

SIF Banat-Crişana S.A.

**Condensed interim standalone financial statements
as of September 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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Condensed statement of profit or loss and other comprehensive income as of September 30, 2021

<i>Denominated in RON</i>	<i>Note</i>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
Income			
Dividend income	5	122,805,794	49,237,370
Interest income (assets at amortized cost, assets at FVTOCI)	6	1,409,119	5,638,180
Interest income (assets at FVTPL)	6	1,037,462	1,930,520
Other operating revenues	7	355,864	137,753
Gain/(Loss) on investment			
Gain/(Loss) on investment property	17	874	2,466,217
Gain/(Loss) on foreign exchange differences		2,214,087	2,055,628
Gain/(Loss) on financial assets at FVTPL	8	222,311,898	(89,355,261)
Expenses			
Commissions expenses	9	(3,942,024)	(2,803,799)
Other operating expenses	10	(10,993,340)	(11,070,991)
Profit/(Loss) before tax		<u>335,199,734</u>	<u>(41,764,383)</u>
Income tax	11	(13,603,194)	(665,276)
Net profit/(loss) for the period		<u>321,596,540</u>	<u>(42,429,659)</u>
Other comprehensive income			
Items that are or could be transferred to profit and loss			
Amounts that could be transferred to profit and loss (debt instruments)		8,512	(89,048)
Amounts transferred to profit and loss (debt instruments)			-
Items that are or could be transferred to retained earnings			
Change of fair value related to financial assets measured through other comprehensive income		365,295,941	(266,046,071)
Change of reserve from revaluation of tangible assets			
Effect of income tax related to them		(57,322,529)	40,250,038
Other comprehensive income		<u>307,981,924</u>	<u>(225,885,081)</u>
Total comprehensive income for the period		<u>629,578,464</u>	<u>(268,314,740)</u>
Earnings per share			
Basic		0.624	(0.082)
Diluted		0.624	(0.082)

The condensed interim financial statements were approved by the Board of Directors on November 12, 2021, and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, CEO

Dorel Baba
Financial Reporting Manager

Condensed statement of financial position as of September 30, 2021

<i>Denominated in RON</i>	<i>Note</i>	September 30, 2021	December 31, 2020
Assets			
Cash and cash equivalents	12	325,154,887	150,710,816
Bank deposits	13	79,193,283	-
Financial assets at fair value through other comprehensive income (bonds)	15	5,277,104	5,111,504
Other financial assets	16	49,205,553	5,973,797
Other assets		128,479	189,805
Financial assets at fair value through profit or loss	14	1,604,449,126	1,394,390,304
Financial assets at fair value through other comprehensive income (shares)	15	1,486,321,136	1,309,319,391
Assets representing rights to use the underlying assets under leasing contract		717,744	889,240
Investment property	17	12,255,013	13,180,199
Tangible assets (items of property, plant, and equipment)		3,821,393	4,006,587
Total assets		3,566,523,718	2,883,771,643
Liabilities			
Deferred income tax liabilities		12,317,362	-
Other financial liabilities	18	7,710,203	6,673,694
Other deferred liabilities and revenues		16,944	26,797
Liabilities on leasing contract		781,723	934,521
Liability on current income tax	19	183,963,560	146,231,940
Total liabilities		204,789,792	153,866,952
Equity (own capital)			
Share capital	20	51,542,236	51,542,236
Treasury shares	20	-	(2,199,867)
Losses from the repurchase of own shares		(5,888)	(40,659)
Benefits granted in equity instruments		1,883,196	1,867,063
Retained earnings	20	1,070,850,626	743,318,231
Other reserves	20	1,249,578,037	1,157,455,631
Reserves from revaluation of tangible assets		1,176,569	1,176,569
Legal reserves	20	10,308,447	10,308,447
Reserves from revaluation of financial assets designated at FVTOCI	15, 20	976,400,703	766,477,039
Total equity (own capital)		3,361,733,926	2,729,904,691
Total liabilities and equity		3,566,523,718	2,883,771,643

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Condensed Statement of Changes in Equity as of September 30, 2021

Denominated in RON

	Share capital	Treasury shares	Losses from the repurchase of own shares	Legal reserves	Reserves from the revaluation of financial assets at fair value through other comprehensive income	Reserves from revaluation of tangible assets	Benefits granted in equity instruments	Other reserves	Accumulated profit	Total
Balance on January 1, 2021	51,542,236	(2,199,867)	(40,659)	10,308,447	766,477,039	1,176,569	1,867,063	1,157,455,631	743,318,231	2,729,904,691
Profit/(Loss) for the period	-	-	-	-	-	-	-	-	321,596,540	321,596,540
Reserve from revaluation of financial assets transferred to profit or loss	-	-	-	-	-	-	-	-	-	-
Reserve from revaluation of financial assets transferred to retained earnings	-	-	-	-	(112,965,766)	-	-	-	112,965,766	-
Change in reserve	-	-	-	-	365,306,075	-	-	-	-	365,306,075
Revaluation of tangible assets	-	-	-	-	-	-	-	-	-	-
Related deferred tax	-	-	-	-	(42,416,645)	-	-	-	(14,907,505)	(57,324,150)
Total comprehensive income for the period	-	-	-	-	209,923,664	-	-	-	419,654,801	629,578,465
Other reserves – own sources	-	-	-	-	-	-	-	92,122,406	(92,122,406)	-
Dividends payable for 2020	-	-	-	-	-	-	-	-	-	-
Dividends written-off	-	-	-	-	-	-	-	-	-	-
Change of granted benefits	-	2,199,867	40,659	-	-	-	16,133	-	-	2,256,659
Cancellation of treasury shares	-	-	(5,888)	-	-	-	-	-	-	(5,888)
Total transactions with shareholders recognized directly in equity	-	2,199,867	34,771	-	-	-	16,133	92,122,406	(92,122,406)	2,250,770
Balance on September 30, 2021	51,542,236	-	(5,888)	10,308,447	976,400,703	1,176,569	1,883,196	1,249,578,037	1,070,850,626	3,361,733,926

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Condensed Statement of Changes in Equity as of September 30, 2021

<i>Denominated in RON</i>	Share capital	Treasury shares	Losses from the repurchase of own shares	Legal reserves	Reserves from the revaluation of financial assets at fair value through other comprehensive income	Reserves from revaluation of tangible assets	Benefits granted in equity instruments	Other reserves	Retained earnings	Total
Balance on January 1, 2020	51,746,072	(7,295,461)	(134,838)	10,349,214	882,094,444	1,176,569		997,961,099	812,306,354	2,748,203,454
Profit/(Loss) for the period	-			-	-				(42,429,659)	(42,429,659)
Reserve from revaluation of financial assets transferred to profit or loss	-			-	-					
Reserve from revaluation of financial assets transferred to retained earnings					(3,823,451)				3,823,451	-
Change in reserve	-			-	(266,131,013)					(266,131,013)
Revaluation of tangible assets										
Related deferred tax					40,562,432				(295,433)	40,266,999
Total comprehensive income for the period	-	-	-	-	(229,392,032)	-	-	-	(38,901,641)	(268,293,674)
Other reserves – own sources								159,494,532	(159,494,532)	-
Dividends payable for 2019	-			-	-				-	-
Dividends written-off	-			-	-				-	-
Change of granted benefits							852,865			852,865
Cancellation of treasury shares		-								
Total transactions with shareholders recognized directly in equity	-	-	-	-	-	-	852,865	159,494,532	(159,494,532)	852,865
Balance on September 30, 2020	51,746,072	(7,295,461)	(134,838)	10,349,214	652,702,412	1,176,569	852,865	1,157,455,631	613,910,181	2,480,762,645

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Condensed cash flow statement as of September 30, 2021

Denominated in RON

	Note	September 30, 2021	September 30, 2020
Operating activities			
Net profit/(Loss) for the period		321,596,540	(42,429,659)
<i>Adjustments for:</i>			
Depreciation of tangible and intangible assets		382,499	380,473
(Gain)/loss from disposal of tangible assets		5,369	20,068
(Gain)/loss from evaluation/disposal of property investment	17	(874)	(2,466,217)
(Gain)/Loss from financial assets at fair value through profit or loss	8	(222,311,898)	89,355,261
Dividend income	5	(122,805,794)	(49,237,370)
Interest income	6	(2,446,581)	(7,568,700)
Expenses on interest on leasing contract		42,408	50,959
Expenses/(Income) on foreign exchange differences financial assets		(127,396)	(1,088,982)
Benefits granted in equity instruments		2,198,533	852,865
Income tax	11	13,603,194	665,276
Changes in operating assets and liabilities			
Change in other assets (claims, etc.)		(28,032,737)	(15,708,891)
Change in other financial liabilities		1,006,849	(1,272,063)
Income tax paid		(18,415,396)	(4,451,293)
Net cash used in operating activities		(55,305,284)	(32,898,274)
Investment activities			
Payments for acquisition of financial assets measured at FVTOCI (shares, bonds)	15	-	(7,354,965)
Proceeds from sales of financial assets measured at FVTOCI (shares, bonds)		188,294,196	55,235,842
(Placements) / Proceeds from term deposits greater than three months		(79,182,857)	4,500,000
Proceeds from sale/repurchase of assets at FVTPL (fund units, bonds)		16,484,890	8,246,243
Payments for purchase of assets at FVTPL (fund units, bonds, shares)	14	-	(329,448)
Proceeds/(Payments) for sale assets at amortized cost		-	14,527,200
Proceeds from sale of tangible assets and investment property		926,060	9,636,800
Payments for purchases of tangible assets		(26,182)	(209,788)
Dividends collected		100,454,667	48,736,527
Interest collected		3,013,488	7,963,167
Net cash from investment activities		229,964,262	140,951,579
Financing activities			
Payments related to leasing		(209,018)	(205,476)
Dividends paid		-	-
Repurchase of own shares		(5,888)	-
Net cash used in financing activities		(214,906)	(205,476)
Net increase / (Decrease) in cash and cash equivalents		174,444,071	107,847,830
Cash and cash equivalents on January 1		150,710,816	117,203,806
Cash and cash equivalents at the end of the period		325,154,887	225,051,636

The condensed interim financial statements were approved by the Board of Directors on November 12, 2021, and were signed on its behalf by:

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Chairman, CEO

Dorel Baba
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 (Private Ownership Fund) 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 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, diversified alternative investment fund, addressed to retail investors (AIFRI) (Ro: FIAIR). The Financial Supervisory Authority issued the Authorization no. 130/01.07.2021 authorizing SIF Banat-Crișana as Alternative Investment Fund addressed to Retail Investors (AIFRI).

The Company also prepares annual and half-yearly consolidated financial statements, as final parent-company for the entities in the Group.

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

The main activity of the company:

- portfolio management;
- risk management;
- other activities auxiliary and associated to the collective investment activity, in accordance with the regulations 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 depositary bank of the Company, starting November 28, 2019, is Banca Comercială Română (BCR), until that date being BRD - Groupe Société Générale (from January 29, 2014).

The company providing registry services is Depozitarul Central SA Bucharest.

2. Basis of preparation

(a) Statement of compliance

Pursuant to Rule no. 39/2015 issued by the Financial Supervisory Authority (ASF) of Financial Instruments and Investments Sector, starting with the annual financial statements for the financial year 2015, the entities authorized, regulated, and supervised by ASF - Financial Instruments and Investments Sector, shall use the International Financial Reporting Standards adopted by the European Union EU (“IFRS”) as the official accounting regulations.

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

These condensed interim financial statements as of September 30, 2021, have been prepared pursuant to the requirements of IAS 34 “Interim Financial Reporting” and should be read together with the standalone financial statements for 2020 prepared in accordance with 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 of Financial Instruments and Investments Sector (The Rule).

As per Regulation no. 1606/2002 of the European Parliament and of the Council of the European Union of July 19, 2002, as well as according to Law no. 24/2017 on issuers of financial instruments and market operations, from 2017 the Company has to prepare and submit to the Financial Supervisory Authority (ASF) consolidated annual financial statements, in accordance with IFRS, within 4 months from the end of the year financial. The company has prepared and made public consolidated financial statements for the financial year 2020. As per the requirements of Law 24/2017 and ASF regulation no. 5 on issuers of financial instruments and market operations, the Company has to prepare and make public interim consolidated financial statements for H1 2021 within three months from its end. The company has prepared and made public on August 31 financial statements as of June 30, 2021 (standalone), and September 30 (consolidated).

Pursuant to IAS 27 and IFRS 10, starting with financial year 2018, the Company measures all its subsidiaries at fair value through profit or loss, except for subsidiaries providing investment-related services, that will continue to be consolidated. Under these circumstances, the Company prepares two sets of financial statements: standalone and consolidated financial statements, in accordance with IFRS 10 and IAS 27. At

the same time, the Company revised the analysis regarding the fulfilment of the classification criteria as an investment entity for the years 2020 and 2021, concluding that they are met, and that it will also apply the exception provided by IFRS 10 regarding the investment entities for the financial statements related to the financial years 2020 and 2021.

(b) Presentation of the financial statements

The Company has adopted a presentation based on liquidity in the condensed interim 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 on other methods allowed by IAS 1 "Presentation of financial statements".

(c) Basis of measurement

The condensed interim financial statements are prepared on a fair value basis convention, for the financial assets and liabilities, at fair value through profit and 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) Functional and presentation currency

The Company's management 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 financial statements are presented in RON, rounded to the nearest unit, which is the presentation currency chosen by the Company's management.

(e) Use of estimates and judgements

The preparation of the condensed interim financial statements pursuant to IFRS requires that management 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 revised 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 in applying IFRS having a significant impact on the separate financial statements and the estimates that involve a significant risk of a material adjustment in the next year are presented in the *Notes to the condensed interim financial statements*.

(f) Changes in the accounting policies

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

3. Significant accounting policies - extract

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

Assets and financial liabilities

Financial assets, as per IFRS 9, include the following:

- investments in equity instruments (e.g. shares)
- investments in debt instruments (e.g. securities, bonds, loans)
- trade receivables and other receivables;
- cash and cash equivalents;
- shareholdings in subsidiaries, associates, and joint ventures.

(i) Classification

Financial assets held are classified by the Company as per IFRS 9 "Financial Instruments" in financial assets and financial liabilities.

The Company presents the **financial assets** at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss on the basis of:

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

Business model

- Represents the way an entity manages its financial assets to generate cash flows: *collecting, sale of assets, or both*;
- Determining it is factually realized considering: *the manner of assessment and reporting of its performance, the existing risks and their management, respectively the way of compensating the management* (based on the fair value or the cash flows associated with these investments);

Model of assets held for collecting

- Managed to generate cash flows by collecting the principal and interest over the life of the instrument;
- It is not necessary to hold them until maturity;
- There are categories of sales transactions that are compatible with this model: those due to credit risk increase, limited or insignificant value sales, or sales close to the maturity of the instruments;
- Interest income, gains or losses from depreciation or foreign exchange differences are recognized in profit and loss;
- The accounting of these assets (assuming that the SPPI criterion is also met and the fair value through profit and loss option has not been selected) is carried at amortized cost (using the effective interest method).

Model of assets held for collecting and sale

- Managed both to generate cash flows from collecting and by selling (all) the assets;
- Sales are of high frequency and value compared to the previous model, without specifying a certain threshold for fitting into this model;
- The purpose of these sales may be: managing current liquidity needs, maintaining a certain structure of returns or decisions to optimize the entity's balance sheet (correlating the duration of financial assets with that of financial liabilities).
- The accounting of these assets (assuming that the SPPI criterion is met and the fair value through profit and loss option has not been selected) is made at fair value through other comprehensive income (using the effective interest rate method, interest, gains or losses from impairment) and foreign exchange differences - in profit and loss / change in the fair value of these instruments - in other comprehensive income, amounts recognized in other comprehensive income are recycled through profit or loss on derecognition of the asset).

Other business model

- Assets managed for the purpose of cash flow from sales;
- Collecting cash flows associated with these investments is incidental, not the purpose of holding them;
- Assets whose performance is managed and reported on the basis of their fair value;
- Their accounting is at fair value through profit and loss account.

SPPI test

It comprises criteria measuring to what extent the structure of the cash flows of a debt instrument classifies within the model of the base credit agreement (the interest reflects to a great extent the value in time of money, credit risk associated with the principal, coverage of other risks and costs associated with lending and a profit margin).

There are some ratios indicating the case in which the debt instruments held should be measured at fair value through profit and loss:

- certain non-standard interest rate;
- presence of the leverage effect;
- certain hybrid instruments (including an incorporated derivative).

There are also ratios that, although they would require a registration at fair value, could comply, under certain circumstances, with the SPPI criterion and so the respective assets should be further 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 or 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 presented below are met:

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

Financial instruments measured at amortized cost

A financial asset must be measured at amortized cost if both conditions below are met:

- (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 owed principal.

Financial liabilities

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

- meet the requirements of the definition of being “held for trading”
- are designated in the FVTPL category at the initial recognition (if the specific requirements are met).

The other financial debts are measured at amortized cost.

(ii) Recognition

The assets and liabilities are recognized on the date when the Company becomes a contractual party to the conditions of the respective instrument. When the Company recognizes a financial asset for the first time, it must classify it according to pt. 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 to assess it according to pt. 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 (evaluate) the financial assets according to pt. 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 and loss.

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

- a) the financial liabilities measured at fair value through profit and 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 value of the loss provision (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 minus 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 for estimated credit losses.

The effective interest rate represents the rate that precisely updates the future proceeds in cash during the forecasted life of the financial instrument up to the level of the gross 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 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 settle a debt within a transaction occurred 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 Company has access at that date.

The company 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 available and regularly. The company 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, performed 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 Unitary Net Asset Value, calculated by the fund administrator using the closing quotations for the quoted financial instruments. If the Company notices that there is no active market for the fund holding, it recurs for measurement to the public financial statements of the fund holding, respectively to the net asset value. According to the net asset, a corrected Unitary Net Asset Value is obtained used to evaluate the units in the financial statements of the company.

Government securities (bonds) 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 Company uses valuation techniques. The fair value of the financial assets not traded on an active market is determined by authorized valuers, within the current assessment compartment of the Company and by external valuers.

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 Company 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, because the valuation techniques do not reflect reliably all factors considered by the market participants when concluding 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. Company's management considers that these adjustments are necessary to present a correct 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 Company must recognize an adjustment for the forecasted losses from credit corresponding to a financial asset that is measured according to pt. 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 Company 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 pt. 4.1.2A of IFRS 9 – assets held to collect the cash flows and to sale, whose cash flows represent exclusively principal reimbursement or interest payments). The provision so

determined is recognized considering other comprehensive income and does not reduce the carrying amount (book value) of the financial asset from the statement of the financial position.

On each reporting date, the Company measures the provision for losses corresponding to a financial instrument as to reflect:

- 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 Company recognizes in profit and loss, as gain or loss 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 required by the provisions of IFRS 9.

The Company measures 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 Company 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 company uses both external credit risk ratings and internal ratings that are consistent with generally accepted definitions of credit risk.

(v) Derecognition

The Company derecognizes a financial asset when the rights to receive cash flows from that financial asset expires, or when the Company 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 Company or created for the Company is recognized separately as an asset or liability.

The Company derecognizes a financial liability when the contractual obligations ended or when the contractual obligations are cancelled or expire.

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

(vi) Reclassifications

If the Company reclassifies the financial assets according to pt. 4.4.1 of IFRS 9 (as a result 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 Company applies the reclassification of financial assets prospectively as of the reclassification date. The possible earnings, losses, or interests previously recognized will not be restated.

If a reclassification occurs, the Company proceeds as follows:

- When reclassifying an asset from 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 and loss;
- When reclassifying an asset from 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;
- When reclassifying an asset from the amortized cost category to 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 lending;

- When reclassifying an asset from the category of fair value through other 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 and loss account. The actual interest rate and the expected loss on credit are not adjusted as a reclassification effect;
- When reclassifying an asset from 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 from fair value through other comprehensive income category to fair value through profit and loss, the financial asset continues to be measured at fair value. Amounts previously recognized in other comprehensive income are reclassified from equity to profit and loss as a reclassification adjustment (as per 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 and loss are recognized in profit and loss;
- b) The gains or losses generated by a financial asset at fair value through other comprehensive income are recognized in other comprehensive income.

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

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

Gains on debt instruments (bonds):

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

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

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

When the financial assets accounted for at amortized cost are impaired or derecognized, as well as through their amortization process, the Company recognizes a gain or a loss in the profit and loss account (income statement).

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 and loss or in equity, as the case may be.

Other financial assets and liabilities

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

4. Management of significant risks

The risk management activity can be found in the Company organizational structure, and it addresses both general and specific risks.

The most significant financial risks to which the Company is exposed to are the credit risk, the liquidity risk, and the market risk. The market risk includes the foreign currency risk, the interest rate risk, and the price risk of the equity instruments. This note provides information on the Company's exposure to each of the above-mentioned risks, the Company's objectives and policies, and the risk assessment and risk management processes.

The company uses various policies and procedures for managing and measuring the types of risk to which it is exposed. These policies and procedures are presented in the subchapter dedicated to each type of risk.

4.1 Financial risks

(a) Market risk

Market risk is the present or future risk of recording losses balance and off-balance sheet related due to adverse movements in market price (such as stock prices, interest rates, foreign exchange rates). Company's management sets the limits on the value of risk that may be accepted, which are regularly monitored. However, the use of this approach does not prevent losses outside these limits in the event of more significant market movements.

Position risk is associated with financial instruments portfolio held by the Company with intention to benefit from positive evolution of prices of those financial assets or potential dividends/coupons issued by entities. The Company is exposed to general position risk as well as to the specific one, due to short term investments made in bonds, shares, and fund units.

The management has pursued and permanently aims to reduce to a minimum the possible adverse effects related to this financial risk, through an active procedure of diversifying prudently the investment portfolio and by using one or more technics of diminishing of the risk through trading activity or market prices evolution related to financial instruments held by the Company.

Concentration risk

Concentration risk concerns all assets held by the Company, regardless of the period of holding them, and mitigating this risk is intended the avoidance of a too large exposure on the same debtor/entity at Company level.

The management's policy of diversifying exposures is applied to the portfolio structure, business structure, as well as the structure of financial risks exposure. Thus, this diversifying policy implies avoiding excessive exposures on a single debtor, issuer, country, or geographical area; diversifying business structure pursues the avoidance at Company's level the excessive exposure against a specific type of business/sector; diversifying the structure of financial risks intends to avoid excessive exposure against the same financial risk.

The market risk of equity instruments is mainly the result of shares measured at fair value through other comprehensive income and through profit and loss. Entities in which the Company holds shares operate in various industries.

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

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

The Company is exposed to the following categories of market risk:

(i) Equity (own capital) price risk

Price risk is the risk of losses in both balance sheet and off-balance sheet positions due to changes in asset prices.

The Company is exposed to the risk of fair value of financial instruments fluctuation due to changes in market prices, whether caused by factors specific to the activity of its issuer or factors impacting all instruments traded in the market.

The Board of Directors monitors the market risk management, and the internal procedures require that when price risks are not consistent with the Company's investment policy and principles, the portfolio must be rebalanced.

A positive change of 10% in the price of financial assets at fair value through profit and loss (shares of subsidiaries, associates, fund units and corporate bonds) would lead to an increase in profit after tax by RON 150,128,169 (December 31, 2020: RON 130,238,674), a negative change of 10% having an equal net impact in the opposite direction.

A positive change of 10% in the prices of financial assets measured at fair value through other comprehensive income, investments in shares and corporate bonds, would lead to an increase in equity, net of tax, of RON 127,292,644 (December 31, 2020: RON 112,627,921), a negative change of 10% having an equal net impact in the opposite direction.

The company holds stakes in companies operating in various sectors. As it can be noticed from the table below, as of September 30, 2021, the Company mainly held shares in companies in the banking-financial

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and insurance field, having a weight of 50% on the total portfolio, slightly up vs. 49.1% as of December 31, 2020.

in RON	September 30, 2021	%	December 31, 2020	%
Financial intermediation and insurance	1,333,294,969	50.0%	1,153,509,071	49.1%
Manufacturing industry	696,964,865	26.1%	574,531,935	24.5%
Hotels and restaurants	97,545,126	3.7%	100,015,985	4.3%
Wholesale and retail trade, repair of motor vehicles	39,909,402	1.5%	30,964,570	1.3%
Production and supply of energy, gas, and water	14,198,658	0.5%	12,951,575	0.6%
Extractive industry	16,390,671	0.6%	13,037,218	0.6%
Other activities	1,180,179	0.0%	3,738,815	0.2%
Financial services applicable to real estate	418,055,016	15.7%	415,606,095	17.7%
Constructions	604,908	0.0%	197,061	0.0%
Transportation and storage	46,248,836	1.7%	42,978,421	1.8%
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	2,665,589,554	100%	2,349,046,451	100%

The increase in the total value of the portfolio under management compared to the end of the previous year is due to the progress of the capital markets in the first 9 months of the year, with a favourable influence on the market prices of listed financial assets in the Company's portfolio.

As of September 30, 2021, and December 31, 2020, the Company holds fund units in the closed end investment funds Active Plus, Optim Invest, Certinvest Shares, Star Value, and Romania Strategy Fund. The Company is exposed to price risk in terms of placements made with different risk degrees by these Investment Funds, the fair value of the investments in these assets being as of September 30, 2021, of RON 387,327,970 (December 31, 2020: RON 305,468,130).

(ii) Interest rate risk

Interest rate risk is the risk that revenues or expenses, or the value of assets or liabilities of the Company fluctuate due to changes in market interest rates.

As regards the interest-bearing financial instruments: the interest rate risk consists of the risk of fluctuation recorded in the value of a financial instrument due to changes in interest rates and risk differences between the maturity of interest-bearing financial assets and interest-bearing liabilities. However, the interest rate risk may also affect the value of assets bearing fixed interest rates (e.g. bonds) so that an increase in interest rate on the market will determine a decrease in the value of future cash flows generated by them and may lead to their price reduction if it increases the preference of investors to place their funds in bank deposits or other instruments whose interest has grown, and vice versa - a reduction in interest rate on the market may increase the price of shares and bonds and will lead to an increase in the fair value of future cash flows.

Concerning the Company's interest-bearing financial instruments, the policy is to invest in profitable financial instruments, with maturity over 1 year. With respect to the fixed interest-bearing assets or tradable assets, the Company is exposed to the risk that fair value of future cash flows related to financial instruments will fluctuate following the changes in market interest rates. However, most financial assets of the Company are in stable currencies whose interest rates are unlikely to vary significantly.

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

The Company does not use derivative financial instruments for protection against interest rate fluctuations.

The following table shows the annual interest rates earned by the Company for interest-bearing assets during first nine months of 2021:

Financial assets	RON interval		EUR interval	
	Min	Max	Min	Max
Bank deposits	0.00	1.65	0.06	0.12
Financial assets at fair value through profit and loss*	3.50	4.16	6.00	6.00
Financial assets at fair value through other comprehensive income**	-	-	5.75	5.75
Investments measured at amortized cost	-	-	-	-

* In the financial assets at fair value through profit and loss are included bonds, denominated in RON and foreign currency, issued by subsidiaries of SIF Banat-Crişana

** Corporate bonds in euro issued by Impact are included in the financial assets at fair value through other items of comprehensive income

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The following table shows the annual interest rates earned by the Company for interest-bearing assets during the first nine months of 2020:

Financial assets	RON interval		EUR interval	
	Min	Max	Min	Max
Bank deposits	0.77	2.75	0.00	0.00
Financial assets at fair value through profit and loss*	4.15	5.16	5.91	6.00
Financial assets at fair value through other comprehensive income**	-	-	5.75	5.75
Investments measured at amortized cost	-	-	13.00	13.00

* In the financial assets at fair value through profit and loss are included bonds, denominated in RON and foreign currency, issued by subsidiaries of SIF Banat-Crişana and bonds issued by Banca Transilvania.

** Corporate bonds are included in the financial assets at fair value through other items of comprehensive income.

The following table presents a summary of Company's exposure to the interest rate risk. The table includes the Company's assets and liabilities at the carrying amounts (book value) classified by the most recent date of the change in the interest rate and the maturity date.

<i>in RON</i>	September 30, 2021	December 31, 2020
Cash and cash equivalent*	189,777,331	114,600,000
Financial assets at fair value through profit and loss – corporate bonds	37,612,296	48,303,551
Financial assets at fair value through comprehensive income – corporate bonds	5,194,455	5,102,644
TOTAL	232,584,082	168,006,195

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

The impact on the Company's net profit (through interest income) of a change of $\pm 1.00\%$ in the interest rate on variable interest rate assets and liabilities denominated in other currencies in conjunction with a change of $\pm 1.00\%$ in the interest rate related to the assets and liabilities bearing variable interest and expressed in RON is of RON 1,953,706 (December 31, 2020: +/- RON 1,411,252).

For bonds recorded at fair value (level 1 & level 2) held, a variation of +/- 5% of their market price determines a net impact in the amount of +/- RON 1,579,716 (December 31, 2020: RON +/- 2,028,749) in the profit and loss account, respectively in the amount of +/- RON 218,167 (December 31, 2020: +/- RON 214,311) in other comprehensive income.

(iii) Currency risk

Currency risk is the risk of loss or failure to achieve the estimated profit because of unfavourable exchange rate fluctuations. The Company invests in financial instruments and performs transactions which are denominated in currencies other than the functional currency, thus being exposed to risks that the exchange rate of the national currency in relation to another currency might adversely affect the fair value or future cash flows of that share of financial assets and liabilities denominated in other currencies.

In the reporting periods the company conducted transactions in Romanian currency (RON) and in foreign currencies. The Romanian currency has fluctuated vs. the foreign currencies EUR and USD.

The financial instruments used enable the conservation of the value of monetary assets held in RON, by making investments and collecting interest according to their maturity.

The Company has not carried out any exchange rate derivative transaction during the financial years presented.

The Company's assets and liabilities in RON and foreign currencies on September 30, 2021, and December 31, 2020 can be analysed as follows:

<i>Financial assets exposed to foreign currency risk (in RON)</i> <i>in RON</i>	September 30, 2021	December 31, 2020
Cash and cash equivalent	392,165,979	34,944,113
Financial assets at fair value through profit and loss – (including assets held by investment funds) *	17,140,970	28,483,377
Financial assets at fair value through comprehensive income**	193,563,730	180,596,402
Investments measured at amortized cost	-	-
Total assets	602,870,679	244,023,892
Liabilities on leasing contract	(781,723)	(934,521)
Total liabilities	(781,723)	(934,521)
Net financial assets	602,088,956	243,089,371

* Financial assets at fair value through profit or loss include euro bonds and foreign exchange holdings of closed-end investment funds, proportional to the Company's holding in their net assets (as of 31.12.2020 also the value of bonds denominated in euro).

** Financial assets at fair value through other comprehensive income in EUR result include holdings held abroad, namely Austria - Erste Bank, and corporate bonds issued by Impact.

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The following table presents the sensitivity of profit and loss as well as equity to possible changes at the end of the reporting period of the exchange rates in line with the reporting currency, consistently maintaining all other variables:

	September 30, 2021		December 31, 2020	
	Impact on P&L	Impact on OCI	Impact on P&L	Impact on OCI
EUR increase with 5% (2020: 5%)	17,379,698	7,908,038	2,839,388	7,370,366
EUR decrease with 5% (2020: 5%)	(17,379,698)	(7,908,038)	(2,839,388)	(7,360,366)
Total	-	-	-	-

(b) Credit risk

Credit risk is the risk that a counterparty of a financial instrument fails to meet their contractual obligations, or a financial engagement in which it has entered into a relationship with the Company, thus resulting in a loss for the Company. The Company is exposed to credit risk as a result of investments in bonds issued by commercial companies or the Romanian State, current accounts and bank deposits and other receivables. The management of the Company closely and constantly monitors the exposure to credit risk so that it does not suffer losses as a result of the concentration of credit in a certain sector or field of activity.

As of September 30, 2021 and December 31, 2020, the Company did not have any real collaterals as insurance, nor any other improvements in the credit rating.

As of September 30, 2021 and December 31, 2020, the Company 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:

September 30, 2021	Current accounts	Bank deposits	Bonds (measured at FVOCI)	Bonds (measured at FVTPL)	Other financial assets	Total
<i>Current and not impaired</i>						
Rating AAA to A-						
BBB+	75,555,549	10,050,000	-	-	-	85,605,549
BBB	22,061	-	-	-	-	22,061
BBB-	19,763,489	178,127,331	-	-	-	197,890,820
BB+	119,209,296	1,600,000	-	-	-	120,809,296
Baa2	2,632	-	-	-	-	2,632
NR	-	-	5,277,104	37,852,740	49,205,553	92,335,397
TOTAL	214,553,027	189,777,331	5,277,104	37,852,740	49,205,553	496,665,755

December 31, 2020	Current accounts	Bank deposits	Bonds (measured at FVOCI)	Bonds (measured at FVTPL)	Other financial assets	Total
<i>Current and not impaired</i>						
Rating AAA to A-						
BBB+	35,058,726	90,600,000	-	-	-	125,658,726
BBB	22,683	-	-	-	-	22,683
BB+	941,635	24,000,000	-	-	-	24,941,635
Baa1	3,153	-	-	-	-	3,153
NR	-	-	5,111,504	49,195,115	5,973,797	60,280,417
TOTAL	36,026,197	114,600,000	5,111,504	49,195,115	5,973,797	210,906,614

The Company's maximum exposure to credit risk is of RON 496,665,755 as of September 30, 2021 (December 31, 2020: RON 210,906,614) and can be analysed as follows:

	Credit rating			September 30, 2021	December 31, 2020
BRD - Groupe Société Générale	BBB+	BRD - Groupe Société Générale	Fitch	33,463,290	34,554,259
Banca Transilvania	BB+	Banca Transilvania	Fitch	120,809,296	24,941,635
Banca Comercială Română	BBB+	Banca Comercială Română	Fitch	52,141,790	91,103,916
CEC Bank**	BBB-		Fitch	98,947,216	-
Exim Bank	BBB-	Exim Bank Romania	Fitch	98,943,604	-
Intesa Sanpaolo Romania*	BBB	Intesa Sanpaolo Italia	Fitch	22,061	22,683
Raiffeisen Bank Romania	Baa2	Raiffeisen Bank Romania	Moody's	2,632	3,153
UniCredit Tiriac	BBB+	UniCredit Tiriac	Fitch	469	552
TOTAL (Note 12 and 13)				404,330,358	150,626,197

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

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The cash and cash equivalent and bank deposits are not past due and are not impaired. The corporate bonds are not past due and are not impaired.

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

Issuer	Quantity	Nominal value	Interest rate	Value as of September 30, 2021 (RON)	Maturity
Impact SA*	EUR 210	5,000.00	5.75%	5,194,455	2022
Vrancart SA**	RON 368,748	100.00	3.50%	37,612,296	2024
Total				42,806,751	

* fixed interest rate | ** variable interest rate

The Company'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 (RON)	Maturity
Impact SA*	Eur 210	5,000.00	5.75%	5,102,644	2022
Vrancart SA**	RON 368,748	100.00	5.04%	37,612,296	2024
SIFI BH Retail SA*	Eur 1,100	2,000.00	6.00%	10,691,225	2021
Total				53,406,195	

* fixed interest rate | ** variable interest rate

(c) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations arising from short-term financial liabilities that are settled by payment in cash or other financial means, or the risk that such obligations are settled in an unfavourable manner for the Company.

The company monitors the progress of its liquidity levels to be able to meet its payment obligations at due date, and constantly analyses its assets and liabilities, based on the remaining period to the contractual maturities.

In the current economic context, the Company's management has adopted a prudent policy of monetary investments management, maintaining a weight of available liquidity in total assets allowing at any time the coverage of any outstanding payment obligations and a liquidity reserve to provide the financing of any attractive investment opportunities.

The breakdown of assets and liabilities was analysed based on the remaining period from the balance sheet date to contractual maturity date, both as of September 30, 2021 and December 31, 2020, as follows:

in RON

	Book value	Less than 3 months	3 to 12 months	Over 1 year	No fixed maturity
September 30, 2021					
Financial assets					
Cash and cash equivalent	325,154,887	325,154,887	-	-	-
Bank deposits	79,193,283	-	79,193,283	-	-
Financial assets at FVTPL	1,604,449,126	240,444	-	37,612,296	1,566,596,386
Financial assets at FVTOCI	1,491,598,240	82,649	-	5,194,455	1,486,321,136
Financial assets at amortized cost	-	-	-	-	-
Other financial assets	50,498,070	50,498,070	-	-	-
Total financial assets	3,550,893,606	375,976,050	79,193,283	42,806,751	3,052,917,522
Financial liabilities					
Liabilities on leasing contract	781,723	55,961	177,955	547,807	-
Liabilities income tax	12,317,362	12,317,362	-	-	-
Other financial liabilities	7,710,203	7,710,203	-	-	-
Total financial liabilities	20,809,288	20,083,526	177,955	547,807	-
Liquidity surplus	3,530,084,318	355,892,524	79,015,328	42,258,944	3,052,917,522

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in RON

	Book value	Less than 3 months	3 to 12 months	Over 1 year	No fixed maturity
December 31, 2020					
Financial assets					
Cash and cash equiv.	150,710,816	150,710,816	-	-	-
Bank deposits	-	-	-	-	-
Financial assets at FVTPL	1,394,390,304	11,582,819	-	37,612,296	1,345,195,189
Financial assets at FVTOCI	1,314,430,895	-	8,860	5,102,644	1,309,319,391
Financial assets at amortized cost	-	-	-	-	-
Other financial assets	7,379,529	7,379,529	-	-	-
Total financial assets	2,866,911,544	169,673,165	8,860	42,714,940	2,654,514,579
Financial liabilities					
Liabilities on leasing contract	934,521	55,090	165,215	714,216	-
Other financial liabilities	6,673,694	6,673,694	-	-	-
Total financial liabilities	7,608,215	6,728,784	165,215	714,216	-
Liquidity surplus	2,859,303,329	162,944,381	(156,355)	42,000,725	2,654,514,579

4.2 Other risks

By the nature of the business object, the Company is exposed to various types associated to financial instruments and to market on which it invests.

The main types of risks the Company is exposed to are:

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

The risk management has in view the maximization of Company's profit in relation to the risk level it is exposed to.

The Company 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 1 January 2007, following Romania's accession to the European Union, the Company had to comply with the EU regulations and, therefore, prepared to implement changes brought by the European legislation. The Company has implemented these changes, but their implementation remains open to tax audit for 5 years.

Interpretation of texts and practical implementation of the procedures of the new applicable tax regulations could vary and there is a risk that in some cases the tax authorities might adopt a position different from that of the Company.

In terms of income tax there is a risk of different interpretation by the tax authorities to accounting treatments that were determined by the transition to IFRS as an accounting basis.

In addition, the Romanian Government has several agencies authorized to conduct audits (controls) of companies operating in Romania. These controls are similar to tax audits in other countries and may extend not only to tax matters but also to other legal and regulatory issues of interest to these agencies. The Company may be subject to tax audits as new tax regulations are issued.

(b) Economic environment risk

SIF Banat-Crișana's management cannot predict all the effects of the international economic developments with an impact on the financial sector in Romania but has confidence in that in the first six months of 2021 has adopted the necessary measures for the Company'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 are ensured by the company through an investment policy complying with the prudential rules imposed by the applicable laws and regulations in force.

SIF Banat-Crișana has adopted risk management policies through which risks are actively managed, by implementing specific risk identification, evaluation, measurement, and control procedures meant to provide reasonable assurance with respect to the achievement of the Company'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 nine months 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 Company's internal systems, or from external events that can have an impact on its operations. Operational risks arise from all the Company's activities.

The Company's objective is to manage the operational risk so as to limit financial loss, not damage its reputation and achieve the investment objective of generating benefits 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.

Given the situation created by the COVID-19 virus, the Company has adopted a plan of measures to ensure the continued conduct of business in safe conditions and to minimize operational risks by implementing a business continuity plan and by adapting and updating the internal policies and mechanisms to ensure the uninterrupted and safe connection with investors, shareholders, and market institutions.

(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 Company and attain the investment objectives.

The Company's equity includes the share capital, various types of reserves and the retained earnings. Equity amounted to RON 3,361,733,926 as of September 30, 2021 (RON 2,729,904,691 as of December 31, 2020).

5. Dividend income

As per IFRS 9 and since the Company has opted to measure shareholdings through 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 rate for dividends from companies was 0%, 5%, 27.5% (2020: 0% and 5%). The breakdown of dividend income on the main counterparties is shown in the table below:

<i>denominated in RON</i>	September 30, 2021	September 30, 2020	Measurement
SIF Imobiliare PLC	52,286,577	-	FVTPL
Banca Transilvania	21,951,593	-	FVTOCI
Azuga Turism	10,009,139	-	FVTPL
Biofarm	7,966,125	11,224,994	FVTPL
Vrancart SA	7,511,836	-	FVTPL
SAI Muntenia Invest	6,698,660	12,237,552	FVTOCI
Conpet	3,880,988	3,968,618	FVTOCI
Erste Bank	3,556,506	18,343	FVTOCI
IAMU Blaj	3,067,867	3,067,867	FVTPL
BT Asset Management	2,000,000	-	FVTOCI
SNP Petrom	1,111,840	1,111,840	FVTOCI
BRD - Groupe Société Générale	1,019,801	-	FVTOCI
SIF Oltenia	580,414	1,160,829	FVTOCI
Evergent Investments (SIF Moldova)	496,605	3,005,937	FVTOCI
Antibiotice Iasi	46,843	423,328	FVTOCI
Others	539,817	567,632	FVTOCI
SIFI CJ Logistic	81,184	-	FVTPL
Uniteh	-	7,770,077	FVTPL
SNGN ROMGAZ	-	2,530,384	FVTOCI
Gaz Vest Arad	-	752,117	FVTPL
SNTGN Transgaz	-	678,282	FVTOCI
Electrica	-	477,389	FVTOCI
Rompetrol Well Services	-	242,181	FVTOCI
Total	122,805,794	49,237,370	

Selected explanatory notes to the condensed financial statements as of September 30, 2021

<i>denominated in RON</i>	September 30, 2021	September 30, 2020	Measurement
FVTOCI	41,883,066	26,422,315	
FVTPL	80,922,728	22,815,055	

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

6. Interest income

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

<i>denominated in RON</i>	September 30, 2021	September 30, 2020
Interest income on deposits and current bank accounts	1,186,389	1,546,658
Interest income on bonds measured at amortized cost	-	3,871,677
Interest income on assets measured through other comprehensive income (corporate bonds)	222,730	219,845
Total	1,409,119	5,638,180

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

<i>denominated in RON</i>	September 30, 2021	September 30, 2020
Interest income on corporate bonds	1,037,462	1,930,520
Total	1,037,462	1,930,520

7. Other operating income

<i>denominated in RON</i>	September 30, 2021	September 30, 2020
Income from adjustments for impairment of receivables	113,215	-
Other operating income	242,650	137,753
Total	355,864	137,753

8. Profit/(Loss) on measurement of assets through profit and loss

<i>denominated in RON</i>	September 30, 2021	September 30, 2020
Profit / (Loss) from measurement of fund units	82,749,308	(65,322,245)
Profit / (Loss) from measurement of bonds	21,232	(222,116)
Profit / (Loss) from measurement of shares in subsidiaries and associates	139,541,358	(23,810,900)
Total	222,311,898	(89,355,261)

As of September 30, 2021 and September 30, 2020, the Company measured the investments held in fund units, the shares held in subsidiaries and associates (measured at level 1), and the bonds held, through the profit and loss account, resulting an increase of RON 221.4m (September 30, 2020: decrease amounting to RON 91m).

During the first 9 months of 2021 and 2020, the amount of RON 0.9m was collected (September 30, 2020: RON 1.7m) transferred by Certinvest Investment Fund, representing dividends received from the companies in the portfolio, in proportion to the SIF1 shareholding.

9. Fees and commissions expenses

<i>denominated in RON</i>	September 30, 2021	September 30, 2020
Financial Supervisory Authority commissions	2,183,648	1,993,997
Depository fees	688,629	487,447
Commissions due for transactions	846,165	152,684
Registry fees	135,000	108,000
Other fees and commissions	88,582	61,671
Total	3,942,024	2,803,799

10. Other operating expenses

<i>denominated in RON</i>	September 30, 2021	September 30, 2020
Expenses with other taxes, fees, and assimilated payments	92,628	212,236
Expenses with salaries and other personnel expenses	8,983,454	7,540,792
Depreciation expenses	211,002	208,976
Expenses for external services	1,492,352	2,886,530
Expenses on interest and depreciation of assets with the right to use under the leasing contract	213,905	222,456
Total	10,993,340	11,070,991

Selected explanatory notes to the condensed financial statements as of September 30, 2021

<i>denominated in RON</i>	September 30, 2021	September 30, 2020
Expenses with salaries	6,361,864	6,337,844
Stock Option Plan expenses	2,198,533	852,865
Expenditure on insurance and social protection	308,677	246,733
Other personnel expenses	114,380	103,350
Total	8,983,454	7,540,792

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

In the period ended on September 30, 2021, the average number of employees was of 34 (September 30, 2020: 34), and the actual number of employees recorded at the end of the reporting period was of 34 (September 30, 2020: 34).

The company makes payments to institutions of the Romanian State in the account of the pensions of its employees.

All employees are members of the pension plan of the Romanian State. The company does not operate any other pension scheme or post-retirement benefits and, consequently, has no other obligations concerning pensions. Furthermore, the Company is not bound to provide additional benefits to employees after their retirement.

11. Income tax

<i>denominated in RON</i>	September 30, 2021	September 30, 2020
Current income tax		
Current income tax (16%)	11,243,387	-
Tax on dividend (0%, 5%, 27.5%)	2,462,966	708,318
Expense on / (income from) deferred tax		
Financial assets at FVTOCI	-	-
Financial assets at FVTPL	-	-
Tangible assets / Investment property	(103,159)	(43,042)
Total income tax recognized in profit or loss	13,603,194	665,276

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:

<i>denominated in RON</i>	September 30, 2021	September 30, 2020
Profit before tax	335,199,734	(41,764,383)
Tax under statutory tax rate of 16% (2020: 16%)	53,631,957	(6,682,301)
Income tax effect of:		
Tax on dividend (0%, 5%, 27.5%*)	2,462,966	708,318
Non-deductible expenses and similar items	4,912,048	10,675,988
Non-taxable revenues	(44,985,183)	(13,812,543)
Revenue related items	19,621,067	361,950
Expenses related items	-	-
Recoverable tax loss	(1,396,849)	9,456,907
Deferred tax	(103,159)	(43,042)
Amounts of sponsorship within legal limits and other deductions	(1,050,282)	-
Tax recognized in retained earnings	(19,489,371)	-
Income tax	13,603,194	665,276

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

12. Cash and cash equivalents

<i>denominated in RON</i>	September 30, 2021	December 31, 2020
Cash in hand and other valuables	3,106	19,449
Current accounts in banks	214,553,027	36,026,197
Deposits in banks with original maturity less than 3 months (including interest)	110,598,753	114,665,170
Cash and cash equivalents with maturity less than 3 months	325,154,887	150,710,816

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

13. Bank deposits

<i>denominated in RON</i>	September 30, 2021	December 31, 2020
Deposits in banks with original maturity over 3 months (including interest)	79,182,857	-
Attached interest	10,426	-
Total	79,193,283	-

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

<i>denominated in RON</i>	September 30, 2021	December 31, 2020
Shares	1,179,268,416	1,039,727,059
Fund units	387,327,970	305,468,130
Corporate bonds (including attached interest)	37,852,740	49,195,115
Total	1,604,449,126	1,394,390,304

As the Company met the classification criteria as an "investment entity", it measures all its subsidiaries at fair value through profit and loss, except for subsidiaries providing investment-related services, that will continue to be consolidated.

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

<i>denominated in RON</i>	Shares	Fund units	Corporate bonds	Total
January 1, 2021	1,039,727,058	305,468,130	49,195,115	1,394,390,304
Acquisitions	-	-	-	-
Sales	-	-	(10,712,680)	(10,712,680)
Change in interest receivable	-	-	(651,121)	(651,121)
Change in fair value (including foreign exchange differences)	139,541,358	81,859,840	21,425	221,422,623
September 30, 2021	1,179,268,416	387,327,970	37,852,740	1,604,449,126

As of September 30, 2021, the participations held in subsidiaries and associated entities were valued at fair value, the difference being a favourable one, amounting to RON 139.54m (vs. the value on December 31, 2020).

The valuation of the fund units at fair value as of September 30, 2021, generated a favourable difference of RON 81.86m (vs. the value on December 31, 2020).

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

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

<i>denominated in RON</i>	Shares	Fund units	Corporate bonds	Total
January 1, 2020	804,587,514	366,420,749	55,782,890	1,226,791,154
Acquisitions	158,938,967	497,690	-	159,436,657
Sales	(4,882,742)	-	(6,568,790)	(11,451,432)
Change in interest receivable	-	-	(228,402)	(228,402)
Change in fair value (including foreign exchange differences)	81,083,319	(61,450,309)	209,417	19,842,426
December 31, 2020	1,039,727,058	305,468,130	49,195,115	1,394,390,304

Acquisitions made during 2020 include shares of entities classified as subsidiaries and fund units of Certinvest Shares. Sales of shares include the value of Somplast SA shares. Within corporate bonds, the outflows represent the equivalent value of Banca Transilvania bonds repurchased at maturity.

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

The movement of financial assets measured at fair value through other comprehensive income during the first three quarters of 2021 is presented in the table below:

<i>denominated in RON</i>	Shares *	Corporate bonds**
January 1, 2021	1,309,319,391	5,111,504
Acquisitions	-	-
Sales	(188,294,195)	-
Change of interest receivable	-	73,789
Change in fair value (including foreign exchange differences)	365,295,941	91,811
September 30, 2021	1,486,321,136	5,277,104

* the option to measure at fair value through other comprehensive income was exercised at initial recognition

** SPPI tested and recognized as held to collect and sale

Selected explanatory notes to the condensed financial statements as of September 30, 2021

The sales of shares amounting to RON 188.3m mainly include the sale of shares in Evergent Investments, Erste Bank, Banca Transilvania, BT Asset Management, Iproeb, Rompetrol Well Services and Compa. The gain on transactions amounting to RON 112.97 was recognized in the retained earnings.

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

<i>denominated in RON</i>	Shares *	Corporate bonds**
January 1, 2020	1,503,213,414	5,053,634
Acquisitions	7,459,123	-
Sales	(65,497,597)	-
Change of interest receivable	-	(1,417)
Change in fair value (including foreign exchange differences)	(135,855,548)	59,288
December 31, 2020	1,309,319,391	5,111,504

* the option to measure at fair value through other comprehensive income was exercised at initial recognition

** SPPI tested and recognized as held to collect and sale

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

The sales of shares, in the amount of RON 65.5m, mainly include the sale of shares of Romgaz, Transgaz and Electrica.

The gain on transactions amounting to RON 3.9m 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 appraisers and authorized appraisers within the Appraisal dept. of the Company, using the strategy set by the management of the issuer and appraisal techniques that meet the requirements of IFRS 13 and the ANEVAR Valuation Standards, in line with best valuation practices. These techniques include: 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 following table:

September 30, 2021 <i>denominated in RON</i>	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss - shares	399,840,322	-	779,428,095	1,179,268,417
Financial assets at fair value through profit and loss - fund units	387,327,970	-	-	387,327,970
Financial assets at fair value through profit and loss - bonds	37,852,740	-	-	37,852,740
Financial assets at fair value through other comprehensive income - shares	1,370,592,397	-	115,728,740	1,486,321,137
Financial assets at fair value through other comprehensive income - corporate bonds	5,277,104	-	-	5,277,104
Investment property	-	-	12,255,013	12,255,013
Land and buildings	-	-	3,505,000	3,505,000
	2,200,890,533	-	910,916,848	3,111,807,381

Selected explanatory notes to the condensed financial statements as of September 30, 2021

December 31, 2020 <i>denominated in RON</i>	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss – shares	277,335,076	-	762,391,983	1,039,727,059
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	-	125,630,335	1,309,319,392
Financial assets at FVOCI – corporate bonds	5,111,504	-	-	5,111,504
Investment property	-	-	13,180,199	13,180,199
Land and buildings	-	-	3,602,488	3,602,488
	1,809,501,847	11,297,035	904,805,005	2,725,603,887

During first nine months of 2021, no transfers between the levels of fair value were made.

16. Other financial assets

<i>denominated in RON</i>	September 30, 2021	December 31, 2020
Sundry debtors	50,440,739	7,196,933
Other financial assets	57,331	182,596
Impairment for depreciation of sundry debtors	(1,292,517)	(1,405,732)
Total	49,205,553	5,973,797

Sundry debtors mainly include dividends receivable from portfolio companies (RON 20.9m) and the advance for the public offer for SIF1 stock buyback (RON 28m).

17. Investment property

<i>denominated in RON</i>	September 30, 2021	December 31, 2020
Balance on January 1	13,180,199	20,047,164
Entries	-	-
Sales	(926,060)	(9,636,800)
Changes in fair value – gain/(loss)	874	2,769,835
Balance at the end of period	12,255,013	13,180,199

During first nine months of 2021 the building of the former branch in Timișoara was sold. In 2020 a building located in Timișoara was sold, the gain on transaction amounting to RON 2.47 million.

18. Other financial liabilities

<i>denominated in RON</i>	September 30, 2021	December 31, 2020
Debts to employees and related contributions	683,757	2,370,287
Taxes and dues	-	1,806
Suppliers and creditors	7,026,445	4,301,601
Total	7,710,203	6,673,694

19. Deferred tax liabilities

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

September 30, 2021

<i>denominated in RON</i>	Assets	Liabilities	Net
Financial assets at FVOCI	-	1,136,814,190	(1,136,814,190)
Tangible assets and investment property	-	12,958,054	(12,958,054)
Total	1,149,772,244	(1,149,772,244)	-
Net temporary differences - 16% rate	-	-	(183,963,560)
Deferred tax liabilities	-	-	(183,963,560)

December 31, 2020

<i>denominated in RON</i>	Assets	Liabilities	Net
Financial assets at FVOCI	-	900,346,816	(900,346,816)
Tangible assets and investment property	-	13,602,799	(13,602,799)
Total	-	913,949,615	(913,949,615)
Net temporary differences - 16% rate	-	-	(913,949,615)
Deferred tax liabilities	-	-	(146,231,940)

Deferred tax liabilities in balance on September 30, 2021, amounting to RON 183,963,560 (2020: RON 146,231,940) include:

- deferred income tax recognized directly through the decrease in equity amounting to RON 177,755,670 (2020: 135,339,025), being entirely 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 6,207,890 recognized in retained earnings (2020: RON 10,892,914).

20. Capital and reserves

(a) Share capital

As of September 30, 2021, the share capital of SIF Banat-Crişana 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 the conversion into shares of the amounts due as dividends under Law no. 55/1995 and pursuant to Law no. 133/1996. As of September 30, 2021, the number of shareholders was of 5,744,881 (December 31, 2020: 5,747,126).

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

All shares are ordinary shares, were subscribed and fully paid as of September 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 the share capital of the Company pursuant to 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 a number 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.

<i>denominated in RON</i>	September 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

<i>denominated in RON</i>	September 30, 2021	December 31, 2020
Retained earnings from the transition to IAS and IFRS	422,323,709	422,323,709
Retained earnings from application of IFRS 9 (including gains on transactions)	305,994,026	207,935,766
Undistributed profit	18,874,346	18,874,346
Result for the period	321,596,541	92,122,406
Other amounts recognized in retained earnings (legal reserves, revaluation of tangible assets, etc.)	2,062,005	2,062,005
Total	1,070,850,626	743,318,231

(c) Other reserves

<i>denominated in RON</i>	September 30, 2021	December 31, 2020
Reserves allotted from the net profit	995,838,093	903,715,687
Reserves set-up under Law no. 133/1996*	145,486,088	145,486,088
Reserves from written-off 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 on reserve set-up under Law no. 133/1996 is presented in section (g)

The reserve related to the initial portfolio was set-up under Law no. 133/1996, as the difference between the value of the contributed portfolio and the value of the share capital subscribed to SIF Banat-Crișana. Thus, these reserves are assimilated to a contribution premium and are not used to sell non-current financial assets.

(d) Legal reserves

Pursuant to the legal requirements, the Company 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 September 30, 2021, amounts to RON 10,308,447 (December 31, 2020: RON 10,308,447).

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 shown in Note 19.

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

<i>denominated in RON</i>	September 30, 2021	December 31, 2020
Differences from changes in fair value of financial assets measured through other comprehensive income (bonds)	-	(8,511)
Differences from changes in fair value of financial assets measured through other comprehensive income (shares)	976,400,703	766,485,550
Total	976,400,703	466,477,039

(f) Dividends

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

(g) Effect of hyperinflation (IAS29)

The effect of hyperinflation over the share capital amounting to RON 642,622,709 and over the reserve set-up under 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), with no impact on total value of equity (own capital).

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

21. 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:

<i>denominated in RON</i>	September 30, 2021	September 30, 2020
Profit attributable to ordinary shareholders	321,596,540	(46,094,114)
Weighted average number of ordinary shares	514,980,751	514,542,363
Basic earnings per share	0.624	(0.090)

Diluted earnings per share equals basic earnings per share, as the Company did not record potential ordinary shares. Between September 29 and October 12, 2021, a public offer for stock buyback was carried out, in which a number of 8,792,307 shares were repurchased. If this operation had been completed on September 30, the weighted average number of ordinary outstanding shares would have been 514,948,545 shares and the basic earnings per share would have been of RON 0.625.

22. Contingent assets and liabilities

(a) Litigations in court

As of September 30, 2021, the Legal Office of the Company reported there were 107 litigations ongoing in Courts. The Company had legal standing in 78 lawsuits, passive legal standing in 20 lawsuits, and intervenient in 9 litigations.

In most lawsuits in which the Company acts as plaintiff, the subject of litigation is the cancellation / ascertainment of cancellation of decisions taken by the General Meetings of Shareholders in portfolio companies, or insolvency proceedings of portfolio companies.

(b) Other liabilities

not the case

23. 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 its financial and operational decision making.

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

Key management personnel

September 30, 2021

- As of September 30, 2021, the Board of Directors of SIF Banat-Crişana was comprised of 5 members: Bogdan-Alexandru Drăgoi - Chairman, Radu-Răzvan Străuț - Vice-Chairman, Sorin Marica, Marcel Pfister, and Ionel Marian Ciucioi.
- As of September 30, 2021, the members of the executive team of SIF Banat-Crişana are: 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-Crişana was comprised of 5 members: Bogdan-Alexandru Drăgoi - Chairman, Radu-Răzvan Străuț - Vice-Chairman, Sorin Marica, Marcel Pfister, and Ionel Marian Ciucioi.

Selected explanatory notes to the condensed financial statements as of September 30, 2021

- As of December 31, 2020, the members of the executive team of SIF Banat-Crișana were: Bogdan-Alexandru Drăgoi – CEO (General Director), Radu-Răzvan Străuț - Deputy General Director, Teodora Sferdian - Deputy General Director, and 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.

Subsidiaries

As of September 30, 2021, the Company held majority stakes (directly and indirectly) in 15 companies (December 31, 2020: 15). Following the classification of the Company as an investment entity, the subsidiaries performing investment services for the Company (SAI Muntenia and AISA) remained in the scope of consolidation and the other subsidiaries were deconsolidated.

Associated entities

The number of entities in which the Company holds stakes between 20% and 50% of the share capital as of September 30, 2021 is of 18 (December 31, 2020: 19), of which:

- Two entities (Gaz Vest SA Arad, Biofarm SA Bucharest), in which the Company exercises significant influence;
- 4 (December 31, 2020: 4) entities that do not qualify as associates, because the Company does not exercise significant influence in those companies;
- 12 (December 31, 2020: 13) entities in insolvency / liquidation / bankruptcy.

Transactions with related parties during the interim reporting period:

During the first nine months of 2021, the Company made the following transactions with affiliated parties:

	September 30, 2021	September 30, 2020
Transactions by profit and loss		
Dividend income, of which:		
SIF Imobiliare PLC	52,286,577	-
Azuga Turism	10,009,139	-
SAI Muntenia Invest	6,698,660	12,237,552
Vrancart	7,511,836	-
Biofarm	7,966,125	11,224,994
IAMU Blaj	3,067,867	3,067,867
Uniteh	-	7,770,077
Total	87,540,204	34,300,490
Interest income, of which:		
VRANCART	998.680	1.295.390
SIFI BH Retail	38.782	481.826
Total	1.037.462	1.777.216
Other expenses, of which:		
Administrare Imobiliare - rent and operating expenses	209,018	207,466
Gaz Vest – supply of natural gas	26,263	28,066
Total	235,281	235,532

Transactions by statement of financial position

	September 30, 2021	December 31, 2020
Other receivables, of which:		
SILVANA CEHU SILVANIEI - dividends	790,389	671,886
SILVANA CEHU SILVANIEI - receivables depreciation adjustments	(565,284)	(671,886)
VRANCART - bonds	37,612,296	37,612,296
VRANCART - interest receivable	240,444	285,785
SIFI BH Retail - bonds	-	10,691,255
SIFI BH Retail - interest receivable	-	605,780
Gaz Vest – dividends receivable	-	752,117
Total	38,077,845	49,947,232
Other debts, of which:		
Gaz Vest SA Arad	-	7,398
Total	-	7,398

24. Events after the interim period

October 11, 2021 - Resolutions of the OGM and EGM

- By the OGM Resolution of October 11, 2021, it was approved the appointment of Deloitte Audit SRL as financial auditor, extending the existing mandate for a period of 2 years.
- By the EGM Resolution of October 11, 2021, it was approved the execution of a stock buyback program ("Program 4") for a maximum of 880,000 shares, for their distribution free of charge to members of the Company's management (administrators, directors) , within a "Stock Option Plan", in compliance with the legislation in force.

October 15, 2021 - The notification on the results of the public tender offer in respect to shares issued by SIF Banat-Crişana was published.

October 21, 2021 – It was published the Convening Notice for the EGM of November 25 (26), 2021 having on the agenda the approval of the method of allocation of the 8,792,307 treasury shares repurchased by the Company. The Convening Notice is published on Company's website.