



**SIF BANAT-CRIȘANA**

# **QUARTERLY REPORT**

— AS OF SEPTEMBER 30, 2021 —

prepared pursuant to the provisions of  
Law no. 24/2017, Law no. 74/2015, Law no. 243/2019,  
ASF Regulation no. 10/2015, ASF Regulation no. 7/2020,  
ASF Regulation no. 5/2018, and ASF Rule no. 39/2015  
*this report is provided as a free translation from Romanian, which is  
the official and binding document*



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## 1. GENERAL INFORMATION

CORPORATE NAME	<b>Societatea de Investiții Financiare Banat-Crișana S.A.</b> (hereinafter referred to as “SIF Banat-Crișana” or “the Company”)
COMPANY TYPE	<ul style="list-style-type: none"> <li>▪ joint stock company, Romanian legal entity with entire private capital</li> <li>▪ established as a self-managed investment company, authorized by the Financial Supervisory Authority as Alternative Investment Fund Manager (AIFM) - Authorization no. 78 / 09.03.2018, and as closed-ended alternative investment fund, diversified, addressed to retail investors (AIFRI) - Authorization no. 130 / 01.07.2021</li> </ul>
SHARE CAPITAL	<ul style="list-style-type: none"> <li>▪ RON 51,542,236.30 – subscribed and paid-in capital</li> <li>▪ 515,422,363 shares issued; entirely outstanding as of 30.09.2021</li> <li>▪ RON 0.10 per share nominal value</li> </ul>
REGISTRATIONS	<ul style="list-style-type: none"> <li>▪ Number in Trade Register J02/1898/1992</li> <li>▪ Tax Identification Code RO 2761040</li> <li>▪ Number in ASF AFIAA Register PJR07.1AFIAA / 020007 / 09.03.2018</li> <li>▪ Number in ASF FIAIR Register PJR09FIAIR / 020004 / 01.07.2021</li> <li>▪ Legal Entity Identifier (LEI) 254900GAQ2XT8DPA7274</li> </ul>
MAIN ACTIVITY	<p>Main activity is, as per the classification of economic activities in the national economy (CAEN): financial intermediation, except for insurance and pension funds (CAEN code 64), and the main object of activity: Other financial intermediation n.c.a. (CAEN code 6499):</p> <ul style="list-style-type: none"> <li>▪ portfolio management</li> <li>▪ risk management;</li> <li>▪ other activities carried out within the collective management of an investment fund, allowed by the legislation in force.</li> </ul>
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB) – Premium category - ticker <b>SIF1</b>
FINANCIAL AUDITOR	<b>Deloitte Audit S.R.L.</b>
DEPOSITARY BANK	<b>Banca Comercială Română (BCR)</b>
SHARES AND SHAREHOLDERS' REGISTRY	<b>Depozitarul Central S.A. Bucharest</b>
HEADQUARTERS	<b>Arad</b> , 35A Calea Victoriei 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
BRANCH OFFICE	<b>SIF Banat-Crișana SA Arad-Bucharest Branch-Rahmaninov</b> 46-48 S. V. Rahmaninov Str., 3rd floor, sector 2, 020199, Bucharest

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## 2. MAIN FINANCIAL AND OPERATIONAL INFORMATION

<b>MAIN BALANCE SHEET ITEMS [RONm]</b>		
	<b>31.12.2020</b>	<b>30.09.2021</b>
Total assets, of which	2,883.77	3,566.52
Total financial assets	2,859.53	3,500.39
Equity (own capital)	2,729.90	3,361.73
Total liabilities	153.87	204.79

<b>FINANCIAL PERFORMANCE [RONm]</b>		
	<b>30.09.2020</b>	<b>30.09.2021</b>
Operating income	56.94	125.61
Gain/(Loss) on investment	(84.83)	224.53
Operating expenses	13.87	14.94
Gross profit / (Loss)	(41.76)	335.20
Net profit / (Loss)	(42.43)	321.60

<b>PERFORMANCE OF SHARES AND NET ASSET</b>		
	<b>31.12.2020</b>	<b>30.09.2021</b>
Share price (end of period, RON)	2.2000	2.6800
NAV/S* (RON)	5.6051	6.5490
Accounting net asset / share (RON)	5.3055	6.5233
Nominal value of share (RON)	0.1	0.1
Number of shares issued	515,422,363	515,422,363
Number of outstanding shares	514,542,363	515,422,363

\* calculated acc. to ASF regulations

\*\* calculated considering the shares repurchased by the Company

<b>OPERATIONAL DATA</b>		
	<b>31.12.2020</b>	<b>30.09.2021</b>
Number of permanent employees	34	34
Branch offices	1	1

<b>SHAREHOLDING STRUCTURE as of September 30, 2021</b>		
	number of shareholders	holdings
Romanian individuals	5,742,643	40.12%
Non-resident individuals	2,081	0.35%
Romanian legal entities	132	39.22%
Non-resident legal entities	25	20.31%
<b>TOTAL</b>	<b>5,744,881</b>	<b>100%</b>

### 3. PORTFOLIO AS OF SEPTEMBER 30, 2021

#### Investment objective and policy

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

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

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

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

SIF Banat-Crișana's investments, as AIFRI, are made exclusively in the assets and within the limits regulated by *Law no. 243/2019 on alternative investment funds, amending and supplementing certain normative acts*.

Investments are made over a certain period, under appropriate risk monitoring and control, to ensure a steady balance of risk and expected return. The investment decision-making process is formalized through internal procedures and the levels of competence approved by the company's Board of Directors.

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

The execution of the various exit strategies is adapted and correlated with a series of internal and external factors, such as: the general economic perspectives; the evolution of financial markets; liquidity of listed securities and daily trading volumes; small business regionality; access barriers (interest), depending on the shareholding structure; SIF Banat-Crișana's liquidity needs.

As of September 30, 2021, SIF Banat-Crișana has under management a complex portfolio, consisting of (i) equity instruments: listed shares, unlisted shares (i) debt instruments: corporate bonds, bank deposits, fund units issued by AIF.

Lines of action in portfolio management:

- building a diverse portfolio consisting of assets capable of achieving target returns at the designated risk level;
- continuous increase of portfolio quality, as a basis for the increase of its value and the capacity to constantly generate income;
- portfolio management and development so as to adapt to the global risk profile;
- diversification of income channels for a high adaptability necessary in volatile periods;
- ensuring an appropriate liquidity level to enable the desired investments to be made and operational expenses to be covered;
- improving corporate governance practices.

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

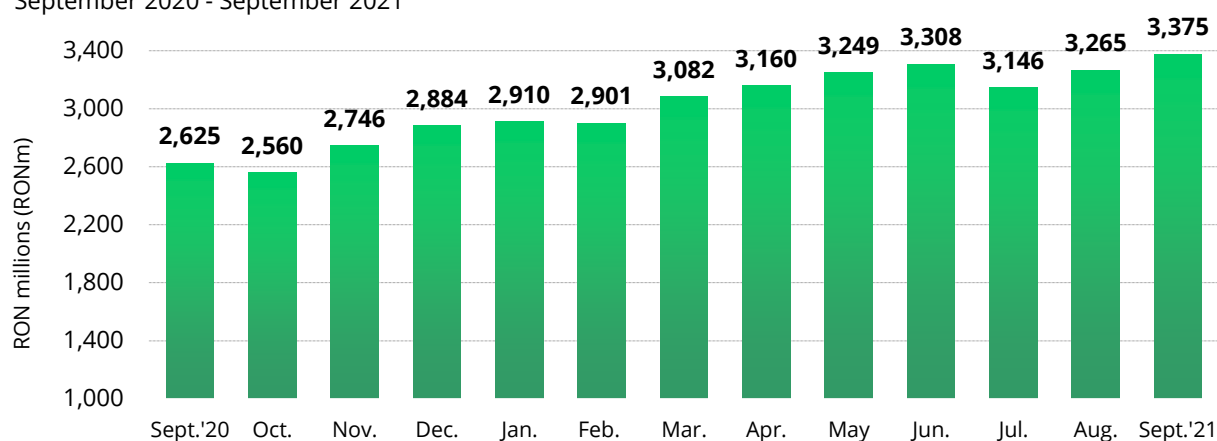
The *Policy on integrating ESG risks in the investment decision-making process* and the *Statement prepared in accordance with the provisions of art. 4 (1) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019, on sustainability-related disclosures in the financial services sector* are available on Company's website, [www.sif1.ro](http://www.sif1.ro), in *Corporate Governance* section.

## Net Asset Value

SIF Banat-Crișana's net asset value (NAV) was of **RON 3,375.48m** as of September 30, 2021, up 2.03% vs. RON 3,308.21m, the value recorded as of June 30, 2021, and 28.61% higher as compared to September 30, 2020. Net asset value per share (NAV/S) was of **RON 6.5490** as of September 30, 2021 (June 30, 2021: RON 6.4184/share).

### NET ASSET VALUE

September 2020 - September 2021



Monthly values for net asset are calculated by SIF Banat-Crișana and certified by the depositary bank Banca Comercială Română (BCR).

Throughout Q3 2021, the valuation of assets for the calculation of SIF Banat-Crișana's net asset value was performed pursuant to the regulations issued by The Financial Supervisory Authority (Regulation no. 9/2014 with subsequent changes and amendments and Regulation no. 10/2015).

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

According to ASF Regulation no. 7/2020, the net asset value of an AIFRI established as an investment company is determined as the difference between the total value of the assets and the sum of the deferred liabilities and revenues. The calculation of the total value of debts includes both current and non-current debts, as well as established provisions. In accordance with these regulations, starting with July 1, 2021, following the authorization of SIF Banat-Crișana as AIFRI, the company calculated the value of the net assets by summing the deferred profit tax (non-current liabilities) to the total liabilities. The change in NAV for July vs. the value for June, highlighted in the chart above, is mainly due to the increase in the value of liabilities following the inclusion of deferred income tax.

The statement of SIF Banat-Crișana's assets and liabilities as of September 30, 2021, prepared as per annex 10 of the Regulation no. 7/2020, is presented as annex to this report.

The monthly reports for the net asset value were submitted to the Bucharest Stock Exchange and ASF – Financial Investments and Instruments Sector and published on SIF Banat-Crișana’s website [www.sif1.ro](http://www.sif1.ro) no later than 15 calendar days from the end of the reporting month.

### **The methodology for calculating the net asset value**

During the reporting period, the calculation of net asset value was performed under the provisions of ASF Regulation no. 9/2014 (art. 113-122), amended and supplemented by ASF Regulation no. 2/2018 and ASF Regulation no. 20/2020 and with the provisions of ASF Regulation no. 10/2015.

As per these regulations:

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

a) at the closing price on the market section considered as main market or at the reference price provided on trading systems others than the regulated markets including the alternative systems by the operator of the respective trading system as of day for which the calculation is made;

b) By way of exception from the provisions of section i) above, in the case of joint stock companies admitted to trading on a regulated market or a multilateral trading system with a liquidity considered by SIF Banat-Crișana, based on a prudential value judgment regarding the active market defined by International Financial Reporting Standard 13 - Fair value measurement (IFRS 13), as irrelevant for the application of the mark to market valuation method, the shares of those companies will be measured in SIF Banat-Crișana’ assets in accordance with the evaluation standards in force, according to the law, based on an evaluation report. Throughout Q3 2021, this valuation method was applied in the case of the following companies in the portfolio: SIF Imobiliare PLC (symbol SIFI), SIF Hoteluri SA (symbol CAOR), and IAMU SA (symbol IAMU).

- Securities not admitted to trading on a regulated market or not traded during last 30 trading days are valued at the book value per share as it results from the latest annual financial statement, respectively the equity value as entered in the monthly reports submitted to the National Bank of Romania for credit institutions.

- For joint stock-companies not admitted to trading on a regulated market or an alternative system, where SIF Banat-Crișana owns more than 33% of the share capital, the respective shares are valued in SIF Banat-Crișana’s net asset value exclusively as per the international valuation standards based on an evaluation report, updated at least annually. These companies are presented in a separate annex within the Detailed statement for the portfolio.

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

- The shares of companies in insolvency, judicial liquidation or reorganization procedure are evaluated at zero value until the end of the procedure.

- The values of the non-portfolio items considered in the calculation of the net asset are in accordance with the International Financial Reporting Standards (“IFRS”).

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

## Portfolio structure

The strategy for asset allocation aims to maximize the performance of the portfolio under the prudential requirements established by the regulations.

The investment limits and restrictions incidental to the operations carried out by SIF Banat-Crișana during Q3 2021 complied with the applicable legal provisions, established by Law no. 243/2019 on the regulation of alternative investment funds, given that in accordance with the provisions of this law SIF Banat-Crișana is classified as a Closed, Diversified Alternative Investment Fund addressed to retail investors (AIFRI).

During Q3 2021, no violations of the regulated prudential investment limits were registered.

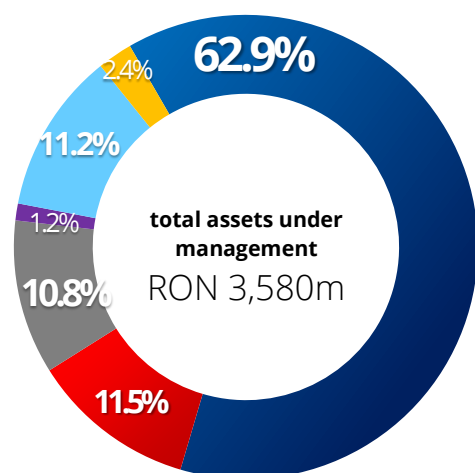
The detailed statement of SIF Banat-Crișana's investments as of September 30, 2021, prepared pursuant to Annex 11 of Regulation no. 7/2020, is presented as annex to this report.

Total value of assets under SIF Banat-Crișana management as of September 30, 2021 was of **RON 3,580m**, 23.80% higher than the value recorded for December 31, 2020, when reached RON 2,891.67m.

The value of the stock portfolio (listed and unlisted shares) accounted for **74.4%** of SIF Banat-Crișana's total assets as of September 30, 2021, amounting to **RON 2,680.07m**. At the end of Q3 2021, SIF Banat-Crișana held *majority stakes* - over 50% of the issuer's share capital - in 13 companies, with a total value of RON 1,032m, representing 30.57% of NAV.

### ASSETS UNDER MANAGEMENT as of September 30, 2021

breakdown on classes (weight on total assets)

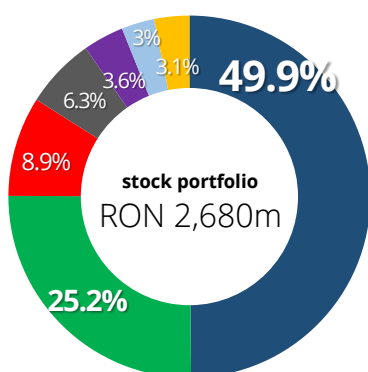


■ <b>listed shares</b>	value <b>RON 2,265m</b> (31.12.2020: RON 1,951.14m)
■ <b>unlisted shares</b>	value <b>RON 415.07m</b> (31.12.2020: RON 407.03m)
■ <b>fund units</b>	value <b>RON 387.33m</b> (31.12.2021: RON 305.83m)
■ <b>corporate bonds</b>	value <b>RON 42.39m</b> (31.12.2020: RON 53.60m)
■ <b>bank deposits and cash available</b>	value <b>RON 404.35m</b> (31.12.2020: RON 150.69m)
■ <b>receivables and other assets</b>	value <b>RON 87.61m</b> (31.12.2020: RON 23.38m)

*values calculated as of September 30, 2021, and December 31, 2020 pursuant to the provisions of ASF Regulations no. 9/2014, no. 10/2015, no. 2/2018.*



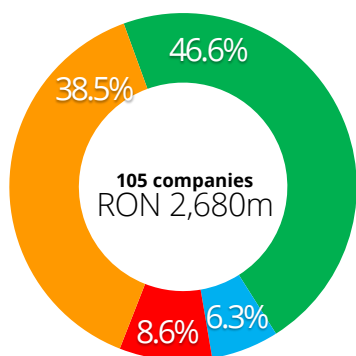
STOCK PORTFOLIO - breakdown by sector



- banking - financial**  
 stakes in **14** companies, worth **RON 1,336m**  
 (31.12.2020: RON 1,151m)
- commerce - real estate**  
 stakes in **14** companies, worth **RON 676m**  
 (31.12.2020: RON 617m)
- pharmaceuticals**  
 stakes in **2** companies, worth **RON 239m**  
 (31.12.2020: RON 162m)
- cardboard and paper**  
 stakes in **5** companies, worth **RON 169m**  
 (31.12.2020: RON 122m)
- hospitality (hotels and restaurants)**  
 stakes in **4** companies, worth **RON 98m**  
 (31.12.2020: RON 100m)
- energy - utilities**  
 stakes in **6** companies, worth **RON 79m**  
 (31.12.2020: RON 72m)
- other industries and activities**  
 stakes in **60** companies, worth **RON 84m**  
 (31.12.2020: RON 133m)

percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of September 30, 2021 and December 31, 2020, acc. to ASF Reg. no. 9/2014, no. 10/2015, no. 2/2018.

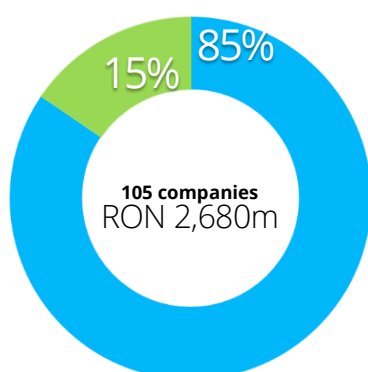
STOCK PORTFOLIO - breakdown by stake held



- up to 5%**  
 stakes in **30** companies  
 worth **RON 1,248m** (31.12.2020: RON 1,025m)
- 5-33%**  
 stakes in **53** companies  
 worth **RON 169m** (31.12.2020: RON 209m)
- 33-50%**  
 stakes in **3** companies  
 worth **RON 231m** (31.12.2020: RON 155m)
- above 50%**  
 majority stakes in **13** companies  
 worth **RON 1,032m** (31.12.2020: RON 969m)

percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of September 30, 2021 and December 31, 2020, acc. to ASF Reg. no. 9/2014, no. 10/2015, no. 2/2018

## STOCK PORTFOLIO - on liquidity



■ listed companies

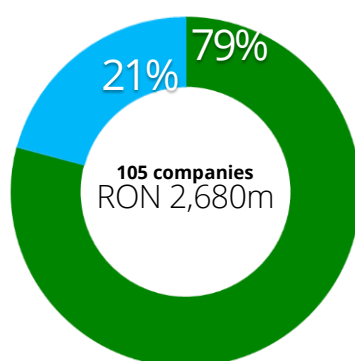
**RON 2,265m** (31.12.2020: RON 1,951m) value of stakes in **36** companies (31.12.2020: 42)

■ unlisted companies

**RON 415m** (31.12.2020: RON 407m) value of stakes **69** companies (31.12.2020: 74)

percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of September 30, 2021 and December 31, 2020, acc. to ASF Reg. no. 9/2014, no. 10/2015, no. 2/2018

## STOCK PORTFOLIO - geographical exposure



■ Romania

**RON 2,121m** (31.12.2020: RON 1,814m) value of stakes in **103** companies (3.12.2020: 116)

■ foreign

**RON 559m** (31.12.2020: RON 544m) value of stakes in **2** companies (31.12.2020: 2): Austria (1 company – Erste Bank), Cyprus (1 company – SIF Imobiliare)

percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of September 30, 2021 and December 31, 2020, acc. to ASF Reg. no. 9/2014, no. 10/2015, no. 2/2018

**TOP 10 COMPANIES IN SIF BANAT-CRIȘANA PORTFOLIO** as of September 30, 2021

Company (symbol)	Sector	Stake	Value of holding* [RON]	% of NAV
1 Banca Transilvania (TLV)	banking - financial	4.39%	742,609,095	22%
2 SIF Imobiliare Plc (SIFI)	real estate	99.99%	370,794,536	10.98%
3 BRD Groupe Société Générale (BRD)	banking - financial	1.95%	255,971,344	7.58%
4 Biofarm București (BIO)	pharmaceuticals	36.75%	231,017,623	6.84%
5 SIF1 IMGB	real estate	99.92%	217,469,107	6.44%
6 Erste Group Bank AG (EBS)	banking - financial	0.34%	188,286,626	5.58%
7 Vrancart (VNC)	cardboard and paper	75.06%	168,822,700	5%
8 SIF Muntenia (SIF4)	financial	5.11%	62,793,278	1.86%
9 SIF Hoteluri (CAOR)	hospitality	98.99%	57,783,583	1.71%
10 SAI Muntenia Invest	financial (AIFM)	99.98%	52,559,482	1.56%
<b>TOTAL</b>			<b>2,348,107,373</b>	<b>69.56%</b>

\* calculated pursuant to ASF Reg. no. 9/2014, no. 10/2015, no. 2/2018

## 4. THE SHARES ISSUED BY BANAT-CRIȘANA

### CHARACTERISTICS OF THE SHARES ISSUED BY SIF BANAT-CRIȘANA

Total number of issued shares (Sept. 30, 2021)	<b>515,422,363</b>
Outstanding shares (Sept. 30, 2021)	<b>515,422,363</b>
Nominal value	<b>RON 0.1000 / share</b>
Type of shares	<b>common, ordinary, registered, dematerialized, indivisible</b>
Trading market	<b>Regulated spot market of Bucharest Stock Exchange (BVB or BSE), Premium category, listed since November 1, 1999</b>
Trading venue (MIC)	<b>XBSE</b>
BVB (BSE) symbol (ticker)	<b>SIF1</b>
Bloomberg BBGID	<b>BBG000BMN388 (SIF1:RO)</b>
ISIN	<b>ROSIFAACNOR2</b>
Reuters	<b>SIF1.BX</b>
Part of indices	<b>BVB (BSE) indices: BET-FI   BET-XT   BET-XT-TR   BET-BK   BET-XT-TRN</b>

SIF1 shares on BVB (BSE)

The liquidity of SIF1 stock was higher vs. the similar period of 2020, a total of 23,398,498 shares were traded in 2021, standing for 4.54% of the total issued securities, the total value of the traded shares was of RON 60,257,649.

On the "DEAL" market, two trades were carried out, with 3.50m shares worth RON 9.060m.

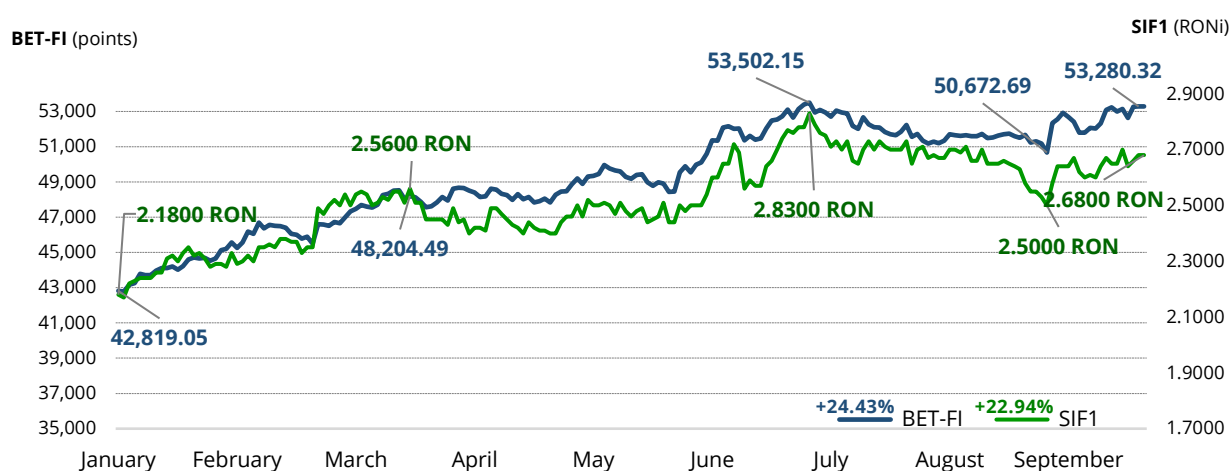
Of the 190 trading days, 79 days were with positive changes (highest +5.96% on February 24) and 74 days with negative variations (lowest -4.83% on June 18)

The highest closing price for SIF1 securities in 2021 was of RON 2.8300 per share, in the session of July 7, and the lowest closing price was of RON 2.1700 per share, during the session of 5 January, the trading range between the highest and lowest of the period being 30%. The average price of the period was of RON 2.5753 per share.

During Q3 2021, the trading of SIF1 shares increased, the average daily volume being over 190 thousand shares compared to the average daily volume of the entire period of 123 thousand shares. The upsurge of the SIF1 share price of in 2021 (of 22.94%) was tempered by the decrease of 2.19% of the price recorded during Q3.

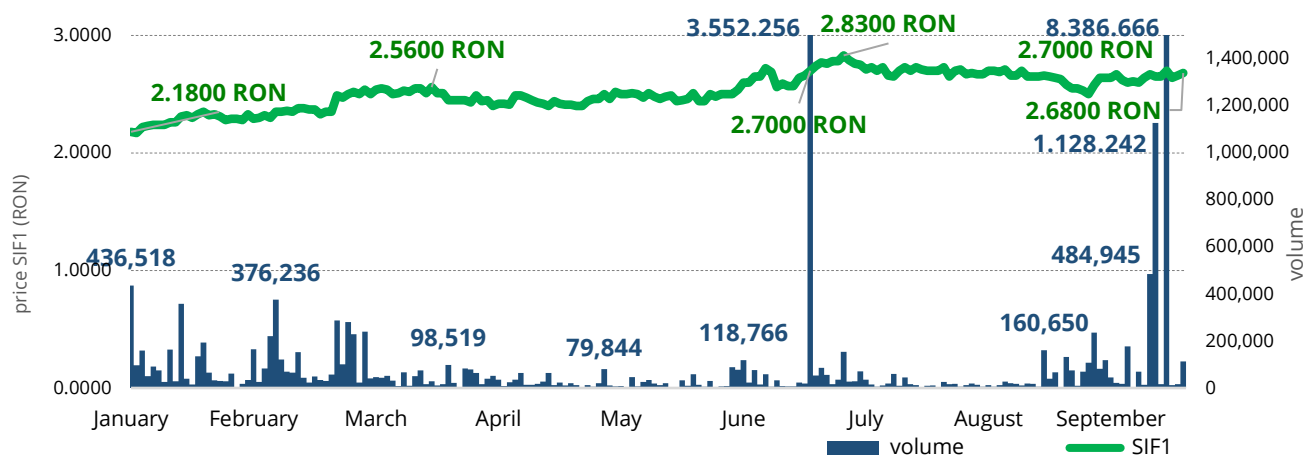
On September 30, 2021, the market capitalization of SIF1 stock was of RON 1,381.33m, calculated using the closing price.

### SIF1 vs. BET-FI PERFORMANCE DURING JANUARY - SEPTEMBER 2021



*highlighted values were recorded at the closing of trading day*

SIF1 PRICE AND VOLUME DURING JANUARY - SEPTEMBER 2021

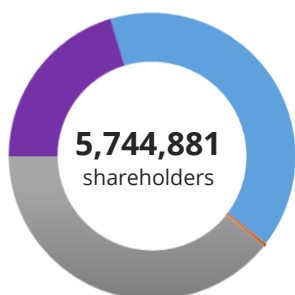


highlighted values for SIF1 price were recorded at the closing of trading day

As of September 30, 2021, SIF Banat-Crișana has 5,744,881 shareholders, according to the data reported by Depozitarul Central SA Bucharest, the company keeping the shareholders registry.

**SHAREHOLDERS' STRUCTURE**

as per holdings, as at September 30, 2021



■ 40.12%  
Romanian individuals  
(5,742,643 shareholders)

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

■ 39.22%  
Romanian legal entities  
(132 shareholders)

■ 20.31%  
non-resident legal entities  
(25 shareholders)

## 5. THE MANAGEMENT OF SIGNIFICANT RISKS

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

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

### Risk profile and risk limits

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

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

### Risk appetite

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

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

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

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

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

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

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

The assessment of the global risk profile and the establishment of risk limits was performed based on the information included in the periodic risk reports and stress tests from 2019 to 2020. In addition, assessments were performed at other intermediate dates, when large fluctuations of SIF Banat-Crișana's NAV were ascertained.

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

Main risks for the Company

The significant risks to which SIF Banat-Crișana is exposed are **market risk, liquidity risk, credit and counterparty risk, operational risk, and other risks** (reputational risk, strategic risk, regulatory risk, tax-related risk, business-environment related risk).

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

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

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

#### **a) Market risk**

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

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

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

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

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

PROXI-85 risk portfolio, a reference for price risk in the traded stock portfolio, is analysed compared to the total risk of the BET-BK index as a forecast of future volatilities. With the annual assessment of the risk limits, it was decided that the risk indicator used, the VaR risk value (99%, 1M), should be monitored both for the portfolio, for a benchmark (BET-BK index) or active portfolio / difference.

As of 30.09.2021, VaR for the PROXI-85 portfolio was 10.44% of the market value of RON 1,873.915 million. *Tracking-error*, indicating active management and representing the risk for the part of the PROXI-85 portfolio other than the BET-BK benchmark, was 6.18% and *Expected shortfall (Conditional VaR)*, which indicates the potential loss of the portfolio in extreme cases of exceeding the 99% confidence level, was of 11.98%, lower as compared to the data for 2020 year-end.

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

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

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

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

The company traded in both Romanian currency (Leu or RON) and foreign currency (Euro) in Q3 2021, the Romanian currency fluctuated compared to foreign currencies, the average value of EURRON rate for Q3 2021 was of 4.9315 vs. 4.8371, the average for 2020. The value of Company's portfolio exposure (shares, bonds, and current accounts) represents a weight of 17.41% of total assets as of September 2021. The exposure remains at the level of H1, but is distributed differently by types of instruments (shares, bonds, deposits and current accounts).

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

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

Due to the specifics and history of its portfolio, the exposure on the banking sector remains significant, issuers in the banking sector and issued financial instruments (equity instruments, deposits, and current accounts) have a share of 44.55% in TA as of 30.09.2021. The exposure increase is mainly due to the upsurge of the prices of listed bank shares (TLV, EBS and BRD) and the collection of dividends for 2020 distributed by issuers in the portfolio. Banks are most exposed to systemic and contagion risk in crisis situations, a positive aspect of these holdings is the liquidity of the investment.

## **b) Liquidity risk**

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

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

The liquidity risk related to the company's payment obligations is very low, as current debts can be immediately covered by the current account balance and short-term deposits. The liquidity indicator (LCR) is 17.66, calculated on the value of assets having high liquidity.

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

The value of assets with a liquidation period on short intervals of up to 30 days increased to 16.24% of TA (from 15.74% of TA in H1), short-term and medium-term deposits were made based on the inflows from the sale transactions carried out in 2021 and the due dividends. Assets with a liquidation period of more than 365 days increased to 80.61% of TA (from 55.65% of TA in H1) due to the exposure on TLV during this period.

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

The liquidity buffer was 15.80% of the TA with a limit of at least 7% of total assets.

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

### c) Credit risk

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

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

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

Cash held by the Company, which is not invested in portfolio companies or government securities, may be placed in short-term bank deposits. The credit risk is also diminished by placing the Company's cash in several banks. In Q3 2021, bank deposits were made at the highest ranked banking institutions in the system, with a rating similar or close to the country rating (BBB- and BB +), confirmed by Fitch Rating Agency in June 2021.

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

The diversification of exposures in the banking sector, through short-and medium-term investments in deposits in euro, can be beneficial for protection against fees and negative interest rates charged by the largest Romanian banks, and protection against rising inflation.

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

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

### d) Operational risk

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

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

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

During Q3 2021, there were no incidents of an operational risk arising from IT systems. All the important IT systems comply with the requirements of art. 16 of the ASF Rule no. 4/2018, ensuring



the integrity, confidentiality, authenticity, and availability of data in accordance with the risk category of the important computer system internally defined.

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

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

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

Following the ML/TF risk assessment for Q3 2021, it resulted that all business partners have an inherently low risk. Simplified customer awareness and normal business relationship monitoring measures were applied. The total residual risk remaining after the internal controls have been applied to the inherent risk leads to the conclusion that the exposure of SIF Banat-Crișana to the risk of ML / TF is low.

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

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

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

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

The positive progress of the SIF1 quotation was in line with the favourable evolution of BVB in the analysed period, the traded volumes are increasing compared to the previous period (in 83% of the 66 trading days were recorded trading volumes >100K), the average daily volume traded in Q3 being of 190,886 shares.

Thus, the reputational risk assessment falls within the low risk level for Q3, the increase in trading volumes can be related with the execution of buyback programs.

The Company's policy on *strategic risk* addresses the establishing of rational long-term strategic objectives, the management structure constantly adopting a prudential policy to mitigate / avoid strategic risk, and will continuously monitor the progress of the market in relation to budgeted operations.

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

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

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

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

*The business environment risk* is high due to the domestic economy evolution on short and medium term.

Measures to raise short-term interest rates for money markets in Central and Eastern European countries are expected in the coming period amid prospects for the normalization of monetary policy, persistent high inflationary pressures, and a positive climate in the real economy (the progress of the economy at a rate above potential). The analysis recently published by the IMF, on the challenges facing European economies in the post-pandemic period, draws attention to inflationary pressures (annual consumer price dynamics accelerated in the Eurozone in September to the highest level in 13 years determined by supply-side shocks) which are temporary in nature due to the upward trend in inflation and which cannot be counteracted by monetary policy instruments.

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

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

No exceedances of the risk limits at the level of the global risk profile were reported during Q3 2021.

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

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

Risk of exceeding the prudential limits of holding

Compliance with the holding limits regulated by the supervisory authority is one of the main lines of action for managing and controlling the risk associated with the asset portfolio. The analysis of the compliance with the holding limits is performed both monthly with the approval of the net asset calculation reports, as well as part of the pre-investment verification procedure. During the reporting period, in accordance with SIF Banat-Crișana's investment risk management policy, it was pursued the compliance of the portfolio with the limits of ownership provided by Law no. 24/2017, art. 90 (1) regarding cumulative investments, and the provisions of allowed investments and shareholding limits.

**During Q3 2021, the portfolio of assets held by SIF Banat-Crișana complied with the legal provisions in force stated by Law 243/2019 and Law no. 24/2017.**

Leverage

Leverage means any method by which the Company increases the exposure of the portfolio under its management either by borrowing cash or securities, or by derivative financial positions or by any other means. The leverage effect is expressed as the ratio between the global exposure of the portfolio of financial instruments and the value of the net asset. The Company performs the calculation of the exposure using the gross method and the commitment method complying with the

provisions of EU Regulation 231/2013 art. 7 and art. 8, Annex I on “Methods of increasing the exposure of an AIF” and Annex II on “Conversion methodologies for financial derivatives”, and the approved internal procedures.

The leverage indicator on September 30, 2021, by the gross method is 99.63% (excluding cash and cash equivalents as per the requirements of AFIM regulations), and by the commitment method is of 100%.

Through the investment policy for 2021, the Company planned not to use financing operations through financial instruments (SFTs) and not to invest in *total return swap* instruments, defined by EU Regulation 2365/2015, and in the process of portfolio of financial instruments management, not to use methods to increase the exposure of the portfolio, to fit the average risk profile decided. In Q3 2021, the Company did not use the leverage effect for the portfolio under management, not having the tools to generate such an effect.

#### Crisis simulations

As per the Risk Management Policy and the AIFM legislation (Law 74/2015, EU Regulation 231/2013), periodic crisis simulations in normal and exceptional situations are performed at least annually, on the date established according to the working procedures and notified to the Financial Supervisory Authority. Crisis simulations in exceptional circumstances are performed whenever the situation requires it.

In Q4 2021, the Risk Management Office will perform a crisis simulation, according to the Annual Plan on risk management activity, based on scenario analysis, with the prior approval of the methodology by the Board of Directors and in accordance with approved work procedures.

## 6. SIGNIFICANT EVENTS DURING Q3 2021

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

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

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

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

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

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

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

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

Convening the Ordinary and Extraordinary General Meeting of Shareholders of October 11 (12), 2021

The Board of Directors, in the meeting held on September 2, 2021, convened the Ordinary and the Extraordinary Meeting of Shareholders for October 11 (12), 2021. The Convening Notices (and the Resolutions adopted by the OGM and EGM of October 11, 2021, are available for consultation on Company's website, at [www.sif1.ro](http://www.sif1.ro), in the *Investor Relation* section. Information on the resolutions adopted are presented in this report in Chapter 8 – Events after the reporting period.

Approval of Public Tender Offer for SIF1 shares

On September 8, 2021, the Company informed the shareholders and investors that, in order to carry out the EGM Resolutions no. 3 and 4 of April 27, 2020, and no. 3 of November 2, 2020, the Company filed at the Financial Supervisory Authority the Public Tender Offer Document in respect of the 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 in respect of the shares issued by SIF Banat-Crișana. On September 22, 2021, by Decision no. 1166/22.09.2021, ASF approved the tender offer document for the buyback of 30,880,000 shares, for a price of RON 2.70 per share, the period of the offer being 29.09.2021 – 12.10.2021.

## 7. FINANCIAL POSITION AND RESULTS AS OF SEPTEMBER 30, 2021

SIF Banat-Crișana has prepared the financial statements as of September 30, 2021 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, and considering the provisions of IFRS 9 – Financial Instruments, standard applicable beginning January 1, 2018.

The interim condensed financial statements as of September 30, 2021 are not audited, as there is no legal or statutory requirement.

The interim condensed financial statements as of September 30, 2021 and the explanatory notes are presented as Annex 1 to this report.

The following are comments on the main elements of the financial position and results of the Company as of September 30, 2021:

Condensed standalone statement of financial position

<b>Standalone statement of financial position - extract</b>		
<i>denominated in RON</i>	<b>31/12/2020</b>	<b>30/09/2021</b>
Cash and cash equivalents, bank deposits	150,710,816	404,348,170
Financial assets at fair value through profit and loss (FVTPL)	1,394,390,304	1,604,449,126
Financial assets at fair value through other comprehensive income (FVTOCI)	1,314,430,895	1,491,598,240
Investment property and tangible assets (property, plant, and equipment)	17,186,786	16,076,406
Other assets	7,052,842	50,051,776
<b>Total assets</b>	<b>2,883,771,643</b>	<b>3,566,523,718</b>
Liabilities	153,866,952	204,789,792
Equity (own capital)	2,729,904,691	3,361,733,926
<b>Total liabilities</b>	<b>2,883,771,643</b>	<b>3,566,523,718</b>

**Total assets value** held as of September 30, 2021, was of RON 3,566.5m, 23.7% higher as compared to the value of assets at the end of 2020.

The main patrimonial elements changed compared to the beginning of the period as follows:

- **Cash and cash equivalents** are up by RON 253.6m compared to 2020-year end, given that (1) the Company adopted an investment policy of divestment during the first 9 months of the year, with full or partial sales of stakes in the equity portfolio in with a view to increasing the liquidity supply and (2) dividends collected during 2021 were invested in instruments with immediate liquidity.

- **Financial assets at fair value through profit and loss (FVTPL)**, amounting to RON 1,604.4m are 15.1% higher compared to December 31, 2020 due to the effect of recording differences in fair value fund units and listed companies - subsidiaries and associates (with active market – VNC and BIO) as of September 30, 2021.

- **Financial assets at fair value through other comprehensive income (FVTOCI)**, amounting to RON 1,491.6m, are 13.5% higher than the level recorded on December 31, 2020, as a result of recording the favourable fair value differences of the financial assets investment portfolio (listed shares) as of September 30, 2021, noting that sales of shares during first three quarters of 2021 were made under this category of assets, their carrying amount (book value) decreasing the value of this item.

- The **Other assets** category increased compared to the beginning of the period, influenced by the guarantee transferred to the intermediary for the execution of the public offer for the repurchase of

own shares, started at the end of September, respectively by the dividends declared but not yet paid by some companies in the portfolio.

- The volume of **equity** (own capital) significantly rose compared to the level recorded on December 31, 2020, mainly due to the favourable fair value differences related to the securities portfolio, recorded in other comprehensive income as of September 30, 2021, and the net income recorded on that date. The increase in the volume of the fair value reserve also explains the increase in the Company's debts compared to the end of the previous year, due to the adjustment of the deferred income tax liability.

Condensed statement of profit and loss and other comprehensive income

<b>Standalone statement of profit or loss and other comprehensive income - extract</b>		
<i>denominated in RON</i>	<b>30/09/2020</b>	<b>30/09/2021</b>
<b>Income</b>		
Dividend income	49,237,370	122,805,794
Interest income	7,568,700	2,446,581
Other operating revenues	137,753	355,864
<b>Gain / (Loss) on investment</b>		
Gain on investment property	2,466,217	874
Gain from foreign exchange differences	2,055,628	2,214,087
Gain / (Loss) on financial assets at fair value through profit and loss	(89,355,261)	222,311,898
<b>Expenses</b>		
Commissions expenses	(2,803,799)	(3,942,024)
Other operating expenses	(11,070,991)	(10,993,340)
<b>Profit / (Loss) before tax</b>	<b>(41,764,383)</b>	<b>335,199,734</b>
Income tax	(665,276)	(13,603,194)
<b>Net Profit/(Loss) for the period</b>	<b>(42,429,659)</b>	<b>321,596,540</b>
<b>Other comprehensive income</b>	<b>(225,885,081)</b>	<b>307,981,924</b>
<b>Total comprehensive income for the period</b>	<b>(268,314,740)</b>	<b>629,578,464</b>

Progress of **income** with significant weight was as follows:

- **Dividend income** is significantly higher than in the corresponding period of the previous year, mainly due to dividends distributed by the company's subsidiaries and the banking companies resuming dividend distribution.

- **Interest income** is lower vs. the same period of the previous year, given the collection at maturity of a significant volume of liquidity placed in high yield corporate bonds, which are no longer in the portfolio as of September 30, 2021 (bonds issued by Blue Air, SIFI BH Retail).

**Gain / (loss) on investment** had the following evolution:

- **Gain on investment property** resulted following the sale during the Q1 2021 of a building located in Timișoara, accounted in the *investment property* category. The low level of reported earnings is due to the recognition even as of December 31, 2020, of the difference between the sale price and the carrying amount (book value) of the property sold. The amount reported above represents the difference between the RON equivalent at the date of the transaction and that as of December 31, 2020.

- **The net result from exchange rate differences** recorded as of September 30, 2021, is a favourable one, related to cash in foreign currency held. Its level increased as compared to the same period of the previous year, on the back of: (1) collecting significant amounts in euro from the sale of shares or the distribution of dividends and (2) the conversion of a significant proportion of cash in foreign currency during 2021.

- **Gain / (Loss) on financial assets at fair value through profit and loss (FVTPL)** is a favourable one, as compared to the negative result for this item as of September 30, 2020. The gain was mainly due to the valuation at fair value as of September 30, 2021 of the listed shares (subsidiaries and

associates), fund units and bonds. The upward progress of global stock markets has positively influenced the market value of shares listed locally and recorded in this category (Vrancart, Biofarm).

**Expenses** as of September 30, 2021, stood roughly at the same level as those of the corresponding period of 2020, except for commissions expenses, (directly connected to the dynamics of the total assets under management).

**Net Profit** as of September 30, 2021, amounting to RON 321.6m, is the effect of the significant dividend income and the result from the valuation at fair value of the above-mentioned interests.

**Total comprehensive income** as of September 30, 2021, is positive, amounting to RON 629.6m, the effect of recognizing in other comprehensive income of the fair value increase of the portfolio of financial assets classified in FVTOCI (assets at fair value assets through other comprehensive income - mainly interests in the banking financial sector).

Financial ratios as of September 30, 2021

Ratio	Calculation method	Result as at 30.09.2021
<b>1. Current liquidity ratio</b> <sup>1)</sup>	Current assets/Current liabilities	22.6
	Debt / Equity x 100	not applicable
<b>2. Debt to equity ratio</b> <sup>2)</sup>	Debt / Capital employed x 100	not applicable
<b>3. Accounts receivables turnover</b> <sup>3)</sup>	Average clients' accounts / Turnover x 270	29.2
<b>4. Non-current assets turnover</b> <sup>4)</sup>	Turnover / Non-current assets	0.0404

<sup>1)</sup> **Current liquidity ratio** provides the guarantee of covering current liabilities from current assets. The acceptable recommended value is approximately 2, and the recorded value at the end of the first nine months of 2021 was of 22.6. This is due to the high level of current assets as of September 30, 2021, as there were significant amounts of liquidity in bank accounts and deposits.

<sup>2)</sup> **Debt to equity ratio** indicates the effectiveness of the credit risk management, revealing potential financing or liquidity issues, with impact on fulfilling the assumed commitments. The Company had no borrowings as of September 30, 2021, and therefore this indicator is zero.

<sup>3)</sup> **The accounts-receivable turnover** indicates the effectiveness of the company in collecting its receivables, respectively the number of days until the debtors pay their debt to the company.

In determining the average balance of clients, the receivables were considered at gross value. The weight in total receivables is held by dividends receivable from portfolio companies and other receivables.

For the turnover, the company's total revenues as of September 30, 2021 was used.

Turnover ratio calculated as of September 30, 2021, was of 29 days.

<sup>4)</sup> **Non-current assets turnover** measures the efficiency of management of the non-current assets, by examining the value of the turnover (for SIF Banat-Crișana - the total operating income) generated by a certain portion of non-current assets. In determining the ratio, the gross value of financial assets was considered. As of September 30, 2021, this ratio has a value of 0.0404.

## 8. EVENTS AFTER THE REPORTING PERIOD

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

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

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

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

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

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

Notification on the results of the Public Tender Offer for the purchase of shares issued by SIF Banat-Crișana

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

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

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

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

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



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

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

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

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

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

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

Convening the Extraordinary General Meeting of SIF Banat-Crișana Shareholders for November 25 (26), 2021

The Board of Directors of SIF Banat-Crișana, gathered in the meeting held on October 21, 2021, convened, pursuant to art. 117 of Law no. 31/1990, the extraordinary general meeting of shareholders (EGM) for November 25 (26), 2021, with the main topic on the agenda:

- Approval of the method for allocating the 8,792,307 treasury shares repurchased by the Company under the buyback programs previously approved by the general meeting of shareholders in order to reduce the company's share capital and for the distribution free of charge to members of the Company's management, programs carried out through conducting the public tender offer approved by the Financial Supervisory Authority by Decision no. 1166 / 22.09.2021, the allocation is to be done in one of the following options: *Option 1*: allocation of all the 8,792,307 repurchased shares to reduce the Company's share capital; *Option 2*: the *pro rata* allocation of the 8,792,307 repurchased shares, respectively a number of 8,541,749 shares to reduce the Company's share capital, and a number of 250,558 shares to be distributed free of charge to the members of the Company's management; *Option 3*: the allocation of a number of 7,912,307 shares to reduce the Company's share capital and the allocation of a number of 880,000 shares to be distributed free of charge to the members of the Company's management.

In case of approval of one of the 3 proposed options, the Board of Directors has to convene an extraordinary general meeting of shareholders having on the agenda the proposal to reduce the Company's share capital by the cancellation of the shares allocated for this purpose.

On Company's website, at [www.sif1.ro](http://www.sif1.ro), are available all the information od documents for this general meeting of shareholders, including the informative materials, documents for exercising the vote, draft resolutions and procedure on organising and conducting the EGM.

## 9. ANNEXES

- Annex 1** **Condensed interim standalone financial statements** as of September 30, 2021, prepared pursuant to the ASF 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
- Annex 2** **Net asset statement** as of September 30, 2021, prepared pursuant to Annex 10 of Regulation no. 7/2020
- Annex 3** **Detailed statement of investments** as of September 30, 2021, pursuant to Annex 11 of Regulation no. 7/2020

The quarterly report prepared as of September 30, 2021, was approved by the Board of Directors of SIF Banat-Crișana in the meeting held on November 12, 2021.

**Bogdan-Alexandru DRĂGOI**  
Chairman and CEO