



SIF BANAT-CRIȘANA

SOCIETATE DE INVESTIȚII FINANCIARE

— ANNUAL REPORT — OF THE BOARD OF DIRECTORS FOR 2020 FINANCIAL YEAR

PREPARED PURSUANT TO LAW NO. 24/2017, LAW NO. 74/2015,
ASF REGULATION NO. 5/2018, ASF REGULATION NO. 10/2015, 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*

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MAIN FINANCIAL AND OPERATIONAL INFORMATION

FINANCIAL POSITION [RONm]			
	2018	2019	2020
Total assets, of which	2,452.94	2,926.68	2,883.77
Total financial assets	2,427.11	2,900.02	2,859.53
Equity	2,321.42	2,748.20	2,729.90
Total liabilities	131.52	178.47	153.87

FINANCIAL PERFORMANCE (IFRS) [RONm]			
	2018	2019	2020
Income	114.88	121.54	94.84
Gain on investment	(16.05)	75.95	27.82
Expenses	17.93	22.24	28.47
Gross profit	80.89	175.26	94.18
Net profit for the year	77.19	159.49	92.12

FINANCIAL INDICATORS [%]			
	2018	2019	2020
ROE (net profit / equity)	3.32	5.80	3.37
ROA (net profit / total assets)	3.15	5.45	3.19
Gross profit margin (gross profit / total income)	37.49	66.54	30.47

SHARES AND NET ASSET PERFORMANCE			
	2018	2019	2020
Share price (year end, in RON)	2.0400	2.7300	2.2000
Net asset value* / share (RON)	4.3067	5.2959	5.6051
PER**	13.7	8.9	12.3
Dividend / share (RON)	-	-	***
Accounting net asset / share (RON)	4.4863	5.3411	5.3055
Nominal value of share (RON)	0.1	0.1	0.1
Number of issued shares	517,460,724	517,460,724	515,422,363
Number of outstanding shares	517,371,068	514,542,363	514,542,363

* calculated acc. to ASF regulations

** calculated using EPS for the average number of shares in the respective year

*** as per GMS decision

OPERATIONAL DATA			
	2018	2019	2020
Number of employees, year end	37	34	34
Number of branch offices	1	1	1

SHAREHOLDING STRUCTURE as of December 31, 2020		
	number of shareholders	stake
Romanian individuals	5,744,885	40.05%
Non-resident individuals	2,081	0.35%
Romanian legal entities	129	38.96%
SIF Banat-Crişana (treasury stock)	1	0.17%
Non-resident legal entities	30	20.47%
TOTAL	5,747,126	100%

* purchased through market operations during 2019

GENERAL INFORMATION

COMPANY NAME	Societatea de Investiții Financiare Banat-Crișana S.A. (hereinafter referred to as “SIF Banat-Crișana” or “the Company”)
COMPANY TYPE	<ul style="list-style-type: none">▪ joint stock company, established as self-managed investment company, authorized by the Financial Supervisory Authority as Alternative Investment Fund Manager (AIFM) - Authorization no. 78 / 09.03.2018, classified as per the provisions of Law no. 243/2019 as closed-ended alternative investment fund, diversified, addressed to retail investors (AIFRI)▪ Romanian legal entity with private capital
SHARE CAPITAL	<ul style="list-style-type: none">▪ RON 51,542,236.30 – subscribed and paid-in capital▪ 514,422,363 shares issued; 514,542,363 outstanding shares▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none">▪ Number in Trade Register J02/1898/1992▪ Tax Identification Code RO 2761040▪ Number in ASF AFIAA Register PJR07.1AFIAA / 020007 / 09.03.2018▪ Number in ASF SIIRS Register PJR09SIIR/020002/2006▪ Legal Entity Identifier (LEI) 254900GAQ2XT8DPA7274
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">▪ portfolio management▪ risk management;▪ other activities carried out within the collective management of an investment fund, allowed by the legislation in force.
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB or BSE) – Premium category - ticker SIF1
FINANCIAL AUDITOR	Deloitte Audit S.R.L. starting with 2019 financial year
DEPOSITARY BANK	Banca Comercială Română (BCR) , starting with November 2019
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	Arad , 35A Calea Victoriei, 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
BRANCH	SIF Banat-Crișana SA Arad-Bucharest Branch-Rahmaninov 46-48 S. V. Rahmaninov Str., 3rd floor, sector 2, 020199, Bucharest

CONTACT Investor Relations: email investitori@sif1.ro **tel** +40257 304 446

1. ANALYSIS OF SIF BANAT-CRIȘANA ACTIVITY

Economic environment

Domestic economic environment

Macroeconomic indicators in Romania have changed divergently in recent times, as a result of the negative economic consequences of the pandemic situation.

With the increase in new cases of SARS-CoV-2 virus infection and the onset of the third pandemic wave in which infections have multiplied due to new strains of COVID-19, more severe restrictions have been imposed. Policies adopted by EU member states to combat the pandemic have outlined a plan to continue the economic support programs.

The service sector being severely disturbed by the measures imposed to stop the pandemic determined the central bank to keep on applying monetary incentives through several monetary levers. The National Bank of Romania (BNR) complied with the ECB directives and continued to lower the interest rates. To support the economy affected by the Covid-19 pandemic, BNR decreased the monetary policy interest rate during 2020, starting with the lockdown period, in three stages, from 2% to 1.75% and then 1.50%. The current monetary policy rate set by BNR is 1.25% vs. the interest rate maintained by the ECB at 0%.

In response to the restrictions imposed, economic stimulus, the measures have proven to be effective. The unemployment rate remained at a reasonable level and the number of insolvencies (especially among firms in the HoReCa/hospitality sector) did not increase. The latest data published by INS showed an unemployment rate in December 2020 of 4.9% and a decrease in the number of insolvencies as compared to 2019.

After a growth of 4.4% in 2018 and 4.1% in 2019, the progress of real GDP (adjusted for inflation) in 2020 was of -3.9%, according to initial data published by INS, being positively influenced robust economic growth in Q4 (+5.3% compared to Q3 2020).

The annual consumer price index for 2020, reported by NIS, was of 2.6% (compared to 3.8% in 2019), a value very close to the ECB's multiannual stationary inflation target of 2.5%, meant to ensure price stability and move to the EU's ongoing long-term inflation target.

BNR announced that foreign direct investment amounted to EUR 1.92bn in 2020 (vs. EUR 4.84bn in 2019) of which equity investments (including estimated net reinvested profit) amounted to a net value of EUR 3.95bn, and intragroup loans recorded a negative net value of EUR 2.03bn.

Romania's general consolidated budget deficit was of RON 101.92bn in 2020, viz. 9.79% of estimated GDP, according to the preliminary execution published by the Ministry of Public Finance. The massive increase in the deficit was mainly influenced by: (i) the exceptional payments generated by the COVID-19 pandemic of approx. RON 15.07bn; (ii) the support programs amounting to RON 12.48bn (1.20% of GDP) for the support through state guarantees of the activity of SMEs and large companies; (iii) increase in investment expenditures; (iv) the unfavourable course of budget revenues during March - December due to the crisis; (v) postponement of the payment of tax obligations by economic operators during the crisis.

The current account deficit and the public debt were also increasing, but the limits on the deficit thresholds were temporarily raised to be able to effectively intervene in the fight against the SARS-CoV-2 virus.

The course of the domestic currency against the euro changed moderately, resulting in an average annual exchange rate of RON 4.8371/EUR in 2020 vs. RON 4.7452 / EUR in 2019. However, we note a long-term devaluation trend of the Romanian Leu, compared to 2011, when the average annual

exchange rate was of 4.2379 RON/EURO. Against the US dollar, the course of the exchange rate can also be considered stable. There were no excessive exchange rate volatilities.

Although the 2020 election year has passed and political stability has been installed, amid rising external and fiscal deficits and exceeding the 3% deficit threshold, rating agencies have revised Romania's outlook from "stable" to "negative". Moody' rated Baa3 with a negative outlook and S&P and Fitch rated the current conditions at a BBB- also with negative prospects.

The full recovery of GDP from the COVID-19 crisis could take place by the beginning of 2022, earlier than expected.

The analysts have revised the growth in 2021 to +4.2% from +2.7%, mainly due to the high surplus carried over from Q4 2020. This year's form of GDP recovery is linked to the progress of the vaccination process and the fiscal position. Stronger growth is expected in 2022-2023, between 4.5-5.0% per year due to large inflows of EU resilience and recovery funds. The economic growth scenario presumes that the budget deficit will return below 3% of GDP only by 2024.

BVB capital market

The Romanian capital market ended 2020 as one of the best years in recent history in terms of growth rate. The BET index delivered a yield of 31% in 2020, ranking among CEE performers. BET-TR index, which also includes dividends, ended 2020 with an increase of 3.4%, which represents a performance in a context dominated by the uncertainties generated by the coronavirus pandemic. BET-TR index ended 2020 at a level of over 16,500 points, which is a new all-time high.

The total value of transactions on the Bucharest Stock Exchange (BVB) amounted to RON 18.3bn (over EUR 3.77bn) throughout the year 2020. The daily average trading with all types of financial instruments (shares, fixed income instruments, structured products, fund units, ETFs) reached RON 73.36m, the equivalent of EUR 15.15m, 54% above the level of 2019 and 24.9% higher than the level of RON 58.72mn in 2007. The average daily trading value of shares on the regulated market increased during 2020 by +26%, from EUR 8.2m to EUR 10.15m.

In 2020, BVB had 3 IPOs, 6 issues of government securities and 11 issues of bonds, bringing the total financing made through the capital market to RON 5.4bn (EUR 1.1bn). For an institutional investment environment, these amounts continue to mean limited market liquidity and high risks if there is a will or need to sell the holdings listed on BVB (difficulty / impossibility of exit).

In 2020, the Central Counterparty project was initiated, a fundamental entity for the growing of market liquidity, and thus all the criteria were met for BVB to be promoted to the status of secondary emerging market. The Romanian capital market has been included, starting with September 2020, among the emerging markets according to the classification made by the global index provider FTSE Russell. Romania's promotion to emerging market status was possible once two Romanian companies - Banca Transilvania and Nuclearelectrica - met the criteria for upgrading.

Dividend policies of the companies with majority state interest in the previous years have anchored in the positive territory the stock quotations for a good part of the blue-chips on BVB. Preliminary results for 2020, reported by listed companies, are generally in line with investors' expectations. The recommendation of BNR and ECB for 2020 was for commercial banks to adopt a more conservative plan for dividend distribution, strictly complying with the prudential principles.

At the end of 2020, stock market valuation indicators failed to maintain the values recorded in the similar period of 2019 due to the economic effects generated by the pandemic, but higher trading volumes supported the progress of demand. In the last month of 2020, the P/E indicator was of 8.85 vs. 8.81 in 2019, P/BV of 0.91 vs. 1.07 and the dividend yield was 6.49 vs. 6.79 in 2019.

For 2021, Romania's presence in the Emerging Markets indices is expected to increase by including other companies in their structure and the stock exchange to continue to consolidate its position as the main financing channel for Romanian companies and the main source of capital accumulation for investors.

International economic environment

The world economy grew for the sixth month in a row in December 2020, as the persistence of the pandemic was offset by the relaxed mix of economic policies. The growth of the manufacturing industry (the engine of the economy) confirms the entry into a new economic cycle. On the other hand, services have decelerated in the context of the persistence of the pandemic in Europe and North America.

In the US, the economy continued to grow in December at an accelerating pace, despite the intensification of the pandemic, the dynamics being influenced by the start of the vaccination campaign.

The economy of the Eurozone, Romania's main economic partner, declined in December amid restrictions to counter the spread of the pandemic.

China's GDP, the world's second largest economy, has decelerated from 6.1% year-on-year in 2019 to 2.3% year-on-year in 2020, the weakest dynamic since 1976 in the context of the health crisis.

The positive climate in the international financial markets consolidated at the end of the year, the stock indices recording new historical highs, an aspect that conveys favourable premises for the dynamics of the real economy in the following quarters.

Romania ranked in the league of the countries with the lowest economic declines in the EEC region, except Serbia and Poland, which reported the best progress in GDP. Countries such as Slovakia, the Czech Republic and Slovenia reported sharper economic declines around -5%, with Croatia even exceeding -8%.

In Romania, confidence in the economy and the risk perception improved at the end of 2020, following the start of the vaccination campaign and the completion of the electoral context, and recent macro-financial developments confirm the entry into a new economic cycle.

Among the risk factors for the progress of the Romanian economy in the coming quarters could be the international macro-financial climate, the evolution of the health crisis and the vaccination process, the internal mix of economic policies, the global and regional geopolitical and geo-economic climate.

Analysts expect the consolidation of the reference interest rate to the historical minimum level of 1.25%, the continuation of the convergence process to the Eurozone level from the perspective of the levels of minimum required reserve rates applicable to RON and foreign exchange liabilities of credit institutions and market interventions monetary market, the government securities market, and the foreign exchange market to counteract the risk factors for financial stability.

COVID-19 also had a direct financial impact on financial institutions. The economic contraction has significantly increased credit risk for retail and commercial customers, and many institutions have responded by tightening credit standards. Non-financial risk types (including cybersecurity, third party relations, ESG and conduct and governance in risk management) could have a substantial impact on the revenues of these institutions (financial and reputational).

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 aims at 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, in order 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 periods, 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.

SIF Banat – Crișana has under management a complex portfolio, consisting of the following main categories of financial instruments: shares, bonds and fund units. 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 number 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:

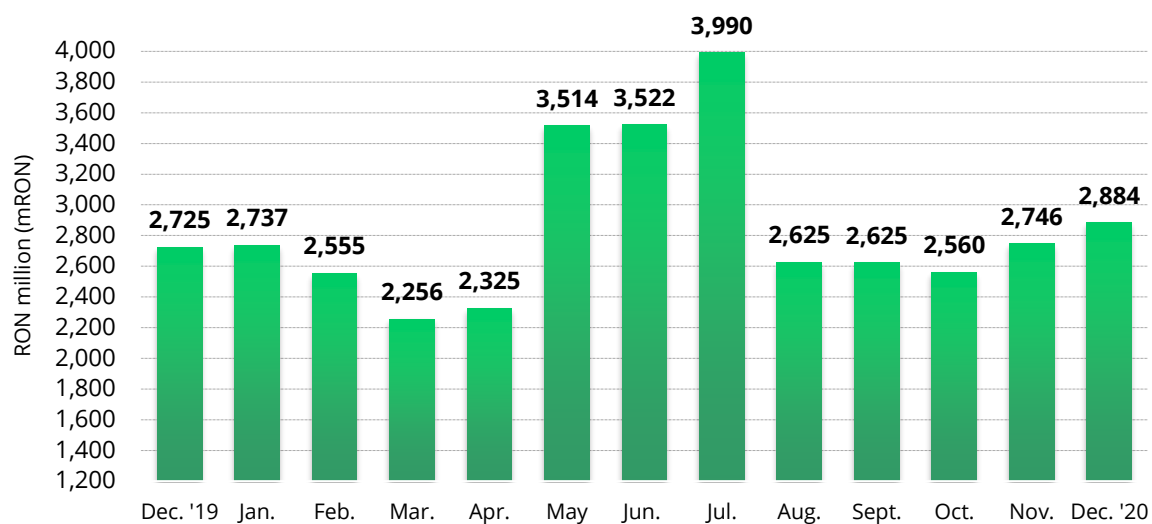
- improving portfolio quality by investment projects in dynamic areas of the economy, under conditions of optimizing the risk-return balance;
- continuing to restructure the portfolio by reducing minority exposures that do not fall within the Company's investment strategy;
- active management in the majority interests for the development of the business and the increase of their performances;
- monitoring liquidity indicators for the portfolio companies, as there is the risk of their deterioration in the context of COVID-19;
- efficient management of the portfolio and maximizing its performance, meeting all regulatory requirements;
- adapting the activity to the major social and economic challenges generated by the COVID-19 event;
- supporting the improvement of the corporate governance practices of the issuers in the portfolio.

Net asset value (NAV) evolution

The net asset value (NAV) of SIF Banat-Crişana, amounted to **RON 2,884,036,120**, up **5.84%** as compared to **RON 2,724,969,019** as of December 31, 2019, Net asset value per share (NAV/S) was of **RON 5.6051** vs. **RON 5.2959** as of December 31, 2019.

NET ASSET VALUE

December 2019 - December 2020



The calculation of NAV and NAV/S is performed by SIF Banat-Crişana on a monthly basis, the values are certified by the depository bank Banca Comercială Română (BCR). Throughout 2020, 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, are permanently available to investors, as are published by SIF Banat-Crişana on its website (www.sif1.ro) no later than 15 calendar days from the end of the period for which reporting is done.

Statement of assets and liabilities of SIF Banat-Crişana as of December 31, 2020, prepared in accordance with Annex 16 of Regulation no. 15/2004, is annexed to this report.

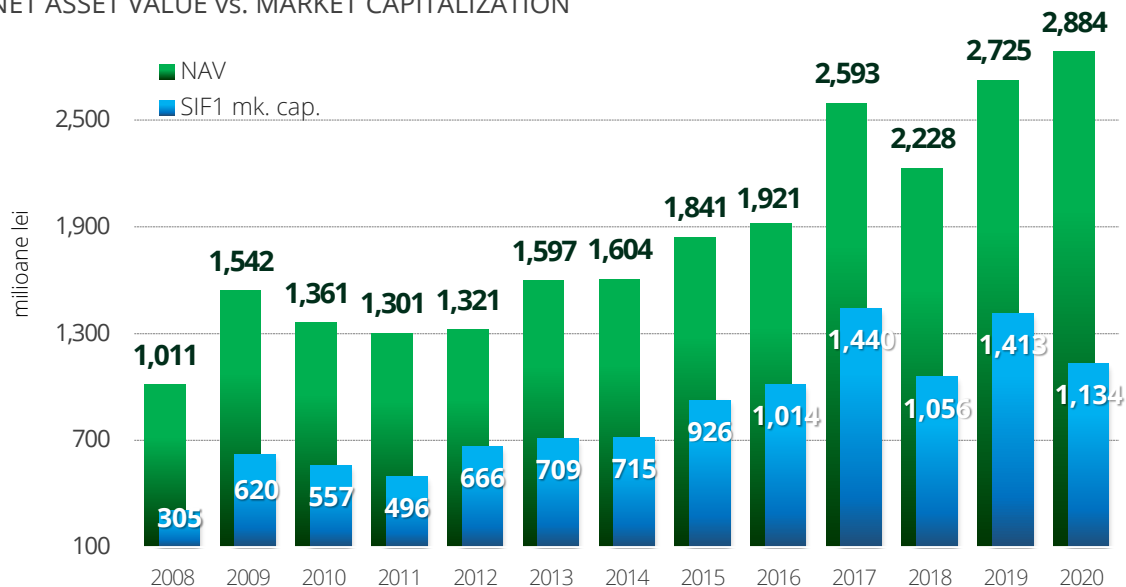
The NAV movements during the reporting period was influenced by the following factors:

The sharp decline of NAV in March and April is due to sharp decreases in the stock prices of listed securities in the portfolio, as a result of the adverse effect that the crisis generated by the COVID 19 pandemic has had on the capital markets. At the level of the Romanian stock market, the BET index shrunk by about 30% in March compared to February, following the movements of the main international indices.

Bucharest Stock Exchange (BVB) had a consistent rebound in the subsequent months, leading to the rise of the value of the listed securities in the portfolio.

However, the significant upsurge of NAV in May and June was mainly due to the substantial upturn in the value of the stake held in SIF Imobiliare PLC, an issuer listed on BVB on the AeRO market (market symbol SIFI), but having an extremely low liquidity, the method for valuating this issuer for the calculation of NAV being performed in compliance with ASF regulations applicable at that time, by mark to market. The Company informed the investors in the published periodic reports (monthly statement on NAV, and H1 2020 and Q3 2020 reports) on the factors influencing / determining the high changes of NAV.

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 – 2020; 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 2020, NAV calculation was performed in accordance with the provisions of the ASF Regulation no. 9/2014 (art. 113-122) amended and supplemented by the ASF Regulation no. 2/2018 and the ASF Regulation no. 20/2020, and the provisions of the ASF Regulation no. 10/2015.

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 maintains this valuation method for a period of at least one calendar year, for those shares considered illiquid – The Board of Directors of the Company approved the application of this method applied starting with the calculation of the net asset value on August 31, 2020, in the case of the following portfolio companies: SIF Imobiliare PLC (symbol SIFI), SIF Hoteluri SA (symbol CAOR), IAMU SA (symbol IAMU) and Somplast SA (symbol SOPL). As per the provisions of the ASF Regulation no. 10/2015 (art. 19) and EU Regulation 231/2013 (art. 69-70), the investors were informed on the update of valuation methods through the press

release published by the company on September 8, 2020 (available on Company's website: and that of the Bucharest Stock Exchange¹).

- 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, in the section *Investments > Net Asset > Net asset value calculation methodology*. The changes in valuation policies and methods are communicated to investors and the Financial Supervisory Authority, in accordance with the regulations in force.

Analysis on the liquidity of issuers that were not valued on mark to market principle

By Regulation no. 20/2020 for the amendment and completion of the ASF Regulation no. 9/2014 on the Authorisation and Operation of Investment Management Companies, Undertakings for Collective Investment in Transferable Securities and of the Depositaries of Undertakings for Collective Investment in Transferable Securities, as well as for the repeal of par. (11) and (12) of art. 45 of ASF Regulation no. 7/2020 on the authorization and operation of alternative investment funds (published in Official Gazette no. 789 / 28.08.2020), the Financial Supervisory Authority approved the completion of valuation methods for the calculation of net assets provided in Articles 113-122 of the ASF Regulation no. 9/2014, giving the possibility to use for the calculation of the Net Asset Value (NAV) the valuation method at fair value in accordance with the valuation standards in the case of issuers listed on a stock market but with low liquidity (without an active market).

As per ASF regulations, at the beginning of September 2020, an internal analysis was performed on the liquidity of the issuers in the portfolio listed on the regulated market or on the AeRO market operated by BVB, in order to identify cases where the mark to market basis valuation is not relevant, observing the provisions IFRS 13 - "Fair Value Measurement" regarding the definition of "active market" and the main issues to be considered when measuring fair value.

¹ <https://www.sif1.ro/wp-content/en/current-reports/2020/2020-09-08-valuation-methods.pdf>
<https://www.bvb.ro/FinancialInstruments/SelectedData/NewsItem/SIF1-Comunicat-actualizare-metode-de-evaluare/4C7D1>

The analysis ascertained that:

- The active market criteria for some issuers in the portfolio are not met, as both during 2019 and in the last 12 calendar months analysed, transactions representing less than 1% of the issuer's share capital occurred, the total number of transactions being less than 30 (in the same analysed period 2019 / last 12 months), their frequency being insufficient to meet the criterion of continuously providing reliable price information.
- Considering the provisions of art. 144 par. (4) and (5) of the ASF Regulation no. 9/2014, completed by the FSA Regulation no. 20/2020, the Company's management approved the updating of the valuation methodology in case of majority interests without an active market - **SIF Imobiliare Plc, SIF Hoteluri SA Oradea, Somplast SA Năsăud** (stake sold in December 2020), **IAMU SA Blaj**, using the valuation method allowed in art. 144 par. (4) namely, the shares of these companies to be valued in the assets of SIF Banat-Crişana in accordance with the valuation standards in force, based on a valuation report. The application of the mark to market method is irrelevant in the case of these issuers based on the analysis performed.

This approach provides both an increased convergence between the monthly reporting of net assets and the financial-accounting statement (given that these companies are reflected in the financial statements at fair value resulting from valuation reports prepared in accordance with International Valuation Standards, determined annually and reviewed every six months), as well as a reduction in the monthly volatility of the values included in the calculation of the Net Asset Value reported to investors.

A summary of the market analysis for these companies is presented in the table below:

Company		SIF IMOBILIARE	SIF HOTELURI	IAMU	SOMPLAST*
No. shares held by SIF Banat-Crişana stake		4,499,961 100	31,820,906 99	7,286,299 76.70	2,303,180 70.75
Transactions in 2019	Total volume	3	30.521	4.769	1
	no. trading days	1	22	30	1
% volume transaction in 2019 of which:	share capital	0.00007	0.09496	0.05020	0.00003
	stake of SIF1	0.00007	0.09591	0.06545	0.00004
Transactions <12 months	Total volume	4	48,568	7.439	2
	no. trading days	4	22	33	1
% volume transaction in 2019 of which:	share capital	0.00009	0.15110	0.07830	0.00006
	stake of SIF1	0.00009	0.15263	0.10210	0.00009
Transactions August 2020	Total volume	1	2,564	440	-
	no. trading days	1	2	2	-
% volume transaction in August 2020 of which:	share capital	0.00002	0.00798	0.00463	-
	stake of SIF1	0.00002	0.00806	0.00604	-

* holding sold in December 2020; the active market analysis does not include the traded volume

Portfolio structure

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.

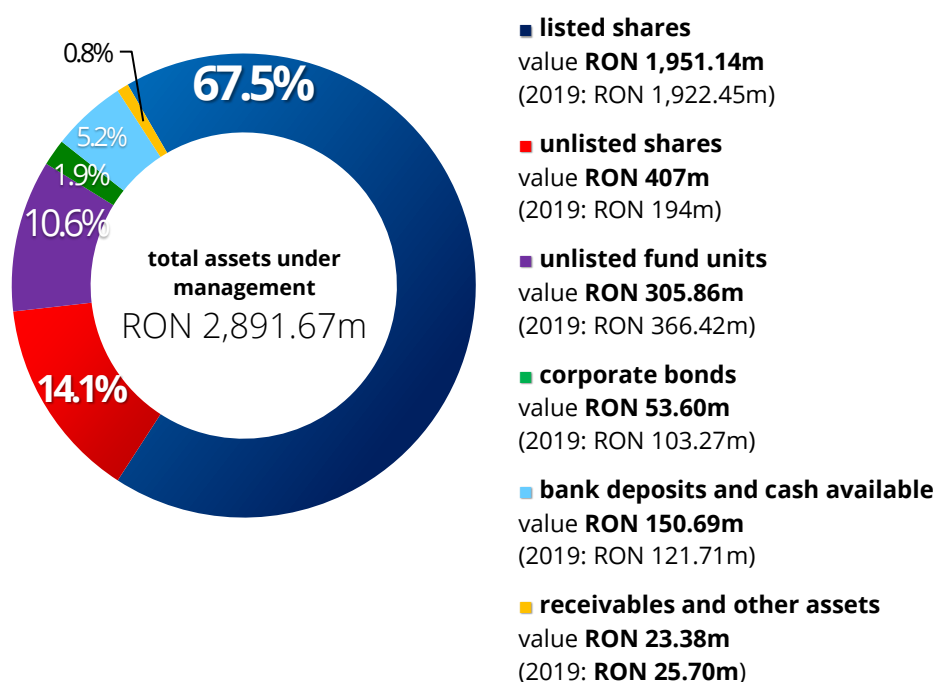
The prudential limits applicable to investments performed by the Company during January 1 – July 24, 2020, were set by Law no. 297/2004 regarding the capital market, amended and supplemented by GEO no. 32/2012 and CNVM Regulation no. 15/2004 regarding authorization and operation of asset management companies, collective investment undertakings and depositories. From the date of entry into force of Law no. 243/2019 on the regulation of alternative investment funds, in the matter of investment policy, the provisions of this law became applicable to SIF Banat-Crișana classified as a Closed-Ended, Diversified Alternative Investment Fund addressed to Retail Investors (AIFRI).

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.

Throughout 2020, the regulated prudential investment limits were observed.

The detailed statement of SIF Banat-Crișana's investments as of December 31, 2020, prepared pursuant to Annex 17 of Regulation no. 15/2004, is presented as annex to this report.

ASSETS UNDER MANAGEMENT as at December 31, 2020 breakdown on classes (weight on total assets)



Note: values calculated as of December 31, 2020 and December 31, 2019, acc. to ASF Regulations no. 9/2014, no. 10/2015, and no. 2/2018

As of December 31, 2020, the value of SIF Banat-Crişana's stock portfolio reached RON 2,358m² (2019: RON 2,116m) weighting 81.55% in the total assets under management at 2020 year-end.

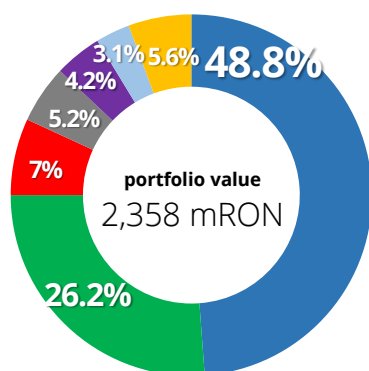
Stock portfolio structure

A significant share in the portfolio structure as of 31.12.2020 is still held by the banking-financial sector (48.82%), that includes banks, financial investment companies (SIF) and other companies in the financial field; the commerce - real estate sector (26.18%) and the pharmaceuticals sector (6.86%).

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, shrank during the year 2020, due to the declines of share prices on the trading markets.

SIF Banat-Crişana's assets under management have been within the allowed limits provided by ASF regulations throughout 2020. Details are presented in the *Risk management* chapter.

STOCK PORTFOLIO - sector breakdown



■ banking-financials, financial investments, asset management

stakes in **16** companies, worth **RON 1,151.26m**
(31.12.2019: RON 1,250.87m)

■ commerce - real estate

stakes in **14** companies, worth **RON 617.32m**
(31.12.2019: RON 240.75m)

■ pharmaceuticals

stakes in **2** companies, worth **RON 161.86m**
(31.12.2019: RON 138.64m)

■ cardboard and paper

stakes in **5** companies, worth **RON 122.43m**
(31.12.2019: RON 120.03m)

■ hospitality (hotels and restaurants)

stakes in **4** companies, worth **RON 100.03m**
(31.12.2019: RON 95.39m)

■ energy - utilities

stakes in **7** companies, worth **RON 72.33m**
(31.12.2019: RON 158.82m)

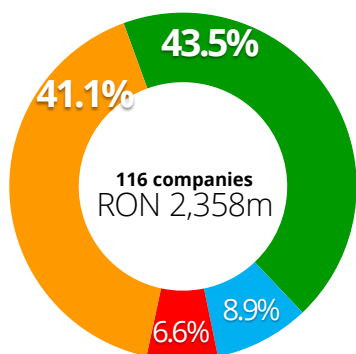
■ other industries and activities

stakes in **68** companies, worth **RON 132.94m**
(31.12.2019: RON 111.99m)

Note: percentages in the chart represent the stake of the category in the stock portfolio as of December 31, 2020; values calculated pursuant to ASF Regulations no. 9/2014, no. 10/2015, and no. 2/2018

² Value calculated acc. to ASF Regulations no. 9/2014, no. 10/2015, no. 2/2018, and no. 20/2020

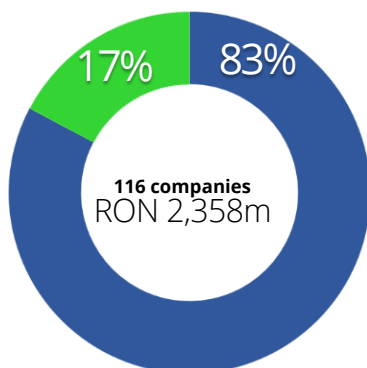
STOCK PORTFOLIO - breakdown on shareholdings



- up to 5%
Shareholdings up to 5% in **40** companies worth **RON 1,025.35m** (31.12.2019: RON 1,324.04m)
- 5-33%
Shareholdings between 5-33% in **60** companies worth **RON 208.71m** (31.12.2019: RON 115.95m)
- 33-50%
shareholdings between 33-50% in **3** companies worth **RON 155.46m** (31.12.2019: RON 136.04m)
- above 50%
majority stakes, above 50%, in **13** companies worth **RON 968.65m** (31.12.2019: RON 540.46m)

Note: percentages in the chart represent the stake of the category in the stock portfolio as of December 31, 2020; values calculated pursuant to ASF Regulations no. 9/2014, no. 10/2015, and no. 2/2018

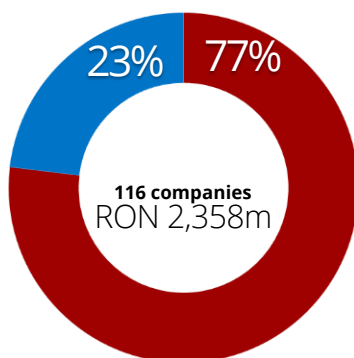
STOCK PORTFOLIO - breakdown on liquidity



- listed companies
RON 1,951.14m (31.12.2019: RON 1,922.45m) value of holdings in **42** companies (31.12.2019: 45)
- unlisted companies
RON 407.03m (31.12.2019: RON 194.04m) value of holdings in **74** companies (31.12.2019: 79)

Note: percentages in the chart represent the stake of the category in the stock portfolio as of December 31, 2020; values calculated pursuant to ASF Regulations no. 9/2014, no. 10/2015, and no. 2/2018

STOCK PORTFOLIO - breakdown by region



- Romania
RON 1,813.91m (31.12.2019: RON 1,719.30m) value of holdings in **114** companies (31.12.2019: 122)
- external markets
RON 544.26m (31.12.2019: RON 397.19m) value of holdings in **2** companies (31.12.2019: 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, 2020; values calculated pursuant to ASF Regulations no. 9/2014, no. 10/2015, and no. 2/2018

Stock portfolio management

As at 2020-year end, SIF Banat-Crișana was majority stakeholder (with a stake above 50%) in 13 companies, (2019: 13) with an aggregate value of RON 968.6m, standing for 33.59% of NAV.

During 2020, the Company reviewed the criteria for classification as an investment entity and concluded that they are met, except for subsidiaries providing investment-related services (SAI Muntenia Invest SA and Administrare Imobiliare SA). Thus, in accordance with IAS 27 and IFRS 10, the Company measures all of its subsidiaries at fair value through profit or loss, except for subsidiaries providing investment-related services, which will continue to be consolidated.

During 2020, SIF Banat-Crișana's management focused on streamlining administration of the majority holdings in order to ensure high financial returns, a competitive management and arranging the development programs.

The companies where SIF Banat-Crișana holds majority stakes are under the careful analysis and monitoring of company's analysts, the managerial involvement from SIF Banat-Crișana focuses on:

- negotiating competitive performance objectives with the management teams;
- monthly assessment and analyse of results and supporting the implementation of some measures to increase efficiency of the activity given the COVID-19 pandemic;
- introducing good corporate governance practices, modern management techniques, and promotion of highly managerial teams;
- regular visits to companies and analyses, together with the management teams, of the results, prospects, opportunities, and potential risks.

TOP 10 COMPANIES IN SIF BANAT-CRIȘANA PORTFOLIO as of December 31, 2020

Company (market symbol)	Sector	Stake	Value of stake* [RON]	% of NAV
1 Banca Transilvania (TLV)	banking - financial	4.56%	589,281,028	20.43%
2 SIF Imobiliare Plc (SIFI)	real estate	99.99%	368,782,154	12.79%
3 SIF1 IMGB	real estate	99.92%	214,789,507	7.45%
4 BRD Groupe Société Générale (BRD)	banking - financial	1.95%	202,326,285	7.02%
5 Erste Group Bank AG (EBS)	banking - financial	0.34%	175,484,898	6.08%
6 Biofarm (BIO)	pharmaceuticals	36.75%	154,977,339	5.37%
7 Vrancart (VNC)	cardboard and paper	75.06%	122,357,737	4.27%
8 SIF Hoteluri (CAOR)	hospitality	98.99%	57,535,380	1.99%
9 SIF Moldova (SIF2)	financial investments	5.06%	62,623,698	2.17%
10 Conpet (COTE)	energy - utilities	6.50%	42,880,788	1.49%
TOTAL			1,991,038,813	69.04%

* computed as per ASF regulations, rounded values, NAV = net asset value

The most important holdings as per their weight in SIF Banat-Crișana's NAV are stakes in companies listed on regulated markets. Given the specific activity of SIF Banat-Crișana, the structure and exposure of the portfolio are adapted to the current economic realities in order to be able to obtain high returns in correlation with the assumed investment risks.

For an efficient portfolio management and having into view the risk management, the Company continuously analyses the dynamics of the Romanian economy and the domestic capital market, as well as the progress of macroeconomic and geopolitical factors, and foreign capital markets evolution that generate major effects on the development of the domestic capital market, to identify the risk factors that may devalue the Company's portfolio.

Following are presented the largest holdings in the stock portfolio:

1. BANCA TRANSILVANIA

Results for the Group (RONm)	2020p	2019	Δ
Net interest income	2,580,067	2,685,147	-3.9%
Net fee and commission income	656,440	712,615	-7.9%
Net trading income	310,121	318,518	-2.6%
Other operating income	320,781	207,375	54.7%
Net banking income	3,937,204	4,031,270	-2.3%
Operating expenses	-1,782,284	-1,899,395	-6.2%
CoR (Cost of Risk)	-783,884	-244,729	
Net Profit	1,197,305	1,620,512	-26.1%
ROE (Return on Equity)	13.3%	20.4%	
LDR (Loan-to-Deposit Ratio)	45.6%	51.7%	
CAR (Capital Adequacy Ratio)	22.2%	21.3%	
Cost/Income	45.3%	47.1%	

p = preliminary results submitted to Bucharest Stock Exchange

The bank's annual operating profit slightly increased YoY, the decrease in interest and commission income being fully offset by other operating income. Although operating expenses decreased by 6% YoY, personnel expenses increased by 6.7% YoY, and at 12 months the bank recorded net expenses with provisions of RON 784m vs. RON 167m in 2019.

Following the expiration of the moratorium, additional provisions are expected starting with 1Q 2021 from the perspective of deteriorating asset quality.

However, the bank is well capitalized and there are no warning indicators of an imminent significant deterioration of the financial position.

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
Revenues [EURm]	12.35	10.38	7.85	7.52	6.92
Gross Profit [EURm]	8.61	4.47	4.59	10.03	4.62
Net Profit [EURm]	6.37	4.35	4.28	9.49	3.28

* consolidated financial statements

SIF Imobiliare Plc is an important company in SIF Banat-Crișana's portfolio, holding a stake of 99.99% of its share capital.

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.

The holding SIF Imobiliare Plc, registered in Cyprus, was established in August 2013 as an investment vehicle by incorporating 18 companies from SIF Banat-Crișana's portfolio having activities in the real estate sector, to unify the management, increase rates of return for the companies in the portfolio and to seize the opportunities arising in the market.

The holding SIF Imobiliare Plc has optimized its activity by restructuring the management and the activities of the companies held in the portfolio. Thus business opportunities were scrutinized, aiming to improve the performance of SIFI's global portfolio, as well as rationalization and review of operational processes at affiliates level, to increase their efficiency, and achieving a quantum leap on performance measures such as return of investments, cost reduction and improving the quality of services.

3. 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 acquisition, the name of the company was changed to SIF1 IMGB SA.

Given that the former majority shareholder Doosan Heavy Industries & Construction Co Ltd., in 2019, prior to the sale of the stake to SIF Banat Crişana, closed the company's activity and proceeded to the collective dismissal of personnel (approximately 400 employees), following the preliminary analysis conducted by the new board of directors it were concluded and submitted to the decision of the general meeting of the company's shareholders: (i) the impossibility of resuming the core activity (production of heavy machinery) and (ii) the best use is to sale some non-essential assets (machinery, ferrous and non-ferrous waste, raw materials, etc.) followed by obtaining the necessary permits to demolish existing buildings and structures in order to build an urban regeneration project on the thus vacant urban land located in Bucharest, Sos. Berceni.

4. BRD - GROUPE SOCIÉTÉ GÉNÉRALE

Results for the Group (RONm)	2020p	2019	Δ
Net interest income	1,956,653	2,023,513	-3.3%
Net fee and commission income	674,289	767,205	-12.1%
Net trading income	270,818	274,408	-1.3%
Net banking income	2,926,532	3,170,138	-7.7%
Operating expenses	-1,481,372	-1,580,382	-6.3%
CoR	-312,900	+223,861	
Net Profit	951,565	1,528,523	-37.7%
ROE (Return on Equity)	11%	20.1%	
LDR (Loan-to-Deposit Ratio)	61%	68%	
Cost/Income	51.4%	51.3%	
NPL (Non-Performing Loan)	3%	3.1%	

p = preliminary results submitted to Bucharest Stock Exchange

For 2020, the bank recorded a decrease of the net profit by 38%, mainly from the impact of the net cost of risk (RON -313m vs RON + 224m YoY). The bank recorded a strong recovery in consumer credit in the second half of the year, when lending to individuals increased by 30% vs. 1H 2020. Concerning the cost level, it was under control, decreasing by 5% compared to 2019.

The net cost of risk was 91 bp, but the effects of the possible deterioration in asset quality will be felt in 2021. In this regard, the bank's management indicated the expectation of a slight increase in the NPL level in 2021 (but remaining below 5%),

The bank is heavily capitalized and there are no indicators to warn of an imminent significant deterioration in the financial position / equity.

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

5. ERSTE GROUP BANK AG

Results for the Group (EURm)	2020p	2019	Δ
NII (Net Interest Income)	4,774.80	4,746.80	0.59%
Net fee and commission income	1,976.80	2,000.10	-1.16%
Net trading income	199.50	293.80	-32.10%
Operating result	2,934.60	2,972.70	-1.28%
Operating income	7,155.10	7,255.90	-1.39%
Operating expenses	-4,220.50	-4,283.30	-1.47%
CoR	-1,294.80	-39.20	
Net Profit	1,025.50	1,911.10	-46.34%
CAR (Capital Adequacy Ratio)	19,70%	18,50%	

Results for the Group (EURm)	2020p	2019	Δ
ROE (Return on Equity)	4,7%	10,0%	
LDR (Loan-to-Deposit Ratio)	86,9%	92,20%	
NIM (Net Interest Margin)	2,08%	2,18%	
Cost/Income	59,0%	59,0%	
NPL (Non-Performing Loan)	2,70%	2,50%	

p = preliminary results submitted to Bucharest Stock Exchange

Strictly in terms of core business, the Bank recorded a stable 2020 year, in which the decrease in operating income is due to trading activity, and operating expenses also had a slight adjustment. The major impact was recorded in two directions: negative - the cost of risk increased YoY from EUR 39.2m to EUR 1.3bn; positive - the reduction YoY of comparative impact of "other operating results", given by the high one-off costs in 2019, respectively the provision of EUR 153.3 in Romania and the full depreciation of Goodwill for Slovakia amounting to EUR 165m.

Thus, the net result decreased by 46% YoY. For 2021, the management is relatively optimistic, expecting a slight increase in the NPL rate, lowering the cost of risk below 65 bp, maintaining the NII level and improving the net result from trading activity.

Thus, the management indicated the intention to propose for distribution a gross dividend per share of EUR 0.5 at the GMS of May 2021, as well as the availability of the additional payment of EUR 1.0 per share if the ECB does not extend the capital return restrictions after September 2021.

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

6. BIOFARM

	2017	2018	2019	2020*
Turnover [RONm]	170.2	184.2	202.8	218.1
Operating Profit [RONm]	43	47.2	60.8	64
Net Profit [RONm]	36	38.4	50.8	54.5
Dividends [RONm]	18.7	9.8	30.5	

** preliminary results; source: Company reports submitted to BVB*

As at December 31, 2020, SIF Banat-Crișana holds 362,096,587 BIO shares, a stake of 36.75% of Biofarm's share capital.

Having a history of 98 years on the Romanian pharmaceutical industry, Biofarm has a portfolio of over 200 products, covering 60 therapeutic areas.

In 2020 the Company continued its progress; the turnover increased +7.5%, and net profit raised +7.2%.

Biofarm, ticker BIO, ISIN: ROBIOFACNOR9, is listed on BVB since November 19, 1996, currently traded in Main segment, Premium category, and is part of local index BETPlus.

7. VRANCART

	2017*	2018*	2019	2020p*
Turnover [RONm]	325.0	355.4	362	348.77
Operating Profit [RONm]	30.1	23.5	31.54	24.70
Net Profit [RONm]	25.4	16.8	23.21	16.10
Dividends [RONm]	11.3	9.8	11.97	

** consolidated results; source: Company reports submitted to BVB, preliminary for 2020*

SIF Banat-Crișana held 75.06% of the share capital of Vrancart S.A. as of December 31, 2020. The Vrancart group also includes Rom Paper SRL Brașov (100%).

The course of the Romanian economy and implicitly of the VRANCART Group of companies (hereinafter referred to as "the Group") was under the uncertainties and the crisis caused by the "Covid-19" pandemic in 2020.

Thus, although the Group's activity was severely impacted by the health crisis, the preliminary results for the financial year ended December 31, 2020 confirm the Company's ability to generate profit and its financial soundness.

During the financial year ended December 31, 2020, the Group continued to maintain and develop its business in all three business lines in which it operates (cardboard paper, corrugated packaging, and toilet paper), which led to achieving a turnover as estimated in the Budget of Revenues and Expenses, but by 4% below the previous year.

The Group's profitability in 2020 was strongly influenced by the crisis generated by the "Covid-19" virus, leading to negative outcome both within the Group (temporary interruptions of activity, higher staff security costs, supply and logistics difficulties) as well as in its market (strong decrease in demand for some products, especially during March - June, negative course of sales prices, difficulties in identifying and contacting new customers).

However, the Group's gross profit in 2020 was achieved as projected in the Revenue and Expenses Budget, but by 24% below the previous year.

The results attained by the Group during this difficult period, maintaining profitability and good financial indicators, reducing the level of indebtedness, and maintaining high liquidity, confirm the company's ability to react quickly to adverse changes in the market and to take necessary measures to protect the interest of shareholders and employees.

The development strategy of the Vrancart Group of companies will continue in 2021 through a "green field" investment, in a total amount of EUR 17m. For this project, Vrancart requested and obtained a state aid of EUR 8.3m. The project will run through a new company - Vrancart Recycling - and aims to strengthen the Vrancart Group's position on the waste collection and recycling market, an area in which the company has been operating for over 10 years, being one of the leaders in the field at national level. The new company will include business lines that will address the recycling of types of waste complementary to those currently recycled, such as recycling of plastic and wood waste, obtaining moulded products from paper and cardboard waste, recycling industrial ash, and the energy recovery of industrial waste.

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

8. SIF HOTELURI

	2018	2019	2020*
Turnover [RONm]	22.8	26.5	8.33
Operating Profit [RONm]	-0.9	0.61	-13.5
Net Profit [RONm]	-2.2	1.5	-13.3
EBITDA [RONm]	4.032	5,294	-10

*source: Company reports submitted to BVB – preliminary results for 2020

SIF Banat-Crișana 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.

SIF Hoteluri resulted from the change of Calipso's company name and a merger by absorption of the other five companies, majority held, with activity in hospitality, taking their entire assets. The merger operation aimed at creating an integrated management system that would improve the financial performance of the absorbed businesses and create value for shareholders. Thus, the business opportunities of the company were re-analyzed, to improve the performances, being

reviewed the operational processes at the level of the work points and establishing a rigorous control of the costs and of the operational profit.

The situation generated by COVID-19 and the restrictions as such adopted by the government, have caused an unprecedented crisis in the hotel industry. One of the most affected industries is that of hospitality, which in less than three months, has reached the brink of collapse. The COVID-19 pandemic had a very fast and drastic impact on the hotel sector in Romania, as the hotel industry instantly felt the impact of the pandemic, in the last week of February, when the first case of COVID-19 infection in Romania was confirmed. After the declaration of the state of emergency, on March 14, the number of affected hoteliers increased to 98% in the third week of March, reaching 100% in April, the activity resuming only in the second half of May.

The long-term outlook for the Romanian hotel sector remains positive, supported by the healthy growth of tourism in recent years, as well as the country's continued attractiveness for international enterprises that stimulate business demand. However, the number of nights in accommodation is expected to reach pre-crisis levels only between 2023 and 2024.

The most important asset of the Company's portfolio is DoubleTree by Hilton hotel in Oradea providing tourist services at the highest level.

9. SIF MOLDOVA

	2018	2019	2020p*
Net Profit [RONm]	50.1	127.4	5.8
Dividends [RONm]	30.2	59.4	n/a

* preliminary results; source: Company reports submitted to BVB

As of December 31, 2020 SIF Banat-Crișana held 5.06% of SIF Moldova's share capital.

SIF Moldova is established as a joint stock company, in the form of an investment company, classified according to the applicable regulations as an Alternative Investment Fund, addressed to retail investors, self-managed, being authorized by ASF as an alternative investment fund manager (AFIM).

SIF Moldova recorded a net profit of just RON 5.8m at 2020-year end. The significant drop in profit was mainly due to the net loss from financial assets at fair value through profit or loss (FVTPL) recorded in 2020.

SIF Moldova, ticker SIF2, ISIN: ROSIFBACNOR0, is listed on BVB since November 1, 1999, traded currently in Main segment, Premium category.

10. CONPET

	2017	2018	2019	2020p*
Turnover [RONm]	376.7	385.1	407.8	406.9
Operating Profit [RONm]	83.1	66.2	62.1	61.7
Net Profit [RONm]	74.4	60.7	58.8	58.9
Dividends [RONm]	69.6	64.7	61	

* preliminary results submitted to BVB

SIF Banat-Crișana holds a stake of 6.50% of CONPET share capital, as of December 31, 2020.

Conpet SA (COTE) is the national carrier of crude oil and its derivatives through pipelines and railways. With 1,600 employees, the company operates a network of over 3,800 km of pipeline under a concession agreement with ANRM, authority which sets the transport tariffs for both the country subsystem and the import subsystem. The last tariff update was operated in February 2021.

The majority shareholder of the company is the Romanian state through the Ministry of Energy, with a holding of 58.72%.

CONPET SA is listed on the BVB, currently trading on the Principal segment, Premium category, having COTE as market symbol, ISIN: ROCOTEACNOR7, and is part of seven local indices.

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, 2020, the number of companies in the workout portfolio was of 54 (2019: 61).

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 2020 there were no new companies recorded in the workout portfolio.

During 2020, a number of 7 companies whose value was provisioned in previous years were removed from the portfolio as a result of their liquidation.

At the end of 2020, 49 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 2020

During 2020 the following acquisitions of financial assets were carried-out:

- on the domestic markets in a total amount of RON 166.4m, of which RON 0.4m investments in share capital increase with cash contribution (RON 7.4m represent acquisitions of securities recorded at fair value through other comprehensive income, respectively RON 159m acquisitions of securities recorded at fair value through profit or loss);
- shares acquired free of charge as a result of the share capital increase by the incorporation of reserves by Banca Transilvania (23.81m shares);
- fund units, in the amount of RON 0.5m.

Disposals financial assets during 2020 include:

- sales of listed shares reflected at fair value through other comprehensive income, on the domestic markets, in the total amount of RON 65.5m, with a gain of RON 3.9m, respectively shares reflected at fair value through profit or loss, in the amount of RON 4.9m, with a gain of RON 0.9m;
- the value of securities erased from the portfolio following the liquidation of companies in the total amount of RON 5.7m (net book value adjusted to zero in the previous years);
- redemption at maturity of the bonds issued by Banca Transilvania (May 2020: 1,356,600 euros) respectively Blue Air Aviation (October 2020: 9,000,000 euros).

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.

The significant risk management policy of SIF Banat Crișana comprises all the elements necessary for risk management operations associated with each investment position to be properly identified, assessed, managed, and monitored, including through the use of 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

According to 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 2020, 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 assessed annually 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 assessment of the global risk profile and the establishment of risk limits was performed based on the information included in the periodic risk reports from 2019 to 2020 and the stress tests performed in 2018 and 2019. In addition, assessments were performed at other intermediate dates, when large fluctuations of SIF Banat-Crişana's NAV were ascertained, respectively April 2019 increase due to the evaluation of SIFI shares at the market quotation of RON 220 / share and March 16, 2020 when the state of emergency was declared at national level with impact on the course of capital market and BVB.

The objectives of the Risk Management department for 2020 were to improve the investment risk monitoring activity associated with the main activity specific to SIF Banat-Crişana and its secondary risks by strictly complying with capital market regulations (both local and European directives and regulations) and the adequacy of working procedures to the new regulations on the activity of the AIFM / AIF.

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 attained 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 conducted 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 as a result of 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.

With the annual assessment of the risk limits, it was decided that the risk indicator used, the VaR risk value (99%, 1M), should be monitored both for the portfolio, for a benchmark (BET-BK index) or active portfolio / difference.

On 31.12.2020 VaR for the PROXI-85 portfolio was 12.39% of the market value of RON 1,550.145 million. *Tracking-error*, which indicates active management and represents the risk for the part of the PROXI-85 portfolio other than the BET-BK benchmark, was 6.37% and *Expected shortfall (Conditional VaR)*, which indicates the potential loss of the portfolio in extreme cases of exceeding the 99% confidence level, was 15.35%.

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 (1.86%) 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 in both Romanian currency (Leu) and foreign currency (Euro) in 2020, the Romanian currency fluctuated compared to foreign currencies, but the volatility of the exchange rate was not high, its growth being restrained by the monetary policy and NBR intervention. The value of Company's portfolio exposure (shares, bonds and current accounts) represents a weight of 18.73% of total assets as of December 2020.

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: 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 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 and history of its 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 36.95% in TA at 31.12.2020. 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, taking into account 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 liquidity indicator (LCR) is 20.31, calculated on the value of assets with high liquidity.

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 a procedure that establishes appropriate actions to measure liquidity in order 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.

In order 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 2020, bank deposits were made at the highest ranked banking institutions in the system, with a rating similar to or close to the country rating (BBB- and BB +).

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 decrease in credit risk for the corporate bond portfolio, as of December 31, 2020, comes from the decrease of the exposure on issuers with a high PD by collecting the principal for Blue Air Aviation bonds.

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 Company's activities.

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.

In 2020, incidents of an operational risk arising from IT systems were minor and remedied as soon as possible. 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.

In view of the increasing incidence of pandemic risk on the health and safety of employees, since the beginning of the pandemic period, even before the declaration of a state of emergency at national level, measures have been 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 can be prevented in time.

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 follows ethical practices.

Regarding the efficient management of events that may give rise to reputational risk, the Risk Management department 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.

From this analysis it can be concluded that there is a connection between the evolution of the price of SIF1 stock on BVB and the articles in the media, it is possible that small investors (speculators who give liquidity to the market) withdraw at that time, analyse the events and wait for their conclusion. Thus, the reputational risk assessment within the low risk level for 2020, and the measures to mitigate the increase in reputational risk, communication and transparency, adopted at Company level can keep the reputational risk low.

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, in 2020 new rules and procedures were implemented regarding money laundering and terrorist financing, pending the approval of SIF Banat-Crişana as AIFRI and the application of legal regulations in this regard. From a qualitative point of view, the management of regulatory risk will be 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 the Company's.

The business environment risk is high due to the unfavourable evolution of the main macroeconomic variables in the current context of the COVID-19 pandemic.

The macroeconomic influences could impact the business of the companies in the company's portfolio and implicitly on the investment / disinvestment activity.

The COVID-19 pandemic had a direct financial impact on financial institutions in 2020. The economic contraction significantly increased credit risk for retail and commercial customers, and many institutions responded by tightening credit standards. Non-financial risk types (including cybersecurity, third party relations, ESG and behaviour and governance in risk management) can have a substantial impact on the revenues of these institutions (financial and reputational).

Among the risk factors for the course of the Romanian economy in the coming quarters can be the international macro-financial climate, the progress of the health crisis and the vaccination process, the economic policies adopted at internal governmental level, global and regional geopolitical and geoeconomics climate.

Regarding the stock market evolution for 2021, it is expected that Romania's representation in the Emerging Markets indices to increase by including other companies in their structure and the stock market to continue to consolidate its position as the main financing channel for Romanian companies and the main source of capital accumulation for investors.

SIF Banat-Crişana 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 is 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 2020.

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.

Risk of exceeding the prudential limits of holding

Compliance with the holding limits regulated by the supervisory authority for AOPC with a diversified investment policy is one of the main lines of action for managing and controlling the risk associated with the asset portfolio. The analysis of the compliance with the holding limits is performed both monthly with the approval of the net asset calculation reports, as well as part of the pre-investment verification procedure. In accordance with SIF Banat-Crişana's investment risk management policy, the portfolios it was pursued the compliance of the portfolio with the limits of ownership provided by Law no. 24/2017, art. 90 (1) regarding cumulative investments, CNVM Regulation no. 15/2004 and Law no. 297/2004 art. 286¹ until June 30, 2020, and with the implementation of the AIF legislation (AIF Law no. 243 of December 2019 and ASF Regulation no. 7 of April 2020) SIF Banat-Crişana will become an alternative investment fund addressed to retail investors (AIFIR). The investments allowed to an AIFIR are those mentioned in art. 35 paragraph (1) of Law no. 243/2019 with the observance of the limits from paragraph (2). The compliance term for the adjustment of the investment portfolio for the inclusion in the new limits of the allowed investments is of 6 months from the date of authorization, according to art. 72, paragraph (2) of the ASF regulation no. 7/2020.

A. As of June 30, 2020, the limits of legal prudential holdings established by CNVM Regulation no. 15/2004 are presented in the following table:

No.	Category of legal limit	Legal basis	Total assets	Legal limit		Accomplished		Status
			RON	RON	%	RON	%	
1	Cumulated investments	Law 24/2017, Art. 90(1)	2,456,196,451	491,239,290	20%	19,496,142	0.79%	✓
2	Listed instruments	Reg. 15/2004, Art. 188(b)	3,525,292,031	352,529,203	10%	0	0.00%	✓
				1,410,116,812	40%	1,286,988,846	36.51%	
				2,820,233,625	80%	1,794,127,671	50.89%	
3	Unlisted instruments	Reg. 15/2004, Art. 188(a)	3,525,292,031	705,058,406	20%	238,385,149	6.76%	✓
4	Instruments issued by the Group	Reg. 15/2004, Art. 188(c)	3,525,292,031	1,762,646,015	50%			
				1,410,116,812	40%			
4.a	Banca Transilvania Group: shares issued by the bank shares of BT Asset Management					512,704,926	14,54%	✓
4.b	Vrancart Group: shares and bonds issued by the company					159,537,132	4,53%	✓
4.c	Erste Group: shares issued by Erste Bank and BCR					146,589,738	4,16%	✓
4.d	SIFI Group: shares of SIFI, AISA and Uniteh, bonds issued by SIFI BH Retail					1,339,101,382	37,99%	✓
4.e	BVB Group: shares of BVB, CCP.RO and Depozitarul Central					5,427,966	0,15%	✓
5	Unlisted derivatives	Reg. 15/2004, Art. 188(d)	3,525,292,031	705,058,406	20%	0	0.00%	✓
6	Current accounts / Cash	Reg. 15/2004, Art. 188(e)	3,525,292,031	352,529,203	10%	45,974,706	1.30%	✓
			3,525,292,031	1,057,587,609	30%	0	0.00%	
7	Deposits at the same bank	Reg. 15/2004, Art. 188(f)	3,525,292,031	1,057,587,609	30%	79,855,326	2.27%	✓
8	Derivatives	Reg. 15/2004, Art. 188(g)	3,525,292,031	3,525,292,031	100%	0	0.00%	✓
9	Non-UCITS equity securities	Reg. 15/2004, Art. 188(h)	3,525,292,031	1,762,646,015	50%	435,831,945	12.36%	✓

According to art. 188 section b) of Reg. 15/2004, AOPC may not hold more than 10% of its assets in securities and money market instruments issued by the same issuer. The 10% limit may be increased to a maximum of 40% provided that the total value of the securities and money market instruments held by a AOPC in each of the issuers in which it holds more than 40% does not in any case exceed 80% of the value of its assets.

Following the calculation of Net Assets for June 2020, we notified the exceeding of the prudential legal limit of 10% for the issuer SIF Imobiliare (SIFI). The valuation of the SIFI issuer in the NAV calculation of SIF Banat-Crişana at the price of RON 286 / share according to the transaction of May 19, 2020 increased its weight in total assets to 36.51% (from 7.39% on March 2020) thus fitting in the immediately upper limit of 40%.

Together with the exposure on Banca Transilvania (2nd as weight in TA: 14.38%) it represents an exposure of 50.89% of TA without exceeding the upper limit of 80%.

At the level of the groups, there is a compliance with the provisions of art. 188 section b) of Reg. 15/2004 even if there was a fluctuation of the value of the issuer SIFI on the background of the method of assessing the shares in accordance with the provisions of the ASF Regulation no. 9/2014 and ASF Regulation no. 2/2018, depending on the transactions in the last 30 days.

As of December 31, 2020, the portfolio compliance with the holding limits provided by Law no. 24/2017, Law 243/2019 is presented in the following table:

No.	Category of legal limit	Legal basis	Total assets	Legal limit		Accomplished		Status
			RON	Lei	%	RON	%	
1	Cumulated investments	Law 24/2017, Art. 90 (1)	2,601,683,567	520,336,713	20%	290,537,386	11.17%	✓
2	Instruments issued by the same issuer	Law 243/2019, Art.35 par (2) sec. a)	2,891,671,132	289,167,113	10%	0	0.00%	✓
				1,156,668,453	40%	589,281,028	20.38%	
				2,313,336,906	80%	958,063,182	33.13%	
3	Instruments issued by a group	Law 243/2019, Art.35 par. (2) sec. b)	2,891,671,132	1,445,835,566	50%			
				1,156,668,453	40%			
3.a	Banca Transilvania Group: shares issued by the bank shares of BT Asset Management					594.847.129	20.57%	✓
3.b	SIFI Group: shares of SIFI, AISA, UNIT and CACU, bonds issued by SIFI BH Retail					428.312.981	14,81%	✓
3.c	Erste Group: shares issued by Erste Bank and BCR					175.484.899	6,07%	✓
3.d	Vrancart Group: shares and bonds issued by the company					159.518.321	5,52%	✓
3.e	BVB Group: shares of BVB, CCP.RO and Depozitarul Central					5.312.552	0,18%	✓
4	Derivatives							
4.a	- counterparty risk	Law 243/2019, Art.35 par (2) sec. c)	2,891,671,132	578,334,226	20%	0	0.00%	✓
4.b	- overall exposure	Law 243/2019, Art.35 par. (2) sec. d)	2,891,671,132	2,891,671,132	100%	0	0.00%	
5	Current accounts / Cash	Law 243/2019, Art.35 par. (2) sec. e)	2,891,671,132	578,334,226	20%	36,027,629	1.25%	✓
				1,445,835,566	50%		0.00%	
6	Deposits at the same bank	Law 243/2019, Art.35 par. (2) sec. f)	2,891,671,132	867,501,340	30%	90,656,770	3.14%	✓
7	Equity securities by UCITS or AIF		2,891,671,132			422,247,508	14,60%	✓
7.a	- non-traded issued by a single AIFRI	Law 243/2019, Art.35 par. (2) sec. g)	2,891,671,132	578,334,226	20%	0	0.00%	✓
7.b	- non-traded issued by a single AIFPI	Law 243/2019, Art.35 par. (2) sec. h)	2,891,671,132	289,167,113	10%	162,502,921	5.62%	✓
7.c	- non-traded issued by other open type AIF	Law 243/2019, Art.35 par. (2) sec. i)	2,891,671,132	1,445,835,566	50%	67,427,366	2.33%	✓
				1,156,668,453	40%		0.00%	✓
7.d	- issued by a single UCITS member state	Law 243/2019, Art.35 par. (2) sec. j)	2,891,671,132	1,156,668,453	40%	0	0.00%	✓
	- issued by a single traded OPC			2,891,671,132	40%	62,623,698	2.17%	✓
8	Loans of financial instruments	Law 243/2019, Art.35 par. (2) sec. k)	2,891,671,132	578,334,226	20%	0	0.00%	✓
9	Cash loans, syndicated loans, cash loan guarantee in favour of a third party for group entities	Law 243/2019, Art.35 par. (2) sec. l)	2,891,671,132	289,167,113	10%	0	0.00%	✓
10	Securities, money market instruments – non-traded	Law 243/2019, Art.35 par. (2) sec. m)	2,891,671,132	1,156,668,453	40%	418,349,046	14.47%	✓
11	Shares in LLC	Law 243/2019, Art.35 par. (2) sec. n)	2,891,671,132	578,334,226	20%	0	0.00%	✓
12	Greenhouse gas emission certificates	Law 243/2019, Art.35 par. (2) sec. o)	2,891,671,132	289,167,113	10%	0	0.00%	✓

Considering the provisions of art. 144 par. (4) and (5) of the FSA Regulation no. 9/2014, completed by the ASF Regulation no. 20/2020, in August 2020, the evaluation methodology was revised in the case of majority shareholdings without active market - SIF Imobiliare Plc, SIF Hoteluri SA Oradea, Somplast SA Năsăud, IAMU SA Blaj, using the evaluation method allowed in art. 144 para. (4) namely, the shares of these companies are valued in the assets of SIF Banat-Crișana in accordance with the valuation standards in force, based on a valuation report. The application of the marking to market method is irrelevant in the case of these issuers.

Exposures higher than 10% on instruments issued by the same issuer are in Banca Transilvania (highest weight in TA: 20.8%) and SIF Imobiliare (weight in TA: 11.10%). Together, these holdings represent an exposure of 31.9% of the TA without exceeding the upper limit of 80%.

B. SIF Banat-Crișana may not hold more than 5% of the share capital of a financial investment company (Article 286[^]1 of Updated Law 297/2004, provision in force until 23.07.2020 and repealed by Law no. 243 of December 20, 2019 (AIF Law) art. 81 para. (1) section b).

SIF Banat-Crișana's investments in securities issued by other SIFs as of the date of NAV for June and December 2020 are the following:

Issuer	No. of shares held	Weight in the share capital of the issuer [%]	No. of shares held	Weight in the share capital of the issuer [%]
	Net Asset June 2020		Net Asset December 2020	
SIF MOLDOVA	50,098,958	4.9990	50,098,958	5.0632
SIF MUNTENIA	40,123,500	4.9717	40,123,500	5.1136
SIF OLTENIA	11,608,286	2.0009	11,608,286	2.2232

As can be seen, during 2020 SIF Banat-Crișana did perform transactions with shares issued by other SIFs, the stake held from their share capital increased as a result of corporate events of decrease in share capital following the buyback programs.

C. SIF Banat-Crișana may not hold more than 5% of the voting rights of a central depository (Article 150 of the updated Law 297/2004, provision repealed by Law no. 126/2018).

According to par. (2) in art. 286 of Law no. 126 of June 11, 2018, on the date of the reauthorization of the central depository according to the provisions of Regulation (EU) no. 909/2014, the art. 143-150, art. 151 para. (1) - (3), art. 152-156 and art. 272 para. (1) sec.. j) of Law no. 297/2004, as subsequently amended and supplemented are repealed.

Depozitarul Central was reauthorized based on the aforementioned EU regulation.

As of 31.12.2020 SIF Banat-Crișana holds 9,878,329 shares issued by Depozitarul Central, having a weight of 3.9057% of the share capital of the issuer.

Conclusion: ***Throughout 2020, SIF Banat-Crișana's portfolio of assets complied with the legal provisions in force regarding the holding limits stated by Law 243/2019 Law 24/2017, and CNVM / ASF Regulation no. 15/2004.***

Leverage

Leverage means any method by which the Company increases the exposure of the portfolio it manages either by borrowing cash or securities, or by derivative financial positions or by any other means. The leverage effect is expressed as the ratio between the global exposure of the portfolio of financial instruments and the value of the net asset. 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.

The leverage indicator on December 31, 2020, by the gross method is 96.25% (excluding cash and cash equivalents as per the requirements of AFIA regulations), and by the commitment method is of 100%.

Through the investment policy for 2020, the Company plans not to perform financing operations through financial instruments (SFTs) and *total return swap* instruments, defined by EU Regulation 2365/2015, and in the process of managing portfolio of financial instruments, not to use methods to increase the exposure of the portfolio, to fit the average risk profile decided. Throughout 2020, the Company did not use the leverage effect for the portfolio under management, not having the tools to generate such an effect.

Crisis simulations

The Risk Management Office carried out a crisis simulation in Q4 2020, the methodology of which was based on the European Systemic Risk Board's forecasts on the risks and vulnerabilities of the non-banking financial sector, with a reference date of October 31, 2020. Calibration of stressors and shocks were based on the macroeconomic scenario and the evolution forecasts of the COVID-19 pandemic, with a stock market pattern expected in the "W" form for the last quarter of 2020 and Q1 2021.

The analysis of investment risk and liquidity risk in the scenarios examined 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 on the global risk profile.

The results of the crisis simulation in exceptional liquidity situations, adapted to the specifics of the company's activity (without redemption) indicate that SIF Banat-Crișana may cover atypical short-term debt increases (execution of the three buyback programs approved by shareholders) even in conditions of extreme decreases in the market prices of assets providing reserve liquidity, without disturbing the company's activity.

Considering the obligation to apply the ESMA guide no. 897 / 16.07.2020 on the simulation of liquidity crisis situations in UCITS and AIF, entered into force on September 30, 2020, an ad-hoc liquidity crisis simulation was performed to verify compliance with liquidity risk limits approved by the global risk profile of SIF Banat-Crișana.

The results of the simulation were presented to the Board of Directors in the Risk Report for Q3 and made public in the Quarterly Report of SIF Banat-Crișana. They were also sent to the asset depository bank, BCR.

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

Human resources

SIF Banat-Crişana's personnel, as of December 31, 2020, consisted of 34 persons with an employment contract (41% women, 59% men), of which 27 at headquarters in Arad and 7 at Bucharest branch. The company's staff has the necessary studies, skills, and experience to ensure the conduct of the company's activities in optimal conditions and to meet all the requirements imposed by the specific regulations applicable.

SIF Banat-Crişana aims to provide its employees conditions for professional and personal development, in a dynamic, stimulating, and challenging work environment, respecting the principles of diversity, non-discrimination and equal opportunities. To fulfil the business objectives, a variety of specialists work within the Company, having qualifications in the specific fields of the investment funds sector, as well as staff providing support activities, the distribution of employees in the company's departments being balanced in terms of gender, age, and level of education.

Acting as a responsible employer, SIF Banat-Crişana is concerned with ensuring a climate conducive to performance, through fair and non-discriminatory treatment at work, paying special attention to the safety and security of employees, especially during this pandemic period. The company appoints employees responsible for occupational safety, a field that is regularly trained and instructed to have the necessary skills in identifying hazards and risk assessment at the level of the work system (facilities, equipment, work environment or workload). There have been no accidents at work within the company since its establishment until now.

For the employees of SIF Banat-Crişana to obtain superior professional performances, 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 staff in key areas, some part of continuing vocational training, governed by the rules of the Financial Supervisory Authority (ASF) concerning the continuous professional training of specialists operating in financial markets supervised by ASF, or programs on various topics, supported by either external lecturers or specialists within the company. The year 2020 was full of new challenges caused by the emergence and evolution of the pandemic. The existing procedures have been adapted or new ones have been prepared, action plans have been developed, the remote-working methods have been implemented, so that the company's activity was not affected. In terms of continuous development, employees participated in online training programs.

Annually, SIF Banat-Crişana employees undergo a process of evaluating individual performances, aiming at optimizing their activities, improving performance and adequate reward according to the remuneration policy and internal procedures.

The labour relations of the company are regulated by the individual labour contracts and Collective Labour Contract, negotiated with employees' representatives, as no trade/labour union was created within the Company. During 2020 in force was the Collective Labour Contract registered with the Labour Inspectorate in Arad under no. 1485/14.02.2019. There were no conflicting aspects in the relations between the management and employees.

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, Cluj-Napoca, and Timișoara, following the closing-down of company's branch-offices in 2008 (Timișoara), and 2015 (Cluj-Napoca). 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 Bușteni. 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 13,180,199 as of December 31, 2020.

As of December 31, 2020, the net book value (accounting value) of tangible assets in the construction category is of RON 2,919,048. The company carried out the revaluation of tangible assets on December 31, 2020 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, 2020, the Company was involved in 113 litigations in Court. The Company had locus standi in 89 litigations, passive capacity in 18 litigations, and intervener in 6 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 2021

The evolutions of the pandemic situation in the last 12 months have had a major social and economic impact, both at the economy level and for each company, the main concern being focused on adapting to the continuous challenges of this period.

As a result of the negative impact of the COVID-19 pandemic on global and local economic activities, the Company's management estimates that financial performance and financial position were significantly influenced by the effects of the pandemic. These influences may also manifest in future financial years both in terms of the fair values of the financial assets held and in the recurring income obtained by the Company from dividends and interest on monetary investments (against the background of declining interest rates because of global and local decisions on monetary policy).

Company's management constantly monitors the main dynamics of the local and international economic environment, but an accurate assessment of the potential impact on the position and future financial performance is difficult to make. However, Company's management does not anticipate difficulties in fulfilling its obligations to third parties in the conditions of a balanced structure of assets held and the significant value of immediately available cash. The management makes it clear that the Company maintains a sound financial position and will make every effort to make the best decisions for the company and for the benefit of its shareholders.

Analysing the factors and elements generating effects on the investment activity and on the areas in which SIF Banat-Crișana has exposures, the objectives of 2021 continue the investment strategy approved by the shareholders, addressing as major directions:

- improving the quality of the portfolio by taking advantage of investment projects in stable businesses or assets, in conditions of optimizing the risk-return balance of the portfolio; the current macroeconomic context, characterized by the persistence of uncertainty and volatility of asset prices, globally and locally, also creates the emergence of investment opportunities, which management anticipates for 2021;
- further restructuring the existing portfolio with an aim to reduce exposure in minority interests that do not fit in the Company's investment strategy and "core" portfolio;

- active involvement in majority-owned companies to improve their business and performance;
- productive portfolio management and maximizing its performance, meeting all regulatory requirements;
- adapting the methods and operations to the major economic challenges;
- maintaining the transparency and the good corporate governance.

2. SHARES ISSUED BY SIF BANAT-CRIȘANA

CHARACTERISTICS OF SIF BANAT-CRIȘANA SHARES

Total number of shares issued (December 31, 2020)	515,422,363
Outstanding shares (December 31, 2020)	514,542,363
Nominal value	RON 0.1000 / share
Type of shares	common, ordinary, registered, dematerialized, indivisible
Trading market	Regulated spot market of Bucharest Stock Exchange (BVB or BSE), Premium category, listed since November 1, 1999
Trading venue (MIC)	XBSE
Symbol on BVB (ticker)	SIF1
ISIN code	ROSIFAACNOR2
International identifier	Bloomberg BBGID: BBG000BMN388 (SIF1:RO)
Reuters	SIF1.BX

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

The provisions of art. 286¹ par. (2) of Law no. 297/2004 and of the CNVM / ASF Instruction no. 6/2012, on the suspension of the voting right for the shares held by the shareholders exceeding the limit of 5% of the share capital were repealed on the date of entry into force of Law no. 243/2019 on the regulation of alternative investment funds and for the amendment and completion of certain legislative acts, from July 24, 2020, the Company's Articles of Association being amended accordingly, as per Resolution no. 3 of the Extraordinary General Meeting of SIF Banat-Crișana Shareholders of March 10, 2020.

The shares issued by the Company are freely traded on the regulated market of the Bucharest Stock Exchange, according to the rules set by the market operator, any person being able to acquire SIF1 shares.

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, 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.

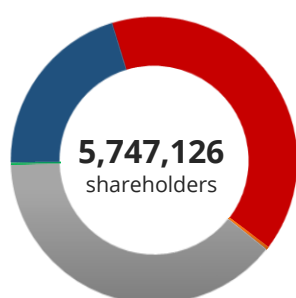
Since its set-up, SIF Banat-Crişana has not issued bonds or other debt instruments.

As of December 31, 2020, SIF Banat-Crişana holds 880,000 own shares, *purchased in the buyback programs approved by the EGM of April 26, 2018, executed through market transactions during October 2 – 26, 2018, and in the public tender offer carried out during October 22 – November 4, 2019. Details of repurchase programs approved by the EGMS of SIF Banat-Crişana in 2018 are presented in Chapter 5 Other significant information.*

As of December 31, 2019, SIF Banat-Crişana has 5,747,126 shareholders (2019: 5,749,444), according to the data reported by Depozitarul Central SA Bucharest, the company that keeps the registry of shareholders for SIF Banat-Crişana.

Shareholder structure

as per shareholdings as of December 31, 2020



■ 40.05%
Romanian individuals
(5,744,885 shareholders)

■ 38.96%
Romanian legal entities
(129 shareholders)

■ 0.17%
SIF Banat-Crişana
(880,000 treasury shares)

■ 0.35%
non-resident individuals
(2,081 shareholders)

■ 20.47%
non-resident legal entities
(30 shareholders)

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

Financial year for which the distribution was made	2016*	2017*	2018*	2019*
Net Profit (RONm)	81.36	69.55	77.19	159.49
Total number of shares	520,000,000	520,000,000	517,460,724	517,460,724
Gross DPS (RON)	-	-	-	-

* 2016, 2017, 2018 and 2019 with no dividend distribution as per GMS decisions of April 20, 2017, April 26, 2018, April 22, 2019, and April 27, 2020

The general meeting of SIF Banat-Crişana's shareholders held on April 27, 2020, approved the allocation of the entire net profit for the financial year 2019, to *Other reserves*, for own financing sources, to support a buyback program. 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

	2017	2018	2019	2020
Price (RON, closing price)				
low	1.8520	1.9800	1.9550	1.8450
high	2.8200	3.0600	2.8800	2.9900
year end	2.7700	2.0400	2.7300	2.2000
Net profit per share (RON)	0.134	0.149	0.309	0.179
PER	20.7	13.7	8.9	12.29
NAV/S (RON)	5.0111	4.3067	5.2959	5.6051
Dividend (RON/share)	-	-	-	n/a
Mk. Cap.* (RONm)	1,440.40	1,055.62	1,412.67	1,133.93

* 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-FI 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 2020: -8.898%. Weight of SIF1 in BET-FI: 16.53% (2020 year-end).

BET-BK 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 2020: -0.97%. Weight of SIF1 in BET-BK: 4.70% (2020 year-end).

BET-XT 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 2020: -4.204%. Weight of SIF1 in BET-XT: 2.91% (2020 year-end).

BET-XT-TR 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 2020: +0.571%. Weight of SIF1 in BET-XT-TR: 2.91% (2020 year-end).

SIF1 shares were traded on Bucharest Stock Exchange (BVB or BSE) in 248 trading sessions during 2020.

SIF1 share price declined 18.52%, from RON 2.7000 (closing price on January 3, 2020, the first trading session of the year), to RON 2.2000 (closing price on December 30, the last trading day of 2020). The highest price recorded in 2020 was of RON 2.9900 recorded during the trading session of January 20, while the lowest was in the trading session of October 29, when the price was of RON 1.8450 per share (closing price), the spread during the period was 62% (considering the values recorded at the close of trading sessions).

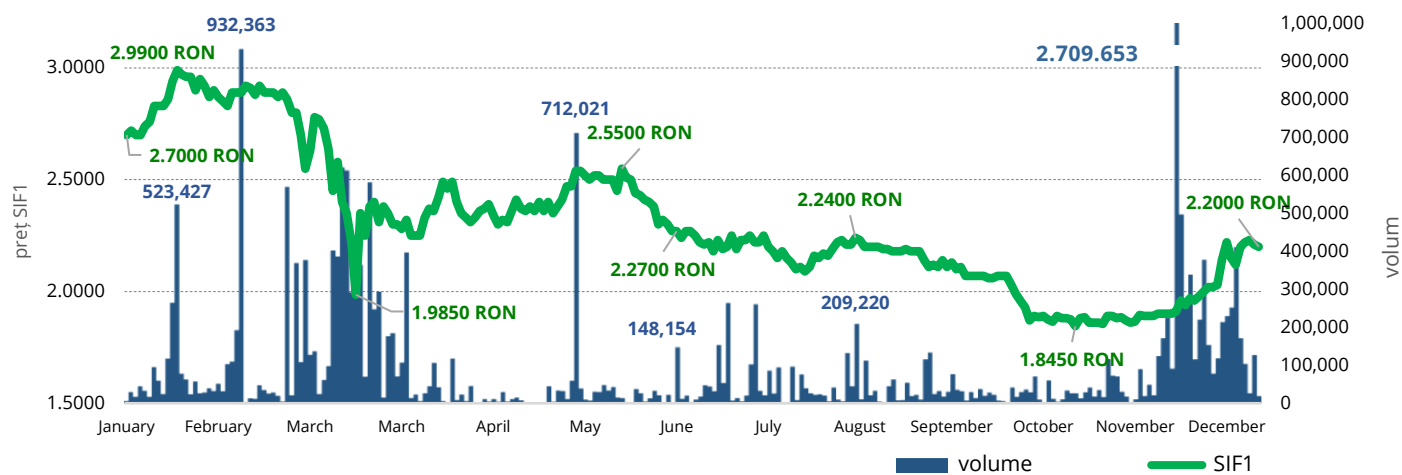
The highest daily volume of SIF1 shares traded on the main regular market (REGS) during 2020 was of 2,709,653 shares, recorded on December 2.

Liquidity for SIF1 title was lower than in the previous year, in 2020 were traded a total of 23,640,883 shares on the main regular market, representing 4.587% of the total shares issued, while during 188 of the 248 trading sessions the transferred volume was below 100,000 units. The total value of shares traded in 2020 was of RON 54,507,669.

On „DEAL” market 9 transactions were performed, with a total of 34,969,128 shares, worth RON 69.63m.

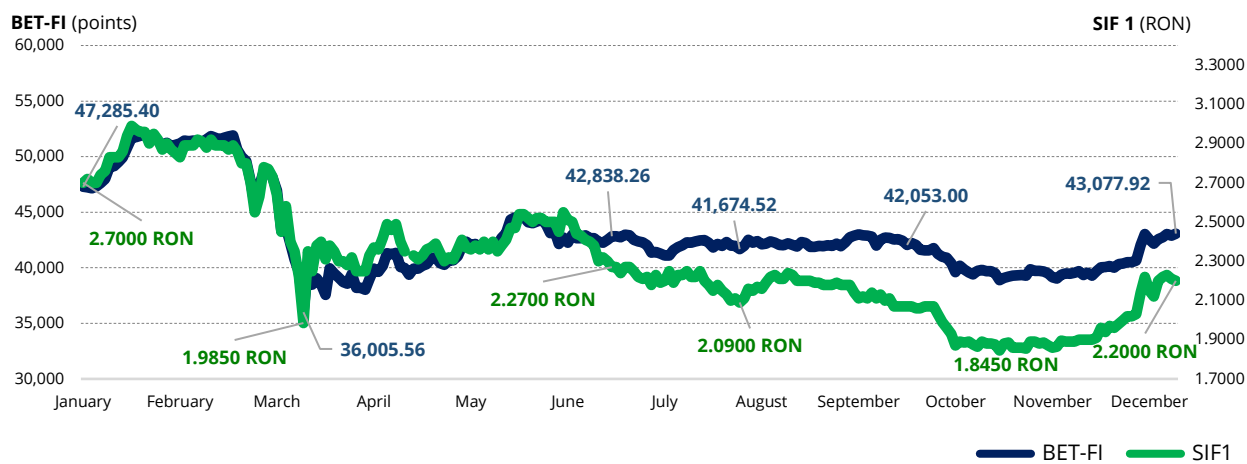
Market capitalization for SIF1 was of RON 1,133.93m on December 30, 2020, (calculated using the closing price).

SIF1 PERFORMANCE AND VOLUME IN 2020



highlighted values recorded at the close of trading sessions

SIF1 vs. BET-FI 2020



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

3. CORPORATE GOVERNANCE

SIF Banat-Crișana is committed to sustaining and developing the best corporate governance practices, ensuring 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, and 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 administration 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, 2020, is presented in Annex 4 of this report, the document that will also be published on Company's website, 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 2020, prepared pursuant to the annex of the Regulation no. 9/2019, is presented in Annex 5 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, 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 within 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 2020, SIF Banat-Crișana's Board of Directors convened twice the Ordinary General Meeting and four times the Extraordinary General Meeting of Shareholders. Information on the general meetings of shareholders and the resolutions adopted are presented on Company's website, 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 in 2020

The composition of the Board of Directors as of December 31, 2020, 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, 2020

	Position	Other information
Bogdan-Alexandru DRĂGOI (1980)	Chairman of the Board of Directors, Executive administrator, Member of the Board since March 2015	<p>Studies 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>Experience 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>Studies 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>Experience 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>Studies 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>Experience 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>

BOARD OF DIRECTORS as of December 31, 2020

	Position	Other information	
Marcel PFISTER (1980)	Member of the Board of Directors since April 2017, Independent, non-executive administrator Chairman of the Audit Committee Member of Nomination and Remuneration Committee;	Studies 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)	
		Experience 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	
		Studies University of Economic Studies Bucharest 2002 Faculty of International Business and Economics Constantin Brâncoveanu Highschool, Horezu (Vâlcea) 1995	
		Experience 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 Board of Directors, non-executive administrator	
		Member of the Audit Committee	
		Member of Nomination and Remuneration	

The Board of Directors is assisted in its activity by a secretary of the Board, a person with the necessary experience and training position, 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 and individually, and ensuring compliance by the Council with 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 2020 the position of Secretary of the Board of Directors was held by Mr. Daniel Gavrilă.

The activity of the Board of Directors in 2020

During 2019, the Board of Directors of SIF Banat-Crișana met 32 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 2020 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.

The Board of Directors issued a total of 114 resolutions on the current activity of the company. All decisions were taken by the vote "for" of the majority of those present.

Of the 114 resolutions issued by the Board of Directors during the period under review:

- 51 resolutions had well defined objective, requiring its fulfilment;
- 63 were resolutions for the approval of procedures, mandatory reports, and activity reports:
 - 30 resolutions for the approval of internal regulations and working procedures;
 - 33 resolutions for the approval of mandatory annual, quarterly, and half-yearly periodic reports submitted to ASF, BVB, MFP.

By analysing the status of execution for the 114 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.

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 2020, 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 2020, the Audit Committee met in 12 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 2020 reporting; monitoring the interim consolidated financial statements for H1 2020, the analysis and approval the contract of consultancy services with Deloitte Audit SRL to provide the necessary procedures concerning the reduction of SIF Banat-Crișana share capital; analysis of the risk report on the management of significant risks within the company; analysis of offers for the appointment of the internal auditor for a period of 2 (two) years and its selection; analysis and approval of the strategic plan and the internal audit year program; recommending the extension of the financial auditor Deloitte Audit SRL for another year; monitoring the activity of the internal auditor.

The annual report of the Audit Committee for the year 2019 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.

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.

As of December 31, 2020, 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 2020, the Nomination and Remuneration Committee met eight times.

In January 2020, the Nomination and Remuneration Committee carried out the assessment of the Money Laundering / Financing of Terrorism (ML/FT) compliance officer and the designated ML/FT persons, with responsibilities in the application of Law no. 129/2019 for preventing and fighting money laundering and financing of terrorism, and the regulations issued in its application, and ascertained that these persons possess the knowledge, skills and professional experience, and comply with the requirements of reputation, honesty, integrity and governance provided by the ASF Regulation no. 1/2009 and the internal regulations of the company, necessary to fulfil the specific attributions and responsibilities in order to apply the provisions of Law no. 129/2019 and of the regulations issued in its application.

In March 2020, and respectively in November 2020, in order to maintain the proportionality of the remunerations granted to the administrators (executive and non-executive) with the responsibilities specific to their function, so as to ensure an adequate and responsible remuneration, CNR made recommendations to the Board to submit to the approval of the ordinary general meeting of shareholders maintaining the remuneration of the members of the Board of Directors and the general limits of all additional remuneration of the members of the Board of Directors and the general limits of the remuneration of directors for the financial year 2020, and for 2021.

Also, in May and August 2020, the Nomination and Remuneration Committee decided on the initiation of Stock Option Plan and proposed to the Board of Directors their approval following

their approval by the EGMS, of the model of Share-based Payment Agreement, as well as of the List of Beneficiaries - Annex to the Stock Option Plan, the Company communicating to the public the necessary documents, complying with the requirements and terms provided by ASF Regulation no. 5/2018.

At the same time, given the level of responsibilities and competencies of the two committees established within Board, the complexity and importance of the matters under their analysis, the impact of their activity on the company's operations, the level of specialization and time required to perform specific tasks, Nomination Committee and Remuneration, in accordance with the provisions of art. 4.4 lit. g) of the Internal Regulations of SIF Banat-Crişana, proposed to the Board of Directors the level of additional remuneration in the financial year 2020 for non-executive administrators, members of the advisory committees operating within the Board of Directors.

Also in August 2020, the Nomination and Remuneration Committee carried out the evaluation of the internal auditor, in order to extend the service contract, and ascertained that the internal auditor has the knowledge, skills and professional experience, and complies with the requirements of reputation, honesty, integrity and governance provided by R1 / 2019 and the internal regulations of the company, necessary to fulfil the duties specific to the position.

In November 2020, considering the provisions of art. 2 par. 2 of the ASF Regulation no. 1/2019, according to which the nominations for the renewal of the mandates of the members of the management structure take place only after analysing the member's performance during the previous term, the Nomination and Remuneration Committee evaluated the candidates proposed by the Board of Directors for a new term of office as administrators of the Company and ascertained that the persons subject to the evaluation have the skills and professional experience necessary for the position they hold and meet the regulated requirements of reputation, honesty, integrity and governance in the exercise of the function, being recommended for a new term.

In December 2020, the Nomination and Remuneration Committee analysed, revised and approved the Remuneration Policy applicable in SIF Banat-Crişana, in order to be submitted by the Board of Directors for the approval of the Ordinary General Meeting of SIF Banat-Crişana Shareholders convened for January 6 (7), 2021.

Also, in December 2020, in accordance with the provisions of art. 26 paragraph (3) corroborated with those of art. 23 of R1 / 2019, NRC carried out both the individual evaluation of the Directors and the collective evaluation of the executive management structure, using the adequacy matrix presented in the annex no. 4 to R1 / 2019, adapted by the company according to the specific activities and risks, considering the principles and criteria provided in art. 4 of R1 / 2019. In assessing the suitability, the NRC also considered the criteria mentioned in the annex no. 3 the R1 / 2019. At the same time, NRC carried out the evaluation of the key functions in the company - the internal audit function, the risk management function, and the compliance function. NRC found that the persons evaluated have the knowledge, skills and professional experience and comply with the requirements of reputation, honesty, integrity, and governance required by R 1/2019 necessary to fulfil the specific tasks of the functions they occupy and did not identify circumstances that raise concerns on the function adequacy for these persons.

At the end of 2020, the Nomination and Remuneration Committee approved the Methodology for evaluating the performance of executive management, and also considered granting the variable component to employees and directors for the achievement of their objectives in 2020, in compliance with applicable remuneration policies at company level and with taking into account the views expressed by the person responsible for risk management, finding that performance-based remuneration is granted in a way that promotes effective risk management and does not encourage excessive risk-taking.

Remuneration Policy

The Board of Directors has approved the remuneration policy to ensure that the remuneration of company personnel is consistent and promotes a robust and effective risk management and does not encourage risk-taking that contradicts the risk profile and company's constitutive acts.

The remuneration policy and practices are applied to the management of the company and the categories of staff whose professional activities have a significant impact on the risk profile of SIF Banat-Crișana. Remuneration policies and practices are subject to an internal assessment at least annually, and the changes to be made will consider the economic context, the company's activity and its strategy and objectives.

The main principles underpinning the remuneration policy:

- pursuing compatibility with the solid and effective risk management and promoting this type of management, without encouraging risk-taking that is inconsistent with the risk profile, internal rules or company's articles of association;
- substantiating the values and beliefs of the organization and its compatibility with the business strategy, objectives, values and interests of SIF Banat-Crișana, as well as investor interests, including measures to avoid conflicts of interest;
- the remuneration of the members of the staff holding control functions depends on the achievement of the objectives related to their functions, independently of the results of the commercial sectors they control;
- performance-based remuneration is calculated based on an evaluation combining the individual and operational performance of the entity and the overall results of the Company;
- between the fixed and the variable component of the total remuneration there is an appropriate balance and the fixed component represents a sufficiently large percentage of the total remuneration to allow the application of a flexible policy on variable remuneration components, including the possibility of not paying any variable remuneration component;
- variable remuneration is paid or granted only if it is sustainable according to the financial position of the Company as a whole and is justified by the performance of the operational unit within the company and the person concerned.
- it is forbidden for Company's personnel to use personal cover or insurance policies related to remuneration or liability to undermine the effects of aligning the risks provided in their remuneration arrangements;
- variable remuneration is not paid by means of instruments or methods to facilitate the avoidance of compliance with the remuneration policy requirements applicable within SIF Banat-Crișana.

The monthly remuneration of the administrators is set by the general meeting of SIF Banat-Crișana's shareholders. Additional remunerations for the administrators will not exceed the general limits approved by the general shareholders' meeting.

Directors remuneration may consist of a fixed component and a variable component. All directors' remuneration must fall within the general limits of remuneration and budget approved by the ordinary general meeting of SIF Banat-Crișana's shareholders.

Given that the authorization of SIF Banat-Crișana as an AIFM was issued during 2018, in view of the substantiation of the remuneration of the staff for full performance periods, the remuneration procedures regarding variable remuneration were in effect applied to the staff identified in SIF Banat-Crișana starting with the financial year 2019.

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, 2020 was the following:

- Mr. Bogdan-Alexandru Drăgoi,
- Mr. Radu Răzvan Străuț,
- Mrs. Teodora Sferdian, and
- Mr. Laurențiu Riviș.

EXECUTIVE DIRECTORS OF SIF BANAT-CRIȘANA as of December 31, 2020

Position		Other information
Bogdan-Alexandru DRĂGOI	CEO (General Director)	Information presented on page 41
Radu Răzvan STRĂUȚ	Deputy General Director	Information presented on page 41
Teodora SFERDIAN	Deputy General Director	<p>Studies Faculty of Economics - Aurel Vlaicu University Arad (2000 – 2004) Faculty of Electronics and Telecommunications – Polytechnic Institute of Timișoara (1975 – 1980)</p> <p>Experience 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>Specializations Capital markets / analysis and portfolio management (Bank Akademie & CDG Germany); General management (Austrian Chamber of Commerce & WIFI Vienna); Investment consultant; Implementing IFRS (KPMG); Business Valuation (ANEVAR); Risk Management; Corporate governance standards; Development and HR performance management.</p> <p>Responsibilities Oversees the activities of Corporate Administration (Accounting, Reporting, Investor Relations and Compliance, Human Resources, and IT offices)</p>
Laurențiu RIVIȘ	Director	<p>Studies Faculty of Law, “Vasile Goldiș” Western University of Arad, (1998 – 2002)</p> <p>Experience 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>Specializations 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>Responsibilities Coordination of legal activities of the companies and the management of workout portfolio</p>

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

Name	Position	SIF1 shares held as of December 31, 2020	
		No. of shares	% of share capital
Bogdan-Alexandru DRĂGOI	Chairman and CEO	767,633	0.1489%
Radu-Răzvan STRĂUȚ	Vice-Chairman - Deputy General Director	556,056	0.1079%
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.

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

Risk management

SIF Banat-Crișana acknowledges its exposures to the risks resulting from day-to-day operations, as well as from the achievement of its strategic objectives. In this context, SIF Banat-Crișana's policy on significant risk management provides the framework for identifying, assessing, monitoring, and controlling these risks, in order to maintain them at acceptable levels depending on the Company's risk appetite and its ability to cover, absorb or reduce these risks.

Through the risk management system, SIF Banat-Crișana assigns a central role to *the risk management function, policies and procedures* related to significant and relevant risk management for the investment strategy, *measures, processes, and techniques* related to the measurement and risk management the Company uses for the portfolio under its management.

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 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 through the use of 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

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 2020, 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 2020, 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;
- compliance with the regulations regarding the protection of individuals in relation to the personal data processing;
- 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 Law no. 297/2004, 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

SIF Banat-Crișana established and permanently and operatively maintains the internal audit function, which runs independently of other functions and activities, reporting directly to Company's Board of Directors.

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 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 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 2020 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 working procedures, internal regulations and legislation specific to the compliance department;
- compliance with the working procedures, internal regulations and significant risk management policy of SIF Banat-Crișana;
- compliance with the procedure regarding 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;
- preparation of half-yearly and annual reports on the internal audit activity;
- preparation of the strategic internal audit plan for a period of 2 years and the annual internal audit program.

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 2020, 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.

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

Assessment of the efficiency of the control and risk management system was carried out by the Audit Committee based on the reports submitted by the Risk Management, Compliance, and Internal Audit departments. These reports comprise the relevant and complete information on the main activities carried out by the reporting departments.

From the analysis of the activity of the three departments with key-function role, internal audit, compliance and risk management, the Audit Committee considers that at SIF Banat-Crișana level, adequate procedures and mechanisms are implemented allowing early identification of potential risk / non-compliance situations and mechanisms of action to manage them.

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.

Financial reporting

Financial statements for 2020 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 27, 2020, the Company published *The Standalone Financial Statements and The Consolidated Financial Statements for the year ended December 31, 2019* 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 27, 2020 - together with the annual report of the Board of Directors and Independent Auditor's Report.*

On May 15, 2020, the Company published the Quarterly Report as of March 31, 2020, 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, 2020, the Company published SIF Banat-Crişana's H1 2020 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, 2020, 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, 2020, the Company published SIF Banat-Crişana's H1 2020 consolidated report. The condensed interim consolidated financial statements as of June 30, 2020, 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 10, 2020, the Company published the Q3 2020 report, prepared as per the provisions of Law no. 24/2017, Regulation no. 15/2004, ASF Regulation no. 5/2018 and Rule no. 39/2015.

Conflict of interest and transactions with related parties

Conflict of interest. By internal rules and procedures implemented, the company fulfils its responsibility to prevent conflicts of interest, and if they cannot be avoided, ensures the proper monitoring and supervision, observing shareholders best interest. By the functional organization adopted by the Board of Directors, it was considered the insurance that relevant persons engaged in different activities involving a risk of conflict of interest carry out these activities with a degree of independence adequate for company's size and activities.

The Board of Directors implemented operational solutions to facilitate the proper identification and resolution of situations where an administrator or an employee has a material interest in its own name or on behalf of third parties.

Each member of the Board must make sure that he/she avoids any direct or indirect conflict of interest with SIF Banat-Crişana or with the companies controlled by the Company. To the extent that there is a conflict of interest, the concerned administrator (member of the Board of Directors) has the obligation to inform the Board and shall refrain from the debate and vote on those matters.

SIF Banat-Crișana's internal regulations and procedures include adequate provisions to ensure, with reasonable certainty, the prevention and avoidance of situations that could constitute conflicts of interest. Moreover, in order to take prompt decisions and measures required, the administrators, directors, employees of SIF Banat-Crișana and other categories of people having the status of insiders have the legal obligation to be aware of the restrictions on personal transactions and the disclosure of inside information.

The Board of Directors establishes and revises the procedures and the safeguards against conflicts of interest, periodically examines their effectiveness and takes timely corrective action to address any deficiencies.

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.

By internal procedures, the use of "inside information" related to the investment policy of SIF Banat-Crișana is forbidden for members of the Board, directors of the company and by any person with whom the Company has entered into an employment contract, when they trade financial instruments in their portfolio ("personal transactions").

The Company submits to ASF and regularly updates the list of persons with access to inside information regarding the Company. The persons on the list are required to notify the Company on the transactions they execute with SIF1 shares.

Pursuant to Law no. 24/2017 and the European regulations, insiders, and persons with access to inside information concerning SIF Banat-Crișana notified the Financial Supervisory Authority and the Company on any transaction in their own account with shares issued by SIF Banat-Crișana.

In December 2019, the Board of Directors approved the revision of the internal procedure on conflict of interest, privileged information, and personal transactions, that was updated as per the applicable regulations.

Anti-corruption measures: SIF Banat-Crișana complies with ethical and moral standards, being permanently engaged in implementing the necessary measures to prevent situations of abuse in the company's relations with all categories of partners, as well as in portfolio management, fund management and investments / divestments. SIF Banat-Crișana has developed and implemented reference documents aiming, among other aspects, at anti-corruption policies and procedures, respectively: Corporate Governance Code, Internal Regulations, Internal Regulations and Social Responsibility Policy.

The mentioned documents highlight 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 being in accordance with the provisions and recommendations contained in the aforementioned documents.

Respect for shareholders' rights

SIF Banat-Crişana shares are common, ordinary, nominative, dematerialized, indivisible, granting equal rights to shareholders.

In the Official Gazette of Romania, Part I, no. 1035/ December 24, 2019, it was published the Law no. 243/2019 on the regulation of alternative investment funds and for the amendment and completion of certain legislative acts, which entered into force on January 24, 2020. By art. 81 para. (3) lit. b) of Law no. 243/2019, the provisions of art. 286¹ of Law no. 297/2004 which regulated the holding threshold of maximum 5% of the share capital of a financial investment company were repealed. The repeal takes effect starting with July 24, 2020, according to art. 81 para. (3) of Law no. 243/2019, viz. upon the fulfilment of the term of 6 months from the entry into force of Law no. 243/2019 on the regulation of alternative investment funds and for the amendment and completion of certain legislative acts.

With the repeal of art. 286¹ of Law no. 297/2004 by Law no. 243/2019 on the regulation of alternative investment funds and for the amendment and completion of certain legislative acts, from 24.07.2020 the holding threshold of 5% of the share capital of investment companies was eliminated, which restricted the possibility for shareholders to hold, directly or indirectly, more than 5% of the share capital of a financial investment company.

With the elimination of the holding threshold of 5% of the share capital, potential purchasers intending to acquire a qualified participation in the share capital of SIF Banat-Crişana as an AIFM authorized by ASF, will become affected by the provisions of Regulation 3/2016 on the criteria applicable and the procedure for the prudential assessment of acquisitions and increases in participations in entities regulated by the Financial Supervisory Authority, in accordance with the provisions of art. 7 para. (2) lit. b) and art. 8 para. (1) letter c) of Law no. 74/2015, implemented by art. 8 para. (4) of Regulation no. 10/2015, and taking into account the provisions of art. 43 para. (2) of Regulation no. 3/2016.

In accordance with Art. 272 para. (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-Crişana) are suspended by law if the acquisition or, as the case may be, the increase of a participation, was carried out without meeting the criteria of ASF regulations on the rules of procedure and the criteria for the prudential assessment of acquisitions by the regulated entity concerned.

SIF Banat-Crişana 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 GMS works, pursuant to the incident laws and ASF regulations. At Company's headquarters and posted on its website (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 GMS, 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-Crișana, 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 2020, the Board of Directors convened the Extraordinary General Meeting of Shareholders ("EGM") for March 10 (11), 2020, the Ordinary General Meeting of Shareholders ("OGM") and the Extraordinary General Meeting of Shareholders ("EGM") for April 27 (28), 2020, the Extraordinary General Meeting of Shareholders ("EGM") for July 6 (7), 2020 and the Ordinary General Meeting of Shareholders ("OGM") and the Extraordinary General Meeting of Shareholders ("EGM") for November 2 (3), 2020. Information on the general meetings of shareholders and the resolutions adopted are published on company's website, www.sif1.ro, in the section *Investor Relations > General Shareholders' Meetings*.

For the general meetings of shareholders, suspending the voting rights for the holdings above the legal and statutory threshold of 5% of the share capital was performed pursuant to the legal provisions, as per ASF Decisions no. 276/05.03.2020 and 277/05.03.2020, 522/22.04.2020 and 523/22.04.2020, and respectively ASF Decisions no. 767/01.07.2020 and 768/01.07.2020.

Right to dividend

The dividend policy embraced by SIF Banat-Crișana 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-Crișana 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-Crișana'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, the return for SIF Banat-Crișana'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, over the medium and long term, to shareholders.

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 27, 2020, decided not to distribute dividends, allocating the net profit for the 2018 financial year, in the amount of RON 159,494,532, to Other reserves, for own financing sources, to support a buyback program.

SIF Banat-Crișana' dividend policy is published on the company's website, www.sif1.ro, in the *Corporate Governance* section.

Right to information

SIF Banat-Crișana respects the right of shareholders to be informed, providing them 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.

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 its website.

In order to inform the shareholders and investors, the Company sets a financial reporting calendar that is communicated to BVB and ASF, and also published on Company's website, www.sif1.ro.

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 2020, promoting SIF Banat-Crișana in the capital market events (either individually or together with BVB, intermediaries), to increase transparency and attract new investors / shareholders.

During February 26-27, 2020, SIF Banat-Crișana participated, represented at top-management level at the annual event Romania Investor Days in London, organised By Wood & Company in partnership with Fondul Proprietatea. This seventh edition was attended by institutional investors with assets under management of over EUR 2,000 billion, and representatives of first tier companies listed on Bucharest Stock Exchange, or candidates for IPOs.

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, person of contact Mr. Claudiu Horeanu.

Diversity policy

SIF Banat-Crișana promotes a culture of respect, collaboration, and performance, where all employees can perform and grow under equal conditions in terms of gender, ethnicity, age, etc. The company supports and encourages employees' individual abilities and turns them into added value for the organization, at human capital level.

Social responsibility

Social responsibility of SIF Banat-Crișana is also expressed using procedures of appropriate management of environmental issues, responsible management of personnel, ensuring safety standards in the workplace, and in general by conducting socially responsible business practices.

During H1 2020, SIF Banat-Crişana financially supported the purchase of equipment in hospitals in Romania necessary in the fight against COVID 19, with the amount of RON 1,000,000, through a non-profit organisation.

SIF Banat-Crişana's policy on corporate social responsibility is published on company's website, www.sif1.ro, in the section dedicated to Corporate Governance.

4. FINANCIAL ANALYSIS

SIF Banat-Crișana prepared the financial statements as of December 31, 2020, 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, 2020, 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 2020, compared to the preceding four financial years:

4.1 Statement on the standalone financial position

STATEMENT OF ASSETS, LIABILITIES AND EQUITY	2020	2019	2018	2017	2016
Cash and cash equivalents (including bank deposits)	150,710,816	121,716,306	35,274,867	16,134,803	57,625,994
Financial assets at fair value through profit and loss	1,394,390,304	1,220,126,673	1,105,989,265	338	309
Financial assets at fair value through other comprehensive income (assets available for sale 2016 – 2017)	1,314,430,895	1,508,267,047	1,279,345,173	2,440,191,357	2,007,925,978
Investments recorded at amortized cost	-	49,911,172	6,505,683	6,499,764	6,336,716
Investment property, Tangible assets, Other assets	24,239,628	26,657,141	25,828,264	25,318,909	38,300,331
Total assets	2,883,771,643	2,926,678,339	2,452,943,252	2,488,145,171	2,110,189,328
Deferred tax liabilities	146,231,940	169,850,613	129,889,043	176,433,120	130,804,501
Other liabilities (other liabilities, leasing, deferred revenues)	7,635,012	8,624,272	1,633,596	20,471,908	25,138,742
Total liabilities and deferred revenues	153,866,952	178,474,885	131,522,639	196,905,028	155,943,243
Share capital	51,542,236	51,746,072	51,746,072	52,000,000	54,884,927
Treasury shares (including costs related to the repurchase)	(2,240,526)	(7,430,298)	(224,045)	(4,872,849)	(53,177,886)
Retained earnings	743,318,231	812,306,354	683,411,583	290,919,193	349,574,064
Other equity elements (other reserves, legal reserves, benefits granted)	1,170,807,710	1,009,486,883	933,609,102	701,364,620	620,001,919
Reserves from revaluation of financial assets through other items of comprehensive income (available for sale 2016 – 2017)	766,477,039	882,094,444	652,877,901	1,251,829,179	982,963,061
Total equity	2,729,904,691	2,748,203,455	2,321,420,612	2,291,240,143	1,954,246,085
Total liabilities and equity	2,883,771,643	2,926,678,339	2,452,943,252	2,488,145,171	2,110,189,328

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 2019, 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 in RON).

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 investment in bonds (issued by subsidiaries – Vrancart, SIFI BH Retail). The item *Financial assets at fair value through profit and loss* rose as compared to 2019 as a result of:

- 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 2020 (as the difference between fair value and acquisition cost);
- The investment activity carried out in 2020, by divesting from certain investments recorded in the category of Financial assets at fair value through other comprehensive income and

investing in financial instruments recognized as Financial assets at fair value through profit and loss (shares of associates).

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 decrease vs. the previous year of this category is due to (1) the decrease in the market value in the first part of 2020 of the listed stakes included in this category, decreases not fully recovered by the end of 2020 (especially shares of companies in the financial sector) and (2) net divestments (sales - acquisitions) made during the year, especially from issuers in the energy sector (Electrica, Romgaz, Transgaz).

The Company no longer holds *Investments at amortized cost* as of December 31, 2020, as the company's investments in bonds issued by financial companies (Banca Transilvania - May 2020), respectively commercial (Blue Air Aviation - October 2020) were collected at maturity.

Investments 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. *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 decreased as compared to 2019, being influenced (decreasing) by the derecognition *investment property* of the building in Timișoara (RON 7.2m) and (increasing) by receivables related to non-settled transactions on December 31, 2020 (RON 4.8m).

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 decrease of this item as compared to the previous year is mainly the effect of the adjustment of the deferred income tax related to the decrease in the level of reserves from the fair value measurement of securities valued at fair value through other comprehensive income, against the (1) negative movement of the capital markets in 2020, in particular for the minority interests in the portfolio with the utmost weight in the portfolio and (2) the transfer to retained earnings of the fair value reserve of assets derecognised during 2020.

Equity holds the largest stake in the structure of liabilities. The value of this item slightly decreased vs. the previous year, given that the net profit significantly offset the shortfall in the valuation of the listed shares portfolio and reflected in other comprehensive income.

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

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME	2020	2019	2018	2017	2016
Income, of which:	94,840,715	121,537,512	114,876,610	84,927,868	107,164,704
Dividend income	85,778,801	115,088,023	110,224,602	81,469,412	101,624,336
Interest income	8,889,199	6,052,181	4,399,872	3,277,959	5,314,722
Other operating revenues	172,715	397,308	252,136	180,497	225,646
Gain on investments, of which:	27,816,050	75,953,657	(16,053,869)	3,308,817	2,257,033
Net gain on foreign exchange	2,156,143	1,961,301	92,468	168,443	(110,431)
Gain on investment property	2,769,835	(81,351)	86,351	989,353	177,703
Net profit on sale of assets	-	-	(1,282,416)	2,150,991	2,189,901
Net gain / (Net loss) on financial assets at fair value through profit and loss	22,890,072	74,073,706	(14,950,272)	30	(140)
Expenses, of which:	(28,472,943)	(22,236,060)	(17,930,623)	(15,745,275)	(25,120,258)
Expenses/reversals on adjustments for impairment	-	-	-	3,710,134	(5,948,134)
Expenses related to fees and charges	(8,794,811)	(3,322,619)	(3,248,280)	(2,717,509)	(2,255,325)
Other operating expenses	(19,678,132)	(18,913,441)	(14,682,344)	(16,737,900)	(16,916,799)

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME	2020	2019	2018	2017	2016
Profit before tax	94,183,822	175,255,110	80,892,118	72,491,410	84,301,479
Income tax	(2,061,416)	(15,760,578)	(3,705,890)	(2,938,215)	(2,938,778)
Net profit for the period	92,122,406	159,494,532	77,186,227	69,553,195	81,362,701
Other comprehensive income	(112,288,232)	276,874,562	(83,198,128)	268,866,118	137,251,875
Total comprehensive income for the period	(20,165,826)	436,369,094	(6,011,901)	338,419,313	218,614,576

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

Dividend income decreased in 2020, 25.5% below 2019. Their decrease is due to the impact of the COVID 19 pandemic on the dividend policy of the largest shareholdings in the Company's portfolio, the distribution of dividends being either stopped or their level significantly reduced compared to previous years. Structurally, the decrease of dividends distributed by banks was partially offset by collecting higher dividends from subsidiaries and associates.

Interest income includes interest on bank deposits and corporate bonds. In 2020, interest income significantly rose vs. the previous year, given that they were influenced by the contribution of investments in corporate bonds, at a considerably higher interest rate than in the case of bank deposits, while increasing the amounts invested in this category of financial instruments.

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

Gains on investments in 2020 was adversely influenced by the recording of 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, the negative result in the case of the fund units being offset by fair value net increases during 2020 on the back of subsidiaries (existing and acquired in 2020) and associates, both listed and unlisted or without an active market.

Commission expenses include fees due to regulatory institutions, the depository, and the Stock Exchange and the intermediaries (brokers). Their level rose as compared to the values for the previous year, as significant transactions were carried out during 2020.

Other operating expenses include personnel and management salaries, the taxes and fees and other expenses incurred in the operation of the Company. These expenses are in line with those of the previous year.

4.3 Standalone cash flow statement

CASH FLOW STATEMENT	2020	2019	2018	2017	2016
Operating activities					
Net profit for the year	92,122,406	159,494,532	77,186,227	69,553,195	81,362,701
<i>Adjustments for:</i>					
Amortization of tangible and intangible assets	508,825	271,833	281,866	202,645	237,539
Net (Gain) / Loss on disposal of tangible assets	33,012	1,585	4,557	(11,988)	-
Gain on valuation of investment property	(2,769,835)	81,351	(86,351)	(989,353)	(177,703)
Expenditure on adjustments for impairment of assets	-	-	-	(3,912,645)	5,489,150
(Net gain)/Net loss on sale of assets	-	-	1,282,416	(2,150,991)	(2,189,901)
(Net gain) / Net loss from financial assets at fair value through profit and loss	(22,890,072)	(74,073,706)	14,950,272	(30)	140
Dividend income	(85,778,801)	(115,088,023)	(110,224,602)	(81,469,412)	(101,624,336)
Interest income	(8,889,199)	(6,052,181)	(4,399,872)	(3,277,959)	(5,314,722)
Expense with / (income from) other provisions and adjustments	-	-	-	202,512	458,984
Expense with interest related to leasing agreements	68,104	7,622	-	-	-
Exchange rate differences financial assets	(1,089,757)	(1,231,751)	(10,086)	-	-
Benefits granted in equity instruments	1,867,063	1,414,000	2,380,000	-	-
Income tax	2,061,416	15,760,578	3,705,890	2,938,216	2,938,778
Changes in assets and liabilities related to operating activities					
Changes in other assets	47,345	(85,847)	17,207	(114,865)	(2,546,555)
Changes in other liabilities	3,630,709	1,423,686	(2,083,394)	1,096,503	1,535,469
Income tax paid	(4,451,293)	(19,121,966)	(25,588,823)	(962,378)	(1,851,725)
Net cash (used in) / from operating activities, of which:	(25,530,077)	(37,198,288)	(42,584,693)	(18,896,551)	(21,682,180)
Investment activities					
Payments for purchase of financial assets at FVTOCI ('16-'17 available for sale)	(7,459,123)	(6,586,167)	(247,001,150)	(187,000,444)	(152,658,954)
Proceeds from the sale of financial assets at FVTOCI ('16-'17 available for sale)	65,497,597	107,323,972	172,710,266	85,805,053	3,784,252
(Investments) / Proceeds from deposits with term longer than 3 months	4,500,000	1,500,000	(1,200,000)	36,072,333	108,181,106
Proceeds from sale of assets at FVTPL	9,899,346	84,852,486	23,466,399	-	-
Payments for purchase of assets at FVTPL	(159,436,657)	(123,637,912)	-	(160,893)	27,013,833
Proceeds/(Payments) for purchase of assets recorded at amortized cost	43,746,000	(42,995,700)	-	-	-
Payments for purchases of tangible assets	(216,528)	(49,697)	(58,870)	440,757	(49,939)
Proceeds from sale of property and assets held for sale	9,636,800	-	-	(462,162)	-
Dividends collected	83,779,746	110,293,952	106,528,122	79,528,077	102,603,588
Interest collected	9,364,509	5,277,106	6,274,164	4,497,211	4,850,262
Net cash (used in) / from investment activities	59,311,690	135,978,041	60,718,931	18,719,932	93,724,148
Financing activities					
Payments related to leasing	(274,603)	(30,137)			
Dividends paid	-	(5,495)	-	(3,450,000)	(3,970,007)
Repurchase of own shares	-	(10,770,725)	(224,045)	(1,425,254)	(53,177,886)
Net cash (used in) / from financing activities	(274,603)	(10,776,220)	(224,045)	(4,875,254)	(57,147,892)
Increase / (decrease) in net cash and cash equivalents	33,507,010	87,973,396	17,910,193	(5,051,873)	14,894,076
Cash and cash equivalents on January 1st	117,203,806	29,230,410	11,320,217	16,372,090	1,478,015
Cash and cash equivalents on December 31st	150,710,816	117,203,806	29,230,410	11,320,217	16,372,090

In 2020, the investment activity generated cash from dividends collected (RON 83.8m), from net divestments from minority interests in the category of assets at fair value through other comprehensive income (RON 65.5m), and redemption of corporate bonds (RON 50.3m). Most of the cash was steered to investment recorded as financial assets at fair value through profit and loss (RON 159.4m - mostly shares in subsidiaries), and shares reflected through other comprehensive income (RON 7.5m). Structurally, the cash surplus of the investment activity was used to finance the cash requirement of the operating activity (RON 25.53m - income tax for 2019, 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, 2020 as compared to the beginning of the financial year.

4.4 Implementation of Budget for 2020, summary statement

Implementation of Budget for 2020	Result for 2019	Provisions for 2020*	Result for 2020	+/- vs. 2019
Total income	121,537,512	93,650,000	94,840,715	-22.0%
Net gain on investment	75,953,657	(86,200,000)	27,816,050	-63.4%
Operating expenses	22,236,060	24,981,100	28,472,943	28.0%
Profit before tax	175,255,110	(17,531,100)	94,183,822	-46.3%
Income tax (including tax on gross dividends due)	15,760,578	2,050,000	2,061,416	-86.9%
Net profit for the year	159,494,532	(19,581,100)	92,122,406	-42.2%
Total comprehensive income for the year	436,369,094	-	(20,165,826)	N/A

*revised by the OGM of November 2, 2020

Total income achieved is 1.3% above the revised provisions of 2020 and 22% below the achievements of 2019. The dynamics of the main variables are presented in the *Statement of Profit and Loss and Comprehensive Income*.

Net gain on investment weakened as compared to 2019 but is significantly above the level of the revised provisions, in the context in which this component was positively influenced by recording the value change of assets measured at fair value (level 1) through profit and loss in the last months of 2020 and the impact of Level 3 fair value assessments, both of which are not included in the revised version of the budget, given the prudential approach taken to substantiate it.

Operating expenses incurred in 2020 are 14% above the revised budgeted provisions and 28% above the previous year's results mainly due to the costs of commissions incurred by significant transactions completed in 4Q 2020.

The gross result in the amount of RON 94.2m tops the revised provisions for 2020 as an effect of the impact of net gain on investment, given that the revision of this component of the budget during October 2020 was based on the condition at the end of 3Q of year and considering mainly the tier 1 fair values of the assets with impact within this category.

The net result of the year in the amount of RON 92.1m exceeds the revised level of the provisions for 2020 and is 42% below the achievements of the previous year. The unfavourable course compared to 2019 is due both to the negative impact of the pandemic on distributed dividends and on the market quotations of some listed shares (compared to the end of 2019) reflected in the level of gain on investment.

5. OTHER SIGNIFICANT INFORMATION

Amendments to the Articles of Association

By **Authorization no. 11/23.01.2020**, the Financial Supervisory Authority (ASF) authorized the changes in Company's Articles of Association, in accordance with Decisions no. 1 and no. 2 of 19.12.2019 of SIF Banat-Crișana's Board of Directors, following the establishment/closure of a secondary office in Bucharest. The aforementioned Decisions of the Board of Directors have been the subject of the Current Report of 20.12.2019. The Bucharest-Rahmaninov branch of SIF Banat-Crișana is an unincorporated (without legal personality) entity, that carries out the same activity as the parent company and is located in Bucharest, Sector 2, 46-48 Serghei Vasilevici Rahmaninov Street, 3rd floor.

By **Authorization no. 54/16.04.2020**, the Financial Supervisory Authority (ASF), authorized the changes in Company's Articles of Association, in accordance with the Resolution of the Extraordinary General Meeting of SIF Banat-Crișana Shareholders no. 3/10.03.2020, respectively the amendment of art. 3 of Company's Articles of Association, that becomes:

"Art. 3 Share capital and shares.

(1) The share capital of the company amounts to RON 51,746,072.4 and is divided into 517,460,724 shares of RON 0.10 each, appropriated per shareholders as shown in the records entered in the shareholders' registry.

(2) The shares issued by the company are registered, of equal values, issued in dematerialized form and grant equal rights to their holders. The nominal value of a share is of RON 0.10. The shares are indivisible, and the company recognizes a sole representative for exercising the rights attached to a share."

The provisions of art. 3 of SIF Banat-Crișana's Articles of Association, as amended by the Resolution of the EGM and the authorization issued by ASF, mentioned above, become applicable and shall take effect from the date of repeal of art. 286¹ of Law no. 297/2004, according to art. 81 paragraph (3) of Law no. 243/2019, viz. at the fulfilment of the term of 6 months from the entry into force of Law no. 243/2019 on alternative investment funds, amending and supplementing certain normative acts.

Moreover, amendments and completions to Company's Articles of Association, to align with the provisions of Law no. 243/2019 on the alternative investment funds and for amending and supplementing some normative acts, and with the provisions of ASF Regulation no. 7/ 2020, were approved by EGM of **July 6, 2020** and EGM of **November 2, 2020**, including the requests communicated by the Financial Supervisory Authority.

The full version of the Resolutions adopted by the EGM of July 6, 2020 and November 2, 2020, are available for consultation on Company's website, at www.sif1.ro, in the *Investor Relations* section.

By **Authorization no. 189/27.11.2020**, The Financial Supervisory Authority authorized the changes in SIF Banat-Crișana's Articles of Association as a result of the share capital reduction from RON 51,746,072.4 to RON 51,542,236.3 as per Resolution no. 1/27.04.2020 of the Extraordinary General Meeting of SIF Banat-Crișana's Shareholders.

The Financial Supervisory Authority issued on December 24, 2020, the **Registration Certificate of Financial Instruments under the number AC-168-5/24.12.2020** regarding the reduction of company's share capital. The share capital of the company was reduced from RON 51,746,072.40 to RON 51,542,236.30, divided into 515,422,363 shares with a nominal value of RON 0.10, following the cancellation of 2,038,361 own shares, as per Resolution no. 1/27.04.2020 of the Extraordinary General Meeting of SIF Banat-Crișana's Shareholders.

The Company registered the operation of share capital reduction at the Trade Register Office, and then the share capital reduction was registered at the capital market institutions.

Implementing the legislation governing the authorization and operation of alternative investment funds

During 2020, the legislative framework was supplemented by the entry into force of Law no. 243/2019 on alternative investment funds amending and supplementing certain normative acts and ASF Regulation no. 7/2020 on the authorization and operation of alternative investment funds.

In accordance with the provisions of Law no. 243/2019, SIF Banat-Crișana qualifies as a closed ended, diversified Alternative Investment Fund, addressed to retail investors (FIAIR), self-managed.

The company took the necessary measures to adapt the constitutive and operating documents as well as to adapt the activity to the new regulations brought by Law 243/2019 and Regulation no. 7/2020. Therefore:

- Company's articles of association were amended and supplemented through the decisions of two extraordinary general meetings of shareholders (EGM of March 10, 2020 and EGM of July 6, 2020);
- The internal rules and procedures were modified and supplemented to adapt the activity to the new regulations, specifying that operating as an alternative investment fund will be full only after obtaining the authorization from the Financial Supervisory Authority;
- The contract with the depositary bank BCR was adapted according to the provisions of Law no. 243/2019;
- Documents were prepared in accordance with the provisions of Law no. 243/2019, of Regulation (EU) 2017/1129 and of the ASF Regulation no. 7/2020, in order to comply the SIF Banat-Crișana constitutive and operating documents to be included in the category of AIF of diversified closed ended type addressed to retail investors.

The documents to be authorized as AIFRI were submitted, within the legal term, to the Financial Supervision Authority. At the date of this report, the Company is updating the authorization documentation following the requests communicated by ASF.

The buyback programs. Stock Option Plan

The EGM of April 26, 2018 approved the execution of two buyback programs: Program I - the Company to repurchase 17,460,724 shares at most to reduce its share capital; Program II - the Company to repurchase 1,400,000 shares at most for their distribution free of charge to the members of the Company's management (administrators, directors) in a Stock Option Plan, in order to build their loyalty as well and to reward their activity in the Company.

Between October 2 and 26, 2018, 89,656 shares were repurchased through direct market transactions under Program II. Starting with October 29, 2018, the execution of the buyback program was suspended, as market conditions did not offer the possibility to purchase the required number of shares. During 2018, there were no shares repurchased under Program I.

In 2019, for the completion of the two buyback programs (Program I and Program II) SIF Banat-Crișana carried out a Public Tender Offer shares through SWISS CAPITAL. In the offer, 4,228,705 shares were bought (out of the 18,771,068 shares that were subject to the offer), representing 0.8172% of the share capital of SIF Banat Crișana, which together with the shares repurchased through direct transactions in the market represented a total number of 4,318,360 treasury shares.

The information document regarding the offering or allocation of shares to the members of the management structure of SIF Banat-Crișana, prepared according to the Annex no. 21 of CNVM Regulation no. 1/2006 and Annex no. 4 to Regulation no. 5/2018, updated with the amendments

approved by the decision of the Board of Directors from 22.04.2019, has been the subject of the current report from 25.04.2019. According to the data and information in the updated Disclosure Document, at the expiration of the 17-month term elapsed since the signing of the Stock Option Plan, all persons have exercised their right to receive the offered shares, and on December 10, 2019, SIF Banat-Crișana transferred to the members of the management structure 1,400,000 SIF1 shares, representing 0.2706% of the share capital. As per the provisions of the ASF Regulation no. 5/2018 and of the EU Regulation 596/2014, notifications provided were submitted by the company and the Financial Supervisory Authority and were published on Company's website the notifications under art. 19 of EU Regulation 595/2014.

After the transfer of the 1,400,000 shares under the Stock Option Plan, the Company remained to hold 2,918,361 treasury shares.

EGM of April 22, 2019, by Resolution no. 1 approved the execution of a buyback program ("Program I") by the Company in order to reduce its share capital, the company to repurchase a 15,000,000 shares at most, at a price between the minimum price of RON 0.1 per share and the maximum price of RON 4.38 per share. The duration of Program I approved by the extraordinary general meeting of shareholders was a maximum of 18 months from the date of publication of the resolution in the Official Gazette of Romania, part IV. By art. 2 of the resolution of April 22, 2019, the EGM approved the execution of a buyback program, in accordance with applicable law, for a maximum of 880,000 shares for their free distribution to members of the Company's management, in order to build their loyalty, as well as the reward for the activity carried out within the Company (Program II). The EGM also approved the use of shares purchased under Buyback Program II for their free distribution to members of the Company's management, under a "Stock Option Plan", in compliance with applicable law, empowering the Board to adopt all necessary measures and fulfil all the formalities required for the approval and implementation of the "Stock Option Plan".

As in 2019 the Public Tender Offer was carried out for the completion of the two buyback programs (Program I and Program II approved by the EGM of April 26, 2018), the Company's management considered more appropriate the execution in 2020 of the buyback programs approved in 2019.

EGM of April 27, 2020, by Resolution no. 3 approved the execution of a new buyback program ("Program I") by the Company in order to reduce its share capital, with the company to repurchase a 15,000,000 shares at most, at a price between the minimum price of RON 0.1 per share and the maximum price of RON 4.9665 per share, with the duration of Program I of a maximum of 18 months from the date of publication of the resolution in the Official Gazette of Romania, part IV. Moreover, by Resolution no. 4 of April 27, 2020, the EGM approved the execution of a buyback program, in accordance with applicable law, for a maximum of 880,000 shares for their free distribution to members of the Company's management, in order to build their loyalty, as well as the reward for the activity carried out within the Company (Program II). The EGM also approved the use of shares purchased under Buyback Program II for their free distribution to members of the Company's management, under a "Stock Option Plan".

At the same time, the EGM of April 27, 2020 decided that, out of the 2,918,361 treasury shares repurchased under buyback programs approved during 2018, a number of 880,000 shares to be used for their distribution as free of charge to the members of the Company's management, under the Stock Option Plan approved by the Resolution of EGM of April 22, 2019, following that the Buyback Program 2, approved in the same EGM of April 22, 2019, to cease to have effect.

For the difference of 2,038,360 treasury shares held by the Company at that time, the EGM of April 27, 2020 approved the reduction of Company's share capital from RON 51,746,072.4 to RON 51,542,236.3 following the cancellation of the 2,038,361 treasury shares acquired by the company.

Given the unfavourable market conditions generated by the outburst and then deepening of the health and economic crisis caused by the COVID 19 pandemic, at the **EGM of November 2, 2020**,

the Board of Directors proposed to the shareholders the resolution to partially revoke the EGM Resolution of April 22, 2019, published in the Official Gazette of Romania, Part IV, no. 2154 / 23.05.2019, respectively of article 1 of this resolution, which approved the execution of a buyback program of a maximum of 15,000,000 own shares, a resolution adopted by the EGM. Moreover, the EGM approved the execution of a new buyback program ("Program 3") for the same maximum number of 15,000,000 shares, within 12 months from the date of publication of the EGM resolution in the Official Gazette of Romania.

The implementation of shareholder remuneration programs through the buyback programs, approved by the EGM of April 27, 2020 and the EGM of November 2, 2020 is scheduled to start in 2021, involving significant cash outflows this year.

Concerning the Stock Option Plans approved by the shareholders by resolution of the EGM (art. 3) of April 22, 2019, and EGM Resolution no. 5 of April 27, 2020, the Company published the disclosure documents on the offer or assignment of securities to members of the management of SIF Banat-Crișana, by means of current reports of May 29, 2020 and August 17, 2020. The disclosure documents on the offer or assignment of securities to members of the management of SIF Banat-Crișana in full are available for consultation on Company's website, at www.sif1.ro, in the *Investor Relation* section.

Ensuring business continuity in the context of the COVID-19 pandemic

Throughout the year, SIF Banat-Crișana closely monitored the progress of the situation generated by the COVID-19 pandemic, as presented by the competent authorities. In this context, the main preventive measures adopted by the Company aimed at ensuring increased sanitation and disinfection measures at the workplaces and a permanent internal communication was established, informing employees on the mandatory preventive measures to be observed and the decisions of the authorities.

The execution of the Plan for Business Continuity, activated at the beginning of March, continued during the year, being adapted according to the nature of the situation and the complexity of the Company's activities, to ensure safe operations, continuity, and minimization of risks at all levels.

Internal procedures have been supplemented by specific decisions and working instructions, adapted to the pandemic situation, in order to ensure the company's activity without interruption, the investor relations, the communication with shareholders, investors and business partners, inter-institutional relations, being adopted preferential communication measures and operating by remote means and systems.

To ensure the continuity of the exercise of duties and operations, a plan was established in the first decade of March to deal with unforeseen or unexpected absences of both members of the executive structure and operational staff, being appointed temporary replacements for all positions.

SIF Banat-Crișana fully understood its role as a responsible employer and thought of great importance to ensure and maintain a work environment that does not pose risks to the safety and health of employees, identifying and assessing potential sources of risk associated with potential exposure to COVID-19 and take the necessary measures to control those risks, and an action plan for the prevention and protection of employees or other persons connected to the workplace has been implemented beginning with May, in accordance with the guidelines provided by the authorities.

SIF Banat-Crișana has developed and optimized its IT infrastructure (hardware and software) in order to implement the remote work system and the use of secure remote communication and operation connections. Already at the end of March, 90% of the staff was operational working from home. Regarding the organization of remote work, the following were considered: (i) *Data security*: the company has a robust information technology system, able to ensure a high security system

also in remote working conditions; (ii) *Updating and developing the skills of IT users in remote communication conditions.*

In terms of risk management, in the risk report for Q1 2020, the risk officer identified as a new operational risk “the pandemic risk” and submitted to senior management an assessment of the main vulnerabilities.

During 2020, incident management was performed in a centralized manner at the level of the organization, both operational risk incidents generated by IT systems and other operational risk incidents (e.g. pandemic risk) being centralized in the operational risk register. The reporting of incidents / events of operational risk is performed periodically by the Risk Management department in the risk reports.

At the same time, SIF Banat-Crișana took all measures to organize the general meetings of shareholders in safe conditions, to properly inform the shareholders and facilitate the possibility of expressing the vote through alternative means to directly or through the representative participation, as they are these provided by law (voting by correspondence).

Throughout the year, at portfolio level, the close monitoring of issuers has been carried out, strengthening the analysis and assessment of existing or potential activity and risks at their level generated by the existing global crisis. At the same time, the communication of the portfolio managers with the management of the majority participations was intensified, in a common approach to identify the best solutions to counteract the adverse effects induced by the coronavirus crisis on the activity of these companies.

We also hereby inform the investors that, even in pandemic conditions, the company's activity took place in good conditions, without disturbances or discontinuities. We consider that the existing internal Business Continuity Plan and its related procedures have proved, so far, adequate to the situation created by the COVID-19 pandemic.

Other significant information

- On **September 7, 2020**, SIF Banat-Crișana informed the investors upon the signing, on September 4, 2020, of the sale-purchase agreement for the acquisition of the stake representing 99.92% of the share capital of DOOSAN IMGB S.A., a company with its registered office in Bucharest, no. 104 Șoseaua Berceni. The completion of the transaction is conditional on obtaining the agreement of the Competition Council, in accordance with applicable law. SIF Banat-Crișana was assisted in carrying out the transaction by Biriș Goran SPARL and Crosspoint Real Estate.
- On **September 8, 2020**, SIF Banat-Crișana issued an announcement to inform the investors upon the update of the valuation policies and methods applied to evaluate the financial assets in the company's portfolio, to comply with the provisions of art. 114 par. (4) and (5) of ASF Regulation no. 9/2014 amended and supplemented by ASF Regulation no. 20/2020.

Starting with the calculation of net asset value as of August 31, 2020, shares admitted to trading on a regulated market or a multilateral trading system with liquidity considered, in accordance with IFRS 13 standard, to be irrelevant for applying the mark to market valuation method, will be valued in accordance with the valuation standards in force, according to the law, based on an evaluation report.

The valuation methods used for the valuation of financial assets in Company's portfolio are presented on Company's website, www.sif1.ro, in the section *Investments* › *Net Asset* › *Net asset value calculation methodology*.

- On **October 22, 2020**, the Competition Council issued the non-objection decision regarding the economic concertation operation carried out by SIF Banat-Crișana acquiring the control over DOOSAN IMGB S.A.

Consequently, on **October 23, 2020**, the transaction for the acquisition of the stake representing 99.92% of the share capital of DOOSAN IMGB S.A. was completed, by transferring the ownership right over the purchased shares, together with all the attached rights as per law, by registering SIF Banat-Crișana in the DOOSAN IMGB S.A. shareholders registry kept by Depozitarul Central (Central Depository). (*Current Report of October 26, 2020*)

- On **October 23, 2020**, SIF Banat-Crișana collected in full of the equivalent value in RON of the amount calculated for the end of October 21, 2020, representing the principal and the interest related to the corporate bonds issued by Blue Air Aviation SA, and was to proceed as soon as possible to discharge the first ranking mortgages on the real estate / movable property established on the date of issue in favour of SIF Banat Crișana SA. (*Announcement of October 26, 2020*)
- On **November 2, 2020**, the Ordinary General Meeting of Shareholders (OGM) and the Extraordinary General Meeting of Shareholders (EGM) took place.

The OGMS approved:

- the appointment of Deloitte Audit S.R.L as financial auditor for the financial year ended December 31, 2021, extending the initial term by one year;
- The Revised Budget of Revenues and Expenses for the financial year 2020.

The EGMS approved:

- the amending of Company's Articles of Association, to comply with the provisions of Law no. 243/2019 on alternative investment funds, amending and supplementing certain normative acts, and the provisions of ASF Regulation no. 7/2020;
- the partial revocation of the Resolution of the Extraordinary General Meeting of Shareholders of April 22, 2019, published in the Official Gazette of Romania, Part IV, no. 2154 / 23.05.2019, respectively of article 1 of this resolution, by which it was approved the execution of a buyback program of a maximum of 15,000,000 own shares;
- the execution of a buyback program ("Program 3") to reduce the Company's share capital. The maximum number of shares that may be repurchased is of 15,000,000 shares at most. The minimum price per share: RON 0.1. The maximum price per share: RON 5.1020. Duration of the program is a maximum of 12 months.

The full version of the Resolutions adopted by the OGM and the EGM is available for consultation on Company's website, at www.sif1.ro, in the *Investor Relation* section.

6. EVENTS AFTER THE REPORTING PERIOD

Ordinary General Meeting of Shareholders of January 6, 2021

By the Current Report of January 6, 2021, the Company informed the investors upon the resolutions of the ordinary general meeting of shareholders:

- approval of the election of the members of the company's Board of Directors (administrators) for a term of office of 4 year, starting on April 25, 2021 and until April 25, 2025, specifying that the persons elected for the position of administrator will exercise their duties related to the position only after the Financial Supervisory Authority issued the decision of authorization / approval, as per the applicable legal provisions, namely the following: Drăgoi Bogdan-Alexandru, Străuț Radu-Răzvan, Ciucioi Ionel Marian, Pfister Marcel Heinz, and Marica Sorin.
- Approval of the Remuneration Policy for the leaders of the company (administrators and directors), in compliance with the provisions of art. 92¹ of Law no. 24/2017 on issuers of financial instruments and market operations.
- 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 OGM of April 26, 2016.
- approval of the general limits of all additional remunerations of the members of the board of directors and of the general limits of the remuneration of the directors, for the financial year 2021, at the level established by the Resolution no. 7 of OGM of April 27, 2020.

Preliminary financial results for 2020

On February 26, 2021, SIF Banat-Crișana announced the preliminary financial results for the year ended December 31, 2020, prepared according to IFRS, communicating to the market (BVB) and publishing on Company's website, www.sif1.ro

Authorisation of the administrators

By Authorization no. 44 / 18.03.2021, the Financial Supervisory Authority (ASF) authorized as members of the Board of Directors (administrators) of SIF Banat-Crișana, in accordance with the resolution of the Ordinary General Meeting of Shareholders no. 3 of January 6, 2021, for a term of office of 4 years, starting with April 25, 2021.

The composition of SIF Banat-Crișana's Board of Directors, authorized by ASF Authorization no. 44/18.03.2021, is as follows: Bogdan-Alexandru Drăgoi, Radu Răzvan Străuț, Ionel Marian Ciucioi, Marcel Heinz Pfister and Sorin Marica.

7. PROPOSALS OF THE BOARD OF DIRECTORS

Given this report, the Board of Directors submits for approval of the Ordinary General Meeting of Shareholders:

1. The standalone financial statements as of December 31, 2020 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 appropriation of net profit for the financial year ended December 31, 2020.

The Board of Directors proposes for the approval of the Ordinary General Meeting of Shareholders the appropriation of net profit for 2020, the amount of RON 92,122,406, in one of two options:

OPTION 1: Allocating the amount of RON 92,122,406 to Other reserves, as own financing sources, for the execution of a new buyback program of 15,000,000 shares at most, to reduce the Company's share capital - Program 4 - included on topic 3 of the EGM convened for April 26 (27), 2021.

In case of the approval of this distribution of profit, it will be submitted for the approval of the EGM convened for April 26 (27), 2021, the resolution of topic 3 on the agenda of this general meeting regarding the execution of the buyback program for the reduction of company's share capital (Program 4).

OR

Option II: Appropriation of the amount of RON 92,122,406 to Other Reserves, as own financing sources.

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 26 (27), 2021, the proposal for the approval a buyback program for the reduction of company's share capital (Program 4), included on topic 3 of the agenda of the said meeting.

In substantiating this proposal, the Board of Directors considered the following relevant matters: (i) The current macroeconomic context, experiencing the persistence of uncertainty and volatility of asset prices, globally and locally. This context also creates the emergence of investment opportunities, which the Management anticipates for 2021; (ii) The degree of liquidity of the net profit for 2020, given that most of the investment gain is represented by the impact of marking to market listed and unlisted holdings (deconsolidated subsidiaries and associates), not actually realized / collected; (iii) The relative position of the Company within the investment cycle (new investments, liquid consumers vs. divestments from assets that are not part of the "core" portfolio): new investment projects being in early stages while the disinvestment / portfolio restructuring process is not completed, being dependent on both the current pandemic context and the low liquidity of non-core holdings listed on BVB; (iv) The existence of shareholder remuneration programs through buyback programs, approved by the EGM of April 27, 2020, and EGM of November 2, 2020, their actual implementation is scheduled to start in 2021, requiring significant cash outflows during the year.

3. Discharge from liability of the Board of Directors for the activity carried out during the financial year 2020.

This report is accompanied by the following annexes:

ANNEX 1	Standalone Financial Statements as of December 31, 2020, prepared pursuant to International Financial Reporting Standards adopted by the European Union and ASF Rule no. 39/2015
ANNEX 2	Statement of SIF Banat-Crișana assets and liabilities as of December 31, 2020 and the detailed statement of investments (as per Annexes no. 16 and 17 to Regulation no. 15/2004)
ANNEX 3	Amendments to the Articles of Association in 2020
ANNEX 4	Status of compliance with the Code of Corporate Governance issued by BVB
ANNEX 5	Statement on the compliance with the principles of corporate governance as per ASF Regulation no. 2/2016
ANNEX 6	Annual Report of the Nomination and Remuneration Committee

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-Crișana in the meeting held on March 23, 2021.

Bogdan-Alexandru DRĂGOI

Chairman of the Board of Directors

STATEMENT OF
assets and liabilities of SIF Banat-Crişana
as of 31.12.2020 - annual financial results

annex no. 16

DESIGNATION	VALUE [RON]
1. Non-current assets	1,263,925,589
1.1 Intangible assets	10,110
1.2 Tangible assets	18,076,026
1.3 Financial assets	1,245,839,454
1.3.1 Listed shares	484,396,239
1.3.2 Unlisted shares	407,030,586
1.3.3 Government securities	-
1.3.4 Certificates of deposit	-
1.3.5 Bank deposits	-
1.3.6 Municipal bonds	-
1.3.7 Corporate bonds	48,479,045
1.3.8 Newly issued securities	-
1.3.9 Units of UCITS and / or non-UCITS	305,827,625
1.3.10 Other financial assets	105,959
2. Current assets	1,627,568,087
2.1 Inventories	2,239
2.2 Receivables, of which:	4,986,887
2.2.1 Dividends receivables	-
2.2.2 Receivables rights	-
2.2.3 Other receivables	4,986,887
2.3 Cash and equivalents	36,027,629
2.4 Short term financial investments	1,471,868,144
2.4.1 Listed shares	1,350,326,532
2.4.2 Unlisted shares	-
2.4.3 Municipal bonds	-
2.4.4 Corporate bonds	5,121,730
2.4.5 Units of UCITS and / or non-UCITS	116,419,882
2.5 Newly issued securities	-
2.6 Government securities	-
2.7 Bank deposits	114,665,170
2.8 Certificates of deposit	-
2.9 Other current assets	18,018
3. Derivatives	-
4. Prepaid expenses	177,456
5. Total assets	2,891,671,132.17
6. Total liabilities	153,840,154
6.1 Debenture loans	-
6.2 Amounts owed to credit institutions	-
6.3 Payments in advance received from clients	-
6.4 Trade payables	1,958,364
6.5 Payable bills of exchange	-
6.6 Amounts owed to group companies	-
6.7 Amounts owed to participation interests	-
6.8 Other liabilities, of which	151,881,791
- deferred income tax	146,231,940
7. Provisions for expenses	-
8. Deferred income, of which:	26,797
8.1 Investment subsidies	-
8.2 Deferred income	26,797
9. Shareholders' equity, of which:	2,729,904,691
9.1 Share capital	51,542,236
9.2 Share capital premiums	-
9.3 Revaluation differences	1,176,569
9.4 Reserves	3,127,953,681
9.5 Treasury shares	-2,240,526
9.6 Retained earnings	585,918,045
9.7 Result for the period (YTD)	92,122,406
9.8 Profit appropriation	-
9.9 Retained earnings adoption of IAS 29 for the first time	-2,537,534,532
9.10 Items treated as capital	642,622,709
9.11 Other elements of equity	768,344,102
10. Total liabilities	2,883,771,643
11. Net asset	2,884,036,120
12. Number of outstanding shares	514,542,363
13. Net asset value per share NAV/S	5.6051
14. Number of companies in the portfolio, of which:	116
14.1 Companies listed on a regulated market	17
14.2 Companies listed on an alternative trading system	25
14.3 Unlisted companies	74

Line 9.5 indicate the value of own shares repurchased in the buyback programs approved by the GMS of April 26, 2018

Line 12 - 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"

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

**Assets in SIF Banat-Crişana portfolio assessed by
valuation methods compliant with International Valuation Standards**

as of 31.12.2020 - annual financial results

No.	Company name	Fiscal code	Symbol	Nr. of shares held	No./date Evaluation report	Value	
						RON / share	total
Unlisted companies (closed) where SIF B-C stake is > 33% of the share capital							
1	AZUGA TURISM	28330211		786,882	616/16.03.2021	27.4800	21,623,517
2	NAPOMAR	199176		10,256,241	612/16.03.2021	1.1111	11,395,709
3	CENTRAL	199230		53,120	614/16/03/2021	578.4880	30,729,283
4	SAI MUNTENIA INVEST	9415761		119,976	613/16.03.2021	433.1667	51,969,608
5	SIF SPV TWO	40094500		119,988	640/17.03.2021	0.4378	52,531
6	Administrare Imobiliare SA	20919450		16,049,741	618/16.03.2021	2.8618	45,931,149
7	DOOSAN IMGB	380430		301,078,647	617/16.03.2021	0.7134	214,789,507
Companies admitted to trading with irrelevant liquidity for applying the mark to market valuation method (acc. to Art.114 par. (4) of Reg. 9/2014)							
8	SIF Imobiliare PLC	HE323682	SIFI	4,499,961	619/16.03.2021	81.9523	368,782,154
9	SIF Hoteluri	56150	CAOR	31,820,906	615/16.03.2021	1.8081	57,535,380
10	IAMU	1766830	IAMU	7,286,299	611/16.03.2021	5.9673	43,479,532

SIF Banat-Crişana

Certified by depositary bank
Banca Comercială Română

SIF Banat-Crişana's assets as of 31.12.2020 - annual financial results

RON

ITEM	Beginning of the reporting period 31.12.2019				End of the reporting period 31.12.2020				Differences
	% of net asset	% of total assets	Currency	RON	% of net asset	% of total assets	Currency	RON	
I. Total assets	100.32	100.00	95,533,084	2,638,060,208	100.26	100.00	51,384,303	2,840,286,830	158,077,841
1. Securities and money market instruments, out of which:	65.26	65.05	-	1,778,198,128	63.62	63.45	-	1,834,722,771	56,524,642
1.1. Securities and money market instruments admitted or traded on a regulated market from Romania, out of which:	56.75	56.57	-	1,546,429,798	57.53	57.38	-	1,659,237,873	112,808,074
1.1.1. Shares issued by companies admitted to trading	56.75	56.57	-	1,546,429,798	57.53	57.38	-	1,659,237,873	112,808,074
1.1.2. Municipal bonds	-	-	-	-	-	-	-	-	-
1.1.3. Bonds issued by banking companies	-	-	-	-	-	-	-	-	-
1.2. Securities and money market instruments admitted or traded on a regulated market from a member state	8.51	8.48	-	231,768,330	6.08	6.07	-	175,484,898	-56,283,432
1.3. Securities and money market instruments admitted on a stock exchange from a state not a member or negotiated on another regulated market from a state not a member, that operates on a regular basis and is recognized and opened to the	-	-	-	-	-	-	-	-	-
2. Newly issued securities	-	-	-	-	-	-	-	-	-
3. Other securities and money market instruments mentioned at art. 187 letter a): securities (by category and by type of issuer) and money market instruments (by category) of which:	10.91	10.88	66,046,988	231,256,700	15.97	15.93	16,440,190	444,191,171	163,327,673
3.1. Shares issued by companies not admitted to trading	7.12	7.10	-	194,035,660	14.11	14.08	-	407,030,586	212,994,925
3.2. Corporate bonds	3.79	3.78	66,046,988	37,221,039	1.86	1.85	16,440,190	37,160,585	-49,667,253
4. Bank deposits, of which:	3.36	3.35	0	91,547,657	3.98	3.97	0	114,665,170	23,117,513
4.1. Bank deposits made with credit institutions in Romania	3.36	3.35	0	91,547,657	3.98	3.97	0	114,665,170	23,117,513
4.2. Bank deposits made with credit institutions of a member state	-	-	-	-	-	-	-	-	-
4.3. Bank deposits made with credit institutions of a non-member state	-	-	-	-	-	-	-	-	-
5. Derivatives financial instruments traded on a regulated market:	-	-	-	-	-	-	-	-	-
5.1. Derivatives financial instruments traded on a regulated market from Romania, on categories	-	-	-	-	-	-	-	-	-
5.2. Derivatives financial instruments traded on a regulated market from a member state, on	-	-	-	-	-	-	-	-	-
5.3. Derivatives financial instruments traded on a regulated market from a non-member state, on categories	-	-	-	-	-	-	-	-	-
5.4. Derivatives traded outside the regulated markets, on categories	-	-	-	-	-	-	-	-	-
6. Current accounts and cash	1.11	1.10	29,486,095	675,337	1.25	1.25	34,944,113	1,083,516	5,866,196
7. Money market instruments, others than those traded on a regulated market, according to art. 101 par. (1) letter g) of Law no. 297/2004	0.00	0.00	0	-	-	-	0	-	0
7.1. Municipal bonds not traded	-	-	-	-	-	-	-	-	-
7.2. REPO with govt. bonds denominated in RON and foreign currency	-	-	-	-	-	-	-	-	-
7.3. Govt. bonds	0.00	0.00	0	-	-	-	0	-	0
8. UCITS and non UCITS equity securities	18.74	18.68	-	510,677,620	14.64	14.60	-	422,247,508	-88,430,112
9. Other assets (amounts in transit, receivables from distributors, brokerage houses, etc.)	0.94	0.94	-	25,704,766	0.81	0.81	-	23,376,695	-2,328,071

SIF Banat-Crişana

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Certified by depositary bank
Banca Comercială Română

Net Asset Value / Share
as of 31.12.2020 - annual financial results

RON

ITEM	Current period [31.12.2020]	Corresponding period of the previous year [31.12.2019]	Differences
Net Asset	2,884,036,120	2,724,969,019	159,067,101
Number of issued, outstanding shares	514,542,363	514,542,363	0
Net asset value per share	5.6051	5.2959	0.3091

SIF Banat-Crișana

Certified by depositary bank
Banca Comercială Română

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Securities admitted or traded on a regulated market in Romania
as of 31.12.2020 - annual financial results

No.	Issuer	Symbol	Date of last trading session	No. of shares held [units]	Nominal value [RON]	Value of share [RON]	Total value [RON]	Stake in the issuer's share capital [%]	Stake in SIFBC total assets [%]	Stake in SIFBC net asset [%]
LISTED SHARES										
traded in the last 30 days										
1	BANCA TRANSILVANIA	TLV	30.12.2020	261,902,679	1.00	2.2500	589,281,028	4.5646	20.38	20.43
2	BRD - GROUPE SOCIETE GENERALE	BRD	30.12.2020	13,615,497	1.00	14.8600	202,326,285	1.9537	7.00	7.02
3	BIOFARM	BIO	30.12.2020	362,096,587	0.10	0.4280	154,977,339	36.7471	5.36	5.37
4	VRANCART	VNC	30.12.2020	774,416,054	0.10	0.1580	122,357,737	75.0633	4.23	4.24
5	CONPET	COTE	30.12.2020	562,740	3.30	76.2000	42,880,788	6.5000	1.48	1.49
6	OMV PETROM	SNP	30.12.2020	35,865,800	0.10	0.3635	13,037,218	0.0633	0.45	0.45
7	ANTIBIOTICE	ATB	30.12.2020	14,167,736	0.10	0.4860	6,885,520	2.1104	0.24	0.24
8	BURSA DE VALORI BUCURESTI	BVB	30.12.2020	115,414	10.00	23.1000	2,666,063	1.4338	0.09	0.09
9	ROMPETROL WELL SERVICES	PTR	30.12.2020	5,541,900	0.10	0.4460	2,471,687	1.9921	0.09	0.09
10	COMELF	CMF	30.12.2020	1,211,907	0.58	1.7500	2,120,837	5.3919	0.07	0.07
11	COMPA	CMP	30.12.2020	2,342,529	0.10	0.5700	1,335,242	1.0705	0.05	0.05
12	SSIF BRK FINANCIAL GROUP SA	BRK	30.12.2020	2,867,075	0.25	0.0820	235,100	0.8489	0.01	0.01
On an alternative trading system										
13	COMPANIA HOTELIERA INTERCONTINENTAL ROMANIA	RCHI	15.dec.20	113,934,583	0.10	0.1830	20,850,029	13.6687	0.72	0.72
14	IPROEB	IPRU	30.dec.20	4,097,615	0.30	1.0000	4,097,615	8.6135	0.14	0.14
15	ARGUS	UARG	30.dec.20	1,790,432	1.50	1.8000	3,222,778	5.0039	0.11	0.11
16	SATURN	SATU	30.dec.20	346,926	2.50	5.0500	1,751,976	17.5385	0.06	0.06
17	ARCELOR MITTAL HUNEDOARA	SIDG	29.dec.20	5,921,324	2.00	0.1870	1,107,288	2.9820	0.04	0.04
18	INDUSTRIA SARMEI CAMPIA TURZII	INSI	10.dec.20	4,604,082	0.10	0.2120	976,065	1.2497	0.03	0.03
19	PRIMACONSTRUCT	PCTM	24.nov.20	90,685	2.50	5.7500	521,439	15.6969	0.02	0.02
20	URBANA	URBA	11.dec.20	13,208	9.20	35.8000	472,846	16.5830	0.02	0.02
21	ANTECO	ANTE	11.dec.20	7,042,220	0.10	0.0550	387,322	17.2036	0.01	0.01
22	PROSPECTIUNI	PRSN	30.dec.20	5,198,500	0.10	0.0705	366,494	0.7240	0.01	0.01
23	ARMAX GAZ	ARAX	30-Dec-20	18,500	10.00	1.0700	19,795	0.3012	0.00	0.00
24	ELVILA	ELV	30-Dec-20	13,085	1.00	0.5800	7,589	0.0492	0.00	0.00
25	PROFESSIONAL IMO PARTNERS	PPLI	30-Dec-20	1	1.00	2.2400	2	0.0000	0.00	0.00
							1,174,356,083			
Not traded in the last 30 days										
1	UCM	UCM	06.12.2011	1,071,837	0.10	0.0000	0	0.9750	0.00	0.00
On an alternative trading system										
2	MOBEX	MOBG	15.05.2020	443,765	2.50	18.8256	8,354,142	18.0517	0.29	0.29
3	REVA	REVA	23.10.2020	74,777	2.50	47.8836999	3,580,599	5.0112	0.12	0.12
4	SIFI CJ LOGISTIC	CACU	04.11.2020	54,486	2.50	32.9565	1,795,668	5.5275	0.06	0.06
5	TRANSSEX	TRNG	20.08.2020	143,978	2.50	6.03399999	868,763	2.7040	0.03	0.03
6	SIFI UNITEH - suspendata	UNIT	12.08.2020	158,573	2.50	3.062	485,551	36.3399	0.02	0.02
7	SOMETRA	SOMR	11.11.2020	1,217,602	2.50	0	-	4.5814	0.00	0.00
8	TALC DOLOMITA	TALD	09.10.2015	167,108	2.50	0	-	7.8944	0.00	0.00
9	ICSH	ICSH	26.03.2012	84,500	2.50	0	-	1.2891	0.00	0.00
10	PETROCART	PTRC	10.07.2019	11,852,163	0.50	0	0	30.1767	0.00	0.00
							15,084,723			
Companies admitted to trading with irrelevant liquidity for applying the mark to market valuation method (acc. to Art.114 par. (4) of Reg. 9/2014)										
1	SIF IMOBILIARE	SIFI	14.08.2020	4,499,961	4.48	81.9523	368,782,154	99.9997	12.75	12.79
2	SIF HOTELURI	CAOR	30.12.2020	31,820,906	2.50	1.8081	57,535,380	98.9997	1.99	1.99
3	IAMU	IAMU	30.12.2020	7,286,299	2.50	5.9673	43,479,532	76.6967	1.50	1.51
							469,797,066			
ISSUERS of UCITS and non-UCITS TYPE										
1	SIF MOLDOVA	SIF2	30.12.2020	50,098,958	0.10	1.2500	62,623,698	5.0632	2.17	2.17
2	SIF MUNTENIA	SIF4	30.12.2020	40,123,500	0.10	0.8200	32,901,270	5.1136	1.14	1.14
3	SIF OLTENIA	SIF5	30.12.2020	11,608,286	0.10	1.8000	20,894,915	2.2232	0.72	0.72
							116,419,882			

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Banca Comercială Română

SIF Banat-Crișana

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Securities admitted or traded on a regulated market in a member state
as of 31.12.2020 - annual financial results

No.	Issuer	Symbol	Date of last trading session	No. of shares held [units]	Nominal value [RON]	Value of share [RON]	Total value [RON]	Stake in the issuer's share capital [%]	Stake in SIFBC total assets [%]	Stake in SIFBC net asset [%]
LISTED SHARES										
1	ERSTE GROUP BANK AG	EBS	30.12.2020	1,445,000	0.00	121.4428	175,484,898	0.3362	6.07	6.08

SIF Banat-Crișana

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Banca Comercială Română

Instruments mentioned at art.187 letter a) - Unlisted shares
as of 31.12.2020 - annual financial results

No.	Issuer	No. of shares held [units]	Date of acquisition	Price of acquisition [RON]*	Value of share [RON]	Total value [RON]	Stake in issuers's share capital [%]	Stake in SIFBC total assets [%]	Stake in SIFBC net asset [%]
UNLISTED SHARES									
1	DOOSAN IMGB	301,078,647	23 Oct 2020	0.5260	0.7134	214,789,507	99.9202	7.43	7.45
2	ADMINISTRARE IMOBILIARE	16,049,741	21 Dec 2018	2.5000	2.8618	45,931,149	97.3981	1.59	1.59
3	SAI MUNTENIA INVEST	119,976	22 Jul 2013	151.3009	433.1667	51,969,608	99.9800	1.80	1.80
4	CENTRAL	53,120	1 Nov 1999	226.1045	578.4880	30,729,283	74.5314	1.06	1.07
5	AZUGA TURISM	786,882	13 Feb 2013	37.5155	27.4800	21,623,517	98.9354	0.75	0.75
6	NAPOMAR	10,256,241	30 Nov 1997	2.5219	1.1111	11,395,709	99.4348	0.39	0.40
7	GAZ VEST	105,068	23 Aug 2002	100.0000	128.2138	13,471,168	25.8185	0.47	0.47
8	BT ASSET MANAGEMENT	716,570	27 Jan 2005	1.0000	7.7677	5,566,101	10.0000	0.19	0.19
9	EXIMBANK	414,740	30 Nov 1997	6.0000	9.1355	3,788,857	0.3108	0.13	0.13
10	CCP.RO BUCHAREST	142,500	4 Nov 2019	10.0000	10.0037	1,425,527	1.7857	0.05	0.05
11	DEPOZITARUL CENTRAL	9,878,329	4 Nov 1998	0.1000	0.1236	1,220,961	3.9057	0.04	0.04
12	IFB FINWEST	7,976,121	21 Dec 2000	0.1749	0.1095	873,385	8.6736	0.03	0.03
13	TREMULA BRAILA	17,465	30 Nov 1997	2.5000	38.4817	672,083	13.4561	0.02	0.02
14	SPUMOTIM	12,398	30 Nov 1997	2.5000	49.4752	613,394	3.9864	0.02	0.02
15	MOBIROM	11,589	30 Nov 1997	2.7675	52.6511	610,174	9.0289	0.02	0.02
16	AMIS MOB	12,607	11 Dec 2003	2.5399	44.3040	558,541	8.1220	0.02	0.02
17	BIZOOFRICT	39,424	30 Nov 1997	2.5000	8.0203	316,192	4.4235	0.01	0.01
18	CTCE	8,501	30 Nov 1997	2.5000	35.2339	299,523	23.2357	0.01	0.01
19	COMAT MARAMURES	19,909	30 Nov 1997	2.5000	14.0770	280,259	10.0002	0.01	0.01
20	GRUP BIANCA TRANS	562,400	26 Sep 2006	0.1000	0.3694	207,751	5.1783	0.01	0.01
21	COMMETCAR	14,862	30 Nov 1997	2.5000	12.9056	191,803	10.0002	0.01	0.01
22	APRO HOREA	8,220	30 Nov 1997	2.5000	16.9325	139,185	13.5427	0.00	0.00
23	FORESTIERA	42,269	12 Jun 1998	2.5000	3.1925	134,944	25.7520	0.00	0.00
24	STREIUL	9,344	30 Nov 1997	2.5000	8.1744	76,382	17.4419	0.00	0.00
25	SIF SPV TWO	119,988	2 Nov 2018	1.0000	0.4378	52,531	99.9900	0.00	0.00
26	MOLIDUL	90,579	30 Nov 1997	2.5000	0.7601	68,849	21.6326	0.00	0.00
27	MODERN	3,302	30 Nov 1997	2.5000	7.3300	24,204	2.4485	0.00	0.00
28	BANCA COMERCIALA ROMANA	1	30 Nov 1997	0.1000	0.5700	1	-	0.00	0.00
29	PROIECT	2,162	30 Nov 1997	8.0000	0.0000	0	10.0000	0.00	0.00
30	COMMIXT	10,543	30 Nov 1997	2.5000	0.0000	0	28.9667	0.00	0.00
31	MINIERA CUART	17,396	29 Dec 2006	2.5000	0.0000	0	3.3999	0.00	0.00
32	TRANSILVANIA AIUD	46,779	30 Nov 1997	2.5000	0.0000	0	20.1873	0.00	0.00
33	SUINPROD GALDA	143,084	30 Nov 1997	2.5000	0.0000	0	27.0910	0.00	0.00
34	AGROINDUSTRIALA NADLAC	66,406	30 Nov 1997	2.5000	0.0000	0	29.9996	0.00	0.00
35	SANEVIT	535,217	30 Nov 1997	0.2495	0.0000	0	8.9696	0.00	0.00
36	TEHNOLOGIE MOBILA STIL	9,000	20 Sep 2004	2.5000	0.0000	0	4.5523	0.00	0.00
37	AMIS IMPEX	12,607	11 Dec 2003	2.5399	0.0000	0	8.0936	0.00	0.00
38	TREMULA	66,112	8 Apr 2002	2.5000	0.0000	0	17.9898	0.00	0.00
39	LEMN-MOL-FA	37,146	8 May 2001	1.9783	0.0000	0	13.0184	0.00	0.00
40	IPEGM	9,913	16 Jul 1999	2.5000	0.0000	0	3.4000	0.00	0.00
41	COMBINATUL DE UTILAJ GREU	409,572	24 Mar 1999	4.0000	0.0000	0	5.0221	0.00	0.00
42	AUTODANUBIUS	11,653	30 Nov 1997	2.5000	0.0000	0	14.0387	0.00	0.00
43	FORTOP	39,226	1 Jul 1998	2.5000	0.0000	0	12.4859	0.00	0.00
44	MOCARS	119,969	25 Nov 1998	5.5408	0.0000	0	9.6836	0.00	0.00
45	AGROINDUSTRIALA INEU	59,755	30 Nov 1997	2.5008	0.0000	0	11.5001	0.00	0.00
46	BANCA INTERNATIONALA A RELIGIILOR	186,849	30 Nov 1997	0.7544	0.0000	0	0.9342	0.00	0.00
47	MOBILSAL	550	30 Nov 1997	9.1900	0.0000	0	2.7500	0.00	0.00
48	AVERSA	142,699	22 Oct 2004	1.1799	0.0000	0	2.1416	0.00	0.00
49	LASPERESIA	20	30 Nov 1997	2.5000	0.0000	0	1.9455	0.00	0.00
50	SILVANIA FOREST	30,111	30 Nov 1997	2.5000	0.0000	0	0.6049	0.00	0.00
51	AGROMECA GATAIA	13,585	30 Nov 1997	4.1242	0.0000	0	23.9097	0.00	0.00
52	METALURGICA	50,436	30 Nov 1997	2.5000	0.0000	0	28.4090	0.00	0.00
53	SILVANA	1,443,772	30 Nov 1997	2.6254	0.0000	0	96.2832	0.00	0.00
54	ERGOLEMN	9,637	30 Nov 1997	11.0608	0.0000	0	12.9584	0.00	0.00
55	CONTOR GROUP	2,900,049	27 Nov 2007	0.6628	0.0000	0	1.4962	0.00	0.00
56	HICART	4,576	24 Jun 1998	2.5000	0.0000	0	0.7939	0.00	0.00
57	BRAFOR	5,928,744	30 Nov 1997	0.1000	0.0000	0	2.6874	0.00	0.00
58	MEBIS	346,637	30 Nov 1997	2.5000	0.0000	0	26.7806	0.00	0.00
59	SIMATEC	42,886	30 Nov 1997	2.5000	0.0000	0	18.8217	0.00	0.00
60	EXFOR	399,654	30 Nov 1997	2.5000	0.0000	0	24.2311	0.00	0.00
61	SOMES	1,653,350	30 Nov 1997	2.0993	0.0000	0	13.1191	0.00	0.00
62	IFOR	101,803	30 Nov 1997	2.5000	0.0000	0	15.3525	0.00	0.00
63	CUART	4,516	30 Nov 1997	2.5000	0.0000	0	3.3999	0.00	0.00
64	MOPAL	251,067	30 Nov 1997	61.0533	0.0000	0	21.8936	0.00	0.00
65	ELBAC	8,299,560	30 Nov 1997	0.1000	0.0000	0	32.4500	0.00	0.00
66	ARCER	83,213	30 Nov 1997	2.5000	0.0000	0	19.7002	0.00	0.00
67	ARIO	3,523,021	30 Nov 1997	4.3027	0.0000	0	93.6407	0.00	0.00
68	UZINA ARDEALUL	55,593	30 Nov 1997	2.5000	0.0000	0	29.5075	0.00	0.00
69	COMAR	40,601	30 Nov 1997	2.5000	0.0000	0	34.9415	0.00	0.00
70	AGROPRODUCT RESITA	72,720	30 Nov 1997	2.5000	0.0000	0	30.0045	0.00	0.00
71	ROSTRAMO	434,501	30 Nov 1997	2.4988	0.0000	0	10.0371	0.00	0.00

72	RETEAUA LIBRARILOR "BIBLIOFOR"	1,275	30 Nov 1997	2.5000	0.0000	0	10.0047	0.00	0.00
73	FORTPRES - CUG	103,523	30 Nov 1997	2.5000	0.0000	0	1.3598	0.00	0.00
74	REGNA FOREST	33,118	30 Nov 1997	2.5000	0.0000	0	7.0103	0.00	0.00

407,030,586

ISSUERS WITH BALANCE SHEET NOT SUBMITTED									

ISSUERS of UCITS and non-UCITS TYPE									
1	Fondul Inchis de Investitii ACTIVE PLUS	15,050.2178	4 Mar 2014	8,396.5368	10,797.3800	162,502,921	76.4216	5.62	5.63
2	Fondul Inchis de investitii OPTIM INVEST	3,494.6900	8 May 2017	8,190.6100	10,194.8300	35,627,770	23.4894	1.23	1.24
3	FII STAR VALUE	9,382.0000	9 Feb 2018	1,065.8700	1,044.9700	9,803,909	18.9047	0.34	0.34
4	FIA CERTINVEST ACTIUNI	307.6000	23 Mar 2018	244,053.3693	219,204.7000	67,427,366	55.6938	2.33	2.34
5	ROMANIA STRATEGY FUND	58,000.0000	12 Dec 2018	500.0000	525.2700	30,465,660	50.8772	1.05	1.06

305,827,625

* The average price determined as the ratio between the acquisition value (calculated based on the initial value in the portfolio plus, if the case, any subsequent increase in value arising from share capital increase, new acquisitions, diminished by potential sales) and the number of shares held at the reporting date (influenced by possible share splits, consolidations and shares acquired free of charge). Impairment differences calculated on the basis of IAS 29 "Financial reporting in hyperinflationary economies" have not been included.

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Banca Comercială Română

Bonds or other debt instruments as of
as of 31.12.2020 - annual financial results

Annex 17
Table 10

No.	Series and number of the issue	No. of units	Date of acquisition	Maturity date	Initial value [RON]	Daily interest [RON]	Cumulative interest [RON]	Current value[RON]	Stake in SIFBC total assets [%]	Stake in SIFBC net asset [%]	Intermediary bank
Marketable, issued or guaranteed by the state or central public administration authorities											
Marketable, issued by companies											
1	ROIMPCDBC030	210	19.12.2017	12.12.2022	5,112,870	805	8,860	5,121,730	0.18	0.18	IMPACT
2	ROVRJUDBC011	368,748	17.03.2017	17.03.2024	36,874,800	4,203	285,785	37,160,585	1.29	1.29	VRANCART ADJUD
Non-marketable, issued by companies											
1		1,100	23.01.2019	23.01.2021	10,713,560	1,761	605,780	11,318,460	0.39	0.39	SIFI BH Retail
								53,600,775			

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Bank deposits
as of 31.12.2020 - annual financial results

No.	Name of the bank / Starting date	Maturity date	Initial value [RON]	Daily interest [RON]	Cumulative interest [RON]	Current value [RON]	Stake in SIFBC total asset [%]	Stake in SIFBC net asset [%]
BANCA TRANSILVANIA								
1	23/12/2020	04/01/2021	4,000,000	156	1,400	4,001,400	0.14	0.14
2	23/12/2020	04/01/2021	10,000,000	389	3,500	10,003,500	0.35	0.35
3	23/12/2020	04/01/2021	10,000,000	389	3,500	10,003,500	0.35	0.35
BCR								
1	16/12/2020	18/01/2021	3,600,000.00	160	2,560.00	3,602,560	0.12	0.12
2	16/12/2020	18/01/2021	5,000,000.00	222	3,555.56	5,003,556	0.17	0.17
3	16/12/2020	18/01/2021	5,000,000.00	222	3,555.56	5,003,556	0.17	0.17
4	16/12/2020	18/01/2021	10,000,000.00	444	7,111.11	10,007,111	0.35	0.35
5	16/12/2020	18/01/2021	10,000,000.00	444	7,111.11	10,007,111	0.35	0.35
6	16/12/2020	18/01/2021	20,000,000.00	889	14,222.22	20,014,222	0.69	0.69
7	21/12/2020	21/01/2021	4,000,000.00	183	2,016.67	4,002,017	0.14	0.14
8	21/12/2020	21/01/2021	20,000,000.00	917	10,083.33	20,010,083	0.69	0.69
9	21/12/2020	21/01/2021	10,000,000.00	458	5,041.67	10,005,042	0.35	0.35
10	21/12/2020	21/01/2021	1,000,000.00	46	504.17	1,000,504	0.03	0.03
11	21/12/2020	21/01/2021	2,000,000.00	92	1,008.33	2,001,008	0.07	0.07

114,665,170

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Banca Comercială Română

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Evolution of the net asset and the net asset unitary value in the last 3 years
as of 31.12.2020 - annual financial results

	RON		
Item	31.12.2018	31.12.2019	31.12.2020
Net Asset	2,228,169,271	2,724,969,019	2,884,036,120
NAV / share	4.3067	5.2959	5.6051

SIF Banat-Crişana

Certified by depositary bank
Banca Comercială Română

this statement is provided as a free translation from Romanian, which is the official and binding version



ARTICLES OF ASSOCIATION OF SOCIETATEA DE INVESTIȚII FINANCIARE BANAT-CRIȘANA SA

FREE TRANSLATION

prepared for the convenience of English-speaking readers, as translation of the original document issued in Romanian, which is the official and binding version; for purposes of interpretation the Romanian text shall be authoritative and final

Article 1 Name of the company, legal form and duration of the company

- (1) The name of the company is "SOCIETATEA DE INVESTIȚII FINANCIARE BANAT-CRIȘANA SA" (*Financial Investment Company Banat-Crișana*).
- (2) The legal form of the company is joint stock company.
- (3) The Company is the successor Fondul Proprietății Private I (*Private Property Fund I*) Banat-Crișana Arad, reorganized and transformed pursuant to the provision of no.133/1996.
- (4) Company's operation is regulated by the provisions of ordinary and special laws, applicable to the field of financial investment companies, as well as the provisions of these Articles of Incorporation.
- (5) The Company is self-managed.
- (6) The Company is headquartered in: Arad, 35A Calea Victoriei, Arad County. The company will be able to establish branches, subsidiaries, agencies, representations, places of business, both in the country and abroad, in compliance with the legal requirements concerning the authorisation and advertisement.
- (7) The operating time of the company is unlimited.

Article 2 Object of the company

- (1) The main field of business activity is: Financial intermediation except for the activities of insurance and those of pension funds, CAEN code 64, and the main object of the company is Other financial intermediation n.c.a., CAEN code 6499 as follows:
 - (a) carrying out financial investments to maximize the value of own shares in accordance with the regulations in force;
 - (b) management of investment portfolio and exercising all the rights associated to the instruments in which investments are made;
 - (c) risk management;
 - (d) other ancillary and related activities in accordance with the regulations in force
- (2) The Bucharest-Rahmaninov branch of Societatea de Investiții Financiare Banat-Crișana, unincorporated, located in Bucharest, sector 2, 46-48 Serghei Vasilievici Rahmaninov Street, 3rd floor, carry out the same object of activity as the parent company.

Article 3 Share capital and shares

- (1) The share capital of the company amounts to RON 51,542,236.30, and is divided into 515,422,363 shares of RON 0.10 each, appropriated per shareholders as shown in the records entered in the shareholders' registry.
- (2) The shares issued by the company are registered, of equal value, issued in dematerialized form and grant equal rights to their holders. The nominal value of a share is RON 0.10. The shares are indivisible, and the company admits a sole representative to exercise the rights attached to a share.

Article 4 The Shareholders

- (1) The first shareholders of the company were the citizens who subscribed ownership certificates and nominative privatization vouchers (in Romanian: *cupoane nominative de privatizare*) to Fondul Proprietății Private I "Banat-Crișana" Arad and the citizens entitled to receive shares pursuant to art. 4 par. 1 of Law no.133/1996.
- (2) May also become shareholders the persons that purchase shares on the regulated market or subscribe in the public offer of share capital increase.

Article 5 Rules on the issue, holding and sale of shares

- (1) New shares may be issued pursuant to the legal regulations for the increase of share capital;
- (2) Shares may be ordinary or preference shares, per law;
- (3) The record of company's shares and shareholders is kept by the authorized central depository, pursuant to the provision of the law;
- (4) The shares held by the shareholders will be nominative, dematerialized and registered by entry in the account;

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- (5) The shares are freely negotiable;
- (6) Trading of shares shall be performed only on the regulated market on which they are listed.

Article 6 The General Meeting of Shareholders

- (1) The General Meeting of Shareholders is the supreme governing body of the company.
- (2) The general meetings are ordinary and extraordinary.
- (3) The Ordinary General Meeting shall be convened at least once a year no later than four months after the end of the financial year.
- (4) The extraordinary general meeting shall be convened whenever needed.
- (5) Besides debating other issues on the agenda, the Ordinary General Meeting shall:
 - a) discuss, approve or amend the financial statements based on the reports of the Board of Directors (administrators) and the financial auditor, and set the dividend.
 - b) elect and revoke the administrators;
 - c) appoint or dismiss the financial auditor and set the minimum duration of the contract for the financial audit;
 - d) determine the remuneration for the current year for the administrators;
 - e) to decide upon the activity of the administrators;
 - f) to determine the income and expenditure budget and, where appropriate, the operational plan for the succeeding financial year;
 - g) to decide on the pledge, lease or closing of one several units of the company.
- (6) The General Meeting of Shareholders shall empower the Board of Directors to buyback SIF's shares at the prices set by the Board of Directors pursuant to ASF regulations.
- (7) The Extraordinary General Meeting is convened for:
 - (a) the increase of share capital, which shall be carried out only through public offer of shares based on a prospectus approved by ASF and pursuant to the legal provisions in force;
 - (b) the change of the company's object of activity;
 - (c) the change of the legal form of the company;
 - (d) relocation of the headquarters of the company;
 - (e) merger with other companies;
 - (f) the capital reduction or its replenishment by issuing new shares;
 - (g) the early dissolution of the company;
 - (h) the conversion of shares from one category to another;
 - (i) the removal or change in the company's shareholding limit;
 - (j) any other amendment to the articles of association or any other decision requiring the approval of an extraordinary general meeting.
- (8) The Extraordinary General Meeting has delegated to the Board of Directors the exercise of its powers to:
 - (a) increase the share capital;
 - (b) change the object of the company, except for the field and the main business of the company, which remain within the exclusive competence of the extraordinary general meeting;
 - (c) establish or close branches, subsidiaries, representative offices and other places of business.
- (9) Convening the general meeting of shareholders shall be done considering the legal provisions in force and the provisions of these Articles of Association;
- (10) The General Meeting shall be convened by publishing a notice in the Official Gazette and in a newspaper of wide circulation with at least 30 days before the date of the meeting.
- (11) The Ordinary and the Extraordinary General Meeting shall be convened by the Board of Directors, pursuant to the applicable law.
- (12) The shareholders registered as at the reference date have the right to participate in the general meeting of shareholders.
- (13) Shareholders who are to benefit from dividends or other rights and who are affected by the decisions of the general meeting of shareholders will be identified based on the list provided by the register company as at the date set by the general meeting of shareholders.
- (14) Shareholders may attend the general meeting of shareholders directly or may be represented by other shareholders, based on a special or general empowerment. Shareholders may also vote by correspondence pursuant to legal provisions applicable.
- (15) The right to vote. Each share entitles to one vote.
- (16) To validate the discussions of the ordinary general meeting it is required the presence of shareholders representing at least one quarter of the share capital. The decisions of the ordinary general meeting shall be taken by the majority of the votes cast.
- (17) If the requirements of validity are not met, a second call of the meeting shall take place, this meeting



having the authority to discuss the issues on the agenda regardless of the share capital represented by the shareholders present, and decisions are to be taken by the majority.

(18) To validate the decisions of the extraordinary general meeting it is required for the first call the presence of shareholders holding at least a quarter of the total number of voting rights, and for the subsequent calls, the presence of shareholders representing at least one fifth of the total of voting rights. The decisions are taken by a majority of votes held by shareholders that are present or represented. The decision to change the main activity of the company, to reduce or increase the share capital, to change the legal form, to merge, split or dissolve the company shall be taken by a majority of at least two thirds of the voting rights held by the shareholders that are present or represented.

(19) The resolutions of the ordinary and extraordinary meetings may also be adopted based on the votes cast by correspondence and/or other consultation procedure specified by Instructions and Regulations of ASF concerning the shareholders' consultation. The Board of Directors is responsible for determining the procedure for voting by correspondence.

(20) The resolutions of the general meeting are taken by show of hands or by secret ballot. Shareholders may also vote by correspondence. The secret vote is compulsory for the election or revocation of the Board of Directors (administrators), for taking decisions regarding the liability of administrators, and for the appointment of the financial auditor.

(21) The members of the Board of Directors may not vote on the basis of the shares they own, either personally or through representatives, for their own discharge of liabilities or on issues concerning their persons or their activity.

(22) The shareholder which, in respect of a certain operation, has an interest contrary to that of the company's, shall abstain from the deliberations concerning that operation.

(23) A shareholder failing to meet this provision shall be liable for damages to the company, if without his/her/its vote the required majority would not have been met.

(24) The decisions taken by the general meeting compliant to the law and the company's Articles of Association are also mandatory for the shareholders who did not attend the meeting or voted against.

(25) The general meeting of shareholders shall be presided by the Chairman of the Board of Directors, and in his absence, by the Vice-Chairman.

(26) Upon the request of Societatea de Investiții Financiare Banat-Crișana SA, the central depository that keeps records of company's shareholders, shall provide the necessary data and information for the organization and the conduct of the general meeting of shareholders, pursuant to the legal and conventional provisions in force.

(27) The general meeting of shareholders elects from amongst the shareholders one to three secretaries to verify the attendance list and the representation of shareholders, their voting right, and to draft the minutes of the meeting, which will be recorded in a sealed and stamped register and will be signed by the chairman of the general meeting and by the secretaries.

Article 7 The Board of Directors

(1) The company is administrated by board of directors comprised of 5 members elected by the general meeting for a period of 4 years, with the possibility to be re-elected. In case of vacancy of one or more administrators, the other administrators shall appoint interim administrators until the assembly of the general meeting.

(2) The nominal composition of the Board of Directors is:

- a) Drăgoi Bogdan-Alexandru, Romanian citizen, domiciled in the municipality of Bucharest;
- b) Străuț Radu Răzvan, Romanian citizen, domiciled in the municipality of Brad;
- c) Marica Sorin, Romanian citizen, domiciled in the municipality of Bucharest;
- d) Pfister Marcel Heinz, Swiss citizen, domiciled in Triesten, Liechtenstein;
- e) Ciucioi Ionel-Marian, Romanian citizen, domiciled in the municipality of Bucharest;

(3) The members of the Board of Directors (administrators) must have a good reputation and enough experience to ensure the sound and prudent management of the company. The administrators have to meet the general requirements provided by Company Law no. 31/1990 supplemented with the special ones provided by the applicable capital market legislation and ASF regulations.

(4) The administrators will be remunerated for their activity, as approved by the general meeting of shareholders.

(5) The administrators must conclude a professional liability insurance, under the terms provided by law;

(6) The Board of Directors elects from amongst its members a Chairman and a Vice-Chairman. The Chairman of the Board of Directors also holds the position of General Director (CEO) of the company. The Board of Directors elected Mr. Drăgoi Bogdan-Alexandru as Chairman.



(7) The Board of Directors meets at the company's headquarters or other venue indicated in the convening notice once a month or whenever necessary, as convened by the Chairman, or in his absence thereof, by the Vice-Chairman.

(8) The Board of Directors may also be convened at the reasoned request of at least 2 of its members or of the general director. In this case, the agenda is set by the authors of the request. The Chairman is bound to agree on such request.

(9) The convening the Board members shall ensure at least 5 days before the date set for the ordinary meeting and 1 day before the extraordinary meeting. The Chairman shall preside the meetings. In the absence of the Chairman, the meeting will be presided by the Vice-Chairman.

(10) For the validity of the decisions of the Board of Directors a presence of at least half of its members is necessary. The members of the Board may also attend the meetings by electronic means, telephone, conference-calls, video-conferences, about which an indication shall be made in the minutes of the meeting. In exceptional cases, justified by the urgency of the situation and the interest of the Company, the decisions of the Board of Directors, except for those concerning the annual financial statements or the authorized capital, may be taken by the unanimous vote expressed in writing (email and fax included) of the members of the Board, without a meeting of the Board of Directors being necessary.

(11) The decisions of the Board of Directors shall be taken by an absolute majority of the attending members. In case of a tie, the Chairman of the Board of Directors, or respectively the Vice-Chairman in case of a reasoned absence of the Chairman, shall have the casting vote.

(12) The Board of Directors has the power to decide during the interval between general meetings regarding the management of the company, except for the decisions that the law or the Articles of Association indicate exclusively for the general meeting.

(13) The Board of Directors decides upon:

a) the strategy and the investment and development policy of the company;

b) submits for the approval of the general shareholders meeting, within legal period, the report on the company's activity, its financial position and income statement for the previous year, and the draft of company's budget;

c) submits for approval to the general meeting of shareholders the adjustment of the income and expenditure budget, depending on the fluctuations in the economy;

d) the acts of acquisition, disposal, swaps or collateralization of assets classified as current assets of the company, whose value exceeds individually or cumulatively, during a financial year, 20% of the total fixed assets, less the receivables, will be concluded by the administrators or directors of the company only after their prior approval of the extraordinary general meeting of shareholders under the provisions of Art. 241, paragraph 1 of Law 297/2004;

e) the company's regulation for organization and functioning, its fund management policies and strategies;

f) setting the accounting policies and financial control system, as well as approving of financial planning;

g) the preparation of the annual report, the organizing of the general meeting of shareholders and implementing its decisions;

h) appointment and removal of directors and establishing their powers;

i) solving any other issues set by the general meeting of shareholders;

(14) The duties and powers of the Chairman of the Board shall be established by internal regulations.

(15) The Board of Directors delegates some of its powers to the executive directors, at the same time setting their remuneration, within the general limits approved by the General Meeting of Shareholders. Company directors shall meet the minimum requirements concerning integrity, qualification and professional experience required by the applicable regulations and legal provisions in force.

(16) The Chairman – CEO, and in his absence, the Vice-Chairman, represents the company in dealings with third parties.

(17) The members of the Board of Directors are entitled to recover the costs incurred in exercising their mandate.

(18) The General Meeting of Shareholders shall annually determine the amount of remuneration to be paid to the administrators.

(19) The revocation of the Board of Directors will be possible only on duly justified reasons, by the ordinary general meeting of shareholders.

(20) Concerning the shares issued pursuant to Article 4 of Law no.133/1996, owned by the original holders, they can be repurchased by the company, exceeding the limit laid down by Article 103 of Law no. 31/1990, by the for the purpose of adjusting the price of company's own shares on the capital market.

(21) The Board of Directors has the responsibility to ensure the establishment and implementation of corporate governance principles regarding, but not limited to:



- a) the strategic management of the company and fulfilling the set objectives;
- b) formulation of company's business plan and evaluation of the financial position thereof;
- c) ensuring that an appropriate framework to verify the information submitted to the regulatory and supervisory entity, upon request, concerning specific actions undertaken by the company and the verification of the manner the specific law is applied concerning the submitting of reports to regulatory and supervisory entity;
- d) the adequacy, efficiency and update of risk management system;
- e) the adequacy, efficiency and update of internal control-compliance system, to ensure its independence from operational and organizational and support structures within the company;
- f) compliance with the requirements concerning outsourcing / delegating operational activities or functions;
- g) establishing and reviewing the remuneration policy so as to ensure that all commitments relating to remuneration are correctly and responsibly structured and that the remuneration policy allows and promotes an effective risk management without leading to risk-taking exceeding the company's risk tolerance;
- h) establishing the communication strategy with stakeholders, complying with the legal requirements;
- i) establishing relevant criteria for monitoring the results of the executive management and the company as a whole and to annually evaluate the application of the criteria;
- j) approval of company's risk appetite and tolerance limits, and the procedure for identifying, assessing, monitoring, managing and reporting the significant risks the company is or might be exposed to;
- k) ensuring the preparation and implementing of clear action plans ensuring business continuity and for emergency situations and their bi-annual evaluation in order to eliminate risks or minimize them;
- l) ensuring the development of ethical and professional standards to ensure a professional and responsible behavior in the company in order to prevent the occurrence of conflicts of interest.

Article 8 Financial audit and internal audit

- (1) Financial Statements and those concerning company's operations shall be audited by a financial auditor, in compliance with the specific requirements established by the applicable legal provisions.
- (2) The financial auditor shall be appointed by the General Meeting of Shareholders, which will set the duration of the term of office. Financial auditor's work shall be conducted pursuant to the legal provisions in force, under a service contract to be approved by the Board of Directors;
- (3) The company shall organize the internal audit pursuant to the legal provisions in force.

Article 9 Company's personnel.

- (1) The company's organization and the establishment plan with the payroll limits are approved by the Board of Directors.
- (2) The members of the personnel are employed by the General Director.

Article 10 Borrowings. The company may temporarily borrow funds, in compliance with the regulations in force.

Article 11 Investments of the company

- (1) Societatea de Investiții Financiare Banat-Crișana SA may acquire and hold investments only under the provisions of the regulations in force.
- (2) The company will conduct financial investments complying to the prudential rules concerning the investment policy provided by the applicable regulations in force.

Article 12 Reports

The company shall publish reports and statements set by the regulations in force and comply with all reporting requirements established by law, regulations of the supervisory authority and of the regulated market on which the shares issued by the company are traded.

Article 13 Transparency

- (1) The company shall provide all necessary facilities and information to enable shareholders to exercise their legal and statutory rights pursuant to the applicable legal provisions.
- (2) The Company shall provide equal treatment for all the shareholders who hold shares of the same class.

Article 14 Incompatibilities

- (1) The persons elected in the Board of Directors shall meet the requirements laid down in Law 31/1990 republished and the capital market legislation and not to be members of the board of directors / supervisory



board or managers / members of the executive board of another AIFM/investment management company/investment company or credit institution acting as depositary for SIF Banat-Crișana, not to be members of the board of directors/supervisory board of the SSIF with which SIF Banat-Crișana concluded a financial intermediation contract and not to be employed or have any kind of contractual relationship with another SAI or investment company, except for other entities belonging to the same group;

(2) The persons appointed as directors (managers) and the persons replacing them in office shall not be members of the board of directors / supervisory board or managers / members of the executive board of other AIFM or of credit institutions acting as depositary for SIF Banat-Crișana, not to be members of the board of directors / supervisory board, managers or members of the executive board of the investment firm (SSIF) with which SIF Banat-Crișana concluded a financial intermediation contract and not to be employed or have any kind of contractual relationship with another AIFM, except for other entities belonging to the same group.

Article 15 Net asset of the company. Net asset shall be calculated in compliance with applicable regulations. Valuation of assets managed by the company and the calculation of the net asset shall be carried out compliant to the legal regulations in force.

Article 16 Depositary

(1). The company shall conclude a contract for custodian services with a depositary endorsed by ASF. The services to be provided by the depositary shall be laid down in the contract for custodian services.

(2) The depositary may be replaced, ensuring the investors' protection in such case, pursuant to the regulations in force.

Article 17 Dissolution of the company

(1) Dissolution of the company shall occur in cases expressly provided by law. In case of dissolution, the company will be liquidated.

(2) The liquidation shall follow the procedure prescribed by the law. After its completion, the liquidators will request the Company be struck-off from the Trade Register.

Article 18 Litigations. Litigations of the company with natural or legal persons fall within the jurisdiction of the courts in Romania. They may be settled by arbitration.

Article 19 Matters not covered

(1) Matters not covered in these Articles of Association, concerning company's operation, merger, division, association with other companies, dissolution, and liquidation, fall under the provisions of Law 31/1990, republished, and the special regulations in matters of financial investment companies.

(2) Any laws subsequently issued that remove or restrict the limitations explicitly set for currently for the financial investment companies, the clauses thereof of these Articles of Association shall be deemed amended by law.

Article 20 Amendment of the Articles of Association

(1) The amendment of the Articles of Association shall be performed pursuant to the procedure laid down by the regulations in force and under the conditions of the Articles of Association.

(2) The Chairman of the Board is empowered take the legal steps for the signing of the amended Articles of Association and request the registration with Arad Trade Register Office.

These Articles of Association have been rewritten today 29.04.2020, in 5 (five) original copies.

Chairman of SIF Banat-Crișana SA
Drăgoi Bogdan-Alexandru

STATUS OF COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE ISSUED BY BVB*

Provisions of the Code	Explanations	Compliance
Section A - Responsibilities		
A.1. 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
A.2. Provisions for the management of conflict of interest should be included in Board regulation.		YES
A.3. The Board of Directors should have at least five members.		YES
A.4. 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
A.5. 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
A.6. 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
A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.		YES
A.8 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
A.9. 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
A.10. The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors.		YES
A.11 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

STATUS OF COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE ISSUED BY BVB*

Provisions of the Code	Explanations	Compliance
Section B - Risk management and internal control system		
B.1. 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.2. The audit committee should be chaired by an independent non-executive member.		YES
B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.		YES
B.4. 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.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.		YES
B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.		YES
B.7. 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.8. 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.9. 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.10. 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.11. 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.12. 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

STATUS OF COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE ISSUED BY BVB*

Provisions of the Code	Explanations	Compliance
Section C - Fair rewards and motivation		
<p>C.1. 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.</p>	<p>Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.</p>	YES
Section D - Building value through investors' relations		
<p>D.1. 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: D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures. D.1.2. 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; D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports); D.1.4. Information related to general meetings of shareholders; D.1.5. Information on corporate events; D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request; D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.</p>		
<p>D.2. 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.</p>		
<p>D.3. 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.</p>		
<p>D.4. 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.</p>		
<p>D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.</p>		
<p>D.6. 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.</p>		
<p>D.7. 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.</p>		

 STATUS OF COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE ISSUED BY BVB*

Provisions of the Code	Explanations	Compliance
D.8. 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
D.9. 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
D.10. 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
 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 23, 2021.

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 on the application of the principles of corporate governance by the entities authorised, regulated and supervised by the Financial Supervisory Authority (ASF), as amended supplemented by ASF Regulation no. 9/2019

No.	Rules for the application of the principles of corporate governance	Conformity		If NO – explanations	Further explanation
		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			<i>EGM of April 20, 2017 approved the amendment to the company's Articles of Association with the core responsibilities of the Board of Directors regarding the implementation and observance of the principles of corporate governance, as required by the ASF Regulation no. 2/2016. The amendment to the Articles of Association was approved by the ASF, being currently in force.</i>
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			<i>The company's internal regulations include these requirements.</i>
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			<i>Relevant matters concerning corporate governance during the financial year are presented in detail in SIF Banat-Crișana's annual report, that includes a chapter on corporate governance. Together with the annual report is published the statement of the application of corporate governance principles as per ASF Regulation no. 2/2016 and no. 9/2019 and the status of compliance with the provisions of the Corporate Governance Code issued by Bucharest Stock Exchange and the annual report of the Nomination and Remuneration Committee.</i>
4.	The regulated entity has drawn up a communication strategy with the stakeholders, to ensure a proper information.	YES			<i>The Company applies a proper communication strategy, which ensures continuous reporting in an objective and upright manner, of all-important aspects of the business and its results. The website is a useful platform for communication with all stakeholders. The financial calendar, published at the beginning of each year, declares the dates of all financial reporting during the year and other important events.</i>
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			<i>The structure of the Board ensures the balance between executive and non-members, so that decision making process is not influenced. The Board is comprised of three non-executive members and two executive members.</i>
6.	The Board is convened at least every three months to monitor the performance of the regulated entity's business.	YES			<i>As per the articles of association, the Board meets monthly.</i>
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			<i>The Board regularly examines the matters mentioned, evidenced by periodic revisions of internal policies and procedures concerning periodical reporting, internal control and risk management system. Revisions aim at the immediate alignment to possible legislative changes as well as systems' operational improvements.</i>

No.	Rules for the application of the principles of corporate governance	Conformity		If NO – explanations	Further explanation
		YES	NO		
8.	In fulfilling its duties, the board is assisted by a remuneration committee issuing recommendations.	YES			<i>Since 2017 within the Board functions the Nomination and Remuneration Committee issuing recommendations according to the attributions held or on various topics that are the subject of the decision-making process.</i>
9.	The Remuneration Committee submit to the board annual reports on its activity.	YES			<i>Starting with the financial year 2019, the Nomination and Remuneration Committee submits annual reports to the Board on its activity.</i>
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			<i>The Board has the support of the Committees established within to substantiate the specific decisions. As at December 31, 2019, within the Board were functioning the Audit Committee and the Remuneration and Nomination Committee</i>
11	The advisory committees submit to the Board works/reports on the topics entrusted by it.	YES			<i>The Audit Committee and the Remuneration and Nomination Committee submit to the Board works/reports on the assigned subject matters.</i>
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			<i>It is operational in the Company the internal procedure on the assessment of the management structure and members holding key functions in the company. In addition, eligibility criteria for members of the management structure and key functions are regulated by ASF.</i>
13.	The regulated entity shall ensure that the executive management/senior management undergo continuous professional training so that it efficiently performs its tasks.	YES			<i>Executive/senior management regularly (at least annually) attend professional development programs.</i>
14.	Key functions are established so as they match the organisational structure of the regulated entity compliant with the applicable regulations.	YES			<i>The organizational chart of the company complies with the organizational structure, appropriate to the applicable regulations. The duties and responsibilities of the key functions are presented in the Internal Regulations and comply with the regulated requirements.</i>
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			<i>The Board periodically reviews the efficiency of the internal control system based on the reports submitted by the responsible departments. The Audit Committee draws up annually a detailed report on the evaluation of the internal control and risk management system, which is presented to the Board and submitted to the ASF.</i>
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			<i>The Audit Committee makes the requested recommendations, these are recorded in the minutes of the Committee's meeting. In 2019, the financial auditor selection procedure was conducted under the coordination and supervision of the Audit Committee. The Audit Committee examined the financial audit of SIF Banat-Crișana performed by Ddeloitte Audit SRL for the financial year 2019, considering the legal requirements regarding the audit services (both at national and European level) and recommended to the Board of Directors the prolongation of the mandate of Deloitte Audit SRL as financial auditor for the financial year 2021 as well, proposal approved by the the OGM of November 2, 2020.</i>

No.	Rules for the application of the principles of corporate governance	Conformity		If NO – explanations	Further explanation
		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			<i>The Board annually reviews and makes sure the remuneration policies are consistent and have an efficient risk management. The remuneration policy includes express provisions whereby the Board of Directors of SIF Banat-Crișana is bound that, at least once a year, to analyse and ensure that the remuneration policies are appropriate.</i>
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			<i>The Remuneration policy of SIF Banat-Crișana is an integral part of the body of internal regulations and procedures of the Company, which were also the basis of the authorization of the company as AIFM. During 2019, the Board approved the revision of the Corporate Governance Regulation, which was supplemented and updated including the introduction of a chapter on remuneration policy. The document is published on Company's website, www.sif1.ro, in the Corporate Governance section. The OGM of January 6, 2021 approved the Remuneration Policy of SIF Banat-Crișana, submitted for the approval of shareholders in accordance with Art. 92¹ of Law no. 24/2017 on issuers of financial instruments and market operations, amended and supplemented by Law no. 158/2020 for amending, supplementing and repealing certain normative acts, as well as for establishing measures for the implementation of Regulation (EU) 2017 / 2402 of the European Parliament and of the Council of December 12, 2017 laying-down a general framework for securitization and creating a specific framework for simple, transparent and standardized securitisation, and amending Directives 2009/65/EC, 2009/138 / EC and 2011/61/ EU, and Regulations (EC) No. 1060 / 2009 and (EU) no. 648/2012.</i>
19.	The Board has adopted a procedure for the identification and proper settlement of any conflict of interest.	YES			<i>The internal procedure regarding conflicts of interest, insider information and personal transactions is operational in the company, containing a distinct chapter on the procedure for determining and managing conflicts of interest.</i>
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			<i>Internal regulations and procedures include specific provisions on the declaration of conflicts of interest and appropriate measures in these situations. Situations of conflict of interest led / lead to abstain from decision-making process, such situations are recorded in internal documents.</i>
21.	At least once a year the Board analyses the efficiency of the risk management system of the regulated entity.	YES			<i>The Board / Audit Committee monitors and periodically, at least quarterly, analyses the efficiency of the internal control, internal audit, and risk management systems of the company, based on the reports submitted by the responsible compartments.</i>

No.	Rules for the application of the principles of corporate governance	Conformity		If NO – explanations	Further explanation
		YES	NO		
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			<i>The Board approved procedures on the identification, assessment, and management of significant risks to which the company is, or is likely to be, exposed. They are periodically updated, both for aligning to the possible legislative changes, and for possible operational improvements to risk management processes. During 2020, the Board of Directors approved the update of the Significant Risk Management Policy and the revision of the procedures for compliance with AIF legislation.</i>
23.	The regulated entity has in place clear action plans for the continuity of its business and for any emergency situations.	YES			<i>There are operational in the Company internal procedures that comprise plans of action for the continuity of company's business and for emergency situations. The Internal Regulations comprise a separate chapter on this matter.</i>
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			<i>The subsidiaries of SIF Banat-Crișana, which are in the scope of consolidation, apply internal governance principles and policies similar to those of the parent company.</i>

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 23, 2021.

Bogdan-Alexandru DRĂGOI
Chairman of the Board of Directors



SIF BANAT-CRIȘANA

ADDRESS CALEA VICTORIEI 35A ARAD 310158 ROMANIA • TEL +40257 304 438 • FAX +40257 250 165 • EMAIL SIFBC@SIF1.RO • INTERNET WWW.SIF1.RO

Report on the activity of the Nomination and Remuneration Committee for the year 2020

The Nomination and Remuneration Committee (NRC) is a permanent committee, having advisory function, subordinated to the Board of Directors.

The Committee is comprised of least two members elected from non-executive directors, 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 in order to nominate the candidates for management and key positions, as well as their remuneration, having mainly the following responsibilities, stipulated in the Company's internal regulations:

- Assesses and proposes candidates to the Board of Directors for their appointment, reappointment or dismissal in / as a member of the Board;
- Prepares the assessment 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, which 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 2020, 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 2020, the Nomination and Remuneration Committee met 8 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 stock option 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 2020 addressed the following:

▪ **Analysis and recommendation regarding the remuneration of the members of the Board of Directors (administrators) and the general limits of the remuneration of administrators and executive directors subject to the approval of the general meeting of shareholders:**

NRC analysed on March 27, 2020, the proportionality of the remuneration granted to the administrators (executive and non-executive) with the responsibilities specific to their function, to ensure an adequate and responsible remuneration. The recommendation of NRC (adopted by unanimity of votes) submitted to the Board of Directors was for:

- (i). approval of maintaining the remuneration due to the members of the Board of Directors for the current financial year at the net amount of RON 10,000 per month, approved by the Resolution of the Ordinary General Meeting of Shareholders on April 26, 2016;
- (ii). approval of the general limits of all the additional remuneration of the members of the Board of Directors and of the general limits of the directors' remuneration at 0.42% of the average annual net asset.

The Board of Directors included the recommendation of NRC as a proposal to the general meeting of SIF Banat-Crișana shareholders convened for April 27 (28), 2020, which approved this resolution.

Also, in the meeting held on November 25, 2020, NRC recommended, with unanimity of votes) the Board of Directors to submit to the ordinary general meeting of shareholders, convened for January 6 (7), 2021:

- (i). approval of maintaining the remuneration due to the members of the Board of Directors for the financial year 2021, at the level approved by the Resolution of the Ordinary General Meeting of Shareholders on April 26, 2016, in the net amount of RON 10,000 per month;
- (ii). approval of the general limits of all the additional remuneration of the members of the Board of Directors and of the general limits of the directors' remuneration for the financial year 2021 at 0.42% of the average annual net asset.

The Board of Directors included the recommendation of NRC as a proposal to the general meeting of SIF Banat-Crișana shareholders convened for January 6 (7), 2021, which approved this resolution.

▪ **Analysis and recommendation on the additional remuneration for the members of the advisory committees within the Board of Directors:**

Within the Board of Directors of SIF Banat-Crișana, in accordance with the applicable legal and statutory provisions, there are two advisory committees, namely the Audit Committee and the Nomination and Remuneration Committee. The two committees have a fundamental role in the management structure of the company, due to the complexity and importance of the competencies and responsibilities they hold, in accordance with the internal regulations of the company and the applicable legal framework.

In accordance with Art. 153¹⁸ of Law no. 31/1990, the members of the board of directors entrusted with specific functions within that body (members of advisory committees) may benefit from additional remuneration, which are established by the board of directors, subject to the general limits set by the general meeting of shareholders or by the constitutive act.

NRC ascertained that, according to the Remuneration Policy of SIF Banat-Crișana and in accordance with the legal provisions:

- the additional remuneration of the administrators is established in general limits by decision of the general meeting of shareholders, and the total annual value of the additional

remuneration paid to the directors will not exceed the limits set by the decision of the general meeting of shareholders;

- the additional remuneration is fixed and based exclusively on factors such as time spent on performing the duties, participation in meetings of the board of directors, responsibilities assumed within the board of directors, participation in the activities of special committees at the board level and other factors that do not depend on or take into account the results and performance of the company and do not have any stimulating effects in terms of risk-taking;
- additional remuneration can be paid in cash or in instruments.

Given the level of responsibilities and competencies of the two committees, the complexity and importance of the issues under their analysis, the impact of their activity on the company's operations, the level of specialization and the time required to perform specific tasks, the Nomination and Remuneration Committee considered that the special remuneration the members of the advisory committees must be at a sufficiently high level to reward the work done, but also to ensure that their specific tasks and competencies are carried out responsibly and independently.

In accordance with the above and in accordance with the provisions of art. 4.4 sec. g) of the Internal Regulations of SIF Banat-Crișana, NCR proposed to the Board of Directors the level of additional remuneration in the financial year 2020 for non-executive administrators, members of advisory committees operating within the Board of Directors, which are approved by the Board of Directors.

• Analysis and recommendation on the start of the stock option plan:

By Resolution no. 2 of April 27, 2020, EGM approved the use of 880,000 shares, held by the Company and repurchased under the EGM Resolution of April 26, 2018, for their free distribution to members of the Company's management (administrators, directors), in the Stock Option Plan, approved by the EGM resolution of April 22, 2019. The Board of Directors of the company was empowered to adopt all necessary measures and complete all formalities required for the approval and implementation of the Stock Option Plan.

By the EGM Resolutions no. 4 and no. 5 of April 27, 2020, it was approved by the Company to execute a buyback program for 880,000 own shares (Program II), in order to distribute them free of charge to the members of the Company's management (administrators, directors), in order to build their loyalty as well as the reward them for the activity carried out within the Company in a Stock Option Plan, in compliance with the legislation in force. The company's Board of Directors has been empowered to take all necessary measures and to complete all the formalities required for the approval and implementation of the Stock Option Plan.

In the meetings held on May 14, 2020 and November 25, 2020, the Nomination and Remuneration Committee decided upon the initiation of the Stock Option Plan, approved by Resolutions no. 2 and no. 5 of the EGM of April 27, 2020, and proposed to the Board of Directors their approval, of the Share-Based Payment Agreement, as well as the List of Beneficiaries - Annex to the Stock Option Plan.

According to the Stock Option Plan, the exercise of the right to receive shares free of charge is made after the expiry of the 12-month period from the signing of the Share-Based Payment Agreement concluded between the Company and the Beneficiaries, but not more than 15 months date of signing the agreement.

CNR's proposals were approved by the Board of Directors. The company has fulfilled all the requirements for informing investors and publishing in time the Information Document regarding the offering or allocation of shares to the members of the management structure of SIF Banat-Crișana, prepared according to Annex no. 4 to Regulation no. 5/2018.

• Assessment of senior management and persons holding key functions in accordance with ASF Regulation no. 1/2019:

In accordance with Art. 36 paragraph (5) of the ASF Regulation no. 1/2019 the regulated entities must carry out the assessment of compliance with the requirements regarding competence, professional experience, reputation, integrity, and governance, mentioned in art. 5 paragraph (1) letter. a), b) and c) of the regulation by the members of the management structure, the persons holding the key functions and the compliance officers.

To comply with the provisions of the regulation, NRC carried out, on December 21, 2020, the assessment of the adequacy of the members of the management structure and of the persons holding key functions, based on the information provided by the persons assessed in the statements prepared according to the model set out in the Annex. no. 1 to the ASF Regulation no. 1/2019, considering the fact that, since the date of the previous assessments, no changes have occurred on the suitability of these persons.

In accordance with the provisions of ASF Regulation no.1 / 2019 on the assessment and approval of members of the management structure and persons holding key positions within the entities regulated by the Financial Supervisory Authority and Internal Procedure on the assessment of members of the management structure and holders key functions within the company (POEV 01-2), in the process of continuous monitoring of the adequacy of the members of the management structure and of the persons holding key functions in order to ensure a prudent, correct and efficient management of SIF Banat-Crișana, NRC proceeded, in the meeting of 21.12.2020, to the assessment of the Directors and of the persons with key positions in the company.

According to the provisions of art. 26 par. (3) corroborated with those from art. 23 of the ASF Regulation no. 1/2019, NRC performed both the individual assessment of the Directors and the collective assessment of the executive management structure.

The individual assessment of the directors was performed based on the documents requested and made available to NRC by the directors, the conclusions of the assessment process being based on the analysis of information from the documents presented (e.g. diplomas and certificates, CVs, proven experience, etc.), from the analysis information on reputation, integrity, honesty and independent thinking, as well as direct discussions with directors and analysis of their work.

NRC proceeded to assess the collective adequacy of the executive management by using the adequacy matrix presented in annex no. 4 to the ASF Regulation no. 1/2019, adapted by the company according to the specific activities and risks, considering the principles and criteria provided in art. 4 of the regulation. In assessing the adequacy, NRC also considered the criteria mentioned in Annex no. 3 to Regulation no. 1/2019.

NRC identified the following strengths of the executive management: the directors have a solid and diversified professional instruction and experience (financial, legal expertise, business administration, capital market, etc.), covering the areas of activity relevant for the company and the field in which it activates; experience in previous management positions; increased decision-making skills, leadership and teamwork; strategic and tactical vision; independence in thinking and opinions; active involvement in the management and life of the company, fully dedicating the working time for the exercise of the functions held in the company; proactive attitude; communication skills; experience of operations and activities specific to the organization.

NRC considered as adequate and efficient the executive management structure, being implemented within the company operational work processes, with well-defined workflows and reporting lines to the management structure, optimal and procedural. From the analysis of the reports presented during the year for the information or approval of the Board of Directors, NRC members ascertained the attention and consistency of the executive management to implement

the recommendations provided by the representatives of the risk management, internal audit and compliance departments. compliance and optimization of activities.

Following the assessments performed, 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 the FSA Regulation no. 1/2019 necessary for the fulfilment of the specific attributions of the positions they hold and did not identify situations that would generate concerns regarding the adequacy of a director or of the executive management structure as a whole.

The assessment of the key functions in the company (internal audit function, risk management function and compliance function) was performed based on the documents requested and made available to NRC by the persons with specific responsibilities, the conclusions of the assessment process being based on the analysis of information included in the documents presented on studies, skills and experience, from the analysis of information on reputation, integrity, honesty and independent thinking, as well as from direct discussions with these people and the analysis of reports presented during the year.

Following the assessments performed, the Nomination and Remuneration Committee finds that the persons holding key positions possess the knowledge, skills and professional experience and comply with the requirements of reputation, honesty, integrity and governance provided by the ASF Regulation no. 1/2009 and the internal regulations of the company, necessary to fulfil the attributions specific to the functions they hold and did not identify situations that would generate concerns regarding the adequacy of the persons in this category.

In the meeting of January 16, 2020, the Nomination and Remuneration Committee assessed the SB/FT compliance officer and the SB/FT designated persons, with responsibilities in applying Law no. 129/2019 for preventing and fighting money laundering and terrorist financing and regulations issued in its application and found that these persons possess the knowledge, skills and professional experience and comply with the requirements of reputation, honesty, integrity and governance provided by the ASF Regulation no. 1/2009 and the internal regulations of the company, necessary to fulfil the specific attributions and responsibilities in order to apply the provisions of Law no. 129/2019 and of the regulations issued in its application.

Also, in the meeting of August 10, 2020, the Nomination and Remuneration Committee performed the assessment of the internal auditor, in order to extend the service contract and found that the internal auditor has the knowledge, skills and professional experience and complies with the requirements of reputation, honesty, integrity and governance provided by Regulation no. 1/2019 and the internal regulations of the company, necessary to fulfil the duties specific to the position.

▪ **Assessment of the candidates for the position of administrator of SIF Banat-Crișana**

Considering the intention of the Board of Directors to submit for the approval of the OGM convened for January 6 (7), 2021 the candidacy of the current directors for a new term of office of 4 years as well as the provisions of art. 2 par. 2 of the ASF Regulation no. 1/2019, according to which the nominations for the renewal of the mandates of the members of the management structure shall take place only after analysing the member's performance during the previous term, in the meeting of November 30, 2020, the Nomination and Remuneration Committee proceeded to individual assessment of current administrators.

In the assessment process, the provisions of the ASF Regulation no. 1/2019 were considered, being analysed for each person the criteria established by regulation, based on documents and information provided by the assessed persons, such as other data and information available to NRC members (internal audit reports and compliance, public information, etc.), on:

- knowledge, skills and professional experience;
- reputation, honesty and integrity;
- governance requirements.

The assessment conclusions are favourable, NRC ascertaining that the current members of the Board have the skills and professional experience necessary for the position they hold and meet the regulated requirements of reputation, honesty, integrity, and governance in the exercise of office, being recommended for a new term. The conclusions of the NRC analysis were submitted for analysis and approval to the Board of Directors in plenary meeting.

▪ **Endorsing the methodology for assessing the performance of the executive management**

In accordance with the Remuneration Policy of SIF Banat-Crișana, the Board of Directors has the competence to establish the general criteria for assessing the performance of the executive management. The results of the assessment of the individual performance of the directors substantiate the decision to grant the variable component of remuneration.

In the meeting of December 21, 2020, NRC analysed the methodology for assessing the performance of executive directors and concluded the following:

- The assessment criteria combine the evaluation of individual performance with the general results, objectives and overall performance of the company;
- Assessment criteria and indicators are relevant and clearly defined, combining performance assessment with both measurable criteria (quantitative components) and professional skills and abilities and organizational behaviour (qualitative components);
- The indicators used are results-oriented and are correlated with the company's strategy, business plan, objectives and budget of income and expenses approved by shareholders;
- The performance criteria shall not encourage excessive risk-taking or contradicting with risk profile or applicable regulations and adequately reflect the major risks that may be induced by executive management decisions;
- The assessment of the fulfilment of the performance criteria by the directors is performed by the members of the Nomination and Remuneration Committee, thus ensuring the independence and objectivity of the assessment process.

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors approved the Methodology for assessing the performance of the executive management.

▪ **Analysis and endorsement of the Remuneration Policy of SIF Banat-Crișana:**

According to the Internal Regulations of SIF Banat-Crișana, The Nomination and Remuneration Committee has the competence to express proposals to the Board of Directors regarding the preparation of the remuneration policy at the Company level as well as regarding the remuneration policy of the members of the executive and non-executive management structure.

In accordance with Art. 7 para. (3[^]3) of the ASF Regulation no. 10/2015 the remuneration committee approves, prior to the approval by the board of directors and monitors the observance of the remuneration policy drawn up and applied by the senior management of AIFM.

On the agenda of the Ordinary General Meeting of Shareholders of SIF Banat-Crișana convened for January 6 (7), 2021 was the approval of the Remuneration Policy of the company's directors (administrators and executive directors), in accordance with the provisions of art. 92[^]1 of Law no. 24/2017 on issuers of financial instruments and market operations,

To comply with the provisions of art. 92[^]1 of Law no. 24/2017 according to which the Company establishes a remuneration policy concerning the directors regarding to which the shareholders have the right to vote at the ordinary general meeting of shareholders, the Company having the

obligation to submit to the approval of the shareholders the remuneration policy within the meeting ordinary general meetings of shareholders.

In the meeting of December 4, 2020, the Nomination and Remuneration Committee analysed and revised the Remuneration Policy applicable in SIF Banat-Crișana, in order to submit it by the Board of Directors for the approval of the Ordinary General Meeting of SIF Banat-Crișana Shareholders convened for January 6 (7), 2021 and, by unanimous vote:

- (i) approved the Remuneration Policy applicable in SIF Banat-Crișana, in its revised form,
- (ii) proposed to the Board of Directors the submission of the Remuneration Policy applicable in SIF Banat-Crișana, in its revised form, for the approval of the Ordinary General Meeting of Shareholders convened for January 6 (7), 2021.

The Board of Directors of SIF Banat-Crișana submitted for the approval of the general meeting of shareholders the Remuneration Policy applicable in SIF Banat-Crișana, which was approved by the ordinary general meeting of shareholders on January 6, 2021.

- Analysis and recommendation on granting the variable component for the achievement of the objectives in 2020

In accordance with its responsibilities, NRC analysed, in the meeting of December 21, 2020, 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 complying with the provisions of the Remuneration Policy of SIF Banat-Crișana.

NRC ascertained that:

- The assessment of the personnel identified from the perspective of the significant impact on the risk profile of the company was made by analysing the investment risk at portfolio level. The objectives set at the senior management level (through the activity plan and the budget for 2020 approved by the GMS) and at the level of the personnel responsible for the investment activity through the financial objectives and competences (investments made, collected dividends from shareholdings, investments, etc.). did not incur the change in investment risk.
- The assessment of the personnel in the support compartments was done by analysing the operational risk at the company level. In 2020, there were no operational risk events with an impact on the risk profile (internal fraud, inappropriate practices at work, etc.), the risk events recorded in the Risk Register were remedied in the shortest time and did not lead to interruption of activity or additional costs.
- The analysis of the liquidity risk based on the state of the bank accounts balance to date, shows that the money funds allocated for distribution are sufficient and it is not necessary to displace (sell) some assets in this regard.
- In view of the amount of the proposed amounts for granting the variable component for the year 2020 to the directors and employees, the effect of this operation on the risk profile and the liquidity profile is low and these will not change.
- The criteria for granting the variable component according to the Remuneration Policy of SIF Banat-Crișana are complied with for both employees and directors, including for persons (employees) holding key functions.
- The amounts representing the variable component comply with the provisions of the budget approved by the GMS of April 27, 2020, both for employees and directors.

In view of the findings made, CNR granted a favourable opinion for the variable component to employees and directors for the achievement of the objectives in 2020.

• Information on the remuneration structure for the financial year 2020, according to annex no. 9 of the ASF Regulation no. 10/2015 on alternative investment fund management, with subsequent amendments and completions:

Total amount of remuneration for the financial year 2020, of which:	Amount in RON	Number of beneficiaries
a) Fixed remuneration paid by the AIFM to its staff ¹	8,487,873	39
b) Variable remuneration paid by the AIFM to its personnel, except for performance fees ²	5,673,654	36
c) Variable remuneration representing performance fees	-	-
Total	14,161,527	

Note:

¹ includes the administrators, directors authorized by ASF and personnel

² non-executive administrators do not receive variable remuneration

Aggregate amount of remuneration for the financial year 2020, of which:	Amount in RON
a) Remuneration paid to members of the board of directors	1,743,602
b) Remuneration paid to effective (senior) management ¹	5,971,985
c) Remuneration paid to personnel having with control duties (compliance, risk management, internal audit)	395,064
d) Remuneration paid to identified personnel whose actions have a significant impact on the AIF's risk profile ²	1,745,905

Note:

¹ includes all directors authorized by ASF

² includes all dept. directors, valuation/IT managers, and analysts in the Investment Analysis and Portfolio Management dept.

Nomination and Remuneration Committee as of December 31, 2020:

Sorin MARICA - Chairman of the Committee

Marcel PFISTER - member

Ionel Marian CIUCIOI - member