SIF Banat-Crișana S.A.

Condensed interim consolidated financial statements as of June 30, 2021

prepared pursuant to Rule no. 39/2015 for the approval of accounting regulations in accordance with the International Financial Reporting Standards, applicable to entities authorised, regulated, and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector

unaudited

FREE TRANSLATION
from Romanian which is the official and binding version

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Denominated in RON	***Note***	**June 30, 2021**	**June 30, 2020**
Income			
Dividend income	*7*	22,490,675	22,333,278
Interest income (assets at amortized cost, assets FVTOCI)	*8*	1,401,586	4,145,262
Interest income (assets FVTPL)	*8*	709,974	1,372,697
Other operating revenues	*9*	15,448,909	10,676,878
Gan/(Loss) on investment			
Gain/(Loss) from investment property	*19*	874	2,466,217
Net gain/(Loss) from exchange rate differences		622,712	1,340,878
Net Gain / (Loss) from financial assets at fair value through profit and loss	*10*	207,017,003	(80,695,018)
Expenses			
Reversals / (set-up) of provisions for risks and expenses		1,182,595	910,005
Reversals / (set-up) of adjustments for impairment of current assets		(35,324)	7,551
Interest expenses		(216,533)	(204,745)
Commissions expenses	*11*	(2,783,101)	(1,545,842)
Other operating expenses	*12*	(15,104,817)	(14,013,041)
Profit / (Loss) before tax		**230,734,552**	**(53,205,880)**
Income tax	*13*	(12,577,534)	(1,140,909)
Net profit / (Loss) for the period		**218,157,019**	**(54,346,788)**
Profit / (Loss) is attributed to:			
Parent company		218,155,431	(54,347,620)
Non-controlling interests		1,588	832
Other comprehensive income			
Items that are or may be transferred to profit or loss			
Amounts that may be transferred to profit or loss (debt instruments)		8,512	(190,767)
Amounts transferred to profit or loss			
Items that are or may be transferred to retained earnings			
Change in fair value of the shares measured by other comprehensive income		241,812,760	(305,730,644)
Effect of the income tax related to them		(37,699,100)	47,227,865
Other comprehensive income		**204,122,171**	**(258,693,546)**
Total comprehensive income for the period		**422,279,190**	**(313,040,334)**
Earnings per share			
Basic		0.4238	(0.106)
Diluted		0.4238	(0.106)

The condensed interim consolidated financial statements were approved by the Board of Directors on September 29, 2021, and were signed on its behalf by:

Radu-Răzvan Străuț	Dorel Baba
Vice-Chairman, Deputy General Director	Financial Reporting Manager

Denominated in RON	*Note*	June 30, 2021	December 31, 2020
Assets			
Cash and cash equivalents	*14*	317,366,247	187,639,649
Bank deposits	*15*	10,064,969	5,453,621
Financial assets at fair value through other comprehensive income (bonds)	*17*	5,180,369	5,111,504
Other financial assets	*18*	15,806,696	9,254,479
Other assets		372,328	257,796
Assets held for sale	*20*	45,718,704	43,727,212
Financial assets at fair value through profit or loss	*16*	1,590,139,485	1,394,390,716
Financial assets at fair value through other comprehensive income (shares)	*17*	1,340,656,047	1,210,525,841
Investment property	*19*	27,746,803	28,498,134
Tangible assets (property, plant, and equipment)		5,773,343	6,032,529
Total assets		**3,358,824,991**	**2,890,891,482**
Liabilities			
Current income tax liability		15,772,518	143,012
Other financial liabilities	*21*	39,119,794	39,296,691
Other accrued liabilities and deferred income		20,083	26,797
Borrowings	*22*	15,654,663	15,534,842
Leasing liabilities		39,631	49,965
Provisions for risks and expenses		998,415	2,181,010
Deferred income tax liabilities	*23*	176,227,721	146,892,044
Total liabilities		**247,832,825**	**204,124,360**
Equity			
Statutory share capital	*24*	51,542,236	51,542,236
Treasury (own) shares	*24*	-	(2,199,867)
Losses from the repurchase of own shares		-	(40,659)
Benefits granted in equity instruments		1,573,730	1,867,063
Retained earnings	*24*	924,939,136	740,422,170
Other reserves	*24*	1,249,578,037	1,157,455,631
Reserves from revaluation of tangible assets		1,176,569	1,176,569
Legal reserves		10,568,848	10,568,848
Reserves from revaluation of financial assets designated FVTOCI	*24*	871,598,555	725,960,324
Total		**3,110,977,111**	**2,686,752,316**
Non-controlling interests		15,055	14,807
Total equity		**3,110,992,166**	**2,686,767,122**
Total liabilities and equity		**3,358,824,991**	**2,890,891,482**

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Vice-Chairman, Deputy General Director

Dorel Baba
Financial Reporting Manager

SIF Banat-Crișana

Condensed consolidated statement of changes in equity

for the first semester ended June 30, 2021 (all amounts presented in RON)

in RON	Share capital	Treasury (own) shares	Losses from repurchase of own shares	Legal reserves	Reserves from change of financial assets through other comprehensive income	Reserves from revaluation of fixed assets	Other reserves	Benefits granted in equity instruments	Accumulated profit	Total equity (own capital)	Non-controlling interests	Total
Balance on January 1, 2021	**51,542,237**	**(2,199,867)**	**(40,659)**	**10,568,848**	**725,960,323**	**1,176,569**	**1,157,455,630**	**1,867,063**	**740,422,171**	**2,686,752,315**	**14,806**	**2,686,767,122**
Profit / (Loss) for the period	-	-	-	-	-	-	-	-	218,155,431	218,155,431	1,588	218,157,019
Reserve from revaluation of financial assets transferred to profit and loss												
Reserve from revaluation of financial assets transferred to retained earnings					(66,024,395)				66,024,395	-		-
Change in reserve					241,822,894					241,822,894		241,822,894
Revaluation of tangible assets												
Related deferred tax					(30,160,266)				(7,540,455)	(37,700,722)		(37,700,722)
Total comprehensive income for the period					**145,638,232**	**-**	**-**		**276,639,371**	**422,277,603**	**1,588**	**422,279,191**
Other reserves – own sources							92,122,406		(92,122,406)			
Change of the reserve related to subsidiaries											(1,340)	(1,340)
Dividends payable for 2020												
Dividends written-off												
Change in benefits granted		2,199,867	40,659					(293,333)		1,947,193		1,947,193
Cancellation of own shares												
Total transactions with shareholders recognized directly in equity		**2,199,867**	**40,659**				**92,122,406**	**(293,333)**	**(92,122,406)**	**1,947,193**	**(1,340)**	**1,945,852**
Balance on June 30, 2021	**51,542,237**	**-**	**-**	**10,568,848**	**871,598,555**	**1,176,569**	**1,249,578,036**	**1,573,730**	**924,939,136**	**3,110,977,111**	**15,055**	**3,110,992,165**

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SIF Banat-Crișana

Condensed consolidated statement of changes in equity

for the first semester ended June 30, 2021 (all amounts presented in RON)

in RON	Share capital	Treasury (own) shares	Losses from repurchase of own shares	Legal reserves	Reserves from change of financial assets through other comprehensive income	Reserves from revaluation of fixed assets	Other reserves	Benefits granted in equity instruments	Accumulated profit	Total equity (own capital)	Non-controlling interests	Total
Balance on January 1, 2020	**51,746,072**	**(7,295,461)**	**(134,838)**	**10,609,615**	**856,643,688**	**1,176,569**	**997,961,099**	**0**	**811,806,713**	**2,722,513,457**	**15,062**	**2,722,528,519**
Profit / (Loss) for the period	-	-	-	-	-	-	-	-	(54,347,620)	(54,347,620)	832	(54,346,788)
Reserve from revaluation of financial assets transferred to profit and loss										-		-
Reserve from revaluation of financial assets transferred to retained earnings					(10,847)				10,847	-		-
Change in reserve	-	-	-	-	(305,957,747)	-	-	-	-	(305,957,747)	-	(305,957,747)
Revaluation of tangible assets										-		-
Related deferred tax	-	-	-	-	47,273,839	-	-	-	(9,637)	47,264,202)	-	47,264,202
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(258,694,755)**	**-**	**-**	**-**	**(54,346,410)**	**(313,041,166)**	**832**	**(313,040,334)**
Other reserves – own sources	**-**	**-**	**-**	**-**	**-**	**-**	159,494,532	-	(159,494,532)	-	-	-
Change of the reserve related to subsidiaries	**-**	**-**	**-**	-	**-**	**-**	-	-	-	-	(2,448)	(2,448)
Dividends payable for 2019										-		
Dividends written-off										-		-
Change in benefits granted	-	-	-		-	-	-	174,533	-	174,533	-	174,533
Cancellation of own shares										-		-
Total transactions with shareholders recognized directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**159,494,532**	**174,533**	**(159,494,532)**	**174,533**	**(2,448)**	**172,085**
Balance on June 30, 2020	**51,746,072**	**(7,295,461)**	**(134,838)**	**10,609,615**	**597,948,933**	**1,176,569**	**1,157,455,631**	**174,533**	**597,965,769**	**2,409,646,824**	**13,445**	**2,409,660,269**

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Vice-Chairman, Deputy General Director

Dorel Baba
Financial Reporting Manager

Denominated in RON	**June 30, 2021**	**June 30, 2020**
Cash flow from operating activities		
Net profit for the period	218,157,019	(54,346,788)
Adjustments for:		
Amortization of tangible and intangible assets	387,474	398,745
Net (gain)/loss from disposal of tangible assets	5,369	20,068
Net (gain)/loss from valuation of investment property	(874)	(2,466,217)
(Income) / Expenses on adjustments for impairment of assets	35,324	-
(Income) / Expenses from other provisions and adjustments	(1,182,595)	(910,005)
(Net gain)/Net loss from financial assets at fair value through profit or loss (Note 16)	(207,017,003)	80,695,018
Dividend income (Note 7)	(22,490,675)	(22,333,278)
Interest income	(2,111,560)	(5,517,960)
Interest expenses	216,533	204,745
Benefits granted in equity instruments	1,889,067	174,533
(Income)/Expenses on foreign exchange differences	25,155	(940,421)
Income tax (Note 13)	12,577,534	1,140,909
Operating profit before changes in assets and liabilities	**490,768**	**(3,880,651)**
Changes in operating assets and liabilities		
Changes in other assets	(2,538,887)	8,842,625
Changes in other liabilities	(213,575)	(1,884,221)
Income tax paid	(3,962,107)	(6,326,894)
Net cash generated by / used in operating activities	**(6,223,801)**	**(3,249,142)**
Cash flow from investment activities		
Payments for purchase of financial assets FVTOCI (shares, bonds)	-	(7,250,565)
Proceeds from sale of financial assets FVTOCI (shares, bonds) (Note 17)	111,682,553	23,970
(Placements) / Proceeds from term deposits greater than 3 months	(4,598,000)	9,978,000
Proceeds from sale/repurchase of assets FVTPL (fund units, bonds)	15,632,603	6,600,189
Payments for purchase of assets FVTPL (fund units, bonds, shares)	-	-
Proceeds / (Payments) from sale of assets at amortized cost	-	4,842,600
Proceeds from sale of tangible assets and investment property	930,641	9,636,800
Payments for purchase of tangible assets and investment property	(2,261,890)	(944,874)
Collected dividends	11,951,135	20,636,067
Collected interest	2,733,778	6,234,865
Net cash generated / (used) in/from investment activities	**136,070,820**	**49,757,053**
Cash flow from financing activities		
Proceeds / Loan repayments	(119,082)	53,180
Dividends paid to shareholders of the company	(1,340)	(2,448)
Repurchase of own shares	-	-
Interest paid	-	-
Net cash generated / (used) in financing activities	**(120,422)**	**50,732**
Net increase / (decrease) in cash and cash equivalents	129,726,598	46,558,643
Cash and cash equivalents at the beginning of the period	187,639,649	118,936,576
Cash and cash equivalents at the end of the period	**317,366,247**	**165,495,219**

Cash and cash equivalent comprise:

	June 30, 2021	**June 30, 2020**
Petty cash	9,700	3,548
Current accounts in banks (including due interest)	60,046,757	48,309,803
Bank deposits with initial maturity less than 3 months (including due interest)	257,304,611	117,157,574
Other values	5,179	24,294
Cash and cash equivalent	**317.366.247**	**165.495.219**

The condensed interim consolidated financial statements were approved by the Board of Directors on September 29, 2021, and were signed on its behalf by:

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Vice-Chairman, Deputy General Director	Financial Reporting Manager

1. Reporting entity

Societatea de Investiții Financiare Banat–Crișana SA ("the Company") was established based on Law no. 133/1996 by the reorganization and transformation of Fondul Proprietății Private Banat-Crișana and it is a joint stock company operating under Law 31/1990. The company is established as a self-managed investment company, authorized by the Financial Supervisory Authority (ASF) 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 addressed to retail investors (AIFRI). ASF issued Authorization no. 130 / 01.07.2021 authorizing SIF Banat-Crișana S.A. as an Alternative Investment Fund addressed to Retail Investors (AIFRI).

SIF Banat–Crișana is headquartered in Arad, 35A Calea Victoriei, Arad County, code 310158, tel.: +40257 304 438, fax: +40257 250 165. The registration number in the Trade Register is: J02/1898/1992, and the tax identification number is: RO 2761040

The business activity of the company is:
- portfolio management
- risk management;
- other activities other activities carried within the collective management of an investment fund, permitted by the legislation in force.

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

The custodian bank of the Company is Banca Comercială Română (BCR) starting with November 28, 2019, until that date (since January 29, 2014) was BRD Groupe Société Générale.

The company providing registry services is Depozitarul Central SA Bucharest.

The company has applied the requirement of Law no. 24/2017 on issuers of financial instruments and market operations, which provides that the half-yearly financial report shall be published no later than 3 months after the end of the semester. At the same time, the Company also applied an interpretation included in the document on the agenda issued by the European Commission Internal Market Service for the meeting of the Accounting Regulation Committee (document ARC / 08/2007) regarding the relationship between the IAS Regulation and the Directives 4th and 7th of the Trading Companies Law. The Commission Services Department was of the opinion that, if a company chooses or has to prepare annual financial statements, in accordance with IFRS adopted by the European Union, it can independently prepare and submit a set of standalone financial statements as opposed to a set of consolidated financial statements.

SIF Banat-Crișana's condensed interim standalone financial statements as of June 30, 2021, were approved by the Board of Directors on August 27, 2021, prior to the approval of these condensed interim consolidated financial statements.

The Company's condensed interim consolidated financial statements as of June 30, 2021 comprise the Company, its subsidiaries and associates (the "Group"). Subsidiaries and associates are disclosed in the Note 3 to these interim financial statements.

The Group's business is structured on one segment, the financial one.

2. Bases of preparation

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared pursuant to the Rule no. 39/2015 for the approval of the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated, and supervised by the ASF in the Financial Instruments and Investments Sector ("The Rule").

The accounting records of the Company and its subsidiaries are kept in RON.

As not all subsidiaries apply the International Financial Reporting Standards as the accounting basis, accounts prepared in accordance with the Romanian Accounting Regulations ("RAR") are restated to reflect the differences between RAR-compliant and IFRS-compliant accounts. Accordingly, the RAR accounts are adjusted to the necessary extent 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 from July 2002 and those of the ASF Rule no. 39/2015.

In addition to the specific consolidation adjustments, the main restatements of the financial information presented in the financial statements prepared in accordance with RAR and IFRS adopted by the European Union are:

- grouping several items into more comprehensive categories;
- adjustments of items of assets, liability and equity adjustments, in accordance with IAS 29 "Financial reporting in hyperinflationary economies" because the Romanian economy was a hyperinflationary economy until December 31, 2003;
- fair value adjustments also for the impairment of financial assets (debt instruments at amortized cost or at fair value through other comprehensive income) in accordance with IFRS 9 "Financial Instruments";
- adjustments in the consolidated statement of comprehensive income to record dividend income at the time of their reporting and at gross value;
- adjustments for the recognition of deferred tax assets and liabilities in accordance with IAS 12 "Income Tax";
- investment property adjustments for their fair value measurement in accordance with IAS 40 "Investment Property"; and
- disclosure requirements in accordance with IFRSs.

December 31, 2015, is the date of transition to IFRS as an accounting basis, at this date by restatements were performed and accounted for from CNVM Regulation no. 4/2011 to IFRS accounting regulations.

These condensed interim consolidated financial statements for H1 ended on June 30, 2021, have been prepared pursuant to the requirements of IAS 34 "Interim Financial Reporting" and should be read together with the consolidated financial statements for 2020 prepared in accordance with Rule no. 39/2015 for the approval of the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the ASF of Financial Instruments and Investments Sector (The Rule).

(b) Presentation of the condensed interim consolidated financial statements

The Group has adopted a presentation based on liquidity in the condensed statement of financial position and a presentation of income and expenses according to their nature in the interim condensed statement of comprehensive income, considering that these methods of presentation provide information that is reliable and more relevant than the information presented based on other methods allowed by IAS 1 "Presentation of financial statements".

(c) Bases of measurement

The condensed interim consolidated financial statements are prepared on a fair value basis convention, for the financial assets and liabilities, at fair value through profit or loss or by other comprehensive income.

Other financial assets and liabilities, as well as non-financial assets and liabilities are stated at amortized cost, revaluated amount, or historical cost.

(d) Going concern

The condensed interim consolidated financial statements have been prepared using the going concern assumption that the companies in the Group will be able to use their assets and meet their obligations during their operating activities.

(e) Functional and presentation currency

The management of the Group considers that the functional currency, as defined by IAS 21 "The Effects of Changes in Foreign Exchange Rates", is the Romanian Leu (RON or lei). The condensed interim consolidated financial statements are presented in RON, rounded to the nearest unit, which is the presentation currency chosen by the Group's management.

(all amounts presented in RON)

(f) Use of estimates and judgements

The preparation of the condensed interim consolidated financial statements pursuant to Rule no. 39/2015 for the approval of accounting regulations in accordance with the International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector requires that management of the Group makes estimates, judgements, and assumptions that affect the application of accounting policies as well as the reported value of assets, liabilities, income and expenses. Such estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the given circumstances. The result of these estimates forms the basis of judgments used in assessing the carrying value of assets and liabilities for which no other evaluation sources are available. Actual results may differ from the estimated values.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period or if the period of the revision and future periods are affected the revision affects both current and future periods.

Judgments made by the management of the Group in applying IFRS that have a significant impact on the consolidated financial statements and the estimates that involve a significant risk of a material adjustment in the next year are presented in the annual financial statements.

(g) Changes in the accounting policies

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

3. Bases of consolidation

a) Subsidiaries and associated entities

The subsidiaries are entities under the control of the Company. The control exists when the Company is exposed or has rights on the variable profitability based on its participation in the entity in which it invested and has the capacity to influence that income through its authority over the invested entity. On the date of control evaluation, the potential or convertible voting rights exercised on the respective date are taken into account.

The financial statements of the subsidiaries are included in the consolidated financial statements as of the date when it begins exercising the control until its termination. The accounting policies of the subsidiaries were amended in order to harmonize them with the Group's policies.

During Q1 2018, based on the information available as of December 31, 2017, the Company reviewed the criteria for its classification as an investment entity and concluded that they were met, except for the subsidiaries providing investment services (SAI Muntenia Invest, Administrare Imobiliare SA). As per the provisions of IAS 27 and IFRS 10, starting with the financial year 2018, the Company measures all the subsidiaries at fair value through profit or loss, except for the subsidiaries providing investment related services, that will continue to be consolidated. At the same time, the Company reviewed the analysis regarding the fulfilment of the classification criteria as an investment entity for 2020 and 2021, concluding that they are met and that will further apply the exception provided by IFRS 10 regarding the investment entities for the financial statements for the financial years 2020 and 2021.

The list of investments in subsidiaries as of June 30, 2021, and December 31, 2020, is the following:

No.	Company name	Percentage held (%)	
		June 30, 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)*	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

(all amounts presented in RON)

No.	Company name	Percentage held (%)	
		June 30, 2021	December 31, 2020
13	(Uniteh SA Timișoara)**	36.34	36.34
14	(SIFI CJ Logistic)**	5.53	5.53
15	(Ario SA Bistrița) *	93.64	93.64

** The companies Silvana SA Cehu Silvaniei and Ario SA Bistrişa are undergoing bankruptcy proceedings, so the voting rights held by SIF Banat-Crișana do not give authority over the entity in which it invested and thus is excluded from the scope of consolidation*
*** the companies Uniteh SA and SIFI CJ Logistic are subsidiaries by the direct control and indirect through SIF Imobiliare Plc Nicosia*

Note: The subsidiaries shown in brackets in the table above were excluded from the scope of consolidation as a result of the periodic analysis of the status of investment entity according to IFRS 10.

Associates

The number of entities in which the Company holds stakes between 20% and 50% as of 30 June 2020 is of 19 (December 31, 2020: 20), of which:

a. Two entities (Gaz Vest SA Arad, Biofarm SA Bucharest), in which the Company exerts a significant influence, removed from the scope of consolidation beginning January 1, 2018, as a result of the classification of the Company as an investment entity;
b. 4 entities (December 31, 2020: 4) that do not qualify as associates because the Company does not exercise significant influence in companies;
c. 13 entities (December 31, 2020: 13) in insolvency / liquidation / bankruptcy.

b) Transactions removed from consolidation

The settlements and the transactions within the Group, as well as the profits not realized resulted from transactions within the Group, are entirely removed from the consolidated financial statements.

The accounting policies presented below have been applied coherently for all periods presented within these consolidated financial statements. The accounting policies have been applied coherently by all the entities of the Group.

4. Operational segments

The Group operates on a single segment, viz. financial activity.

5. Significant accounting policies

The accounting policies used in these condensed interim consolidated financial statements are consistent with those of the consolidated financial statements prepared as of December 31, 2020.

The main accounting policies applicable to financial instruments are presented below:

Financial assets and liabilities

Financial instruments, as per IFRS 9, comprise the following:
- investments in equity (own capital) instruments (e.g. shares);
- investments in debt instruments (e.g. securities, bonds, loans);
- trade receivables and other receivables;
- cash and cash equivalent;
- derivatives;
- stakes in subsidiaries, associates, and joint ventures - according to the provisions of IFRS 10 / IAS 27 / IAS 28.

(i) Classification

Financial instruments held are classified by the Group in accordance with IFRS 9 "Financial Instruments" in financial assets and financial liabilities.

The Group classifies **the financial assets** as measured at amortized cost, at fair value through other comprehensive income or at 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

• It represents the manner in which an entity manages its financial assets in order to generate cash flows: *collection, sale of assets* or *both*;
• Its determination is realized by facts, considering: *the valuation and reporting method of their performance*, the current *risks* and the *management method* thereof and the *management compensation method* (based on fair value or based on cash flows related to these investments);

Model of assets held to collect
• Managed in order to carry out the cash flows by collecting the principal and the interest during the lifetime of the instrument;
• The hold-to-maturity is not necessary;
• There are categories of sale transactions compatible to this model: those ones due to the increase of the credit risk, infrequent or insignificant sales from the value point of view or sales on dates closed to the due date of the instruments;
• The accounting recording of these assets (if the SPPI criterion is also fulfilled and the fair value option was not selected) is made at amortized cost (using the effective interest method; the interests, earnings or losses from impairment and the exchange rate differences – in profit and loss).

Model of assets held-to-collect and sale
• Managed both to realize cash flows from collection and through the (full) sale of assets;
• The sales have high frequency and value compared to the previous model, without mentioning a certain threshold to classify within this model;
• The purpose of these sales can be: managing the current liquidity needs, mentioning certain structure of the output obtained or optimization decisions of the entity's balance sheet (correlation of the term of financial assets with that of financial liabilities).
• The accounting registration of these assets (if the SPPI criterion is also fulfilled and the fair value option was not selected) is made at the fair value through other comprehensive income (using the effective interest method; the interests, earnings or losses from impairment and the exchange rate differences – in profit and loss / variation of the fair value of these instruments – in other comprehensive income, the amounts recognized in other comprehensive income are recycled through profit and loss when the asset is derecognized).

Other business model
• The assets managed in order to carry out the cash flows by means of sale;
• Collecting cash flows related to these investments is incidental, it does not represent the purpose of their holding;
• Assets whose performance is managed and reported based on their fair value;
• Liability items (debt instruments) acquired for sale in the near future, are meant to obtain short-term profit or these are derivative instruments;
• The accounting recording of these assets is made at the fair value through profit and loss.

SPPI test
It comprises criteria that evaluates to what extent the structure of the cash flows of a liability instrument classifies within the model of the base credit agreement (the interest reflects to a great extent of the value in time of money and credit risk).

There are some ratios that indicate the case in which the liabilities instruments held should be evaluated at the fair value through profit and loss:
- non-standard interest rate;
- presence of the leverage effect;
- hybrid instruments (including an incorporated derivative).

There are also ratios that, although they would impose a registration at fair value, can comply, under certain circumstances, with the SPPI criterion and so the respective assets should be accounted for at amortized cost:
- the existence of an anticipated reimbursement option or extension of the asset term;
- assets without recourse that should guarantee the debt reimbursement
- contractually bound instruments.

Financial assets measured at fair value through profit and loss (FVTPL)
A financial asset must be measured at fair value through profit or loss, except if it is measured at amortized cost or at fair value through other comprehensive income.

Financial assets measured at fair value through other comprehensive income (FVOCI)
A financial asset, such as debt instruments, must be measured at fair value through other comprehensive income if both conditions below are complied with:

a) the financial asset is held within a business model whose goal is achieved by collecting the contractual cash flows and the sale of financial assets and
b) the contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of the principal and of the interest corresponding to the principal owed.

The Group can make an irrevocable choice upon the initial recognition in case of certain investments in *equity instruments* that would have been evaluated otherwise at the fair value through profit or loss to present the subsequent changes of the fair value in other comprehensive income (according to paragraphs 5.7.5 and 5.7.6 of IFRS 9 – Financial Instruments).

Financial assets measured at amortized cost
A financial asset must be measured at amortized cost if both conditions below are complied with:

(a) the financial asset is held within a business model whose goal is to hold financial assets to collect the 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 the principal and of the interest corresponding to the principal owed.

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

The other financial liabilities are measured at amortized cost.

(ii) Recognition

The assets and liabilities are recognized on the date when the Group becomes a contractual party to the conditions of the respective instrument. When the Group recognizes a financial asset for the first time, it must classify it according to paragraphs 4.1.1-4.1.5 (at amortized cost, at fair value through profit or loss or at fair value through other comprehensive income) of IFRS 9 and value it according to paragraphs 5.1.1-5.1.3. (a financial asset or financial liability is measured at fair value adding or subtracting the transaction costs, directly attributable to the acquisition or issue of the asset or liability).

(iii) Measurement

After the initial recognition, the entity must measure the financial assets according to paragraphs 4.1.1 – 4.1.5 of IFRS 9 at:

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

After the initial recognition, the entity must value the financial liabilities according to paragraphs 4.2.1-4.2.2 of IFRS 9. Thus, the Group will classify all financial liabilities at amortized cost, except for:

a) the financial liabilities measured at fair value through profit or loss;
b) the financial liabilities that appear when the transfer of a financial asset does not qualify for derecognition;
c) financial collateral contracts valued at the highest of the loss provision value (Section 5.5 of IFRS 9) and the amount initially recognized less accumulated income (recognized under IFRS 15);
d) commitments to provide a loan at an interest rate below the market value measured at the highest value of the loss provision (Section 5.5 of IFRS 9) and the amount initially recognized less accumulated income (recognized under IFRS 15)
e) contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies.

Measurement at amortized cost
The amortized cost of a financial asset or of a financial liability is the value at which the financial asset or the financial liability is measured after the initial derecognition less the reimbursement of principal, plus or minus the accumulated amortization using the effective interest method for each difference between

the initial value and the value at due date, and minus any reduction (direct or using an adjustment account) for impairment or non-recoverable status.

The effective interest rate represents the rate that exactly updates the future payments and proceeds in cash during the forecasted life of the financial instrument or, where applicable, during a shorter period, up to the level of the net carrying amount of the financial asset or of the financial liability. For the calculation of the effective interest rate, the entity must estimate the cash flows considering all contractual conditions of the financial instrument but must not consider the future losses from the changes in credit risk. The calculation includes all fees and points paid or cashed by the contracting parties that make integral part of the effective interest rate, transaction costs and all the other premiums and discounts.

Measurement at fair value

Fair value represents the price that would be received upon the sale of an asset or paid to extinguish a debt within a transaction performed under normal conditions between the participants in the principal market, on the measurement date, or in the absence of the principal market, on the most advantageous market to which the Group has access at that date.

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

A financial instrument is considered as being quoted on an active market when the quoted prices are readily and regularly available from an exchange, dealer, broker, association within the industry, a service for establishing the prices or a regulatory agency, and these prices reflect the transactions occurring actually and regularly, developed under objective market conditions.

Within the category of shares quoted on an active market, all those shares admitted to trading on the Stock Exchange or on the alternative market having frequent transactions are included. The market price used to determine the fair value is the closing price of the market on the last trading day before the measurement date.

The fund units are measured according to the Net Asset Value, calculated by the fund manager using the closing quotations for the quoted financial instruments. If the Group notices that there is no active market for the fund holding, it appeals for measurement to the public financial statements of the fund holdings, respectively to the net asset value. According to the net asset, a corrected Net Asset Value is obtained used to evaluate the units in the financial statements of SIF Banat-Crișana.

Government securities are measured based on the market quotation available on Bloomberg for the respective item, multiplied by the unit nominal value.

In the absence of a price quotation on an active market, the Group uses valuation techniques. The fair value of the financial assets not traded on an active market is determined by authorized valuators, within the assessment compartment existing within the parent-Company and by external valuators.

The valuation techniques include techniques based on the use of observable inputs, such as the quoted price of the identical element held by another party as asset, on a market that is not active, and for the assets for which the observable prices are not available, measurements techniques based on the analysis of the updated cash flows, and other measurement methods used regularly by the market participants. These include the method of comparisons with similar instruments for which there is an observable market price or the percentage method of the net assets of these companies adjusted with a discount for minority ownership and a discount for lack of liquidity, using at maximum the market information, being based at minimum on the specific company information. The Group uses evaluation techniques that maximize the use of observable data and minimize the use of non-observable data.

The valuation techniques are used consistently.

The value resulted using a measurement model is adjusted depending on the number of factors, as the valuation techniques do not reflect reliably all factors considered by the market participants when closing a transaction. The adjustments are recorded so that to reflect the risk models, the differences between the sale and purchase quotations, the liquidity risks as well as other factors. The Company management considers that these adjustments are necessary to present a faithful measure of the value of the financial instruments held at fair value in the statement of financial position.

(iv) Identification and measurement of value impairment

The Group must recognize a provision for the forecasted losses from credit corresponding to a financial asset that is measured according to paragraph 4.1.2 or 4.1.2A of IFRS 9 (debt instruments measured at amortized cost or at the fair value through other comprehensive income), a receivable resulting from a leasing agreement, a credit commitment and a financial guarantee agreement.

The Group applies the impairment provisions for the recognition of the provision for losses corresponding to the 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 in order to collect the cash flows and sales, whose cash flows represent exclusively principal reimbursement or interest payments). The provision determined is recognized considering other comprehensive income and does not reduce the carrying amount of the financial asset from the statement of the financial position.

For each reporting date, the Group measures the provision for losses corresponding to a financial instrument at a value equal to:

- The credit losses forecasted for a 12-month period, if the credit risk has not increased significantly as of the initial recognition;
- The credit losses forecasted during the entire life if the credit risk has increased significantly as of the initial recognition.

The Group recognizes in profit or loss, as earnings or losses from impairment, the value of the forecasted, recognized or reversed losses, required to adjust the provision for losses on the reporting date up to the level imposed by the provisions of IFRS 9.

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

- An impartial value, resulted from the weighting of more possible results depending on the probabilities related thereto;
- The time value of money;
- Reasonable information available at no cost or disproportionate effort at reporting date.

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

- The debtor has a high capacity to meet the obligations associated with short-term contractual cash flow;
- Unfavourable changes in the business and the business environment may, but not necessarily, reduce the debtor's ability to meet its obligations.

In the assessment of low credit risk for issuers, no real collateral is considered. At the same time, financial instruments are not considered to be of low risk only because they have a lower risk than the other instruments issued by the debtor or in comparison with the credit risk prevailing in the geographical region or the jurisdiction in which it operates.

In the credit risk assessment, the Group uses both external credit risk ratings and internal ratings that are consistent with generally accepted definitions of credit risk.

(v) Derecognition

The Group derecognizes a financial asset when the rights to receive cash flows from that financial asset expires or when the Group transferred the rights to receive the contractual cash flows corresponding to that financial asset in a transaction in which it significantly transferred all risks and benefits of the ownership right.

Any interest in the financial assets transferred retained by the Group or created for the Group is recognized separately as an asset or liability.

The Group derecognizes a financial debt when all contractual obligations ended or when the contractual obligations are cancelled or expired.

Derecognition of financial assets and liabilities is accounted for using the weighted average cost method.

(vi) Reclassifications

If the Group reclassifies the financial assets according to paragraph 4.4.1 of IFRS 9 (because of changing the business model for the management of its financial assets), then all the affected financial assets will be reclassified. The financial liabilities cannot be reclassified after the initial recognition.

The Group applies the reclassification of financial assets prospectively as of the reclassification date. The potential earnings, losses or interests recognized before will not be restated.

If a reclassification occurs, the Groups proceeds as follows:

- When reclassifying an asset in the amortized cost category to fair value through profit or loss, the fair value is determined at the date of reclassification. The difference between the amortized cost and the fair value is recognized in profit or loss;
- When reclassifying an asset in the fair value through profit or loss category to the amortized cost, the fair value at the date of reclassification becomes the new gross carrying amount (book value);
- When reclassifying an asset in the amortized cost category to that of fair value through other comprehensive income, fair value is determined at the date of reclassification. The difference between the amortized cost and the fair value is recognized in other comprehensive income, without adjusting the effective interest rate or the expected loss from the borrowing;
- When reclassifying an asset in the fair value category by other elements of the comprehensive income to the amortized cost, the reclassification is carried at the fair value of the asset from 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 actual interest rate and the expected loss on credit are not adjusted as a reclassification effect;
- When reclassifying an asset in the fair value through profit or loss category to fair value through other comprehensive income, the asset continues to be measured at its fair value;
- When reclassifying an asset of fair value through other comprehensive income to 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 profit or loss as a reclassification adjustment (in accordance with IAS1).

(vii) Gains and losses

Gains or losses resulting from a change in the fair value of a financial asset or of a financial liability that is not part of a hedging relationship are recognized as follows:
a) The gains or losses generated by financial assets or financial liabilities classified as being measured at fair value through profit or loss are recognized in profit or loss;
b) The gains or losses generated by a financial asset measured at fair value through other comprehensive income are recognized in other comprehensive income.

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

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

When the financial assets are impaired or derecognized and the financial liabilities are accounted for at amortized cost, and through their amortization process, the Group recognizes the gains or the loss in the income statement (profit and loss account).

As regards the recognized financial assets using the settlement date accounting, no change of the fair value of the asset to be received during the period between the trading date and the settlement date is recognized for the assets carried at cost or at amortized cost (except for impairment losses). But for the assets accounted for at fair value, the change in fair value must be recognized in profit or loss or in equity, as the case may be.

e) Other financial assets and liabilities

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

6. Management of significant risks

The risk management activity can be found in the organizational structure of the Company and covers both general and specific risks, as provided by 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 price risk of equity instruments. This note presents information regarding the Group's exposure to each of the aforementioned risks, the Group's objectives and policies, and the risk assessment and risk management processes.

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

6.1 Financial risk

(a) Market risk

Market risk is the current or future risk of recording losses on balance sheet and off-balance sheet positions due to adverse market fluctuations in prices (such as, for example, stock prices, interest rates, exchange rates). The management of the Company sets the limits of risk that can be accepted, limits that are regularly monitored. However, the use of this approach does not prevent losses outside the limits set in the event of a significant market fluctuation.

The position risk is related to the portfolio of financial instruments held by the Company with the intention of benefiting from the favourable progress of the price of the respective financial assets or the possible dividends / coupons granted by the issuers. The Group is exposed to the risk of position, both to the general and to the specific one, due to the short-term investments in bonds, shares, and fund units.

The management has always pursued and aims to minimize possible adverse effects associated with this financial risk, through an active policy of prudential diversification of the portfolio, as well as using one or more risk mitigation techniques depending on the evolution of prices on the market related to the financial instruments owned by the Group.

Concentration risk

The concentration risk concerns all the assets held by the Group, irrespective of their holding period, and by means of mitigating this type of risk, the aim is to avoid recording an exposure too large on a single debtor / issuer at Group level.

The management policy on diversification of exposures is applied on the structure of the portfolio, on the structure of the business model, as well as on the structure of exposures to financial risks. Thus, this diversification policy implies: diversifying the portfolio by avoiding excessive exposure to a debtor, issuer, country or geographical region; the diversification of the structure of the business plan aims at the Group level to avoid excessive exposure to a certain line of business / sector of activity; the diversification of the financial risk structure aims to avoid excessive exposure to a certain type of financial risk.

The market risk of equity instruments mainly results from the shares valued at fair value through other elements of the global result and through the profit or loss account. The entities in which the Group holds stakes (shareholdings) operate in various industries.

The objective of market risk management is to control and manage market risk exposures within acceptable parameters, in order to optimize profitability.

The Group's strategy for managing market risk is driven by its investment objective, and market risk is managed in accordance with the policies and procedures used.

The Group is exposed to the following categories of market risks:

(i) Equity (own capital) price risk

Price risk is the risk of incurring losses from both balance sheet and off-balance sheet positions due to asset price developments.

The Group is exposed to the risk that the fair value of the financial instruments it holds fluctuates as a result of changes in market prices, either due to factors specific to the activity of its issuer or factors affecting all instruments traded on the market.

The Board of Directors monitors how the market risk is managed, and the internal procedures provide that when the price risks are not in line with the investment policy and the Group's principles, the portfolio must be re-balanced.

(all amounts presented in RON)

A positive 10% change in the price of financial assets at fair value through profit and loss account (subsidiary shares, associates, fund units, corporate bonds) would lead to an increase in profit after tax, with RON 148,798,487 (December 31, 2020: RON 130,238,708), a negative change of 10% having an equal net impact and with opposite sign.

A positive change of 10% in the prices of financial assets valued at fair value through other comprehensive income, investments in shares and corporate bonds would lead to an increase in equity, net of corporate income tax, with RON 113,478,966 (December 31 2020: RON 102,748,567), a negative change of 10% having an equal net impact and with opposite sign.

The Group holds shares in companies that operate in various economic sectors. As can be seen from the table below, on June 30, 2021, the Group held mainly shares in companies active in the financial-banking and insurance sector, with a weight of 49.1% in the total portfolio, up from the weight of 49% recorded as of December 31, 2020.

in RON	**June 30, 2021**	**%**	**December 31, 2020**	**%**
Financial intermediation and insurance	1,232,529,158	49.1%	1,101,539,463	49.0%
Manufacturing industry	689,111,575	27.4%	574,531,935	25.5%
Hotels and restaurants	97,886,930	3.9%	100,015,985	4.4%
Wholesale and retail trade, repair of motor vehicles	40,904,852	1.6%	30,964,570	1.4%
Production and supply of energy, gas, and water	14,198,658	0.6%	12,951,575	0.6%
Extractive industry	15,242,965	0.6%	13,037,218	0.6%
Other activities	1,231,132	0.0%	3,738,815	0.2%
Financial services applicable to real estate	370,776,537	14.8%	368,782,154	16.4%
Constructions	604,908	0.0%	197,061	0.0%
Transport and storage	48,274,700	1.9%	42,978,421	1.9%
Rental of real estate	1,044,422	0.0%	1,104,583	0.0%
Agriculture, forestry, and fishing	152,502	0.0%	411,121	0.0%
TOTAL	**2,511,958,340**	**100%**	**2,250,252,901**	**100%**

As of June 30, 2021, the Group holds fund units of Closed-ended Investment Funds Active Plus, Optim Invest, Certinvest Shares, Star Value, and Romania Strategy Fund and Open Investment Fund Plus Invest (as of December 31, 2020 of closed-end investment funds). The Group is exposed to price risk in terms of placements made with a different degree of risk by these investment funds, the fair value of the investments in these assets as of June 30, 2021, is of RON 380,981,486 (December 31, 2020: RON 305,468,130).

ii) Interest rate risk

The interest rate risk represents the risk that the income or expenses, or the value of the Group's assets or liabilities fluctuate following the change of the interest rates on the market.

As concerns the interest-bearing financial instruments: the interest rate risk is composed of the fluctuation risk registered in the value of certain financial instruments following the variation of the interest rates and from the risk of the differences between the due date of the interest-bearing financial assets and the interest-bearing liabilities. But the interest rate risk can also influence the value of the interest-bearing assets (for example: bonds), so that an increase of the interest rate on the market will determine the reduction of the future cash flows and can result in the reduction of their price, if they determine the increase of the investor's preference to place their funds in bank deposits or other instruments whose interest increased, and vice-versa – a reduction of the interest rate on the market can determine the increase of the price of shares and bonds and will determine an increase of the fair value of the future cash flows.

Concerning the Group's interest-bearing financial instruments, the policy is to invest in profitable financial instruments with a maturity of more than one year. Regarding the fixed interest-bearing assets or marketable assets, the Group is exposed to the risk that the fair value of future cash flows related to financial instruments will fluctuate because of changes in market interest rates. However, most of the Group's financial assets are in stable currencies, whose interest rates are unlikely to vary significantly.

Thus, the Group will be subject to limited exposure to the risk of the fair value rate or future cash flows due to fluctuations in the prevailing interest rates on the market.

The Group does not use derivative financial instruments to protect against the interest rate fluctuations.

The table below shows the annual interest rates obtained by the Group for interest-bearing assets during H1 2021:

	RON range %		EUR range %	
Financial assets	**min**	**max**	**min**	**max**
Bank deposits	0.00	1.65	0.00	0.00
Financial assets at fair value through profit and loss*	3.59	4.16	6.00	6.00
Financial assets at fair value through other items of comprehensive income**	-	-	5.75	5.75
Investments measured at amortized cost	-	-	-	-
Loans from affiliated parties	1.25	3.5	1	1

** in the financial assets at fair value through profit and loss are included the bonds, denominated in RON and foreign currency, issued by SIF Banat-Crișana's subsidiaries (not included in the scope of consolidation).*
*** in financial assets at fair value through other comprehensive income the corporate bonds are included.*

The table below shows the annual interest rates obtained by the Group for interest-bearing assets during H1 2020:

	RON range %		EUR range %	
Financial assets	**min**	**max**	**min**	**max**
Bank deposits	0.77	2.75	0.00	0.00
Financial assets at fair value through profit or loss*	4.50	5.16	5.91	6.00
Financial assets at fair value through other items of comprehensive income**	-	-	5.75	5.75
Investments measured at amortized cost	-	-	13.00	13.00
Loans from affiliated parties	1.75	3.5	1	1

** in the financial assets at fair value through profit and loss are included the bonds, denominated in RON and foreign currency, issued by SIF Banat-Crișana's subsidiaries (not included in the scope of consolidation).*
*** in financial assets at fair value through other comprehensive income are included govt. bonds (interest is the nominal coupon, not the yield on purchase / adjudication) and corporate bonds.*

The table below contains a summary of the Group's exposure to interest rate risks. The table includes the assets and liabilities of the Group at the accounting (book) values, classified according to the most recent date between the interest rate change date and the maturity date.

in RON	**June 30, 2021**	**December 31, 2020**
Cash and cash equivalents*	257,173,000	146,110,000
Bank deposits	10,043,000	5,445,000
Financial assets measured at FVTPL - corporate bonds	37,612,296	48,303,551
Financial assets measured at FVTOCI - corporate bonds	5,173,035	5,102,644
Loans from related parties	(14.528.082)	(14.618.399)
TOTAL	**295,473,249**	**190,342,796**

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

The impact over the net profit of the Group (interest revenues/expenses) of a change of ± 1,00% of the interest rate corresponding to the floating interest-bearing assets and liabilities denominated in other currencies, together with a change of ± 1.00% of the interest rate for floating interest-bearing assets and liabilities denominated in RON is of RON 2,481,975 (December 31, 2020: RON 1,598,879).

In the case of the bonds held recorded at fair value (level 1 & level 2), a change of +/- 5% of their market price determines a net impact in the amount of +/-1,579,716 RON (December 31, 2020: +/-2,028,749 RON) in the profit or loss account respectively in the amount of +/-217,197 RON (December 31, 2020: +/-214,311 RON) in other items of comprehensive income.

iii) Currency risk

The currency risk is the risk of recording some losses or nor achieving the estimated profit in the wake of the non-favourable changes of the exchange rate. The Group invests in financial instruments and incurs transactions that are denominated in foreign currency, other than the functional currency, so that, it is exposed to the risks that the exchange rate of the national currency related to other foreign currency has adverse effects over the fair value or future cash flows of that part of the financial assets and liabilities denominated in another foreign currency.

The Group carried-out transactions during the reporting periods both in the Romanian currency (Leu), and in foreign currency. The Romanian currency fluctuated compared to the foreign currencies, EURO, and USD.

The financial instruments used give the possibility to keep the value of the monetary assets held in RON, by making investments, and cashing the interests depending on the due date.

The Group did not carry out any transaction with derivatives on the exchange rate during the financial years presented.

The Group's financial assets and liabilities in foreign currencies as of June 30, 2021, and December 31, 2020, may be analysed as follows:

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

	June 30, 2021	December 31, 2020
Cash and cash equivalents	53,632,621	37,349,250
Financial assets at fair value through profit or loss *	25,913,500	28,483,377
Financial assets at fair value through other comprehensive income **	225,444,754	180,596,402
TOTAL	**304,990,875**	**246,429,029**
Borrowings	(1,137,423)	(1,120,114)
Liabilities from leasing agreements	(39,631)	(49,965)
Total liabilities	**(1,177,054)**	**(1,170,079)**
Net financial assets	**303,813,820**	**245,258,951**

* *financial assets at fair value through profit or loss include foreign currency holdings of closed-end investment funds, in proportion to the share of total assets held by the Group, (as of 31.12.2020 also the value of the bonds denominated in euro)*
** *financial assets at fair value through other comprehensive income in EUR include stakes abroad, namely Austria – Erste Bank, and corporate bonds issued by Impact*

The following table presents the profit or loss sensitivity as well as the sensitivity of equity to potential change at the end of the reporting period in the foreign currency exchange rates related to the reporting currency, while maintaining constant all the other variables:

	June 30, 2021		December 31, 2020	
	Impact over profit and loss account	**Impact over other comprehensive income**	**Impact over profit and loss account**	**Impact over other comprehensive income**
Increase EUR with 5% (2020: 5%)	3,509,076	9,251,104	2,930,510	7,370,366
Decrease EUR with 5% (2020: 5%)	(3,509,076)	(9,251,104)	(2,930,510)	(7,370,366)
Total	-	-	-	-

(b) Credit risk

The credit risk is the risk that a counterparty of a financial instrument fails to fulfil an obligation or a financial commitment in which it entered in relation with the Group, resulting a loss for the Group. The Group is exposed to the credit risk following the investments in bonds issued by trading companies or the Romanian State, the current accounts and the bank deposits and other receivables. The Group management closely and constantly monitors the exposure to the credit risk so that it does not incur losses following the concentration of the credit in certain sector or field of activity.

As of June 30, 2021, and December 31, 2020, the Group did not have security interests as insurance nor other credit rating improvements. As of June 30, 2021, and December 31, 2020, the Group did not record any outstanding financial assets, for which it had not recorded any impairment adjustments.

Below are presented the financial assets with exposure to credit risk:

June 30, 2021	Current accounts	Bank deposits	Corporate bonds (FVTOCI)	Corporate bonds (FVTPL)	Other financial assets	Total
Current and not impaired Rating AAA to A-						
BBB+	54,884,867	138,480,000				193,364,867
BBB	24,022	-				24,022
BBB-	177	5,493,000				5,493,177
BB+	427,658	113,200,000				113,627,658
BB-	4,661,862					4,661,862
Baa1	41,518					41,518
Baa3	1,239					1,239
NR	677	10,043,000	5,180,369	37,855,296	15,806,696	68,886,038
TOTAL	**60,042,020**	**267,216,000**	**5,180,369**	**37,855,296**	**15,806,696**	**386,100,381**

(all amounts presented in RON)

December 31, 2020	Current accounts	Bank deposits	Corporate bonds (FVTOCI)	Corporate bonds (FVTPL)	Other financial assets	Total
Current and not impaired Rating AAA 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
NR	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 of RON 386,100,381 as of June 30, 2021 (December 31, 2020: RON 256,536,218) and can be analysed as follows:

Exposure from current accounts and bank deposits (excluding attached interest)

	Credit rating			June 30, 2021	December 31, 2020
BRD - Groupe Société Générale	BBB+	BRD - Groupe Société Générale	Fitch	53,401,172	36,849,863
Banca Transilvania	BB+	Banca Transilvania	Fitch	113,627,658	24,941,635
Banca Comercială Română	BBB+	Banca Comercială Română	Fitch	124,712,840	91,103,916
Intesa Sanpaolo Romania*	BBB	Intesa Sanpaolo Italia	Fitch	24,022	4,658,866
Procredit	BBB-	Procredit	Fitch	5,493,177	4,439,070
Raiffeisen Bank Romania	Baa1	Raiffeisen Bank Romania	Moody's	41,518	36,735
Credit Europe Bank	BB-	Credit Europe Bank	Fitch	4,661,862	1,367,644
UniCredit Tiriac	BBB+	UniCredit Tiriac	Fitch	15,250,855	29,575,685
Libra Bank	Baa3	Libra Bank	Moody's	1,239	1,422
Techventures Bank	NR			10,043,189	-
Other banks	NR			488	283
TOTAL (Note 14 and 15)				**327,258,020**	**192,975,119**

*For banks for which there is no rating, we considered the parent company's rating

Cash and cash equivalents and bank deposits are not outstanding and are not impaired. Corporate bonds are not outstanding and are not impaired.

The Group's exposure to credit and counterparty risk through corporate bonds held as of June 30, 2021 is presented in the following table:

Issuer		Quantity	Nominal value	Interest rate	Value as of June 30, 2021, in RON	Maturity
Impact SA**	EUR	210	5,000,00	5.75%	5,173,035	2022
Vrancart SA*	RON	368,748	100.00	3.59%	37,612,296	2024
Total					**42,785,331**	

** floating interest rate*
*** fixed interest rate*

The Group's exposure to credit and counterparty risk through corporate bonds held as of December 31, 2020 is presented in the following table:

Issuer		Quantity	Nominal value	Interest rate	Value as of December 31, 2020 in RON	Maturity
Impact SA**	EUR	210	5,000.00	5.75%	5,102,644	2022
Vrancart SA*	RON	368,748	100.00	4.16%	37,612,296	2024
SIFI BH Retail SA**	EUR	1,100	2,000.00	6.00%	10,691,255	2021
TOTAL					**53,406,195**	

** floating interest rate (corresponding to the latest coupon)*
*** fixed interest rate*

(all amounts presented in RON)

(c) Liquidity risk

Liquidity risk is the risk that the Group encounters difficulties in meeting obligations associated with short-term financial liabilities, that are extinguished by the cash payment or by other financial means, or such obligations should be extinguished under an unfavourable manner for the Group.

The Groups monitors the evolution of the liquidity level in order to be able to pay the obligations on the date when these ones become due and permanently analyses the assets and liabilities, depending on the period remaining until the contractual due dates.

The structure of the assets and liabilities was analysed based on the period remaining as of the balance sheet date until the contractual date of the due date, both as of June 30, 2020 and as December 31, 2019, as follows:

in RON	Carrying amount	Less than 3 months	Between 3 and 12 months	More than 1 year	Without pre-established maturity
June 30, 2021					
Financial assets					
Cash and cash equivalents	**317,366,247**	317,366,247			
Bank deposits	**10,064,969**	10,064,969			
Financial assets at fair value through profit and loss	**1,590,139,485**	243,000		37,612,296	1,552,284,189
Financial assets at fair value through other comprehensive income	**1,345,836,416**	-	7,334	5,173,035	1,340,656,047
Other financial assets	**17,737,757**	17,737,757			
Total financial assets	**3,281,144,874**	**345,411,973**	**7,334**	**42,785,331**	**2,892,940,236**
Financial liabilities					
Borrowings	**15,654,663**			15,654,663	
Liabilities from leasing agreement	**39,631**	5,557	17,090	16,984	
Current income tax liability	**15,772,518**	15,772,518			
Other financial liabilities	**39,119,794**	39,119,794			
Total financial liabilities	**70,586,606**	**54,897,869**	**17,090**	**15,671,647**	**-**
Liquidity surplus	**3,210,558,268**	**290,514,104**	**(9,756)**	**27,113,684**	**2,892,940,236**

December 31, 2020	Carrying amount	Less than 3 months	Between 3 and 12 months	More than 1 year	Without pre-established maturity
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 profit and loss	**1,394,390,716**	11,582,819	-	37,612,296	1,345,195,600
Financial assets 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					
Borrowings	**15,534,842**	-	3,624,855	11,909,987	-
Liabilities from leasing agreement	**143,012**	143,012	-	-	-
Current income tax liability	**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**	**-**
Liquidity surplus	**2,759,253,651**	**176,387,860**	**(3,632,471)**	**30,776,820**	**2,555,721,441**

6.2 Other risks

By the nature of the business object, the Group is exposed to various types associated to financial instruments and to market on which it invests. The main types of risks the Group is exposed to are:

- taxation risk;
- economic environment risk;
- operational risk.

Risk management considers the maximization of the Group profit related to the risk level it is exposed to.

The Group uses various management and measurement policies and procedures for the risk types it is exposed to. These policies and procedures are presented in the subchapter dedicated to each type of risk.

(a) Taxation risk

Starting with January 1st, 2007, following Romania's accession to the European Union, the Group has to comply with the regulations of the European Union, and therefore it prepared for the application of the changes brought by the European legislation. The Group implemented these changes, but the implementation modality remains open to the 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 the risk that under certain situations the tax authorities should adopt a different position from that of the Group.

From the profit tax point of view corresponding there is the risk of different interpretation by the tax organisms of the accounting treatment determined by the transition to IFRS as accounting basis.

Furthermore, the Romanian Government has various agencies authorized to carry-out the audit (control) of the companies operating within the territory of Romania. These controls are similar to the tax audits of other countries, and can cover only tax aspects, and other legal and regulatory aspects that present an interest for those agencies. It is possible that the Group be subject to the tax inspection while new tax regulations are issued.

(b) Economic environment risk

The Group management cannot predict all the effects of the financial crisis with an impact on the financial sector in Romania, but it believes that in the first 6 months of 2019 it adopted the necessary measures for the Group's sustainability and development under the present state of the financial market by monitoring its cash flows and adapting its investment policies.

Risk avoidance and mitigation of their effects is ensured by the company through an investment policy which complies with prudential rules imposed by the applicable laws and regulations in force.

At parent company level, risk management policies were adopted through which risks are managed actively, by implementing specific risk identification, evaluation, measurement, and control procedures meant to provide reasonable assurance with respect to the achievement of the Group's objectives, thus seeking a consistent balance between risk and expected profit.

The risk management aims at: (i) identifying and assessing significant risks with major impact in achieving the target investment and developing activities to counter the risk identified; (ii) adapting the risk management policies to the developments in the financial capital market, monitoring performance and improving risk management procedures; (iii) reviewing investment decisions in line with the development of the capital and money market; (iv) compliance with the legislation in force.

During the first six of 2021, the global economic and financial environment was significantly influenced both by the monetary and fiscal measures adopted mainly by the US to counter the effects of the pandemic and by information on the progress of global covid vaccination campaigns and their influence on the pace of complete reopening and returning to "normal" of economic and social activities. From an investment point of view, the efficient management of the portfolio in this context will have to consider (1) the sustainability of accelerated increases in financial asset prices (implicitly of global and local stocks) and (2) the increased likelihood of inflation, both against the background of monetary policies over the last decade and the recent direct stimulus of consumption, and its impact on asset returns.

(c) Operational risk

Operational risk is the risk of direct or indirect loss resulting from deficiencies or weaknesses in procedures, personnel, the Group internal systems or from external events that can have an impact over its operations. Operational risks result from all the Group activities.

The Group's objective is to manage the operational risk to limit financial loss, not damage its reputation, and achieve the investment objective of generating returns for investors.

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

(d) Capital adequacy

The management policy with respect to capital adequacy focuses on maintaining a sound capital base to support the ongoing development of the Group and attain the investment objectives.

The Group's equity (own capital) includes the share capital, various types of reserves and the retained earnings. Equity amounted to RON 3,110,992,166 as of June 30, 2021 (RON 2,686,767,122 as of December 31, 2020).

7. Dividend income

Please note that, in accordance with IFRS 9 and since the Group has opted to measure participations by other comprehensive income, dividends from these shareholdings are recognized as income unless they are a substantially recovery of the cost of investment. Dividend income is recorded as gross value. The tax rates for dividends for H1 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:

Denominated in RON	**June 30, 2021**	**June 30, 2020**	**Measurement**
Azuga Turism	10,009,139	-	FVTPL
Conpet	3,880,988	3,968,618	FVTOCI
Erste Bank	3,556,506	-	FVTOCI
BT Asset Management	2,000,000	-	FVTOCI
SNP Petrom	1,111,840	1,111,840	FVTOCI
BRD	1,019,801	-	FVTOCI
Evergent Investments (SIF Moldova)	496,605	3,005,937	FVTOCI
Others	334,353	297,159	FVTOCI
Others	81,443	-	FVTPL
Uniteh	-	7,770,077	FVTPL
Biofarm	-	3,620,966	FVTPL
SIF Oltenia	-	1,160,829	FVTOCI
SNTGN Transgaz	-	678,282	FVTOCI
Electrica SA	-	477,389	FVTOCI
Rompetrol Well Services	-	242,181	FVTOCI
Total	**22,490,675**	**22,333,278**	
FVTOCI	12,400,093	10,942,235	
FVTPL	10,090,582	11,391,043	

FVTPL *= financial assets at fair value through profit and loss /* ***FVTOCI*** *= financial assets at fair value through other comprehensive income*

8. Interest income

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

denominated in RON	**June 30, 2021**	**June 30, 2020**
Interest income on deposits and current bank accounts	1,254,170	1,142,801
Interest income on bonds measured at amortized cost	-	2,856,576
Interest income on assets measured through other comprehensive income (corporate bonds)	147,416	145,885
	1,401,586	**4,145,262**

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

denominated in RON	**June 30, 2021**	**June 30, 2020**
Interest income related to bonds	709,974	1,372,697
	709,974	**1,372,697**

9. Other operating revenues

denominated in RON	**June 30, 2021**	**June 30, 2020**
Income from management activities (SAI Muntenia and Administrare Imobiliare)	15,105,074	10,193,358
Other operating revenues	343,835	483,520
	15,448,909	**10,676,878**

10. Profit/(Loss) from measurement of assets through profit and loss

denominated in RON	June 30, 2021	June 30, 2020
Profit / (Loss) from valuation / disposal of fund units	75,420,538	(50,212,954)
Profit / (Loss) from valuation of bonds (Vrancart)	21,232	(475,836)
Profit / (Loss) from valuation of shares in subsidiaries and associates	131,575,233	(30,006,228)
Total	**207,017,003**	**(80,695,018)**

As of June 30, 2021, the Group evaluated the participations held in fund units, the shares held in subsidiaries and associates and the bonds held, measured through the profit and loss account, resulting an increase in value amounting to RON 207 million (June 30, 2020: decrease amounting to RON 80.7 million).

11. Fees and commissions expenses

denominated in RON	June 30, 2021	June 30, 2020
ASF commissions	1,425,537	1,182,244
Depository fees	432,027	253,052
Fees payable to SSIF (brokers)	755,417	48
Registry fees	90,000	72,000
Other fees and commissions	80,120	38,498
Total	**2,783,101**	**1,545,842**

12. Other operating expenses

denominated in RON	June 30, 2021	June 30, 2020
Expenses with other taxes and fees and assimilated payments	411,829	457,313
Expenses with salaries and other personnel expenses	11,761,789	9,732,586
Amortization expenses	352,151	396,344
Expenditure on third party services and other expenses	2,520,922	3,426,798
Other operating expenses	58,126	
Total	**15,104,817**	**14,013,041**

In other operating expenses are included personnel expenses, expenditure with taxes and fees, amortization expenses and other expenses on external services.

In the period ended on June 30, 2021, the average number of employees was of 70 (June 30, 2020: 75), and the number of employees recorded at the end of the reporting period was of 79 (June 30, 2020: 77).

The Group make payments to institutions of the Romanian state accounting for the pensions of its employees. All employees are members of the pension plan of the Romanian State. The Group does not operate any other pension scheme or post-retirement benefits and, consequently, has no other obligations concerning pensions. Furthermore, the companies in the Group are not bound to provide additional benefits to employees after their retirement.

13. Income tax

denominated in RON	June 30, 2021	June 30, 2020
Current income tax		
Current income tax (16%)	11,132,266	450,437
Tax on dividend (0%, 5%, 27.5%*)	1,323,749	547,112
Income tax (1%)	22,471	19,225
Deferred tax expense / (income)		
Financial assets at fair value through other comprehensive income	-	-
Financial assets at fair value through profit or loss	-	-
Tangible assets / Investment property	(90,167)	(21,466)
Provisions for risks and expenses and receivables impairment adjustments	189,215	145,601
Total income tax recognized in result of the period	**12,577,534**	**1,140,909**

** withheld at source according to Austrian tax rules, in the case of dividends distributed by Erste Bank. The actual tax is to be settled in future financial years on account of the avoidance double taxation convention between Romania and Austria.*

The effective tax rate used to calculate the deferred tax of the Company was of 16%.

Reconciliation of profit before tax with expense on income tax in the profit and loss account:

denominated in RON	June 30, 2021	June 30, 2020
Profit before tax	**230,734,552**	**(53,205,880)**
Tax under statutory tax rate of 1 and 16% (2020: 1 and 16%)	37,981,432	(8,605,925)
Income tax effect on:		
Tax on dividend (0%, 5%, 27.5%)	1,323,749	547,112
Non-deductible expenses and similar items	611,242	10,338,074
Non-taxable income	(25,067,648)	(8,668,543)
Revenue related items	8,593,800	39,113
Tax loss to be recovered	(1,396,849)	7,463,553
Amounts of sponsorship within legal limits and other deductions	(1,103,150)	(99,610)
Tax recognized in retained earnings	(8,464,091)	
Deferred tax	99,048	124,135
Income tax	**12,577,534**	**1,140,909**

14. Cash and cash equivalents

denominated in RON	June 30, 2021	December 31, 2020
Cash in hand and other valuables	14,879	27,608
Current accounts in banks	60,046,758	41,422,880
Deposits at banks with original maturity less than 3 months*	257,304,611	146,189,161
Cash and cash equivalents with maturity less than 3 months	**317,366,247**	**187,639,649**

** including attached interest*

Current bank accounts and bank deposits are permanently available to the Company and are not restricted.

15. Bank deposits

denominated in RON	June 30, 2021	December 31, 2020
Bank deposits with maturity greater than 3 months	10,043,000	5,445,000
Attached interest on deposits	21,969	8,621
Cash and cash equivalents with maturity greater than 3 months	**10,064,969**	**5,453,621**

16. Financial assets measured at fair value through profit and loss account

denominated in RON	June 30, 2021	December 31, 2020
Shares	1,171,302,703	1,039,727,470
Fund units	380,981,486	305,468,130
Corporate bonds (including attached interest)	37,855,296	49,195,115
Total	**1,590,139,485**	**1,394,390,716**

Following the application of IFRS 9 starting January 1, 2018, the shareholdings in associates, fund units and bonds held in related parties were reclassified in the category of assets measured at fair value through profit and loss.

The movement of the financial assets measured at fair value through profit and loss account as of June 30, 2021, is presented in the table below:

denominated in RON	Shares	Fund units	Corporate bonds in subsidiaries	Total
January 1, 2021	**1,039,727,470**	**305,468,130**	**49,195,115**	**1,394,390,716**
Acquisitions	-	130,000	-	130,000
Sales			(10,712,680)	(10,712,680)
Change in interest to be collected			(648,565)	(648,565)
Change in fair value (including exchange rate differences)	131,575,233	75,383,356	21,426	206,980,015
June 30, 2021	**1,171,302,703**	**380,981,486**	**37,855,296**	**1,590,139,485**

As of June 30, 2020, the shareholdings in subsidiaries and associated entities were measured at fair value, the difference being a favourable one in the amount of RON 131.58 million (vs. the value on December 31, 2020).

The evaluation of the fund units at fair value as of June 30, 2021, generated a favourable difference of RON 75.38 million (vs. the value on December 31, 2020).

During H1 2021 fund units in Plus Invest Open End Investment Fund.

Exits from corporate bonds represent the redemption at maturity of the principal of the bonds issued by SIFI BH Retail S.A.

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

denominated in RON	Shares	Fund units	Corporate bonds in subsidiaries	Total
January 1, 2020	**804,587,926**	**366,420,749**	**55,782,890**	**1,226,791,566**
Acquisitions	158,938,967	497,690	-	159,436,657
Sales	(4,882,742)	-	(6,568,790)	(11,451,432)
Change in interest to be collected	-	-	(228,402)	(228,402)
Change in fair value (including exchange rate differences)	81,083,319	(61,450,309)	209,417	19,842,426
December 31, 2020	**1,039,727,470**	**305,468,130**	**49,195,115**	**1,394,390,716**

Acquisitions made during the year 2020 include shares of entities classified as subsidiaries and fund units of Certinvest Acțiuni (Shares). Sales of shares include the value of Somplast SA shares. As for corporate bonds, the exits represent the equivalent value of Banca Transilvania bonds repurchased at maturity.

17. Financial assets measured at fair value through other comprehensive income

The movement of financial assets measured at fair value through other comprehensive income during H1 2021 is presented in the following table:

in RON	Shares*	Corporate bonds **
January 1, 2021	**1,210,525,841**	**5,111,504**
Acquisitions	-	-
Sales	(111,682,553)	-
Change of interest to be collected	-	(1,526)
Change of fair value (including exchange rate difference)	241,812,760	70,391
June 30, 2021	**1,340,656,047**	**5,180,369**

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

Sales of shares amounting to RON 111.7 million, mainly include the sale of Evergent Investments, Banca Transilvania, BT Asset Management, Iproeb, Rompetrol Well Services and Compa. The gain on transactions amounting to RON 66.0 million was recognized in retained earnings.

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

in RON	Shares*	Corporate bonds **
January 1, 2020	**1,419,485,824**	**5,053,634**
Acquisitions	7.459.123	-
Sales	(65.497.597)	-
Change of interest to be collected	-	(1.417)
Change of fair value (including exchange rate difference)	(150.921.508)	59.288
December 31, 2020	**1.210.525.841**	**5.111.504**

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

Purchases of shares in 2020, in the total amount of RON 7.5 million, mainly include the acquisition of Banca Transilvania shares in the amount of RON 4.4 million, and BVB amounting to RON 2.5 million.

The sales of shares, in the amount of RON 65.5 million, mainly include the sale of shares of Romgaz (RON 45.4 million), Transgaz (RON 12.9 million) and Electrica (RON 7.1 million).

The gain on transactions amounting to RON 3.9 million was recognized in the retained earnings.

The Company uses the following hierarchy of methods to measure fair value:

- Level 1: quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs: quoted market prices in active markets for similar instruments; valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques largely based on unobservable input.

The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices or on prices quoted by intermediaries (brokers).

The fair value of the financial instruments for which there is no active market (Level 2 and 3) and those that are not traded is determined by external evaluators and authorized evaluators within the Valuation department operating in the Group, using the strategy set by the management of the issuer and valuation techniques including techniques based on the present net value, the discounted cash flow method, the method of comparisons with similar instruments for which there is an observable market price and using the method approved by ASF namely a percentage of the net assets of these companies, reduced by a discount for minority ownership and a discount for lack of liquidity.

Valuation techniques are used consistently, there are no changes in their application.

An analysis of the financial instruments and investment property recognized at fair value according to the valuation method is presented in the table below:

June 30, 2021

denominated in RON	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss - shares	391,874,608	-	779,428,095	1,171,302,703
Financial assets at fair value through profit and loss - fund units	380,981,487	-	-	380,981,487
Financial assets at fair value through profit and loss - bonds	37,855,296	-	-	37,855,296
Financial assets at fair value through other comprehensive income - shares	1,323,768,251	-	16,887,796	1,340,656,047
Financial assets at fair value through other comprehensive income - corporate bonds	5,180,369	-	-	5,180,369
Assets held for sale			45,718,704	45,718,704
Investment property	-	-	27,746,803	27,746,803
Land and buildings	-	-	3,536,323	3,536,323
TOTAL	**2,139,660,011**	**-**	**873,317,721**	**3,012,977,733**

December 31, 2020

denominated in RON	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss – shares	277,335,487	-	762,391,983	1,039,727,470
Financial assets at fair value through profit and loss – fund units	305,468,130	-	-	305,468,130
Financial assets at fair value through profit and loss – bonds	37,898,081	11,297,035	-	49,195,115
Financial assets at FVOCI - shares	1,183,689,056	-	26,836,785	1,210,525,841
Financial assets at FVOCI – corporate bonds	5,111,504	-	-	5,111,504
Investment property	-	-	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**

During the first 6 months of 2020, no transfers between levels of fair value were performed.

18. Other financial assets

denominated in RON	June 30, 2021	December 31, 2020
Trade receivables - net	2,615,850	2,185,836
VAT receivable	925,386	515,846
Prepayments to suppliers	1,932,329	231,251
Other receivables - net	10,333,131	6,321,546
Total	**15,806,696**	**9,254,479**

19. Investment property

denominated in RON	June 30, 2021	December 31, 2020
Balance as of January 1	**28,498,134**	**71,669,701**
Entries, of which	173,855	4,739,481
- Acquisitions	-	4,555,641
- In progress	173,855	183,840
Transferred to tangible assets and inventory items		(1,336,259)
Transferred from current assets		245,319
Transferred to assets held for sale		(43,727,212)
Exits	(926,060)	(9,789,738)
Effect of changes in fair value	874	6,696,842
Balance at the end of period	**27,746,803**	**28,498,134**

During the first six months of 2021, the venue of the former SIF Banat-Crișana branch office in Timișoara was sold.

During H1 2020 was sold a property located in Timișoara. The gain realized from the transaction amounted to RON 2.47 million.

At the end of 2020, the value of a land was transferred from investment property to assets held for sale, following the conclusion of a sale contract.

20. Assets held for sale

denominated in RON	June 30, 2021	December 31, 2020
Balance as of January 1	**43,727,212**	**-**
Transfer from investment property	-	43,727,212
Entries		
In progress	1,991,492	
Exits		
Changes in fair value		
Balance at the end of period	**45,718,704**	**43,727,212**

The balance of assets held for sale includes the value of land owned in Bucharest, for which there is a sale contract concluded.

21. Other financial liabilities

denominated in RON	June 30, 2021	December 31, 2020
Trade liabilities	276,535	2,671,242
Amounts owed to employees and related contributions	1,167,656	3,632,509
VAT payable	-	1,806
Other liabilities – short term	37,675,603	32,991,133
Other liabilities – long term	-	-
Total	**39,119,794**	**39,296,691**

22. Borrowings

denominated in RON	June 30, 2021	December 31, 2020
Long-term		
Borrowings	15,654,663	15,534,842
Total long-term borrowings	**15,654,663**	**15,534,842**

The outstanding loans in balance as of June 31, 2021, and December 31, 2020, belong to a subsidiary of the Group and are contracted from related parties.

23. Deferred tax liabilities

Deferred tax assets and liabilities as of June 30, 2021, and December 31, 2020, are generated by the elements detailed in the following tables:

H1 2020

denominated in RON	Assets	Liabilities	Net
Financial assets at FVTPL	-	-	-
Financial assets at FVOCI	-	1,083,075,760	(1,083,075,760)
Tangible assets and investment property	-	19,380,215	(19,380,215)
Value adjustments of assets	-	(34,303)	34,303
Provisions for risks and expenses	-	(998,415)	998,415
Total	**-**	**1,101,423,257**	**(1,101,423,257)**
Net temporary differences - 16% rate			(1,101,423,257)
Deferred tax liabilities			**(176,227,721)**

2020

denominated in RON	Assets	Liabilities	Net
Financial assets at FVTPL	-	-	-
Financial assets at FVOCI	-	900,346,816	(900,346,816)
Tangible assets and investment property	-	19,943,762	(19,943,762)
Value adjustments of assets	-	(34,303)	34,303
Provisions for risks and expenses	-	(2,181,009)	2,181,009
Total	-	**918,075,266**	**(918,075,266)**
Net temporary differences - 16% rate			(918,075,266)
Deferred tax liabilities			**(146,892,044)**

Deferred tax liabilities in balance as of June 30, 2021, amounting to RON 176,227,721 (2020: RON 146,892,044) include:
- deferred income tax recognized directly through the decrease in equity amounting to RON 165,499,292 (2020: RON 135,339,025), being wholly generated by reserves for financial assets measured at fair value through other comprehensive income (FVOCI);
- the deferred tax related mainly to the differences from inflation of the financial assets and the impairment adjustments, amounting to RON 10,728,429 recognized in the retained earnings.

24. Capital and reserves

(a) Share capital

As of June 30, 2021, the share capital of SIF Banat-Crișana amounts to RON 51,542,236,30, divided into 515,422,363 shares with the nominal value of RON 0.1 and it is the result of direct subscriptions to the share capital of the company, by converting into shares the amounts due as dividends under Law no. 55/1995 and pursuant to Law no. 133/1996. As of June 30, 2021, the number of shareholders was 5,745,698 (December 31, 2020: 5,747,126).

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

All shares are ordinary shares, were subscribed and fully paid as of June 30, 2021 and December 31, 2020. All shares have equal voting rights and a nominal value of RON 0.1/share. The number of shares authorized to be issued is equal to the shares issued.

The EGM of April 27, 2020, approved:
- the reduction of Company's share capital based on art. 207 par. (1) section c) of Law no. 31/1990, from RON 51,746,072.4, to RON 51,542,236.3 following the cancellation of 2,038,361 own shares acquired by the company, within the buyback programs.
- the use of a number of 880,000 shares, held by the Company and repurchased pursuant to the EGM resolution of April 26, 2018, for their distribution free of charge to members of the Company's management (administrators, directors), in a Stock Option Plan, approved by the Resolution of EGM held on April 22, 2019. The Board of Directors of the Company approved at the end of May 2020 the "Share-

based Payment Plan". The Stock Option Plan was completed in May 2021, by which there was granted to members of Company's leadership, free of charge, 880,000 SIF1 shares.
- the execution of a buyback program for 15,000,000 own shares ("Program I") to reduce the Company's share capital;
- the buyback of a maximum of 880,000 shares ("Program II"), for their distribution free of charge to the members of the Company's management (administrators, directors), in order to build their loyalty as well as to reward them for the activity carried out within the Company, according to the performance criteria to be determined by the Board of Directors. The Board of Directors of the Company approved in August 2020 the "Share-based Payment Plan", which is ongoing.

The EGM of November 2, 2020 approved:
- the partial revocation of the Resolution of the Extraordinary General Meeting of Shareholders of April 22, 2019, published in the Official Gazette of Romania, Part IV, no. 2154 / 23.05.2019, namely of article 1 of this resolution, which approved the execution of a buyback program for a maximum of 15,000,000 shares;
- the execution of a Buyback ("Program 3") by the Company, in compliance with the applicable legal provisions and having the following main characteristics: (i) The purpose of Program 3: The Company will repurchase shares under Program 3 in order to reduce its share capital; (ii) Maximum number of shares that can be repurchased: 15,000,000 shares at most; (iii) Minimum price per share: RON 0.1 (iv) Maximum price per share: RON 5.1020 (v) Duration of Program 3: maximum 12 months from the date of publication of the resolution in the Official Gazette of Romania, part IV; (vi). Payment for shares acquired under Program 3 will be made from the sources provided by law.

denominated in RON	**June 30, 2021**	**December 31, 2020**
Share capital*	51,542,236	51,542,236
Total	**51,542,236**	**51,542,236**

** The effect of hyperinflation on share capital is presented in section (g)*

(b) Retained earnings

in RON	**June 30, 2021**	**December 31, 2020**
Retained earnings from transition to IAS and IFRS	422,323,709	422,323,709
Retained earnings from applying IFRS 9 (including gain on transactions)	266,419,706	207,935,766
Unallocated profit	18,874,345	18,874,346
Result for the period	218,155,431	88,858,482
Other amounts recognized in retained earnings (legal reserves, revaluation of tangible assets, etc.)	-834,054	2,429,869
Total	**924,939,136**	**740,422,170**

(c) Other reserves

in RON	**June 30, 2021**	**December 31, 2020**
Reserves allocated from net profit	995,838,093	903,715,687
Reserves set-up under Law no. 133/1996*	145,486,088	145,486,088
Reserves from prescribed dividends	88,420,910	88,420,910
Reserves from exchange rate differences and investment facilities	19,832,946	19,832,946
Total	**1,249,578,037**	**1,157,455,631**

** the effect of hyperinflation over the share capital is presented in section (g)*

The reserve for the initial portfolio was set up under the application of Law no. 133/1996, as the difference between the portfolio value and the subscribed capital contribution to the company. Thus, these reserves are treated as an initial contribution (share premium) and are not used when selling the financial assets.

(d) Legal reserves

Pursuant to the legal requirements, the Group set-up legal reserves in the amount of 5% of recorded profit according to applicable accounting standards up to 20% of the share capital as per the Articles of Association. The legal reserve as of June 30, 2021 amounts to RON 10,568,848 (December 31, 2020: RON 10,568,848).

Legal reserves cannot be distributed to shareholders.

(e) Differences from changes in fair value of financial assets measured through other comprehensive income

This reserve comprises cumulative net changes in the fair values of financial assets measured through other comprehensive income from the date of their classification in this category to the date they have been derecognized or impaired.

Reserves are recorded net of related deferred tax. The amount of deferred tax recognized directly through impairment of equity is presented in Note 23.

The following table shows the reconciliation of net differences in the change in fair value for financial assets measured through other comprehensive income:

In RON	**June 30, 2021**	**December 31, 2020**
Differences in changes in fair value for financial assets measured through other comprehensive income (bonds)	-	(8,511)
Differences in changes in fair value for financial assets measured through other comprehensive income (shares)	871,598,555	725,968,835
Total	**871,598,555**	**725,960,324**

(f) Dividends

During first six months of 2021 there was no approval of dividend distribution. During 2020, there was no approval for the distribution of dividends from the profit of the financial year 2019.

(g) Effect of hyperinflation (IAS 29)

The effect of hyperinflation over the share capital amounting to RON 642,622,709 and over the reserve set up following the application of Law no. 133/1996 amounting to RON 1,960,189,603 was recorded by reducing the retained earnings, resulting in an accumulated loss related to applying IAS 29 on the capital items in the amount of RON 2,602,812,312 (December 31, 2020 RON 2,602,812,312), without impacting the total value of equity.

in RON	**Effect of applying IAS 29 over share capital**	**Effect of applying IAS 29 on reserves set up under Law no. 133/1996**	**Effect in retained earnings of applying IAS 29 over equity items**
Balance as of January 1, 2020	**645,164,114**	**1,960,189,603**	**(2,605,353,717)**
Decreases	(2,541,405)	-	2,541,405
Balance as of December 31, 2020	**642,622,709**	**1,960,189,603**	**(2,602,812,312)**
Balance as of January 1, 2021	**642,622,709**	**1,960,189,603**	**(2,602,812,312)**
Decreases			
Balance as of June 30, 2021	**642,622,709**	**1,960,189,603**	**(2,602,812,312)**

25. Earnings per share

The calculation of basic earnings per share was made based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares:

denominated in RON	**June 30, 2021**	**June 30, 2020**
Profit attributable to ordinary shareholders of parent company	218,155,431	(54,347,620)
Weighted average number of ordinary shares	514,756,286	514,542,363
Basic earnings per share	**0,4238**	**(0,106)**

(all amounts presented in RON)

Diluted earnings per share equals basic earnings per share, as the Company did not record potential ordinary shares.

26. Contingent assets and liabilities

(a) Litigations

The Group is the subject of a number of litigations resulting in the normal course of business. The management believes that these actions will not have a significant effect on the economic results and the consolidated financial position.

(b) Other liabilities
not the case

27. Related parties

The parties are considered related if one party has the ability to control the other party or to exercise a significant influence over this in taking financial and operational decision.

The Company has identified the following related parties in the course of business:

Key management personnel

June 30, 2021

- As of June 30, 2021, the Board of Directors of SIF Banat-Crișana was comprised of 5 members: Bogdan-Alexandru Drăgoi - Chairman, Radu Răzvan Străuț - Vice-Chairman, Sorin Marica, Marcel Heinz Pfister, and Ionel Marian Ciucioi.
- As of June 30, 2021, the members of the executive team of SIF Banat-Crișana: Bogdan-Alexandru Drăgoi – CEO (General Director), Radu Răzvan Străuț - Deputy General Director, Teodora Sferdian - Deputy General Director, Laurențiu Riviș – Director.

December 31, 2020

- As of December 31, 2020, the Board of Directors of SIF Banat-Crișana was comprised of 5 members: Bogdan-Alexandru Drăgoi - Chairman, Radu Răzvan Străuț - Vice-Chairman, Sorin Marica, Marcel Heinz Pfister, and Ionel Marian Ciucioi.
- As of December 31, 2020, the members of the executive team of SIF Banat-Crișana: Bogdan-Alexandru Drăgoi – CEO (General Director), Radu Răzvan Străuț - Deputy General Director, Teodora Sferdian - Deputy General Director, Laurențiu Riviș – Director.

During the period of the interim reporting, there were no transactions carried out and no advances and loans were granted to managers and administrators of the Company, except for work related travel advances.

The Company has not received and has not given guarantees in favour of any related party.

Transactions with related parties during the interim reporting period:

During H1 2021, the following transactions with affiliates were performed:

(a) Dividend income

	June 30, 2021	June 30, 2020
Azuga Turism	10,009,139	-
BIOFARM BUCURESTI		3,620,966
Uniteh	-	7,770,077
Total	**10,009,139**	**11,391,043**

(b) Interest income

	June 30, 2021	June 30, 2020
VRANCART ADJUD – bonds	671,192	901,183
SIFI BH Retail - bonds	38,782	318,210
Total	**709,974**	**1,219,393**

(all amounts presented in RON)

(c) Procurement of goods and services

	June 30, 2021	June 30, 2020
Gaz Vest - supply of natural gas	26,263	27,972

(d) Year-end balances resulting from sales / purchases of goods / services

	June 30, 2021	June 30, 2020
Debts to affiliates	-	(7,398)
Borrowings	(15,654,663)	(15,534,842)
Total	**(15,654,663)**	**(15,542,240)**

(e) Balance non-current receivables

	June 30, 2021	June 30, 2020
Silvana Cehu Silvaniei - dividends	671,886	671,886
Silvana Cehu Silvaniei - depreciation adjustment	(671,886)	(671,886)
VRANCART ADJUD - bonds	37,612,296	37,612,296
VRANCART ADJUD – due interest	243,000	285,785
SIFI BH Retail – bonds	-	10,691,255
SIFI BH Retail – due interest	-	605,780
Gaz Vest – due dividends	-	752,117
Azuga Turism – due dividends	10,009,139	
Total	**47,864,435**	**49,947,232**

28. Events after the period of interim report

July 1 - The company received from SIF Oltenia - Report on major holdings according to art. 69 par. 1 of Law no. 24/2017 and ASF Regulation no. 5/2018. It was hereby notified that the shareholding held by the Company had been increased from 4.975% to 5.549%.

July 5 - ASF issued Authorization no. 130 / 01.07.2021 authorizing SIF Banat-Crișana S.A. as an Alternative Investment Fund addressed to Retail Investors (AIFRI, Ro: FIAIR) having as depositary bank Banca Comercială Română S.A. By the same authorization, ASF authorized the amendments to the Articles of Association of SIF Banat-Crișana, in accordance with EGM Decision no. 3 / 06.07.2020 and with the EGM Decision no. 1 / 02.11.2020.

August 2 - The Company informed the shareholders that in the meeting held on July 30, 2021, the Board of Directors approved the prolonging of the Share-based Payment Plan (Stock Option Plan). By Current Report of August 17, 2020, SIF Banat-Crișana informed the shareholders on the approval of the "Share-based payment plan" ("Stock Option Plan"), by which 880,000 SIF1 shares were offered to members of Company's leadership, as per the Resolution no. 5 of the Extraordinary General Meeting of Shareholders of April 27, 2020. The amended disclosure document is available on Company's website, in the *Investor Relations* section.

September 2 - The Company informed the shareholders that in the meeting held on September 2, 2021, the Board of Directors convened the Ordinary General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders for October 11 (12), 2021. The Convening Notices are published on the website of the Company, in the *Investor Relations* section.

September 8 - The company informed the shareholders and investors that, in order to implement the EGMS Resolutions no. 3 and 4 of April 27, 2020, and no. 3 of November 2, 2020, submitted to the Financial Supervisory Authority the Public Offer Document for the purchase of own shares issued by SIF Banat-Crișana, together with the related documentation. SSIF SWISS CAPITAL S.A. was appointed as intermediary for the Public Tender Offer for shares issued by SIF Banat-Crișana. On September 22, by Decision no. 1166/22.09.2021, ASF approved the offer document for the buyback of 30,880,000 shares, for the price of RON 2.70 / share, during the period 29.09.2021-12.10.2021.