SIF BANAT-CRIȘANA

CONSOLIDATED REPORT

OF THE BOARD OF DIRECTORS

— FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2021 —

prepared pursuant to Law no. 24/2017
and ASF Rule no. 39/2015

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

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1. GENERAL INFORMATION ON SIF BANAT-CRIȘANA GROUP

1.1 PRESENTATION OF THE GROUP

This report presents the SIF Banat-Crișana's consolidated financial results as of December 31, 2021, prepared in accordance with the International Financial Reporting Standards adopted by the European Union, and ASF Rule no. 39/2015 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to entities authorized, regulated, and supervised by ASF from the Financial Instruments and Investments Sector.

The Company's consolidated financial statements prepared for the financial year ended December 31, 2021, include the Company and its subsidiaries (hereinafter referred to as "Group"). For the financial year 2021, the Group comprises SIF Banat-Crișana (parent company), SAI Muntenia S.A. and Administrare Imobiliare S.A..

1.2 ENTITIES INCLUDED IN THE CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the Company. The control exists when the Company is exposed or has rights to the variable return based on its participation in the investee entity and could influence those revenues through its authority over the entity in which it invested. When assessing control, potential voting rights that are exercisable or convertible at that time are considered.

The financial statements of subsidiaries are included in the consolidated financial statements from the moment of exercising the control begins and until its termination. Accounting policies of subsidiaries have been changed to align them with those of the Group.

The list of investments in subsidiaries as of December 31, 2021, and December 31, 2020, is as follows:

No.	Company name	Stake held (%)	
		December 31, 2021	December 31, 2020
1	(SIF Imobiliare PLC Nicosia)	99.99	99.99
2	(SIFI SPV TWO Bucharest)	99.99	99.99
3	**SAI Muntenia Invest SA Bucharest**	99.98	99.98
4	(SIF1 IMGB)	99.92	99.92
5	(Napomar SA Cluj Napoca)	99.43	99.43
6	(SIF Hoteluri SA Oradea)	99.00	99.00
7	(Azuga Turism SA Bucharest)	98.94	98.94
8	**Administrare Imobiliare SA**	97.40	97.40
9	(Silvana SA Cehu Silvaniei) – bankruptcy	96.28	96.28
10	(IAMU SA Blaj)	76.70	76.70
11	(Vrancart SA Adjud)	75.06	75.06
12	(Central SA Cluj)	74.53	74.53
13	(Uniteh SA Timișoara)*	36.34	36.34
14	(SIFI Cj Logistic)*	5.53	5.53
15	(Ario SA Bistrița) – bankruptcy	93.64	93.64

The subsidiaries shown in brackets in the table above were excluded from the consolidation as the effect of the status of investment entity according to IFRS 10.

** Uniteh SA and SIFI CJ Logistic are subsidiaries because of the direct and indirect control through SIF Imobiliare Plc*

Associated entities

Associated entities are those companies in which the Company can exercise significant influence, but not the control on the financial and operating policies.

The entities in which the Company holds stakes between 20% and 50, over which exerts significant influence:

		Stake held (%)	
No.	**Company name**	**December 31, 2021**	**December 31, 2020**
1	Gaz Vest SA Arad	25.82	25.82
2	Biofarm SA Bucharest	36.75	36.75

SIF Banat-Crișana has representatives on the Board of Directors of the two entities Biofarm and Gaz Vest and participates in their policy development. The Company measures these investments at fair value through profit and loss.

Transactions excluded on consolidation

Settlements and transactions within the Group, and unrealized profits arising from intragroup transactions, are fully eliminated from the consolidated financial statements.

The accounting policies disclosed hereinafter have been consistently used over all the periods presented in the consolidated financial statements. The accounting policies have been consistently applied by all entities within the Group.

2. PRESENTATION OF THE ENTITIES WITHIN THE GROUP

2.1 INFORMATION OF THE ACTIVITY OF SIF BANAT-CRIȘANA

COMPANY NAME	**Societatea de Investiții Financiare Banat-Crișana S.A.** (hereinafter referred to as “SIF Banat-Crișana” or “the Company”)
COMPANY TYPE	▪ joint stock company, Romanian legal entity with entire private capital ▪ established as a self-managed investment company, authorized by the Financial Supervisory Authority as Alternative Investment Fund Manager (AIFM) - Authorization no. 78 / 09.03.2018, and as closed-ended alternative investment fund, diversified, addressed to retail investors (AIFRI) - Authorization no. 130 / 01.07.2021
SHARE CAPITAL	▪ RON 51,542,236.30 – subscribed and paid-in capital ▪ 514,422,363 shares issued; 507,510,056 outstanding shares as of December 31, 2021 ▪ RON 0.10 per share nominal value
REGISTRATIONS	▪ 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 FIAIR Register PJR09FIAIR / 020004 / 01.07.2021 ▪ 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): ▪ 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.**
DEPOSITARY BANK	**Banca Comercială Română (BCR)**
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

KEY FINANCIAL AND OPERATIONAL INFORMATION FOR SIF BANAT-CRIȘANA

FINANCIAL POSITION [RONm]

	2019	2020	2021
Total assets, of which	2,926.68	2,883.77	3,607.39
Total financial assets	2,900.02	2,859.53	3,579.13
Equity	2,748.20	2,729.90	3,416.13
Total liabilities	178.47	153.87	191.26

FINANCIAL PERFORMANCE (IFRS) [RONm]

	2019	2020	2021
Income	121.54	94.84	135.55
Gain on investment	75.95	27.82	288.29
Expenses	22.24	28.47	27.50
Gross profit	175.26	94.18	396.34
Net profit for the year	159.49	92.12	387.00

FINANCIAL INDICATORS [%]

	2019	2020	2021
ROE (net profit / equity)	5.80	3.37	11.33
ROA (net profit / total assets)	5.45	3.19	10.73
Gross profit margin (gross profit / total income)	66.54	30.47	73.32

SHARES AND NET ASSET PERFORMANCE

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

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

OPERATIONAL DATA

	2019	2020	2021
Number of employees, year end	34	34	33
Number of branch offices	1	1	1

SHAREHOLDING STRUCTURE as of December 31, 2021

	number of shareholders	stake
Romanian individuals	5,741,881	39.98%
Non-resident individuals	2,095	0.35%
Romanian legal entities	118	37.84%
SIF Banat-Crișana (treasury stock)*	1	1.54%
Non-resident legal entities	25	20.29%
TOTAL	**5,744,120**	**100%**

** repurchased in 2021*

MILESTONES OF SIF BANAT-CRIȘANA'S ACTIVITY IN 2021

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

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

SIF Banat-Crișana's objective is the efficient management of a diversified portfolio comprised of high-quality assets, capable of providing a steady flow of revenues, the preservation and medium-long term capital growth, to increase the value for shareholders and obtain as high yields for the invested capital.

The strategic allocations by asset classes and within each class are based on assessments of the individual attractiveness of investment opportunities, under the conditions of the macroeconomic and market environment at the time.

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

SIF Banat–Crișana has under management a diversified 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 series of internal and external factors, such as: general economic outlook, course of financial markets, liquidity of listed equity securities and daily trading volumes, small business regionality, access barriers depending on the shareholders' structure, Company's needs for liquidity.

Lines of action in portfolio management in 2021:

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

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

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

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

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

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

SIF Banat-Crișana net asset value (NAV) as of December 31, 2021, amounted to **RON 3,408,921,783**, up **18.2%** as compared to **RON 2,884,036,120** as of December 31, 2020. Net asset value per share (NAV/S) was of **RON 6.7170** as of December 31, 2022 (December 31, 2020: RON 5.6051).

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

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

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

Throughout 2021, the valuations of assets for NAV calculation were performed in accordance with the provisions of the regulations issued by the Financial Supervisory Authority, complying with the provisions of ASF Regulation no. 10/2015 and ASF Regulation 9/2014 (art. 113 – 122), with subsequent amendments and completions.

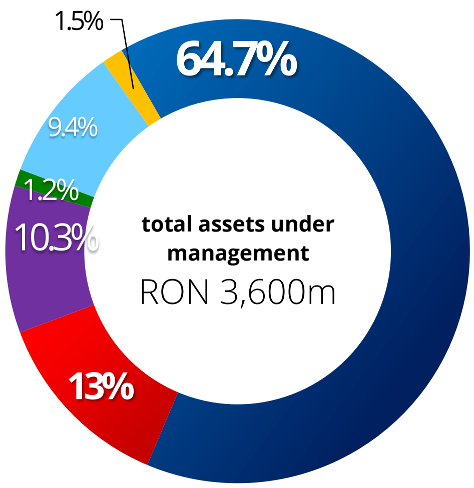
The valuation methods applied by the Company to evaluate the financial assets in the portfolio are presented on Company’s website, www.sif1.ro, in the operating documents as AIFRI, namely Simplified Prospectus, Rules of the Fund in the section *Corporate Governance › AIFRI,* and in the section *Investments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

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

The management has established procedures for the internal risk management in order to identify, monitor and cover the risks associated with the investments made by the Company. The management regularly reviews the compliance with the prudential limits and investment restrictions, so that in the event of unintentional breaches of applicable investment restrictions due to changes in stock market quotations or other circumstances, the management is able to take immediate remedial action.

ASSETS UNDER MANAGEMENT as at December 31, 2021

breakdown on classes (weight on total assets)



listed shares
value **RON 2,328.99m**
(2020: RON 1,951.14m)

unlisted shares
value **RON 466.21m**
(2020: RON 407m)

unlisted fund units
value **RON 369.18m**
(2020: RON 305.83m)

corporate bonds
value **RON 42.38m**
(2020: RON 53.60m)

bank deposits and cash available
value **RON 339.36m**
(2020: RON 150.69m)

receivables and other assets
value **RON 54.07m**
(2020: **RON 23.38m**)

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

Detailed information on SIF Banat-Crișana's activity in 2021, the statement of assets and liabilities and the detailed statement on investments as of December 31, 2021, the management of risks the Company is exposed to, corporate governance matters, are presented in the Annual Report for 2021, that includes the Standalone Financial Statements as of 31.12.2021, prepared as per IFRS, available on the Company's website at www.sif1.ro.

2.2 INFORMATION ON THE ENTITIES INCLUDED IN THE CONSOLIDATION

SAI MUNTENIA INVEST SA Bucharest

SIF Banat-Crișana stake as at 31.12.2021: 99.98%

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

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

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

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

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

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

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

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

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

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

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

Administrare Imobiliare SA Bucharest

SIF Banat-Crișana stake as at 31.12.2021: 97.4%

The company was established in 2007 under the name of "Dacia Meridian Expres", having a portfolio of assets with which SIF Banat-Crișana withdrew its contribution from various trading companies located in the counties of Arad and Bihor, namely: Aris SA Arad (in 2007), Amet SA Arad (in 2012), and Argus SA Salonta (in 2010).

In 2013, the company changed its corporate name to Administrare Imobiliare SA ("AISA") and its headquarters was moved to Bucharest and in the same year the company is incorporated into the holding SIF Imobiliare Plc., which holds a stake of 98.9% of AISA share capital.

The main activity of AISA is the business and management consulting activity, providing investment management services to all the companies within SIFI group: investment management, investment opportunities consultancy, management and administrative consultancy services.

As per its Articles of Incorporation, besides its main activity, AISA could provide other secondary activities, such as: 4110 real estate development (promotion), 6810 purchase and sale of own real estate properties, 6820 - Renting and sub-renting own or rented real estate properties.

In December 2018, as an investment opportunity in the real estate field emerged, a capital increase of AISA was operated, with cash contribution, to capitalize the company and to attract financing sources to capitalize on opportunities appeared on the real estate market. SIF Banat-Crișana is co-opted as shareholder, the cash contribution being of RON 40.12m. Following this transaction, SIF Banat-Crișana becomes a shareholder with a stake of 97.4% in the share capital of AISA while the stake of SIF Imobiliare Plc decreases to 2.6%.

The investment projects intended by AISA at the time of the share capital increase were completed during 2019 and materialized in the purchase of a building and the related land located in Bucharest, 46-48 Serghei Vasilievici Rahmaninov Str., Sector 2, and a land of 30,447 sqm (with 17,646 sqm of constructions) located in Bucharest, 59 Șos. Vergului, Sector 2.

2.3 PERSPECTIVE ON THE ACTIVITY

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

In the capital market, the Bucharest Stock Exchange expects the Central Counterparty to become operational in the second half of this year, thus allowing derivative transactions making a substantial contribution to the development of the market and the liquidity of the stock market. Preliminary results for 2021, reported by listed companies, are generally in line with investor expectations.

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

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

The new energy shock, on the one hand, will push inflation to an even higher level, and on the other hand, if there are problems in supplying energy in Europe, unemployment is expected to rise, which could undermine even wage upkeep and implicitly amplifies the deterioration of consumption indicators.

Thus, the emergence of a stagflation-like situation in Romania and throughout Europe is a real danger because the economic slowdown will not bring automatic disinflation in addition to the depreciation of the currency (EUR vs USD and RON vs EUR / USD).

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

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

In this period of volatility and uncertainty, SIF Banat-Crișana and the group companies will continue to closely monitor the movements of the financial markets and the specific industries in which it operates.

SIF Banat-Crișana expects that at the level of the group there will be no difficulties regarding the fulfilment of the obligations towards shareholders and obligations towards third parties, the current and estimated cash flows being sufficient to cover the payments committed during the year.

3. SUMMARY OF CONSOLIDATED FINANCIAL DATA FOR THE GROUP AS AT 31.12.2021

The consolidated financial statements as of December 31, 2021, enclosed, were prepared pursuant to ASF Rule no. 39/2015 approving Accounting Regulations applicable to entities authorized, regulated, and supervised by the Financial Supervisory Authority (ASF) in the Sector of Financial and Investment Instruments.

3.1 BASES OF PRESENTATION OF CONSOLIDATED STATEMENTS

The Group has adopted a presentation based on liquidity in the consolidated statement of financial position and a presentation of revenues and expenses by their nature in the consolidated statement of comprehensive income, considering these methods of presentation provide information that is credible and more relevant than that which would have been presented on the basis of other methods permitted by IAS 1 'Presentation of Financial Statements'.

The consolidated financial statements are prepared based on convention of fair value for the financial assets and liabilities at fair value through profit and loss and financial assets at fair value through other comprehensive income, tangible assets (property, plant, and equipment) such as land and construction and investment property.

The consolidated financial statements have been prepared using the business continuity principle, which assumes that the parent company, its subsidiaries, and companies in its portfolio will have their assets available and meet their obligations in the course of their business.

The parent company has applied the amendments to IFRS 10 on investment entities, starting with the financial year 2018. The parent company measures all its subsidiaries at fair value through profit and loss, except for subsidiaries that provide investment-related services, which will be consolidated.

3.2 CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(extract from the accompanying consolidated financial statements)

[in RON]	December 31, 2021	December 31, 2020
Revenues		
Dividend income	123,753,336	73,541,249
Interest income (assets at amortized cost, assets at FVTOCI)	2,116,486	6,657,366
Interest income (assets at FVTPL)	3,135,548	2,478,903
Other operating revenues	56,289,009	24,017,759
Gain/(Loss) on investment		
Gain / Loss) on investment property	491,691	6,696,841
Gain / Loss) on foreign exchange	2,327,613	2,259,221
Gain / Loss) on financial assets at FVTPL	285,336,097	22,890,072
Gain / Loss) on sale of assets	-	48,285
Expenses		
Reversals / (set-up) of provisions for risks and expenses	(148,186)	739,745
Reversals / (set-up) of adjustments for impairment of current assets	68,490	(252,525)
Interest expenses	(436,051)	(414,063)
Commissions expenses	(5,109,130)	(8,794,811)
Other operating expenses	(36,695,964)	(37,163,951)
Profit before tax	**431,128,939**	**92,704,091**
Income tax	(15,959,386)	(3,843,663)
Net profit for the financial year	**415,169,553**	**88,860,428**
Profit is attributed to:		
Parent company	415,162,676	88,858,482
Non-controlling interests	6,877	1,946
Total profit for the financial year	**415,169,553**	**88,860,428**
Other comprehensive income	**286,990,637**	**(127,354,192)**
Total comprehensive income for the period	**702,160,190**	**(38,493,764)**

Structurally, the **Total Revenues** of the Group in 2021 are the result of dividends collected related to the shares held by the parent company, and the revenues obtained by subsidiaries from the investment management activity (management fee), including the performance fee. The increase compared to the previous year is mainly influenced by the increase in dividend income collected by the parent company from its shareholdings in the banking sector and in the companies in which it holds a majority stake.

The increase in item **Net gain on investment** compared to the previous year is due to positive differences in value related to assets measured at fair value through profit and loss (shares in unconsolidated subsidiaries, shares in associates, holdings in fund units and corporate bonds). The positive result is the effect of the asymmetric return of the quotations of the assets affected by the pandemic, with a positive influence on some sectors in which the Group has a significant exposure (pharma).

Expenses include the total operational expenses (remuneration, commissions, etc.) incurred in the investment management activity carried out by the Group. Their structure and details are set out in the specific notes to the consolidated financial statements accompanying this report.

The category **Other comprehensive income** contains both the gain on transaction recognized directly in equity (retained earnings) and the effect of the fair value measurement of the Group's portfolio of financial securities. Both the result of transactions and the change in the fair value of financial assets are largely attributable to the parent company. The positive progress of this component compared to the previous year is the effect significant increases of fair values of financial assets at fair value through other comprehensive income listed on BVB, mainly of issuers in operating the financial field.

3.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(extract from the accompanying consolidated financial statements)

[in RON]	December 31, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents	268,254,328	187,639,649
Bank deposits	114,910,692	5,453,621
Financial assets at fair value through other comprehensive income (bonds)	5,283,259	5,111,504
Other financial assets	34,583,936	9,254,479
Other assets	308,166	257,797
Financial assets held for sale	45,522,520	43,727,212
Financial assets at fair value through profit and loss	1,680,565,630	1,394,390,716
Financial assets at fair value through other comprehensive income (shares)	1,421,724,975	1,210,525,841
Investment property	30,840,716	28,498,134
Tangible assets	6,820,615	6,032,529
Total assets	**3,608,814,837**	**2,890,891,482**
Liabilities		
Current income tax liabilities	-	143,012
Other financial liabilities	42,082,799	39,296,691
Other liabilities and deferred income	293,418	26,796
Borrowings	15,878,238	15,534,842
Debts related to leasing	28,572	49,965
Provisions for risks and expenses	2,329,196	2,181,010
Deferred income tax liabilities	180,597,407	146,892,044
Total liabilities	**241,209,630**	**204,124,360**
Equity		
Share capital	51,542,236	51,542,236
Treasury shares	(21,363,229)	(2,199,867)
Losses on the repurchase of own shares	(330,998)	(40,659)
Benefits granted in equity instruments	-	1,867,063
Retained earnings	1,249,578,037	1,157,455,631
Other reserves	1,176,569	1,176,569
Reserves from revaluation of tangible assets (property, plant, and equipment)	10,568,848	10,568,848
Legal reserves	910,357,994	725,960,324
Reserves from revaluation of financial assets at FVTOCI	1,166,055,407	740,422,170
Total	**3,367,584,864**	**2,686,752,315**
Non-controlling interests	20,343	14,807
Total equity	**3,367,605,207**	**2,686,767,122**
Total equity and liabilities	**3,608,814,837**	**2,890,891,482**

Significant changes in patrimonial items over the previous year are due to structural changes of the assets of the parent company, effect of:

• Recognition of positive value differences for

- *Financial assets at fair value through profit and loss* (FVTPL) (with an impact on equity under the position *Retained earnings*) and related to
- *Financial assets at fair value through other comprehensive income (FVTOCI)* (with an impact on equity within the *Reserves from the revaluation of financial assets measured at fair value through other comprehensive income*) respectively within liabilities in the category *Deferred income tax liabilities* (which includes debt adjustment as a result of the increase in the taxable component of reserves from the fair value measurement);

- Investing activity in 2021, by divesting from certain investments recorded in the category of *Financial assets at fair value through other comprehensive income* and making investments in monetary instruments included in *Cash and cash equivalents*;

3.4 PRESENTATION ON SEGMENTS

In 2021 and 2020, the Group operated on a single segment, namely the financial activity.

Within the financial activity, the activity of three companies was included (2020: 3).

4. DESCRIPTION OF MAIN RISKS FOR THE GROUP

The most significant financial risks the Group is exposed to are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate risk and the price risk of equity instruments.

The Group uses a variety of policies and procedures for managing and evaluating the types of risk to which it is exposed, both at the parent company and subsidiary levels. These policies and procedures are detailed in the sub-chapters dedicated to each type of risk under *Note 5* of the attached Consolidated Financial Statements for 2021, annexed.

4.1 Financial risks

Market risk

Market risk is the risk that changes in market prices, such as price of shares, interest rates and exchange rates to have impact on Group's revenues or the value of financial instruments held. Market risk of (own) equity instruments represent the risk that the value of such instrument to vary following the changes of prices on the market, either due to factors specific to the issuer's activity or factors affecting all instruments traded on the market.

The entities in which the Group holds shares operate in various industries. The objective of market risk management is to control and manage market risk exposures within acceptable parameters, while optimizing returns. The Group's market risk management strategy is driven by its investment objective, and the market risk is managed in accordance with its policies and procedures.

The Group is exposed to the following market risk categories:

Price risk is the risk of losses on balance sheet positions due to asset price developments.

The Group is exposed to the risk that the fair value of the financial instruments held may fluctuate following the changes in market prices, whether due to factors specific to the issuer's activity or factors impacting all instruments traded on the market.

A positive 10% change in the price of financial assets at fair value through profit or loss (shares in subsidiaries, associates, corporate bonds, and fund units) would lead to a profit increase after tax, by RON 161,515,907 (December 31, 2020: RON 130,238,708), a negative variation of 10% having an equal net impact of the opposite sign.

A positive 10% change in fair value prices of other financial assets at fair value through other comprehensive income, investments in shares and corporate bonds, would lead to an increase in equity, net of profit tax, of RON 120,191,670 (December 31, 2020: RON 102,748,567), a negative variation of 10% having an equal net impact of the opposite sign.

Interest rate risk is the risk that the Group's revenues or expenses, or the value of the Group's assets or liabilities fluctuate following the changes in market interest rates.

Interest rate risk consists of the risk of fluctuations in the value of a particular financial instrument due to changes in interest rates and the risk of differences between the maturity of interest-bearing financial assets and that of the interest-bearing debt.

Regarding the Group's interest-bearing financial instruments, interest rate risk consists of the risk of fluctuations in the value of a particular financial instrument due to changes in interest rates and the risk of differences between the maturity of interest-bearing financial assets and that of interest-bearing debt. However, interest rate risk can also affect the value of fixed interest-bearing assets (for example, bonds), so an increase in the market interest rate will lead to a decrease in the value of future cash flows generated by them and may lead to a reduction in their price, if it increases investors' preference to place their funds in bank deposits or other instruments whose interest rates have risen, and vice versa - a reduction in the market interest rate may increase the price of shares and bonds and will increase the fair value of future cash flows.

The Group does not use derivative financial instruments for hedging against interest rate fluctuations.

Impact on the Group's net profit (on the back of income/expenses with/on interest) of a change of ±1.00% in the interest rate on variable-yield assets and liabilities denominated in other currencies corroborated by a change of ±1.00% in the interest rate on assets and liabilities carrying liabilities variable interest rate and denominated in RON is of RON 2,096,670 (December 31, 2020; RON 1,598,879).

For the bonds recorded at fair value (level 1) held, a variation of +/- 5% of their market price determines a net impact in the amount of +/- RON 1,579,616 (December 31, 2020: +/- RON 2,028,749) in the profit and loss account respectively in the amount of +/- RON 221,484 (December 31, 2020: +/- RON 214,311) in other comprehensive income.

Currency risk is the risk of loss or not achieving the expected profit due to unfavourable fluctuations in the exchange rate. The Group invests in financial instruments and performs transactions denominated in currencies other than its functional currency and is thus exposed to the risk that the exchange rate of the domestic currency in relation to another currency will have adverse effects on fair value or future cash flows of that portion of the financial assets and liabilities denominated in another currency.

The Group's assets and liabilities denominated in the Romanian currency (Leu or RON) and in foreign currencies as of December 31, 2021, and December 31, 2020, are presented below:

Financial assets exposed to currency risk (in RON)

	2021	**2020**
Cash and cash equivalents	252,546,206	37,349,250
Bank deposits	83,185,935	-
Financial assets at fair value through profit and loss		
- (including assets held by investment funds)	15,217,333	28,483,377
Financial assets at fair value through other comprehensive income	209,887,194	180,596,402
TOTAL	**560,836,669**	**246,429,029**
Borrowings	(1,146,579)	(1,120,114)
Debt related to leasing contracts	(28,572)	(49,965)
Total liabilities	**(1,175,151)**	**(1,170,079)**
Net financial assets	**559,661,517**	**245,258,951**

Credit risk

Credit risk is the risk that a counterparty of a financial instrument fails to meet an obligation or financial engagement in which it has entered into a relationship with the Group, resulting in a loss for the Group.

The Group is exposed to credit risk as a result of investments in bonds issued by trading companies, current accounts and bank deposits and other receivables. The management of the Group closely and consistently monitors the exposure to credit risk so that it does not suffer losses as a result of the concentration of credit in a particular sector or business.

Below we present the financial assets with exposure to credit risk:

December 31, 2021	Current bank accounts	Bank accounts	Corporate bonds (FVTOCI)	Corporate bonds (FVTPL)	Other financial assets	Total
BBB+	36,321,781	18,485,591	-	-	-	54,807,372
BBB	23,184	5,000,000	-	-	-	5,023,184
BBB-	19,775,675	187,630,899	-	-	-	207,406,574
BB+	99,102,745	-	-	-	-	99,102,745
BB-	6,495,556	-	-	-	-	6,495,556
B-	-	-	5,283,259	-	-	5,283,259
Baa2	42,180	-	-	-	-	42,180
Baa3	1,181	-	-	-	-	1,181
NR	1,108	10,133,000	-	37,907,699	34,583,936	82,625,742
TOTAL	**161,763,409**	**221,249,490**	**5,283,259**	**37,907,699**	**34,583,936**	**460,787,793**

Liquidity risk

Liquidity risk is the risk that the Group encounters difficulties in meeting the obligations arising from short-term financial liabilities that fall due by cash or other financial means, or that such obligations are extinguished in an unfavourable manner for the Group.

The Group monitors the evolution of the liquidity level in order to be able to pay its obligations at the date when they become due and continuously analyses the assets and liabilities, depending on the remaining period up to the contractual maturities.

The structure of assets and liabilities was analysed based on the remaining period from the balance sheet date to the contractual maturity date as of December 31, 2021, and is presented in the table below:

In RON	Accounting value	under 3 months	between 3 and 12 months	Over 1 year	Without pre-established maturity
December 31, 2021					
Financial assets					
Cash and cash equivalents	**268,254,328**	268,254,328	-	-	-
Bank deposits	**114,910,692**	62,083,707	52,826,985	-	-
Financial assets measured FVTPL	**1,680,565,630**	295,403	-	37,612,296	1,642,657,932
Financial assets measured FVTOCI	**1,427,008,234**		5,283,259		1,421,724,975
Other financial assets	**36,398,174**	36,398,174	-	-	-
Total financial assets	**3,527,137,058**	**367,031,611**	**58,110,244**	**37,612,296**	**3,064,382,907**
Financial liabilities					
Borrowings	**15,878,238**	-	14,731,659	1,146,579	-
Liabilities from leasing contract	**28,572**	5,721	17,599	5,252	-
Other financial labilities	**42,082,800**	42,082,800	-	-	-
Total financial liabilities	**57,989,610**	**42,088,521**	**14,749,258**	**1,151,831**	**-**
Liquidity excess	**3,469,147,448**	**324,943,090**	**43,360,986**	**36,460,465**	**3,064,382,907**

Other risks

By the nature of its activity, the Group is exposed to various types of risks associated with the financial instruments and the market it invests. The main types of risks to which the Group is exposed are: • taxation risk;

• business environment risk;
• operational risk.

Risk management aims to maximize the Group's profit relative to the level of risk to which it is exposed.

The Group uses a variety of policies and procedures to manage and assess the types of risk to which it is exposed. These policies and procedures are presented in the subchapter dedicated to each type of risk.

Taxation risks

Since January 1, 2007, following the accession of Romania to the European Union, the Group has had to comply with the European Union's regulations and, as a result, has prepared itself to apply the changes brought about by European legislation. The group has implemented these changes, but their implementation remains open to fiscal audit for 5 years.

The interpretation of the texts and the practical implementation of the procedures of the new applicable tax regulations may vary and there is a risk that in certain situations the tax authorities will adopt a different position from that of the Group.

From the corporate tax point of view, there is a risk that the tax authorities will interpret the accounting treatment that is determined by the transition to IFRS as a basis for accounting.

In addition, the Romanian Government has various agencies authorized to carry out the audit (control) of companies operating in Romania. These controls are similar to tax audits in other countries and can cover not only tax issues but also other legal and regulatory issues of interest to these agencies. The Group may be subject to tax controls as new tax regulations are issued.

Business environment risks

SIF Banat-Crișana's management cannot predict all the effects of the international economic developments impacting on the financial sector in Romania but considers that during 2021 has adopted the necessary measures for the sustainability and development of the Company under the conditions existing on the financial market, by monitoring cash flows and suiting the investment policies.

SIF Banat-Crișana has adopted risk management policies that actively manage them, applying specific procedures for identifying, assessing, measuring, and controlling risks, providing reasonable assurance as to the achievement of the Group's objectives, pursuing a constant balance between risk and expected return.

The risk management process aims at: (i) identifying and assessing significant risks having a major impact in achieving the investment objective and developing activities to counteract the identified risk; (ii) adapting risk management policies to the financial developments of the capital market, monitoring performance, and improving risk management procedures; (iii) reviewing investment decisions in relation to the course of the capital and money market; (iv) compliance with applicable law.

The Eurozone economy has seen a significant recovery in recent years, both in terms of GDP dynamics (with annualized increases of over 1.5%) and the gradual reduction of the unemployment rate and the return of the inflation rate to the ECB's target level (2%). However, ECB has recently maintained both the reference interest rate in the area of absolute historical lows (0%) and the commitment to fully reinvest the proceeds at maturity of financial instruments purchased under the quantitative easing program, the duration of which depends on sustainability of the trend of the inflation rate towards the 2% target set by the ECB. In March 2020, amid the global spread of tensions over the Covid-19 virus, the Federal Reserve reduced key monetary policy interest rates to 0% in two exceptional meetings, along with a USD 700 billion package for quantitative relaxation operations.

At the end of 2021 and during the first months of 2022, both the Federal Reserve and the European Central Bank explicitly stated their intention to end the liquidity support to the economy in 2022 and enter a cycle of gradual interest rate increases to counteract the effects of inflationary pressures manifested in major developed economies, especially in the second half of 2021. Recent geopolitical tensions and growing insecurity over energy supply have led to significant increases in the first few months. since 2022 of oil and natural gas quotations. These effects have also led to an accelerated decline in major global stock market indices to the levels of the first months of the Covid 19 pandemic in the first quarter of 2020. The high volatility of major capital markets in recent months and the lack of visibility of central banks' attitudes towards these externalities are the main challenges in managing the asset portfolio in 2022.

Operational risk

Operational risk is the risk of incurring direct or indirect losses resulting from shortfalls or deficiencies in the Group's procedures, personnel, internal systems, or external events that may impact on its operations. Operational risks arise from all Group activities.

The Group's objective is to manage operational risk to limit its financial losses, not to damage its reputation and to achieve its investment objective to generate benefits for investors.

The primary responsibility for the implementation and development of control over operational risk lies with the Board of Directors. This responsibility is supported by the development of general operational risk management standards, which include controls and processes at service providers and service commitments with service providers.

Capital adequacy

The management's policy on capital adequacy focuses on maintaining a solid capital base to support the Group's continued development and achieving investment objectives.

The Group's equity includes its share capital, various types of reserves, retained earnings and minority interests. The equity amounted to RON 3,367,207 as of December 31, 2021 (2,686,767,122 as of December 31, 2020).

5. THE MARKET OF THE SECURITIES ISSUED BY THE GROUP

CHARACTERISTICS OF SIF BANAT-CRIȘANA SHARES

Total number of shares issued (December 31, 2021)	**515,422,363**
Outstanding shares (December 31, 2021)	**507,510,056**
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.

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

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

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

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

(i) The company is authorized as an alternative investment funds manager (AIFM), being affected by the provisions of Regulation no. 3/2016 on the applicable criteria and the procedure for the prudential assessment of acquisitions and increase of shareholdings held in entities regulated by the Financial Supervisory Authority, applicable to potential acquirers and significant shareholders within the alternative investment funds managers.

(ii) According to the Regulation, the acquisition of qualified participations in the company is subject to the approval of the Financial Supervisory Authority. For the purposes of the regulations, qualified participation means a direct or indirect holding of voting rights or capital of the Company, which represents at least 10% of them or which allows the exercise of a significant influence over the management of the Company.

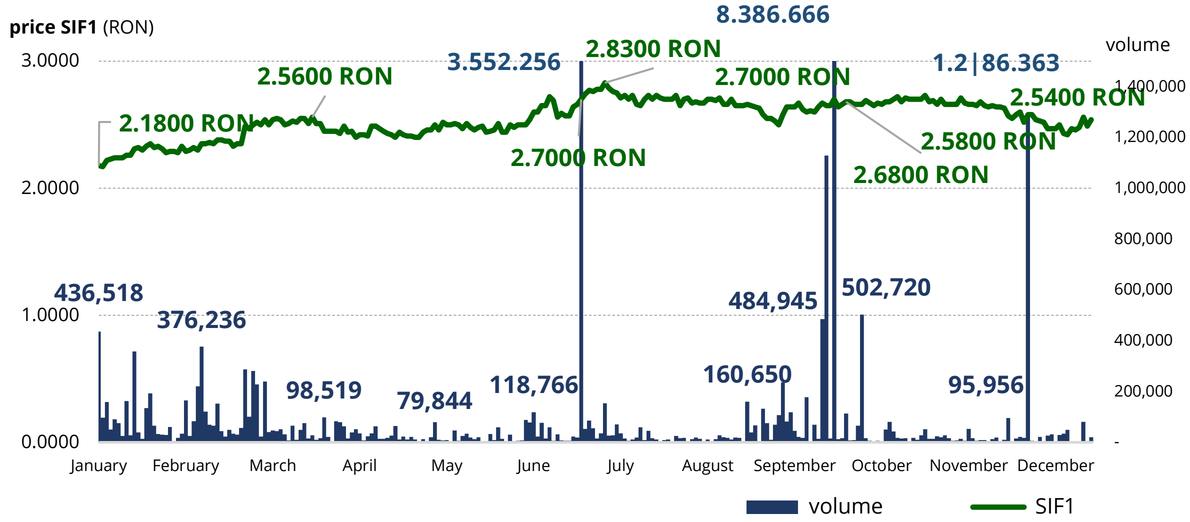
(iii) For the purposes of the Regulation, a potential acquirer is considered to have a significant influence when his holdings, although below the 10% threshold, allow it to exercise significant influence over the management of the Company, such as having a representative in the board of directors. Holdings of less than 10% overlap the approval requirements, from case to case, depending on the ownership structure of the regulated entity and specific involvement of the acquirer in its management.

(iv) The Company's shares are listed on the regulated market on the Bucharest Stock Exchange and are applicable the provisions of Law no. 24/2017 on issuers of financial instruments and market operations in the matter of the obligation to carry out a mandatory public takeover bid, in case of reaching the threshold of 33% of the voting rights.

As of December 31, 2021, SIF Banat-Crișana holds 7,912,307 own shares, *purchased in the public tender offer carried out during September 29 – October 12, 2021, under the buyback programs approved by the EGM of April 27, 2020, and November 2, 2020. Details on the buyback programs approved by the EGMS of SIF Banat-Crișana are presented* in *Chapter 5 Other significant information.*

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

SIF1 PERFORMANCE AND VOLUME IN 2021



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

Bucharest Stock Exchange (BVB) indices including SIF1 shares: BET-XT | BET-XT-TR | BET-XT-TRN | BET-FI | BET-BK

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

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

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

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

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

The two subsidiaries included in the consolidation, SAI Muntenia Invest and Administrare Imobiliare, are not listed on an organized capital market or an alternative trading system.

6. CORPORATE GOVERNANCE

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

To maintain its competitiveness in an extremely dynamic climate, SIF Banat-Crișana develops and adapts its corporate governance practices so that it can comply with the new requirements and take advantage of the new opportunities, policies promoted at group level.

SIF Banat-Crișana has adhered to the Corporate Governance Code of the Bucharest Stock Exchange ("the Code"), the degree of compliance with the principles of the Code being presented in the statement accompanying the 2021 Annual Report, a document that will be published on the website of Company, www.sif1.ro.

By Regulation no. 2/2016, with subsequent amendments and completions, the Financial Supervision Authority (ASF) regulated the unitary normative framework for the application of the principles of corporate governance to the entities authorized, regulated, and supervised by ASF. SIF Banat-Crișana Statement on the application of the principles of corporate governance in 2021, prepared in accordance with the annex to Regulation no. 9/2019, accompanies the 2021 Annual Report.

At the end of 2019, the Board of Directors approved the revision of the Corporate Governance Regulation of SIF Banat-Crișana.

Detailed information on the corporate governance of SIF Banat-Crișana in 2021 and the corporate governance statements are presented in the 2021 Annual Report, available on the Company's website, at www.sif1.ro.

SIF Banat-Crișana subsidiaries, in the scope of consolidation, apply principles and policies of internal governance similar to those of the parent company.

Company leadership

Pursuant to its Articles of Association, SIF Banat-Crișana is administrated under a unitary system, capable of ensuring an efficient operation of the Company, in accordance with the objectives of good corporate governance and the protection of the shareholder's legitimate interests.

Shareholders' General Meeting

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 updated 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 complying with the law and Company's Articles of Association shall be binding upon the shareholders who did not attend the meeting or voted against.

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

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

Information on the general meetings of shareholders and the adopted resolutions 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 under the management of a Board of Directors (i.e. 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.

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.

As of December 31, 2021, the composition of the Board of Directors was the following: Mr. Bogdan Alexandru DRĂGOI – Chairman and CEO, Mr. Radu Răzvan STRĂUȚ - Vice Chairman, Mr. Sorin MARICA - Member, Mr. Marcel Heinz PFISTER – member and Mr. Ionel Marian CIUCIOI - member.

Advisory committees within the Board of Directors

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.

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

The Nomination and Remuneration Committee (NRC) - assists the Board in fulfilling its responsibilities for the nomination of candidates for management positions and their remuneration. NRC duties are detailed within the Company's Internal Regulations and are presented in the Corporate Governance Regulation, available for consultation on Company's website, www.sif1.ro, in *Corporate Governance* section.

The Nomination and Remuneration Committee is comprised of at least at least two members elected from the non-executive members of the Board of Directors, subject to the condition of independence provided for by the Company Law.

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

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 bylaws and applicable regulations so that everyday management of the Company to be provided, at any given time, 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.

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

As of December 31, 2021, the composition of the executive team of SIF Banat-Crișana was the following: Bogdan-Alexandru Drăgoi – Chairman - CEO; Radu Răzvan Străuţ – Vice-Chairman, Deputy General Director; Teodora Sferdian - Deputy General Director, and Laurențiu Riviș - Director.

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

Risk management system – SIF Banat-Crișana establishes and permanently and operatively maintains the function of risk management, which is carried out independently of other activities. The Risk Management Office is subordinated to the Board of Directors, and the person responsible for risk management is authorized by ASF in this position and is registered in the ASF register.

The diversity of the activities SIF Banat-Crișana carries out also creates complex risks as well as a multitude of opportunities for its shareholders, but also for the entire financial and capital market in Romania. The Company's management considers risk management to be an integral part of good governance and best management practices.

In view of the specific risk management provisions of the company, introduced by the AIFM legislation, the Company completely reorganized the risk management activity, strengthening this segment through a rigorous procedure and a complex analysis, evaluation, reporting, and management system, at a singular level per company.

The Company implements appropriate and modern risk management systems to properly identify, assess, manage, and monitor all risks relevant to the existing investment strategy and investment portfolio.

The risk management policy is appropriate to the nature, size and complexity of the Company's activities and the assets under the management.

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

Compliance control function - SIF Banat-Crișana established and permanently and operatively maintains the compliance control function, which runs independently of other activities. The

Compliance Office reports to the Board of Directors and has the following main responsibilities: (i) 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; (ii) 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 person holding the position of compliance officer / representative of the compliance office is authorized in this position by the ASF and is registered in the ASF register.

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

Internal Audit – SIF Banat-Crișana establishes and permanently and operatively maintains the internal audit function that is carried out independently of other functions and activities, being subordinated to the Board of Directors.

The Company's activities are subject to regular internal audit, in order to provide an independent assessment of its operations, control and management processes, assess the possible exposure to various business segments (asset security, compliance with regulations and contracts, integrity of operational and financial information, etc.), makes recommendations for the improvement of systems, controls and procedures, to ensure the efficiency and effectiveness of operations and monitors the proposed corrective actions and the results achieved.

The internal audit activity is an independent and objective activity that gives the company an assurance regarding the degree of control over the operations and is carried out according to the procedures prepared for the purpose of carrying out the activity. A detailed program shall be drawn up for each internal audit engagement, covering the scope, objectives, resources allocated and the period to be performed.

The internal audit aims to assist the company in identifying and assessing significant risks to provide an independent assessment of risk management, control, and management processes and to assist the company in maintaining an efficient and effective control system.

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

Respecting the shareholders' rights

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

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

SIF Banat-Crișana 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-Crișana endeavours to facilitate the participation of shareholders at the general meetings of shareholders (“GMS”). SIF Banat-Crișana’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. The procedures are made available to the shareholders at the date of convening the meetings, being posted on Company’s website.

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

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.

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.

Right to information | SIF Banat-Crișana attaches great importance to investor relations and transparency in communication, convinced that public trust is essential for the proper functioning of the company and the consolidation of its good reputation. The company aims to ensure continuous and regular reporting in an objective and comprehensive manner, by providing complete and accurate information on all important aspects of the business and the results recorded. The Company's website (www.sif1.ro) is a useful platform for communicating with shareholders. In the section dedicated to Investor Relations, information of interest to shareholders is hosted and all the communiqués and reports related to the company's activity are available, published in both Romanian and English.

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.

Financial reporting - SIF Banat-Crișana’s financial statements for the year 2021 have been prepared in accordance with International Financial Reporting Standards and ASF Rule no. 39/2015, applied together with the Accounting Law no. 82/1991 (republished and amended). The financial auditor is Deloitte Audit S.R.L.

Conflict of interest and trades with related parties

Conflict of interest - Through the internal rules and procedures implemented, the company fulfils its responsibility to prevent conflicts of interest, and if these cannot be avoided, proper monitoring and management is ensured while respecting the interests of its shareholders. Through the functional organization adopted, the Board of Directors intends to ensure that the relevant persons involved in the various activities that involve a risk of conflict of interest carry out these activities with a degree of independence appropriate to the size and activities of the company.

The Board of Directors has adopted operational solutions to facilitate the identification and proper resolution of situations where a director or employee has a material interest on their behalf or on behalf of third parties.

The Company's internal regulations and procedures in the matter contain sufficient provisions to ensure, with reasonable certainty, the prevention and avoidance of potential situations of conflict of interest and the prompt taking of the required decisions and measures. The Board shall periodically review procedures and measures to protect against conflicts of interest, review their effectiveness and take corrective action in a timely manner to remedy any deficiencies.

Personal transactions - Complying with the capital market legislation and European regulations, during 2021 the internal rules and procedures regarding personal transactions were completed and updated, with shares of the issuers in SIF Banat-Crișana portfolio, carried out by persons in company's management and the persons having access to inside information.

Internal rules and procedures have been established for the prior approval of personal transactions, in accordance with the provisions of ASF Regulation no. 2/2018.

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.

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

The Company submits to ASF and constantly updates the list of persons with access to inside information regarding the Company. In accordance with the provisions of Law no. 24/2017 and of the ASF and incidental European regulations, insiders and the persons with access to privileged information regarding SIF Banat-Crișana have to notify the Financial Supervisory Authority and the Company on the transactions in their account with shares issued by SIF Banat-Crișana.

Market Abuse - In 2021, the Company paid special attention to the set of European regulations on Market Abuse. The provisions on the establishment of a closed period were implemented, 30 days before the publication of a financial report, during which the transactions with financial instruments of the issuer for persons with access to inside information are prohibited.

Social responsibility, social matters, diversity

As companies are no longer judged only by their economic performance, but also by their contribution to the communities in which they operate, SIF Banat-Crișana understands to be an involved and responsible actor, attentive and receptive to community needs and sustainable development.

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

The SIF Banat-Crișana Group does not have a formalized integrated procedure on diversity policy.

However, at the group level there is a commitment to maintaining the highest ethical standards, promoting a culture of respect, collaboration, and performance where all employees can perform and develop on equal terms in terms of gender, ethnicity, age, etc. The individual needs and abilities of employees to transform them into added value for the organization at the level of human capital are promoted and encouraged.

Assessment of matters concerning the employees

The central social objective of the group consists in establishing a positive organizational culture, aiming at providing good working conditions for employees, pay and motivating motivation systems, correct systems and evaluation criteria, efficient information and control systems, full use and efficient of working hours, availability for change, commitment, good communication.

The evolution of the Group's number of employees is presented in the table below:

Company name	Average number of employees			
	2018	**2019**	**2020**	**2021**
SIF Banat-Crișana	34	34	34	33
SAI Muntenia Invest	36	39	36	31
Administrare Imobiliare	9	9	5	6
TOTAL	**79**	**82**	**75**	**70**

Throughout 2021 there were no conflicting matters in the relations between management and employees, neither in SIF Banat-Crișana nor in the companies in the consolidation.

During 2021, no collective layoffs occurred, neither in the case of SIF Banat-Crișana, nor in the case of the companies in the scope of consolidation.

All companies in the consolidation have organizational and operational regulations approved by the Boards of Directors, describing how they are organized and regulating the operation of their compartments, setting competences for each compartment, their duties, and responsibilities.

Assessment of matters concerning the environment

The SIF Banat-Crișana Group does not have an *Integrated Environmental and Social Governance Policy* or *Procedure,* but covers the relevant aspects in this area in various corporate documents applicable to each company, specific to their work.

Although the specific activity of SIF Banat-Crișana does not have a negative impact on the environment, the Company is concerned with the use of procedures for proper management of environmental problems in its workflows related to the daily work carried out, the efficient use of energy, and protecting the environment.

Both SIF Banat-Crișana and the companies in the group - SAI Muntenia Invest SA and Administration Imobiliare SA - do not need special environmental permits and do not carry out activities with an impact on the environment.

7. OTHER INFORMATION

Events after the reporting period

- On January 25, 2022, SIF Banat-Crișana published the disclosure document concerning the shares offered or allotted to members of SIF Banat-Crișana management. The document was approved by the Board of Directors approved through Decision of the Board no. 5 of 20.01.2022 and includes the offering free of charge to the members of the management structure (administrators, directors) of 880,000 shares in a share-based payment plan of a “Stock Option Plan” type.

- On January 25, 2022, the contract for the full sale of the stake held by SIF Banat-Crișana in GazVest S.A. was signed. Arad. The value of the contract was used to determine the fair value differences as of December 31, 2021, for the associated entities, being recognized in the gain / (loss) on investments;
- On February 23, 2022, the certificate of registration of securities was issued, certifying the completion of the share capital increase with cash contribution to Vrancart SA. On March 1, the Central Depository registered the new securities in the shareholders' register.

This report is accompanied by the following annex:

ANNEX 1	Consolidated financial statements as of December 31, 2021, prepared pursuant to Rule no. 39/2015 for the approval of the Accounting Regulations compliant to the International Financial Reporting Standards, applicable to entities authorized, regulated, and supervised by the ASF – Financial Instruments and Investments Sector –**audited**

The version prepared in Romanian of the consolidated 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 28, 2022.

Bogdan-Alexandru DRĂGOI
Chairman, CEO

SIF BANAT-CRIŞANA SA

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021

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

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Deloitte Audit S.R.L.
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders,
SIF Banat-Crișana S.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the consolidated financial statements of SIF Banat-Crișana S.A. and its subsidiaries (the "Group"), with registered office in Calea Victoriei no. 35 A, Arad, Romania, identified by unique tax registration code 2761040, which comprise the consolidated statement of the financial position as at December 31, 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, including a summary of significant accounting policies and notes to the consolidated financial statements.

2. The consolidated financial statements as at December 31, 2021 are identified as follows:

• Total Equity:	RON	3,367,605,207
• Net profit for the financial year:	RON	415,169,553

3. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and applying Financial Supervisory Authority ("FSA") Norm no. 39/28 December 2015, regarding the approval of the accounting regulations in accordance with IFRS, applicable to the entities authorized, regulated and supervised by the FSA - Financial Investments and Instruments Sector (referred to herein as "FSA Norm no. 39/2015").

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (forth named "the Regulation") and Law 162/2017 ("the Law"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How our audit addressed the matter
Valuation of equity investments We refer to note 18 and note 19 to the consolidated financial statements, which presents the equity investments of the Group in Romanian companies. As at December 31, 2021, these financial assets valued at fair value represent 86% of the total assets of the Group. Equity investments presented to Level 3 represent RON 805 million in the total assets of the Group. The determination of fair value to Level 3 equity investments has been performed, based on the available information as of September 30, 2021 or as of December 31, 2021, by independent evaluators appointed by the Group and authorized in-house evaluators. For the valuation reports as of September 30, 2021 and up to December 31, 2021, the independent and the in-house evaluators performed an analysis, in order to identify significant changes in the fair values of equity investments as at December 31, 2021. This was a key area of focus in our audit due to the significance of the amounts involved, the complexity involved in valuing these investments, the significance of the judgments and estimates included in the valuation, as well as the reflection of the changes in fair value in the consolidated financial statements.	In order to address the key audit matter, our audit focus was to assess relevant controls over the valuation process of equity investments at fair value. Our analysis of the design and implementation of the relevant controls provided a basis for us to establish the planned nature, timing and extent of our detailed audit procedures. For the material listed equity investments, we have assessed the frequency of the trading in order to identify illiquid equity securities and we have assessed the accuracy of the closing share market price as of 31 December 2021 or from the last of trading available at the end of the reporting period. For a sample of unlisted Level 3 equity investments, we involved our own internal valuation specialists to critically asses the valuation methodology, significant assumptions and unobservable inputs used by the in-house and external evaluators and also we assessed their professional competence and independence from the Group. We have assessed the Group in-house and external evaluators' analyses of the for the period following the date of the valuation reports until December 31, 2021, in order to identify significant events which may have a significant impact on the fair value of equity investments as at 31 December 2021. We have assessed the accuracy of the changes in fair value that have been reflected in the consolidated financial statements as at December 31, 2021. We have considered whether the consolidated financial statements appropriately reflect all material disclosures in relation to equity investments according to the accounting policies of the Group and IFRS 13 *Fair Value Measurement (IFRS 13)* requirements. In this regard, we assessed the presentation of the material information on fair value hierarchy policy and disclosures regarding significant unobservable and observable inputs against disclosures of IFRS 13.

Other information - Administrators' Consolidated Report

6. The administrators are responsible for the preparation and presentation of the other information. The other information comprises the Administrators' Consolidated report but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements for the year ended December 31, 2021, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   With respect to the Administrators' report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of FSA Norm no. 39/2015 articles no. 29-30.

   On the sole basis of the procedures performed within the audit of the consolidated financial statements, in our opinion:

   a) the information included in the Administrators' consolidated report for the financial year for which the financial statements have been prepared, is consistent, in all material respects, with these financial statements;

   b) the administrators' consolidated report has been prepared, in all material respects in accordance with the provisions of FSA Norm no. 39/2015 articles no. 29-30.

   Moreover, based on our knowledge and understanding concerning the Group and its environment gained during the audit on the financial statements prepared as at December 31, 2021, we are required to report if we have identified a material misstatement of this Administrators' consolidated report. We have nothing to report in this regard.

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

7. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and applying FSA Norm no. 39/2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

    - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

Requirements for audits of public interest entities

15. We have been appointed by the Ordinary General Assembly of Shareholders on November 2, 2020 to audit the consolidated financial statements of SIF Banat-Crisana S.A. for the financial year ended December 31, 2021. The uninterrupted total duration of our commitment is 3 years, covering the financial years ended December 31, 2019 until December 31, 2021.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of SIF Bana-Crisana S.A. that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the audited entity.

- No non-audit services referred to in Article 5 (1) of EU Regulation no. 537/2014 were provided.

The engagement partner on the audit resulting in this independent auditor's report is Irina Dobre.

Report on compliance with the Commission Delegated Regulation (EU) 2018/815 on the "European Single Electronic Format Regulatory Technical Standard" ("ESEF")

16. We have undertaken a reasonable assurance engagement on the compliance with Commission Delegated Regulation (EU) 2019/815 applicable to the consolidated financial statements included in the annual financial report of SIF Banat-Crișana S.A. and its subsidiaries (the "Group"), as presented in the digital files which contain the unique („LEI") 254900GAQ2XT8DPA7274 "Digital Files").

(i) Responsibilities of Management and Those Charged with Governance for the Digital Files prepared in compliance with ESEF

The Group management is responsible for preparing Digital Files that comply with the ESEF.

This responsibility includes:

- the design, implementation and maintenance of internal controls relevant to the application of the ESEF;

- the selection and application of appropriate iXBRL mark-ups;

- ensuring consistency between the Digital Files and the consolidated financial statements to be submitted in accordance with FSA Norm no. 39/2015;

Those charged with governance are responsible for overseeing the preparation of the Digital Files that comply with ESEF.

(ii) Auditor's Responsibilities for the Audit of the Digital Files

Our responsibility is to express a conclusion on whether the consolidated financial statements included in the annual financial report complies in all material respects with the requirements of ESEF based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing and extend of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of Group's process for preparation of the Digital Files in accordance with ESEF, including relevant internal controls;

- reconciling the digital files including the marked-up data with the audited consolidated financial statements of Group to be submitted in accordance with FSA Norm no. 39/2015;

- evaluating if the consolidated financial statements contained in the annual report have been prepared in a valid XHTML format;

- evaluating if the iXBRL mark-ups, including the voluntary mark-ups, comply with the requirements of ESEF.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.
In our opinion, the consolidated financial statements for the year ended 31 December 2021 included in the annual financial report presented in the Digital Files comply in all materials respects with the requirements of ESEF.

In this section, we do not express an audit opinion, review conclusion or any other assurance conclusion on the consolidated financial statements. Our audit opinion relating to the consolidated financial statements of the Group for the year ended 31 December 2021 is set out in the "Report on the audit of the consolidated financial statements" section above.

Irina Dobre, Audit Partner

For signature, please refer to the original Romanian version.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under AF 3344

On behalf of:

DELOITTE AUDIT SRL

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under FA 25

The Mark Building, 84-98 and 100-102 Calea Griviței, 9th Floor, District 1
Bucharest, Romania
March 29, 2022

SIF BANAT – CRIŞANA SA
Consolidated statement of profit or loss and other comprehensive income for the financial year ending 31 December 2021
(all amounts presented are in LEI)

In LEI	Note	31-Dec-21	31-Dec-20
Income			
Dividend income	8	123.753.336	73.541.249
Interest income (from assets at amortized cost, assets at fair value through other comprehensive income)	9	2.116.486	6.657.366
Interest income (from assets at fair value through profit or loss)	9	3.135.548	2.478.903
Other operating income	10	56.289.009	24.017.759
Gain/(Loss) from investments			
Gain/(Loss) from investment property	11	491.691	6.696.841
Gain/(Loss) from exchange rate differences		2.327.613	2.259.221
Gain/(Loss) from financial assets at fair value through profit or loss	12	285.336.097	22.890.072
Gain/(Loss) from the sale of assets		-	48.285
Expenses			
Increase/(Decrease) in provisions for risks and expenses		(148.186)	739.745
Increase/(Decrease) in depreciation of current assets		68.490	(252.525)
Interest expenses		(436.051)	(414.063)
Fees expenses	13	(5.109.130)	(8.794.811)
Other operating expenses	14	(36.695.964)	(37.163.951)
Profit before tax		**431.128.939**	**92.704.091**
Corporate income tax	15	(15.959.386)	(3.843.663)
Net profit for the financial year		**415.169.553**	**88.860.428**
The profit is attributed to:			
Parent company		415.162.676	88.858.482
Non-controlling Interests		6.877	1.946
Total profit for the financial year		**415.169.553**	**88.860.428**
Other comprehensive income			
Amounts that are or can be transferred to profit or loss			
Amounts that can be transferred to profit or loss (debt instruments)		73.975	(29.465)
Amounts that are or may be transferred to retained earnings			
Change in the fair value of financial assets at fair value through other comprehensive income	19	340.241.271	(150.921.508)
The impact of corporate income tax		(53.324.609)	23.596.781
Other comprehensive income		**286.990.637**	**(127.354.192)**
Total comprehensive income for the period		**702.160.190**	**(38.493.764)**

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

Bogdan-Alexandru Drăgoi	Dorel Baba
Chairman, Chief Executive Officer	Financial Reporting Manager

SIF BANAT – CRIŞANA SA

Consolidated statement of financial position for the financial year ending 31 December 2021

(all amounts presented are in lei)

In LEI	Note	31-Dec-21	31-Dec-20
Assets			
Cash and cash equivalents	16	268.254.328	187.639.649
Bank deposits	17	114.910.692	5.453.621
Financial assets measured at fair value through other comprehensive income (bonds)	19	5.283.259	5.111.504
Other financial assets	20	34.583.936	9.254.479
Other assets		308.166	257.797
Assets held for sale	5, 11	45.522.520	43.727.212
Financial assets measured at fair value through the profit and loss	18	1.680.565.630	1.394.390.716
Financial assets measured at fair value through other comprehensive income (shares)	19	1.421.724.975	1.210.525.841
Investment property	11	30.840.716	28.498.134
Property, plant, equipment	21	6.820.615	6.032.529
Total assets		**3.608.814.837**	**2.890.891.482**
Liabilities			
Current tax liabilities		-	143.012
Other financial liabilities	22	42.082.799	39.296.691
Other liabilities and deferred income		293.418	26.796
Loans	24	15.878.238	15.534.842
Lease liabilities		28.572	49.965
Provisions for risks and charges		2.329.196	2.181.010
Deferred tax liabilities	23	180.597.407	146.892.044
Total debts		**241.209.630**	**204.124.360**
Equity			
Share capital	25	51.542.236	51.542.236
Treasury shares	25	(21.363.229)	(2.199.867)
Losses from buy-back of treasury shares	25	(330.998)	(40.659)
Benefits granted in equity instruments		-	1.867.063
Other reserves	25	1.249.578.037	1.157.455.631
Reserves from property, plant, equipment revaluation		1.176.569	1.176.569
Legal reserves		10.568.848	10.568.848
Reserves from the revaluation of financial assets at fair value through other comprehensive income	19	910.357.994	725.960.324
Retained earnings	25	1.166.055.407	740.422.170
Total		**3.367.584.864**	**2.686.752.315**
Non-controlling interests		20.343	14.807
Total equity		**3.367.605.207**	**2.686.767.122**
Total liabilities and equity		**3.608.814.837**	**2.890.891.482**

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

Bogdan-Alexandru Drăgoi
Chairman, Chief Executive Officer

Dorel Baba
Financial Reporting Manager

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

(all amounts presented are in lei)

In LEI	**Share capital**	**Treasury shares**	**Losses from buy-back of treasury shares**	**Legal reserves**	**Reserves from the revaluation of financial assets at fair value through other comprehensive income**	**Reserves from revaluation of property, plant and equipment**	**Benefits granted in equity instruments**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total**
Balance as at 1 January 2021	**51.542.236**	**(2.199.867)**	**(40.659)**	**10.568.848**	**725.960.324**	**1.176.569**	**1.867.063**	**1.157.455.631**	**740.422.170**	**2.686.752.315**	**14.807**	**2.686.767.122**
Current year profit	-	-	-	-	-	-	-	-	415.162.676	415.162.676	6.877	415.169.553
Changes in the reserve from the revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Reserve from the revaluation of financial assets transferred to the profit and loss account	-	-	-	-	-	-	-	-	-	-	-	-
Reserve from the revaluation of financial assets transferred to retained earnings	-	-	-	-	(117.660.625)	-	-	-	117.660.625	-	-	-
Variation in the reserve	-		-	-	340.329.337	-	-	-	-	340.329.337	-	340.329.337
Deferred corporate tax afferent to	-	-	-	-	(38.271.042)	-	-	-	(15.067.658)	(53.338.700)	-	(53.338.700)
Total overall result for the period	**-**	**-**	**-**	**-**	**184.397.670**	**-**	**-**	**-**	**517.755.643**	**702.153.313**	**6.877**	**702.160.190**
Other reservations - own sources	-	-	-	-	-	-	-	92.122.406	(92.122.406)	-	-	-
Dividends prescribed	-	-	-	-	-	-	-	-	-	-	-	-
Variation of the reserve afferent to the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Variation in Benefits Provided											(1.341)	(1.341)
Redemption of treasury shares	-	4.575.867	77.472	-	-	-	(1.867.063)	-	-	2.786.276	-	2.786.276
Cancelation of treasury shares	-	(23.739.229)	(367.811)	-	-	-	-	-	-	(24.107.040)	-	(24.107.040)
Total transactions with shareholders, recognized directly in equity	**-**	**(19.163.362)**	**(290.339)**	**-**	**-**	**-**	**(1.867.063)**	**92.122.406**	**(92.122.406)**	**(21.320.764)**	**(1.341)**	**(21.322.105)**
Balance at 31 December 2021	**51.542.236**	**(21.363.229)**	**(330.998)**	**10.568.848**	**910.357.994**	**1.176.569**	**-**	**1.249.578.037**	**1.166.055.407**	**3.367.584.864**	**20.343**	**3.367.605.207**

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

Bogdan-Alexandru Drăgoi
Chairman, Chief Executive Officer

Dorel Baba
Financial Reporting Manager

Consolidated statement of changes in equity for the financial year ending 31 December 2021
(all amounts presented are in lei)

In LEI	**Share capital**	**Treasury shares**	**Losses from buy-back of treasury shares**	**Legal reserves**	**Reserves from the revaluation of financial assets at fair value through other comprehensive income**	**Reserves from revaluation of property, plant and equipment**	**Other reserves**	**Benefits granted in equity instruments**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total**
Balance as of 1 January 2020	**51.746.072**	**(7.295.461)**	**(134.838)**	**10.609.615**	**856.643.688**	**1.176.569**	**997.961.099**	**-**	**811.806.712**	**2.722.513.456**	**15.062**	**2.722.528.518**
Current year profit	-	-	-	-	-	-	-	-	88.858.482	88.858.482	1.946	88.860.428
Changes in the reserve from the revaluation of property, plant, and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Reserve from the revaluation of financial assets transferred to the profit and loss account	-	-	-	-	-	-	-	-	-	-	-	-
Reserve from the revaluation of financial assets transferred to retained earnings	-	-	-	-	(3.942.196)	-	-	-	3.942.196	-	-	-
Variation in the reserve	-		-	(40.767)	(150.956.585)	-	-	-	40.767	(150.956.585)	-	(150.956.585)
Deferred corporate tax afferent to	-	-	-	-	24.215.417	-	-	-	(613.024)	23.602.393	-	23.602.393
Total overall result for the period	**-**	**-**	**-**	**(40.767)**	**(130.683.364)**	**-**	**-**	**-**	**92.228.421**	**(38.495.710)**	**1.946**	**(38.493.764)**
Other reservations - own sources	-	-	-	-	-	-	159.494.532	-	(159.494.532)	-	-	-
Increase/Decrease of participation interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Dividends prescribed	-	-	-	-	-	-	-	-	-	-	-	-
Variation of the reserve afferent to the subsidiaries	-	-	-	-	-	-	-	-	867.506	867.506	(2.201)	865.305
Variation in Benefits Provided	-	-	-	-	-	-	-	1.867.063	-	1.867.063	-	1.867.063
Redemption of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Cancelation of treasury shares	(203.836)	5.095.594	94.179	-	-	-	-	-	(4.985.937)	-	-	-
Total transactions with shareholders, recognized directly in equity	**(203.836)**	**5.095.594**	**94.179**	**-**	**-**	**-**	**159.494.532**	**1.867.063**	**(163.612.963)**	**2.734.569**	**(2.201)**	**2.732.368**
Balance at 31 December 2020	**51.542.236**	**(2.199.867)**	**(40.659)**	**10.568.848**	**725.960.324**	**1.176.569**	**1.157.455.631**	**1.867.063**	**740.422.170**	**2.686.752.315**	**14.807**	**2.686.767.122**

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

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Chairman, Chief Executive Officer

Dorel Baba
Financial Reporting Manager

In LEI	**31-Dec-21**	**31-Dec-20**
Cash flows from operating activities		
Net profit of the period	**415.169.553**	**88.860.428**
Adjustments for:		
Depreciation of tangible and intangible assets	741.779	688.393
(Gain)/Loss on disposal of property, plant, and equipment	5.369	185.950
(Gain)/Loss from investment property	(491.691)	(6.696.841)
(Increase)/Decrease in provisions for risks and expenses	148.186	(739.745)
(Gain)/Loss from financial assets at fair value through profit or loss	(285.336.097)	(22.890.072)
Dividend income	(123.753.336)	(73.541.249)
Interest income	(5.252.033)	(9.136.269)
Interest expenses	436.052	414.062
Benefits granted in equity instruments	2.576.937	1.867.063
Other adjustments and exchange rate differences	(421.436)	(1.119.282)
Corporate Income Tax	15.959.386	3.843.663
Operating profit before changes in assets and liabilities	**19.782.669**	**(18.263.899)**
Changes in assets and liabilities related to the operating activity		
Changes in other assets	(25.565.865)	7.768.457
Changes in other debts	3.194.924	35.058.765
Corporation tax paid	(32.901.624)	(6.870.839)
Net Cash Generated from Operating Activities	**(35.489.896)**	**17.692.484**
Cash flows from investment activities		
Payments for the purchase of financial assets measured at fair value through other comprehensive income (shares, bonds) (Note 19)	(67.751.279)	(7.459.123)
Proceeds from the sale of financial assets measured at fair value through other comprehensive income (shares, bonds)	196.793.416	65.497.597
(Placements) / Receipts from deposits with an initial maturity of more than 3 months	(109.352.759)	9.513.000
Proceeds from the sale/redemption of assets at fair value through the profit and loss account (fund units, bonds)	16.484.890	9.899.346
Payments for the acquisition of assets at fair value through the profit and loss account (fund units, shares, bonds) (Note 18)	(13.036.934)	(159.436.657)
Receipts/(Payments) for the acquisition of financial assets valued at amortized cost	-	43.746.000
Payments for purchases of property, plant and equipment and real estate investments	(6.086.646)	(5.114.365)
Proceeds from the sale of property, plant and equipment and investment property	930.641	9.636.800
Dividends received	118.335.251	71.542.194
Interest received	4.027.543	9.619.287
Net cash used in investment activities	**140.344.123**	**47.444.079**
Cash flows from financing activities		
Loan receipts/repayments (including leasing)	(131.168)	3.567.192
Dividends paid to the shareholders of the company	(1.340)	(2.448)
Redemption of treasury shares	(24.107.040)	-
Net cash used in financing activities	**(24.239.548)**	**3.564.744**
Increase/(decrease) net in cash and cash equivalents	**80.614.679**	**68.701.307**
Cash and cash equivalents at the beginning of the financial year	**187.639.649**	**118.938.342**
Cash and cash equivalents at the end of the financial year	**268.254.328**	**187.639.649**

Cash and cash equivalents include:

	31 December 2021	31 December 2020
Cash in the cashier's office	6.753	7.647
Current accounts with banks (including interest receivable)	161.771.661	41.422.880
Bank deposits with an initial maturity of less than 3 months (including interest receivable)	106.473.878	146.189.161
Other amounts and cash advances	2.036	19.961
Cash and cash equivalents	**268.254.328**	**187.639.649**

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

Bogdan-Alexandru Drăgoi
Chairman, Chief Executive Officer

Dorel Baba
Financial Reporting Manager

Consolidated accounting policies

1 Reporting entity

The Financial Investment Company Banat–Crişana SA ("The Company") was established based on Law nr. 133/1996 through the reorganization and transformation of the Banat-Crişana Private Property Fund and is a joint stock company operating under Law 31/1990. The entity is incorporated as a self-managed investment company, authorized by the Financial Supervisory Authority as An Alternative Investment Fund Manager (AIFM) - Authorization no. 78/09.03.2018, classified in accordance with the provisions of Law no. 243/2019 as a closed-end, diversified alternative investment fund for retail investors (FIAIR). The Financial Supervisory Authority has issued Authorization no. 130/01.07.2021 authorizing SIF Banat-Crișana S.A. as an Alternative Investment Fund for Retail Investors (F.I.A.I.R).
SIF Banat–Crişana has its headquarters in Arad, Calea Victoriei, nr. 35 A, Arad County, code 310158, tel: 0257.304.438, Fax: 0257.250.165. The registration number from the Trade Register Office is: J02/1898/1992, and the Unique Tax Registration Code is: 2761040
The company's object of activity is:

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

The company's shares are listed on the Bucharest Stock Exchange, starting with November 1st, 1999, and the Premium category is traded on the regulated market, with the indication SIF1.
The company's storage company, starting with 28.11.2019 is BCR, until this date (from 29.01.2014) being BRD Groupe Société Générale.
The registry services company is Depozitarul Central SA Bucharest.
The consolidated financial statements drawn up for 2021 include the Company, its subsidiaries, and associates ("Group"). Subsidiaries and associations are listed in Note 3. The undertaking prepares consolidated financial statements as the ultimate parent undertaking for the group entities.
The activity carried out by the Group in 2021 and 2020 is found on a single segment of activity, respectively financial.
In accordance with IFRS 10, as of financial year 2018, the Company measures all its subsidiaries at fair value through the profit or loss account, except for subsidiaries that provide investment-related services, which will continue to be consolidated.

2 The basis of preparation

a) Declaration of conformity

The consolidated financial statements were drawn up in accordance with Rule no. 39/2015 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the EU, applicable to the entities authorized, regulated, and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector ("Norm").
In accordance with Regulation No 1606/2002 of the European Parliament and of the Council of the European Union of 19 July 2002, and with Law nr. ANRE President's Order no. 24/2017 on issuers of financial instruments and market operations, financial investment companies have the obligation to prepare and submit to the Financial Supervisory Authority (FSA) consolidated annual financial statements, in accordance with IFRS, within 4 months from the end of the financial year.
The accounting records of the Company and its subsidiaries are kept in RON.
Since not all subsidiaries apply international financial reporting standards as an accounting basis, accounts prepared in accordance with the Romanian Accounting Regulations ("RCR") are restated to reflect differences between RCR-compliant and IFRS-compliant accounts. Accordingly, the accounts according to the RCR shall be adjusted, to the extent necessary, to harmonize these financial

statements, in all material respects, with the IFRS requirements adopted by the European Union by Regulation 1606/2002 of the European Parliament and of the Council of the European Union of July 2002 and with those of ASF Rule No. 39/2015.

b) Presentation of consolidated financial statements

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

c) Basis of evaluation

Situations Consolidated financial assets are drawn up based on the fair value convention for financial assets and liabilities, at fair value through the profit and loss account and financial assets at fair value through other comprehensive income, respectively for investment property.
Other financial assets and liabilities, as well as non-financial assets and liabilities, are presented at amortized cost, revalued value or at cost.
Methods used to measure fair value are disclosed in Note 4.

d) Business continuity

Situations consolidated financials have been drawn up using the business continuity principle, which implies that the parent company and the companies in its portfolio will be able to dispose of assets and meet their obligations during their operational activity.

e) Presentation currency

The consolidated financial statements are presented in RON, rounded to the nearest leu, the currency that the Group's management has chosen as the presentation currency.

f) Use of estimates and judgments

Preparation consolidated financial statements in accordance with Rule No. ANRE President's Order no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector, implies the use by the Group's management of estimates, judgments and assumptions that affect the application of accounting policies as well as the reported value of assets, liabilities, incomes and expenses. The estimates and assumptions associated with these judgments are based on historical experience as well as other factors considered reasonable in the context of these estimates. The results of these estimates form the basis of judgments regarding the carrying amounts of assets and liabilities that cannot be obtained from other sources of information. The results obtained may differ from the values of the estimates.
The estimates and assumptions underlying them are periodically reviewed. Revisions in accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period in which the estimate is revised, and in future periods if the revision affects both the current and future periods.
The judgments made by the Group's management in the application of IFRS that have a significant effect on the consolidated financial statements as well as the estimates involving a significant risk of a material adjustment during the next year are set out in Note 6.

g) Changes in accounting policies

The accounting policies adopted are consistently applied over all periods presented in these consolidated financial statements.
Starting with the financial year 2018, the Company measures all its subsidiaries at fair value through the profit or loss account, except for subsidiaries that provide investment-related services, which will continue to be consolidated.

3 The basis of consolidation

a) Subsidiaries and associates

Subsidiaries are entities under the control of the Company. Control exists when the Company is exposed to, or has rights to, the variable return based on its participation in the investee and can influence those returns through its authority over the investee. At the time of the control assessment, potential or convertible voting rights that are exercisable at that time are also considered.
The financial statements of subsidiaries are included in the consolidated financial statements from the moment when control begins until the moment when the control ceases. The accounting policies of the subsidiaries have been modified to align them with those of the Group.
The list of investments in subsidiaries as of December 31, 2021, and December 31, 2020 is as follows:

		Percentage held (%)	
No.	**Company name**	**31 December 2021**	**31 December 2020**
1	(SIF Imobiliare PLC Nicosia)	100,00	100,00
2	(SIF SPV Two Bucharest)	99,99	99,99
3	SAI Muntenia Invest SA Bucharest	99,98	99,98
4	(SIF1 IMGB)	99,92	99,92
5	(Napomar SA Cluj Napoca)	99,43	99,43
6	(SIF Hotels SA Oradea)	99,00	99,00
7	(Azuga Turism SA Bucharest)	98,94	98,94
8	Real Estate Administration SA Bucharest	97,40	97,40
9	(Silvana SA Cehu Silvaniei)*	96,28	96,28
10	(Iamu SA Blaj)	76,70	76,70
11	(Vrancart SA Adjud)	75,06	75,06
12	(Central SA Cluj)	74,53	74,53
13	(Uniteh SA Timisoara)**	36,34	36,34
14	(SIFI CJ Logistic)**	5,53	5,53
15	(Ario SA Bistriţa)*	93,64	93,64

Note: subsidiaries presented in brackets in the table above are reflected at fair value through profit or loss in consolidated statements
Bankruptcy/ Uniteh SA and SIFI CJ Logistic are subsidiaries through their control and indirectly through SIF Imobiliare Nicosia Plc.*

b) Associates

Associates are those companies in which the Company can exercise significant influence, but not control over financial and operational policies.
The companies in which SIF Banat-Crișana holds between 20-50%, over which it exerts significant influence are Biofarm and Gaz Vest.

		Percentage held (%)	
No.	**Company name**	**31 December 2021**	**31 December 2020**
1	Gaz Vest SA Arad	25,82	25,82
2	Biofarm SA Bucharest	36,75	36,75

SIF Banat-Crișana has representatives in the Board of Directors of the two entities Biofarm and Gaz Vest and participates in the elaboration of their policies.

Companies in which SIF Banat-Crişana holds between 20-50%, over which it does not exercise significant influence:

- Companies in liquidation, insolvency, bankruptcy, etc.

		Percentage held (%)		
No.	**Company name**	**31 December 2021**	**31 December 2020**	**State**
1	Comar SA Baia Mare	34,94	34,94	Bankruptcy
2	Elbac SA Bacău	32,45	32,45	Bankruptcy
3	Petrocart	30,18	30,18	Insolvency
4	Agroproduct SA Resita	30,00	30,00	Reorganization
5	Agroindustriala Nădlac	30,00	30,00	Bankruptcy
6	Ardealul Alba Iulia plant	29,51	29,51	Bankruptcy
7	Commixt SA Ocna Mureş	28,97	28,97	Bankruptcy
8	Metalurgica SA Marghita	-	28,41	Bankruptcy
9	Sunprod Galda de Jos	27,09	27,09	Dissolution
10	Mebis SA Bistriţa	26,78	26,78	Insolvency
11	Exfor SA Bucharest	24,23	24,23	Bankruptcy
12	Mopal SA Bistriţa	21,89	21,89	Reorganization
13	Transylvania Aiud	20,19	20,19	Bankruptcy

In accordance with IFRS (IAS 28, paragraph 9), the Company may lose significant influence over the investees when it loses the power to participate in financial policy decisions and the operating power of the entity, such as when the associate comes under the control of the government, the judiciary, an administrator, or a regulatory body.

- Undertakings over which they do not exercise significant influence

		Percentage held (%)	
No.	**Company name**	**31 December 2021**	**31 December 2020**
1	Forestiera SA Tîrgovişte	25,75	25,75
2	Agromec Gataia	23,91	23,91
3	CTCE SA Alba Iulia	23,24	23,24
4	Spruce SA Suceava	21,63	21,63

Since the criteria in paragraph 6 are not met, IAS 28 ("Significant Influence Criteria") can be concluded that SIF Banat-Crişana does not have significant influence in the associates in the table above.

c) Transactions removed on consolidation

Intra-Group settlements and transactions, as well as unrealized profits resulting from intra-Group transactions, are eliminated from the consolidated financial statements.
The accounting policies set out below have been consistently applied over all the periods presented in these consolidated financial statements. Accounting policies have been consistently applied by all Group entities.

4 Significant accounting policies

a) Transactions in foreign currency

Operations denominated in foreign currency are recorded in LEI at the official exchange rate from the date of settlement of transactions. Monetary assets and liabilities recorded in foreign currency at the time when the consolidated statement of financial position is drawn up shall be converted into the functional currency at that day's rate. Gains or losses on monetary items are represented by the difference between the amortized cost expressed in the functional currency at the beginning of the reporting period, adjusted for effective interest and payments in the period, and the amortized cost in the foreign currency converted into the functional currency at the closing rate of the period.
Non-monetary assets and liabilities denominated in a foreign currency and measured at fair value are translated into functional currency at the rate on the date on which the fair value was determined.
Settlement gains or losses are recognized in the profit and loss account unless the exchange rate differences stem from the translation of securities classified as measured at fair value through other comprehensive income that are included in the reserve arising from the change in the fair value of those financial instruments and where the exchange rate differences stem from the translation of securities classified at value fair through profit and loss that are presented as gains or losses on fair value.
The exchange rates of the main foreign currencies were:

Currency	Spot Course 31 December 2021	Spot Course 31 December 2020
EUR	4,9481	4,8694
USD	3,9707	3,9660

b) Accounting for the effect of hyperinflation

In accordance with IAS 29 ('Financial reporting in hyperinflationary savings') the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy should be presented in terms of the current purchasing power of the currency at the time of the consolidated statement of financial position, i.e. non-monetary items are restated by applying the general index of prices at the date of acquisition or contribution.
According to IAS 29, an economy is hyperinflationary if, among other factors, the cumulative three-year rate of inflation exceeds 100%.
The continuous decrease of the inflation rate and other factors related to the characteristics of the economic environment in Romania indicate that the economy whose functional currency was adopted by the Group has ceased to be hyperinflationary, with an effect on the financial periods starting with January 1, 2004. Therefore, the provisions of IAS 29 were adopted in the preparation of consolidated financial statements by December 31, 2003.

c) Cash and cash equivalents

Cash includes cash availability in the cash register and at banks and sight deposits.
Cash equivalents are highly liquid short-term financial investments that are easily convertible into cash and are subject to an insignificant risk of a change in value.
When compiling the consolidated statement of cash flows, the following were considered as cash and cash equivalents: actual cash, current accounts with banks and deposits with an initial maturity of less than 90 days.

d) Instrfinancial statements in accordance with IFRS 9 include the following:

- Investments in equity instruments (e.g., shares);

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

(i) Classification

The financial instruments held are presented by the Company in accordance with IFRS 9 "Financial Instruments" as financial assets and financial liabilities.
Group Presents ***financial assets*** at amortized cost, fair value through other comprehensive income or fair value through profit or loss based on:

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

Business model

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

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

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

Model of assets held for collection

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

Model of assets held for collection and sale

- Managed both to achieve cash flows from collection and through the (full) sale of assets.
- Sales are of high frequency and value compared to the previous model, without specifying a certain threshold for classification in this model.

- The purpose of these sales may be to manage current liquidity needs, to mention a certain structure of yields obtained or decisions to optimize the balance sheet of the entity (correlation of the duration of financial assets with that of financial liabilities);
- The accounting reflection of these assets (if the SPPI criterion is also met and the fair value by profit or loss option has not been selected) is done at fair value through other comprehensive income (use of the effective interest method; interest, impairment gains or losses and exchange rate differences — in profit and loss/ change in the fair value of these instruments — in other comprehensive income, amounts recognized in other comprehensive income are recycled through profit and loss on derecognition of the asset).

Other business model

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

SPPI test

It contains criteria that assess to what extent the cash flow structure of a debt instrument fits into the pattern of a basic lending arrangement (interest reflects the amount of money over time, the credit risk associated with the principal, the hedging of other risks and costs associated with lending, and a profit margin).
There are several indicators that indicate where debt instruments held should be measured at fair value through profit and loss:

- Certain non-standard interest rates.
- the presence of leverage.
- certain hybrid instruments (include an embedded derivative).

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

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

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

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

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

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

(a) the financial asset is held as part of a business model the objective of which is achieved by collecting the contractual cash flows and selling the financial assets, and
(b) the contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of principal and interest on the principal amount outstanding.
The Group may make an irrevocable choice upon initial recognition in the case of certain investments in *equity instruments* that would otherwise be measured at fair value through profit or loss to show subsequent changes in fair value in other comprehensive income (as required by paragraphs 5.7.5 and 5.7.6 of IFRS 9—Financial Instruments).

Financial assets measured at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:
(a) the financial asset is held as part of a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows, and
(b) the contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of principal and interest on the principal amount outstanding.

Financial liabilities

Financial liabilities are measured at fair value through profit or loss (FVTPL) if:
- meet the requirements of the definition of 'held for trading';
- are designated in the category FVTPL upon initial recognition (if the specific conditions are met).

Other financial liabilities are valued at amortized cost.

(ii) Recognition

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

(iii) Assessment

After initial recognition, the entity shall measure financial assets in accordance with paragraphs 4.1.1–4.1.5 of IFRS 9 to:
a) Amortized cost.
b) Fair value through other comprehensive income; or
c) Fair value through profit or loss.

After initial recognition, the entity shall measure financial liabilities in accordance with paragraphs 4.2.1–4.2.2 of IFRS 9. Thus, the Group will classify all financial liabilities at amortized cost, except for:
a) financial liabilities measured at fair value through profit or loss.
b) financial liabilities arising when the transfer of a financial asset does not meet the conditions for derecognition.
c) financial collateral arrangements, measured at the higher of the amount of the provision for losses (Section 5.5 of IFRS 9) and the amount initially recognized less cumulative income (recognized under IFRS 15);
d) commitments to provide a loan at an interest rate below market value, measured at the higher of the value of the provision of losses (section 5.5 of IFRS 9) and the amount initially recognized less cumulative income (recognized under IFRS 15);
e) contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies.

Valuation at amortized cost

The amortized cost of a financial asset or a financial liability is the amount at which the financial asset or financial liability is measured after initial recognition less repayments of principal, plus or minus the accumulated depreciation using the effective interest method for each difference between the starting amount and the maturity amount, and minus any reduction for any estimated credit losses.
The effective interest rate is the rate that accurately discounts future cash payments and receipts over the expected life of the financial instrument to the level of the gross carrying amount of the financial asset in question the amortized cost of the financial liability. When calculating the effective interest rate, the entity shall estimate cash flows taking into account all the contractual terms of the financial

instrument but shall not take into account future losses from the change in credit risk. The calculation shall include all commissions and points paid or received by the parties to the contract which form an integral part of the effective interest rate, transaction costs and all other premiums and discounts.

Fair value measurement

Fair value is the price that would be received when selling an asset or paid for the transfer of a liability in a normal transaction between participants in the main market at the measurement date, or in the absence of the main market, in the most advantageous market to which the Group has access at that time.
The group measures the fair value of a financial instrument using quoted prices in an active market for that instrument. A financial instrument has an active market if quoted prices are readily and regularly available for that instrument. Group measures instruments quoted on active markets using the closing price.
A financial instrument is quoted in an active market when quoted prices are readily and regularly available from an exchange, a dealer, a broker, an industry association, a pricing service or a regulatory agency, and these prices reflect transactions that occur in a real and regular manner, carried out under objective market conditions.
In the category of shares listed on an active market are included all those shares admitted to trading on the stock exchange or alternative market and showing frequent trades. The market price used to determine fair value is the closing price of the market on the last trading day before the measurement date.
Fund units are valued based on NAV, calculated by the fund manager using closing quotes for listed financial instruments.
Government bonds are valued based on the market quotation available on Bloomberg for that issue, multiplied by the denomination per unit.
In the absence of a price quote in an active market, the Group it uses evaluation techniques. The fair value of financial assets not traded in an active market is determined by authorized valuers.
Valuation techniques include techniques based on the use of observable input data, such as the quoted price of the identical item held by another party as an asset, in a market that is not active, and for assets for which observable prices are not available, valuation techniques based on discounted cash flow analysis, and other valuation methods commonly used by market participants. These include the method of comparisons with similar instruments for which there is an observable market price respectively the method of percentage of the net assets of these companies, adjusted with a discount for minority holding and a discount for lack of liquidity)**,** making the most of market information, relying as little as possible on specific information Company. The group uses evaluation techniques that maximize the use of observable data and minimize the use of unobservable data.
Valuation techniques shall be used consistently.

(iv) Identification and valuation of value impairment

The Group shall recognize an adjustment for expected credit losses on a financial asset that is measured in accordance with paragraphs 4.1.2 or 4.1.2A of IFRS 9 (debt instruments measured at amortized cost or fair value through other comprehensive income), a claim arising from a lease, a loan commitment, and a financial collateral arrangement.
Group applies the impairment requirements for recognizing the loss allowance for assets measured at fair value through other comprehensive income (debt instruments that meet the criteria of paragraph 4.1.2A of IFRS 9 — assets held for the purpose of collecting cash flows and selling, whose cash flows are exclusively repayments of principal or interest payments). The adjustment thus determined is recognized on behalf of other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.
At each reporting date, the Group assess the adjustment for credit losses relating to an instrument to reflect:

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

Group recognizes in profit or loss, as an impairment gain or loss, the amount of expected, recognized, or reversed losses required to affect the adjustment for losses at the reporting date up to the level required by IFRS 9.
The Group shall assess the expected credit losses of a financial instrument in such a way that it represents:

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

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

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

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

(v) Derecognition

Group derecognizes a financial asset when the rights to receive cash flows from that financial asset expire, or when the Group has transferred the rights to receive the contractual cash flows relating to that financial asset in a transaction in which it has transferred substantially all the risks and benefits of ownership.
Any interest in the transferred financial assets retained by the Company or created for the Society it is recognized separately as an asset or liability.
Group derecognizes a financial liability when contractual obligations have ended or when contractual obligations are cancelled or expire.
Derecognition financial assets and liabilities are accounted for using the weighted average cost method. This method involves calculating the value of each item based on the weighted average of the value of similar items in stock at the beginning of the period and the value of similar items purchased during the period.

(vi) Reclassifications

If the Group reclassifies financial assets in accordance with paragraph 4.4.1 of IFRS 9 (because of changes in the business model for the management of its financial assets), then all affected financial assets will be reclassified. Financial liabilities may not be reclassified after initial recognition.
Group apply the reclassification of financial assets prospectively from the date of reclassification. Any previously recognized gains, losses or interest will not be restated.
In the event of a reclassification, the Group it shall do so:

- When reclassifying an asset from amortized cost to fair value through profit or loss, fair value is determined at the reclassification date. The difference between amortized cost and fair value is recognized in profit or loss.

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

(vii) Gains and losses

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

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

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

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

Gains on debt instruments (bonds):

- Changes in fair value (including exchange rate) in other comprehensive income
- Interest income is recognized in profit or loss
- Loss adjustments are recognized in profit or loss

When the asset is derecognized, cumulative losses or gains previously recognized in other comprehensive income:

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

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

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

e) Other financial assets and liabilities

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

f) **Property, plant, and equipment**

(i) Recognition and evaluation

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

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

(ii) Evaluation after recognition

After recognition as an asset, items of property, plant, and equipment of the nature of land and buildings whose fair value can be measured reliably are carried at a revalued amount, which is fair value at the date of the revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Other property, plant and equipment are measured at cost less cumulative depreciation and any impairment losses.
Revaluations are made on a regular basis to ensure that the carrying amount does not differ significantly from what would have been determined by using fair value at the end of the reporting period.
If an item of property, plant and equipment is revalued, then the entire class of property, plant, and equipment to which that item belongs is subject to revaluation.
If the carrying amount of an asset is increased because of a revaluation, the increase is recognized in other comprehensive income and accumulated in equity as a revaluation surplus.
However, the increase will be recognized in profit or loss to the extent that it offsets a decrease in the revaluation of the same asset previously recognized in profit or loss.
If the carrying amount of an asset is reduced because of a revaluation, that decrease is recognized in profit or loss.
However, the reduction will be recognized in other comprehensive income to the extent that the revaluation surplus presents a credit balance for that asset. Transfers from revaluation surplus to retained earnings shall not be affected by way of profit or loss.

(iii) Subsequent costs

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

- Whether future economic benefits associated with the asset are likely to be entered.
- Whether these costs can be measured reliably.

The costs of daily maintenance ("repair and maintenance expenses") related to property, plant and equipment are not capitalized; they are recognized as the costs of the period in which they occur. These costs consist mainly of expenditure on labor and consumables and may also include the cost of low-value components.
Expenditure on the maintenance and repair of property, plant and equipment shall be recorded in the profit or loss account when they occur, and significant improvements to property, plant and equipment which increase their value or lifetime, or which significantly increase their capacity to generate economic benefits, shall be capitalized.

(iv) Amortization

Depreciation is calculated for the cost of the asset or another cost-substituting amount less the residual value. Depreciation is recognized in the profit or loss account using the straight-line method for the estimated useful life of property, plant, and equipment.
The estimated useful life spans for the current period and for the comparative periods are as follows:

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

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

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

The carrying amount of an item of property, plant and equipment is derecognized (removed from the statement of financial position) upon disposal or when no future economic benefit is expected from its use or disposal.
Property, plant and equipment that is scrapped or sold are removed from the balance sheet together with the corresponding cumulative depreciation. Any profit or loss arising from such an operation shall be included in the current profit or loss account.

g) Intangible assets

Intangible assets are initially valued at cost. After initial recognition, an intangible asset is accounted for at cost less accumulated depreciation and any accumulated impairment losses.

(i) Depreciation of intangible assets

Depreciation is calculated for the cost of the asset or another amount that substitutes for cost. Depreciation is recognized in profit or loss using the straight-line method for the estimated useful life of intangible assets from the date on which they are available for use, which most accurately reflects the expected pattern of consumption of the economic benefits embodied in the asset.
The estimated useful life spans for the current period and for the comparative periods are as follows:

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

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

h) Real estate investments

An investment property is a real estate (land, building or part of a building) owned by the Group to obtain rental income or to increase the value of capital, or both, rather than to be used for the production or supply of goods or services or for administrative purposes or to be sold in the normal course of business.

(i) Initial recognition

An investment property shall be recognized as an asset if, and only if there is a likelihood that the future economic benefits associated with the investment property will accrue to the Group and the cost of the investment property can be measured reliably.

(ii) Assessment

Recognition assessment

An investment property must initially be valued at cost, including transaction costs. The cost of a purchased investment property includes its purchase price plus any directly attributable expenses (e.g. professional fees for the provision of legal services, transfer of ownership fees and other transaction costs).

Measurement after recognition

The fair value model

After initial recognition, all investment property is measured at fair value unless fair value cannot be determined reliably on a continuing basis.
In exceptional circumstances where, at the time of the first acquisition of an investment property, there is clear evidence that the fair value of the investment property cannot be reliably determined on a continuing basis, the Group measures that investment property using the cost model. All other investment property is measured at fair value. If the Group has previously measured an investment property at fair value, then it will continue to measure that investment property at fair value until the moment of disposal.
Gains or losses resulting from changes in the fair value of investment property are recognized in the profit or loss of the period in which they occur.
The fair value of investment property shall reflect market conditions at the end of the reporting period.

(iii) Derecognition

The carrying amount of an investment property is derecognized (removed from the statement of financial position) at the time of disposal or when the investment is permanently withdrawn from use and no future economic benefits are expected to arise from its disposal.
Gains or losses arising from the disposal or disposal of an investment property shall be recognized in profit or loss during the period of termination or disposal.

i) Leasing

On the date of commencement of the contract, the lessee recognizes that right of use in the asset a liability within the liability. The valuation of the right-of-use asset is made at cost. This includes the initial measurement of the liability, the net payments (minus incentives received) of the lease made at or before the start of the contract or before that date any costs incurred by the lessee at the beginning of that lease. The measurement of the liability shall be made based on the net present value of future lease payments, using the interest rate applicable under the contract or, failing that, the cost of an equivalent loan to the lessee. Lease payments include fixed amounts, variable amounts (dependent on indices or rates, depending on the level of these parameters at the beginning of the contract), amounts related to the residual value, the purchase price (in case of exercising the option) respectively penalties due in case of early termination of the contract.
In the subsequent measurement, the carrying amount is the initial cost less any accumulated depreciation, accumulated impairment losses or adjusted for any revaluations of the liability. Depreciation of the asset occurs over the period between the beginning of the contract and the end of the contract/useful life term.
The revaluation of the leasing debt is carried out by increasing the carrying amount by the accumulated interest, reducing it with the leasing payments made respectively adjusted according to any contractual changes.

The amount of interest shall be included in the expenses of the period and shall be determined on the basis of the financing interest rate provided for in the contract, that is to say, the marginal borrowing rate of the lessee concerned, the interest rate that the lessee would have to pay in order to borrow, for a similar period and with a similar guarantee, the funds necessary to obtain an asset of an amount similar to that of the right-of-use asset, in a similar economic environment.

j) Impairment of non-financial assets

The carrying amount of the Group's non-financial assets, other than deferred tax assets, shall be reviewed at each reporting date for impairment indices. If such indications exist, the recoverable amount of those assets shall be estimated.
An impairment loss is recognized when the carrying amount of the asset or its cash-generating unit exceeds the recoverable amount of the cash-generating asset or unit. A cash-generating unit is the smallest identifiable group that generates cash and is independent of other assets and groups of assets. Impairment losses are recognized in the profit and loss account.
The recoverable amount of an asset or a cash-generating unit is the maximum between its value in use and its fair value less the costs of selling that asset or units. For the determination of the net use value, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to that asset.
Impairment losses recognized in previous periods shall be assessed at each reporting date to determine whether they have decreased or no longer exist. Impairment loss shall be resumed if there has been a change in the estimates used to determine the recovery value. Impairment loss shall only be resumed if the carrying amount of the asset does not exceed the calculated carrying amount, net depreciation, and impairment, if the impairment loss had not been recognized.
Non-financial assets other than goodwill that have been affected by impairment shall be revised for the possible resumption of impairment at each reporting date.

k) Share capital and treasury shares

Ordinary shares are recognized in the share capital. Incremental costs directly attributable to an issue of ordinary shares are deducted from the capital net of the effects of taxation.
For the purpose of drawing up IFRS compliant consolidated financial statements, the Group also applied the requirements of IAS 29 "Financial reporting in hyperinflationary economies" by adjusting, for current measurement as of 31 December 2003, the share capital.
The Group recognizes redemptions of equity shares at the time of the transaction as a decrease in equity. The repurchased equity shares are recorded at the acquisition value, with brokerage fees and other costs directly related to the acquisition being recognized in a separate account also as a decrease in equity. Cancellation of treasury shares held is carried out based on the approval of shareholders, in compliance with all legal requirements regarding this operation. When derecognized, the Group uses the share capital accounts (for nominal value) respectively retained earnings (for the difference between the acquisition cost and the nominal value) in return for the cancelled treasury shares.

l) Provisions for liabilities and charges

Provisions are recognized in the consolidated statement of financial position when an obligation related to a past event arises for the Group and it is likely that in the future it will be necessary to consume economic resources to extinguish this obligation and a reasonable estimate of the amount of the obligation can be made. For the determination of the provision, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and the risks specific to that liability. The amount recognized as a provision constitutes the best estimate of the expenses required to settle the current obligation at the end of the reporting period.

m) Interest income and charges

Interest income and charges shall be recognized in the consolidated statement of profit or loss by the effective interest method. The effective interest rate represents the rate that accurately discounts future cash payments and receipts over the expected life of the financial instrument up to the level of the gross carrying amount of the financial asset in question the amortized cost of the financial liability.

n) Dividend income

Dividends on an equity instrument classified at fair value through other comprehensive income that at fair value through profit or loss are recognized in profit or loss when the entity's entitlement to receive those amounts is determined, unless those amounts represent a substantial return on investment cost, complying with IFRS 9.
The group shall not record any dividend income relating to shares received free of charge when they are distributed proportionally to all shareholders.
Dividend income is recorded at the gross amount that includes the dividend tax, which is recognized as a current expense with the income tax. Their accounting recognition is made after the date of registration, which identifies the shareholders on whom the decisions of the general meeting of shareholders are reflected, considering the number of shares held by the Group on the date of registration and the gross dividend / share approved by those decisions.

o) Rental income

Rental income is generated by real estate investments rented by the Group in the form of operating leases and is recognized in linear profit or loss throughout the contract period.

p) Employee benefits

(i) Short-term benefits

Obligations with short-term benefits granted to employees are not updated and are recognized in the statement of overall result as the related service is provided.
The short-term benefits of employees include salaries, bonuses, and social security contributions. The short-term benefits of employees are recognized as an expense when services are provided.

(ii) Defined contribution plans

The group makes payments on behalf of its own employees to the pension system of the Romanian state, and the health insurances, during the normal activity. Also, the Group retains and transfers to private pension funds, the amounts with which the employees have enrolled in an optional pension plan.
All employees of the Group are members and have the legal obligation to contribute (through social contributions) to the pension system of the Romanian State (a plan of determined contributions of the State). All related contributions are recognized in the profit or loss account of the period when they are made. The Group shall have no additional obligations.
The Group is not engaged in any independent pension scheme and therefore has no other obligations in this respect. e Group is not obliged to provide subsequent services to former or current employees.

(iii) Long-term employee benefits

The Group's net liability regarding the benefits of long-term services is represented by the amount of future benefits that employees have earned in exchange for the services provided by them in the current and prior periods. Within the group, depending on the regulations of the Collective Labor Agreement in force, people who retire at old age may benefit at the time of retirement from an aid at the level of five average net salaries per Group.

The Group's net liability in respect of the long-term benefits determined based on the Collective Bargaining Agreement is estimated using the projected credit factor method and is recognized in the profit and loss account on the accrual accounting principle. The surplus or deficit arising from changes in the discount rate and other actuarial assumptions shall be recognized as income or expense for the remaining working hours of the employees participating in the plan.

(iv) Payment based on shares and share option plan programs

According to IFRS 2, for share-based payment transactions with a settlement in shares, the entity shall measure the goods or services received and the corresponding increase in equity directly at the fair value of the goods or services received, unless fair value cannot be estimated reliably. If the entity cannot reliably estimate the fair value of the goods or services received, the entity shall measure their value and the corresponding increase in equity indirectly in relation to the fair value of the equity instruments awarded.
To apply these provisions to transactions with employees and other persons providing similar services, the entity shall measure the fair value of the services received by reference to the fair value of the equity instruments granted because it is generally not possible to estimate reliably the fair value of the services received. The fair value of those equity instruments shall be measured at date of grant.
An award of equity instruments may be conditional on satisfaction specific conditions for entry into rights. For example, an assignment of shares or share options to an employee is generally conditional on the employee remaining in the service of the entity for a specified period. It may be necessary to meet performance conditions, such as for the entity to achieve a specified increase in profit or a specified increase in the entity's share price. Conditions for entry into rights other than market conditions shall not be considered when estimating the fair value of shares or options per share at the measurement date. Conversely, the conditions for entry into entitlement must be considered by adjusting the number of equity instruments included in the measurement of the transaction value, so that ultimately the value recognized for the goods or services received in return for the equity instruments awarded must be based on the number of equity instruments that ultimately come into entitlement. Therefore, on a cumulative basis, no value is recognized for the goods or services received if the equity instruments awarded do not enter into their rights due to the failure to comply with a condition for entry into rights, for example, the partner does not complete the specified service period, or a performance condition is not met.

q) Corporate income tax

Reflected in the statement of financial position

Tax on profit includes the current tax and the deferred tax.
Income tax is recognized in profit or loss or in other comprehensive income if the tax is related to capital items.
The Group recognizes a deferred income tax liability (asset) for taxable (deductible) temporary fair value differences in investment in shares measured at fair value through other comprehensive income. The amount of this liability(s) is adjusted accordingly each time any taxable (deductible) fair value differences are recognized.
The deferred tax is determined using the balance sheet method for those temporary differences that arise between the tax base for calculating the tax on assets and liabilities and their carrying amount used for reporting in the individual financial statements.
Deferred tax shall not be recognized for the following temporary differences: initial recognition of goodwill, initial recognition of assets and liabilities arising from transactions which are not combinations of enterprises, and which do not affect either accounting or tax profit, and differences arising from investments in subsidiaries and associates if they are not resumed soon. The deferred tax is calculated based on the tax percentages that are expected to be applicable to the temporary differences upon

their resumption, based on the legislation in force on the date of reporting or the legislation issued on the date of reporting, and which will enter into force later.
The deferred tax liability is recognized only to the extent that it is likely that taxable profit will be obtained in the future after offsetting against the tax loss of previous years and the income tax to be recovered. The deferred tax asset is reduced to the extent that the corresponding tax benefit is unlikely to be realized.
The calculated deferred tax assets and liabilities are shown at net worth in the Group's financial statements.
Deferred tax assets and liabilities are cleared if there is a legal right to set off current tax assets and liabilities that relate to taxes levied by the same tax authority, from the same taxable entity, or on different tax entities but which intend to clear current tax assets and liabilities on a net basis, or their tax assets and liabilities will be realized simultaneously.

Reflected in the statement of profit or loss

The current income tax also includes the tax on the income from dividends recognized at gross value respectively the income tax (in the case of a subsidiary).
The additional taxes arising from the distribution of dividends are recognized on the same date as the obligation to pay the dividends.
The current tax is the tax payable on the profit realized in the current period, determined based on the percentages applied at the balance sheet date and all the adjustments related to the previous periods.
As of December 31, 2021, and December 31, 2020, the corporate tax was 16% and the income tax was 1%.

r) Earnings per share

The parent entity discloses basic and diluted per share information in the standalone financial statements.

s) Dividends

Dividends are treated as a distribution of profit during the period in which they were declared and approved by the General Meeting of Shareholders. The profit available for distribution is the profit of the year recorded in the individual financial statements drawn up in accordance with the International Financial Reporting Standards adopted by the European Union.
Dividends not paid for three years and for which the right to claim has been time-barred shall be recorded in equity with Other reserves.

t) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it can derive revenue and incur expenses (including revenue and expenses related to transactions with other components of the same entity) whose operating results are regularly reviewed by the entity's chief operating decision maker to decide on the resources to be allocated to the segment and assesses performance to it and for which financial information is available.
From the point of view of management, the real estate activity of some of the subsidiaries is pursued as financial activity and has been included in the financial activity segment.

u) Adoption of new or revised Standards and Interpretations

The following new standards, amendments to existing standards and interpretations issued by the IASB and adopted by the EU have an effect for the current reporting period:

Standards and amendments to existing standards issued by the IASB and adopted by the EU, but which have not yet entered into force

At the time of signing these Financial Statements, the following amendments to the existing standards were issued by the IASB and adopted by the EU, but have not yet entered into force:
Amendments to IAS 16 'Property, plant and equipment' — Proceeds before expected use adopted by the EU on 28 June 2021 (applicable for annual periods beginning on or after 1 January 2022),

Amendments to IAS 37 'Provisions, contingent liabilities and contingent assets' — Onerous contracts — Cost of contract performance adopted by the EU on 28 June 2021 (applicable for annual periods beginning on or after 1 January 2022),

Amendments to IFRS 3 "Business Combinations" — Definition of the conceptual framework with amendments to IFRS 3 adopted by the EU on 28 June 2021 (applicable for annual periods as of or after 1 January 2022),

IFRS 17 "Insurance Contracts" including amendments to IFRS 17 issued by the IASB on 25 June 2020 - adopted by the EU on 19 November 2021 (applicable for annual periods beginning on or after 1 January 2023),

Amendments to various standards due to the "IFRS Enhancements (2018–2020 Cycle)" resulting from the annual draft IFRS Improvement (IFRS 1, IFRS 9, IFRS 16 and IAS 41) with the primary purpose of eliminating inconsistencies and clarifying certain formulations — adopted by the EU on June 28, 2021 (the amendments to IFRS 1, IFRS 9 and IAS 41 are applicable for annual periods beginning on or after 1 January 2022). The amendment to IFRS 16 refers only to an illustrative example, so no effective date is mentioned).

New standards and amendments to existing standards issued by the IASB but not yet adopted by the EU

At present, the IFRS standards adopted by the EU do not differ significantly from the regulations adopted by the IASB, except for the following new standards and amendments to existing standards, which have not yet been adopted for application in the EU by the date of publication of these Financial Statements:

IFRS 14 "Deferral accounts related to regulated activities" (applicable for annual periods from or after 1 January 2016) – the European Commission has decided not to issue the approval process of this interim standard and to wait for the final standard,

Amendments to IAS 1 "Presentation of Financial Statements" — Classification of liabilities into short-term and long-term liabilities (applicable for annual periods beginning on or after 1 January 2023),

Amendments to IAS 1 "Presentation of Financial Statements" — Presentation of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023),

Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors" — Definition of accounting estimates (applicable for annual periods beginning on or after 1 January 2023),

Amendments to IAS 12 "Income Tax" — Deferred tax on assets and liabilities arising from a single transaction (applicable for annual periods beginning on or after 1 January 2023),

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"— Sale of or contribution of assets between an investor and its associates or joint ventures and subsequent amendments (the effective date has been postponed for an indefinite period until the research project on the equity method is completed),

Amendments to IFRS 17 "Insurance Contracts" — Initial Application of IFRS 17 and IFRS 9 — Comparative Information (applicable for annual periods as of or after 1 January 2023.)

The Group expects that the adoption of these new standards and changes to existing standards will not have a material impact on the financial statements during the initial maintenance period.

v) Subsequent events

Events occurring after the balance sheet date may provide additional information on the period reported as compared to that known at the balance sheet date. If the annual consolidated financial statements have not been approved, they must be adjusted to also reflect additional information if that information relates to conditions (events, operations, etc.) that existed at the balance sheet date.
Events after the balance sheet date are those events, favorable or unfavorable, that occur between the balance sheet date and the date on which the annual financial statements are approved. Events after the balance sheet date shall include all events occurring up to the date on which the annual consolidated financial statements are approved, even if those events occur after the disclosure of financial information to the public.
Two types of events after the balance sheet date can be identified:
- those proving the conditions which existed at the balance sheet date. These events after the balance sheet date led to an adjustment of the annual financial statements; and
- those giving indications of conditions arising after the balance sheet date. These events after the balance sheet date do not lead to an adjustment of the annual financial statements.
For events after the balance sheet date that led to the adjustment of the annual financial statements, the Group adjusts the amounts recognized in its financial statements to reflect events after the balance sheet date. An event after the balance sheet date that leads to an adjustment in the annual financial statements and that requires the Group to adjust the amounts recognized in its annual financial statements or the recognition of items that have not previously been recognized is the resolution after the balance sheet date of a dispute that confirms that the entity has an obligation present at the balance sheet date. The Group shall adjust any previously recognized provision in connection with this dispute or recognize a new provision.
In the case of events after the balance sheet date which do not lead to an adjustment of the annual financial statements, the Group shall not adjust the amounts recognized in its financial statements to reflect those events after the balance sheet date.
If the Group receives, after the balance sheet date, information on the conditions that existed at the balance sheet date, the Group shall update the disclosures relating to those conditions in the light of the new information.

(x) The impact of the COVID-19 pandemic and recent global developments on the Group's financial position

As a result of the negative impact of the COVID-19 pandemic on global and local economic activities, the Group's management estimates that the financial performance (to a greater extent) and the financial position (to a lesser extent) have been significantly influenced by the effects of the pandemic. These influences may also manifest themselves in future financial years both in terms of the fair values of the financial assets held, both those reflected in the profit and loss account and in other comprehensive income, and in the Group's recurring income from dividends and interest on monetary investments (against the background of declining interest rates because of monetary policy decisions at global and local level).
In addition to the pandemic context, the degradation of the regional geopolitical and security context can significantly influence both the fair values of the entity's financial assets and the expected future

cash flows. The galloping evolution of commodity prices, energy products and the global inflationary context, coupled with the uncertainty of the impact and tempo of the monetary policies of the main central banks, are the main sources of uncertainty in calibrating the management activity of the Company's assets.
The Group's management constantly monitors the main dynamics of the local and international economic environment, but a precise assessment of the potential impact on the position and future financial performance is difficult to achieve. However, the Group's management does not anticipate difficulties in fulfilling its obligations to third parties under the conditions of a balanced structure of assets held and the material amount of liquidity with immediate availability.

5 Managing significant risks

The risk management activity is found in the organizational structure of the Group and concerns both general and specific risks, as provided by the applicable national and European legislation and regulations.
The most important financial risks to which the Group is exposed are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate risk and equity instruments' price risk. This note presents information on the Group's exposure to each of the above-mentioned risks, the Group's objectives and policies, and the risk assessment and management processes.
The group uses a variety of policies and procedures to administer and assess the types of risk to which it is exposed. These policies and procedures are presented in the subchapter dedicated to each type of risk.

5.1 Financial risks

(a) Market risk

Market risk is the current or future risk of losses on balance sheet and off-balance sheet positions due to adverse market price fluctuations (such as e.g., share prices, interest rates, exchange rates). The Group's management establishes the risk limits that can be accepted, limits that are regularly monitored. However, the use of this approach does not lead to the prevention of losses outside the limits set in the event of a significant market fluctuation.
The position risk is associated with the portfolio of financial instruments held by the Group with the intention of benefiting from the favorable evolution of the price of the respective financial assets or from any dividends/ coupons granted by the issuers. The group is exposed to position risk, both in relation to the general and the specific one, due to short-term investments made in bonds, shares and fund units.
The management has continuously pursued and seeks to minimize the possible adverse effects associated with this financial risk through an active policy of prudential portfolio diversification, as well as by using one or more risk mitigation techniques depending on the evolution of market prices related to the financial instruments held by the Group.

Risk of concentration
The concentration risk concerns all the assets held by the Group, regardless of the period of their holding, and by reducing this type of risk, it is aimed at avoiding the registration of too large an exposure to a single debtor / issuer at group level.
Management's policy of diversification of exposures applies to the structure of the portfolio, the structure of the business model, as well as the structure of exposures to financial risks. Thus, this diversification policy involves diversifying the portfolio by avoiding excessive exposure to a debtor, issuer, country or geographical region; the diversification of the structure of the business plan aims at the Group level to avoid excessive exposure to a certain line of business / sector of activity; the

diversification of the structure of financial risks is aimed at avoiding excessive exposure to a certain type of financial risk.
The market risk of equity instruments results predominantly from shares measured at fair value through other comprehensive income and the profit or loss account. The entities in which the Group holds shares operate in various industries.
The objective of market risk management is to control and manage market risk exposures within acceptable parameters, to the extent that profitability is optimized.
The Group's strategy for managing market risk is driven by its investment objective and market risk is managed in accordance with its policies and procedures.

The Group shall be exposed to the following categories of market risk:

(i) Market price risk

Price risk is the risk of loss-making on both balance sheet and off-balance sheet positions due to asset price developments.
The group is at risk that the fair value of held financial instruments may fluctuate because of changes in market prices, whether it is caused by factors specific to its issuer's activity or factors affecting all instruments traded in the market.
The Board of Directors shall monitor how the management of market risk is carried out and the internal procedures shall provide that, when the price risks are not in line with investment policy and the Group's principles, portfolio restructuring must be carried out.
A positive change of 10% in the price of financial assets at fair value through the profit and loss account (subsidiary shares, associates, corporate bonds, and fund units) would lead to an increase in post-tax profit, by RON 161,515,907 (December 31, 2020: RON 130,238,708), a negative change of 10% having an equal net impact and of the opposite sign.
A positive change of 10% in the prices of financial assets measured at fair value through other comprehensive income, investments in shares and corporate bonds would lead to an increase in equity, net of income tax, by RON 120,191,670 (31 December 2020: 102,748,567 lei), a negative variation of 10% having an equal net impact and of opposite sign.
As can be seen from the table below, as of December 31, 2021, the Group mainly held shares in companies operating in the financial-banking and insurance field, with a share of 49% of the total portfolio, at the same level as that recorded on December 31, 2020.

In LEI	**31 December 2021**	**%**	**31 December 2020**	**%**
Financial intermediation and insurance	1.321.045.619	49,0%	1.101.539.463	49,0%
Manufacturing industry	796.836.286	29,6%	574.531.935	25,5%
Hotels and restaurants	97.642.827	3,6%	100.015.985	4,4%
Wholesale and retail trade, repair of motor vehicles	39.048.278	1,4%	30.964.570	1,4%
Production and supply of energy, gas, water	27.214.550	1,0%	12.951.575	0,6%
Extractive industry	17.897.034	0,7%	13.037.218	0,6%
Other activities	1.174.734	0,0%	3.738.815	0,2%
Financial services applicable to the real estate domain	346.555.946	12,9%	368.782.154	16,4%
Construction	606.059	0,0%	197.061	0,0%
Transport and storage	44.560.504	1,7%	42.978.421	1,9%
Rental of real estate	2.319.072	0,1%	1.104.583	0,0%
Agriculture, forestry, and fisheries	151.713	0,0%	411.121	0,0%
TOTAL	**2.695.052.625**	**100,0%**	**2.250.252.901**	**100%**

As of December 31, 2021, and December 31, 2020, the Group holds fund units worth RON 369,329,872 (December 31, 2020: RON 305,468,130), at the Closed-end Investment Funds Active Plus, Star Value, Optim Invest, Certinvest Actiuni, Romania Strategy Bottom and Open-End Investment Fund Plus Invest – Muntenia (from 2021 onwards).
The Group is exposed to price risk in terms of the investments made (listed shares, bonds, bank deposits) with a different degree of risk by these Investment Funds.

The sectoral structure of the Group's holdings was influenced by asymmetrical return of share prices during the COVID-19 pandemic to (1) the faster growth of fair value and thus the share of investments in the financial sector (mainly listed entities), (2) the increase in the share of the manufacturing sector, mainly due to the upward evolution of listed holdings in the pharma segment, and (3) the slow return/stagnation of the fair value of sectors directly and significantly affected by the pandemic and the measures combating it (mainly Hotels and restaurants).

(ii) Interest rate risk

Interest rate risk is the risk that the Group's income or expenses, or the value of the Group's assets or liabilities, will fluctuate because of changes in market interest rates.
Regarding interest-bearing financial instruments: interest rate risk is composed of the fluctuation risk recorded in the value of a particular financial instrument because of changes in interest rates and the risk of differences between the maturity of the financial assets bearing the interest rate and that of the interest-bearing liabilities. However, interest rate risk can also influence the value of fixed interest-bearing assets (e.g. bonds), so an increase in the market interest rate will lead to a decrease in the value of the future cash flows generated by them and may lead to a reduction in their price, if it increases the preference of investors to place their funds in bank deposits or other instruments whose interest rate has increased, and vice versa - a reduction in the market interest rate can cause the price of shares and bonds to rise and cause an increase in the fair value of future cash flows.
Regarding fixed interest-bearing assets or marketable assets, the Group is exposed to the risk that the fair value of future cash flows on financial instruments may fluctuate because of changes in market interest rates.
Thus, the Group will be subject to limited exposure to the risk of the fair value ratio or future cash flows due to fluctuations in the prevailing levels of market interest rates.
The group does not use derivatives to protect itself from interest rate fluctuations.
The following table illustrates the annual interest rates obtained by the Group for the interest-bearing assets during 2021:

	RON Interval		EUR Interval	
Financial assets	**Min**	**Max**	**Min**	**Max**
Bank deposits	0,00%	2,25%	0,06%	0,12%
Financial assets at fair value through profit and loss	3,50%	4,30%	6,00 %	6,00%
Financial assets at fair value through other comprehensive income*	-	-	5,75%	5,75%
Affiliated parties' loans	2%	3,5%	1%	1%

*In financial assets at fair value through other comprehensive income are included corporate bonds.

The following table illustrates the annual interest rates obtained by the Group for the interest-bearing assets during 2020:

	RON Interval		EUR Interval	
Financial assets	**Min**	**Max**	**Min**	**Max**
Bank deposits	0,60%	2,75%	-	-
Financial assets at fair value through profit and loss	4,15%	5,16%	5,91%	6,00%

Financial assets at fair value through other comprehensive income*	-	-	5,75%	5,75%
Investments valued at amortized cost	-	-	13,00%	13,00%
Related parties' loans	2%	3,5%	1%	1%

*In financial assets at fair value through other comprehensive income are included corporate bonds.

The table below contains a summary of the Group's exposure to interest rate risks. The table includes the Group's assets and liabilities at its book values, broken down by the most recent date between the date of the change in interest rates and the maturity date.

In RON	**2021**	**2020**
Cash and cash equivalents*	106.465.095	146.110.000
Bank deposits	114.784.395	5.445.000
Financial assets at fair value through profit and loss - corporate bonds	37.612.296	48.303.551
Financial assets at fair value through other comprehensive income — corporate bonds	5.273.438	5.102.644
Loans from related parties	(14.531.699)	(14.618.399)
TOTAL	**249.603.525**	**190.342.796**

**Short-term investments in bank deposits (maturity of less than 3 months) are included in cash equivalents*

The impact on the Group's net profit (on account of income/expenses from/with interest) of a change in the ± 1.00% of the interest rate on variable interest-bearing assets and liabilities and expressed in other currencies in conjunction with a change of ± 1.00% in the interest rate on assets and liabilities bearing variable interest and expressed in RON is RON 2,096,670 (December 31, 2020: 1,598,879 lei).
In the case of bonds disclosed at fair value (level 1) held, a change of +/-5% of their market price determines a net impact in the amount of +/-1,579,616 lei (31 December 2020: +/-2,028,749 lei) in the profit or loss account respectively in the amount of +/-221,484 lei (31 December 2020: +/-214,311 lei) in other elements of the global result.

(iii Currency risk

Currency risk is the risk of incurring losses or non-realization of the estimated profit because of unfavorable fluctuations in the exchange rate. The Group invests in financial instruments and enters transactions that are denominated in currencies other than its functional currency, so it is exposed to risks that the exchange rate of the national currency in relation to another currency will have adverse effects on the fair value or future cash flows of that portion of the financial assets and liabilities denominated in another currency.
The Group performed transactions in the reporting periods in both Romanian currency (Leu) and foreign currency. The Romanian currency fluctuated compared to foreign currencies, EURO and USD.
The financial instruments used give the possibility to preserve the value of monetary assets held in LEI, by making investments and collecting interest according to the maturity date.
The Group did not carry out any transactions in exchange rate derivatives during the financial years presented.
The Group's financial assets and liabilities in RON and foreign currencies as at 31 December 2021 and 31 December 2020 can be analyzed as follows:

Financial assets and liabilities exposed to exchange rate risk (in RON)

In RON	**2021**	**2020**
Cash and cash equivalents	252.546.206	37.349.250
Bank deposits	83.185.935	-

Financial assets at fair value through the profit or loss account — (including assets held by investment funds) *	15.217.333	28.483.377
Financial assets at fair value through other comprehensive income**	209.887.194	180.596.402
TOTAL	**560.836.669**	**246.429.029**
Loans	(1.146.579)	(1.120.114)
Lease liabilities	(28.572)	(49.965)
Total debts	**(1.175.151)**	**(1.170.079)**
Net financial assets	**559.661.517**	**245.258.951**

* Within financial assets at fair value through the statement of profit or loss are included the euro bonds and foreign currency holdings of closed-end investment funds, in proportion to the Group's holding in their net assets.
** In financial assets at fair value through other comprehensive income in EUR are included holdings held outside the country, i.e., Austria - Erste Bank and impact corporate bonds.

As of December 31, 2021, the Group holds fund units with the Closed-End Investment Funds Active Plus, Star Value, Optim Invest, Certinvest Actiuni, Romania Strategy Fund and FDI Plus Invest Muntenia. The Group is exposed to foreign exchange risk in terms of investments made by these Investment Funds (financial instruments listed on foreign markets, available or foreign currency investments).
On 31 December 2021 and 31 December 2020, respectively, the assets of the closed-end funds represented mainly investments in listed shares on a regulated market in Romania or in another Member State.
The following table shows the sensitivity of profit or loss as well as equity to possible changes at the end of the reporting period of the foreign exchange rates in correspondence with the reporting currency, keeping all other variables constant:

	31 December 2021		**31 December 2020**	
	Impact in the profit and loss account	**Impact in other elements of the overall result**	**Impact in the profit and loss account**	**Impact in other elements of the overall result**
Appreciation EUR 5% (2020: 5%)	14.912.418	8.593.365	2.930.510	7.370.366
Depreciation EUR 5% (2020: 5%)	(14.912.418)	(8.593.365)	(2.930.510)	(7.370.366)
Total	**-**	**-**	**-**	**-**

(b) Credit risk

Credit risk is the risk that a counterparty of a financial instrument will fail to meet a financial obligation or commitment in which it has entered a relationship with the Group, thus resulting in a loss for the Group. The group is exposed to credit risk because of investments made in bonds issued by companies or the Romanian State, current accounts and bank deposits and other receivables.
The Group's management shall closely and constantly monitor the exposure to credit risk so that it does not suffer losses because of the credit concentration in each sector or area of activity.
As of December 31, 2021, and December 31, 2020, he does not have collateral as insurance, nor any other improvements in the credit rating.
As of December 31, 2021, and December 31, 2020, the Group did not register any outstanding financial assets, except for some balances from various receivables and debtors, which were considered impaired.

Below are the financial assets with exposure to credit risk:

31 December 2021	Current accounts	Bank deposits	Bonds issued by companies (FVTOCI)	Bonds issued by companies (FVTPL)	Other financial assets	Total
AAA rating up to A-						
BBB+	36.321.781	18.485.591	-	-	-	54.807.372
BBB	23.184	5.000.000	-	-	-	5.023.184
BBB-	19.775.675	187.630.899	-	-	-	207.406.574
bb+	99.102.745	-	-	-	-	99.102.745
BB-	6.495.556	-	-	-	-	6.495.556
B-	-	-	5.283.259	-	-	5.283.259
Baa2	42.180	-	-	-	-	42.180
Baa3	1.181	-	-	-	-	1.181
NO	1.108	10.133.000	-	37.907.699	34.583.936	82.625.742
TOTAL	**161.763.409**	**221.249.490**	**5.283.259**	**37.907.699**	**34.583.936**	**460.787.793**

31 December 2020	Current accounts	Bank deposits	Bonds issued by companies (FVTOCI)	Bonds issued by companies (FVTPL)	Other financial assets	Total
AAA rating up to A-						
BBB+	38.929.464	118.600.000	-	-	-	157.529.464
BBB	141.866	4.517.000	-	-	-	4.658.866
bb+	941.635	24.000.000	-	-	-	24.941.635
BBB-	1.070	4.438.000	-	-	-	4.439.070
Baa1	36.735	-	-	-	-	36.735
Baa3	1.422	-	-	-	-	1.422
BB-	1.367.644	-	-	-	-	1.367.644
NO	283	-	5.111.504	49.195.115	9.254.479	63.561.382
TOTAL	**41.420.119**	**151.555.000**	**5.111.504**	**49.195.115**	**9.254.479**	**256.536.218**

The Group's maximum exposure to credit risk is in the amount of RON 460,787,793 as of December 31, 2021 (December 31, 2020: RON 256,536,218) and can be analyzed as follows:

Exposure from current accounts and deposits made with banks

	Credit Rating			31 December 2021	31 December 2020
BRD - Groupe Société Générale	BBB+	BRD - Groupe Société Générale	Fitch	13.684.206	36.849.863
Banca Transilvania	bb+	Banca Transilvania	Fitch	99.102.745	24.941.635
Banca Comerciala Romana	BBB+	Banca Comerciala Romana	Fitch	28.575.512	91.103.916
CEC Bank**	BBB-		Fitch	102.938.404	-
Exim Bank	BBB-	Exim Bank Romania	Fitch	98.968.551	-
Intesa Sanpaolo Romania*	BBB	Intesa Sanpaolo Italia	Fitch	5.023.184	4.658.866
Procredit	BBB-	Procredit	Fitch	5.499.619	4.439.070
Raiffeisen Bank Romania	Baa2	Raiffeisen Bank Romania	Moody's	42.180	36.735
Credit Europe Bank	BB-	Credit Europe Bank	Fitch	6.495.556	1.367.644
UniCredit Tiriac	BBB+	UniCredit Tiriac	Fitch	12.547.654	29.575.685
Libra Bank	Baa3	Libra Bank	Moody's	1.181	1.422
Techventures Bank	NO			10.133.620	-
Other banks	NO			488	283
TOTAL				**383.012.899**	**192.975.119**

*For banks for which there is no rating we have considered the rating of the Parent Group.

The Group's exposure to credit and counterparty risk through corporate bonds held as at 31 December 2021 is shown in the following table:

Issuing		Number	Denomination	Interest rate	Value as of 31 December 2021 -lei-	Maturity
Impact SA**	Eur	210	5.000,00	5,75%	5.273.438	2022
Vrancart SA*	Lei	368.748	100,00	4,30%	37.612.296	2024
Total					**42.885.734**	

*Variable interest rate (on the most recent coupon)
**fixed interest rate

The Group's exposure to credit and counterparty risk through corporate bonds held at 31 December 2020 is shown in the following table:

Issuing		Nr.buc.	Denomination	Interest rate	Value on 31 December 2020 -lei-	Maturity
Impact SA**	Eur	210	5.000,00	5,75%	5.102.644	2022
Vrancart SA*	Lei	368.748	100,00	5,04%	37.612.296	2024
Sifi BH Retail SA**	Eur	1.000	2.000,00	6,00%	10.691.255	2021
Total					**53.406.195**	

*Variable interest rate (on the most recent coupon)
**fixed interest rate

The bonds issued by Banca Transilvania and Blue Air Aviation (during 2020) and SIFI BH Retail (January 2021) were collected at maturity. Given the current structure of investments in bank deposits and bonds, management does not estimate a significant impact from a credit risk perspective on the financial position of the Group.

Cash and cash equivalents and bank deposits are not overdue and are not depreciated.
The Group carried out an internal analysis of expected credit losses, concluding that their impact is insignificant. Thus, the Group does not provide information in the notes on expected credit losses required by IFRS 9.

Corporate bonds are not overdue and are not depreciated.

(c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties in fulfilling its obligations arising from short-term financial liabilities, which are extinguished by payment in cash or by other financial means, or that such obligations are extinguished in a manner unfavorable to the Group.
The Group follows the evolution of the liquidity level to be able to pay its obligations on the date on which they become due and permanently analyzes the assets and liabilities, depending on the remaining period until the contractual maturities.
The structure of assets and liabilities was analyzed based on the remaining period from the balance sheet date until the contractual maturity date, both on December 31, 2021, and December 31, 2020, as follows:

In LEI	Book value	Under 3 months	Between 3 and 12 months	Older than 1 year	No predetermined maturity
31 December 2021					
Financial assets					

Cash and cash equivalents	**268.254.328**	268.254.328	-	-	-
Bank deposits	**114.910.692**	62.083.707	52.826.985	-	-
Financial assets at fair value through the profit and loss account	**1.680.565.630**	295.403	-	37.612.296	1.642.657.932
Financial assets measured at fair value through other comprehensive income	**1.427.008.234**		5.283.259		1.421.724.975
Other financial assets	**36.398.174**	36.398.174	-	-	-
Total financial assets	**3.527.137.058**	**367.031.611**	**58.110.244**	**37.612.296**	**3.064.382.907**
Financial liabilities					
Loans	**15.878.238**	-	14.731.659	1.146.579	-
Current income tax liability	**28.572**	5.721	17.599	5.252	-
Other financial liabilities	**42.082.800**	42.082.800	-	-	-
Total financial liabilities	**57.989.610**	**42.088.521**	**14.749.258**	**1.151.831**	**-**
Excess liquidity	**3.469.147.448**	**324.943.090**	**43.360.986**	**36.460.465**	**3.064.382.907**

In LEI	**Book value**	**Under 3 months**	**Between 3 and 12 months**	**Older than 1 year**	**No predetermined maturity**
31 December 2020					
Financial assets					
Cash and cash equivalents	**187.639.649**	187.639.649	-	-	-
Bank deposits	**5.453.621**	5.453.621	-	-	-
Financial assets at fair value through the profit and loss account	**1.394.390.716**	11.582.819	-	37.612.296	1.345.195.600
Financial assets measured at fair value through other comprehensive income	**1.215.637.345**	-	8.860	5.102.644	1.210.525.841
Other financial assets	**11.156.829**	11.156.829	-	-	-
Total financial assets	**2.814.278.160**	**215.832.919**	**8.860**	**42.714.940**	**2.555.721.441**
Financial liabilities					
Loans	**15.534.842**	-	3.624.855	11.909.987	-
Current income tax liability	**143.012**	143.012	-	-	-
Lease liabilities	**49.965**	5.356	16.476	28.133	-
Other financial liabilities	**39.296.691**	39.296.691	-	-	-
Total financial liabilities	**55.024.509**	**39.445.059**	**3.641.331**	**11.938.120**	**-**
Excess liquidity	**2.759.253.651**	**176.387.860**	**(3.632.471)**	**30.776.820**	**2.555.721.441**

The share of immediately available liquidity (cash and cash equivalents) is increasing compared to the previous year, both overall and for each relevant category of maturity/chargeability, shown in the table above. The liquidity risk remains mainly influenced by the liquidity of the local capital market, i.e. by the ratio between the volume of the Group's main listed holdings and their average daily liquidity.

5.2 Other risks

By the nature of its object of activity, the Group is exposed to different types of risks associated with the financial instruments and the market in which it invests. The main types of risks to which the Group is exposed are:

- the risk associated with taxation.
- the risk related to the business environment.
- operational risk.

Risk management is aimed at maximizing the Group's profit relative to the level of risk to which it is exposed.
The group uses a variety of policies and procedures to administer and assess the types of risk to which it is exposed. These policies and procedures are presented in the subchapter dedicated to each type of risk.

(a) Tax risk

Since January 1, 2007, following Romania's accession to the European Union, the Group has had to comply with the European Union regulations, and has therefore prepared for the application of the changes brought about by the European legislation. The group has implemented these changes, but how to implement them remains open to tax audit for 5 years.
The interpretation of the texts and the practical implementation of the procedures of the new applicable tax regulations could vary and there is a risk that in certain situations the tax authorities will adopt a different position from that of the Group.
From the point of view of the corporate tax for the financial year 2015, there is a risk that the tax authorities will interpret differently the accounting treatments determined by the transition to IFRS as an accounting base.
The group chose to pre-register the dividends distributed and unclaimed for 3 years by the shareholders and to register them in the account of Other reserves-analytically distinct. According to the provisions of the Civil Code, the limitation applies to the right to request forced execution, not to the right of ownership over the amounts. Since the transfer of those amounts, already taxed within the scope of both corporation and dividend tax, back to equity is a transaction with shareholders, not a taxable transaction. Consequently, the Group did not recognize a deferred tax on these amounts. In those circumstances, there is a risk of a different interpretation by the tax authorities of these transactions.
In addition, the Romanian Government has several agencies authorized to carry out the audit (control) of companies operating in Romania. These controls are like tax audits in other countries, and can cover not only tax issues, but also other legal and regulatory issues that are of interest to these agencies. It is possible that the Group will be subject to fiscal controls as new tax regulations are issued.

(b) Risk related to the economic environment

The management of SIF Banat-Crişana cannot forecast all the effects of the international economic developments with an impact on the financial sector in Romania but considers that in 2021 it adopted the necessary measures for the sustainability and development of the Group in the conditions existing on the financial market, by monitoring the cash flows and the adequacy of the investment policies.
The avoidance of risks, the mitigation of their effects is ensured by the Group through an investment policy that complies with the prudential rules imposed by the applicable legal provisions and regulations.
SIF Banat-Crişana has adopted risk management policies through which an active management of them is carried out, being applied specific procedures for identifying, assessing, measuring, and controlling risks, which would provide a reasonable assurance regarding the achievement of the Group's objectives, a constant balance between risk and expected profit being pursued.
The risk management process aims at: (i) identifying and evaluating significant risks with a major impact in achieving the investment objective and developing activities that counteract the identified risk; (ii) adapting risk management policies to financial developments in the capital market, monitoring performance and improving risk management procedures; (iii) reviewing investment decisions in relation to capital and money market developments; (iv) compliance with the legislation in force.
The euro area economy has seen a significant recovery in recent years, both in terms of GDP growth (with annualized growth of more than 1.5%) and in terms of the gradual reduction in the unemployment rate and the return of inflation to the ECB's target level (2%). However, the ECB has lately maintained both the reference interest rate in absolute historical lows (0%) and the commitment to fully reinvest

the amounts received at maturity of the financial instruments purchased in the quantitative easing program, the duration of which is dependent on the sustainability of the inflation trend towards the ECB's 2% target. During March 2020, amid the global spread of tensions related to the Covid-19 virus, the Federal Reserve reduced the key monetary policy interest rate to 0% in two exceptional meetings, along with a $700 billion package for quantitative easing operations.
At the end of 2021 and in the first months of 2022, both the Federal Reserve and the European Central Bank explicitly indicated their intention to end the liquidity support granted to the economy during 2022 and the entry into a cycle of gradual increase in the key interest rate, to counter the effects of the inflationary tensions that have manifested themselves in the main developed economies, especially in the second part of 2021. Recent geopolitical tensions and growing insecurity related to the supply of products from the energy sector have led to significant increases in oil and natural gas prices in the first months of 2022. These effects have also generated an accelerated decline in the main global stock indices to the levels recorded in the first months of the COVID 19 pandemic in the first quarter of 2020. The high volatility of the main capital markets in recent months and the lack of visibility in the attitude of central banks to these externalities and are the main challenges in managing the asset portfolio in 2022.

(c) Operational risk

Operational risk is the risk of direct or indirect losses arising from deficiencies or deficiencies in the Group's procedures, staff, internal systems or from external events that may have an impact on its operations. Operational risks arise from all activities of the Group.
The Group's objective is to manage operational risk to the extent of limiting its financial losses, not damaging its reputation, and achieving its investment objective of generating benefits for investors.
The primary responsibility for the implementation and development of control over the operational risk lies with the Board of Directors. This responsibility is supported by the development of general operational risk management standards, which include controls and processes at service providers and service commitments with service providers.

(d) Capital adequacy

Management's capital adequacy policy focuses on maintaining a sound capital base to support the Group's continued development and the achievement of investment objectives.
The Group's equity capital includes its share capital, various types of reserves and retained earnings. The equity amounted to 3,367,605,207 as of 31 December 2021 (2,686,767,122 lei as of 31 December 2020).

6 Accounting estimates and significant judgments

Management discusses the development, selection, presentation and implementation of significant accounting policies and estimates. All these are approved at the meetings of the Board of Directors of the Company. These presentations complete the information on the management of financial risk (see note 5).

Key sources of estimation uncertainty

Significant accounting judgments for the implementation of the Group's accounting policies include:

Application of the Amendment to IFRS 10 Investment Entities

The criteria of IFRS 10 for classification as an investment entity are met, namely:

a) obtain funds from one or more investors for the purpose of providing them with investment

management services.
b) undertakes to its investors that the purpose of its business is to invest funds only for gains from the increase in the value of the investment, investment income or both; and
c) quantifies and measures the performance of almost all its investments based on fair value (IFRS 10.27).

Thus, the Group shall apply the requirements of IFRS 10 – Investment Entities as of financial year 2018.

In addition, the parent company has other characteristics specific to an investment entity, namely:

(a) Investment-related services

Parent entity is a joint-stock company that operates as a self-managed closed-end financial investment company, being authorized by ASF both as Alternative Investment Funds Managers and as an Alternative Investment Fund sold to Retail Investors.
Parent entity it directly provides services related to investment management for its investors, having as the main object of activity exclusively the activities specific to investment companies of the closed-end type.
Parent entity holds significant investments in two subsidiaries, SAI Muntenia Invest SA and AISA, which provides investment-related services or activities. Thus, after the company becomes an investment entity, SIF Banat – Crișana consolidates SAI Muntenia and AISA, in accordance with IFRS 10 starting with January 2018.

(b) Purpose of the activity

According to the articles of incorporation, the purpose of the Parent entity is to carry out lucrative (financial) activities specific to its object of activity and to obtain profit to distribute it to shareholders and / or to finance financial investments, allowed by the object of statutory activity and by the legal provisions in force.
The Objective of the Parent entity is the efficient management of a diversified portfolio of quality assets, able to ensure a constant flow of income, the preservation and medium-long-term growth of capital, in order to increase the value for shareholders and obtain the highest possible returns on the capital invested., under the conditions of ensuring a reasonable level of risk dispersion, in order to offer its shareholders the possibility of obtaining attractive performances, while increasing the invested capital.
The investment strategy of the Parent entity aims to maximize portfolio performance to increase the value of assets under management and investment income. The investment strategy and the annual investment program of the Parent entity approved by the General Meeting of Shareholders are public information, being presented in the official website of the Parent entity, being able to be consulted by third parties, potential investors, to support the investment decision in the Company.
At the same time, the Parent entity frequently monitors the structure and evolution of the investment portfolio and publishes the statement of assets and liabilities monthly and publishes together with the quarterly / half-yearly / annual asset statements.

(c) Exit strategies

SIF Banat – Crișana manages a complex portfolio composed of the following main categories of financial instruments: shares, bonds, and fund units. Parent entity intends to keep most of its investments (financial and non-financial) for a limited period and for this purpose has defined and implemented an exit strategy for them.
Parent entity applies an exit strategy adapted to the specifics of each investment, defined based on the following elements: the strategy applied, the investment objectives and the conditions (triggers) of the exit transaction. The differentiated approach approached by the Company for each of its holdings aims at capitalizing on an aggregate yield (generated from dividend gain and capital gain).

(d) Fair value measurement

As of 1 January 2018, the Parent entity assessed almost all the investments in its portfolio at fair value.

Parent entity own property classified as 'Investment Property' that is measured using the fair value model in accordance with IAS 40. The evaluation is carried out by authorized evaluators by the National Association of Authorized Valuers in Romania (ANEVAR).

(e) Effects of the company's classification as an investment entity

From the moment the Parent entity became an investment entity, the Company accounted for the change in its status as a "fixed disposal" or a "loss of control" over its subsidiaries as presented in the consolidated financial statements in accordance with IFRS. The fair value of the investment at the date of the change in status shall be used as consideration received when the requirements of IFRS 10 apply. Thus, the gain or loss in the event of a "specified disposal" should be recognized as a gain or loss in the profit or loss account.

Parent entity measures all its subsidiaries at fair value through the profit or loss account, except for subsidiaries SAI Muntenia Invest SA and AISA, which will continue to be consolidated. Thus, the Company will draw up two sets of financial statements: *individual financial statements* and *consolidated in accordance with the requirements of IFRS 10 and IAS 27*.

The method of presenting the investments in the financial statements of the Parent entity, as an investment entity, will consider both the requirements of IFRS 10 and IFRS 9 regarding the classification and measurement of financial instruments held by the Company, as follows:

i) Investments in subsidiaries excluded from the consolidation shall be measured at fair value through the profit or loss account in accordance with IFRS 9.

ii) Investments in subsidiaries (SAI Muntenia and AISA) included in the consolidation perimeter will be measured in accordance with the requirements of IFRS 9 and measured at fair value through other comprehensive income.

iii) Investments in associates are measured at fair value through the profit or loss account in accordance with IFRS 9.

iv) *Investments in equity instruments (other than those in subsidiaries and associates)* - at fair value through other comprehensive income.

v) Investments in debt instruments (bonds) will be classified and measured in accordance with IFRS 9, after analyzing the business model and performing the SPPI test:

- Government and corporate bonds – at fair value through other comprehensive income as a result of business model documentation "*Hold to collect & sell*" and the passing of the SPPI test.
- Corporate bonds issued by subsidiaries and associates – at fair value through the profit or loss account, which are treated in a consistent manner with the method of measuring subsidiaries and associates, following the provisions of IFRS 10 paragraph 31 and the Company's business model, in line with the exit strategy related to those investments: and
- Corporate bonds other than those issued by subsidiaries and associates - at amortized cost consistent with those detailed in Section B.1, point iv) '*Investing in debt instruments (bonds)*".

vi) Investments in fund units will be classified at fair value through the profit or loss account, which are ineligible for the irrevocable choice to present them in other changes in comprehensive income. Under IFRS 9, even though investments in such instruments may be assimilated to equity investments for accounting purposes, they do not meet the definition of equity as set out in IAS 32.

(f) Submission of information

For each subsidiary that has not been consolidated in the financial statements, the Parent entity must submit information on the name of the subsidiary, the place of business and the percentage of holding in the share capital.

Where the Parent entity or one of its subsidiaries has provided financial support or other support to a sheet that has not been consolidated in the financial statements (e.g., acquisitions of assets, financial instruments issued by that subsidiary), it must disclose the type and amount of support provided, i.e. the reasons why it provided this support to the subsidiary.

The information presented above was presented in note 3.

Provisions for impairment of amounts receivable

Valuation for impairment of receivables is carried out on an individual basis and is based on management's best estimate of the present value of the cash flows expected to be received. To estimate these flows, management makes certain estimates of the financial situation of the counterparty. Each impaired asset is analyzed individually. The accuracy of provisions depends on the estimation of future cash flows for specific counterparties.

Determination of the fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using the measurement techniques described in accounting policy 4(d)(iii). For financial instruments that are rarely traded and for which there is no price transparency, fair value is less objective and is determined using various levels of estimates of the degree of liquidity, degree of concentration, uncertainty of market factors, price assumptions and other risks affecting that financial instrument.
The group uses the following hierarchy of methods for the calculation of fair value:

- Level 1: The market price quoted in an active market for an identical instrument.
- Level 2: Assessment techniques based on observable elements. This category includes instruments valued using: the quoted market price on the active markets for similar instruments; quoted prices for similar instruments on markets considered to be less active; or other valuation techniques in which items can be directly or indirectly observable from market statistics.
- Level 3: Valuation techniques based largely on unobservable elements. This category includes all instruments for which the evaluation technique includes elements which are not based on observable data and for which unobservable input parameters may have a significant effect on the evaluation of the instrument. This category includes instruments that are valued based on quoted prices for similar instruments but for which adjustments based largely on unobservable data or estimates are needed to reflect the difference between the two instruments.

The concentration risk to which the Group is exposed is presented in Note 5.1(a)(i), containing the structure of the exposures to the main NACE sectors as of 31 December 2021 and 31 December 2020 respectively.
The fair value of financial assets and liabilities that are traded on active markets is based on prices quoted in the market or prices quoted by intermediaries. For all other financial instruments, the Group determines fair value using valuation techniques. Valuation techniques include present net value and discounted cash flow patterns, comparison with similar instruments for which observable market prices exist, and other valuation techniques. Assumptions and data used in valuation techniques include risk-free interest rates and reference rates, credit spreads and other premiums used to estimate discount rates, bond and capital yields, exchange rates, capital price indices, volatility and forecast correlations. The purpose of valuation techniques is to determine fair value reflecting the price of financial instruments at the reporting date, which would be determined under objective conditions by market participants.
The Group uses recognized valuation models to determine the fair value of simple financial instruments that use only observable market data and require very little estimation and analysis from management (e.g. instruments that are measured on the basis of quoted prices for similar instruments and for which no adjustments based on unobservable data or estimates are required to reflect the difference between the two instruments). Observable prices and input parameters in the model are usually available in the market for equity instruments. Their availability reduces the need for estimates and analysis by management and the uncertainty associated with the determination of fair value. The availability of observable market prices and inputs varies according to products and markets and is subject to changes arising from specific events and general financial market conditions.

For shares that do not have a quoted market price in an active market the Group uses valuation models that are usually derived from known valuation models. Some or all the material inputs into these models may not be observable in the market and are derived from market prices or are estimated based on assumptions. Valuation models that require unobservable inputs require to a greater extent a high degree of analysis and estimation by management to determine fair value. Management's analysis and estimation shall intervene in the selection of the appropriate valuation model, the determination of the future cash flows of the financial instrument, the determination of the likelihood of defaults by the counterparty and advance payments, and the selection of appropriate discount rates. For financial instruments for which there is no active market (Tier 2 and 3), fair value was determined by external valuers using the strategy established by the management of the issuing company and valuation techniques that include techniques based on net present value, the method of discounted cash flows, the method of comparisons with similar instruments for which there is an observable market price. Evaluation techniques have been used consistently, with no changes in their application.
In 2021, valuation methods for unlisted and listed holdings that do not meet criteria to be considered an active market within the meaning of IFRS have been maintained.
However, the possibility of subsequent changes in these assumptions on financial markets in general, and on individually measured issuers, may be favorable or unfavorable to fair values in future financial years. Given the persistence of uncertainties related to the effectiveness of measures to contain the effects of the pandemic, there is, however, the possibility that current assessments, in particular issuers in sectors directly exposed to these measures, may not adequately encompass the full spectrum of uncertainties and consequences for fair values resulting from valuation models.
The Group's management analyzed the situation between the date of completion of the valuation reports and the date of authorization for publication of the annual financial statements, concluding that there is no publicly available information of such a nature that it could significantly impact the fair values of holdings presented in these annual financial statements.
An analysis of financial instruments, investment property, assets held for sale and land and buildings recognized at fair value according to the measurement method is presented in the table below:

31 December 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through the profit and loss account - shares	482.686.045	-	790.642.016	1.273.328.060
Financial assets at fair value through the profit and loss account - fund units	369.329.872	-	-	369.329.872
Financial assets at fair value through the profit and loss account – corporate bonds	37.907.699	-	-	37.907.699
Financial assets at fair value through other comprehensive income – shares	1.407.516.618	-	14.208.358	1.421.724.976
Financial assets at fair value through other comprehensive income – corporate bonds	5.283.259	-	-	5.283.259
Real estate investments	-	-	30.840.715	30.840.715
Assets held for sale	-	-	45.522.520	45.522.520
Land and buildings	-	-	3.472.577	3.472.577
TOTAL	**2.302.723.493**	**-**	**884.686.186**	**3.187.409.679**

31 December 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through the profit and loss account - shares	277.335.487	-	762.391.983	1.039.727.470
Financial assets at fair value through the profit and loss account - fund units	305.468.130	-	-	305.468.130
Financial assets at fair value through the profit and loss account – corporate bonds	37.898.081	11.297.035	-	49.195.115
Financial assets at fair value through other comprehensive income – shares	1.183.689.056	-	26.836.785	1.210.525.841

Financial assets at fair value through other comprehensive income – corporate bonds	5.111.504	-	-	5.111.504
Real estate investments	-	-	28.498.134	28.498.134
Assets held for sale	-	-	43.727.212	43.727.212
Land and buildings	-	-	3.734.817	3.734.817
TOTAL	**1.809.502.258**	**11.297.035**	**865.188.932**	**2.685.988.224**

In 2021 and 2020 there were no transfers between fair value levels.

The following table shows the reconciliation from the initial balance to the final balance for financial assets measured at fair value, investment property and assets held for sale, level 3 of the fair values hierarchy:

2021	**Financial assets measured at fair value through other comprehensive income - shares**	**Financial assets measured at fair value through the profit or loss account - shares**	**Real estate investments**	**Assets held for sale**
Balance as at 1 January 2021	**26.836.786**	**762.391.983**	**28.498.134**	**43.727.212**
(Gains) / losses recognized in:				
- profit and loss account	-	28.250.032	491.691	(604.131)
- other elements of the overall result	2.595.409	-	-	-
Acquisitions/Entries	-	-	2.776.950	2.399.439
Value of the holdings ceded	(15.223.837)	-	(926.060)	
Balance at 31 December 2021	**14.208.358**	**790.642.015**	**30.840.715**	**45.522.520**

2020	**Financial assets measured at fair value through other comprehensive income - shares**	**Financial assets measured at fair value through the profit or loss account - shares**	**Real estate investments**
Balance as at 1 January 2020	**28.967.215**	**553.111.966**	**71.669.702**
(Gains)/losses recognized in:			
- profit and loss account	-	55.223.792	6.696.841
- other elements of the overall result	(2.500.232)	-	-
Acquisitions/Entries	369.803	158.938.967	4.739.481
Value of the holdings ceded	-	(4.882.742)	(9.789.738)
Transferred to property, plant and equipment and inventory items	-	-	(1.336.259)
Transferred from immobilizations in progress	-	-	245.319
Transfer to assets held for sale	-	-	(43.727.212)
Balance at 31 December 2020	**26.836.786**	**762.391.983**	**28.498.134**

Although the Group considers its own estimates of fair value to be appropriate, the use of other methods or assumptions could lead to different fair value values. For fair values recognized using a significant number of unobservable inputs (Level 3), changing one or more assumptions in order to enable alternative assumptions would have an effect on the overall and current result.

At the value resulting from the valuation of investments in shares, a sensitivity analysis was carried out by estimating some risk variations on the main influencing factors. Two evaluation techniques were used, namely:

(1) *Valuation based on updated net cash flow* - thus, both the EBITDA values and the values of the weighted average cost of capital were statistically modified by +/-5% (2020: +/-5%), considered as a risk limit, obtaining values per share and implicitly of the company's equity with a deviation from the standard value. These deviations from the standard amount influence the profit and loss account, i.e. other comprehensive income (net tax) items.

2021 **Change the global elements variable**	**Impact in the profit or loss account**	**Impact in other elements of the overall result**
EBITDA increase by 5%	7.424.275	-
EBITDA decrease by 5%	(7.422.923)	-
Wacc increase by 5%	(8.744.952)	-
Wacc reduction by 5%	10.170.990	-

2020 **Change the global elements variable**	**Impact in the profit or loss account**	**Impact in other elements of the overall result**
EBITDA increase by 5%	8.096.056	-
EBITDA decrease by 5%	(8.099.653)	-
Wacc increase by 5%	(10.085.543)	-
Wacc reduction by 5%	11.899.997	-

(2) *Valuation based on corrected net assets* – both the values of assets and the values of obligations (liabilities) have been modified by +/-5% (2020: +/-5%), obtaining values per share and equity of the company, with a deviation from the standard value. These deviations from the standard amount influence the profit and loss account, i.e. other comprehensive income (net tax) items.

2021 **Change the global elements variable**	**Impact in the profit or loss account**	**Impact in other elements of the overall result**
5% increase in assets	30.364.033	-
Decrease of assets by 5%	(30.391.272)	-
Debt increases by 5%	(844.397)	-
Debt reduction by 5%	846.838	-

2020 **Change the global elements variable**	**Impact in the profit or loss account**	**Impact in other elements of the overall result**
5% increase in assets	29.620.758	-
Decrease of assets by 5%	(29.621.208)	-
Debt increases by 5%	(433.660)	-
Debt reduction by 5%	463.318	-

At the value resulting from the assessment of the fund units, a sensitivity analysis was carried out. These funds generally invest in highly liquid stocks and bonds. As such, the sensitivity analysis was carried out considering a change of +/-10% in the market prices of equity instruments. These variations influence the profit and loss account (tax net) with the amount of +/- RON 31,023,709 as of December 31, 2021 (December 31, 2020: +/- RON 25,659,323).

At the value resulting from the valuation of investment property, a sensitivity analysis was performed by estimating risk variations on the main influencing factors. Two evaluation techniques were used, namely:
- valuation based on updated net cash-flow - thus, the values of estimated revenues to be obtained from these real estate investments have been changed +/-5%. These deviations from the standard amount influence the profit and loss account (net of tax).
- valuation based on market value - thus, the values of market prices estimated to be obtained from these real estate investments have been changed +/-5%. These deviations from the standard amount influence the profit and loss account (net of tax).

2021

Change the global elements variable	Impact in the profit or loss account
Revenue growth of 5%	1.058.198
Decrease in revenues by 5%	(1.058.750)
Market value increase of 5%	1.370.713
Decrease market value 5%	(1.370.713)

2020

Change the global elements variable	Impact in the profit or loss account
Revenue growth of 5%	924.030
Decrease in revenues by 5%	(924.517)
Market value increase of 5%	1.196.922
Decrease market value 5%	(1.196.922)

The management considers that a presentation in the manner of the above is useful for establishing the directions of action useful in risk management.

Classification of financial assets and liabilities

The Accounting Policies of the Group provide the basis for assets and liabilities to be classified, at the initial time, in different accounting categories. For the classification of assets and liabilities at fair value through the profit account, and loss, the Group determined that one or more of the criteria set out in the note 4(d)(i).
Details of the classification of the Group's financial assets and liabilities are given in note 7.

Determination of the fair value of Investment Property
The fair value of completed investment property is determined using the income method with explicit assumptions about the benefits and liabilities of ownership over the life of the asset including an exit or closing value. As an accepted method within the income approach for valuation, the method of capitalizing income on real estate shares. To this projected cash flow series, a market-derived capitalization rate is applied to determine the current amount of cash revenue associated with the real estate.
Specific income and the specific timing of entries and exits are determined by events such as rent review, renewal of the lease and related rental periods, re-renting, redevelopment, or renovation. The corresponding duration is usually determined by the market behavior. In the case of investment property, revenues estimated to be gross income minus unoccupied premises, irrecoverable expenses, collection losses, rental incentives, maintenance costs, agency costs and commissions, and other operating and management expenses.
For the years ended December 31, 2021, and 2020, the Group has obtained valuation reports on its real estate investments. The fair value of the investment property is based on these assessments. The Group's investment property is classified as Tier 3 of the fair value hierarchy defined in IFRS 13.

For all real estate investments, the current usability is equivalent to the highest and best usability. The group shall review the valuations carried out by independent valuers for financial and reporting purposes.
The Group's real estate investments are classified as Tier 3. There were no transfers between hierarchy levels during the year.
Information on measuring fair value using significant unobservable inputs (Level 3) for 2021 and 2020 is presented in the tables below:

31 December 2021

Segments	**Method of assessment**	**Estimated value of rent – euro/sqm**	**Capitalization rates %**
Commercial and services – buildings	Revenue method	12-14 euro/sqm	8% – 9%

31 December 2020

Segments	**Method of assessment**	**Estimated value of rent – euro/sqm**	**Capitalization rates %**
Commercial and services – buildings	Revenue method	10 euro/sqm	8,5 – 9%

7 Financial assets and liabilities

The table below summarizes the carrying amounts and fair values of the Group's financial assets and liabilities as at 31 December 2021:

In LEI	Assets at fair value through the profit and loss account	Assets at fair value through other comprehensive income	Financial assets/liabilities valued at amortized cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	**268.254.328**	**268.254.328**	**268.254.328**
Cash in cash register and other values	-	-	8.789	8.789	8.789
Current accounts with banks	-	-	161.771.661	161.771.661	161.771.661
Bank deposits with an initial maturity of less than 3 months	-	-	106.473.878	106.473.878	106.473.878
Bank deposits	-	-	**114.910.692**	**114.910.692**	**114.910.692**
Financial assets at fair value through the profit and loss account	**1.680.565.630**	-	-	**1.680.565.630**	**1.680.565.630**
Shares	1.273.328.059	-	-	1.273.328.059	1.273.328.059
Fund units	369.329.872	-	-	369.329.872	369.329.872
Corporate bonds	37.907.699	-	-	37.907.699	37.907.699
Financial assets measured at fair value through other comprehensive income	-	**1.427.008.234**	-	**1.427.008.234**	**1.427.008.234**
Shares	-	1.421.724.975	-	1.421.724.975	1.421.724.975
Corporate bonds	-	5.283.259	-	5.283.259	5.283.259
Other financial assets	-	-	**34.583.936**	**34.583.936**	**34.583.936**
Total financial assets	**1.680.565.630**	**1.427.008.234**	**417.748.956**	**3.410.412.128**	**3.410.412.128**
Loans	-	-	15.878.238	15.878.238	15.878.238
Lease liabilities	-	-	28.572	28.572	28.572
Other financial liabilities	-	-	42.082.799	42.082.799	42.082.799
Total financial liabilities	**-**	**-**	**57.989.609**	**57.989.609**	**57.989.609**

The table below summarizes the carrying amounts and fair values of the Group's financial assets and liabilities as at December 31, 2020:

In LEI	**Assets at fair value through the profit and loss account**	**Assets at fair value through other comprehensive income**	**Financial assets/liabilities valued at amortized cost**	**Total carrying amount**	**Fair value**
Cash and cash equivalents	-	-	**187.639.649**	**187.639.649**	**187.639.649**
Cash in cash register and other values	-	-	27.608	27.608	27.608
Current accounts with banks	-	-	41.422.880	41.422.880	41.422.880
Bank deposits with an initial maturity of less than 3 months	-	-	146.189.161	146.189.161	146.189.161
Bank deposits	-	-	**5.453.621**	**5.453.621**	**5.453.621**
Financial assets at fair value through the profit and loss account	**1.394.390.716**	-	-	**1.394.390.716**	**1.394.390.716**
Shares	1.039.727.470	-	-	1.039.727.470	1.039.727.470
Fund units	305.468.130	-	-	305.468.130	305.468.130
Corporate bonds	49.195.115	-	-	49.195.115	49.195.115
Financial assets measured at fair value through other comprehensive income	-	**1.215.637.345**	-	**1.215.637.345**	**1.215.637.345**
Shares	-	1.210.525.841	-	1.210.525.841	1.210.525.841
Corporate bonds	-	5.111.504	-	5.111.504	5.111.504
Financial assets measured at amortized cost	-	-	**-**		
Bonds	-	-	-	-	-
Other financial assets	-	-	**9.254.479**	**9.254.479**	**9.254.479**
Total financial assets	**1.394.390.716**	**1.215.637.345**	**202.347.749**	**2.812.375.811**	**2.812.375.811**
Current income tax liability	-	-	143.012	143.012	**143.012**
Loans	-	-	15.534.842	15.534.842	**15.534.842**
Lease liabilities	-	-	49.965	49.965	**49.965**
Other financial liabilities	-	-	39.296.691	39.296.691	**39.296.691**
Total financial liabilities	**-**	**-**	**55.024.509**	**55.024.509**	**55.024.509**

8. Income from dividends

In accordance with IFRS 9, and because of the Group's choosing the option to measure the interest through other comprehensive income, dividends on those holdings are recognized in income unless they substantially represent a return on the cost of the investment.
The dividend income is recorded at gross value. The dividend tax rates for the financial year ended December 31, 2021, from resident and non-resident companies were 0%, 5% and 27.5% (2020: 0% and 5%). The breakdown of dividend income on the main counterparties is shown in the table below:

In LEI	**31 December 2021**	**31 December 2020**	**Assessment**
SIF Real Estate PLC	52.286.577	-	FVTPL
Banca Transilvania*	21.951.593	27.387.563	FVTOCI
Azuga SA	10.009.139	-	FVTPL
Biofarm	7.966.125	11.224.994	FVTPL
Vrancart SA Adjud	7.511.836	8.983.226	FVTPL
Conpet	3.880.988	3.968.618	FVTOCI
Erste Bank*	8.505.506	18.343	FVTOCI
Iamu Blaj	3.067.867	3.067.867	FVTPL
Gaz Vest Arad	2.607.914	752.117	FVTPL
BT Asset Management**	2.000.000	-	FVTOCI
SNP Petrom	1.111.840	1.111.840	FVTOCI
BRD	1.019.801	-	FVTOCI
SIF Oltenia	580.414	1.160.829	FVTOCI
Evergent Investments (SIF Moldova)**	496.605	3.005.937	FVTOCI
Antibiotics Iasi	46.843	423.328	FVTOCI
Others	629.105	738.274	FVTOCI
SIFI CJ Logistic	81.184	-	FVTPL
Uniteh	-	7.770.077	FVTPL
SNGN ROMGAZ		2.530.384	FVTOCI
SNTGN Transgaz	-	678.282	FVTOCI
Electrica SA	-	477.389	FVTOCI
Rompetrol Well Services	-	242.181	FVTOCI
Total, of which:	**123.753.336**	**73.541.249**	
- companies measured at fair value through the profit and loss account (FVTPL)	40.222.694	31.798.281	
- companies measured at fair value through other comprehensive income (FVTOCI)	83.530.642	41.742.968	

*Partial sales of the package held in 2021/** Full sale of the package held in 2021

9. Interest income

Interest income (assets at amortized cost, assets at fair value through other comprehensive income)

In LEI	**31 December 2021**	**31 December 2020**
Interest income on deposits and bank current accounts	1.818.412	2.259.541
Interest income on bonds valued at amortized cost	-	4.103.958

Interest income related to assets valued through other elements of the global result (government bonds and corporate bonds)	298.074	293.867
	2.116.486	**6.657.366**

Interest income (assets at fair value through profit or loss)

In LEI	**31 December 2021**	**31 December 2020**
Interest income on bonds	1.417.727	2.478.903
Interest income related to the share sale contract*	1.717.821	-
	3.135.548	**2.478.903**

**The amount represents the financing component extracted from the total value of the contract for the assignment of the participation in Central S.A., according to the contractual clauses agreed between the parties, with a maximum duration of completion of 30 months from the date of its signing (February 2021).*

10. Other operating income

In LEI	**31 December 2021**	**31 December 2020**
Income from the administration activity (SAI Muntenia and AISA)	55.684.700	23.009.283
Rental income	32.806	461.029
Other operating income	571.503	547.447
	56.289.009	**24.017.759**

The increase in the volume of these revenues is mainly the effect of the fact that in 2021 the performance fee for the management of SIF Muntenia was registered by SAI Muntenia.
The revenue reflection was made in accordance with the provisions of IFRS 15 relating to contract identification, performance obligations, price determination and price allocation under performance obligations, and recognition of revenues when those obligations are met.

11. Gain/(Loss) from investment property

	31 December 2021	**31 December 2020**
Balance January 1st	**28.498.134**	**71.669.701**
Entries, of which:	2.776.951	4.739.481
- Acquisitions	2.776.951	4.555.641
- In progress	-	183.840
Transferred to property, plant and equipment and inventory items	-	(1.336.259)
Transferred from investments in progress	-	245.319
Transfer to assets held for sale	-	(43.727.212)
Exits	(926.060)	(9.789.738)
Effect of the change in fair value	491.691	6.696.842
End-of-period balance	**30.840.716**	**28.498.134**

The change in fair value on 31 December 2021 at group level is unfavorable, being influenced by a decrease in the fair value of the investments in property of the subsidiaries, which canceled the positive differences recognized at the level of the parent company.
At the end of 2020, the value of a land was transferred from real estate investments to assets held for sale, following the conclusion of a contract for its sale.

The evaluation as of 31 December 2021 and 2020 was carried out by authorized evaluators by the National Association of Authorized Valuers in Romania (ANEVAR).

During 2021 and 2020, the incomes from real estate investments (rents and re-invoiced utilities) amount to 707.9 thousand lei (2020: 1,162.8 thousand lei), and the related expenses (utilities, insurance, local taxes) in the amount of 214.8 thousand lei (2020: 349.7 thousand lei).

12. Net gain/(earnings) on financial assets at fair value through the profit and loss

In LEI	**31 December 2021**	**31 December 2020**
Gain/(Loss) from the valuation/disposal of fund units	64.621.210	(58.119.753)
Gain/(Loss) from the valuation of bonds (Vrancart)	21.232	(73.494)
Gain/(Loss) from the valuation of shares in subsidiaries and associates	220.693.655	81.083.319
Total	**285.336.097**	**22.890.072**

The gain realized on 31 December 2021 from the evaluation of the fund units is in the amount of 64.6 million lei (2020: loss of 58.1 million lei) and includes:

- favorable difference in value resulting from the valuation in the amount of LEI 63.7 million (2020: unfavorable differences of LEI 61.4 million);
- the amount of RON 0.9 million (2020: LEI 3.3 million) paid by F.I.A. Certinvest Shares representing dividends received from the portfolio companies and distributed to the fund participants, according to the fund's prospectus.

The gain from the valuation / disposal of subsidiaries and associates as of 31 December 2021 in the amount of LEI 220.7 million (2020: LEI 81.1 million) includes:

- a favorable difference from the evaluation of the subsidiaries (level 1 and level 3) in the amount of LEI 59.4 million (2020: LEI 52.39 million and LEI 0.92 million from the sale of a subsidiary). Within this amount is also included the fair value difference (between the market value and the value of the subscription), related to the shares subscribed and paid during December 2021, because of participating in the share capital increase with cash contribution to Vrancart S.A.
- a favorable difference from the assessment of associates (level 1 and level 3) in the amount of LEI 161.3 million (2020: LEI 27.77 million);

13. Fees expenses

In LEI	**2021**	**2020**
Fees of the Financial Supervisory Authority	2.961.805	2.613.550
Deposit fees	1.051.054	795.843
Fees due for transactions	853.025	5.143.948
Registry fees	183.746	144.000
Other commissions	59.500	97.471
Total	**5.109.130**	**8.794.811**

14. Other operational expenses

In LEI	**2021**	**2020**
Expenditure related to other taxes, duties, and similar payments	827.413	821.129

Expenditure on salaries and other staff costs	25.953.924	26.027.756
Depreciation charges	741.777	688.393
Expenditure on external benefits	8.568.719	9.626.674
Value adjustments assets held for sale	604.131	-
Total	**36.695.964**	**37.163.952**

Expenditure on salaries and other expenditure on staff are detailed as follows:

	2021	2020
Expenditure on salaries	22.287.143	23.169.647
Stock option plan expenses	2.576.937	1.867.063
Expenditure on insurance and social protection	744.520	762.102
Other staff costs	345.324	228.944
Total	**25.953.924**	**26.027.756**

The fee paid to the auditors during 2021 for the audit of the financial statements was in the amount of 424.421 lei (2020: 439,735 lei), of which for the audit of individual financial statements (parent company and subsidiaries) 309,583 lei (2020: 289,129 lei), for the consolidated financial statements RON 107,544 (2020: 134,065 lei), additional expenses 7,294 lei (2020: 16,541 lei) and for non-audit services 0 lei (2020: 41,907 lei).

15. Corporate income tax

	2021	2020
Current corporate income tax (16%)	12.104.597	992.213
Income tax (1%)	42.437	43.354
Tax on dividends (0%, 5%)	3.828.392	2.077.696
Financial assets at fair value through other comprehensive income	-	-
Financial assets at fair value through the profit and loss account	-	-
Property, plant, and equipment/Real estate investments	7.670	612.041
Provisions for risks and charges and adjustments to receivables, inventory	(23.710)	118.359
Total corporation tax recognized in the profit or loss of the financial year	**15.959.386**	**3.843.663**

Reconciling profit before tax with income tax expense in the profit and loss account:

	2021	2020
Profit before tax	**431.128.939**	**92.704.090**
Tax in accordance with the statutory tax rate	70.253.546	16.377.908
Effect on corporate tax of:		
Tax on dividends (0%, 5%)	3.828.392	2.077.696
Non-deductible expenses and assimilated elements	14.887.942	15.548.886
Non-taxable income	(67.742.118)	(32.131.432)
Items assimilated to income	19.750.556	71.867
Items assimilated to expenses	-	-
Tax loss to be recovered	(1.396.849)	1.396.849
Deferred tax	(16.040)	746.680
Amounts representing sponsorship within legal limits and other deductions	(3.988.747)	(244.791)
Tax recognized in retained earnings	(19.617.295)	-
Corporate income tax	**15.959.386**	**3.843.663**

Starting with January 1, 2014, the amendments to the Fiscal Code enter into force, according to which they are included in the category of non-taxable income when calculating the profit tax, along with income from dividends, and income from the sale / assignment of participation titles and income from liquidation, regardless of whether the legal entities in which participation titles are held are Romanian or foreign legal entities, from states with which Romania has concluded conventions for the avoidance of double taxation (including from outside the EU). These incomes are non-taxable if certain conditions are met (if at the date of sale / sale of the shares or on the date of commencement of the liquidation operation, the minimum period of 1 year of uninterrupted holding of a participation of at least 10% is fulfilled).

16. Cash and cash equivalents

In LEI	31 December 2021	31 December 2020
Cash in the cashier and other valuables	8.789	27.608
Current accounts with banks (including interest to be collected)	161.771.661	41.422.880
Deposits with banks with an initial maturity of less than 3 months	106.473.878	146.189.161
Total cash and cash equivalents	**268.254.329**	**187.639.649**

There are no current accounts opened with banks and bank deposits pledged in favor of banks.

17. Bank deposits

In LEI	31 December 2021	31 December 2020
Deposits with banks with an initial maturity of more than 3 months	114.784.395	5.445.000
Attached interest on deposits	126.297	8.621
Total	**114.910.692**	**5.453.621**

18. Financial assets at fair value through the profit and loss account

In LEI	31 December 2021	31 December 2020
Shares measured at fair value	1.273.328.059	1.039.727.470
Fund units measured at fair value	369.329.872	305.468.130
Corporate bonds (including attached interest)	37.907.699	49.195.115
Total	**1.680.565.630**	**1.394.390.716**

Shares measured at fair value through the profit and loss account include (unbound) subsidiaries in the amount of 944.124.545 Lei (2020: RON 871,798,145) and associates RON 329,203,103 (2020: RON 167,928,914).

The fair value of investments in subsidiaries is shown below:

	31 December 2021	31 December 2020
Measured at fair value through profit or loss		
SIF IMOBILIARE PLC NICOSIA	346.555.946	368.782.154
SIF1 IMGB BUCHAREST	241.630.000	214.790.000
NAPOMAR SA CLUJ-NAPOCA	10.709.567	11.395.709
SIF HOTELS SA ORADEA	67.177.207	57.535.630

AZUGA TURISM SA BUCURESTI	15.076.659	21.623.517
IAMU SA BLAJ	41.055.745	43.479.532
CENTRAL SA CLUJ	38.903.269	30.729.283
VRANCART SA ADJUD	180.697.079	122.357.737
SIF SPV TWO	56.094	52.531
UNITEH	375.311	163.724
SIFI CJ LOGISTIC	1.887.667	888.329
Total	**944.124.545**	**871.798.145**

Situation of investment funds in which fund units are held:

	31 December 2021	31 December 2020
Active Plus Closed Investment Fund	195.234.134	162.502.921
Optim Invest Closed Investment Fund	43.346.457	35.627.770
Star Value Closed-End Investment Fund	10.556.251	9.803.909
Alternative Investment Fund Certinvest Shares	81.440.361	67.067.871
Alternative Investment Fund Romania Strategy Fund	38.603.060	30.465.660
Open-End Investment Fund Plus Invest - Muntenia	149.609	-
Total	**369.329.872**	**305.468.130**

The movement of financial assets measured at fair value through the profit and loss account in 2021 is shown below:

In LEI	Shares	Fund units	Corporate Bonds	Total
1 January 2021	**1.039.727.470**	**305.468.130**	**49.195.115**	**1.394.390.716**
Acquisitions	12.906.934	130.000	-	13.036.934
Sales	-	-	(10.712.680)	(10.712.680)
Afferent interest	-	-	(596.162)	(596.162)
Change in fair value (including the exchange rate difference)	220.693.655	63.731.742	21.425	284.446.823
31 December 2021	**1.273.328.059**	**369.329.872**	**37.907.699**	**1.680.565.630**

The acquisitions made during 2021 include participation in the share capital increase with cash contribution to Vrancart SA, made in December 2021 and completed in February 2022. In connection with this acquisition, the Company recognized the acquired shares on 31 December 2021 and, as part of the change in fair value, recognized the difference between the market price of the shares and their acquisition value by applying the transaction date accounting principles and the requirements of IAS 10.
The outflows from corporate bonds represent the maturity repurchase of the remaining principal from the bonds issued by SIFI BH Retail S.A.

The movement of financial assets measured at fair value through the profit and loss account in 2020 is presented below:

In LEI	Shares	Fund units	Corporate Bonds	Total
1 January 2020	**804.587.926**	**366.420.749**	**55.782.891**	**1.226.791.566**

Acquisitions	158.938.967	497.690	-	159.436.657
Sales	(4.882.742)	-	(6.568.790)	(11.451.432)
Afferent interest	-	-	(228.402)	(228.402)
Change in fair value (including the exchange rate difference)	81.083.319	(61.450.309)	209.417	19.842.426
31 December 2020	**1.039.727.470**	**305.468.130**	**49.195.115**	**1.394.390.716**

The acquisitions made during 2020 include shares of subsidiaries classified as assets at fair value through profit or loss respectively fund units at Certinvest Shares in the amount of LEI 0.5 million.
The sales of shares in the amount of 4.9 million lei include the equivalent value of the shares of Somplast SA.
In corporate bonds, the outflows include the value of Banca Transilvania bonds repurchased at maturity.

Hierarchy analysis of the fair value of financial instruments 31 December 2021

Active financiare	Valoarea justa la 31 decembrie 2021	Tehnica de evaluare	Date de intrare utilizate		Date de intrare neobservabile	Costul mediu ponderat al capitalului		Rata de capitalizare		Relatia dintre datele de intrare neobservabile si valoarea justa - senzitivitatea
Investiții financiare, d.c:	**804.850.373**					**Valori standard**	**Variatii fata de valori standard**	**Valori standard**	**Variatii fata de valori standard**	
- participații majoritare necotate sau fără piață activă	**134.019.178**	abordare prin venit - metoda fluxurilor de numerar actualizate	Cifra de afaceri, EBITDA pentru fiecare participatie majoritara	Variatie +/- 5 % fata de valoarea standard	Costul mediu ponderat al capitalului	9,1%-13,4%	Variatie +/- 5 % fata de valoarea standard			Cresterea EBITDA (influentata de cresterea veniturilor si/sau scaderea costurilor si scaderea wacc duce la cresterea valorii juste si viceversa duce la scaderea valoriii juste
- participații majoritare necotate sau fără piață activă	**590.505.019**	abordare prin activ net corectat	Activul net corectat pentru fiecare participatie majoritara din cadrul grupului tip holding	Variatie +/- 5 % fata de valoarea standard a activelor si obligatiilor	chiria unitara si rata de capitalizare pentru investitiile imobiliare, valori evaluate care influenteaza major activul net			8%-11% pentru evaluarea activelor imobilizate (acestea au pondere majoritara in total activ)	Variatie +/- 5 % fata de valoarea standard	Cresterea activului net (influentata de cresterea valorii investitiilor imobiliare) sduce la cresterea valorii juste si viceversa la scaderea valoriii juste
- participații majoritare necotate și investiții în entități asociate evaluate în funcție de valoarea de vânzare (contracte în derulare)	**66.117.819**	Contract de cedare a participației în entitatea evaluată - tranzacții nefinalizate la data bilanțului								
- participatii minoritare fara piata activa	**1.635.333**	abordare prin comparații de piață	vânzarea pachetului de acțiuni detinut ulterior datei bilanțului ca indiciu relevant al valorii juste							
	3.525.290	abordare prin comparații de piață	tranzacții similare cu acțiunile societății sau societăți comparabile							
	9.047.734	abordare prin activ net corectat	situatii financiare istorice anuale si semestriale		discounturi pentru lipsa de lichiditate, pachet minoritar si profitabilitate redusa					
Total	**804.850.373**									

31 December 2020

Fiancial Assets	Fair value 31th December 2020	Valuation method	Input data		Indirect input data	Weighted average cost of capital		Discount rate		Sensitivity - relationship between fair value and indirect input data
Financial assets	**789.228.770**					**Valori standard**	**Variatii fata de valori standard**	**Valori standard**	**Variatii fata de valori standard**	
Unlisted majority holdings, unlisted holdings	**164.763.671**	Discounted cashflow	Turnover, EBITDA	Plus/minus 5% vs standard	Weighted average cost of capital	8%-31.7%	Plus/minus 5% vs standard			An increase (decrease) in EBITDA and a decrease (increase) in WACC leads to an increase (decrease) in fair value
Unlisted majority holdings, unlisted holdings	**584.676.737**	Adjusted net assets	Individual net assets for all entities in the portfolio	Plus/minus 5% vs standard values of assets and liabilities	Rent and capitalization rate			%-11% used for fixed assets (main weight in total assets)	Plus/minus 5% vs standard	An increase (decrease) in net assets leads to an increase(decrease) în fair value
Investments in associates	**12.951.575**	Discounted cashflow	Turnover, EBITDA	Plus/minus 5% vs standard	Weighted average cost of capital	11,67%	Plus/minus 5% vs standard			An increase (decrease) in EBITDA and a decrease (increase) in WACC leads to an increase (decrease) in fair value
Minority holdings in unlisted entities or listed stocks with no active market	**10.999.350**	Market comparison method	historical annual/half-year financial statements		Comparable trades with significant peer companies					
	15.837.437	Adjusted net assets	historical annual/half-year financial statements		Discounts for lack of liquidity, control or active market					
Total	**789.228.770**									

19. Financial assets at fair value through other comprehensive income

The fair value of the shares for which the Group selected the option to reflect fair value accounting through other items of result as of 31 December 2021 and 31 December 2020 is presented below, structured by main sectors of economic activity. The Group chose, at the date of transition to IFRS 9 and initial recognition of new acquisitions, this presentation required by IFRS 9 as this option is consistent with the Group's investment strategy and horizon in relation to those investments.

In LEI	31 December 2021	%	31 December 2020	%
Financial intermediation and insurance	1.321.045.619	92,9%	1.101.539.463	91,0%
Manufacturing industry	20.755.341	1,5%	27.531.618	2,3%
Hotels and restaurants	15.388.961	1,1%	20.856.838	1,7%
Wholesale and retail trade, repair of motor vehicles	145.009	0,0%	235.287	0,0%
Extractive industry	17.897.034	1,3%	13.037.218	1,1%
Other activities	1.174.734	0,1%	3.738.815	0,3%
Construction	606.059	0,0%	197.061	0,0%
Transport and storage	44.560.504	3,1%	42.978.421	3,6%
Agriculture, forestry and fisheries	151.713	0,0%	411.121	0,0%
TOTAL	**1.421.724.976**	**100,0%**	**1.210.525.842**	**100,0%**

Dividend income on shares measured at fair value through other comprehensive income is presented separately in Note 8.

The movement of financial assets measured at fair value through other comprehensive income in 2021 is shown in the following table:

In LEI	**Shares***	**Corporate bonds****
1 January 2021	**1.210.525.841**	**5.111.504**
Purchases	67.751.279	-
Sales	(196.793.416)	-
Change in interest receivable	-	962
Change in fair value (including exchange rate differences)	340.241.271	170.793
31 December 2021	**1.421.724.976**	**5.283.259**

*the option to measure fair value through other comprehensive income was exercised at initial recognition or on the date of transition to IFRS 9
**SPPI tested and recognized as held for collection and sale

The inflows of shares in 2021, in the total amount of LEI 67.7 million, mainly include the acquisition of Banca Transilvania shares in the amount of LEI 61.2 million and BVB in the amount of LEI 6.5 million.
The sales of shares in the amount of 196.8 million lei, mainly include the sale of Erste Bank shares (fair value of the package at the date of sale: 71.6 million lei), Banca Transilvania (24 million lei) and exits from Evergent (68.2 million lei), BT Asset Management (11 million lei), Mobex (3.2 million lei), Iproeb (4.1 million lei), Rompetrol Well Services, Compa (1.3 million lei) and Comat Maramureș (1 million lei). The net result from transactions in the amount of LEI 117.66 million was transferred to the retained earnings.

The movement of financial assets measured at fair value through other comprehensive income in 2020 is shown in the following table:

In LEI	Shares*	Corporate bonds**
1 January 2020	**1.419.485.824**	**5.053.633**
Purchases	7.459.123	-
Sales	(65.497.597)	-
Change in interest receivable	-	(1.417)
Change in fair value (including exchange rate differences)	(150.921.508)	59.288
31 December 2020	**1.210.525.841**	**5.111.504**

*the option to measure fair value through other comprehensive income was exercised at initial recognition
**SPPI tested and recognized as held for collection and sale

The inflows of shares in 2020, in the total amount of 7.5 million lei, mainly include the acquisition of Banca Transilvania shares in the amount of 4.4 million lei and BVB in the amount of 2.5 million lei.
The sales of shares in the amount of RON 65.5 million, mainly include the sale of shares of Romgaz, Transgaz and Electrica.
The net result from transactions in the amount of LEI 3.9 million was recognized in the retained earnings.

Changes in the fair value of financial assets measured through other comprehensive income

In LEI	2021	2020
On January 1st	**725.960.324**	**856.643.688**
Gain/(Loss) on the fair value measurement of financial assets measured at fair value through other comprehensive income	340.329.337	(150.956.585)
Gain/(Loss) transferred to retained earnings on financial assets measured at fair value through other out-of-portfolio comprehensive income	(117.660.625)	(3.942.196)
(Gain)/Loss transferred to the profit and loss account of financial assets measured at fair value through other comprehensive out-of-portfolio income items	-	-
Transfer of the reserve related to subsidiaries in retained earnings as a result of the application of IFRS 10	-	-
Effect of the related deferred income tax	(38.271.042)	24.215.417
As of December 31st,	**910.357.994**	**725.960.324**

20. Other financial assets

In LEI

	31 December 2021	31 December 2020
Commercial receivables - net	26.804.404	2.185.836
VAT to be recovered	1.277.877	515.846
Advances to suppliers	413.881	231.251
Other receivables – net	6.087.775	6.321.546
Total	**34.583.936**	**9.254.479**

21. Property, plant, and equipment

In LEI	Land and buildings	Technical installations and machines	Other installations, machinery, and furniture	Total
Cost				
As of 1 January 2021,	3.734.817	3.192.198	2.019.997	8.947.012
Revaluation	-	-	-	-
Acquisitions/Entries	-	196.613	1.324.778	1.521.391
Outputs	-	(109.681)	(21.561)	(131.242)
As of 31 December 2021,	**3.734.817**	**3.279.130**	**3.323.214**	**10.337.161**
Accumulated depreciation and impairment losses				
As of 1 January 2021	132.329	2.313.142	469.010	2.914.482
Depreciation related to revaluation	-	-	-	-
Depreciation expense	129.911	329.796	263.650	723.356
Outputs	**-**	(101.171)	(20.121)	(121.292)
As of 31 December 2021	**262.240**	**2.541.768**	**712.538**	**3.516.546**
Net book value				
As of 1 January 2021	**3.602.488**	**879.055**	**1.550.987**	**6.032.530**
As of 31 December 2021	**3.472.577**	**737.363**	**2.610.676**	**6.820.616**

In LEI	Land and buildings	Technical installations and machines	Other installations, machinery, and furniture	Advances and fixed assets in progress of execution	Total
Cost					
As of 1 January 2020	3.734.817	3.016.733	756.518	245.319	**7.753.387**
Revaluation	-	-	-	-	**-**
Purchases	-	352.514	1.317.617	-	**1.670.131**
Outputs	-	(177.049)	(54.138)	(245.319)	**(476.506)**
As of 31 December 2020	**3.734.817**	**3.192.198**	**2.019.997**	**-**	**8.947.012**
Accumulated depreciation and impairment losses					
As of 1 January 2020	-	2.058.201	429.778	-	**2.487.978**
Revaluation-related depreciation	-	-	-	-	**-**
Depreciation expense	132.329	431.633	62.419	-	**626.381**
Outputs	-	(176.691)	(23.187)	-	**(199.878)**
As of 31 December 2020	**132.329**	**2.313.142**	**469.010**	**-**	**2.914.481**
Net book value					
As of 1 January 2020	**3.734.818**	**958.532**	**326.740**	**245.319**	**5.265.408**
As of 31 December 2020	**3.602.488**	**879.055**	**1.550.987**	**-**	**6.032.531**

The last reassessment of property, plant, and equipment of the nature of land and buildings was carried out on 31 December 2019 by the internal valuer.

22. Other financial liabilities

In LEI	31 December 2021	31 December 2020
Commercial debts	2.266.120	2.671.242
Amounts owed to employees and related contributions	3.240.245	3.632.509
VAT payment	-	1.806
Other debts - short-term	36.576.434	32.991.133
Total	**42.082.799**	**39.296.691**

23. Deferred income tax liabilities

Assets and deferred tax liabilities on 31 December 2021 are generated by the items detailed in the following table:

	Active	Debt	Net
Financial assets at fair value through the profit and loss account	-	-	-
Financial assets at fair value through other comprehensive income	-	1.111.127.369	(1.111.127.369)
Property, plant and equipment and real estate investments	-	19.950.309	(19.950.309)
Active value adjustments	-	(14.694)	14.694
Provisions for liabilities and charges	-	(2.329.196)	2.329.196
Total		**1.128.733.788**	**(1.128.733.788)**
Tax on loss brought forward			
Net temporary differences - share 16%			(180.597.407)
Temporary net differences - share 10%			
Deferred income tax liabilities			**(180.597.407)**

Assets and deferred tax liabilities on 31 December 2020 are generated by the items detailed in the following table:

	Active	Debt	Net
Financial assets at fair value through the profit and loss account	-	-	-
Financial assets at fair value through other comprehensive income	-	900.346.816	(900.346.816)
Property, plant and equipment and real estate investments	-	19.943.762	(19.943.762)
Active value adjustments	-	(34.303)	34.303
Provisions for liabilities and charges	-	(2.181.009)	2.181.009
Total		**918.075.266**	**(918.075.266)**
Tax on loss brought forward			
Net temporary differences - share 16%			(146.892.044)
Temporary net differences - share 10%			
Deferred income tax liabilities			**(146.892.044)**

The movements during the years related to the deferred tax debt are shown below:

	Value
Tax liability deferred January 1, 2020	**170.631.789**
Tax with impact in the profit and loss account	(140.896)
Impact of asset valuation reserves measured by other comprehensive income	(23.598.849)
Tax debt deferred December 31, 2020	**146.892.044**
Tax with impact in the profit and loss account	(4.565.678)
Impact of asset valuation reserves measured by other comprehensive income	38.271.040
Tax debt deferred December 31, 2021	**180.597.407**

Table of movements on deferred profit tax liabilities:

	01/01/2021	Increases/ decreases in the profit account and loss	Increases/ decreases in other elements of the result global	31/12/2021
Financial assets at fair value through other comprehensive income	144.055.491	-	38.271.040	182.326.531
Property, plant and equipment and real estate investments	3.191.003	(4.545.105)	-	(1.354.102)
Provisions	(354.450)	(23.710)	-	(378.159)
Other assets	-	3.137	-	3.137
	146.892.044	**(4.565.678)**	**38.271.040**	**180.597.407**

	01/01/2020	Increases/ decreases in the profit account and loss	Increases/ decreases in other elements of the result global	31/12/2020
Financial assets at fair value through other comprehensive income	167.654.340		(23.598.849)	144.055.491
Property, plant and equipment and real estate investments	3.450.258	(259.255)		3.191.003
Provisions	(472.809)	118.359		(354.450)
	170.631.789	**(140.896)**	**(23.598.849)**	**146.892.044**

24. Loans

	31 December 2021	31 December 2020
Long-term		
Loans	15.878.238	15.534.842
Total Term Loans	**15.878.238**	**15.534.842**
Short-term		
Finance lease liabilities	-	-
Short-term loans	-	-
Total Short-Term Loans		
Total loans	**15.878.238**	**15.534.842**

The fair value of the loans is equal to their carrying amount.

The division of the Group's loans into foreign currencies is presented as follows:

Currency	31 December 2021	31 December 2020
EUR (equivalent in lei)	1.146.579	1.120.114
RON	14.731.659	14.414.728
Total	**15.878.238**	**15.534.842**

25. Capital and reserves

(a) Share capital

As of December 31, 2021, the share capital of SIF Banat Crişana has the value of 51,542,236 lei, being divided into 515,422,363 shares with the face value of 0.1 lei and is resulted from direct subscriptions made to the share capital of SIF, by transforming into shares the amounts due as dividends under law no. 55/1995 and by the effect of law 133/1996. As of December 31, 2021, the number of shareholders was 5,744,120 (December 31, 2020: 5,747,126).

The shares issued by SIF Banat Crişana are traded on the Bucharest Stock Exchange since November 1999. The records of the shares and shareholders are kept by the company Depozitarul Central S.A. Bucharest.

All shares are ordinary, have been subscribed and are paid in full on 31 December 2021 and 31 December 2020. All the shares have the same voting right and have a nominal value of 0.1 lei / share. The number of shares authorized to be issued is equal to that of the shares issued.

The EGSM of 27 April 2020 approved:
- the reduction of the share capital of the Company pursuant to Art. 207 para. (1) lit.c) of Law no. 31/1990, from 51,746,072.4 lei to 51,542,236.3 lei because of the cancellation of 2,038,361 treasury shares acquired by the company under repurchase program. This operation was completed in December 2020.
- the use of 880,000 shares, owned by the Company and redeemed under the EGSM Decision of April 26, 2018, for the distribution free of charge to the members of the Company's management, within the "Stock Option Plan", approved by the EGSM Decision of April 22, 2019. The Board of Directors of the Company approved at the end of May 2020 "*Action-based payment plan*", which was completed in May 2021.
- the carrying out of a buy-back program of 15,000,000 shares own ("Schedule I") by the Company to reduce its share capital and repurchase a maximum of 880,000 shares ("Schedule II"), for free distribution to the members of the Company's management, to retain them, as well as to reward them for the activity carried out within the Company, according to the performance criteria established by the Board of Directors. The Board of Directors of the Company approved in August 2020 "*Action-based payment plan*", which was completed in December 2021.

EGSM of 2 November 2020 approved:
- revocation in part of the Decision of the Extraordinary General Meeting of Shareholders dated April 22, 2019, published in the Official Gazette of Romania, Part IV, no. 2154/23.05.2019, respectively of Article 1 of this Decision, which approved the development of a repurchase program for a maximum of 15,000,000 treasury shares.
- carrying out a program for the redemption of treasury shares ("Program 3") by the Company, to reduce its share capital. The maximum number of shares that can be redeemed is no more than 15,000,000 shares.

The EGSM of 11 October 2021 approved:
- the development of a program for the redemption of its treasury shares ("Program 4") by the Company, for distribution free of charge to the members of the Company's management (administrators, directors), to keep them loyal, as well as to reward them for the activity carried out within the Company, according to the performance criteria to be established by the Board of Directors. The maximum number of shares that can be redeemed is no more than 880,000 shares. The distribution of the shares will be carried out within the framework of a "Stock Option Plan", in compliance with the legislation in force.

The EGSM of 25 November 2021 approved:

- the method of allocating the 8,792,307 treasury shares repurchased by the Company on the basis of the buy-back programs previously approved by the general meeting of shareholders in order to reduce the share capital and for distribution free of charge to the members of the Company's management, programs carried out by carrying out the public purchase offer approved by the Financial Supervisory Authority by Decision no. 1166/22.09.2021, in the following variant: the allocation of a number of 7,912,307 shares in order to reduce the share capital of the Company and the allocation of a number of 880,000 shares for distribution free of charge to the members of the Company's management.

Program	Allocation date	Number of Shares	Share price*	Total program value	Amount recognized in expenses in 2021
Program approved by EGSM from 22.04.2019 and EGSM from 27.04.2020	May 2020	880.000	2,38	2.094.400	960.669
Program approved by EGSM from 27.04.2020	August 2020	880.000	2,11	1.856.800	1.616.268
				Total	**2.576.937**

According to the allocation document

Program	Allocation date	Number of Shares	Share price*	Total program value	Amount recognized in expenses in 2020
Program approved by EGSM from 22.04.2019 and EGSM from 27.04.2020	May 2020	880.000	2,38	2.094.400	1.221.731
Program approved by EGSM from 27.04.2020	August 2020	880.000	2,11	1.856.800	618.932
Program value adjustment to share price as of December 31, 2020					26.400
				Total	**1.867.063**

According to the allocation document

In LEI	**31 December 2021**	**31 December 2020**
Share capital*	51.542.236	51.542.236
Total	**51.542.236**	**51.542.236**

(b) Retained earnings

In LEI	**31 December 2021**	**31 December 2020**
Retained earnings from the transition to IAS and IFRS	422.323.709	422.323.709
Retained earnings from the application of IFRS 9 (including gains on transactions)	310.528.734	207.935.766
Retained profit	18.874.346	18.874.346
Profit or loss for the financial year	415.162.676	88.858.482
Other amounts recognized in retained earnings (legal reserves, revaluation of property, plant, and equipment, etc.)	(834.057)	2.429.869
Total	**1.166.055.407**	**740.422.170**

(c) Other reserves

In LEI	**31 December 2021**	**31 December 2020**
Reserves apportioned from net profit	995.838.093	903.715.687
Reserves constituted because of the application of Law no. 133/1996	145.486.088	145.486.088
Reserves from prescribed dividends	88.420.910	88.420.910
Reserves from course differences and investment facilities	19.832.946	19.832.946
Total	**1.249.578.037**	**1.157.455.631**

The reserve related to the initial portfolio was constituted following the application of Law no. No 133/1996, as the difference between the value of the portfolio contributed and the amount of the subscribed share capital of SIF. Those reserves are thus treated in the same way as a contribution premium and are not used for the sale of non-current securities.

(d) Legal reserves

According to the legal requirements, the Company constitutes legal reserves in the amount of 5% of the profit registered according to the accounting regulations applicable up to the level of 20% of the share capital according to the Articles of Incorporation. The value of the legal reserve as of 31 December 2021 is 10,568,848 lei (December 31, 2020: 10,568,848 lei). In 2020, the parent company reduced the legal reserve because of the reduction of the share capital.
Legal reserves cannot be distributed to shareholders.

(e) Changes in the fair value of financial assets measured through other comprehensive income

This reserve shall comprise cumulative net changes in the fair values of financial assets measured through other comprehensive income from the date of their classification in this category until the date on which they were derecognized or impaired.
Reserves are recorded at net worth of the related deferred tax. The amount of deferred tax recognized directly by the reduction in equity is set out in Note 25.
The following table shows the reconciliation of the net differences in the change in fair value for financial assets measured through other comprehensive income:

In LEI	**31 December 2021**	**31 December 2020**
Differences in changes in fair value for financial assets measured through other comprehensive income (bonds)	65.463	(8.511)
Changes in fair value for financial assets measured through other comprehensive income (shares)	910.292.531	725.968.835
Total	**910.357.994**	**725.960.324**

(f) Dividends

The Shareholders of the Company did not approve during 2021 and 2020 to distribute dividends from the profit of the years 2020 and 2019 respectively.

26. Segment reporting

In 2021 and 2020, the Group carried out its activity on a single segment, namely the financial activity.

The activity of 3 companies was included in the financial activity (2020: 3).

27. Commitments and contingent liabilities

a) ***Court actions***

The group is the subject of several court actions resulting from the normal course of its work. The management considers that these actions will not have a significant effect on the economic results and the consolidated financial position.

b) ***Transfer price***

Romanian tax legislation contains transfer pricing rules between affiliated persons since 2000. The current legislative framework defines the principle of "market value" for transactions between affiliated persons, as well as the methods of transfer pricing. As a result, it is expected that the tax authorities will initiate thorough transfer pricing checks to ensure that the tax result and/or customs value of the imported goods are not distorted by the effect of the prices charged in the relations between the affiliated persons. The group cannot quantify the outcome of such a check.

c) ***Other commitments***

As of December 31, 2021, and December 31, 2020, the Group does not have loans obtained from banks for which banks have requested collateral guarantees represented by mortgages of fixed assets (land, buildings) and securities on receivables, inventory, and cash.

28. Transactions with related parties

The parties are considered related if one of the parties can control the other party or to exercise significant influence over it in making financial or operating decisions.
The Group has identified during its business the following related parties:

Key management staff
31 December 2021

- On December 31, 2021, the Board of Directors of SIF BANAT-CRIŞANA SA consisted of 5 members: Bogdan-Alexandru Drăgoi-President, Răzvan-Radu Străuț-Vice-President, Sorin Marica, Marcel Pfister and Ionel Marian Ciucioi.
- On December 31, 2021, the members of the executive management of SIF BANAT-CRIŞANA SA: Bogdan-Alexandru Drăgoi – General Manager, Răzvan-Radu Străuț – Deputy General Manager, Teodora Sferdian – Deputy General Manager and Laurențiu Riviș – Director.

31 December 2020

- On December 31, 2020, the Board of Directors of SIF BANAT-CRIŞANA SA consisted of 5 members: Bogdan-Alexandru Drăgoi-President, Răzvan-Radu Străuț-Vice-President, Sorin Marica, Marcel Pfister and Ionel Marian Ciucioi.
- On December 31, 2020, the members of the executive management of SIF BANAT-CRIŞANA SA: Bogdan-Alexandru Drăgoi – General Manager, Răzvan-Radu Străuț – Deputy General Manager, Teodora Sferdian – Deputy General Manager and Laurențiu Riviș – Director.

During the financial year, no transactions were made, and no advances and loans were granted to the directors and managers of the Company, except for advances for travel in the interest of the service.

During 2021, the gross amounts paid to the members of the Board of Directors and to the Directors of the parent company and to the subsidiaries amounted to LEI 12,201 thousand (2020: LEI 13,152 thousand). During 2021, the amount of LEI 2,577 thousand was included on expenses (2020: LEI 1867 thousand) related to the two programs payment based on actions approved by the AGA from April 2020, programs finalized on 31 December 2021.
The Group did not receive or provide any guarantees in favor of any related parties.

The following transactions were carried out with related parties:

(a) Dividend income

	2021	2020
SIL Imobiliare PLC	52.286.577	-
Azuga Tourism	10.009.139	-
Vrancart	7.511.836	8.983.226
Biofarm	7.966.125	11.224.994
uniteh	-	7.770.077
IAMU Blaj	3.067.867	3.067.867
Gas West	2.607.914	752.117
Total	**83.449.458**	**31.798.281**

(b) Interest income

	2021	2020
VRANCART ADJUD - bonds	1.378.945	1.681.799
SIFI BH Retail - bonds	38.782	643.800
Total	**1.417.727**	**2.325.599**

(c) Purchases of products and services

	2021	2020
Gas West - natural gas supply	77.815	41.183

(d) Balances at the end of the year resulting from sales / purchases of products / services

	31 December 2021	31 December 2020
Debts to related parties	(34.268)	(7.398)
Loans	(15.878.238)	(15.534.842)
Total	**(15.912.506)**	**(15.542.240)**

(e) Balance of fixed receivables

	2021	2020
Silvana Cehu Silvaniei- dividends and interest	790.389	671.886
Silvana Cehu Silvaniei -impairment adjustments receivables	(565.284)	(671.886)
VRANCART ADJUD - bonds	37.612.296	37.612.296
VRANCART ADJUD - interest to be collected	295.403	285.785
SIFI BH Retail - bonds	-	10.691.255
SIFI BH Retail - interest to be collected	-	605.780

Gas West – dividend to be collected	2.607.914	752.117
Total	**40.740.718**	**49.947.232**

29. Subsequent events

- On January 25, 2022, it was published Information document on the provision of shares to the members of the management structure. The document was approved by the Board of Directors by CA Decision no. 5 from 20.01.2022 and includes the free offering of 880,000 shares to the members of the management structure (administrators, directors), within the framework of a "Stock Option Plan".
- On January 25, 2022, the contract for the full sale of the stake held in GazVest S.A. Arad was signed. The value of the contract was used to determine fair value differences on 31 December 2021 for associates and recognized in the investment gain/(loss).
- On February 23, 2022, the certificate of registration of securities was issued, certifying the completion of the share capital increase with cash contribution to Vrancart SA. On March 1, the Central Depository registered the new securities in the shareholders' register.