maintain parameters that would counteract the accelerated increases in consumer prices recorded especially in 2021, given that the last rise of salaries was granted in January 2019;
- the salary rise does not lead to exceeding the budgetary provisions approved by the shareholders or the limits established by the GMS;
- the salary rise does not violate any applicable legal provisions, the company's remuneration policy or other applicable regulations;

- compliance with the level of available liquidity, without the need to deploy (sell) assets to cover salary rise.

#### **• Periodical evaluation of adequacy of members of management structure and persons holding key positions**

In accordance with the provisions of *ASF Regulation no.1 / 2019 on the evaluation and approval of the members of the management structure and of the persons holding key positions within the entities regulated by the Financial Supervisory Authority ("R1 / 2019")* and the *Internal Procedure on the evaluation of the members of the management structure and of persons holding key positions within the Company (POEV 01-2)*, in the process of continuously monitoring the adequacy of members of the management structure and persons holding key positions in order to ensure a prudent, fair and efficient management of SIF Banat-Crișana, in the meeting of 20.12.2021, NRC proceeded to evaluate the Directors and the persons holding key positions in the company.

According to the provisions of art. 26 par. (3) corroborated with those from art. 23 of R1 / 2019, NRC performed both the individual evaluation of the Directors and the collective evaluation of the executive management structure.

Following the evaluations, NRC ascertained that the members of the executive management have the knowledge, skills and professional experience and comply with the requirements of reputation, honesty, integrity and governance provided by Regulation 1/2019, necessary to perform the specific duties of the positions they hold and did not identify any situation giving rise to concerns on the suitability of a director or executive structure as a whole during 2021.

At the same time, the Nomination and Remuneration Committee evaluated the key functions in the company - the internal audit function, the risk management function, and the compliance function.

Following the evaluations performed, NRC ascertained that the persons holding key positions possess the knowledge, skills and professional experience and respect the requirements of reputation, honesty, integrity and governance provided by the FSA Regulation no. 1/2009 and the internal regulations of the company, necessary to fulfil the specific attributions of the functions they hold and did not identify any situation that would generate concerns regarding the adequacy of the persons in this category.

#### **• Evaluating the performance of the executive management**

In the meeting of 20.12.2021, NRC proceeded to evaluate the performance of the executive management in 2021, in accordance with the Remuneration Policy of SIF Banat-Crișana approved by the shareholders by Resolution no. 4 of January 6, 2021, and the Methodology for evaluating the performance of the executive management approved by the Board of Directors in December 2020.

The evaluation of the fulfilment of the performance criteria was performed for each director, based on the quantitative and qualitative indicators established by the approved methodology, the evaluation results being recorded in the individual evaluation sheets.

Evaluation of quantitative criteria:

- *KPI indicators* - were calculated based on the estimate of the achievement of Budget for 2021 presented to the Board of Directors.

- *The assessment of compliance with the regulated / approved investment limits* was performed by analysing the investment limits monitoring performed monthly by the Risk Manager, together with the calculation and reporting of the detailed statement of assets and liabilities, as well as on each transaction expected through the investment verification procedure.

- *The assessment of compliance with the approved global risk profile* was based on the analysis of periodic monitoring and evaluation reports prepared by the Risk Manager and reported to the Board in the periodic risk reports and risk opinions through the pre-investment verification procedure.

The Nomination and Remuneration Committee recommended the Board of Directors to approve the results of the performance evaluation of the executive management for 2021.

#### **• Analysis and recommendation on granting the variable component for the achievement of the objectives in 2021**

In accordance with its responsibilities, NRC analysed, in the meeting of December 20, 2021, the reports presented by the executive management and the Risk Opinion on granting the variable component of the remuneration presented by the person responsible for the risk management and the compliance with the provisions of the Remuneration Policy of SIF Banat-Crișana.

NRC ascertained that:

- The evaluation of the observance of the approved global risk profile of SIF Banat-Crișana, from the perspective of the impact of the investment decisions on it, was made by analysing the investment risk at the level of assets under management.

- It was ascertained that the objectives set at the senior management level, through the activity plan and Budget approved by the GMS, and at the level of the personnel responsible for the investment activity, through the objectives and financial competencies (investments made, collection of dividends from shareholdings, investments, etc.) did not induce changes in the investment risk.

- The analyses periodically performed in 2021 lead to the conclusion that the achievement of the investment objectives was met in compliance with the regulated prudential limits, the risk limits approved by the overall risk profile and the governance principles.

- Permanent monitoring of risks in the activity of the three offices having key function roles - internal audit, compliance, and risk management - leads to the conclusion that the risk management system at SIF Banat-Crișana is effective, and the measures adopted for monitoring and control of exposures to the identified risks are appropriate and timely, and the recommendations and matters of concern receive the necessary attention.

- Personnel having control positions are remunerated according to the achievement of the objectives related to the functions held, regardless of the results of the business sectors they control.

- The amounts planned for the payment of variable cash remuneration for employees and directors of the company for achieving the objectives in 2021 were provided in the Income and Expenses Budget approved by the GMS of 26.04.2021, both for employees and directors.

- The criteria for granting the variable component according to the Remuneration Policy of SIF Banat-Crișana are complied with, both in the case of employees and directors, including in the case of persons (employees) holding key positions.

- The evaluation of the executive management regarding the achievement of the performance objectives for 2021, carried out in accordance with the Methodology for evaluating the performance of the executive management approved by the Board of Directors in December 2020, reveals the fulfilment of the performance objectives for 2021 by all directors.

- The analysis of the liquidity risk based on the current balance of the bank accounts shows that the funds allocated for distribution are sufficient and it is not necessary to dislocate (sell) some assets in this regard.

In view of the findings made, NRC gave a favourable opinion on the granting of the variable component to employees and directors for the achievement of the objectives in 2021.

Nomination and Remuneration Committee as of December 31, 2021:

Sorin MARICA - Chairman of the Committee

Marcel PFISTER - member

Ionel Marian CIUCIOI - member

# SIF BANAT-CRIȘANA

## REMUNERATION REPORT FOR 2021

### 1. INTRODUCTION

**SOCIETATEA DE INVESTIȚII FINANCIARE Banat-Crișana S.A.** (hereinafter “SIF Banat-Crișana” or “the Company”) has been incorporated since November 1996 as a joint stock company, in accordance with the provisions of Law no. 31/1990 on trading companies, being a Romanian legal entity with fully private capital, with a duration of operation of 99 years.

SIF Banat-Crișana is established as a self-managed investment company and it is authorized by the Financial Supervisory Authority (ASF) as an Alternative Investment Fund Manager (AIFM), in accordance with Law no. 74/2015, by Authorization number 78 / 09.03.2018.

As per the provisions of Law no. 243/2019 on alternative investment funds, SIF Banat-Crișana qualifies as a closed, diversified Alternative Investment Fund addressed to Retail Investors (AIFRI), self-managed, authorized by ASF in this capacity since July 2021.

The obligation to draw up and publish the first remuneration report according to art. 107 of *Law 24/2017 on issuers of financial instruments and market operations – republished*, is applicable for the last financial year ended after the approval by the GMS for the first time of the remuneration policy, respectively for the information established by law for the financial year 2021.

As per the provisions of art. 107 paragraph (6) of Law 24/2017, this Remuneration Report will be submitted to the consultative vote of the General Meeting of Shareholders convened for April 28 (29), 2022.

All amounts mentioned in this report are expressed in RON (Romanian leu) and represent net amounts, unless otherwise stated.

### 2. THE REMUNERATION POLICY OF SIF BANAT-CRIȘANA

The remuneration policy of SIF Banat-Crișana was approved by the OGM of January 6, 2021, by Resolution no. 4 (with 97.37% of the votes cast) and completed according to Resolution no. 8 of the OGM of April 26, 2021 (with 99.97% of the votes cast).

The main principles underlying the remuneration policy:

- pursuing the compatibility with sound and effective risk management and promoting this type of management, without encouraging taking risks that do not comply with the risk profile, internal rules or articles of association of the company;
- substantiation on the values and beliefs of the organization and compatibility with the business strategy, objectives, values, and interests of SIF Banat-Crișana, as well as with the interests of investors, including measures to avoid conflicts of interest;
- the remuneration of personnel holding control positions is based on the achievement of the objectives related to their functions, regardless of the results of the commercial sectors they control;
- performance-based remuneration is calculated on the basis of an assessment that combines the performance of the individual and the business unit concerned with the overall performance of the Company;
- there is an appropriate balance between the fixed and the variable component of total remuneration and the fixed component represents a sufficiently high percentage of total remuneration allowing the application of a policy as flexible as possible on variable components of remuneration, including the possibility of paying no variable component of remuneration;

- the variable remuneration is paid or granted only if it is sustainable according to the financial situation of the Company as a whole, and is justified by the performance of the business unit within the company and the person concerned;
- Company personnel are prohibited from using personal coverage or insurance strategies relating to remuneration or liability to undermine the effects of the risk alignment provided for in their remuneration schemes;
- variable remuneration is not paid through instruments or methods that facilitate the avoidance of compliance with the requirements of the remuneration policies applicable within SIF Banat-Crișana.

SIF Banat-Crișana promotes an effective and sound risk management, without the remuneration structure encouraging excessive risk-taking, including in relation to sustainability risks, being correlated with risk-adjusted performance.

Considering the size, nature, internal organization, scope and complexity of SIF Banat-Crișana's activities, the company's Board of Directors considers that the requirements for the process of payment of variable remuneration in instruments, the requirements for withholding and deferral, the requirements for the ex-post inclusion of risks for variable remuneration may be exempted. The Board of Directors considers that non-application of the above requirements is reconcilable with the risk profile, the risk appetite and the strategy of the company and the assets under management.

Given that the authorization of SIF Banat-Crișana as an AIFM was issued during 2018, to substantiate the remuneration of personnel for full periods of performance, the remuneration procedures regarding variable remuneration were effectively applied to the staff identified within SIF Banat-Crișana starting from the financial year 2019.

The Company's remuneration policy ensures a fair and competitive remuneration, respecting and valuing the skills and the performance, with the two components - the fixed component and the variable component - appropriately proportioned.

### **3. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS (ADMINISTRATORS)**

#### **3.1 Administrators' remuneration structure**

The remuneration of the administrators is decided annually by the general meeting of the shareholders of SIF Banat-Crișana, in accordance with the provisions of Law no. 31/1990 and the articles of association of the Company.

The additional remuneration of the administrators is set in general limits by resolution of the general meeting of shareholders. The total annual amount of additional remuneration paid to the directors shall not exceed the limits set by the resolution of the general meeting of shareholders.

The additional remuneration is fixed and is based exclusively on factors such as time spent on the performance of duties, participation in meetings of the board of directors, responsibilities undertaken on the board of directors, participation in the activities of special committees at the board level, and the like. factors that do not depend on and do not consider the results and performance of the company.

Remuneration for the purposes of the Remuneration Policy is not considered to be expenses settled by the company and incurred by the directors in the interest and for the purpose of exercising the mandate of administrator.

### 3.2 Components of administrators' remuneration in 2021

The Board of Directors consists of five members appointed by the Ordinary General Meeting of Shareholders, in accordance with the provisions of Company's Articles of Association.

During 2021, the Board of Directors had the following composition:

Name	Position/Function	Date of first appointment (date of ASF endorsement)	Current term expires	Months on duty 2021
Bogdan-Alexandru Drăgoi	Chairman of BoD	09.04.2015	25.04.2025	12
Radu-Răzvan Străuț	Vice-Chairman of BoD	13.07.2017	25.04.2025	12
Ionel-Marian Ciucioi	Member of BoD Member of Audit Committee Member of NRC	25.10.2018	25.04.2025	12
Sorin Marica	Member of BoD Chairman of Nomination and Remuneration Committee (NRC) Member of Audit Committee	13.07.2017	25.04.2025	12
Marcel Heinz Pfister	Member of BoD Chairman of Audit Committee Member of NRC	13.07.2017	25.04.2025	12

The monthly remuneration due to the members of the Board of Directors for the financial year 2021<sup>1</sup> was approved by the OGM on January 6, 2021, at the level established by the OGM resolution of April 26, 2016, **in the amount of RON 10,000 net** for each administrator, regardless of position.

**The general limits** on all additional remuneration of members of the board of directors and the general limits on the remuneration of directors for the financial year 2021 were approved by the OGM on 6 January 2021 and remained **at 0.42% of the average annual net assets**<sup>2</sup> established by the OGM resolution no. 7 of April 27, 2020.

Individual remuneration of the members of the Board of Directors in 2021:

Position/Function	Total fixed remuneration 2021* (RON)	Variable remuneration	Proportion of fixed remuneration	Other benefits** (RON)
Chairman of the Board of Directors	120,000	0	100%	1.242
Vice-Chairman of the Board of Directors	120,000	0	100%	1.242
Member of the Board of Directors Member of Audit Committee Member of NRC	180,000	0	100%	1.242
Member of the Board of Directors Chairman of NRC Member of Audit Committee	300,000	0	100%	1.242
Member of the Board of Directors Chairman Audit Committee Member of NRC	300,000	0	100%	0

\* Includes additional remuneration for members / chairs of advisory committees operating within the Board of Directors

\*\* Subscription to medical services provided by a private provider, equivalent to EUR 21 per month, provided for each Romanian administrator.

<sup>1</sup> Resolution no. 5 of OGM of January 6, 2021: <https://www.sif1.ro/wp-content/en/current-reports/2021/2021-01-06-OGM-resolutions.pdf>

<sup>2</sup> Resolution no. 6 of OGM of January 6, 2021: <https://www.sif1.ro/wp-content/en/current-reports/2021/2021-01-06-OGM-resolutions.pdf>

**Note: To ensure full independence in discharging their duties, non-executive administrators (Board members) do not receive variable remuneration and do not participate in remuneration schemes in which payment is linked to performance.**

#### **Remuneration received from other entities belonging to the SIF Banat-Crișana group:**

For executive administrators - Chairman of the Board and Vice-Chairman of the Board, the information is presented in point 4.2.

The Chairman of the Audit Committee and the Chairman of the Nomination and Remuneration Committee did not receive in 2021 any remuneration from other entities of SIF Banat-Crișana Group.

In 2021, Mr. Ionel Ciucioi received a total remuneration of RON 264,000 for the position of Chairman of the Board, and of RON 752,000 for the position of General Manager, at a company from the SIF Banat-Crișana Group.

## **4. REMUNERATION OF THE (EXECUTIVE) DIRECTORS**

### **4.1 (Executive) Directors' remuneration structure**

The remuneration of the directors is approved by the company's board of directors. The general limits of the remuneration of the directors to whom a part of its powers has been delegated by the Board of Directors, in accordance with the provisions of Law no. 31/1990, are approved by the general meeting of shareholders.

The Board of Directors will ensure the proportionality of the remuneration granted with the specific responsibilities of the management functions, to ensure an adequate and responsible remuneration, which will ensure the increase of the performances, to increase the value of the company, for the benefit of its shareholders.

Directors' remuneration may consist of a fixed component and a variable component:

*The fixed component* of remuneration is determined considering sound economic principles, considering the nature and complexity of the activities carried out by those persons as well as the competencies and responsibilities accepted by holding those management positions.

*The variable remuneration component* is based on an assessment that combines the evaluation of individual performance with the overall results of SIF Banat-Crișana. The variable component can be paid in cash and / or instruments. In accordance with the Remuneration Policy, the Board of Directors has the power to establish the general criteria for assessing the performance of the executive management.

The remuneration of the directors must be within the general limits of the remuneration and the budget approved by the ordinary general meeting of the shareholders of SIF Banat-Crișana.

Is not considered remuneration for the purposes of the remuneration policy the expenses settled by the company and incurred by the directors in the interest and for the purpose of exercising their functions within the company.

### **4.2 Components of directors' remuneration in 2021**

During 2021, the executive management was provided by four directors authorized by the Financial Supervisory Authority:

<b>Name</b>	<b>Position</b>	<b>Period of holding the executive position</b>	<b>Months on duty in 2021</b>
Bogdan-Alexandru Drăgoi	Chairman of BoD, CEO Management delegated by BoD as per Law no. 31/1990 and Articles of Association	July 2017 - present	12
Radu-Răzvan Străuț	Vice-Chairman of BoD, Deputy General Director - Management delegated by	May 2018 - present	12

Name	Position	Period of holding the executive position	Months on duty in 2021
	BoD as per Law no. 31/1990 and Articles of Association		
Teodora Sferdian	Deputy General Director	May 2014 - present	12
Laurențiu Riviș	Director	Feb. 2016 - present	12

In accordance with the Remuneration Policy, the remuneration of the executive directors in 2021 consisted of fixed remuneration and variable remuneration.

**The fixed part** of the remuneration consisted of the monthly allowance and benefits in kind (financial and non-financial benefits).

Directors have not benefited from discretionary pension plans.

**The variable part** of the remuneration has been allocated to reward the performance of each member of the executive during 2021, depending on the performance, risk and non-financial objectives set by the Board of Directors.

The variable component has not been subject to malus and claw-back agreements.

The variable component does not include any additional rewards.

Information on the total remuneration granted to each director for the financial year 2021:

For the year 2021, **the CEO** received a fixed remuneration composed of an annual remuneration amounting to RON 744,156 (according to the provisions of the contract of delegation of powers) and benefits in kind in the amount of RON 1,242 per year<sup>3</sup>.

The variable remuneration paid in cash for the performance in 2021 was of RON 700,000, in accordance with the Remuneration Policy and the limits approved by the shareholders.

The relative proportion of fixed remuneration was 52%, and of the variable cash remuneration was 48%, out of the total cash remuneration granted during 2021 for this position.

On May 17, 2021, the CEO exercised his option for the shares allocated before 2021, for the performance in 2019, in the Stock Option Plan type program carried out based on the EGM resolutions of April 22, 2019, and of April 27, 2020, and the decision of the Board of Directors from 14.05.2020. The direct transfer of ownership of the 460,000 shares to the Central Depository was made on May 18, 2021<sup>4</sup>. The related amount recognized in expenses in 2021 (RON 502,168) is the effect of the gradual value recognition of the SOP program within the expenses with remuneration in equity instruments, between the date of allocation and the date of exercising options, in accordance with the provisions of the Fiscal Code.

On December 2, 2021, the CEO exercised his option for the shares allocated before 2021, for the performance in 2020, in the Stock Option Plan type program carried out based on the EGM resolutions of 27.04.2020, and of 25.11.2021 and the decisions of the Board of Directors from 11.08.2020 and 30.07.2021. The direct transfer of ownership of the 460,000 shares to the Central Depository was made on December 8, 2021<sup>5</sup>. The related amount recognized in expenses in 2021 (RON 844,867) is the effect of the gradual recognition of the value of the SOP program within the expenses with remuneration in equity instruments, between the date of allocation and the date of exercising the options, in accordance with the provisions of the Fiscal Code.

*The shares transferred to the CEO in the two Stock Option Plan programs mentioned above are related to the activity carried out in 2019 and respectively 2020.*

<sup>3</sup> Subscription to medical services provided by a private provider, equivalent to EUR 21 per month. For directors who also hold the position of executive administrator, this amount is granted only one, regardless of the number of positions held in the Company

<sup>4</sup> <https://www.sif1.ro/wp-content/tranzactii-persoane-initiate/notificari-2021/notifications-transactions-May-20-2021.pdf>

<sup>5</sup> <https://www.sif1.ro/wp-content/tranzactii-persoane-initiate/notificari-2021/notifications-transactions-Dec-2021.pdf>

In 2021, the CEO received a total remuneration in the amount of RON 360,000 from companies in the SIF Banat-Crișana Group, as a member of the board of directors of these entities.

For the year 2021, **the Deputy General Director** (Vice-Chairman of the Board) received a fixed remuneration composed of an annual remuneration amounting to RON 744,156 (according to the provisions of the contract of delegation of powers) and benefits in kind in the amount of RON 1,242 per year<sup>3</sup>.

The variable remuneration paid in cash for the performance in 2021 was of RON 700,000, in accordance with the Remuneration Policy and the limits approved by the shareholders.

The relative proportion of fixed remuneration was 52%, and of the variable cash remuneration was 48%, out of the total cash remuneration granted during 2021 for this position.

On May 17, 2021, the Deputy General Director exercised his option for the shares allocated before 2021, for the performance in 2019, in the Stock Option Plan type program carried out based on the EGM resolutions of April 22, 2019, and of April 27, 2020, and the decision of the Board of Directors from 14.05.2020. The direct transfer of ownership of the 420,000 shares to the Central Depository was made on May 18, 2021<sup>6</sup>. The related amount recognized in expenses in 2021 (RON 458,501) is the effect of the gradual value recognition of the SOP program within the expenses with remuneration in equity instruments, between the date of allocation and the date of exercising options, in accordance with the provisions of the Fiscal Code.

On December 2, 2021, the Deputy General Director exercised his option for the shares allocated before 2021, for the performance in 2020, in the Stock Option Plan type program carried out based on the EGM resolutions of 27.04.2020, and of 25.11.2021 and the decisions of the Board of Directors from 11.08.2020 and 30.07.2021. The direct transfer of ownership of the 420,000 shares to the Central Depository was made on December 8, 2021<sup>7</sup>. The related amount recognized in expenses in 2021 (RON 771,401) is the effect of the gradual recognition of the value of the SOP program within the expenses with remuneration in equity instruments, between the date of allocation and the date of exercising the options, in accordance with the provisions of the Fiscal Code.

*The shares transferred to the CEO in the two Stock Option Plan programs mentioned above are related to the activity carried out in 2019 and respectively 2020.*

In 2021, the Deputy General Director received a total remuneration in the amount of RON 120,000 from companies in the SIF Banat-Crișana Group, as a member of the board of directors of these entities.

For the year 2021, **the Deputy General Director** received a fixed remuneration composed of an annual remuneration amounting to RON 274,642 (according to the provisions of individual labour agreement) and benefits in kind in the amount of RON 7,702 per year<sup>8</sup>.

The variable remuneration granted for the performance in 2021 was RON 220,000 in cash, in accordance with the Remuneration Policy and the limits approved by the shareholders.

The relative proportion of fixed remuneration was 56% and of the variable remuneration was 44%, out of the total remuneration granted during 2021 for this position.

In 2021, the Deputy General Director received a total remuneration in the amount of RON 30,600 from companies from the SIF Banat-Crișana Group, as a member of the board of directors of these entities.

<sup>6</sup> <https://www.sif1.ro/wp-content/tranzactii-persoane-initiate/notificari-2021/notifications-transactions-May-20-2021.pdf>

<sup>7</sup> <https://www.sif1.ro/wp-content/tranzactii-persoane-initiate/notificari-2021/notifications-transactions-Dec-2021.pdf>

<sup>8</sup> *Subscription to medical services provided by a private provider, equivalent to EUR 21 per month; optional pension insurance (Pillar III), according to Law no. 204/2006, within the deductibility limit provided by law of EUR 400 per year; equivalent to meal vouchers in an average amount of RON 380 / month.*

For the year 2021, **the Director** received a fixed remuneration composed of an annual remuneration amounting to RON 159,073 (according to the provisions of individual labour agreement) and benefits in kind in the amount of RON 7,702 per year<sup>8</sup>.

The variable remuneration granted for the performance in 2021 was RON 210,000 in cash, in accordance with the Remuneration Policy and the limits approved by the shareholders.

The relative proportion of fixed remuneration was 43% and of the variable remuneration was 57%, out of the total remuneration granted during 2021 for this position.

In 2021, the Director did not receive any remuneration from other entities of the SIF Banat-Crișana Group.

#### **4.3 Performance criteria for granting the variable component**

The performance of directors is assessed against a series of indicators - quantitative and qualitative - approved by the Board of Directors on the basis of the medium-term strategy and the latest business plan, and incorporates annual financial, risk and non-financial objectives, which may be effectively measured and evaluated.

The evaluation of fulfilling the performance criteria by the directors is carried out by the Nomination and Remuneration Committee, in accordance with the Remuneration Policy. The annual performance evaluation of the directors for 2021 was made in accordance with the Methodology for evaluating the performance of the executive management approved by the Board of Directors in December 2020.

Each objective has a weight expressed as a percentage, their sum being equal to 100%.

##### **a) Qualitative component**

The objectives for the evaluation of performance - the qualitative component are:

- *assessment of the adequacy of knowledge, skills and experience to the needs of the company;*
- *assessment of professional conduct as a member of the management structure;*
- *assessment of reputation, honesty and integrity;*
- *meeting the governance criteria.*

In the process of analysing and assessing the results, NRC aims, first of all, to fulfil the conditions and requirements detailed within the internal procedure, approved by the Board of Directors, regarding the Requirements and evaluation criteria.

The weight of the qualitative component in total evaluation is 50%.

##### **b) Quantitative component**

The objectives for the evaluation of performance - quantitative component are:

- Performance indicators regarding the achievement of the income and expenses budget approved by the GMS, by comparing the indicators actually achieved with the budgeted ones: KPI 1 - Income (includes dividend income, interest income, other operating income); KPI 2 - Expenses (include Other operating expenses (personnel / directors expenses, auxiliary expenses, other expenses); KPI 3 - Profit
- Complying with the regulated / approved investment limits, provided by Law no. 243/2019
- Compliance with the approved overall risk profile adopted by the Board of Directors according to risk appetite and tolerance and provided in the FIAIR documents.

The weight of the quantitative component in total evaluation is 50%.

The objectives for the year 2021, their weights and the degree of achievement:

Objectives 2021		Chairman -CEO	Vice – Chairman - Deputy General Director	Deputy General Director	Director
<b>Weights in total quantitative / qualitative component</b>					
<b>Quantitative Objectives</b>	KPI 1: Income	10%	10%	10%	10%
	KPI 2: Expenses	10%	10%	10%	10%
	KPI 3: Profit	10%	10%	10%	10%
	Complying with the regulated / approved investment limits	35%	35%	35%	35%
	Compliance with the approved overall risk profile	35%	35%	35%	35%
<b>Qualitative Objectives</b>	Assessing the adequacy of knowledge, skills and experience	25%	25%	25%	25%
	Professional conduct as a member of the management structure	25%	25%	25%	25%
	Assessing reputation, honesty, and integrity	25%	25%	25%	25%
	Meeting governance criteria	25%	25%	25%	25%
Degree of achieving the objectives in 2021:		96,8%	96,8%	96,8%	96,8%

## 5. COMPLIANCE WITH THE REMUNERATION LIMITS APPROVED BY GMS

The establishment by the general meeting of shareholders of the general limits of all additional remuneration of members of the board of directors and of the general limits of the remuneration of directors is a requirement of Law 31/1990 on trading companies (at art. 153 ^ 18 par. 2).

The Ordinary General Meeting of Shareholders of January 6, 2021, approved for the financial year 2021 that the general limits of all additional remuneration of members of the board of directors and the general limits of the remuneration of directors be kept at 0.42% of average annual net asset value, established by the OGM Resolution no. 7 of April 27, 2020.

The average annual net asset value for the year 2021 was in the amount of RON 3,200,583,010, so that the maximum limit of remuneration available was in the amount of RON 13,442,449.

In 2021, the total expenses with the additional remunerations of the members of the board of directors and the remunerations of the directors to whom the management is delegated in accordance with Law no. 31/1990 amounted to RON 8,359,413, respectively 0.26% of the average net assets for 2021, representing a use of only 62.2% of the available amount.

## 6. COMPARATIVE INFORMATION ON THE CHANGE IN REMUNERATION AND THE PERFORMANCE OF THE COMPANY IN THE LAST 5 FINANCIAL YEARS

### 6.1 Changes in the gross remuneration of directors compared to the change in the average gross remuneration of employees in the last five financial years

Position in the organization chart	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017**	2017 vs 2016
Chairman CEO	2,50%	0,00%	10,00%	23,72%	6,80%
Vice-Chairman, Deputy General Director *	2,50%	0,00%	10,00%	N/A	N/A
Deputy General Director	2,50%	0,00%	10,00%	25,60%	0,83%
Director	2,50%	0,00%	10,00%	24,90%	14,22%
<b>Changes in the average remuneration of employees</b>	<b>4,12%</b>	<b>3,7%</b>	<b>15,39%</b>	<b>18,62%</b>	<b>2,68%</b>

\* That person was not on the executive management in 2017 and was appointed director in 2018. Therefore, comparisons are not applicable.

\*\* As a result of the fiscal changes regarding salaries and other incomes assimilated to salaries starting with January 1, 2018, namely the transfer of social contributions from employers to employees, according to GEO 82/2017, collective bargaining took place between the company's management and employees' representatives. It was agreed to maintain the net value of the existing salaries on 31.12.2017 for all personnel employed with individual employment agreements.

**6.2 SIF Banat-Crișana performance in the last five financial years**

Indicators	2021	2020	2019	2018	2017*
<b>Total income</b> (dividend income, interest income, other revenues) (RON)	135,547,935	94,840,715	121,537,512	114,876,610	84,927,868
<b>Total expenses</b> , of which:	27,498,092	28,472,943	22,236,060	17,930,623	15,745,275
Other operating expenses (RON)	22,388,962	19,678,132	18,913,441	14,682,344	16,737,900
<b>Net profit for the year</b> (RON)	387,001,105	92,122,406	159,494,532	77,186,227	69,553,195
<b>Total comprehensive income</b> for the year (RON)	707,542,359	-20,165,826	436,369,094	-6,011,901	338,419,313
<b>Net Asset Value</b> ** (RON)	3,408,921,783	2,884,036,120	2,724,317,526	2,228,169,271	2,593,066,109
Evolution of income (yoy change)	42.9%	-22.0%	5.8%	35.3%	-
Evolution of operating expenses (yoy change)	13.8%	4.0%	28.8%	-12.3%	-
Evolution of net profit (yoy change)	320.1%	-42.2%	106.6%	11.0%	-
Evolution of net asset value (yoy change)	18.2%	5.9%	22.3%	-14.1%	-
* total expenses in 2017 are influenced by the reversal of previous expenses with the adjustment of the value of assets ** calculated according to ASF regulations and certified by the depositary bank					

*Total income* in 2020 diminished compared to 2019, the negative change being caused by the impact of the COVID-19 pandemic on the dividend policy of the largest holdings in the Company's portfolio, the distribution of dividends being either stopped or significantly reduced vs. the previous years.

However, even in the context of a difficult year and affected by severe uncertainties, the Company achieved positive results, as a result of the strategic orientation of diversifying the portfolio and reducing the dependence on dividends, and the performance of shareholdings in the financial-banking sector.

**7. FINAL PROVISIONS FOR THE REMUNERATION REPORT****7.1 Compliance with Remuneration Policy / Information on any deviation from the procedure for implementing the Remuneration Policy**

In 2021 there were no deviations from the Remuneration Policy regarding the remuneration of the members of the Board of Directors and the Executive Management, all components of remuneration complying with the structure and principles presented in the Remuneration Policy approved by shareholders.

**7.2 Availability of the Remuneration Report**

This Remuneration Report has been verified by the financial auditor and discussed by the Board of Directors in the meeting held on March 28, 2022.

The report is submitted for the approval of the shareholders in the Ordinary General Meeting of Shareholders of April 28 (29), 2022, in accordance with the provisions of art. 107, paragraph (6) of Law no. 24/2017.

After the general meeting of shareholders, the Remuneration Report is made available to the public, free of charge, on SIF Banat-Crișana website, [www.sif1.ro](http://www.sif1.ro), for a period of 10 years from its publication, in accordance with the provisions of the Law no. 24/2017.

## REPORT ON THE REMUNERATION PAID BY SIF BANAT-CRIȘANA IN THE FINANCIAL YEAR 2021

- REPORT PREPARED AS AIFM -

Indicators/ Gross amounts	Amounts related to the activity carried out in the reporting year (n) (RON / currency)	Amounts actually paid during the year subject to reporting (n) (RON / currency) net	Amounts payable during the reporting year (n + 1) or deferred (RON / currency)	No. of beneficiaries
<b>1. Remuneration granted to all IMC / AIFM staff (including outsourced functions) *</b>	10,173,884	10,173,884	-	40
<i>Fixed remuneration</i>	5,167,147	5,167,147	-	
<i>Variable remuneration excluding performance fees, of which:</i>				
- cash	2,429,800	2,429,800	-	
- other forms (separately indicating each category)	2,576,937	2,576,937	-	
<i>Variable remuneration representing performance fees</i>	-	-	-	
<b>2. Remuneration for identified staff of IMC / AIFM staff ** (including outsourced functions)</b>	8,964,787	8,964,787	-	
<b>A. Members of the Board of Directors, of which</b>	1,020,000	1,020,000	-	5
<i>Fixed remuneration</i>	1,020,000	1,020,000	-	
<i>Variable remuneration excluding performance fees, of which:</i>				
- cash	0	0	-	
- other forms (separately indicating each category)	0	0	-	
<i>Variable remuneration representing performance fees</i>	-	-	-	
<b>B. Directors/members of Executive of which:</b>	6,328,964	6,328,964	-	4
<i>Fixed remuneration</i>	1,922,027	1,922,027	-	
<i>Variable remuneration excluding performance fees, of which:</i>				
- cash	1,830,000	1,830,000	-	
- other forms (separately indicating each category) **	2,576,937	2,576,937	-	
<i>Variable remuneration representing performance fees</i>	-	-	-	
<b>C. Functions having control responsibilities (expressly indicating all functions included in this category) ***</b>	264,170	264,170	-	3

## ANNEX 6 – SIF BANAT-CRIȘANA REMUNERATION REPORT FOR 2021

Indicators/ Gross amounts	Amounts related to the activity carried out in the reporting year (n) (RON / currency)	Amounts actually paid during the year subject to reporting (n) (RON / currency) net	Amounts payable during the reporting year (n + 1) or deferred (RON / currency)	No. of beneficiaries
<i>Fixed remuneration</i>	217,170	217,170	-	
<i>Variable remuneration excluding performance fees, of which:</i>				
- cash	47,000	47,000	-	
- other forms (separately indicating each category)	0	0	-	
<i>Variable remuneration representing performance fees</i>	-	-	-	
<b>D. Other functions than those indicated in letter A-C above, included in the category of identified staff (expressly indicating all functions included in this category) ****</b>	1,351,653	1,351,653	-	10
<i>Fixed remuneration</i>	1,078,353	1,078,353	-	
<i>Variable remuneration excluding performance fees, of which:</i>				
- cash	273,300	273,300	-	
- other forms (separately indicating each category)	0	0	-	
<i>Variable remuneration representing performance fees</i>	-	-	-	

\* Includes administrators, directors authorized by ASF and personnel

\*\* The amount recognized in the expenses of 2021 - related to the SIF1 share allocations from 2020 for the Stock Option Plan program carried out based on the EGM Resolution (art. 2 and 3) of 22.04.2019, of the EGMS Resolution no. 2 of 27.04.2020 and of the Decision of the Board of Directors of 14.05.2020, and the Stock Option Plan type program executed based on the EGM Resolution no. 4 and 5 of 27.04.2020, of the EGMS Resolution no. 3 of 25.11.2021 and the Decisions of the Board of Directors of 11.08.2020 and 30.07.2021 - being the effect of the gradual recognition of the value of SOP programs within the expenses with remuneration in equity instruments between the date of allocation and the date of exercise of options in accordance with the Fiscal Code.

\*\*\* Includes risk officer, compliance officer and internal auditor (outsourced function).

\*\*\*\* Includes office managers, IT / HR managers, chief accountant and analyst / consultant in the Investment Analysis and Equity Management Offices.