



SIF BANAT-CRIȘANA

SOCIETATE DE INVESTIȚII FINANCIARE

— **ANNUAL REPORT** —
OF THE BOARD OF DIRECTORS
FOR 2019 FINANCIAL YEAR

PREPARED PURSUANT TO LAW NO. 24/2017, CNVM REGULATION NO. 15/2004,
ASF REGULATION NO. 5/2018 AND ASF RULE NO. 39/2015

*This report of the Board of Directors is provided as a free translation from Romanian,
which is the official and binding version*

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MAIN FINANCIAL AND OPERATIONAL INFORMATION

FINANCIAL POSITION [RONm]			
	2017	2018	2019
Total assets, of which	2,488.15	2,452.94	2,926.68
Total financial assets	2,462.83	2,427.11	2,900.02
Equity	2,291.24	2,321.42	2,748.20
Total liabilities	196.91	131.52	178.47

FINANCIAL PERFORMANCE (IFRS) [RONm]			
	2017	2018	2019
Income	84.93	114.88	121.54
Gain on investment	3.31	(16.05)	75.95
Expenses	15.75	17.93	22.24
Gross profit	72.49	80.89	175.26
Net profit for the year	69.55	77.19	159.49

FINANCIAL INDICATORS [%]			
	2017	2018	2019
ROE (net profit / equity)	3.04	3.32	5.80
ROA (net profit / total assets)	2.80	3.15	5.45
Gross profit margin (gross profit / total income)	35.55	37.49	66.54

SHARES AND NET ASSET PERFORMANCE			
	2017	2018	2019
Share price (year end, in RON)	2,770	2,0400	2,7300
Net asset value* / share (RON)	5.0111	4.3067	5.2959
PER**	20.7	13.7	8.9
Dividend / share (RON)	-	-	***
Accounting net asset / share (RON)	4.4062	4.4863	
Nominal value of share (RON)	0.1	0.1	0.1
Number of issued shares	520,000,000	517,460,724	517,460,724
Number of outstanding shares	517,460,724	517,371,068	514,542,363

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

OPERATIONAL DATA				
	2016	2017	2018	2019
Number of employees, year end	38	37	34	34
Number of branch offices	1	1	1	1

SHAREHOLDING STRUCTURE as at December 31, 2019		
	number of shareholders	stake
Romanian individuals	5,747,210	39.80%
Non-resident individuals	2,055	0.33%
Romanian legal entities	147	38.04%
SIF Banat-Crișana (treasury stock)	1	0.56%
Non-resident legal entities	31	21.26%
TOTAL	5,749,444	100%

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GENERAL INFORMATION

COMPANY NAME	Societatea de Investiții Financiare Banat-Crișana S.A. (hereinafter referred to as “SIF Banat-Crișana” or “the Company”)
COMPANY TYPE	<ul style="list-style-type: none">▪ closed-end investment company self-managed, with a diversified investment policy investment policy, endorsed by the Financial Supervisory Authority by Endorsement no. 258 / 14.12.2005 and as AIFM with Authorization no. 78/09.03.2018, equivalent to closed-ended AIF▪ set-up as a joint stock company in November 1996 pursuant to the provisions of Law no. 133/1996 for the conversion of the Private Property Funds (FPP) into Financial Investment Companies (SIF)▪ Romanian legal entity with private capital
SHARE CAPITAL	<ul style="list-style-type: none">▪ RON 51,746,072.40 – subscribed and paid-in capital▪ 517,460,724 shares issued; 514,542,363 outstanding shares▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none">▪ Number in Trade Register J02/1898/1992▪ Tax Identification Code RO 2761040▪ Number in ASF AFIAA Register PJR07.1AFIAA / 020007 / 09.03.2018▪ Number in ASF SIIRS Register PJR09SIIR/020002/2006▪ Legal Entity Identifier (LEI) 254900GAQ2XT8DPA7274
MAIN ACTIVITY	Main activity is, as per the classification of economic activities in the national economy (CAEN): financial intermediation, except for insurance and pension funds (CAEN code 64), and the main object of activity: Other financial intermediation n.c.a. (CAEN code 6499): <ul style="list-style-type: none">▪ carrying out financial investments in order to maximize the value of own shares in accordance with the regulations in force;▪ management of investment portfolio and exercising all of the rights related to the instruments in which investments are made;▪ risk management;▪ other activities auxiliary and associated to the collective investment activity, in accordance with the regulations in force.
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB or BSE) – Premium category - ticker SIF1
FINANCIAL AUDITOR	Deloitte Audit S.R.L. starting with 2019 financial year (PricewaterhouseCoopers Audit S.R.L. for 2016 – 2018 financial years)
DEPOSITARY BANK	Banca Comercială Română (BCR) , starting with November 2019 (BRD - Groupe Société Générale during January 2014 – October 2019)
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	Arad , 35A Calea Victoriei, 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
BRANCH	SIF Banat-Crișana SA Arad-Bucharest Branch-Rahmaninov 46-48 S. V. Rahmaninov Str., 3rd floor, sector 2, 020199, Bucharest

1. ANALYSIS OF SIF BANAT-CRIȘANA ACTIVITY

Economic environment

Domestic economic environment

The macroeconomic indicators in Romania have had a mixed progress lately, emphasizing the improvement of confidence. On the other hand, the interest rate differential (maturities 10 years - six months) has sharply dropped, indicating deceleration prospects for the annual dynamics of short-term nominal GDP.

Following a growth of 7.1% in 2017 and 4.4% in 2018, real GDP growth (adjusted for inflation) slowed down in 2019 to 3.9%, according to the initial data published by the European Commission.

Despite the substantial slowdown in 2019, growth has remained robust and is in line with the regional average.

Private consumption has been the main driver of economic growth, driven by a strong labour market (low unemployment, 3.9%) and by a steady increase in wages, especially in the public sector.

The investments made in the domestic economy increased in 2019 by 17.9% vs. 2018, a level not reached in the last ten years. The growth comes mainly from the construction sector.

Trade activity slowed during the previous year, both imports and exports advanced more slowly compared to 2018. Exports had a more modest contribution to the gross domestic product due to the diminished external demand which led to the decrease of the export growth and of as well as the decrease in industrial production.

Inflation in 2019 was around 3.9%, down from 2018 but the problem of overcoming the budget deficit has deteriorated the country's economic image.

The risks related to the losses of competitiveness and the increase of the current account deficit that were highlighted in the Report on the alert mechanism came true at the end of 2019. The public debt increased from 35% to 36.1% in 2018 -2019 while the budget deficit increased from -3% to -4.3% in the same period. These developments are in the context of a faltering in the implementation of the reforms, of an unpredictable policy development environment and of an expansionary fiscal-budgetary policy. These shortcomings, which have not been remedied so far, will further undermine the prospects for public debt and external debt and will be detrimental to investments and growth.

The situation is further aggravated by the fact that an election year will follow in which populist measures will prevail against the principles of economic prudence.

Against the increase of external and fiscal deficits respectively of exceeding the threshold (3% deficit) together with the political and legislative instability, has determined the S&P rating agency to revise Romania's perspective from "stable" to "negative", however, stating the level of long-term and short-term sovereign credit rating in local currency at "BBB- / A-3". This classification is the last in the category of "investment grade".

The local currency compared to the euro has had moderate variations, resulting in an average annual rate of 4.7452 RON / EUR in 2019 compared to 4.6535 RON / EUR in 2018. However, we note a trend of devaluation of RON on the long-term vs. 2008, when the average annual rate was of 3.68 RON / EURO. Vs. the US dollar, the progress of the exchange rate can also be considered stable. There were no excessive exchange rate volatilities.

The interest rates applied by BNR (The National Bank of Romania) did not change during 2019, BNR decided to maintain the monetary policy interest rate at 2.5% / year and the interest rates on the deposit and credit facilities at 1.5%, respectively 3.5% / year.

BVB capital market

The Romanian capital market closed in 2019 one of the best years in recent history in terms of the recorded growth rate. The BET index delivered 44% in 2019, the highest performance of the last decade. At EU level, Romania experienced the second highest rise, only surpassed by Greece (+49%). Taking into account the dividends, the companies listed on the Bucharest Stock Exchange (BVB) and included in the BET-TR index recorded an upsurge of 47%.

The strong upward trend is the result of the initial base reduced since the approval of GEO 114/2018, which collapsed the stock market on the Bucharest Stock Exchange at the beginning of 2019.

The total traded value on the share segment was over EUR 2 bn euros during the whole of 2019. At the end of December, the market value of the Romanian companies listed on the BSE was of RON 111.5 bn, the equivalent of EUR 23.3 bn. The average daily trading values in 2019 were still extremely low, roughly EUR 8m vs. EUR 9.72m in 2018.

For an institutional investment environment these amounts mean limited market liquidity and hide high risks in case the will or necessity of selling the listed BVB shareholdings (difficulty / impossibility of exit) arises.

The Bucharest Stock Exchange was included in the FTSE Russel watchlist in 2016, but in 2017 it missed the reclassification in the emerging markets category, mainly due to the failure to meet the liquidity criteria.

The shares of the Romanian companies that meet the eligibility criteria for inclusion in the Russell FTSE indices are Romgaz, Banca Transilvania and BRD- Groupe Société Générale. Five other companies could be included in the Russell FTSE indices if they meet the liquidity criterion in the following assessments. The five companies are: Electrica, Nuclearelectrica, OMV Petrom, Transelectrica and Transgaz.

In 2019 the foundations of the Central Counterpart, a fundamental entity for the development of the market liquidity, were laid, and thus fulfilled all the criteria for BVB to be promoted to the status of the secondary emerging market.

Generous dividend policies in companies with majority state ownership in previous years have anchored on the positive territory the stock market quotations for most of the blue-chips on the BSE. Preliminary results for 2019 reported by listed companies are generally in line with investor expectations, but we expect a recession or even a possible economic crisis due to the spread of the epidemic. Improving stock market capitalization until the emergency situation is resolved is unlikely.

Market indicators shaped an undervalued market compared to other markets in the region, but subsequently, the spread of the COVID-19 epidemic deteriorated the stock market indicators in most regions of the world, creating a situation of uncertainty and panic.

International economic environment

Europe

The Euro currency strengthened in 2019 vs. the US dollar, the rate being influenced both by the US problems (trade war with China, temporary blocking of the functioning of the administrative mechanism) and by the monetary policies adopted by the EU. The ECB President announced that interest rates will remain unchanged as long is necessary to ensure an inflation close to 2% in the medium term and to support over-indebted economies.

Interest rates continued to remain low, anchoring financial markets on a neutral or upward trajectory during 2019 but eroded by COVID-19. Indices such as DAX, FTSE, FTSE MIB, CAC40, IBEX, Euro STOXX reported historical lows.

The low rates of monetary policy have also helped in 2019 the financing of European budgets at favourable prices, an important aspect considering the diminished budgetary revenues following the adopted fiscal relaxation measures. The decision to keep the monetary policy made its effect felt by the rise of consumer price indices.

European economies are still fragile, and Brexit has diminished the EU's financial and military strength.

The European Commission estimates an economic growth of 1.2% in 2019 for the Eurozone, an increase of 1.5% for the EU27 (without the United Kingdom) and an inflation of 1.2%, and 1.4% respectively. The European economies grew moderately, the expansion was sufficiently large for a continuation of the fall in unemployment rates and wage increases, but with risks such as:

- (i) Italy's budget crisis, not fully resolved;
- (ii) further negotiations on the conditions related to BREXIT, where the risks have increased;
- (iii) the spread of populism in the European political environment;
- (iv) an automotive industry in the middle of the trade war between the great economic powers;

The negative facets are comparable to the beneficial economic effects of the euro area, but the structural problems caused by the accumulated ample debts and the deficient budgets can be hardly solved with such modest growth rates.

United States of America (USA)

Macroeconomic indicators published by the US indicate a positive economic progress. Even if the public debt-to-GDP ratio exceeds 100%, unemployment has reached the minimum of the last 48 years, the inflation rate is close to target areas and GDP growth has risen from 2.3% in 2018 to 2.9% in 2019, following the tax cuts that have stimulated investments in the business sector.

The US Federal Reserve and global central banks have taken aggressive measures to support a rapidly expanding global economy amid the coronavirus pandemic, with Fed rates cut to near zero, engaging hundreds of billions of dollars in asset purchases and supply cheap financing of the dollar.

Analysis of the portfolio

SIF Banat-Crișana's investment strategy targets at maximizing the portfolio performance, thus increasing the value of the assets under management and the investment income.

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

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

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

SIF Banat-Crișana has under management a complex portfolio, consisting of the following main categories of financial instruments: shares, bonds and fund units. The company applies an exit

strategy tailored to the specificity of each investment, defined based on the applied strategy, investment objectives and the conditions (that trigger) of the exit transaction.

The differentiated approach addressed by the Company for each of its shareholding aims at capitalizing on an aggregate return, generated by dividend gain and capital gain.

The execution of the various exit strategies is adapted and correlated with a series of internal and external factors, such as: general economic prospects, bull or bear evolution of the Bucharest Stock Exchange, the liquidity of the listed securities and the daily trading volumes, the regionality of small businesses, access (interest) barriers, depending on the ownership structure, SIF Banat-Crişana's need of liquidity.

Lines of action in portfolio management:

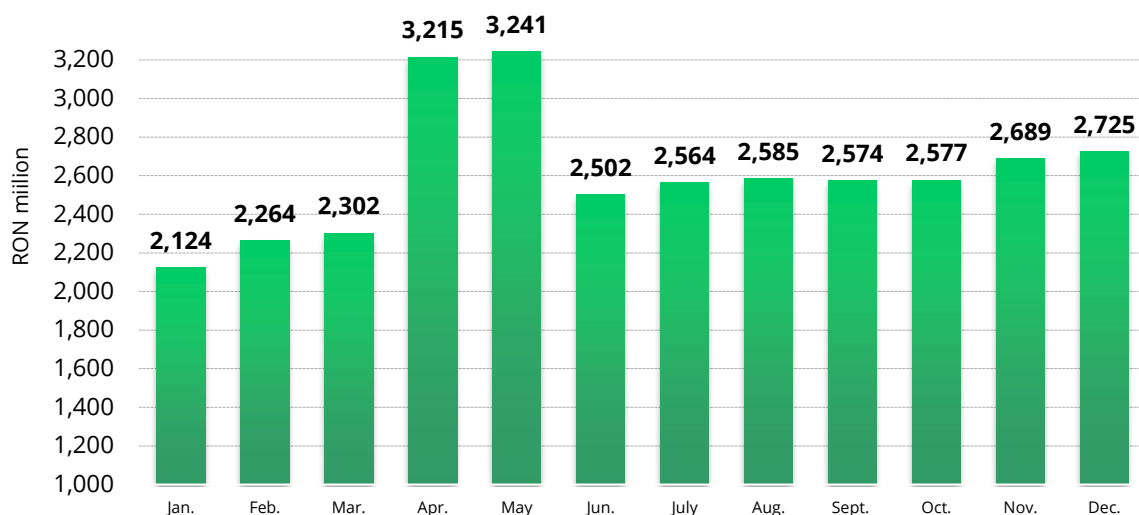
- creating a varied portfolio comprised of assets capable of achieving the targeted returns at the level of risk assumed;
- increasing the quality of the portfolio, as a basis for its value growth and its capacity of constantly generating income;
- management and development of the portfolio to adapt to the overall risk profile;
- developing the specific areas of expertise that form the basis of our operations;
- improving corporate governance practices.

Net asset value (NAV) evolution

The net asset value (NAV) of SIF Banat-Crişana, key indicator for Company's performance, amounted to **RON 2,724,969,019** as at December 31, 2019, up **22.30%** compared to the value for the 2018-year end, of **RON 2,228,169,271**. Net asset value per share (NAV/S) was of **RON 5.2959**, vs. **RON 4.3067** as at December 31, 2018.

NET ASSET VALUE

January - December 2019



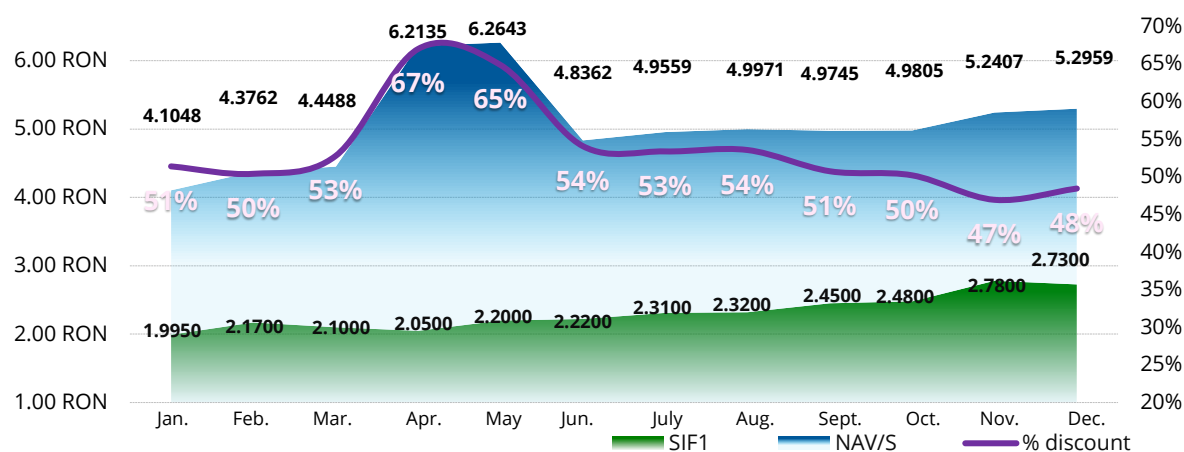
The monthly net asset values were calculated by SIF Banat-Crişana during 2019 pursuant to the regulations issued by the Financial Supervisory Authority (ASF). The calculated values for NAV were certified by the depositary bank of Company's assets – during January – October 2019 BRD - Groupe Société Générale, and for November – December 2019 Banca Comercială Română. The monthly reports for the calculation of NAV were submitted to the Bucharest Stock Exchange and ASF – Securities and Financial Investment Sector and were published on SIF Banat-Crişana's website - www.sif1.ro - no later than 15 calendar days from the end of the reporting month.

The statement for SIF Banat-Crişana assets and liabilities as at December 31, 2019, prepared pursuant to the provisions of Annex 16 to Regulation no. 15/2004, is presented in Annex 2 of this report.

The progress of NAV during 2019 has been on an upward trend, generally following the movement of BVB stock exchange indexes.

An unusual situation occurred in April and May when the NAV registered a significant increase, of 39% compared to the value for March, due to the conjunctural upsurge of the value of the issuer SIF Imobiliare PLC held in the portfolio by applying different valuation methods, according to the applicable regulations. SIF Banat-Crişana informed the investors about these substantial changes in value, explaining the determining factors in the monthly reports published. At the same time, the Company notified these aspects to the Financial Supervisory Authority and pointed out the need for amendments to the valuation methodology of the assets for the calculation of NAV in order to correctly reflect the fair values.

SIF1 DISCOUNT TO NAV/S IN 2019



NOTE: SIF1 closing price at the date of report for NAV/S

NET ASSET VALUE vs. MARKET CAPITALIZATION



NOTE: net asset values are those reported for the end of December for each year; for 2008 – 2015 non-portfolio items were calculated based on accounting records pursuant to Romanian Accounting Regulations (RAS); and under IFRS for 2016 – 2019; mk. cap. calculated using closing price for SIF1 in the last trading day of the year

The methodology for calculating the net asset value

Throughout 2019, net asset value calculation was performed pursuant to the provisions of ASF Regulation no. 9/2014 (art. 113 – 122) of ASF Regulation no. 10/2015 and of ASF Regulation no. 2/2018.

Per these regulations, listed securities are valued at the closing market price for the day for which the calculation is made.

The securities not admitted to trading on a regulated market or not traded during the last 30 trading days are valued at the accounting (book) value per share recorded in the most recent annual financial statements, or equity value comprised in the monthly reports submitted to BNR (the Romanian central bank) for credit institutions.

In the case of joint stock companies not admitted to trading on a regulated market or alternative system, where SIF Banat-Crișana holds more than 33% of the share capital, the respective shares are valued in SIF Banat-Crișana's net asset exclusively according to international valuation standards based on an assessment report, updated at least annually. These companies are presented in a separate annex in the *Detailed statement of investments*.

Fixed income instruments are valued using the method of daily interest recognition and amortization of discount / premium for the period passed from the date of the investment.

Shares of companies undergoing insolvency proceedings, liquidation or reorganization are valued at zero until the completion of the procedure.

Value of non-portfolio items considered for the calculation of net asset value are based on accounting records under International Financial Reporting Standards (IFRS).

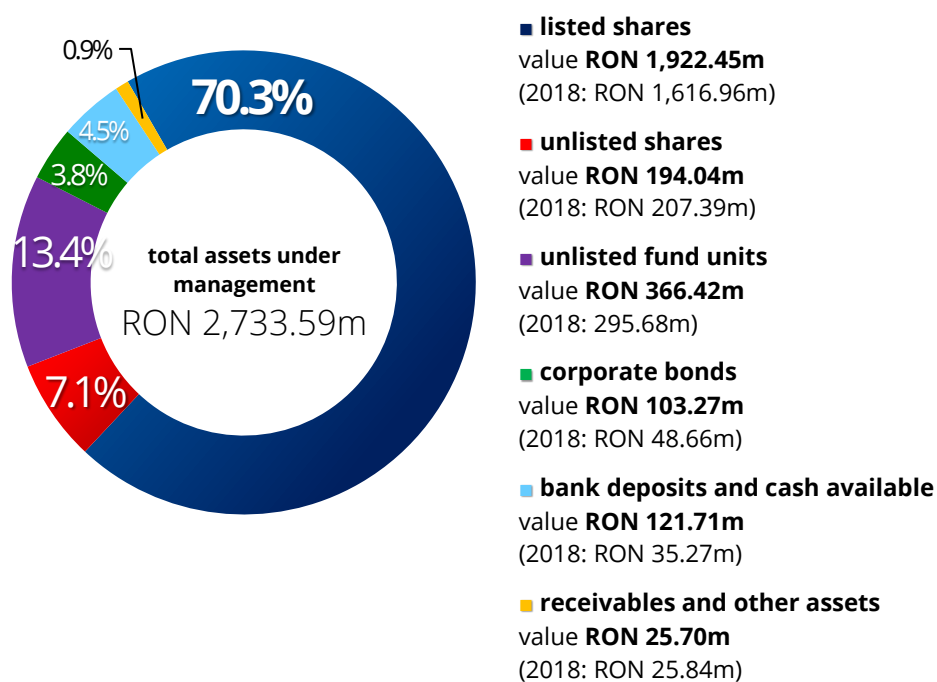
The valuation methods applied by the Company to evaluate the financial assets in the portfolio are presented on Company's website, www.sif1.ro, in the section *Investments* › *Net Asset* › *Net asset value calculation methodology*. The changes in valuation policies and methods are communicated to investors and the Financial Supervisory Authority, in accordance with the regulations in force.

Portfolio structure

The strategy for asset allocation aims to maximize the performance of the portfolio within the prudential conditions set by regulations applicable to the company's business. The prudential limits applicable to investments performed by the Company are set by Law no. 297/2004 regarding the capital market, amended and supplemented by GEO no. 32/2012 and CNVM Regulation no. 15/2004 regarding authorization and operation of asset management companies, collective investment undertakings and depositories.

In accordance with the Investment Risk Management Policy of SIF Banat-Crișana, it was sought to fit the portfolio within the limits of ownership provided by Law 24/2017, art. 90 paragraph (1) regarding cumulative investments, CNVM Regulation no. 15/2004 and Law no. 297/2004 art. 286¹.

ASSETS UNDER MANAGEMENT as at December 31, 2019
breakdown on classes (weight on total assets)



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

The detailed statement of SIF Banat-Crişana's investments as at December 31, 2019, prepared pursuant to Annex 17 of Regulation no. 15/2004, is presented in Annex 2 to this report.

As at December 31, 2019, the value of SIF Banat-Crişana's stock portfolio reached RON 2,116m (2018: RON 1,824m) (calculated pursuant to ASF Reg. no. 9/2014, Reg. no. 10/2015, and no. 2/2018), having the dominant weight, of 77.42% of the total assets under management at 2019 year-end.

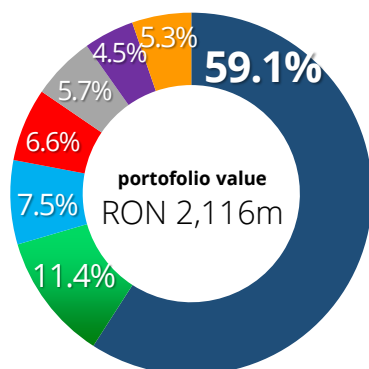
Stock portfolio structure

A significant share in the portfolio structure as of 31.12.2019 is still held by the financial-banking sector (59.10%), that includes financial investment companies (SIF) and other companies in the financial field; the commerce - real estate sector (11.37%) and the energy and utilities sector (7.50%).

The financial-banking sector further has the largest weight in the portfolio. The value of the investments in this sector, calculated as per ASF regulations, grew amid the rise of quotations on the trading markets.

SIF Banat-Crişana's assets under management have been within the allowed limits provided by ASF regulations throughout 2019. Details are presented in the *Risk management* chapter.

STOCK PORTFOLIO - sector breakdown



■ **banking - financial**
stakes in **15** companies worth **RON 1,250.87m**
(2018: RON 1,036.42m)

■ **commerce - real estate**
stakes in **13** companies worth **RON 240.75m**
(2018: RON 241.22m)

■ **energy - utilities**
stakes in **11** companies worth **RON 158.82m**
(2018: RON 128.47m)

■ **pharmaceuticals**
stakes in **2** companies worth **RON 138.64m**
(2018: RON 81.27m)

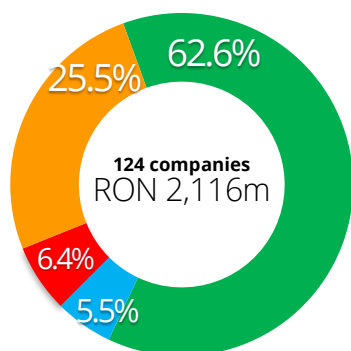
■ **cardboard and paper**
stakes in **5** companies worth **RON 120.03m**
(2018: RON 150.41m)

■ **hotels**
stakes in **4** companies worth **RON 95.39m**
(2018: RON 72.44m)

■ **other industries and activities**
stakes in **74** companies worth **RON 111.99m**
(2018: RON 114.14m)

Note: percentages in the chart represent the stake of the category in the stock portfolio as at December 31, 2019; values calculated pursuant to ASF Regulations no. 9/2014, no. 10/2015 and no. 2/2018

STOCK PORTFOLIO - breakdown on shareholdings



■ **up to 5%**
shareholdings **up to 5%** in **45** companies
worth **RON 1,324m** (2018: RON 1,079.88m)

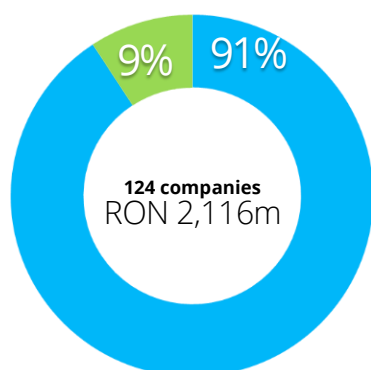
■ **5-33%**
shareholdings **between 5-33%** in **63** companies
worth **RON 115.95m** (2018: RON 213.97m)

■ **33-50%**
shareholdings **between 33-50%** in **3** companies
worth **RON 136.04m** (2018: RON 5.54m)

■ **above 50%**
majority stakes, above 50%, in **13** companies
worth **RON 540.46m** (2018: RON 524.96m)

Note: percentages in the chart represent the stake of the category in the stock portfolio as at December 31, 2019; values calculated pursuant to ASF Regulations no. 9/2014, no. 10/2015 and no. 2/2018

STOCK PORTFOLIO - breakdown on liquidity



■ listed companies

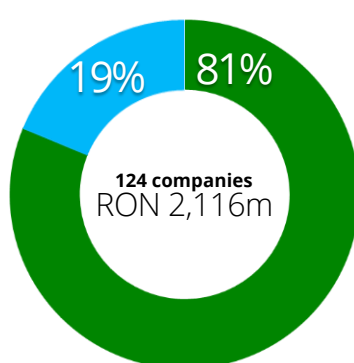
RON 1,922.45m (2018: RON 1,616.96m) value of holdings in **45** companies (2018: 47)

■ unlisted companies

RON 194.04m (2018: RON 207.39m) value of holdings in **79** companies (2018: 83)

Note: percentages in the chart represent the stake of the category in the stock portfolio as at December 31, 2019; values calculated pursuant to ASF Regulations no. 9/2014, no. 10/2015 and no. 2/2018

STOCK PORTFOLIO - breakdown by region



■ Romania

RON 1,719.30m (2018: RON 1,383.59m) value of holdings in **122** companies (2018: 128)

■ external markets

RON 397.19m (2018: RON 440.76m) value of holdings in **2** companies (2018: 2): Austria (1 company – Erste Bank), Cyprus (1 company – SIF Imobiliare)

Note: percentages in the chart represent the stake of the category in the stock portfolio as at December 31, 2019; values calculated pursuant to ASF Regulations no. 9/2014, no. 10/2015 and no. 2/2018

Stock portfolio management

As at 2019-year end, SIF Banat-Crişana was majority stakeholder (with a stake above 50%) in 13 companies, (2018:13) with an aggregate value of RON 540.46m, standing for 19.83% of NAV. The companies in which SIF Banat-Crişana holds majority stakes and control are classified as subsidiaries according to International Financial Reporting Standards. Information on the Company's subsidiaries is presented in Note 28 to the accompanying separate financial statements.

During 2019, SIF Banat-Crişana's management focused on streamlining administration of the majority holdings in order to ensure high financial returns, a competitive management and arranging the development programs.

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

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

In 2019 objectives of *increasing the stock portfolio quality* were pursued, by targeting companies with stable dividends and a high dividend yield, above the market average. At the same time, the reduction of the inert area with no yield of the portfolio was pursued, by selling some shareholdings (e.g. Minerva SA Bucharest, Mobicom SA Satu Mare, Nord Construcții SA Carei, etc.).

TOP 10 COMPANIES IN SIF BANAT-CRIȘANA PORTFOLIO as at December 31, 2019

Company (ticker)	Sector	SIF1 stake	Value of holding* [RON]	% of NAV
1 Banca Transilvania (TLV)	banking - financial	4.52%	611,481,505	22.44%
2 Erste Group Bank AG (EBS)	banking - financial	0.34%	231,768,330	8.51%
3 BRD Groupe Société Générale (BRD)	banking - financial	1.95%	215,669,472	7.91%
4 SIF Imobiliare Plc (SIFI)	real-estate	99.99%	165,419,466	6.07%
5 Biofarm București (BIO)	pharmaceuticals	36.75%	131,441,061	4.82%
6 Vrancart Adjud (VNC)	cardboard and paper	75.06%	120,034,488	4.40%
7 SIF Moldova (SIF2)	financial investments	5%	80,675,422	2.96%
8 SNGN Romgaz (SNG)	energy - utilities	0.41%	58,308,846	2.14%
9 CONPET (COTE)	energy - utilities	6.5%	44,794,104	1.64%
10 SIF Hoteluri (CAOR)	hospitality	98.99%	42,003,596	1.54%
TOTAL			1,701,596,292	62.44%

* calculated as at December 31, 2019, pursuant to ASF Reg. no 9/2014 and ASF Reg. no 10/2015

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

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

Following are presented the largest holdings in the stock portfolio:

1. BANCA TRANSILVANIA

Results for the Group (RONm)	2019p	2018	Δ
Net interest income	3,074	2,750	11.8%
Net fee and commission income	820	778	5.5%
Net trading income	411	252	62.8%
Other operating income	421	207	103%
Net banking income	4,615	3,945	17.0%
Operating expenses	2,191	2,034	7.7%
CoR	-293	-364	
Net Profit	1,848	1,261	+46.6%
ROE	21.1%	16.6%	
LDR	56.0%	62.1%	
NIM	3.65%	3.87%	
Cost/Income	47.5%	51.6%	

p = preliminary results submitted to Bucharest Stock Exchange

Banca Transilvania Group reported a preliminary net result for 2019 of RON 1.85bn, up 47% YoY, while the tax on bank assets was of RON 120m.

At operating level, only the increase in net interest income was a robust one (+11.8% at group level, and 8.4% at bank level) while fee and commission rose mildly +5.5% at level of group respectively +2.6% at bank level. Personnel expenses decreased by -2.5% YoY (group) and -7% (bank) and the net cost of risk had a negative impact of RON -293m (group) vs. -364m in 2018.

Net lending (at bank level) rose by 6.2% in 2019 while customer deposits up surged by 19%, pushing Loan-to-Deposit Ratio (LDR) to 51.9% vs. 58.1% in 2018, the net interest margin (NIM) further compressing to 3.45%.

Banca Transilvania, ticker TLV and ISIN ROTLVAACNOR1, is listed on BVB, being traded in the Main segment, Premium category.

2. ERSTE GROUP BANK AG

Results for the Group (EURm)	2019p	2018	Δ
NII	4,746.8	4,582.0	3.6%
Net fee and commission income	2,000.1	1,908.4	4.8%
Net trading income	293.8	193.7	51.7%
Operating result	2,972.7	2,734.6	8.7%
Operating income	7,255.9	6,915.6	4.9%
Operating expenses	-4,283.3	-4,181.1	2.4%
CoR	-39.2	59.3	
Net Profit (a.m.)	1,470.1	1,793.4	-18%
CET1	13.8%	13.5%	
ROE	10.0%	13.4%	
LDR	92.2%	91.8%	
NIM	2.18%	2.30%	
Cost/Income	59.0%	60.5%	
NPL	2.5%	3.2%	

p = preliminary results submitted to Bucharest Stock Exchange

As at December 31, 2019, SIF Banat-Crișana held a stake of 0.34% of Erste Bank's share capital.

Erste Bank reported a net profit of EUR 1,470m for 2019. -18% YoY, while recording a provision of EUR 153.3m in Romania for BCR Banca de Locuințe, as well as a goodwill devaluation in Slovakia of EUR 165m.

At operating level, net interest income rose YoY by 3.6% to EUR 4,746.8m and the cumulative impact of trading activity and recognition of financial instruments measured at fair value through profit and loss account was of EUR 293.8m, + 52% YoY.

The operating expenses had an inferior progress vs. the operating income, the Cost / Income ratio improving from 60.5% to 59%.

The level of NPL further decreased from 3.2% in 2018 to 2.5%, the coverage level being of 77% (vs. 73.4% YoY). The level of granted loans increased by 7.3% to EUR 160.3bn, and customer deposits reached EUR 173.8bn (+6.9%).

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

3. BRD - GROUPE SOCIÉTÉ GÉNÉRALE

Results for the Group (RONm)	2019p	2018	Δ
Net interest income	2,150	1,989	8.1%
Net fee and commission income	806	797	1.1%
Net trading income	274	290	-5.4%
Other operating income	3,270	3,115	5.0%
Net banking income	1,678	1,490	1.6%
CoR	+204	+230	
Net Profit (a.m.)	1,499	1,563	-4.1%
ROE	18.9%	20.8%	
LDR	68.4%	67.2%	
Cost/Income	46.8%	47.8%	
NPL	3.1%	4.6%	

p = preliminary results submitted to Bucharest Stock Exchange

As at December 31, 2019, SIF Banat-Crişana held 1.95% of BRD-Groupe Société Générale share capital.

The Group reported a net profit of RON 1.5bn for 2019 (2018: RON 1.56bn), -4% YoY, a positive (but declining) impact with the net cost of the risk (+ RON 204m vs +RON 236m in 2018) and a trend of normalization indicated by management, as well as an 5% yoy increase of net banking income (the annual growth rate of net interest income being of +8.1%) while the increase of the operating expenses was of 12.6%. Thus, the Cost / Income ratio shrank to 46.8% at the end of 2019.

ROE decreased from 21.5% in 2018 to 20.1% in 2019.

The management of the bank announced a proposal to distribute 75% of the net profit to shareholders, this meaning a gross dividend of RON 1.64 / share, standing at the same absolute unit value as in 2017 and 2018.

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

4. SIF IMOBILIARE

	2015*	2016*	2017*	2018*
Revenues [EURm]	12.35	10.38	7.85	7.52
Gross Profit [EURm]	8.61	4.47	4.59	10.03
Net Profit [EURm]	6.37	4.35	4.28	9.49

* consolidated financial statements

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

SIF Imobiliare Plc is listed on BVB since December 23, 2013, its securities are traded on AeRo exchange segment under the ticker SIFI (ISIN: CY0104062217). The independent auditor for SIF Imobiliare Plc is Evoserve Auditors Limited from Cyprus.

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

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

In February 2019, SIFI Plc reported on the market the sale of the stake in SIFI TM Agro and the claims held against it, the transaction being finalized, and the value of the contract fully paid at the end of April 2019. SIF Imobiliare Plc invested in SIFI TM Agro a contribution to the share capital in the amount of RON 45,000 (equivalent of EUR 10,854 at the date of contribution) and granted loans, totalling with the interests related to the balance at the date of the transaction, the amount of EUR 9,603,026, and collected from the transaction the amount of EUR 15,603,026, resulting a gain of EUR 5,989,146, respectively 62.30%.

5. BIOFARM

	2017	2018	2019p*
Turnover [RONm]	170.2	184.2	202.8
Operating Profit [RONm]	43	47.2	60.8
Net Profit [RONm]	36	38.4	50.8
Dividends [RONm]	18.7	9.8	

* preliminary results; source: Company reports submitted to BVB

As at December 31, 2018, SIF Banat-Crișana holds 362,096,587 BIO shares, a stake of 36.75% of Biofarm's share capital.

Having a history of 97 years on the Romanian pharmaceutical industry, Biofarm has a portfolio of over 200 products, covering 60 therapeutic areas.

In 2019 the Company continued its sustained growth; the turnover rose +10%, and net profit up surged +32.2%.

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

6. VRANCART

	2017*	2018*	2019p*
Turnover [RONm]	325.0	355.4	357.9
Operating Profit [RONm]	30.1	23.5	31.5
Net Profit [RONm]	25.4	16.8	24.3
Dividends [RONm]	11.3	9.8	

* consolidated results; source: Company reports submitted to BVB, preliminary for 2019

SIF Banat-Crișana held 75.06% of the share capital of Vrancart S.A. Adjud as at December 31, 2019. The Vrancart group also includes Rom Paper SRL Brașov (100%).

The main activity of Vrancart is the production and sale of papers to produce corrugated cardboard in various assortments, corrugated cardboard, packages made of corrugated cardboard (boxes) of various sizes, embossed and printed, toilet and various hygienic-sanitary papers.

The operating profit for the period amounts to RON 31.7m, an increase of 34% vs. the previous year. The net profit of RON 24.3m represents an 46.4% upsurge as compared to 2018.

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

7. SIF MOLDOVA

	2017	2018	2019p
Net Profit [RONm]	164.7	50.1	127.4
Dividends [RONm]	49.8	30.2	

* preliminary results; source: Company reports submitted to BVB

As at December 31, 2019 SIF Banat-Crișana held 5% of SIF Moldova's share capital.

SIF Moldova is a closed-end financial investment company established pursuant to Law 133/1996.

SIF Moldova recorded a net profit of RON 127.4m at 2019-year end, 2.5 times higher than the previous year. The significant upsurge in profit was mainly due to the net gain in financial assets at fair value through profit or loss recorded in 2019, and to a lesser extent, the increase in dividend and interest income.

SIF Moldova, ticker SIF2, ISIN: ROSIFBACNOR0, is listed on BVB since November 1, 1999, traded currently in Main segment, Premium category, and part of local indices BET-XT-TR, BET-BK, BET-XT, BET-FI.

8. SNGN ROMGAZ

	2017	2018	2019p*
Turnover [RONm]	4,585.2	5,004.2	5,080.5
Operating Profit [RONm]	2,115.9	1,531.9	1,646.9
Net Profit [RONm]	1,802.2	1,366.2	1,428.3
Dividends [RONm]	2,640.1	1,607.2	

* preliminary results; source: Company reports submitted to BVB

As at December 31, 2019, SIF Banat-Crişana held a stake of 0.41% of SNGN Romgaz share capital.

Main business segments of Romgaz are: exploration, production and supply of natural gas, underground storage of natural gas, and electricity production.

Natural gas production in 2019 was of 5,276.9m cbm, 56.4m cbm inferior to the production of 2018 (-1.06%) and 1.37% below the budgeted amount.

Turnover of RON 5.08bn is 1.52% higher than in 2018 (RON 5.00bn). Net profit is up 4.55% from RON 1.37bn in 2018 to RON 1.43bn in 2019.

Company's majority shareholder is Romanian State, through the Ministry of Energy, with a holding of 70%, the average liquidity of SNG shares on BVB goes above RON 3.8m daily.

SNGN Romgaz S.A., ticker SNG, ISIN: ROSNGNACNOR3, is listed on BVB since November 12, 2013, traded in the Main segment, Premium category.

9. CONPET

	2017	2018	2019p*
Turnover [RONm]	376.7	385.1	407.8
Operating Profit [RONm]	83.1	66.2	61.4
Net Profit [RONm]	74.4	60.7	57.5
Dividends [RONm]	69.6	64.7	

* preliminary results submitted to BVB

SIF Banat-Crişana held a stake of 6.50% of CONPET share capital, as at December 31, 2019.

Conpet SA (COTE) is the national carrier of crude oil and its derivatives through pipelines and railways. With 1,600 employees, the company operates a network of over 3,800 km of pipeline under a concession agreement with ANRM, authority which sets the transport tariffs for both the country subsystem and the import subsystem. The last tariff update was operated in December 2019.

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

CONPET SA is listed on the BVB, currently trading on the Principal segment, Premium category, having COTE as market symbol, ISIN: ROCOTEACNOR7, an is part of local indices BETPlus, BET-XT-TR, BET-BK, BET-TR, BET, BET-XT, BET-NG.

10. SIF HOTELURI

	2017	2018	2019p*
Turnover [RONm]	22.8	20.7	22.6
Operating Profit [RONm]	-0.2	-0.9	0.6
Net Profit [RONm]	-1.1	-2.2	1.5
EBITDA [RONm]	4.883	4.032	5.529

*source: Company reports submitted to BVB – preliminary results

SIF Banat-Crişana owns a stake of 98.99% of the share capital of SIF Hoteluri.

The company SIF Hoteluri is listed on BVB with the ticker CAOR.

SIF Hoteluri resulted from the change of Calipso's company name and a merger by absorption of the other five companies, majority held, with activity in hospitality, taking their entire assets.

The merger operation aimed at creating an integrated management system that would improve the financial performance of the absorbed businesses and create value for shareholders. Thus, the business opportunities of the company were re-analyzed, in order to improve the performances, being reviewed the operational processes at the level of the work points and establishing a rigorous control of the costs and of the operational profit.

The most important asset of the Company's portfolio is DoubleTree by Hilton hotel in Oradea providing tourist services at the highest level. In August 2016, the hotel has been reclassified to 4-stars in the light of the new business strategy and the higher potential on this market segment, and the expected results began to confirm starting 2016 (revenues over RON 12m and increase of occupancy rate to 57% (2015: 49%). Further on, the effects of the reclassification were obvious: in 2017, an occupancy rate of 59.56% (revenues above RON 13m), in 2018 an occupancy rate of 65.8% (revenues of RON 14.9m), and in 2019 an occupancy rate of over 70% (revenues above RON 18m).

Workout portfolio

In the internal structure of holdings management, the workout portfolio consists of companies undergoing various stages during the procedure of judicial liquidation, insolvency or those inactive, and those likely to enter the insolvency proceedings.

As at December 31, 2019 the number of companies in the workout portfolio was of 61 (2018: 63).

Most of these companies originate from the earlier portfolio taken from FPP1 when SIF Banat-Crișana was established, and they are not the result of portfolio investment decisions.

During the year 2019 there were no new companies recorded in the workout portfolio.

As for the company ARIO Bistrița, the bankruptcy proceedings continued during 2019, following the verdict of the bankruptcy judge, and the judicial reorganization initiated in 2009.

At the end of 2019, 56 companies in the portfolio were still in bankruptcy / insolvency / dissolution proceedings. All these companies are reflected in the calculated value of the portfolio at zero.

The Company monitors the progress of these companies in the workout portfolio, without allocating significant resources. The main activities concerning these companies are: (i) monitoring and recording important events occurring in their situation; (ii) exercising shareholder's duties, monitoring the legality and expediency of the decisions of their governing bodies; (iii) choosing the appropriate legal means to protect the interests of the Company as a result of possible unlawful OGM decisions; (iv) preparing and submitting declarations of debt / other legal papers that need to be prepared; (v) periodically checking of the files for insolvency in Insolvency Bulletin and Courts' Portal and Trade Register website; (vi) the removal of records when companies are de-registered.

Purchases and sales of financial assets in 2019

During 2019 the following acquisitions of financial assets were carried-out:

- on the domestic markets in a total amount of RON 49.6m, of which RON 44.4m investments associated entities (Biofarm) and RON 5.2m purchases of securities recorded at fair value through other comprehensive income;
- direct investments amounting to RON 1.44m million in the share capital increase in companies in the portfolio (Electrica, CCP.RO – newly established);
- shares acquired free of charge as a result of the share capital increase by the incorporation of reserves by Banca Transilvania (18.11m shares);
- fund units, in total amount of RON 8.5m.
- corporate bonds, in the total amount of RON 113.1m (equivalent of EUR 24m)

Disposals financial assets during 2019 include:

- sales of shares listed on the domestic markets totalling RON 2.41m, with a gain of RON 0.79m;
- sales of shares unlisted on domestic markets totalling RON 11.03m, with a gain of RON 3.72m;
- sales of shares listed on foreign markets totalling RON 93.9m, with a gain of RON 50.22m;
- value of the securities written-off the portfolio following the liquidation of companies amounting to RON 1.36m (net book value adjusted to zero in the previous years);
- the repurchased value of the fund units from in closed-end investment funds amounting to RON 20.67m, with a loss of RON 0.79m;
- early redemption of fund units issued by SIFI BH Retail and purchased by the Company in January 2019, with a value collected at the redemption of RON 60.96m (the equivalent of EUR 12m – at nominal value)

Risk Management

SIF Banat-Crișana acknowledges its exposure to financial and operational risks resulting from daily activities, and the achievement of its strategic objectives. In this context, SIF Banat-Crișana's policy on significant risk management provides the framework for identifying, evaluating, monitoring and controlling these risks, providing a robust assurance of achieving company's objectives, aiming at a constant balance between the risk and the expected profit for the shareholders' benefit.

The efficient management of potential risks is considered by the Company to be of the utmost importance in the pursuit of its strategic objectives and to provide shareholders with sustainable benefits.

By the nature of its business, the Company is exposed to various types of risks associated with the financial instruments and the markets it is exposed to, as well as certain operational risks, which may materialize in the loss of capital or low investment performance in relation to the risks assumed.

In close link with the complexity of the activities carried out and the objectives set for the asset portfolio management, the Company assesses the applicability and closely monitors the significant risks identified, their relevance (significance) and the quantification potential to a reasonable extent.

Risk management aims to maximize the Company's profit related to the level of risk it is exposed to. The company uses a variety of policies and procedures for managing and valuating the types of risk to which it is exposed.

1. Risk profile

The risk profile represents the totality of risks that the Company is expected to be exposed to depending on the strategic objectives and the stated risk appetite. The risk profile has the role of determining the size of each significant risk and the overall risk level, based on relevant, qualitative and quantitative indicators. It is assessed annually and monitored in relation to the objectives concerning the level of risk set.

From the aggregation of the significant risks identified, it results the assessment of **Company's overall risk at an AVERAGE level.**

The risk management policy is based on a system of limits used for monitoring and controlling significant risks according to the approved risk profile and the investment strategy.

Depending on the evolution of the risk profile in relation to the approved limits and the temporal extent of a particular development (e.g. the period in which the risk exceeds a certain level), the Company may command measures to correct or control the risk factors.

2. The main risks the company is exposed to

The most significant financial risks the Company is exposed to are market risk, credit risk of the counterparty and liquidity risk. Company's exposure to each of the above-mentioned risks is presented in *Note 4 of the Financial Statements*.

a) Market risk

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

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

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

From the Company's point of view, there are **four major types of market risk: price / position risk, interest rate risk, currency risk and concentration risk.**

Price risk represents the risk that volatility of market prices, such as stock prices, interest rates and foreign exchange rates will adversely impact the Company's revenues and the value of the portfolio of financial instruments and shareholdings of the Company.

The Company is exposed to the risk that the fair value of the financial instruments held may fluctuate as a result of changes in market prices caused either by factors specific to the issuer's activity or by factors with impact on all instruments traded on the market.

Company's management monitors the manner of carrying-out the market risk management, and the internal procedures provide that, when price risks are not consistent with the investment policy and Company's principles or risk profile, a prudent rebalancing of the portfolio should be undertaken.

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

For the financial instruments bearing interest rate, the interest rate risk consists of the *risk of fluctuation* recorded in the value of a certain financial instrument due to *changes in interest rates* and the *risk of differences between maturity of financial assets bearing interest and the interest-bearing liabilities* (risk of "mismatch").

Regarding Company's financial instruments bearing interest, the policy is to invest in financial instruments generally on short-term, thus partially reducing both the risk of fluctuation and the risk of differences in maturity (the Company having no debt maturing over 1 year).

Only a small fraction of Company's total assets (3.78%) is placed in instruments bearing interest (corporate bonds), of which a weight of 1,55% of total assets are traded bonds, whose interest rates is unlikely to vary significantly. Thus, the Company is subject to a limited exposure on fair value rate risk or future cash flows due to fluctuations in the prevailing levels of market interest rates.

The Company does not use derivative financial instruments to protect against fluctuations of interest rate.

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 conducts transactions which are denominated in currencies other than its functional currency, thus being exposed to risks that the exchange rate of the national currency in relation to another currency to adversely affect the fair value or future cash flows for the portion of those financial assets and liabilities denominated in other currencies.

The company conducted transaction during 2019 in both the Romanian currency (Leu) and in foreign currency (Euro), the Romanian currency has fluctuated compared to foreign currencies, but volatility was in the expected parameters, with no significant impact on the portfolio value (impact of a potential decline of EUR RON exchange rate estimated to 0.2% of total assets as at December 2019).

The Company has not entered into any transaction with derivatives on the exchange rate during the financial year presented.

Concentration risk is the vulnerability given by the existence of exposures on entities that have common or similar features and concerns all of the assets held by the Company, regardless of the

period of ownership, and by diminishing this type of risk, it is intended to avoid a too large exposure, hence too risky from the point of view of concentration, on a single debtor / issuer at Company's level.

Company's policy of diversifying exposures is applied to the portfolio structure, to the business structure as well as the structure of financial risks exposure. This diversifying policy implies diversifying the portfolio by avoiding excessive exposures on a single debtor, issuer, country or geographical area; diversifying business structure implies avoiding at Company's level the excessive exposure on a specific type of business/sector; diversifying the structure of financial risks intends avoiding excessive exposure on a certain type of financial risk.

By the specificity and the past of the portfolio, the largest exposure is in the banking sector, the issuers in the banking sector and the financial instruments issued (equity instruments, deposits and debt instruments) have a weight of 38.9% in the total assets as at December 31, 2019. Banks are most exposed to systemic and contagion risk in crisis situations, a positive characteristic of these shareholdings is the liquidity of the investment.

b) Credit risk

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

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

The Company is exposed to credit and counterparty risk due to the investments in corporate bonds, of current accounts and bank deposits and other receivables.

Cash held by the company, that is not invested in the companies in the portfolio or in govt. bonds, can be placed in short-term bank deposits. The credit risk is also reduced by placing the liquidities of the company in several banks.

The credit risk management is performed by closely and constantly monitoring the exposure to credit risk so as the Company does not to suffer losses due to credit concentration in a particular sector or industry.

The Company does not carry out transactions with a counterparty without assessing its creditworthiness and without taking due account of the counterparty risk arose before and at the time of settlement. The creditworthiness of each counterparty of a transaction is assessed at the level of the compartments that substantiate the investment / divestment proposals.

The Company does not intend to perform transactions with derivative financial instruments.

c) Liquidity risk

The Company carefully keeps a level of liquidity appropriate to its underlying obligations, based on an assessment of relative liquidity of the assets on the market, taking careful account of the time needed for the liquidation and the price or value those assets can be liquidated, and their sensitivity to market risks or other market factors.

In the risk management activity, there are performed distinct analyses of the liquidity risk of the portfolio of financial instruments and the liquidity risk related to the Company's payment obligations.

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

The liquidity risk related to the payment duties of the Company is very low, the current liabilities can be covered immediately by the balance of the current accounts and the short terms deposits.

Liquidity risk for the portfolio of financial instruments is the risk resulting from the absence of the marketable nature of an investment, so it cannot be bought or sold quickly enough so that a loss is minimized.

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

The Company has implemented a procedure that establishes appropriate measures for determining liquidity risk for the assessment of quantitative and qualitative risks for the planned positions and investments that have a significant impact on the liquidity profile of the portfolio of assets, to allow the proper measurement of the effects on the global liquidity profile.

To mitigate / avoid liquidity risk, the management structure, the Company shall always embrace a prudential policy on cash outflows.

d) Operational risk

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

Company's objective to manage operational risk in such way that limits the financial loss, to avoid damages to its reputation, and to achieve that the investment objective of generating returns for investors was fully met during the entire year. The key responsibility for the implementation and development of control over operational risk lies with the Person in charge of Risk Management. This responsibility is supported by the development of general procedures for operational risk management, having as objective the process control at service providers and service engagements with service providers, avoiding the implementation of procedures restricting initiative and creativity.

Throughout 2019 there were no special circumstances of the operational risk nature, all the exposed situations were alleviated as soon as possible without being required to be registered in the Operational Risk Register.

e) Other risks the Company is exposed to

Reputational risk – is the current or future risk of an adverse outcome for earnings and capital caused by the unfavourable perception of the customers, counterparties, shareholders, investors or supervisory authority concerning a Company.

From the perspective of risk management, reputational risk can be divided into two main classes: (i) the belief that the Company can and will fulfil its promises to counterparties and creditors; (ii) the belief that the Company conducts its business fairly and complies with ethical practices.

According to the internal assessment methodology, the strategic risk is considered medium-low for the Company.

The strategic risk represents the current or future risk of negatively impacting the profits and the asset value of the entity's portfolio managed by the Company, arising from the implementation of inadequate management decisions, from the improper implementation of management decisions or from the lack of reaction to the changes in the business environment. The strategic risk is uncontrollable and non-quantifiable.

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

The Company's policy regarding strategic risk refers to the establishment of long-term rational strategic objectives, the management structure will permanently embrace a prudent policy for limiting / avoiding strategic risk and will continuously monitor the market progress in relation to the budgeted operations.

Systemic and contagion risk

Macroeconomic influences can affect the business of the companies in SIF Banat-Crişana's portfolio and implicitly on the investment / disinvestment activity.

The aggregate level of systemic risks to the financial stability in Romania is rising, similar to worldwide developments, and the outlook for the coming years indicates that this trend will continue.

The present assessments do not indicate the existence of serious risks. However, three high systemic risks are identified: (i) tightening of internal macroeconomic equilibria, (ii) reducing investor confidence in emerging economies, and (iii) risk regarding the uncertain and unpredictable legislative framework in the financial-banking field.

The structure and cost of financing the current account deficit and the budget deficit represent a moderate risk, while the risk of non-repayment of loans contracted by the non-governmental sector is at a low level.

For the next period, the risk outlook is generally rising.

Regulatory risk is the risk of loss due to the non-application or defective application of legal and / or contractual provisions and / or due to inappropriate or inadequate regulatory framework.

SIF Banat-Crişana must comply with a wide range of laws and regulations - imposed or sector-specific regulations.

The regulatory risk is uncontrollable and unquantifiable by the fact that the trigger event cannot be predicted, nor its impact level. The impact may be on reducing the attractiveness of a certain type of investment, the sudden reduction of exposure on strategic issuers, the significant increase in the cost of activity, etc. From a qualitative point of view, mitigating the regulatory risk will be achieved by adapting the policies, rules and procedures to the changes that have occurred and by reducing or increasing the level of activities where appropriate.

While compliance risk can be monitored and recognized, legal risks are sometimes difficult to predict. Conformity risks are considered as part of the risk management framework. The nature of these compliance risks is communicated and understood at all levels of the Company. The compliance function monitors all aspects of compliance with the legal and regulatory requirements and regularly reports to directors, if necessary, in co-operation with the risk management function.

Taxation risk - the interpretation of the texts and the practical implementation of the procedures of the new applicable tax regulations harmonized with European legislation could vary from one entity to another and there is a risk that in certain situations tax authorities will adopt a different position from that of the Company.

The company is subject to EU regulations and applies the changes brought about by the European legislation.

Economic environment risk represents the current or future risk of negative impact on profits and capital as a result of unfavourable developments of the main macroeconomic variables or of any variables that are targets of the country's economic policy.

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

Risk avoidance and mitigation are provided by the Company through an investment policy which complies with the prudential rules imposed by the laws and regulations in force.

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

3. Market risk of the benchmark portfolio

The analysis of performance and market risk covers the issuers held by SIF Banat-Crişana in the category "Securities admitted or traded on a regulated market in Romania and a Member State" as per the Statement of assets and liabilities, in particular the issuers listed on the Regular market at Bucharest Stock Exchange, and Erste Bank, listed also on the stock exchange market in Vienna.

The benchmark index chosen was BET-BK, of *benchmark* type, also used by the investment funds operating in Romania. The difference to BET-XT, the nearest index as a structure, is the inclusion of foreign listed companies on BVB/BSE and a liquidity factor.

To measure the market risk for the stock (equity or shares) portfolios it is used the "Bloomberg Risk Model (Regional)" complex, multifactorial and integrated, providing both performance analysis and portfolio risk analysis and testing the probable development of portfolio in extreme market conditions. The method used to monitor market risk is Monte Carlo for a 99% confidence level and a 1-month time horizon, VaR (99%, 1 month).

Value-at-Risk (*VaR*) is an effective method for calculating the maximum possible loss expected within a given timeframe under normal market conditions, at a certain confidence interval. VaR has a broad applicability in several financial areas, but its usefulness is fully reflected in portfolio management.

The overall risk of the PROXI-85 portfolio is estimated against the overall risk of BET-BK as a forecast for future volatility. *Outlook* is performed on a time horizon of 1 year (250 days of trading). This comparison helps in understanding the future impact on the overall risk of some factors selected by the model, and the comparison with the *benchmark* helps in making portfolio corrections, where necessary.

The progress of VaR indicator for the PROXI-85 portfolio, presented to inform the Board of Directors as an integral part of the quarterly risk reports, is directly influenced by the progress of the Romanian Stock Exchange (BVB).

As at December 31, 2019, VaR for the PROXI-85 portfolio was of 5.62% of the market value of RON 1,734 m.

VaR as a percentage of the exposure of the PROXI-85 portfolio rose in the first months of 2019 to a maximum of 6.47% (a minimum market value of RON 1,252 m). Since September, with the revival of quotes at BVB and the announcement of FTSE Russell promoting Romania in the Emerging Market status up from the Border Market, the market value of the PROXI-85 reference portfolio rises to a maximum of RON 1,734m while the related risk decreases to 5.62%, indicating a healthy risk-return relationship based on the optimism provided by the investors at BVB.

Testing the VaR model was done by comparing the potential revenues of the PROXI-85 portfolio with the potential revenues estimated by the model. Deviations must be within the confidence level. A level of confidence higher than 99% means that we expect to see a deviation only once every 100 days, or approximately 2.5 times a year.

In 2019, only one deviation was noted, on January 14, 2019, VaR calculated by the model indicated a value of the estimated loss of RON 71.26 m, while the MTM of the portfolio for that date indicated a potential loss of RON 71.73 m.

Thus, it is ascertained that the VaR model applied is efficient and adapted to the analysed portfolio.

Another fundamental measure for managing market risk is sensitivity analysis. It measures the loss or gain earned as a result of a change in a market factor.

The sensitivity analysis utilized to measure market risk considers the identification of the factors that have the greatest influence on the value of the assets under management.

With the authorization by the ASF of SIF Banat-Crișana as an AIFM, arises the requirement to report to the competent authorities according to art. 110 of Regulation (EU) No. 231/2013. The purpose of this regulation is to provide a coherent framework in all EU Member States for all market operators. The extensive requirements that the AIFM must comply with are designed to ensure that fund managers can manage AIF across borders. According to this article, the periodicity with which the Company must report the information contained in Annex IV of the Regulation is half-yearly. For the year 2019, two reports were submitted with the reference date June 30, 2019 and December 31, 2019 respectively.

At December 31, 2019, the value of equity instruments such as listed and traded shares, according to the Detailed statement assets and liabilities, amounted to RON 1,992 m (70.33% of total assets). A change of $\pm 1\%$ in the price of these shares causes a total asset change of \pm RON 17,369,999.

The sensitivity of the asset to foreign currency risk asset was calculated for issuers of shares denominated in EURO and current accounts in EURO, USD and GBP, the value of these instruments as at December 31, 2019 was of RON 492.72 m (18.02% of total assets). A change of $\pm 1\%$ in the exchange rates causes a total asset change of \pm RON 4,927,192.

The sensitivity of the total asset to one-point base interest rate variation on the bond yield the Company has exposure on, has been calculated for maturity range < 5 years. Thus, at a total value of the bonds held as at December 31, 2019 of RON 103.27 m (3.78% of the total assets), a change of $\pm 0.01\%$ of the yield may change the exposure on bonds with a maturity < 5 years in the sense inversely with RON 17,923.18.

4. The risk of exceeding the legal thresholds on ownership

Compliance with the holding limits regulated by the supervisory authority for AOPC with a diversified investment policy in accordance with the provisions of Art. 188 of CNVM Regulation no. 15/2004 is one of the main lines of action for managing and controlling the risk associated with the asset portfolio.

The analysis of the compliance with the holding limits is performed both monthly with the approval of the net asset calculation reports, as well as part of the pre-investment verification procedure. In accordance with SIF Banat-Crișana's investment risk management policy, the portfolios were it was pursued the compliance of the portfolio with the limits of ownership provided by Law no. 24/2017, art. 90 (1) regarding cumulative investments, CNVM Regulation no. 15/2004 and Law no. 297/2004 art. 286¹.

4.1 During 2019, no legal prudential limit set by the CNVM Regulation no. 15/2004 has been exceeded, detailed below.

Exposure to securities and money market instruments not admitted to trading limited to 20% of total assets

As of 31.12.2019 in the category of securities and money market instruments not admitted to trading are included holdings in issuers whose shares are not listed and unlisted corporate bonds, the total amount being of RON 255,054,135, with a weight in the total assets of 9,33%.

Exposure on a single issuer limited to 10% of total assets

The 10% limit may be increased up to a maximum of 40% provided that the total value of securities and money market instruments held by the Company in each of the issuers in which it holds more than 40% does not exceed in any case 80% the value of its assets.

The investments in shares issued by Banca Transilvania amount to RON 611,481,505, with a weight of 22.37% of the total assets as at December 31, 2019.

Following the calculation of Net Asset Value for April 2019, the prudential legal limit of 10% for the issuer SIF Imobiliare (SIFI) was ascertained.

The two issuers with an individual weight of over 10% of the assets for April 2019 were Banca Transilvania (TLV) and SIF Imobiliare (SIFI), but they did not exceed the limit of 40% each, the total value of the cumulative ownership being of 45.71% of TA (with 80% limit).

This change came from the valuation of the SIF Imobiliare SA (SIFI) shares at the market price and not at the book value (as there was a single trade during the previous 6 months with 3 shares at the all-time high price of RON 220 / share).

At the date of acknowledgement of this exceeding of the investment limit (May 16, 2019), the Risk Management Office issued an alert explaining the situation and the proposed measures to control (avoid) these volatilities.

The management of the Company requested ASF a derogation from the evaluation method according to the ASF Regulation no. 9/2014, but the response of the authority was negative.

SIF Banat-Crișana's holdings in Banca Transilvania shares are the only exposures exceeding 10% of the total assets as at December 31, 2019 and are within the increased legal limits of ownership up to 40% of total assets value.

Exposure on financial instruments issued by entities belonging to the same group limited to 50% of total assets

SIF Banat-Crișana monitored throughout 2019 the exposure on the groups defined by art. 2 par. (1) point 9 of the Law no. 297/2004, the state at December 31, 2019 is as follows:

- BANCA TRANSILVANIA Group – holdings in shares and bonds issued by Banca Transilvania, and shares issued by BT Asset Management have a weight of 22.75% in the total assets of the Company;
- Vrancart Group - holdings in shares and bonds issued by Vrancart SA Adjud have a weight of 6.17% in the total assets of the Company;
- The Erste Group - holding of shares issued by Erste Group Bank AG and 1 (one) residual BCR share have a weight of 8.48% in the total assets of the Company;
- SIFI Group - holdings in shares issued by SIF Imobiliare SA, Administrare Imobiliare SA and Uniteh SA, as well as bonds issued by SIFI BH Retail have a weight of 8.07% in the total assets of the Company.

Exposure to a counterparty risk in a transaction with derivatives traded outside the regulated markets limited to 20% of total assets

Throughout 2019, SIF Banat-Crișana has not held in its portfolio such financial instruments.

Value of current bank accounts and cash available limited to 10% of total assets

Throughout 2019, the value of accounts and cash stood between a minimum of 1.12% in April and a maximum of 2.98% in May, complying with the limit of 10% of the total assets.

Exposure on a single bank, bank accounts limited to 30% of total assets

As at December 31, 2019, the highest amount held in deposits with one bank represented 1.99% of total assets, amounting to RON 54.486.196 (Banca Transilvania), the maximum was reached in July, with a weight of 3.86%.

Overall exposure to derivative financial instruments may not exceed the value of total assets

Throughout 2019, SIF Banat-Crișana has not held in its portfolio derivative financial instruments.

Exposure on securities of other collective investment undertakings limited to 50% of total assets

As at December 31, 2019, SIF Banat-Crișana held titles and securities of non-UCITS amounting to RON 510,677,620, representing 18.68% of total assets.

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

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

Depozitarul Central was reauthorized based on the aforementioned EU regulation.

As of 31.12.2019 SIF Banat-Crișana holds 9,878,329 shares issued by Depozitarul Central, having a weight of 3.9057% of the share capital of the issuer.

4.3 SIF Banat-Crișana may not hold more than 5% of the share capital of a financial investment company (Article 286¹ of Updated Law 297/2004, provision in force on 31.12.2019)

SIF Banat-Crișana's investments in securities issued by other SIFs as at 31.12.2019 are the following:

Issuer	No. of shares held	Weight in the share capital of the issuer [%]
SIF Moldova	50,108,958	5.0000
SIF Muntenia	40,123,500	4.9717
SIF Oltenia	11,608,287	2.0009

According to the letter b) par. (1) in art. 81 of Law no. 243 of December 20, 2019 (AIF Law), art. 286¹ of Capital Market Law no. 297/2004 is repealed with effect from July 23, 2020.

Throughout 2019, SIF Banat-Crișana's portfolio of assets complied with the legal provisions in force regarding the holding limits stated by Law 24/2017, Law 297/2004 and CNVM Regulation no. 15/2004.

5. Leverage

Leverage (effect) means any method by which the Company increases the exposure of the portfolio it manages either by lending of cash or securities, or through derivative financial instruments, or by any other means. Leverage is expressed as the ratio between the overall exposure of the financial instruments portfolio (calculated both using the gross method and the liability method) and the net asset value.

The leverage calculated according to the AIFM requirements as at December 31, 2019 through the gross method is 97.04% (excluding cash and cash equivalents according to the requirements of the AIFM regulations) and the 100% commitment method.

The Company does not actively use the leverage in the portfolio management process, respectively does not use methods for increasing portfolio exposure.

During 2019, SIF Banat-Crişana did not use financing operations through financial instruments (SFTs) and total return swap instruments as defined by EU Regulation 2365/2015.

6. Liquidity profile of the assets under management

In order to determine the quantitative and qualitative limits of the liquidity risk for the asset portfolio, the Company considers:

- separating holdings of the portfolio of financial assets in highly liquid assets, assets with limited liquidity and illiquid assets;
- the assessment of the liquidity of the financial instruments according to the following criteria: (i) the size of the stake in relation to the average daily volume recorded on the main market within a relevant time horizon and the depth of the market, (ii) the existence of potential liquidity providers, market type (regulated market, ATS, OTC) and (iii) the possibility of performing hedging operations;
- the correlation between the holding horizon of the financial instrument, and the estimated duration of liquidation of the entire stake held.

Each investment is attributable to a single liquidity period and this allocation is based on the shortest period in which a position could reasonably be liquidated at its book value or value close to it.

The liquidity profile of the stock portfolio is strongly influenced by the liquidity of the market on which they are listed, only 16 portfolio companies listed on the BSE meet the liquidity criterion for daily transactions.

7. Crisis simulations

During November 1 - 20, 2019, the Risk Management Department conducted the crisis simulation, the methodology of which was approved by the Board of Directors on October 28, 2019, with a reference date of September 30, 2019.

The methodology was based on the forecasts of the European Systemic Risk Board concerning risks and vulnerabilities of the non-banking financial sector. One of the main worries concerns the risk that the funds will be forced to sell assets in a stressed environment, further depressing the valuation of the assets and transmitting stress to other institutions with negative impact risk.

Some non-banking financial institutions remain vulnerable to risk reduction with possible external effects to the financing conditions of other financial sectors and the real economy.

Potential risks and vulnerabilities in the EU non-banking financial system identified by the ESRB are the following:

1. the risk taking, the liquidity risk and the risks associated with the leverage effect between certain types of investment funds and other non-banking financial institutions,
2. the interconnection and risk of contagion between sectors and within the non-banking financial system, including internal and cross-border links,
3. activities related to risks - pro-cyclicality, leverage and liquidity risk - created by using derivatives and operations with financing securities,
4. the gaps left in risk data and values prevent a more comprehensive risk assessment and further activity is needed to improve risk assessments, by developing models that measure liquidity, leverage and interconnection.

The types of risks covered by the stress test are: (i) the market risk through its components the risk of declining prices (shares and fund units issued by AIF), the risk of rising interest rates and the risk of declining exchange rate; (ii) credit / counterparty risk; (iii) the liquidity risk.

There were two scenarios for shocks applied to each risk factor:

- **Scenario I** had as benchmark the shocks taken from the ASF Methodology regarding the stress test for the investment funds, the magnitude of the shocks was applied to the stress factors and to the previous simulation carried out in 2018 (the scenario under extreme market conditions);
- For **Scenario II**, the level of shocks had as benchmark the evolution of the market in the last year (the scenario under normal market conditions). For the risk of declining stock prices and fund units, the magnitude of the shocks was based on the volatility of the BET-XT index (19% annually) and STOXX600 respectively (13% annually) and for the depreciation of the exchange rate the shock magnitude was based on the volatility of EURRON quotation (1.82% annually).

The stress factors, the scenario used, the level of the related shocks and the impact on the total value of the assets under management as at the reference date of September 30, 2019 are:

Stress factor	Scenario	The shock applied	Impact % of total assets
1. The risk of declining stock prices	Decline of selected indices as a benchmark for the local market and external markets (in %) compared to the reference value	S1: BET-XT: -35% STOXX600: -30%	48.82%
		S2: BET-XT: -19% STOXX600: -13%	26.47%
2. The risk of rising interest rates	For bonds denominated in RON and other currencies: the hypothetical rising change in the interest rate <i>at par</i> (pp).	- bonds denominated in RON: +2% (200 bps). - Bonds denominated in other currencies than RON: +1,5% (150 bps).	2.88%
3. Foreign currency risk	Decreases in the exchange rate of other currencies in which the financial instruments held against the RON are denominated compared to the reference date (in %).	S1: -10%	1.81%
		S2: -1.82%	0.33%
4. Credit / Counterparty risk	Simultaneous inability to pay of the largest 3 counterparties in terms of net exposures at the reference date. The values of losses related to these shocks are determined according to the rating classes of the counterparties	LGD values based on rating class	2.77%
5. Liquidity risk	Liquidity deficit of assets and atypical liquidity requirements	- decrease of price of the shares to the level calculated for S1 and SII at the stress of the market risk concurrently with - decrease in trading volumes by 5%, 10% and 20% respectively.	* it can be covered an atypical liquidity need of at least RON 180.35 m for the next 30 days.

The impact of each of the five individual factors on each of the financial instruments in the portfolio was calculated and then these effects were summed to determine the cumulative impact of a factor on the total assets.

The results of the simulation of the crisis in exceptional liquidity situations, adapted to the specific activity of the company (without repurchase obligations), show that the financial instruments that provide immediate and reserve liquidity can cover an atypical liquidity need of at least

RON 180,35 m on short term (requests for the full distribution of the profit as dividends to shareholders, the fulfilment of the two buyback programs approved by shareholders in 2019) even in extreme conditions of market prices of the assets that provide the reserve liquidity, without that the activity of the company being disturbed.

The methodology used, detailing the scenarios tested, as well as the results obtained as a result of the annual stress test, were presented to the Board of Directors and approved, and together with the utilized methodology, detailing the tested scenarios, were submitted to ASF.

Human resources

SIF Banat-Crişana's employees, as at December 31, 2019, was of 34 persons with an employment contract, of which 27 at headquarters in Arad and 7 at Bucharest branch.

The breakdown on employees' education: 82% of employees have higher education, 6% secondary education and 12% general studies.

Of staff with higher education: one person holds a doctorate (PhD) in Economics; five persons have postgraduate studies or got master's degree in relevant areas such as: business administration, auditing, finance and project management), five persons have graduated a second faculty (mainly economics and law).

No trade/labour union was created within the Company, the employees are represented in the negotiation of the collective labour contract by their representatives, elected pursuant to the legal requirements in force. During 2019 elections were held for the appointment of employees' representatives for a 2-year term.

The labour relations of the company are regulated by the Individual Labour Contracts and Collective Labour Contract. During 2019 in force was the Collective Labour Contract registered with the Labour Inspectorate in Arad under no. 14852/14.02.2019. There were no conflicting aspects in the relations between the management and employees.

The continuous development and training are pivotal in the company's strategy. In this way, employees acquire skills in all essential operational areas through training programs or individual study. During the year were carried on the professional training programs for the human capital development initiated in the previous years. Specialist employees participated in various forms of training during the year - seminars, conferences, courses, continuous education programs. The thematic area addressed was related to risk management, IT, valuation, communication, legislation. The training programs conducted were carried out in accordance with personal development plans.

Tangible assets of the Company

SIF Banat-Crişana owns the premises for the conduct of operational and administrative activities of the company located in Arad (headquarters).

The company also owns real-estate properties in the cities of Bucharest, Cluj-Napoca, and Timișoara, locations of former branch offices of the Company. Moreover, following the withdrawal of the contribution in kind to the capital of the company Azuga Turism, SIF Banat-Crişana owns a land located in the town of Bușteni, and following the withdrawal from the company Hidrotim, in 2015, the Company took possession of a building and the related land located in Timișoara. The above-mentioned buildings (except for the headquarters located in Arad, included in tangible assets) are accounted pursuant to IFRS as investment property at fair value, totalling RON 20,047,164 as at December 31, 2019.

As at December 31, 2019, the net book value of tangible assets in the construction category is of RON 3,051,377, recorded amount of wear (determined based on accounting under linear

amortization) was 27.5%. The company carried out the revaluation of tangible assets at December 31, 2019 in view of harmonizing the accounting and the market and utility values of the tangible assets owned.

The company has no issues concerning the ownership of its tangible assets.

Litigations

As documented in the Legal Department records as at December 31, 2019, the Company was involved in 104 litigations in Court. The Company had an active procedural activity in 87 litigations and passive procedural activity in 13 litigations, and intervener in 4 litigations.

In most of the litigations where the Company is the claimant, the object of the litigations is the cancellation/ruling of the nullity for some decisions of the general meetings of shareholders from the companies in the portfolio, recovering the not collected dividends, or the insolvency procedure for some of companies in the portfolio.

Company's management will continue to make all the efforts to protect the legitimate interests of SIF Banat-Crișana and its shareholders in all such litigations, in accordance with the law.

Perspectives for 2020

The investment strategy of SIF Banat-Crişana is to efficiently manage a diversified portfolio of quality assets, able to provide a constant flow of income, the conservation and medium-long term growth of capital, to increase the value for shareholders and to attain as high returns on invested capital.

An important factor in carrying out the activity is the promulgation, at the end of 2019, of Law no. 243/2019 - regulating the alternative investment funds and amending and supplementing certain normative acts (AIF Law), the law entering into force from January 24, 2020. This normative act aims to adapt the incident legislation of the non-UCITS (in Romanian AOPC) domain to the current European practice, by creating the national regulatory and classification framework for a new category of collective investment undertakings, namely alternative investment funds (AIFs). The coming into force of this law is extremely important for SIF Banat-Crişana, as the Company, according to the provisions of the AFIM legislation, is qualified as a closed-end type alternative investment fund oriented to retail investors.

Recent and accelerated developments of the global situation caused by Covid-19 outbreak, together with the impact on social and economic level and their implications on Romania, could significantly impact the financial performance of the company during the financial year 2020. At this stage, the management is not able to reliably assess the financial impact, given that the events are in an unpredictable progress from day to day.

Although the current situation may affect in the long term the volumes traded, the cash flows and the profitability, both of the Company itself and of the companies in which it holds stakes, the management makes it clear that the Company maintains a solid financial position and will make all the necessary efforts to take the best decisions for the company and for the benefit of its shareholders.

Analysing the factors and elements generating effects on the investment activity and on the areas on which SIF Banat-Crişana has exposures, the main objectives for 2020 address:

- Improving the quality of the portfolio by investment projects in areas of economy with good perspectives, in conditions of optimizing the risk – return balance;
- Further restructuring the existing portfolio with an aim to reduce exposure in minority-stake companies that do not fit in the Company's investment strategy;
- Active involvement in majority-owned companies to improve their business and performance;
- Productive portfolio management and maximizing its performance, meeting all regulatory requirements;
- Adapting to the major economic challenges;
- Maintaining the transparency and the good corporate governance;

2. SHARES ISSUED BY SIF BANAT-CRIȘANA

CHARACTERISTICS OF SIF BANAT-CRIȘANA SHARES

Total number of shares issued (December 31, 2019)	517,460,724
Outstanding shares (December 31, 2019)	514,542,363
Nominal value	RON 0.1000 / share
Type of shares	common, ordinary, registered, dematerialized, indivisible
Trading market	Regulated spot market of Bucharest Stock Exchange (BVB or BSE), Premium category, listed since November 1, 1999
Symbol on BVB (ticker)	SIF1
ISIN code	ROSIFAACNOR2
International identifier	Bloomberg BBGID: BBG000BMN388 (SIF1:RO)

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

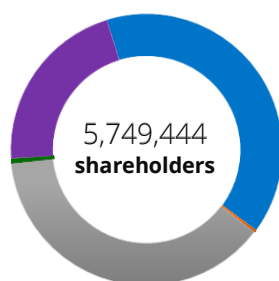
Pursuant to art. 286¹ par. (2) of Capital Market Law no. 297/2004 and CNVM/ASF Instruction no. 6/2012, during 2019, exercising the voting rights was suspended for the shares held by shareholders exceeding the limit of 5% of the share capital.

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

As at December 31, 2019, SIF Banat-Crișana holds 2,918,361 own shares, purchased in the buyback programs approved by the EGM of April 26, 2018, executed through market transactions during October 2 – 26 2018 and in the public tender offer carried out during October 22 – November 4, 2019. Details of repurchase programs approved by the EGMS of SIF Banat-Crișana in 2018 are presented in *Chapter 5 Other significant information*.

As at December 31, 2019, SIF Banat-Crișana has **5,749,444** shareholders, according to the data reported by Depozitarul Central SA Bucharest, the company that keeps the registry of shareholders for SIF Banat-Crișana.

SHAREHOLDERS' STRUCTURE as per holdings, December 31, 2019



■ 39.80%
Romanian individuals
(5,747,210 shareholders)

■ 0.33%
non-resident individuals
(2,055 shareholders)

■ 38.04%
Romanian legal entities
(147 shareholders)

■ 21.26%
non-resident legal entities
(31 shareholders)

■ 0.56%
treasury stock
(the company holds 2,918,361 own shares)

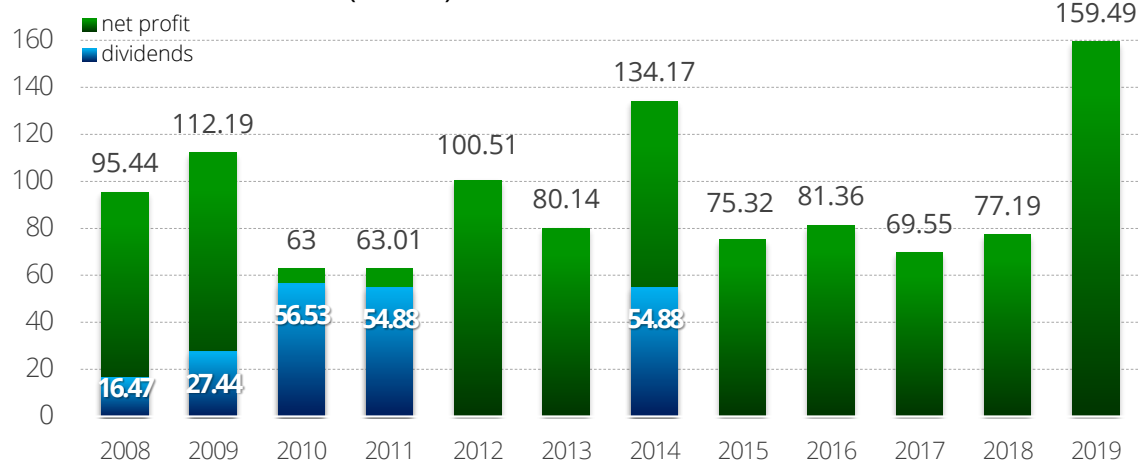
Dividend distribution from the net profit of the Company for the last 5 financial years

Financial year for which the distribution was made	2015*	2016*	2017*	2018*
Net Profit (RONm)	75.32	81.36	69.55	77.19
Total number of shares	548,849,268	520,000,000	520,000,000	517,460,724
Gross DPS (RON)	-	-	-	-

*2015, 2016, 2017 and 2018 with no dividend distribution as per GMS decisions of April 26, 2016, April 20, 2017, April 26, 2018, and April 22, 2019

The general meeting of SIF Banat-Crișana's shareholders held on April 22, 2019, approved the allocation of the entire net profit for the financial year 2018, to *other reserves*.

NET PROFIT vs. DIVIDENDS (RON m)



net profit calculated under RAS for 2008 – 2014, for 2015 - 2019 under IFRS

SIF1 SHARES ON BVB

	2016	2017	2018	2019
Price (RON, closing price)				
low	1.3680	1.8520	1.9800	1.9550
high	1.8480	2.8200	3.0600	2.8800
year end	1.8480	2.7700	2.0400	2.7300
Net profit per share (RON)	0.151	0.134	0.149	0.309
PER	12.2	20.7	13.7	8.9
NAV/S (RON)	3.7075	5.0111	4.3067	5.2959
Dividend (RON/share)	-	-	-	n/a
Mk. Cap.* (RONm)	1,014.27	1,440.40	1,055.62	1,412.67

* calculated using the closing price on the last trading session of the year and all the issued shares

Bucharest Stock Exchange (BVB) indices including SIF1 shares:

BET-FI is the first sectorial index of BVB and reflects the overall trend of prices of financial investment funds (SIFs and Fondul Proprietatea) traded on the BVB regulated market. Performance of BET-FI in 2019: +37.53%. Weight of SIF1 in BET-FI: 16.72% (2019 year-end).

BET-BK is a price index weighted by the free-float capitalization of the most liquid companies listed on the regulated market of BVB, which can be used as a benchmark by fund managers, and other institutional investors, the calculation methodology reflecting the legal requirements and the investment limits of funds. Performance of BET-BK in 2019: +28.47%. Weight of SIF1 in BET-BK: 4.70% (2019 year-end).

BET-XT is a blue-chip index and reflects the evolution of the prices of the 25 most liquid stocks traded in the regulated market, including the SIFs, the maximum weight of a ticker in the index

being of 15%. Performance of BET-XT in 2019: +33.208%. Weight of SIF1 in BET-XT: 3.33% (2019 year-end).

BET-XT-TR is the total return version of BET-XT index, which includes the 25 most traded Romanian companies listed on BVB, tracking the price changes of its constituent companies and is adjusted to also reflect the dividends paid by them. Performance of BET-XT-TR in 2019: +44.076%. Weight of SIF1 in BET-XT-TR: 3.33% (2019 year-end).

SIF1 shares were traded on Bucharest Stock Exchange (BVB or BSE) in 249 trading sessions during 2019.

SIF1 share price upsurged 33.17%, from RON 2.0500 (closing price on January 3, 2019, the first trading session of the year), to RON 2.7300 (closing price on December 30, the last trading day of 2019). The highest price recorded in 2019 was of RON 2.8800 recorded during the trading session of November 27, while the lowest was in the trading session of May 24, when the price was of RON 1.9550 per share (closing price), the spread during the period was 47% (considering the values recorded at the close of trading sessions).

The highest daily volume of SIF1 shares traded on the main regular market (REGS) during 2019 was of 11,603,501 shares, recorded on March 14.

Liquidity for SIF1 title was higher than in 2018 being traded a total of 26,140,186 shares on the main regular market, representing 5.052% of the total shares issued, while during 206 of the 249 trading sessions the transferred volume was below 100,000 units. The total value of shares traded in 2019 was of RON 59,079,664.

On „DEAL” market 4 transactions were performed, with a total of 7,166,294 shares, worth RON 14.75m.

Market capitalization for SIF1 was of RON 1,412.67m on December 31, 2019, (calculated using the closing price).

SIF1 PERFORMANCE AND VOLUMES IN 2019



3. CORPORATE GOVERNANCE

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

SIF Banat-Crișana has always considered of a great importance the best practices of corporate governance and has assented to the Corporate Governance Code issued by the Bucharest Stock Exchange. To remain competitive in an extremely dynamic environment, SIF Banat-Crișana develops and adapts its corporate governance practices to comply with the new requirements and take advantage of the new opportunities.

As per best corporate governance practices, the administration of the company is conducted in a climate of openness, based on the honest dialogue between the executive management and the Board of Directors, and within each of these bodies. Board members, executive directors, and employees of the Company have assumed the duty to be diligent, responsible and loyal to the Company, adopting decisions in Company's interests and to increase its value, considering the legitimate interests of all interested parties (stakeholders).

Given the applicable Corporate Governance Code issued by Bucharest Stock Exchange, SIF Banat-Crișana assessed the status of compliance with the provisions of the Code.

A statement on SIF Banat-Crișana's compliance with the principles and recommendations of the Code as at December 31, 2019, is presented in Annex 4 of this report, the document that will also be published on Company's website, www.sif1.ro.

By Regulation no. 2/2016, the Financial Supervisory Authority (ASF) settled the unitary regulatory framework for the implementation of corporate governance principles to entities authorized, regulated and supervised by ASF, which is applicable starting January 1, 2017. SIF Banat-Crișana's statement on the application of corporate governance principles during 2019, prepared pursuant to the annex of the Regulation no. 9/2019, is presented in Annex 5 to this report.

Administration and management of the Company

Pursuant to the provisions of Company's Articles of Association, SIF Banat-Crișana is administrated under a unitary system, apt to ensure Company's efficient operation, in accordance with the objectives of good corporate governance and the protection of the shareholders' legitimate interests.

General meeting of shareholders

The General Meeting of Shareholders (GMS) is the supreme governing body of the company.

General meetings are ordinary and extraordinary. The Ordinary General Meeting gathers at least once a year, no later than four months after the close of the financial year. The Extraordinary General Meeting shall be convened whenever necessary. The powers of the general meeting of shareholders are stated in the Articles of Association and comply with the legal provisions in force. Company's Articles of Association are available on company's website, www.sif1.ro, in the *Corporate Governance* section.

General Meeting's decisions are taken by show of hands or by secret vote. The secret vote is compulsory for electing Board members and for the appointment of the financial auditor and to revoke them and also for decisions on the liability of the Board members. The decisions taken by the general meeting within the law and Company's Articles of Association shall be binding upon the shareholders who did not attend the meeting or voted against.

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

During 2019, SIF Banat-Crișana's Board of Directors convened twice the Ordinary General Meeting and twice the Extraordinary General Meeting of Shareholders. Information on the general meetings of shareholders and the resolutions adopted are presented on Company's website, in the section *Investor Relations › General Shareholders' Meetings*.

The Board of Directors

SIF Banat-Crișana is administered by the Board of Directors (i.e. administrators) comprised of five members, elected by the ordinary general meeting of shareholders for a mandate of four years, with the possibility of being re-elected.

The Board of Directors has decision-making powers regarding the administration of the Company in the period between the general meetings of shareholders, except for the decisions that the law or company's Articles of Association provide exclusively for the general meeting.

The Board elects from among its members a chairman and a vice-chairman. As per the Articles of Association, the chairman of the Board holds the position of CEO (general director) of the Company.

Board members must cumulatively meet the general conditions stipulated by Law no. 31/1990 on trading companies, completed with the criteria established by Law no. 297/2004 regarding the capital market, Law no. 74/2015, Law no. 24/2017, and the regulations issued by the Financial Supervisory Authority (ASF).

The members of the Board are authorized in this function by ASF following their election by the general meeting of shareholders.

The Board of Directors may create advisory committees comprised of its members, charged with conducting investigations and making recommendations to the Board.

The composition of the Board of Directors in 2019

The composition of the Board of Directors as at December 31, 2019, was the following:

- Bogdan-Alexandru Drăgoi – Chairman of the Board
- Radu Răzvan Străuț – Vice-Chairman of the Board
- Sorin Marica – member of the Board
- Marcel Heinz Pfister – member of the Board
- Ionel-Marian Ciucioi – member of the Board

BOARD OF DIRECTORS as at December 31, 2019	
Position	Other information
Bogdan-Alexandru DRĂGOI (1980)	<p>Chairman of the Board of Directors, Executive administrator, Member of the Board since March 2015</p> <p>Studies Tufts University, Fletcher, Boston, Massachusetts, USA Specialization in International Relations – graduated <i>Magna cum Laudae</i> Specialization in Economics – graduated <i>Magna cum Laudae</i> Member of Golden Key Honor Society</p> <p>Experience SIF Banat-Crișana – Chairman and CEO – <i>July 2015- present</i> BRD - Groupe Société Générale – member of the Board – <i>November 2019 – present</i> Biofarm S.A. – member of the Board – <i>December 2015 - present</i> Vrancart S.A. – member of the Board – <i>December 2015 – present</i> Administrare Imobiliare S.A. – member of the Board – <i>September 2015 – present</i> Presidential Adviser – The Administration of the President of Romania – <i>(May 2012 – December 2014)</i> Minister – Ministry of Public Finance – <i>(February 2012 – May 2012)</i> Secretary of State – Ministry of Public Finance – <i>(January 2009 – February 2012)</i> General Director, Economic Dept. – Bucharest Municipality – <i>(November 2007 – June 2008)</i> Secretary of State – Ministry of Public Finance – <i>(September 2006 – November 2007)</i> Advisor of the Minister – Ministry of European Integration – <i>(April – September 2006)</i> Vice-President/Shareholder- FocusSat SA România – <i>(October 2004 – April 2006)</i> Associate – Inquam Limited UK – <i>(November 2003 – December 2004)</i> Business Analyst – Inquam Limited UK – <i>(January 2002 – November 2003)</i></p>
Radu Răzvan STRĂUȚ (1984)	<p>Vice-Chairman of the Board of Directors, executive administrator</p> <p>Member of the Board since April 2017</p> <p>Studies CFA Institute, Charlottesville, Virginia, SUA – May 2015 CFA Institute Investment – Claritas Investment Certificate – Foundations Program Faculty of Law, University of Bucharest, Romania – October 2013 – June 2014 Master’s Degree – “European Union Law” Academy of European Law (ERA), Trier, Germania – June 2013 Summer Course on EU Regulation and Supervision of Financial Markets Faculté de Droit, Universitatea din Geneva and Institut De Haute Etudes Internationales, Geneva Switzerland – February – July 2007 Certificat de droit transnational Faculty of Law, “Babeș-Bolyai” University, Cluj-Napoca, Romania – 2004 – 2008 BA in Law</p> <p>Experience Individual Lawyer Office “Străuț Radu-Răzvan” – <i>October 2015 – April 2017</i> Attorney-at-law Reff și Asociații SCA – Deloitte Legal – 2008 – 2015 Senior Associate Lawyer in the Banking and Capital Markets Department – <i>September 2010 – October 2015</i> Collaborator attorney-at-law in the Banking and Capital Markets Department – <i>November 2008 – September 2010</i> Deloitte Consultanță SRL – <i>September 2008 – October 2009</i> Junior consultant</p>
Sorin MARICA (1971)	<p>Member of the Board of Directors since April 2017, Independent, non-executive administrator</p> <p>Member of the Audit Committee</p> <p>Chairman of Nomination and Remuneration Committee</p> <p>Studies The Bucharest University of Economic Studies – <i>2014-2017</i> PhD Candidate “Financing of national programs for preserving and promoting Romanian customs and traditions” “Lucian Blaga” University – Sibiu – <i>2013 – 2015</i> Master in Defence Diplomacy The Faculty of Finance, Banking and Stock Exchanges – Bucharest University of Economic Studies 1992 – 1997 Bachelor’s Degree in Economic Sciences</p> <p>Experience S.C. Dracula Park S.A. – Bucharest – <i>2002 – present</i> General Director /Chairman of the Board Kogaion 115 Foundation – <i>2004 – present</i> President, Project Manager Ministry of Transport – Bucharest – <i>2013 – 2014</i> Counsellor / Cabinet Director at the Ministry of Transport Ministry of Tourism – <i>2002 – 2003</i> Counsellor of the Minister of Tourism National Institute for Research and Development in Tourism (INCD) – <i>2002 – 2003</i> Deputy General Director S.C. Active International S.A. Bucharest (Investment Firm) – <i>2000 – 2002</i> Chairman / General Director S.C. Active Management International S.A. Bucharest (Investment Firm) – <i>1999 – 2000</i> Chairman / General Director S.C. Active International S.A. Bucharest (Investment Firm) – <i>1997 – 1999</i> Broker/Trader</p>

BOARD OF DIRECTORS as at December 31, 2019	
Position	Other information
<p>Member of the Board of Directors since April 2017,</p> <p>Independent, non-executive administrator</p> <p>Chairman of the Audit Committee</p> <p>Member of Nomination and Remuneration Committee;</p> <p>Marcel PFISTER (1980)</p>	<p>Studies University of Liechtenstein – <i>March 2010 – January 2011</i> Executive MBA in Wealth Management University of Liechtenstein – <i>September 2008 – November 2009</i> Diploma of Advanced Studies (DAS) in Private Banking College of Higher VET in Business Administration, Zurich – <i>October 2004 – October 2007</i> Professional Bachelor's in economics (ODEC)</p> <p>Experience Bank Alpinum AG – <i>July 2016 – February 2019</i> Vice Director Falcon Private Bank Ltd. – <i>October 2010 – June 2016</i> Director Banque Pasche (Liechtenstein) SA – <i>April 2009 – September 2010</i> Vice President Alpe Adria Privatbank AG (former Hypo Alpe Adria Bank (Liechtenstein) AG) – <i>December 2007 – April 2009</i> Vice President Alpe Adria Privatbank AG (former Hypo Alpe Adria Bank (Liechtenstein) AG) – <i>December 2007 – April 2009</i> Junior Relationship Manager Private Banking Zurich Cantonal Bank (ZKB) – <i>November 2005 – April 2007</i> Junior Controller Zurich Cantonal Bank (ZKB) – <i>September 2003 – November 2005</i> Relationship Manager Zurich Cantonal Bank (ZKB) – <i>December 2002 – September 2003</i> Account Manager</p>
<p>Member of the Board of Directors, non-executive administrator</p> <p>Member of the Audit Committee</p> <p>Member of Nomination and Remuneration</p> <p>Ionel-Marian CIUCIOI (1977)</p>	<p>Studies University of Economic Studies Bucharest 2002 Faculty of International Business and Economics Constantin Brâncoveanu Highschool, Horezu (Vâlcea) 1995</p> <p>Experience Vrancart S.A. – <i>November 2013 – present</i> Chairman of the Board of Directors and General Director SIF Banat-Crișana – <i>September 2015 – April 2017</i> Member of the Board of Directors Administrare Imobiliare S.A. – <i>May 2015 – September 2015</i> Member of the Board of Directors PricewaterhouseCoopers Romania – <i>January 2011 – July 2013</i> Senior Manager, Financial Services Dept. Ernst & Young Romania – <i>October 2004 – December 2010</i> Audit Manager, Financial Services Dept. UTI Group – <i>June 2003 – September 2004</i> Financial analyst DDP Consult – <i>October 2002 – June 2003</i> Financial analyst</p>

The Board of Directors is assisted in its activity by a secretary of the Board, a person with the necessary experience and training position, who attends the Board meetings and is responsible with aiding the Board and its committees in having an effective activity, his role consisting in supporting the Chairman and the other members of the Board, both as a and individually, and ensuring compliance by the Council with internal regulations, observing the compliance with the current corporate governance regulations, laws and regulations relevant to the company's business. The Secretary is also responsible for providing the effective communication between the Board and its committees, between the executive directors and the Board. In 2019 the position of Secretary of the Board of Directors was held by Mr. Daniel Gavrilă.

The activity of the Board of Directors in 2019

During 2019, the Board of Directors of SIF Banat-Crișana met 29 times, pursuant to the statutory provisions.

The convening of the Board members was in accordance with the procedures for Board's convening and conducting the meeting of the SIF Banat-Crișana's Board of Directors

The presence of the members at the meetings convened during 2019 was compliant to the legal requirements.

The meetings of the Board of Directors were chaired by Mr Bogdan-Alexandru Drăgoi, Chairman of the Board of Directors.

The Board of Directors issued a total of 123 resolutions on the current activity of the company. All decisions were taken by the vote "for" of the majority of those present.

Of the 123 resolutions issued by the Board of Directors during the period under review:

- 41 resolutions had well defined objective, requiring its fulfilment;
- 82 were resolutions for the approval of procedures, mandatory reports and activity reports, of which:
 - 29 resolutions for the approval of internal regulations and working procedures;
 - 53 resolutions for the approval of mandatory annual, quarterly and half-yearly periodic reports submitted to ASF, BVB, MFP and for the approval of the activity reports issued by company's departments.

By analysing the status of execution for the 123 resolutions issued by the Board of Directors, it results they were all fully fulfilled.

For 2019, the Ordinary General Meeting of Shareholders held on April 22, 2019, approved the individual monthly remuneration for the Board members, and the general limits of all additional remunerations for administrators and the general limits of directors' remuneration. The monthly and additional remunerations granted to the members of the Board of Directors in 2019 fell within the limits approved by the GMS.

Advisory Committees within the Board of Directors

The Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its responsibilities in the financial reporting, internal control and risk management areas, assists the Board of Directors in monitoring the trustworthiness and integrity of financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting standards applied by the Company. The duties of the Audit Committee are detailed in the Company's Internal Regulations.

The Audit Committee consists of at least three non-executive members of the Board of Directors. The Chairman of the committee is an independent non-executive member. At least one member of the audit committee shall have competence in accounting or auditing.

Throughout 2019, the composition of the Audit Committee was the following: Mr. Marcel Pfister – Chairman of the Audit Committee, Mr. Sorin Marica – member and Mr. Ionel Marian CIUCIOI – member.

The members of the Audit Committee have the appropriate experience for the specific duties incumbent as members of this body.

During 2019, the Audit Committee met in 11 sessions. These meetings were held for the monitoring of the financial reporting process, namely the annual financial statements prepared pursuant to

the International Financial Reporting Standards (IFRS) approved by ASF Rule no. 39/2015 and the annual consolidated financial statements; monitoring condensed interim accounting quarterly and half-yearly 2019 reporting; monitoring the interim consolidated financial statements for H1 2019, the analysis and approval the contract of rendering consultancy services with Deloitte Audit SRL having as object the acquisition of the bonds issued by SIFI BH Retail; analysis of the risk report on the management of significant risks within the company; monitoring the activity of the internal auditor, assessing the efficiency of the internal control and risk management system for 2018, respectively for January - October 2019.

The annual report of the Audit Committee for the year 2018 was submitted to the Financial Supervisory Authority.

Nomination and Remuneration Committee

A Nomination and Remuneration Committee (NRC) functions, with advisory role, within the Board of Directors, to assist the Board in fulfilling its responsibilities for the nomination of candidates for management positions and their remuneration. NRC recommends to the Board of Directors the appointment or dismissal of key personnel and control personnel within the Company, the level of their remuneration and their rights and duties and, at the same time, participate in the development and review of remuneration policies applicable at Company level. NRC duties are detailed within the Company's Internal Regulations.

The Nomination and Remuneration Committee is comprised of at least at least two members elected from non-executive members of the Board of Directors, subject to the condition of independence provided for by the Company Law. Membership of the Committee does not prevent members from participating in the work of other Committees of the Board of Directors. The Committee meets regularly, at least twice a year, and exceptionally if appropriate.

As at December 31, 2019, the composition of the Committee was the following: Mr. Sorin MARICA – Chairman of the Audit Committee, Mr. Marcel PFISTER – member and Mr. Ionel Marian CIUCIOI – member.

In 2019, the Nomination and Remuneration Committee met five times.

In May 2019, in accordance with the provisions of art. 36 paragraph (5) of the ASF Regulation no. 1/2019 (R1/2019), the NRC members carried out the evaluation of the compliance with the requirements mentioned in art. 5 paragraph (1) lit. a), b) and c) of the regulation by the members of the management structure, persons holding key functions and compliance officers, for the purpose of complying with the provisions of the regulation. NRC has ascertained that these evaluated persons possess the knowledge, skills and professional experience and comply with the requirements of reputation, honesty, integrity and governance provided by R1 / 2019 and the internal regulations of the company, necessary to fulfil the specific duties of the functions they hold.

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

In order to maintain the proportionality of the remuneration granted to the directors (executives and non-executives) with the responsibilities specific to their function, so as to ensure an adequate and responsible remuneration for them, NRC made recommendations to the Board of Directors to submit to the approval of the ordinary general meeting of shareholders maintaining the remuneration of the members of the Board of Directors and of the general limits of all additional remuneration of the members of the Board of Directors and of the general limits of the remuneration of the directors for the financial year 2019.

Also, the Nomination and Remuneration Committee has decided on the implementation of the Stock Option Plan and, analysing the fulfilment of the conditions stipulated by it, has proposed to the Board of Directors the transfer of the shares to the beneficiaries of the Stock Option Plan, in accordance with the resolution of the EGM and the decisions of the Board of Directors, adopted to carry out this resolution, the Company communicating to the public the necessary documents, in compliance with the conditions and deadlines provided by CNVM Regulation no. 1/2006 and the ASF Regulation no. 5/2018.

At the end of 2019, NRC analysed the granting of the variable component to employees and directors for the achievement of the objectives in 2019, in compliance with the remuneration policies applicable at the company level and taking into account the opinions presented by the person responsible for risk management, noting that performance-based remuneration is granted in a way that promotes effective risk management and does not encourage excessive risk taking.

Remuneration Policy

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

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

The main principles underpinning the remuneration policy:

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

- it is forbidden for Company's personnel to use personal cover or insurance policies related to remuneration or liability to undermine the effects of aligning the risks provided in their remuneration arrangements;
- variable remuneration is not paid by means of instruments or methods to facilitate the avoidance of compliance with the remuneration policy requirements applicable within SIF Banat-Crişana.

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

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

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

The executive management

The effective management of the Company is performed by Executive Directors appointed by the Board of Directors, in accordance with the Company's Articles of Association and applicable regulations, so that everyday management of the Company to be provided, at all times, by at least two persons.

The Executive Directors must meet the conditions set by the regulations issued by the Financial Supervisory Authority applicable to the Company and are endorsed in this position by the Authority.

As per Law no. 31/1990 on trading companies, the Board of Directors has delegated some of his powers to the Chairman of the Board - CEO (General Director) and the Vice-Chairman - Deputy General Director, within the limits set by the law, Company's Articles of Association and decisions of the Board of Directors, except for the powers reserved by the law and / or Company's Articles of Association for the general meeting of shareholders or the Board of Directors.

The Chairman - CEO (Director General) exercise the mandate under a "Contract for the delegation of powers" granted by the Board and are vested with all powers to act on behalf of the Company and to represent it in relations with third parties. The other two directors are employees of the Company and have limited powers of representation.

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

The composition of company's executive team as at December 31, 2019 was the following:

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

EXECUTIVE DIRECTORS OF SIF BANAT-CRIȘANA as at December 31, 2019

	Position	Other information
Bogdan-Alexandru DRĂGOI	CEO (General Director)	Information presented on page 39
Radu Răzvan STRĂUȚ	Deputy General Director	Information presented on page 39
Teodora SFERDIAN	Deputy General Director	<p>Studies Faculty of Economics - Aurel Vlaicu University Arad (2000 – 2004) Faculty of Electronics and Telecommunications – Polytechnic Institute of Timișoara (1975 – 1980)</p> <p>Experience SIF Banat-Crișana, Arad (1994 – present); Deputy General Director (2014 – present); Member of the Board of Directors at COMALIM SA Arad; SIFI Cluj Retail SA, Gaz Vest SA, SIF Hoteluri Oradea Rolling Stock Company Arad – electrical engineer (1981 – 1994)</p> <p>Specializations Capital markets / analysis and portfolio management (Bank Akademie & CDG Germany); General management (Austrian Chamber of Commerce & WIFI Vienna); Investment consultant; Implementing IFRS (KPMG); Business Valuation (ANEVAR); Risk Management; Corporate governance standards; Development and HR performance management.</p> <p>Responsibilities Oversees the activities of Corporate Administration (Accounting, Reporting, Investor Relations and Compliance, Human Resources, and IT offices)</p>
Laurențiu RIVIȘ	Director	<p>Studies Faculty of Law, “Vasile Goldiș” Western University of Arad, (1998 – 2002)</p> <p>Experience SIF Banat-Crișana, Arad (January 2005 – present); Director (February 2016 – present) Director Legal Division (September 2013 – February 2016) Legal adviser (January 2005 – September 2013) Vice-Chairman of the Board of Depozitarul Central S.A (April 2019 – present) Legal adviser for companies in Bega Grup Timișoara (2003 – 2004) Member of the Board at Beta Transport Cluj-Napoca (2007 - 2011) and Prebet Aiud Nov. 2016 – Jan. 2018</p> <p>Specializations Continuous Professional Training course organized by AS Financial Markets SRL - 2017 “Alternative Investment Fund Managers” – course of study - AS Financial Markets – 2015 “International Financial Reporting Standards – IFRS” – course of study - KPMG Romania – 2014 “Legal English. Platinum One to One” – course of study - St. Giles International, London – 2011</p> <p>Responsibilities Coordination of legal activities of the companies and the management of workout portfolio</p>

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

Name	Position	SIF1 shares held as at December 31, 2019	
		No. of shares	% of share capital
Bogdan-Alexandru DRĂGOI	Chairman and CEO	767,633	0.1483%
Radu-Răzvan STRĂUȚ	Vice-Chairman - Deputy General Director	556,056	0.1075%
Sorin MARICA	Non-executive administrator	48,559	0.0094%
Marcel PFISTER	Non-executive administrator	48,309	0.0093%
Ionel CIUCIOI	Non-executive administrator	48,309	0.0093%
Teodora SFERDIAN	Deputy General Director	90,541	0.0175%
Laurențiu RIVIȘ	Director	55,848	0.0108%

To the knowledge of the Company, for the administrators and executives, there are no identified agreements, arrangements or family connections between the respective person and another person for the reason that the respective person has been appointed in this position.

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

Risk management

The diversity of activities carried out by SIF Banat-Crişana also creates complex risks as well as a plethora of opportunities for its shareholders, but also for the entire Romanian financial and capital market. Company's management considers that risk management is an integral part of good corporate governance and of best management practices.

Given the company's specific provisions concerning the risk management introduced by the AIFM legislation, the Company has completely reorganized the risk management activity, strengthening this segment through a rigorous procedure and a complex analysis, evaluation, reporting and management system, unitary on society.

The Company implements adequate and modern systems of risk management to effectively identify, measure, manage and monitor all the risks relevant for the investment strategy and the existing investment portfolio.

Risk management is an integral part of the Company's control framework and, in addition to its regulatory obligations, an effective risk management function should assist the executives and the board of directors in:

- optimizing growth without exposing the organization to unjustified risks;
- demonstrate *due diligence* in daily (current) management;
- stimulating proactive management and early identification of risks;
- increasing accountability and responsibility within the organization;
- avoiding unjustified exposure to risk.

Risk management is in everyone's responsibility and it is required to be dictated by company's management. An awareness and risk management culture within an organization is essential for a risk management function to be effective.

The Board of Directors is ultimately responsible for ensuring that the Company effectively manages its risks and portfolios under management and that it has policies and procedures to measure and manage those risks.

The risk management function conducts its role independently of operational compartments, allowing risk managers to interact freely with all activities of the company in order to identify and address risk issues or gaps in the control, without any conflict of interest.

The person in charge of risk management has the necessary authority, has access to all relevant information and maintains regular contacts with the executive directors and the Board of Directors of the Company, and provides updated information based on which prompt remedial action can be taken, if necessary.

Risk management policies implemented by the Company include the procedures necessary to enable the Company to assess the exposure to market risk, liquidity risk, operational risk and credit and counterparty risk, as well as the exposure to all other relevant risks that may have a significant level for the Company, given the objectives and investment strategies, styles or methods of management for the asset management that thus could directly impact the interests of shareholders.

Risk management policy comprises comprehensive safeguard measures against potential conflicts of interest, corrective action taken, the reasons why these measures should lead, according to reasonable expectations, to the independent exercise of risk management function and the manner the company intends to ensure that protective measures have a constant efficiency.

In December 2019, 6 of the 7 specific risk management procedures were reviewed in order to reflect as accurately as possible the processes developed during their application, procedures approved by the BoD. The significant risk management policy together with the operational risk procedure was reviewed and approved by the BoD in January 2020.

The fulfilment of the risk management function is regularly examined by the internal and external audit functions.

Compliance

SIF Banat-Crişana established and permanently and operatively maintains the compliance control function, which runs independently of other activities. The Compliance Office reports to the Board of Directors and has the following main responsibilities:

- monitoring and regularly assessing the effectiveness and the means of implementation of the set measures and procedures, as well as measures decided to resolve any situations of non-compliance by the Company;
- advising and assisting the relevant responsible persons for carrying out services and activities to meet the requirements set for the Company under the law and ASF regulations.

The activity of Compliance Office was performed pursuant to the plan of investigation and control for 2019, approved by the Board of Directors of SIF Banat-Crişana, the provisions of ASF Regulation no. 9/2014, no. 10/2015, of EU Regulation 231/2013, of the working procedures and internal regulations.

Lines of action addressed were: control of compliance with regulations in force on the capital market and/or internal procedures, informing the Company and personnel of the legal status of the capital market, endorsement of documents submitted by SIF Banat-Crişana to ASF in order to get authorizations provided by the ASF regulations, endorsing the reports submitted to capital market entities and ASF, endorsement of informative materials and advertisements of the Company, other activities concerning the Company's and its personnel compliance with the capital market legislation in force and the internal regulations.

In the inspection activities carried out during 2019, it was verified the compliance with work procedures and capital market legislation in such activities as:

- trading of securities;
- valuation of assets for the calculation of net asset value;
- observing the legal requirements of transparency and reporting;
- calculation and payment of monthly quota of 0.0078% of the net asset value to ASF;
- prevention of money laundering and terrorism financing through capital market;
- compliance with the international sanctions regime;
- compliance with the legal provisions and internal procedures concerning avoidance and / or managing conflicts of interest, privileged information regime and personal transactions;
- compliance with the regulations regarding the protection of individuals in relation to the personal data processing;
- reviews concerning the risk control system;
- assessing and managing the operational risks generated by the IT equipment in use.

It was ascertained following the control that the activities addressed are compliant with the capital market legislation, internal regulations and procedures.

Following the inspections, proposals and recommendations for the improvement of activity and working procedures were made.

ASF periodic control. During May 13 – 31, 2019, a control team of the Financial Supervisory Authority conducted the periodic control of the activity carried out by SIF Banat-Crişana for the period 17.05.2016 - 13.05.2019. The control action was materialized by the *Control Report* that was communicated to SIF Banat-Crişana on 21.08.2019. The Board of Directors analysed the findings,

requests and recommendations presented by the control report and approved the response modalities presented by the Company's departments. By letter no. 055 / 30.08.2019 SIF Banat-Crișana submitted its objections, accompanied by supporting documents, to the findings of the control report.

At the end of the activities / procedures regarding the periodic control conducted, on October 4, 2019, the Financial Supervisory Authority communicated to SIF Banat Crișana a Plan of measures with a 90-day implementation deadline. In summary, the measures ordered relate to the internal organization and reporting methods, the need to update some policies and procedures and the planning of additional verification and control activities. SIF Banat-Crișana has started the implementation of the measures ordered, and the action is to be completed at the beginning of 2020.

Resolution of petitions. The shareholders have the right to address SIF Banat-Crișana by means of a petition should they have complaints regarding the company's activities, performed under Law no. 297/2004, or regarding the information provided by the company following their request. The settlement of petitions submitted by shareholders is set by ASF Regulation no. 9/2015, and the procedure to be followed is published company's website. As per the provisions of the regulation, the Company prepared a unique register of petitions in a secure electronic format, to record the submitted petitions, questions addressed and their solution. The responsibility of keeping the register of petitions on the representative of the internal control compartment.

Internal Audit

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

Company's activities are subject to an internal audit that is conducted periodically, in order to provide an independent assessment of the operations carried out, their control and management processes, considering the possible exposure to risk on various business segments (safety of assets, compliance with regulations and contracts, integrity of financial and operational information, etc.) makes recommendations to improve the systems, controls and procedures to provide efficient and effective operations and observes the proposed corrective actions and the attained results.

The internal audit is performed as: evaluation of management and internal control systems - *system audit*; assessment of results in relation to the targeted objectives and assessing their actual impact - *performance audit*; compliance with the legal norms of procedures and operations - *regularity audit*.

The internal audit activity is carried out based on the audit plan prepared pursuant to Company's objectives. The audit plan and the necessary resources for this activity are endorsed by the Audit Committee and approved by the Board of Directors, pursuing the examination of all activities and operations carried out by the Company.

The internal audit activity is an independent and objective activity granting the Company a guarantee of a certain control over the operations and which is performed pursuant to the procedures prepared for the purposes of the work. Each internal audit assignment is performed based on a detailed program, which comprises the applicability, scope, objectives, allocated resources and its period.

The internal audit objectives are to assist the Company in identifying and evaluating the significant risks providing an independent assessment of the risk management, of control and management processes and assisting the Company in maintaining an effective and efficient control system.

The main activities and operations of the Company subject to internal audit in 2019 addressed:

- conduct of BoD meetings and the degree of fulfilment of the decisions issued ;
- management of the portfolio of financial instruments, substantiating the investment / divestment decisions in these instruments and compliance with the approved competence limits;
- compliance with the working procedures related to administrative activities;
- trading of securities, compliance with the short-term investment policy and approved working procedures;
- compliance with the working procedures related to the trading and administrative activities, including the inventory of the patrimony. Compliance with the procurement procedure and the conclusion of the contracts in which SIF Banat Crişana is a party;
- compliance with the procedure on conflicts of interest, respectively of conflicts of interest involving the members of SIF Banat-Crişana management and certain categories of employees.

The internal auditor reports to the Audit Committee and the Board of Directors of SIF Banat-Crişana on the purpose of the audit, the findings, conclusions, recommendations and proposals made. No significant issues that would require the intervention from the Board of Directors were identified.

Internal Audit appreciates that the activities and operations performed by SIF Banat-Crişana during 2019, which were subject to the audit, are compliant with the policies, programs and management of the Company and with the legal provisions and internal regulations.

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

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

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

Permanent risk monitoring, materialized both by the periodic risk reports, by the annual crisis simulation and by the prior verification at the time of the investments, leads to the conclusion that the risk management system at SIF Banat-Crişana level is effective, the measures adopted for monitoring and control the exposures to the identified risks are appropriate and timely and the recommendations and concerns are given the necessary attention.

Financial reporting

Financial statements for 2019 have been prepared pursuant to the International Financial Reporting Standards and ASF Rule no. 39/2015, which applies along with the Accounting Law no. 82/1991 (republished and amended). The financial auditor is Deloitte Audit SRL.

On April 23, 2019, the Company published *The Standalone Financial Statements and The Consolidated Financial Statements for the year ended December 31, 2018* prepared in accordance with the ASF Rule no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector, audited by PricewaterhouseCoopers Audit SRL and approved by the Ordinary General Meeting of Shareholders held on April 22, 2019 - together with the annual report of the Board of Directors and Independent Auditor's Report.

On May 15, 2019, the Company published the Quarterly Report as at March 31, 2019, as per the provisions of Law no. 24/2017, Regulation no. 15/2004, ASF Regulation no. 5/2018 and Rule no. 39/2015.

On August 14, 2019, the Company published SIF Banat-Crişana's H1 2019 Report as per the provisions of Law no. 24/2017, Regulation no. 15/2004, ASF Regulation no. 5/2018 and Rule no. 39/2015. The condensed interim standalone financial statements, part of the half-yearly report, were prepared according to Rule no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector.

On September 27, 2019, the Company published SIF Banat-Crişana's H1 2019 consolidated report. The condensed interim consolidated financial statements, part of the half-yearly report, were prepared according to Rule no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector.

On October 28, 2019, the Company published the Q3 2019 report, prepared as per the provisions of Law no. 24/2017, Regulation no. 15/2004, ASF Regulation no. 5/2018 and Rule no. 39/2015.

Conflict of interest and transactions with related parties

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

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

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

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

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

Corporate information regime. The members of the Board, directors and employees of SIF Banat-Crişana are bound to keep the confidentiality of the documents and corporate information/data and comply with the Code of Ethics and Business Conduct and with the procedures approved by the Board of Directors concerning corporate information.

The Board of Directors adopted procedures regarding the Company's internal circuit of the documents and the disclosure to third parties of documents and information concerning

SIF Banat-Crişana, giving special importance to inside information - as defined by Law no. 24/2017 and European regulations, that may impact the market price of the shares issued by the Company.

The company must inform the public and ASF, thereupon, on privileged information directly concerning it. Postponement of public disclosure of inside information is made under the conditions specified by the applicable law, provided the confidentiality of such information.

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

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

Pursuant to Law no. 24/2017 and the European regulations, insiders and persons with access to inside information concerning SIF Banat-Crişana notified the Financial Supervisory Authority and the Company on any transaction in their own account with shares issued by SIF Banat-Crişana. The notifications are published on the website of the Bucharest Stock Exchange. SIF Banat-Crişana also made public these notifications on its website in 2019.

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

Shareholders' rights abiding

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

As per Art. 286¹ par. (1) of Capital Market Law no. 297/2004, as amended by Law no. 11/2012, any person may acquire under any title or may hold, alone or together with the persons acting in concert with such person, shares issued by the Company, but not more than 5% of the share capital.

The exercise of the voting right is suspended for the shares held by shareholders that exceed this limit, pursuant to art. 286¹ par. (2) of Law no. 297/2004 and CNVM/ASF Instruction no. 6/2012 issued in application of art. 286¹ of Law no. 297/2004.

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

General meetings of shareholders are convened by the Board of Directors at least 30 days before the set date to be held. The general meetings give the opportunity for Board members and Company's executive directors to present the shareholders the results achieved during the exercise of their mandate under the conferred responsibilities.

SIF Banat-Crişana endeavours to ensure an impartial treatment for all shareholders, providing them with relevant and up-to-date information enabling them to exercise their rights of a fair manner. Shareholders should exercise their rights in good faith and with respect for the rights and interests of the Company and other shareholders.

The right to vote

SIF Banat-Crişana endeavours to facilitate the participation of shareholders at the general meetings of shareholders ("GMS"). SIF Banat-Crişana's shareholders can participate in the GSM directly, by designating a representative by a special/general empowerment or can vote by correspondence (through the post or by electronic voting).

The Board approves procedures for the orderly and efficient organization of GSM works, pursuant to the incident laws and ASF regulations. At Company's headquarters and posted on its website are made available for the shareholders the information and materials concerning the General Meeting: the convening notice for the GSM, informative materials and the documents to be discussed and approved by the meeting, the participation and voting procedures, empowerment forms and correspondence voting forms, the resolutions approved by GSM, and the results of votes for each item on the agenda.

One or more shareholders, representing individually or jointly at least 5% of share capital of the Company, may request by an application addressed to SIF Banat-Crișana, the introduction of additional items on the agenda of the GSM and / or may table draft resolutions for items included or to be included on the agenda of the GSM.

Are entitled to attend and vote at the general meeting of shareholders only the shareholders registered at the reference date in consolidated shareholders' register kept by Depozitarul Central S.A. Bucharest (Central Depository Company).

In 2019, the Board of Directors convened the Ordinary General Meeting of Shareholders ("OGM") and the Extraordinary General Meeting of Shareholders ("EGM") for April 22 (23), 2019 and the Ordinary General Meeting of Shareholders ("OGM") and the Extraordinary General Meeting of Shareholders for June 20 (21) 2019. Information on the general meetings of shareholders and the resolutions adopted are published on company's website, www.sif1.ro, in the section *Investor Relations* › *General Shareholders' Meetings*.

For the general meetings of shareholders, suspending the voting rights for the holdings above the legal and statutory threshold of 5% of the share capital was performed pursuant to the legal provisions, as per ASF Decisions no. 560/18.04.2019 and 561/18.04.2019, and respectively ASF decisions no. 831/19.06.2019 and 834/19.06.2019.

Right to dividend

The dividend policy embraced by SIF Banat-Crișana aims at keeping a balance between the shareholders' remuneration through dividend and the need to finance new investment of the reinvested profits obtained. The strategy of keeping this balance aims to increase the long-term investment attractiveness of SIF Banat-Crișana shares, while maintaining the potential for the future development of the company, ensuring the long-term sustainable profitability of the business for the benefit of increasing the value created for shareholders.

The manner of remunerating SIF Banat-Crișana's shareholders is applied for their benefit both through the dividend distribution policy, and also by the decision to reinvest the profits or to repurchase the shares for the stated purpose of increasing the value of the shares. This increase of shareholder's capital is manifested by at least by the implicit growth in the value of the share due to the favourable effect of profitable reinvestment of the capital. Depending on the economic and financial developments, the risk profile and the investment expectations of the shareholders, the two ways of remuneration should offer at least the same investment attractiveness. If profit reinvestment opportunities are more attractive to shareholders or in case of repurchasing shares from the, the return for SIF Banat-Crișana's shareholder capital is likely to be higher than a simple distribution of taxable dividends.

Remunerating the shareholders through dividend distribution or their reinvestment, or by repurchasing shares listed on the market, may bring additional benefits, over the medium and long term, to shareholders.

Determining the manner and proportion of the distribution of net profit is subject to the approval of the General Meeting of Shareholders and considers the sustainability of the measure, the economic context and the current market performance.

The General Meeting of the Shareholders of April 22, 2019, approved the allocation the entire net profit for the financial year 2018, in the amount of RON 77,186,227, to *Other reserves*, to support the Buyback Program I approved by the EGM of April 22, 2019.

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

Right to information

SIF Banat-Crișana considers of great importance the investor relations activities and the transparency in communication, convinced that public confidence is essential for proper activity of the company and the consolidation of its good reputation. The company aims to ensure continuous reporting in an objective and integral manner by providing complete and accurate information on all important aspects of the activity and the results achieved. Company's website (www.sif1.ro) is a useful means for communicating with the shareholders. The section dedicated to investor relations hosts information of interest for the shareholders and all the announcements and reports of the Company are made available both in Romanian and in English.

SIF Banat-Crișana acknowledges the right of shareholders to be informed, providing them with timely and relevant information, enabling them to exercise their rights in a fair manner. Information on Company's activity considered to affect the price of shares on the stock exchange market was subject to current reports or announcements, communicated within 24 hours to the market, immediately made available to investors on Bucharest Stock Exchange (BVB) website and on the Company's website, www.sif1.ro. To provide equal access to information for the investors, publishing reports and announcements destined to the market participants on Company's website is made after the information is posted by the market operator on its website www.bvb.ro. In order to inform the shareholders and investors, the Company sets a financial reporting calendar that is communicated to BVB and Financial Supervisory Authority (ASF), and also publishes it on Company's website.

Increasing the company's visibility on the Romanian capital market and towards a wider base of international institutional investors was further an objective pursued in 2019, promoting SIF Banat-Crișana in the capital market events (either individually or together with BVB, intermediaries), to increase transparency and attract new investors / shareholders.

During the year 2019, top-management representatives of the Company took part in various meetings with analysts, potential investor from Romania and abroad, presenting Company's activity, financial results and strategy. In February 27 - 28 2019, SIF Banat-Crișana participated, represented at top-management level, at the sixth annual edition of *Romania Investor Days* conference in London. The event, organized by Wood & Company in partnership with Fondul Proprietatea, brought together 106 institutional investors representing 54 investment houses and 40 representatives from 16 companies, who participated in a total of 308 meetings with investors. Also, SIF Banat-Crișana was a partner of events organized throughout 2019 by various media outlets in Romania.

The organizational structure providing the relationship with shareholders, potential investors, analysts, mass-media and the interested public is the Investor Relations Compartment. Contact details: 35A Calea Victoriei, Arad 310158, Romania, tel | fax: +40257 304 446, email: investitori@sif1.ro, person of contact Mr. Claudiu Horeanu.

Diversity policy

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

Social responsibility

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

The role of social actor for SIF Banat-Crişana is to promote professionalism, excellence, innovation, responsibility, teamwork, diversity, commitment.

During 2019, SIF Banat-Crişana financially supported some projects in the educational and business environment organized by the Romanian Association of Finance and Banking - ROFIBA together with the Faculty of Finance, Insurance, Banking and Stock Exchange from Academy of Economic Studies in Bucharest) - the "International Finance and Banking Conference - FI BA 2019" and Varyafin Bucharest Association for activities in the fields of health and education.

4. FINANCIAL ANALYSIS

SIF Banat-Crișana prepared the financial statements as at December 31, 2019, pursuant to International Financial Reporting Standards (IFRS) as adopted by the European Union and to the ASF Rule no. 39/2015 for the approval of Accounting Regulations applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority (ASF) in the Sector of Financial and Investment Instruments.

The Standalone Financial Statements as at December 31, 2019, including the related notes, are presented in Annex 1 to this report.

The following are comments on the financial position and the results of the Company in the financial year 2019, compared to the preceding three financial years:

4.1 Statement on the standalone financial position

STATEMENT OF ASSETS, LIABILITIES AND EQUITY	2019	2018	2017	2016	2015
Cash and cash equivalents Including bank deposits)	121,716,306	35,274,867	16,134,803	57,625,994	151,400,510
Financial assets at fair value through profit and loss	1,226,791,154	1,105,989,265	338	309	449
Financial assets at fair value through other comprehensive income (assets available for sale 2015 – 2017)	1,508,267,047	1,279,345,173	2,440,191,357	2,007,925,978	1,728,617,277
Investments recorded at amortized cost	43,246,691	6,505,683	6,499,764	6,336,716	34,498,231
Investment property, tangible assets, Other assets	26,657,141	25,828,264	25,318,909	38,300,331	27,008,238
Total assets	2,926,678,339	2,452,943,252	2,488,145,171	2,110,189,328	1,941,524,705
Deferred tax liabilities	169,850,613	129,889,043	176,433,120	130,804,501	124,114,688
Other liabilities (other liabilities, leasing, deferred revenues)	8,624,272	1,633,596	20,471,908	25,138,742	28,600,622
Total liabilities and deferred revenues	178,474,885	131,522,639	196,905,028	155,943,243	152,715,310
Share capital	51,746,072	51,746,072	52,000,000	54,884,927	54,884,927
Treasury shares (including costs related to the repurchase)	(7,430,298)	(224,045)	(4,872,849)	(53,177,886)	-
Retained earnings	812,306,354	683,411,583	290,919,193	349,574,064	268,211,362
Other elements of equity (other reserves, legal reserves, benefits granted)	1,009,486,883	933,609,102	701,364,620	620,001,919	619,969,154
Reserves from revaluation of financial assets through other items of comprehensive income (available for sale 2015 – 2017)	882,094,444	652,877,901	1,251,829,179	982,963,061	845,743,952
Total equity	2,748,203,455	2,321,420,612	2,291,240,143	1,954,246,085	1,788,809,395
Total liabilities and equity	2,926,678,339	2,452,943,252	2,488,145,171	2,110,189,328	1,941,524,705

Cash and cash equivalents include all liquid investments of the Company in term bank deposits, current accounts and petty cash. The amount increased as compared to 2018, as the investment activity of the Company generated a cash surplus steered towards short term fixed income instruments.

The category of *Financial assets at fair value through profit or loss* comprises the Company's shareholdings in subsidiaries and associates of the Company (except for interests in consolidated subsidiaries), holdings in fund units and investment in bonds (Banca Transilvania and issued by subsidiaries – Vrancart, SIFI BH Retail). The item *Financial assets at fair value through profit and loss* rose as compared to 2018 as a result of:

- Recognition of the positive differences in the fair value of the financial assets in this category as at the reporting date;
- The investment activity carried out in 2019, by divesting from certain investments recorded in the category of Financial assets at fair value through other comprehensive income and investing

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

Financial assets at fair value through other comprehensive income comprise shareholdings, in respect of which the Company has chosen - from the initial application of IFRS 9 - the irrevocable option to reflect fair value changes in other items of comprehensive income, and investments in corporate bonds (Impact). The increase vs. the previous year of this category is mainly due to the upturn in the market value of the listed shares included in this category (especially shares of companies operating in the financial and energy sector).

Investments at amortized cost as at December 31, 2019 represent the company's investments in corporate bonds (Blue Air Aviation). During 2019, corporate bonds were purchased in the amount of 9,000,000 euros, issued by Blue Air, classified at initial recognition in this category.

Investments property, Tangible assets and *Other assets* mainly include land and buildings acquired by the Company following the withdrawal from companies in the portfolio (Hidrochim) or withdrawal of the contribution in kind (Azuga Turism). The value of investment property at fair value of the Company at December 31, 2019 is of RON 20.05m. Tangible assets held by the Company are those used while carrying out operational and administrative activities, at the headquarters. The level of these balance sheet items did not show any significant change compared to the previous year.

Deferred tax liabilities represent the tax payable / recoverable in future periods in connection with temporary taxable differences / deductibles between the carrying amount and the tax asset or liability. The growth of this item as compared to the previous year is mainly the effect of supplementing the deferred profit tax related to the increase of the reserve level from the valuation at the fair value of the securities valued at fair value through other comprehensive income, on the back of the positive progress of the capital markets in 2019.

Other liabilities item significantly increased as compared to the previous year, as the Company recognized at the end of 2019 the difference in current income tax related to the taxable income from the MTM of the assets at fair value through profit or loss.

Equity holds the largest stake in the structure of liabilities. The value of this item significantly rose vs. the previous year, given that the net profit attained and the gains from the evaluation of the portfolio of listed shares had a considerable positive influence on this category.

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

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME	2019	2018	2017	2016	2015
Income, of which:	121,537,512	114,876,610	84,927,868	107,164,704	40,760,477
Dividend income	115,088,023	110,224,602	81,469,412	101,624,336	34,072,103
Interest income	6,052,181	4,399,872	3,277,959	5,314,722	6,461,141
Other operating revenues	397,308	252,136	180,497	225,646	227,233
Gain on investments, of which:	75,953,657	(16,053,869)	3,308,817	2,257,033	65,220,044
Net gain on foreign exchange	1,961,301	92,468	168,443	(110,431)	73,886
Gain on investment property	(81,351)	86,351	989,353	177,703	10,515,917
Net profit on sale of assets	-	(1,282,416)	2,150,991	2,189,901	55,302,792
Net gain / (Net loss) on financial assets at fair value through profit and loss	74,073,706	(14,950,272)	30	(140)	(672,551)
Expenses, of which:	(22,236,060)	(17,930,623)	(15,745,275)	(25,120,258)	(17,636,031)
Expenses/reversals on adjustments for impairment	-	-	3,710,134	(5,948,134)	(1,851,313)
Expenses related to fees and charges	(3,322,619)	(3,248,280)	(2,717,509)	(2,255,325)	(2,443,923)
Other operating expenses	(18,913,441)	(14,682,344)	(16,737,900)	(16,916,799)	(13,340,795)
Profit before tax	175,255,110	80,892,118	72,491,410	84,301,479	88,344,490
Income tax	(15,760,578)	(3,705,890)	(2,938,215)	(2,938,778)	(13,019,922)
Net profit for the period	159,494,532	77,186,227	69,553,195	81,362,701	75,324,568
Net gain recognized in retained earnings	46,586,466	63,846,369	-	-	-
Other comprehensive income	230,288,096	(147,044,497)	268,866,118	137,251,875	215,368,532
Total comprehensive income for the period	436,369,094	(6,011,901)	338,419,313	218,614,576	290,693,100

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

Dividend income recorded a growth also in 2019, with a plus of RON 5m, the main source being shareholdings in banks (RON 66m), shareholdings in the financial field (RON 16.7m) an energy sector (RON 14.5m).

Interest income includes interest on bank deposits and corporate bonds. In 2019, interest income rose vs. the previous year, influenced both by a marginal increase in the interest rates on bank deposits and by the contribution of corporate bonds at a significantly higher interest rate than in the case of bank deposits, while increasing the amounts invested in this category of financial instruments.

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

Gains on investments in 2019 was favourably influenced by the recording of fair value differences for financial assets measured at fair value through profit and loss, as per IFRS 9. These investments include both shareholdings in subsidiaries removed from the scope of consolidation following the ascertainment of the investment entity status, as well as investments in fund units issued by closed-end investment funds. The positive result is the effect of a positive progress in the case of the fund units.

Commission expenses include fees due to regulatory institutions, the depository and the Stock Exchange, the majority share of which accrues the monthly fee of 0.0078% of the net asset due to ASF. Their level stood at the same level as compared to the values for the previous year.

Other operating expenses include staff salaries and management costs, the taxes and fees and other expenses incurred in the operation of the Company. These expenses rose as compared to the previous year, mainly as a result mainly as an effect of the recognition in the expenses related to remuneration of the Company's personnel and management of the variable components approved by the shareholders.

4.3 Standalone cash flow statement

CASH FLOW STATEMENT	2019	2018	2017	2016	2015
Operating activities					
Net profit for the year	159,494,532	77,186,227	69,553,195	81,362,701	75,324,568
<i>Adjustments for:</i>					
Amortization of tangible and intangible assets	271,833	281,866	202,645	237,539	255,359
Net (Gain) / Loss on disposal of tangible assets	1,585	4,557	(11,988)	-	-
Gain on valuation of investment property	81,351	(86,351)	(989,353)	(177,703)	(10,515,917)
Expenditure on adjustments for impairment	-	-	(3,912,645)	5,489,150	1,851,312
(Net gain)/Net loss on sale of assets	-	1,282,416	(2,150,991)	(2,189,901)	(55,302,792)
(Net gain) / Net loss from financial assets at fair value through profit and loss	(74,073,706)	14,950,272	(30)	140	672,551
Dividend income	(115,088,023)	(110,224,602)	(81,469,412)	(101,624,336)	(34,072,103)
Interest income	(6,052,181)	(4,399,872)	(3,277,959)	(5,314,722)	(6,461,141)
Expense with / (income from) other provisions and adjustments	-	-	202,512	458,984	(12,605)
Exchange rate differences financial assets	(1,227,129)	(10,086)	-	-	-
Benefits granted in equity instruments	1,414,000	2,380,000	-	-	-
Income tax	15,760,578	3,705,890	2,938,216	2,938,778	13,019,922
Changes in assets and liabilities related to operating activities					
Changes in other assets	(85,847)	17,207	(114,865)	(2,546,555)	(2,019,926)
Changes in other liabilities	1,393,549	(2,083,394)	1,096,503	1,535,469	(9,741)
Income tax paid	(19,121,966)	(25,588,823)	(962,378)	(1,851,725)	(2,246,889)
Net cash (used in) / from operating activities, of which:	(37,228,425)	(42,584,693)	(18,896,551)	(21,682,180)	(19,517,403)
Investing activities					
Payments for purchase of financial assets at FVTOCI ('15-'17 available for sale)	(6,586,167)	(247,001,150)	(187,000,444)	(152,658,954)	(36,895,424)
Proceeds from the sale of financial assets at FVTOCI ('15-'17 available for sale)	107,323,972	172,710,266	85,805,053	3,784,252	73,114,113
(Investments) / Proceeds from deposits with term longer than 3 months	1,500,000	(1,200,000)	36,072,333	108,181,106	(92,790,943)
Proceeds from sale of assets at FVTPL	84,852,486	23,466,399	-	-	18,656,690
Payments for purchase of assets at FVTPL	(123,637,912)	-	(160,893)	27,013,833	16,016,606
Payments for purchase of assets recorded at amortized cost	(42,995,700)	-	-	-	-
Payments for purchases of tangible assets	(49,697)	(58,870)	440,757	(49,939)	(125,531)
Proceeds from sale of property and assets held for sale	-	-	(462,162)	-	-
Dividends received	110,293,952	106,528,122	79,528,077	102,603,588	30,477,215
Interest received	5,277,106	6,274,164	4,497,211	4,850,262	6,421,949
Net cash (used in) / from investing activities	135,978,041	60,718,931	18,719,932	93,724,148	14,874,676
Financing activities					
Dividends paid	(5,495)	-	(3,450,000)	(3,970,007)	(30,944,403)
Repurchase of own shares	(10,770,725)	(224,045)	(1,425,254)	(53,177,886)	-
Net cash (used in) / from financing activities	(10,776,220)	(224,045)	(4,875,254)	(57,147,892)	(30,944,403)
Increase / (decrease) in net cash and cash equivalents	87,973,396	17,910,193	(5,051,873)	14,894,076	(35,587,129)
Cash and cash equivalents at January 1st	29,230,410	11,320,217	16,372,090	1,478,015	37,065,143
Cash and cash equivalents at December 31st	117,203,806	29,230,410	11,320,217	16,372,090	1,478,015

In 2019, the investment activity generated cash from dividends collected (RON 110.3m), the sale of shares (RON 107.3m), and redemption of corporate bonds and fund units (RON 84.9m). Most of the cash was steered to investment recorded as financial assets at fair value through profit and loss (RON 123.6m - corporate bonds, shares in affiliated entities), bonds recorded at amortized cost (RON 43m), and shares reflected through other comprehensive income (RON 6.6m). Structurally, the cash surplus of the investment activity was used to finance the cash requirement of the operating activity (RON 37.2 million - income tax, operating expenses), most of the surplus being directed to short-term money investments, a decision explaining the increase in *Cash and cash equivalents* as at December 31, 2019 as compared to the beginning of the financial year.

4.4 Implementation of Budget for 2019, summary statement

Implementation of Budget for 2019	Result for 2018	Provisions for 2019	Result for 2019	+/- vs. provisions	+/- vs. 2018
Total revenues	114,876,610	105,630,200	121,537,512	15.1%	5.8%
Net gain on investment	(16,053,869)	-	75,953,657	N/A	N/A
Operating expenses	17,930,623	24,014,200	22,236,060	-7.4%	24.0%
Profit before tax	80,892,118	81,616,000	175,255,110	114.7%	116.7%
Income tax (including tax on gross dividends due)	3,705,890	3,200,000	15,760,578	392.5%	325.3%
Net profit for the year	77,186,227	78,416,000	159,494,532	103.4%	106.6%
Total comprehensive income for the year	(6,011,901)	78,416,000	436,369,094	456.5%	N/A

Total revenues achieved is 15.1% above the budgetary provisions of 2019, up 5.8% vs. the result for the year 2018.

Net gain on investment is favourable, as this component was positively influenced by the recording of the change in value of the assets measured at fair value through profit and loss, on the back of the upward progress of market quotations for the financial and energy sector in 2019.

Operating expenses for 2019 are 7.4% below budgeted provisions and 24% above the previous year's.

The gross result, in the amount of RON 175.3m, is 117% above the budgetary provisions for 2019, the effect of the net gain on investment, a component for which no estimates were included in the budgetary provisions for 2019.

The net result for the year, amounting to **RON 159.5m**, is 107% above the budgetary provisions for 2019, and 103% higher than last year's result, due to the positive influence of the gain on investment, given that in 2018 the net result of gain on investment had a negative contribution to the formation of the net result.

5. OTHER SIGNIFICANT INFORMATION

Amendments to the Articles of Association

The amendment of SIF Banat-Crișana's Articles of Association was made to correlate the provisions of the constitutive act with the provisions of the ASF Regulation no. 10/2015 on alternative investment fund management, in order to eliminate the difference of treatment and interpretation between the statutory provisions and the legal provisions, so that the incompatibility situations regulated by statute are not more restrictive than the incompatibility situations regulated by law. Thus, by the Resolution no. 1 of the EGM of June 20, 2019, it was approved the amendment of *Article 14 Incompatibilities* of the Articles of Association. (*Current Report of 20.06.2019*)

Subsequently, based on the request and documentation submitted, the Financial Supervisory Authority, through the ASF Authorization no. 92 / 24.07.2019, authorized the amendments in the Company's Articles of Association as per Resolution no. 1 / 20.06.2019 of the EGM. (*Current Report of 24.07.2019*).

Appointment of financial auditor

Given the expiry of the statutory financial audit contract concluded with PriceWaterhouseCoopers Audit SRL, SIF Banat-Crișana carried out a procedure for the selection of the financial auditor fas per the legal provisions. The procedure for selecting the financial auditor was conducted under the coordination and supervision of the Audit Committee.

Following the evaluation of the offers received, the Audit Committee recommended to the Board of Directors two audit firms and expressed an acknowledged preference for Deloitte Audit SRL. The Board of Directors approved the recommendation and preference of the Audit Committee and including on the voting forms, for the approval of the Ordinary General Meeting of SIF Banat-Crișana's Shareholders, convened for the June 20 (21), 2019, of the financial auditor Deloitte Audit S.R.L.

The OGM approved, by resolution no. 1/20.06.2019, the appointment of Deloitte Audit S.R.L. as financial auditor with a duration of the contract of 2 (two) years and empowerment of the board of directors to negotiate and conclude the audit contract. (*Current Report of 20.06.2019*)

Change of depositary bank

During 2019, SIF Banat-Crișana changed the depositary bank of its financial assets. Thus, on July 30, 2019, the Company signed the addendum to the Depository and Custody Contract no. 1148/25.09.2017 with BRD - Groupe Société Générale S.A., arranging its termination by the agreement of the parties, and accordingly notified the Financial Supervisory Authority (ASF). At the same time, the Board of Directors of SIF Banat-Crișana approved the conclusion of a new depositary contract with Banca Comercială Română, a credit institution authorized by ASF to conduct depositary activities. (*Current Report of 01.08.2019*)

By the Authorization no. 149/01.11.2019, the Financial Supervisory Authority authorized Banca Comercială Română S.A. as depositary bank for SIF Banat-Crișana's assets based on the Contract for depositary services no. 4944 / 19.09.2019 and the Contract for the provision of custody services no. 4945 / 19.09.2019. (*Current Report of 01.11.2019*)

Relocation of Bucharest branch

To benefit from improved operating conditions the Company's Board of Directors decided the relocation the premises of SIF Banat-Crișana's Bucharest branch from the former address in Bucharest, sector 1, No. 175 Calea Floreasca, 7th floor, room A1, to the new address in Bucharest, sector 2, No. 46-48 Serghei Vasilevici Rahmaninov Str., 3rd floor.

Also, the Board approved the amendment of Company's Articles of Association concerning the change of address of Bucharest branch. *(Current Report of 04.10.2019)*

Following the submission to ASF of the request for the authorization of the amendment of the Articles of Association, the Board of Directors approved in the meeting held on 20.12.2019 a new decision approving the setting up of a branch called SIF Banat-Crișana SA Arad-Bucharest branch-Rahmaninov, with the address at sector 2, 46-48 S.V. Rahmaninov str., 3rd floor, and the termination and deregistration of SIF Banat-Crișana's Bucharest branch located in 175 Calea Floreasca, 7th floor, room A1. *(Current Report of 20.12.2019)*

In January 2020, ASF, by Authorization no. 11/23.01.2020, authorized the changes in Company's Articles of Association concerning the new address of SIF Banat-Crișana's Bucharest-Rahmaninov branch. *(Current Report of 27.01.2020)*

The buyback programs. Stock Option Plan

The EGM of April 26, 2018 approved the execution of two buyback programs, in compliance with the applicable legal provisions and having the following main characteristics:

Program I

The Company will repurchase shares under the Program to reduce its share capital; the maximum number of shares that may be repurchased is of 17,460,724 shares at most; the minimum price per share: RON 1; the maximum price per share: RON 4.81; the duration of the: maximum of 18 months after publication of the decision in the Official Gazette of Romania, Part IV; the shares acquired under the Program I will be paid from sources permitted by law. During 2018 there were no repurchase of shares under Program I.

Program II

The Company will repurchase shares under the Program II for the distribution free of charge to the members of the Company's management (administrators, directors) in order to build their loyalty as well and to reward their activity in the Company, according to performance criteria to be determined by the Board of Directors; the maximum number of shares that may be repurchased: 1,400,000 shares at most; the minimum price per share: RON 1; the maximum price per share: RON 4.81; the duration of the program: maximum of 18 months after publication of the decision in the Official Gazette of Romania, Part IV; the shares acquired under the Program II will be paid from sources permitted by law.

The EGM of April 26, 2018 approved the use of the shares purchased under Program II for the redemption of own shares for their distribution free of charge to members of company's management (administrators, directors) in a "Stock Option Plan", in compliance with applicable law, the Board of Directors being empowered to take all necessary measures and to fulfil all the formalities required for the approval and implementation of the "Stock Option Plan".

On May 21, 2018, the company announced by means of a current report and a "Disclosure document" prepared according to CNVM Regulation no. 1/2006 (Annex no. 21), that the Board of Directors approved the "Stock Option Plan", by which 1,400,000 SIF1 shares were offered to the Company's administrators and directors.

The vesting (transfer of shares) will be made when the conditions in the "Stock option plan" are met and the option is exercised by each beneficiary, after a term of 12 months has passed since the signing of the payment agreements.

On September 28, 2018, SIF Banat-Crișana informed on the commencement, starting October 2, 2018 of repurchase of own shares under Buyback Program II, through daily transactions in the market, according to the resolution of the EGM no. 2 art. 2 of 26.04.2018 (published in Part IV of the Official Gazette no. 1893 / 17.05.2018). The company has designated SSIF Swiss Capital SA to provide brokerage services.

The execution of the buyback program complied with the derogating conditions laid down in the market abuse legislation that allows transactions to be made within the issuer's closed periods (Article 5 par. (1) of EU Regulation 596/2014 and Article 4, paragraph 2) of the EU Delegated Regulation 1052/2016).

Between October 2 and 26, 2018, 89,656 shares were repurchased through direct market transactions, at the average price of RON 2.4927 / share. On October 25, 2018, SIF Banat-Crișana informed the shareholders that, starting with October 29, 2018, the execution of the buyback program by daily transactions in the market launched on October 2, 2018, was suspended.

In 2019, for the completion of the two buyback programs SIF Banat-Crișana carried out a Public Tender Offer shares through SWISS CAPITAL.

The public tender offer was approved by the Financial Supervisory Authority by Decision 1263 / 16.10.2019 and aimed at repurchasing 18,771,068 SIF Banat-Crișana SA shares at a price of 2.50 RON / share. The offer was carried out between 22.10.2019 - 04.11.2019.

In the offer, 4,228,705 shares were bought, representing 0.8172% of the share capital of SIF Banat Crișana. (*Notification on the results of the public tender offer for shares issued by SIF Banat-Crișana of 12.11.2019*).

After the public tender offer took place, the provisions of the "Stock Option Plan" have been implemented by the Board of Directors of SIF Banat Crișana, through which there have been offered to the members of the Board and executive directors of the Company a number of 1,400,000 SIF1 shares.

The information document regarding the offering or allocation of shares to the members of the management structure of SIF Banat-Crișana, prepared according to the Annex no. 21 of CNVM Regulation no. 1/2006 and Annex no. 4 to Regulation no. 5/2018, updated with the amendments approved by the decision of the Board of Directors from 22.04.2019, has been the subject of the current report from 25.04.2019. According to the data and information in the updated Disclosure Document, at the expiration of the 17-month term elapsed since the signing of the Stock Option Plan, all persons have exercised their right to receive the offered shares, and on December 10, 2019, SIF Banat-Crișana transferred to the members of the management structure 1,400,000 SIF1 shares, representing 0.2706% of the share capital. As per the provisions of the ASF Regulation no. 5/2018 and of the EU Regulation 596/2014, notifications provided were submitted by the company and the Financial Supervisory Authority.

Law on Alternative Investment Funds (AIF Law)

Law no. 243/2019 on alternative investment funds, amending and supplementing certain normative acts (AIF Law) was published in the Romanian Official Gazette no. 1035 as of 24 December 2019, Part I. The law has entered into force 30 days after its publication in the respective Official Gazette, starting with January 24, 2020. Within three months of the law coming into force, the Financial Supervisory Authority will issue the secondary legislation, respectively the Regulation implementing the Law 243/2019.

In this way, a legislative program will be finalized that will completely regulate the field of Alternative Investment Funds:

- Law no. 74 / 2015 on managers of alternative investment funds;
- ASF Regulation no. 10 / 2015 on alternative investment fund management;
- Law no. 243 / 2019 on alternative investment funds;
- ASF Regulation (project in progress) on the authorization and operation of alternative investment funds.

According to art. 80 of Law no. 243 and with the provisions of the draft Regulation, it is foreseen that the Financial Investment Companies (SIFs) fall into the category of Alternative Investment

Funds authorized as investment companies (with a diversified investment policy) for retail investors.

Also, one of the provisions of Law no. 243 with impact on the activity of Financial Investment Companies (SIF) refers to the repeal of art. 286¹ of Law 297/2004, the old law of the capital market, article that provided for a maximum shareholding threshold of 5% of the share capital.

It is provided for a period of 6 months from the entry into force of the law for entities in the category of AOPC (in which the financial investment companies-SIF are included) so that:

- to adapt their constitutive and operating documents and activity to the provisions of the law;
- to request the ASF to authorize the necessary amendments of the constitutive and operating documents constitution and operation and to submit the applications and the documentation for this purpose.

6. EVENTS AFTER THE REPORTING PERIOD

Auditor report as per art. 82 of Law 24/2017

SIF Banat-Crișana, as per the provisions of Art. 82 of Law no. 24/2017 and art. 144 of ASF regulation no. 5/2018, presented the shareholders, on January 31, 2020, the *Limited Independent Assurance Report on the information included in the current reports prepared by the company in accordance with the provisions of Law no. 24/2017 and Regulation no. 5/2018*, prepared by the financial auditor Deloitte Audit SRL concerning the transaction reported by the company on 07.10.2019 with the company Administrare Imobiliare SA Bucharest, a SIF Banat-Crișana subsidiary.

Preliminary financial results for 2019

On February 28, 2020, SIF Banat-Crișana announced the preliminary financial results for the year ended December 31, 2019, prepared according to IFRS, communicating to the market (BVB) and publishing on Company's website, www.sif1.ro

Extraordinary General Meeting of Shareholders convened for March 10 (11), 2020

By the Current report of January 23, 2020, the Company informed the investors upon the convening of the extraordinary general meeting of shareholders for March 10 (11), 2020, having as main topic on the agenda the accordance of the Articles of Association of the company with the provisions of Law 243/2019 on alternative investment funds, amending and supplementing certain normative acts.

Considering the express provisions of art. 79 paragraph (2) of Law no. 243/2019 and the legal consequences regulated by this article, the Company is bound to adapt its Articles of Association to the provisions of Law no. 243/2019, within the term provided in art. 79 par. (1), viz. in maximum 6 months from the date of entry into force of Law no. 243/2019. At the same time, by art. 81 paragraph (3) lit. b) of Law no. 243/2019 are repealed the provisions of art. 286¹ of Law no. 297/2004 regulating the holding threshold of maximum 5% of the share capital of a financial investment company.

The Board of Directors of the Company analysed and concluded that the provisions of art. 3 paragraphs (3), (4), (5) and (6), must be eliminated from the Articles of Association since they contain provisions taken from art. 286¹ of Law no. 297/2004 regarding the prohibition to hold more than 5% of the share capital of the financial investment companies, provisions that will become contrary to the new legal provisions, with the expiration of the term of 6 months provided in art. 81 paragraph (3) of Law no. 243/2019.

The amendment of art. 3 of the Articles of Association shall take effect from July 24, 2020, the date of repeal of art. 286¹ of Law no. 297/2004, according to art. 81 paragraph (3) of Law no. 243/2019, viz. at the fulfilment of the term of 6 months from the entry into force of Law no. 243/2019 on alternative investment funds, amending and supplementing certain normative acts.

The extraordinary General Meeting of Shareholders, with the direct participation, by representative or by correspondence of the shareholders holding 192,578,466 shares, representing 37.43% of the total voting rights, with the votes "for" of the shareholders representing 85.42% of the votes cast, approved the amending the Company's Articles of Association, to correlate with the provisions of Law no. 243/2019 on alternative investment funds, amending and supplementing certain normative acts (AIF Law), as follows:

- in Art. 3, the paragraphs (3), (4), (5) and (6) concerning the holding limits of 5% of Company's share capital are removed, so Art. 3 to be read as follows:

"Art. 3 Share capital and shares.

(1) The share capital of the company amounts to RON 51,746,072.40 and is divided into 517,460,724 shares of RON 0.10 each, appropriated per shareholders as shown in the records entered in the shareholders' registry.

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

The amendment of Art. 3 of the Articles of Association shall take effect from July 24, 2020, the date of repeal of art. 286¹ of Law no. 297/2004, according to art. 81 paragraph (3) of Law no. 243/2019, viz. at the fulfilment of the term of 6 months from the entry into force of Law no. 243/2019 on alternative investment funds, amending and supplementing certain normative acts.

SIF Oltenia and a group of shareholders, acting in concert, requested on 06.02.2020 the amendment of the agenda of the extraordinary general meeting shareholders, demanding the inclusion on the agenda of two topics requesting:

1) reducing the company's share capital by cancelling a number of 72,842,636 shares held by SIF Muntenia S.A., Opus Chartered Issuances SA/AA Luxembourg and Roumanian Strategy Fund AA/Vaduz according to art. 107¹ in relation to 104¹ par. (3) of Law no. 31 / 1990R, with the amount of RON 7,284,263.6, from RON 51,746,072.40 to RON 44,461,808.8, and

2) suspension of the voting right for a number of 72,842,636 shares held by SIF Muntenia SA, Opus - Chartered Issuances SA/AA Luxembourg and Roumanian Strategy Fund AA/Vaduz until the registration of the share capital reduction.

The opinion of SIF Banat-Crișana's Board of Directors concerning the request to supplement the agenda was that the proposal of SIF Oltenia group to annul the SIF1 shares held by some shareholders of the Company and to suspend their right to vote until their cancellation is unfounded and unlawful. By a possible arbitrary or abusive cancellation of the shares held by some shareholders, the right of private property of the investors on the shares would be violated, right guaranteed by art. 44 par. (2) of the Constitution of Romania, by the international treaties to which Romania is a party and provided for in art. 555 of the Civil Code.

Because formally the request to supplement the agenda complied with the conditions required by law, the Board of Directors has supplemented the agenda of the EGM of March 10 (11), 2020 with the motions submitted by SIF Oltenia and the group of shareholders acting in concert.

By Letter no. 1372/17.02.2020, published by SIF Banat-Crișana with the Current report of the same date, the Financial Supervisory Authority has ascertained the illegality of the request of the shareholders of the SIF Oltenia SA group and has stated the following:

"- no information / data / elements were found in the analysis to lead to the conclusion that SIF Muntenia, Opus Chartered SA / AA Luxembourg and Romania Strategy Fund act in concert with regard to SIF Banat-Crișana SA and, as a consequence, they exceed the shaeholding limit of 5% of the share capital of SIF Banat-Crișana SA;

- The justifications of the topics proposed to be introduced on the agenda presented by the representatives of SIF Oltenia and of the other shareholders do not fall within the legal provisions regarding the concerted action and the operation of reducing the share capital;

- In these conditions, ASF will not be able to approve any corporate operation (in case concerning a possible reduction of the share capital) that does not meet the legal conditions and which is likely to infringe, outside the legal framework, the property right of the shareholders."

The two topics included on the supplemented agenda of the the extraordinary general meeting of March 10, 2020 at the proposal of SIF Oltenia and the shareholders with which they act in concert did not meet the necessary votes in the EGMS to be approved.

Declaring the state of emergency amid COVID-19 epidemic

The situation generated by the spread of the COVID-19 virus epidemic in Europe and by its penetration and into our country required the Declaration of State of Emergency at the national level starting March 16, 2020. The measures taken by the national and local authorities to limit the spread of the virus will have a significant impact for the activity of the companies operating in many sectors of the economy (trade, services, tourism, transport, etc.).

SIF Banat-Crișana has activated the Contingency Plan to ensure the continuity of the activity, taking exceptional preventive and action measures, since the first official information on this subject occurred, so that the activity is not affected by the appearance of an epidemic / pandemic and ensuring the continuity of the activity on all levels.

In this context, SIF Banat-Crișana has adopted preventive measures in order to ensure a normal and continuous operation of the activity:

- A permanent internal communication was established, whereby the staff is informed about the mandatory preventive measures to be observed and what they should do in case of symptoms of illness or contact with persons who have travelled abroad;
- Limiting the access of external persons to the company headquarters, except for corporate events that cannot be relocated to other premises;
- Avoiding direct meetings with business partners, analysts, potential investors, collaborators, the preferred communication for the next period being through teleconferencing systems or other means of distance communication;
- Limiting job related travels for employees;
- Designating substitutes, in case of absence of the holder of the position, for all the operations carried out, to ensure the continuity of the activity without disturbances;
- Implementation of the work at home system, using secure communication systems;
- Ensuring the functionality for on-line banking and electronic reporting to all organizations (ASF, BVB, Central Depository, Asset Depository, ANAF, etc.).

In order to avoid the assembly of large groups of people during the forthcoming general meetings of shareholders, SIF Banat-Crișana will ensure the proper information of the shareholders and will facilitate the possibility of expressing the right to vote in the GMS through alternative ways to participate directly or through a representative, as provided by law (correspondence vote).

It is expected that economic activity in 2020 will be severely impacted by the negative effects of the spread, duration and impact of the COVID-19 virus epidemic. The consequences of the manifestation of the COVID-19 virus epidemic are already visible in the major volatility manifested in the international financial and commodity markets.

7. PROPOSALS OF THE BOARD OF DIRECTORS

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

1. The standalone financial statements as at December 31, 2019 prepared pursuant to International Financial Reporting Standards adopted by the European Union and ASF Rule no. 39/2015, including:

- Standalone statement of profit or loss and other comprehensive income
- Standalone statement of financial position
- Standalone statement of changes in equity
- Standalone statement of cash flows
- Notes to the standalone financial statements

2. The proposal for the appropriation of net profit for the financial year ended December 31, 2019.

The Board of Directors proposes for the approval of the Ordinary General Meeting of Shareholders the appropriation of net profit for 2019 in one of two options:

Option I:

Appropriation of the net profit for the financial year 2019, in the amount of RON 159,494,532 on the following destinations:

- Dividends RON 25,727,118, representing a gross dividend of RON 0.05/share,

Approval of the date of October 8, 2020 as the dividend **payment date**. The distribution of dividends to shareholders will be made in accordance with the legal provisions and the payment costs will be borne by the shareholders of the net dividend amount.

- Other reserves RON 133,767,414

In case of the approval of this distribution of profit, it becomes obsolete and it is removed from the agenda of the EGM convened for April 27 (28), 2020, the proposal for the approval a buyback program for the reduction of company's share capital (Program I), included on topic 3 of the agenda of the said meeting.

Option II:

Approval of appropriation of the entire net profit for the year 2019, in the amount of RON 159,494,532 to *Other Reserves*, for own financing sources, to support a buyback program.

From its own financing sources as provided by law, the Company will conduct a buyback program for 15,000,000 shares, to reduce the share capital by the cancelation of the repurchased shares.

The buyback program will be conducted in accordance with the applicable legal provisions, having the following main characteristics:

- Minimum price per share: RON 0.1;
- Maximum price per share: RON 4.9665;
- Duration of the program: maximum 18 months from the date of publication of the resolution in the Official Gazette of Romania Part IV.

In case of the approval of this distribution of profit, it will be submitted for the approval of the EGM convened for April 27 (28), 2020 the resolution of topic 3 on the agenda of this general meeting regarding the execution of the buyback program for the reduction of company's share capital (Program I).

3. Discharge from liability of the Board of Directors for the activity carried out during the financial year 2019.

This report is accompanied by the following annexes:

ANNEX 1	Financial statements as at December 31, 2019, prepared pursuant to International Financial Reporting Standards adopted by the European Union and ASF Rule no. 39/2015
ANNEX 2	Statement of SIF Banat-Crişana assets and liabilities as at December 31, 2019 and the detailed statement of investments (as per Annexes no. 16 and 17 to Regulation no. 15/2004)
ANNEX 3	Amendments to the Articles of Association in 2019
ANNEX 4	Status of compliance with the Code of Corporate Governance issued by BVB
ANNEX 5	Statement on the compliance with the principles of corporate governance as per ASF Regulation no. 2/2016
ANNEX 6	Annual report of the Nomination and Remuneration Committee

The version prepared in Romanian of the Annual Report of the Board of Directors (which is the official and binding version) was approved by the Board of Directors of SIF Banat-Crişana in the meeting held on March 23, 2020.

Bogdan-Alexandru DRĂGOI

Chairman of the Board of Directors

**STATEMENT OF
assets and liabilities of SIF Banat-Crişana as at 31.12.2019**

annex no. 16

based on the balance sheet submitted for the approval of OGM

DESIGNATION	VALUE [RON]
1. Non-current assets	832,296,289
1.1 Intangible assets	10,682
1.2 Tangible assets	25,249,723
1.3 Financial assets	807,035,885
1.3.1 Listed shares	185,455,042
1.3.2 Unlisted shares	194,035,660
1.3.3 Government securities	-
1.3.4 Certificates of deposit	-
1.3.5 Bank deposits	-
1.3.6 Municipal bonds	-
1.3.7 Corporate bonds	61,018,474
1.3.8 Newly issued securities	-
1.3.9 Units of UCITS and / or non-UCITS	366,420,749
1.3.10 Other financial assets	105,959
2. Current assets	1,901,094,151
2.1 Inventories	2,239
2.2 Receivables, of which:	126,096
2.2.1 Dividends receivables	-
2.2.2 Receivables rights	-
2.2.3 Other receivables	126,096
2.3 Cash and equivalents	30,161,433
2.4 Short term financial investments	1,779,249,510
2.4.1 Listed shares	1,592,743,086
2.4.2 Unlisted shares	-
2.4.3 Municipal bonds	-
2.4.4 Corporate bonds	42,249,553
2.4.5 Units of UCITS and / or non-UCITS	144,256,871
2.5 Newly issued securities	-
2.6 Government securities	-
2.7 Bank deposits	91,547,657
2.8 Certificates of deposit	-
2.9 Other current assets	7,216
3. Derivatives	-
4. Prepaid expenses	202,851
5. Total assets	2,733,593,291
6. Total liabilities	178,464,412
6.1 Loans from bond issues	-
6.2 Amounts owed to credit institutions	-
6.3 Advances received from clients	-
6.4 Trade payables	234,045
6.5 Bills of exchange payable	-
6.6 Amounts owed to group companies	-
6.7 Amounts owed to related parties	-
6.8 Other liabilities, of which	178,230,367
- deferred income tax	169,850,613
7. Provisions for expenses	-
8. Deferred income, of which:	10,473
8.1 Investment subsidies	-
8.2 Deferred income	10,473
9. Shareholders' equity, of which:	2,748,203,454
9.1 Share capital	51,746,072
9.2 Share capital premiums	-
9.3 Revaluation differences	1,176,569
9.4 Reserves	2,968,499,916
* 9.5 Treasury shares	-7,430,298
9.6 Retained earnings	587,534,042
9.7 Result for the period (YTD)	159,494,532
9.8 Profit appropriation	-
9.9 Retained earnings adoption of IAS 29 for the first time	-2,540,075,937
9.10 Items treated as capital	645,164,114
9.11 Other elements of equity	882,094,444
10. Total liabilities	2,926,678,339
11. Net asset	2,724,969,019
** 12. Number of outstanding shares	514,542,363
13. Net asset value per share NAV/S	5.2959
14. Number of companies in the portfolio, of which:	124
14.1 Companies admitted to trading on a regulated market	20
14.2 Companies admitted to trading on an alternative trading system	25
14.3 Unlisted companies	79

* The value of own shares repurchased in the buyback programs approved by the GMS of April 26, 2018, carried out through market transactions between October 2 - 26, 2018, and the PTO carried out during October 22 - November 4, 2019.

** Pursuant to Art.123, par. (3) of the ASF Regulation no. 9/2014, on the calculation of NAV, this item represents:

"The total number of issued and outstanding shares, less treasury stock"

The number of outstanding shares increased from 513,142,363 to 514,542,363 shares following the completion, on December 10, 2019, of the stock option plan carried out in accordance with the Resolution of the EGMS of April 26, 2018 (Current Report of December 10, 2019).

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SIF Banat-Crişana

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

as at: 31.12.2019

No.	Company name	Fiscal code	Symbol	Nr. of shares held	No./date Evaluation report	Value	
						RON / share	total
Unlisted shares (closed)							
1	AZUGA TURISM	28330211		786,882	1699-b/30.07.2019	36.3000	28,563,817
2	NAPOMAR	199176		10,256,241	1699-c/30.07.2019	2.8746	29,482,590
3	CENTRAL	199230		53,120	1699-d/30.07.2019	572.7924	30,426,732
4	SAI MUNTENIA INVEST	9415761		119,976	1699-e/30.07.2019	305.8333	36,692,656
5	SIF SPV TWO	40094500		119,988	1699-a/30.07.2019	0.8715	104,570
6	Administrare Imobiliare SA	20919450		16,049,741	1699-f/30.07.2019	2.4663	39,583,476

SIF Banat-Crișana

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SIF Banat-Crișana's assets as at 31.12.2019
based on the balance sheet submitted for the approval of OGM

RON

ITEM	Beginning of the reporting period 31.12.2018				End of the reporting period 31.12.2019				Differences
	% of net asset	% of total assets	Currency	RON	% of net asset	% of total assets	Currency	RON	
I. Total assets	100.07	100.00	20,438,788	2,209,364,078	100.32	100.00	95,533,084	2,638,060,208	503,790,424
1. Securities and money market instruments, out of which:	67.66	67.61	-	1,507,591,885	65.26	65.05	-	1,778,198,128	270,606,243
1.1. Securities and money market instruments admitted or traded on a regulated market from Romania, out of which:	54.86	54.82	-	1,222,393,234	56.75	56.57	-	1,546,429,798	324,036,564
1.1.1. Shares issued by companies admitted to trading	54.86	54.82	-	1,222,393,234	56.75	56.57	-	1,546,429,798	324,036,564
1.1.2. Municipal bonds	-	-	-	-	-	-	-	-	-
1.1.3. Bonds issued by banking companies	-	-	-	-	-	-	-	-	-
1.2. Securities and money market instruments admitted or traded on a regulated market from a member state	12.80	12.79	-	285,198,651	8.51	8.48	-	231,768,330	-53,430,321
1.3. Securities and money market instruments admitted on a stock exchange from a state not a member or negotiated on another regulated market from a state not a member, that operates on a regular basis and is recognized and opened to the public	-	-	-	-	-	-	-	-	-
2. Newly issued securities	-	-	-	-	-	-	-	-	-
3. Other securities and money market instruments mentioned at art. 187 letter a): securities (by category and by type of issuer) and money market instruments (by category), of which:	11.49	11.48	11,412,807	244,641,719	10.91	10.88	66,046,988	231,256,700	41,249,162
3.1. Shares issued by companies not admitted to trading	9.31	9.30	-	207,399,383	7.12	7.10	-	194,035,660	-13,363,723
3.2. Corporate bonds	2.18	2.18	11,412,807	37,242,336	3.79	3.78	66,046,988	37,221,039	54,612,885
4. Bank deposits, of which:	0.97	0.97	0	21,544,457	3.36	3.35	0	91,547,657	70,003,199
4.1. Bank deposits made with credit institutions in Romania	0.97	0.97	0	21,544,457	3.36	3.35	0	91,547,657	70,003,199
4.2. Bank deposits made with credit institutions of a member state	-	-	-	-	-	-	-	-	-
4.3. Bank deposits made with credit institutions of a non-member state	-	-	-	-	-	-	-	-	-
5. Derivatives financial instruments traded on a regulated market:	-	-	-	-	-	-	-	-	-
5.1. Derivatives financial instruments traded on a regulated market from Romania, on categories	-	-	-	-	-	-	-	-	-
5.2. Derivatives financial instruments traded on a regulated market from a member state, on categories	-	-	-	-	-	-	-	-	-
5.3. Derivatives financial instruments traded on a regulated market from a non-member state, on categories	-	-	-	-	-	-	-	-	-
5.4. Derivatives traded outside the regulated markets, on categories	-	-	-	-	-	-	-	-	-
6. Current accounts and cash	0.62	0.62	9,025,982	4,697,116	1.11	1.10	29,486,095	675,337	16,438,335
7. Money market instruments, others than those traded on a regulated market, according to art. 101 par. (1) letter g) of Law no. 297/2004	0.00	0.00	0	-	-	-	0	-	0
7.1. Municipal bonds not traded	-	-	-	-	-	-	-	-	-
7.2. REPO with govt. bonds denominated in RON and foreign currency	-	-	-	-	-	-	-	-	-
7.3. Govt. bonds	0.00	0.00	0	-	-	-	0	-	0
8. UCITS and non UCITS equity securities	18.18	18.17	-	405,053,186	18.74	18.68	-	510,677,620	105,624,433
9. Other assets (amounts in transit, receivables from distributors, brokerage houses, etc.)	1.16	1.16	-	25,835,714	0.94	0.94	-	25,704,766	-130,949

SIF Banat-Crișana

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Net Asset Value / Share

as at 31.12.2019 based on the balance sheet submitted for the approval of OGM

RON

ITEM	Current period [31.12.2019]	Corresponding period of the previous year [31.12.2018]	Differences
Net Asset Value (NAV)	2,724,969,019	2,228,169,271	496,799,748
Number of issued, outstanding shares	514,542,363	517,371,068	-2,828,705
Unitary net asset value (NAV/S)	5.2959	4.3067	0.9892

SIF Banat-Crişana

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Securities admitted or traded on a regulated market in Romania
as at 31.12.2019 based on the balance sheet submitted for the approval of OGM

No.	Issuer	Symbol	Date of last trading session	No. of shares held [units]	Nominal value [RON]	Value of share [RON]	Total value [RON]	Stake in the issuer's share capital [%]	Stake in SIFBC total asset [%]	Stake in SIFBC net asset [%]
LISTED SHARES										
traded in the last 30 days										
1	BANCA TRANSILVANIA	TLV	30.12.2019	235,638,345	1.00	2.5950	611,481,505	4.5177	22.37	22.44
2	BRD - GROUPE SOCIETE GENERALE	BRD	30.12.2019	13,615,497	1.00	15.8400	215,669,472	1.9537	7.89	7.91
3	BIOFARM	BIO	30.12.2019	362,096,587	0.10	0.3630	131,441,061	36.7471	4.81	4.82
4	VRANCART	VNC	30.12.2019	774,416,054	0.10	0.1550	120,034,488	75.0633	4.39	4.40
5	S.N.G.N. ROMGAZ S.A.	SNG	30.12.2019	1,571,667	1.00	37.1000	58,308,846	0.4078	2.13	2.14
6	CONPET	COTE	30.12.2019	562,740	3.30	79.6000	44,794,104	6.5000	1.64	1.64
7	SIF HOTELURI	CAOR	30.12.2019	31,820,906	2.50	1.3200	42,003,596	98.9997	1.54	1.54
8	OMV PETROM	SNP	30.12.2019	35,865,800	0.10	0.4470	16,032,013	0.0633	0.59	0.59
9	SNTGN TRANSGAZ	TGN	30.12.2019	43,845	10.00	360.0000	15,784,200	0.3724	0.58	0.58
10	ANTIBIOTICE	ATB	30.12.2019	14,167,736	0.10	0.5080	7,197,210	2.1104	0.26	0.26
11	ELECTRICA S.A.	EL	30.12.2019	658,649	10.00	10.6500	7,014,612	0.1901	0.26	0.26
12	COMELF	CMF	19.12.2019	1,211,907	0.58	1.8700	2,266,266	5.3919	0.08	0.08
13	COMPA	CMP	30.12.2019	2,342,529	0.10	0.8640	2,023,945	1.0705	0.07	0.07
14	ROMPETROL WELL SERVICES	PTR	30.12.2019	5,541,900	0.10	0.3560	1,972,916	1.9921	0.07	0.07
15	SSIF BRK FINANCIAL GROUP SA	BRK	30.12.2019	2,867,075	0.25	0.0848	243,128	0.8489	0.01	0.01
On an alternative trading system										
16	IAMU	IAMU	30.12.2019	7,286,299	2.50	5.6000	40,803,274	76.6967	1.49	1.50
17	COMPANIA HOTELIERA INTERCONTINENTAL ROMANIA	RCHI	17.12.2019	112,745,203	0.10	0.2200	24,803,945	13.5260	0.91	0.91
18	UNITEH	UNIT	30.12.2019	158,573	2.50	29.0000	4,598,617	36.3399	0.17	0.17
19	I PROEB	IPRU	30.12.2019	4,097,615	0.30	0.8200	3,360,044	8.6135	0.12	0.12
20	ARGUS	UARG	27.12.2019	1,790,432	1.50	1.8000	3,222,778	5.0039	0.12	0.12
21	SATURN	SATU	27.12.2019	346,926	2.50	7.5000	2,601,945	17.5385	0.10	0.10
22	INDUSTRIA SARMEI CAMPIA TURZII	INSI	11.12.2019	4,604,082	0.10	0.4420	2,035,004	4.1320	0.07	0.07
23	TRANSGEX	TRNG	16.12.2019	143,978	2.50	9.7000	1,396,587	2.7040	0.05	0.05
24	ARCELOR MITTAL HUNEDOARA	SIDG	17.12.2019	5,921,324	2.00	0.2200	1,302,691	2.9820	0.05	0.05
25	PROSPECTIUNI	PRSN	30.12.2019	5,198,500	0.10	0.0590	306,712	0.7240	0.01	0.01
26	ANTECO	ANTE	03.12.2019	7,042,220	0.10	0.0375	264,083	17.2036	0.01	0.01
27	ELVILA	ELV	23.12.2019	13,085	1.00	0.8950	11,711	0.0492	0.00	0.00
28	PROFESSIONAL IMO PARTNERS	PPLI	23.12.2019	1	1.00	2.4600	2	0.0000	0.00	0.00
							1,360,974,756			
Not traded in the last 30 days										
1	UCM	UCM	06.12.2011	1,071,837	0.10	0.0000	0	0.9750	0.00	0.00
On an alternative trading system										
2	SIF IMOBILIARE	SIFI	25.04.19	4,499,961	4.47	36.7602	165,419,466	99.9997	6.05	6.07
3	MOBEX	MOBG	16.09.19	295,844	2.50	28.3832	8,396,999	17.4504	0.31	0.31
4	SOMPLAST	SOPL	03.07.19	2,303,180	2.50	3.1893	7,345,532	70.7511	0.27	0.27
5	REVA	REVA	22.10.19	74,777	2.50	43.9897	3,289,418	5.0112	0.12	0.12
6	PRIMA CONSTRUCT	PCTM	03.07.19	90,685	2.50	6.0016	544,255	15.6969	0.02	0.02
7	URBANA	URBA	24.10.19	13,208	9.20	34.7798	459,372	16.5830	0.02	0.02
8	SOMETRA	SOMR	03.07.19	1,217,602	2.50	0.0000	0	4.5814	0.00	0.00
9	ARMAX GAZ	ARAX	30.06.17	18,500	10.00	0.0000	0	0.3012	0.00	0.00
10	TALC DOLOMITA	TALD	09.10.15	167,108	2.50	0.0000	0	7.8944	0.00	0.00
11	SILVANA	SIVX	19.08.09	1,443,772	2.50	0.0000	0	96.2832	0.00	0.00
12	ICSH	ICSH	26.03.12	84,500	2.50	0.0000	0	1.2891	0.00	0.00
13	PETRO CART	PTRC	10.07.19	11,852,163	0.50	0.0000	0	30.1767	0.00	0.00
							185,455,042			
ISSUERS of UCITS and non-UCITS TYPE										
1	SIF MOLDOVA	SIF2	30.12.19	50,108,958	0.10	1.6100	80,675,422	5	2.95	2.96
2	SIF MUNTENIA	SIF4	30.12.19	40,123,500	0.10	0.8440	33,864,234	4.9717	1.24	1.24
3	SIF OLTENIA	SIF5	30.12.19	11,608,287	0.10	2.5600	29,717,215	2.0009	1.09	1.09
							144,256,871			

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Banca Comercială Română**SIF Banat-Crișana**

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

Securities admitted or traded on a regulated market in a member state
as at 31.12.2019 based on the balance sheet submitted for the approval of OGM

No.	Issuer	Symbol	Date of last trading session	No. of shares held [units]	Nominal value [RON]	Value of share [RON]	Total value [RON]	Stake in the issuer's share capital [%]	Stake in SIFBC total asset [%]	Stake in SIFBC net asset [%]
LISTED SHARES										
1	ERSTE GROUP BANK AG	EBS	30.12.2019	1,445,000	-	160.3933	231,768,330	0.3362	8.48	8.51

SIF Banat-Crișana

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Instruments mentioned at art.187 letter a) - Unlisted shares
as at 31.12.2019 based on the balance sheet submitted for the approval of OGM

No.	Issuer	No. of shares held [units]	Date of acquisition	Price of acquisition [RON]*	Value of share [RON]	Total value [RON]	Stake in issuers's share capital [%]	Stake in SIFBC total asset [%]	Stake in SIFBC net asset [%]
UNLISTED SHARES									
1	ADMINISTRARE IMOBILIARE	16,049,741	21 Dec 2018	2.5000	2.4663	39,583,476	97.3981	1.45	1.45
2	SAI MUNTENIA INVEST	119,976	22 Jul 2013	151.3009	305.8333	36,692,656	99.9800	1.34	1.35
3	CENTRAL	53,120	1 Nov 1999	226.1045	572.7924	30,426,732	67.0783	1.11	1.12
4	NAPOMAR	10,256,241	30 Nov 1997	2.5219	2.8746	29,482,590	99.4348	1.08	1.08
5	AZUGA TURISM	786,882	13 Feb 2013	37.5155	36.3000	28,563,817	98.9354	1.04	1.05
6	GAZ VEST	105,068	23 Aug 2002	100.0000	137.5804	14,455,297	25.8185	0.53	0.53
7	BT ASSET MANAGEMENT	716,570	27 Jan 2005	1.0000	5.1535	3,692,844	10.0000	0.14	0.14
8	EXIMBANK	414,740	30 Nov 1997	6.0000	8.7726	3,638,348	0.3108	0.13	0.13
9	CCP.RO BUCHAREST	142,500	4 Nov 2019	10.0000	10.0000	1,425,000	1.7857	0.05	0.05
10	DEPOZITARUL CENTRAL	9,878,329	4 Nov 1998	0.1000	0.1252	1,236,767	3.9057	0.05	0.05
11	IFB FINWEST	7,976,121	21 Dec 2000	0.1749	0.0955	761,720	8.6736	0.03	0.03
12	AMIS MOB	12,607	11 Dec 2003	2.5399	53.3778	672,934	8.1220	0.02	0.02
13	MOBIROM	11,589	30 Nov 1997	2.7675	53.9522	625,252	9.0289	0.02	0.02
14	SPUMOTIM	12,398	30 Nov 1997	2.5000	50.0326	620,304	3.9864	0.02	0.02
15	TREMULA BRAILA	17,465	30 Nov 1997	2.5000	28.8967	504,681	13.4561	0.02	0.02
16	CTCE	8,501	30 Nov 1997	2.5000	35.2026	299,257	23.2357	0.01	0.01
17	BIZOOFRUCT	39,424	30 Nov 1997	2.5000	7.5071	295,960	4.4235	0.01	0.01
18	COMAT MARAMURES	19,909	30 Nov 1997	2.5000	12.2171	243,230	10.0002	0.01	0.01
19	COMMETCAR	14,862	30 Nov 1997	2.5000	13.2789	197,351	10.0002	0.01	0.01
20	GRUP BIANCA TRANS	562,400	26 Sep 2006	0.1000	0.3341	187,898	5.1783	0.01	0.01
21	APRO HOREA	8,220	30 Nov 1997	2.5000	16.5096	135,709	13.5427	0.00	0.00
22	FORESTIERA	42,269	12 Jun 1998	2.5000	3.1067	131,317	25.7520	0.00	0.00
23	SIF SPV TWO	119,988	2 Nov 2018	1.0000	0.8715	104,570	99.9900	0.00	0.00
24	STREIUL	9,344	30 Nov 1997	2.5000	4.2707	39,905	17.4419	0.00	0.00
25	MODERN	3,302	30 Nov 1997	2.5000	5.4648	18045	2.4485	0.00	0.00
26	BANCA COMERCIALA ROMANA	1	30 Nov 1997	0.1000	0.5000	1	-	0.00	0.00
27	SUINPROD GALDA	143,084	30 Nov 1997	2.5000	0.0000	0	27.0910	0.00	0.00
28	AGROINDUSTRIALA NADLAC	66,406	30 Nov 1997	2.5000	0.0000	0	29.9996	0.00	0.00
29	TRANSILVANIA AIUD	46,779	30 Nov 1997	2.5000	0.0000	0	20.1873	0.00	0.00
30	COMMITX	10,543	30 Nov 1997	2.5000	0.0000	0	28.9667	0.00	0.00
31	MINIERA CUART	17,396	29 Dec 2006	2.5000	0.0000	0	3.3999	0.00	0.00
32	PROIECT	2,162	30 Nov 1997	8.0000	0.0000	0	10.0000	0.00	0.00
33	AGROINDUSTRIALA INEU	59,755	30 Nov 1997	2.5008	0.0000	0	11.5001	0.00	0.00
34	SANEVIT	535,217	30 Nov 1997	0.2495	0.0000	0	8.9696	0.00	0.00
35	EDIL CONSTRUCTII	1,771,625	27 Aug 2007	0.8283	0.0000	0	3.8504	0.00	0.00
36	MOBILA USI	1,262,796	13 Jan 2005	0.1000	0.0000	0	32.4520	0.00	0.00
37	AMIS IMPEX	12,607	11 Dec 2003	2.5399	0.0000	0	8.0936	0.00	0.00
38	TREMULA	66,112	8 Apr 2002	2.5000	0.0000	0	17.9898	0.00	0.00
39	LEMN-MOL-FA	37,146	8 May 2001	1.9783	0.0000	0	13.0184	0.00	0.00
40	IPEGM	9,913	16 Jul 1999	2.5000	0.0000	0	3.4000	0.00	0.00
41	COMBINATUL DE UTILAJ GREU	409,572	24 Mar 1999	4.0000	0.0000	0	5.0221	0.00	0.00
42	AUTODANUBIUS	11,653	30 Nov 1997	2.5000	0.0000	0	14.0387	0.00	0.00
43	FORESTA PRIM GHEORGHIEI	17,202	1 Jul 1998	2.5000	0.0000	0	14.7522	0.00	0.00
44	FORTOP	39,226	1 Jul 1998	2.5000	0.0000	0	12.4859	0.00	0.00
45	MOCARS	119,969	25 Nov 1998	5.5408	0.0000	0	9.6836	0.00	0.00
46	AGROPRODUCT RESITA	72,720	30 Nov 1997	2.5000	0.0000	0	30.0045	0.00	0.00
47	TEHNOLOGIE MOBILA STIL	9,000	20 Sep 2004	2.5000	0.0000	0	4.5523	0.00	0.00
48	METALURGICA	50,436	30 Nov 1997	2.5000	0.0000	0	28.4090	0.00	0.00
49	ROSTRAMO	434,501	30 Nov 1997	2.4988	0.0000	0	10.0371	0.00	0.00
50	REGNA FOREST	33,118	30 Nov 1997	2.5000	0.0000	0	7.0103	0.00	0.00
51	MEBIS	346,637	30 Nov 1997	2.5000	0.0000	0	26.7806	0.00	0.00
52	BRAFOR	5,928,744	30 Nov 1997	0.1000	0.0000	0	2.6874	0.00	0.00
53	HICART	4,576	24 Jun 1998	2.5000	0.0000	0	0.7939	0.00	0.00
54	EXFOR	399,654	30 Nov 1997	2.5000	0.0000	0	24.2311	0.00	0.00
55	ERGOLEMN	9,637	30 Nov 1997	11.0608	0.0000	0	12.9584	0.00	0.00
56	BANCA INTERNATIONALA A RELIGIILOR	186,849	30 Nov 1997	0.7544	0.0000	0	0.9342	0.00	0.00
57	AGROMEC GATAIA	13,585	30 Nov 1997	4.1242	0.0000	0	23.9097	0.00	0.00
58	SILVANIA FOREST	30,111	30 Nov 1997	2.5000	0.0000	0	0.6049	0.00	0.00
59	LASPERESIA	20	30 Nov 1997	2.5000	0.0000	0	1.9455	0.00	0.00
60	AVERSA	142,699	22 Oct 2004	1.1799	0.0000	0	2.1416	0.00	0.00
61	MOBILSAL	550	30 Nov 1997	9.1900	0.0000	0	2.7500	0.00	0.00
62	CONTOR GROUP	2,900,049	27 Nov 2007	0.6628	0.0000	0	1.4962	0.00	0.00
63	UZINA ARDEALUL	55,593	30 Nov 1997	2.5000	0.0000	0	29.5075	0.00	0.00
64	FORTPRES - CUG	103,523	30 Nov 1997	2.5000	0.0000	0	1.3598	0.00	0.00
65	VINALCOOL	232,433	30 Nov 1997	0.1000	0.0000	0	6.7973	0.00	0.00
66	RETEAUA LIBRARIILOR "BIBLIOFOR"	1,275	30 Nov 1997	2.5000	0.0000	0	10.0047	0.00	0.00
67	REMAT CARAS SEVERIN	24,257	30 Nov 1997	2.5000	0.0000	0	7.8287	0.00	0.00
68	SIMATEC	42,886	30 Nov 1997	2.5000	0.0000	0	18.8217	0.00	0.00
69	FOREMAR	28,047	30 Nov 1997	40.0000	0.0000	0	10.5405	0.00	0.00
70	COMAR	40,601	30 Nov 1997	2.5000	0.0000	0	34.9415	0.00	0.00
71	SOMES	1,653,350	30 Nov 1997	2.0993	0.0000	0	13.1191	0.00	0.00

72	ARIO	3,523,021	30 Nov 1997	4.3027	0.0000	0	93.6407	0.00	0.00
73	ARCER	83,213	30 Nov 1997	2.5000	0.0000	0	19.7002	0.00	0.00
74	ELBAC	8,299,560	30 Nov 1997	0.1000	0.0000	0	32.4500	0.00	0.00
75	MOPAL	251,067	30 Nov 1997	61.0533	0.0000	0	21.8936	0.00	0.00
76	CUART	4,516	30 Nov 1997	2.5000	0.0000	0	3.3999	0.00	0.00
77	IFOR	101,803	30 Nov 1997	2.5000	0.0000	0	15.3525	0.00	0.00
78	MOBIMET	14,695	30 Nov 1997	2.5000	0.0000	0	28.8749	0.00	0.00

ISSUERS WITH BALANCE SHEET NOT SUBMITTED									
79	MOLIDUL	90,579	30.11.1997	2.5000	0.0000	0	21.6326	0.00	0.00
							194,035,660		

ISSUERS of UCITS and non-UCITS TYPE									
1	Fondul Inchis de Investitii ACTIVE PLUS	15,050.2178	4 Mar 2014	8,396.5368	12,763.4500	192,092,702	76.4216	7.03	7.05
2	Fondul Inchis de investitii OPTIM INVEST	3,494.6900	8 May 2017	8,190.6100	12,451.9800	43,515,810	23.4894	1.59	1.60
3	FII STAR VALUE	9,382.0000	9 Feb 2018	1,065.8700	1,213.2500	11,382,712	18.9047	0.42	0.42
4	FIA CERTINVEST ACTIUNI	305.2000	23 Mar 2018	244,053.3693	270,760.3700	82,636,065	72.7716	3.02	3.03
5	ROMANIA STRATEGY FUND	58,000.0000	12 Dec 2018	500.0000	634.3700	36,793,460	50.8772	1.35	1.35
							366,420,749		

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

SIF Banat-Crișana

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Certified by depositary bank
Banca Comercială Română

Bonds or other debt instruments as at
as at 31.12.2019 based on the balance sheet submitted for the approval of OGM

Annex 17
Table 10

No.	Series and number of the issue	No. of units	Date of acquisition	Maturity date	Initial value [RON]	Daily interest [RON]	Cumulative interest [RON]	Current value[RON]	Stake in SIFBC total asset [%]	Stake in SIFBC net asset [%]	Intermediary bank
Marketable, issued or guaranteed by the state or central public administration authorities											
Marketable, issued by companies											
1	ROIMPCDBC030	210	19.12.2017	12.12.2022	5,018,265	788	10,249	5,028,514	0.18	0.18	IMPACT
2	ROVRJUDBC011	368,748	17.03.2017	17.03.2024	36,874,800	5,092	346,239	37,221,039	1.36	1.37	VRANCART ADJUD
Non-marketable, issued by companies											
1		1,100	23.01.2019	23.01.2021	10,514,460	1,728	592,843	11,107,303	0.41	0.41	SIFI BH Retail
2	ROTLVADBC015	2,260,999	22.05.2013	22.05.2020	6,483,596	1,064	180,885	6,664,481	0.24	0.24	TRANSILVANIA
3		90	16.12.2019	15.06.2020	43,013,700	15,533	232,991	43,246,691	1.58	1.59	BLUE AIR AVIATION

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Bank deposits

as at 31.12.2019 based on the balance sheet submitted for the approval of OGM

No.	Name of the bank / Starting date	Maturity date	Initial value [RON]	Daily interest [RON]	Cumulative interest [RON]	Current value [RON]	Stake in SIFBC total asset [%]	Stake in SIFBC net asset [%]
BANCA TRANSILVANIA								
1	20/12/2019	06/01/2020	900,000	58	690	900,690	0.03	0.03
2	09/12/2019	13/01/2020	15,000,000	1,000	23,000	15,023,000	0.55	0.55
3	09/12/2019	13/01/2020	10,000,000	667	15,333	10,015,333	0.37	0.37
4	09/12/2019	13/01/2020	3,000,000	200	4,600	3,004,600	0.11	0.11
5	09/12/2019	13/01/2020	1,000,000	67	1,533	1,001,533	0.04	0.04
6	09/12/2019	13/01/2020	5,000,000	333	7,667	5,007,667	0.18	0.18
7	20/12/2019	13/01/2020	10,000,000	644	7,733	10,007,733	0.37	0.37
8	22/11/2019	15/01/2020	3,500,000	228	9,139	3,509,139	0.13	0.13
9	22/11/2019	14/02/2020	1,500,000	100	4,000	1,504,000	0.06	0.06
10	22/11/2019	16/03/2020	1,500,000	102	4,083	1,504,083	0.06	0.06
11	22/11/2019	15/04/2020	1,500,000	104	4,167	1,504,167	0.06	0.06
12	22/11/2019	15/05/2020	1,500,000	106	4,250	1,504,250	0.06	0.06
BCR								
1	09/12/2019	09/01/2020	20,000,000.00	1,444	33,222.22	20,033,222	0.73	0.74
2	09/12/2019	09/01/2020	10,000,000.00	722	16,611.11	10,016,611	0.37	0.37
3	09/12/2019	09/01/2020	7,000,000.00	506	11,627.78	7,011,628	0.26	0.26

91,547,657

SIF Banat-Crișana

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Evolution of the net asset and the net asset unitary value in the last 3 years
as at 31.12.2019 based on the balance sheet submitted for the approval of OGM

	RON		
Item	29.12.2017	31.12.2018	31.12.2019
Net Asset	2,593,066,109	2,228,169,271	2,724,969,019
NAV / share	5.0111	4.3067	5.2959

SIF Banat-Crișana

Certified by depositary bank
Banca Comercială Română

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

FREE TRANSLATION

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

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

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

Article 2 Object of the company

- (1) Main activity is, as per the classification of economic activities in the national economy (CAEN): financial intermediation, except for insurance and pension funds (CAEN code 64), and the main object of activity: Other financial intermediation n.c.a. (CAEN code 6499) as follows:
 - (a) carrying out financial investments in order to maximize the value of own shares in accordance with the regulations in force;
 - (b) management of investment portfolio and exercising all of the rights related to the instruments in which investments are made;
 - (c) risk management
 - (d) other activities auxiliary and associated to the collective investment activity, in accordance with the regulations in force.
- (2) The Bucharest branch of Societatea de Investiții Financiare Banat-Crișana, unincorporated, located in Bucharest, sector 1, 175 Calea Floreasca, 7th floor, room A1, carry out the same object of activity as the parent company.

Article 3 Share capital and shares

- (1) The share capital of the company amounts to RON 51,746,072.4, and is divided into 517.460.724 shares of RON 0.10 each, appropriated per shareholders as shown in the records entered in the shareholders' registry.
- (2) The shares issued by the company are registered, of equal value, issued in dematerialized form and grant equal rights to their holders. The nominal value of a share is RON 0.10. The shares are indivisible, and the company admits a sole representative to exercise the rights attached to a share.
- (3) Any person may acquire under any title or may hold, individually or together with persons acting in concert, shares issued by the investment companies resulting from the transformation of private property funds, but not exceeding 5% of the share capital of the financial investment companies;
- (4) The exercise of the voting right is suspended for the shares held by shareholders exceeding the limits set out in paragraph (3);
- (5) The persons referred to in paragraph (3) are bound, in term of maximum 3 working days upon reaching the 5% threshold, to inform the company, ASF, and the regulated market where the respective shares are being traded;
- (6) Within 3 months from exceeding the threshold of 5% of the share capital of the financial investment companies, the shareholders in this situation are required to sell the shares exceeding the holding limit.

Article 4 The Shareholders

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

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



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

- (1) New shares may be issued pursuant to the legal regulations for the increase of share capital;
- (2) Shares may be ordinary or preference shares, per law;
- (3) The record of company's shares and shareholders is kept by the authorized central depository, pursuant to the provision of the law;
- (4) The shares held by the shareholders will be nominative, dematerialized and registered by entry in the account;
- (5) The shares are freely negotiable;
- (6) Trading of shares shall be performed only on the regulated market on which they are listed.

Article 6 The General Meeting of Shareholders

- (1) The General Meeting of Shareholders is the supreme governing body of the company.
- (2) The general meetings are ordinary and extraordinary.
- (3) The Ordinary General Meeting shall be convened at least once a year no later than four months after the end of the financial year.
- (4) The extraordinary general meeting shall be convened whenever needed.
- (5) Besides debating other issues on the agenda, the Ordinary General Meeting shall:
 - a) discuss, approve or amend the financial statements based on the reports of the Board of Directors (administrators) and the financial auditor, and set the dividend.
 - b) elect and revoke the administrators;
 - c) appoint or dismiss the financial auditor and set the minimum duration of the contract for the financial audit;
 - d) determine the remuneration for the current year for the administrators;
 - e) to decide upon the activity of the administrators;
 - f) to determine the income and expenditure budget and, where appropriate, the operational plan for the succeeding financial year;
 - g) to decide on the pledge, lease or closing of one several units of the company.
- (6) The General Meeting of Shareholders shall empower the Board of Directors to buyback SIF's shares at the prices set by the Board of Directors pursuant to ASF regulations.
- (7) The Extraordinary General Meeting is convened for:
 - (a) the increase of share capital, which shall be carried out only through public offer of shares based on a prospectus approved by ASF and pursuant to the legal provisions in force;
 - (b) the change of the company's object of activity;
 - (c) the change of the legal form of the company;
 - (d) relocation of the headquarters of the company;
 - (e) merger with other companies;
 - (f) the capital reduction or its replenishment by issuing new shares;
 - (g) the early dissolution of the company;
 - (h) the conversion of shares from one category to another;
 - (i) the removal or change in the company's shareholding limit;
 - (j) any other amendment to the articles of association or any other decision requiring the approval of an extraordinary general meeting.
- (8) The Extraordinary General Meeting has delegated to the Board of Directors the exercise of its powers to:
 - (a) increase the share capital;
 - (b) change the object of the company, except for the field and the main business of the company, which remain within the exclusive competence of the extraordinary general meeting;
 - (c) establish or close branches, subsidiaries, representative offices and other places of business.
- (9) Convening the general meeting of shareholders shall be done considering the legal provisions in force and the provisions of these Articles of Association;
- (10) The General Meeting shall be convened by publishing a notice in the Official Gazette and in a newspaper of wide circulation with at least 30 days before the date of the meeting.
- (11) The Ordinary and the Extraordinary General Meeting shall be convened by the Board of Directors, pursuant to the applicable law.
- (12) The shareholders registered as at the reference date have the right to participate in the general meeting of shareholders.
- (13) Shareholders who are to benefit from dividends or other rights and who are affected by the decisions of the general meeting of shareholders will be identified based on the list provided by the register company as at the date set by the general meeting of shareholders.
- (14) Shareholders may attend the general meeting of shareholders directly or may be represented by other



shareholders, based on a special or general empowerment. Shareholders may also vote by correspondence pursuant to legal provisions applicable.

(15) The right to vote. Each action entitles to one vote.

(16) To validate the discussions of the ordinary general meeting it is required the presence of shareholders representing at least one quarter of the share capital. The decisions of the ordinary general meeting shall be taken by the majority of the votes cast.

(17) If the requirements of validity are not met, a second call of the meeting shall take place, this meeting having the authority to discuss the issues on the agenda regardless of the share capital represented by the shareholders present, and decisions are to be taken by the majority.

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

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

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

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

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

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

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

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

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

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

Article 7 The Board of Directors

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

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

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

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



- (4) The administrators will be remunerated for their activity, as approved by the general meeting of shareholders.
- (5) The administrators must conclude a professional liability insurance, under the terms provided by law;
- (6) The Board of Directors elects from amongst its members a Chairman and a Vice-Chairman. The Chairman of the Board of Directors also holds the position of General Director (CEO) of the company. The Board of Directors elected Mr. Drăgoi Bogdan-Alexandru as Chairman.
- (7) The Board of Directors meets at the company's headquarters or other venue indicated in the convening notice once a month or whenever necessary, as convened by the Chairman, or in his absence thereof, by the Vice-Chairman.
- (8) The Board of Directors may also be convened at the reasoned request of at least 2 of its members or of the general director. In this case, the agenda is set by the authors of the request. The Chairman is bound to agree on such request.
- (9) The convening the Board members shall ensure at least 5 days before the date set for the ordinary meeting and 1 day before the extraordinary meeting. The Chairman shall preside the meetings. In the absence of the Chairman, the meeting will be presided by the Vice-Chairman.
- (10) For the validity of the decisions of the Board of Directors a presence of at least half of its members is necessary. The members of the Board may also attend the meetings by electronic means, telephone, conference-calls, video-conferences, about which an indication shall be made in the minutes of the meeting. In exceptional cases, justified by the urgency of the situation and the interest of the Company, the decisions of the Board of Directors, except for those concerning the annual financial statements or the authorized capital, may be taken by the unanimous vote expressed in writing (email and fax included) of the members of the Board, without a meeting of the Board of Directors being necessary.
- (11) The decisions of the Board of Directors shall be taken by an absolute majority of the attending members. In case of a tie, the Chairman of the Board of Directors, or respectively the Vice-Chairman in case of a reasoned absence of the Chairman, shall have the casting vote.
- (12) The Board of Directors has the power to decide during the interval between general meetings regarding the management of the company, except for the decisions that the law or the Articles of Association indicate exclusively for the general meeting.
- (13) The Board of Directors decides upon:
- a) the strategy and the investment and development policy of the company;
 - b) submits for the approval of the general shareholders meeting, within legal period, the report on the company's activity, its financial position and income statement for the previous year, and the draft of company's budget;
 - c) submits for approval to the general meeting of shareholders the adjustment of the income and expenditure budget, depending on the fluctuations in the economy;
 - d) the acts of acquisition, disposal, swaps or collateralization of assets classified as current assets of the company, whose value exceeds individually or cumulatively, during a financial year, 20% of the total fixed assets, less the receivables, will be concluded by the administrators or directors of the company only after their prior approval of the extraordinary general meeting of shareholders under the provisions of Art. 241, paragraph 1 of Law 297/2004;
 - e) the company's regulation for organization and functioning, its fund management policies and strategies;
 - f) setting the accounting policies and financial control system, as well as approving of financial planning;
 - g) the preparation of the annual report, the organizing of the general meeting of shareholders and implementing its decisions;
 - h) appointment and removal of directors and establishing their powers;
 - i) solving any other issues set by the general meeting of shareholders;
- (14) The duties and powers of the Chairman of the Board shall be established by internal regulations.
- (15) The Board of Directors delegates some of its powers to the executive directors, at the same time setting their remuneration, within the general limits approved by the General Meeting of Shareholders. Company directors shall meet the minimum requirements concerning integrity, qualification and professional experience required by the applicable regulations and legal provisions in force.
- (16) The Chairman – CEO, and in his absence, the Vice-Chairman, represents the company in dealings with third parties.
- (17) The members of the Board of Directors are entitled to recover the costs incurred in exercising their mandate.
- (18) The General Meeting of Shareholders shall annually determine the amount of remuneration to be paid to the administrators.



(19) The revocation of the Board of Directors will be possible only on duly justified reasons, by the ordinary
(20) Concerning the shares issued pursuant to Article 4 of Law no.133/1996, owned by the original holders, they can be repurchased by the company, exceeding the limit laid down by Article 103 of Law no. 31/1990, by the for the purpose of adjusting the price of company's own shares on the capital market.

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

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

Article 8 Financial audit and internal audit

(1) Financial Statements and those concerning company's operations shall be audited by a financial auditor, in compliance with the specific requirements established by the applicable legal provisions.

(2) The financial auditor shall be appointed by the General Meeting of Shareholders, which will set the duration of the term of office. Financial auditor's work shall be conducted pursuant to the legal provisions in force, under a service contract to be approved by the Board of Directors;

(3) The company shall organize the internal audit pursuant to the legal provisions in force.

Article 9 Company's personnel.

(1) The company's organization and the establishment plan with the payroll limits are approved by the Board of Directors.

(2) The members of the personnel are employed by the General Director (CEO).

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

Article 11 Investments of the company

(1) Societatea de Investiții Financiare Banat-Crișana SA may acquire and hold investments only under the provisions of the regulations in force.

(2) The company will conduct financial investments complying to the prudential rules concerning the investment policy provided by the applicable regulations in force.

Article 12 Reports

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

Article 13 Transparency

(1) The company shall provide all necessary facilities and information to enable shareholders to exercise their legal and statutory rights pursuant to the applicable legal provisions.

(2) The Company shall provide equal treatment for all the shareholders who hold shares of the same class.



Article 14 Incompatibilities

- (1) The persons elected in the Board of Directors shall meet the requirements laid down in Law 31/1990 republished and the capital market legislation and not to be members of the board of directors / supervisory board or managers / members of the executive board of another AIFM/investment management company/investment company or credit institution acting as depositary for SIF Banat-Crișana, not to be members of the board of directors/supervisory board of the SSIF with which SIF Banat-Crișana concluded a financial intermediation contract and not to be employed or have any kind of contractual relationship with another SAI or investment company, except for other entities belonging to the same group;
- (2) The persons appointed as directors (managers) and the persons replacing them in office shall not be members of the board of directors / supervisory board or managers / members of the executive board of other AIFM or of credit institutions acting as depositary for SIF Banat-Crișana, not to be members of the board of directors / supervisory board, managers or members of the executive board of the investment firm (SSIF) with which SIF Banat-Crișana concluded a financial intermediation contract and not to be employed or have any kind of contractual relationship with another AIFM, except for other entities belonging to the same group.

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

Article 16 Depositary

- (1). The company shall conclude a contract for custodian services with a depositary endorsed by ASF. The services to be provided by the depositary shall be laid down in the contract for custodian services.
- (2) The depositary may be replaced, ensuring the investors' protection in such case, pursuant to the regulations in force.

Article 17 Dissolution of the company

- (1) Dissolution of the company shall occur in cases expressly provided by law. In case of dissolution, the company will be liquidated.
- (2) The liquidation shall follow the procedure prescribed by the law. After its completion, the liquidators will request the Company be struck-off from the Trade Register.

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

Article 19 Matters not covered

- (1) Matters not covered in these Articles of Association, concerning company's operation, merger, division, association with other companies, dissolution and liquidation, fall under the provisions of Law 31/1990, republished, and the special regulations in matters of financial investment companies.
- (2) Any laws subsequently issued that remove or restrict the limitations explicitly set for currently for the financial investment companies, the clauses thereof of these Articles of Association shall be deemed amended by law.

Article 20 Amendment of the Articles of Association

- (1) The amendment of the Articles of Association shall be performed pursuant to the procedure laid down by the regulations in force and under the conditions of the Articles of Association.
- (2) The Chairman of the Board is empowered take the legal steps for the signing of the amended Articles of Association and request the registration with Arad Trade Register Office.

These Articles of Association have been rewritten today 25.06.2019, in 5 (five) original copies.

Chairman of SIF Banat-Crișana SA
Drăgoi Bogdan-Alexandru

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

Provisions of the Code	Explanations	Compliance
Section A - Responsibilities		
A.1. All companies should have internal regulation of the Board which includes terms of reference/ responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.		YES
A.2. Provisions for the management of conflict of interest should be included in Board regulation.		YES
A.3. The Board of Directors should have at least five members.		YES
A.4. The majority of the members of the Board should be non-executive. Not less than two non-executive members of the Board of Directors should be independent, in the case of Premium Tier Companies. Each member of the Board should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgment.		YES
A.5. A Board member's other relatively permanent professional commitments and engagements, including executive and nonexecutive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.		YES
A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights.		YES
A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.		YES
A.8 The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.		YES
A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.		YES
A.10. The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors.		YES
A.11 The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.		YES
Section B - Risk management and internal control system		
B.1. The Board should set up an audit committee, and at least one member should be an independent non-executive. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.		YES

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

Provisions of the Code	Explanations	Compliance
B.2. The audit committee should be chaired by an independent non-executive member.		YES
B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.		YES
B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.		YES
B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.		YES
B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.		YES
B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.		YES
B.8. Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by periodical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.		YES
B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties		YES
B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the audit committee.		YES
B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.		YES
B.12. To ensure the fulfilment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.		YES
Section C - Fair rewards and motivation		
C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review.		YES
Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.		
Section D - Building value through investors' relations		
D.1. The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated		YES

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

Provisions of the Code	Explanations	Compliance
Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including: D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures. D.1.2. Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions; D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports); D.1.4. Information related to general meetings of shareholders; D.1.5. Information on corporate events; D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request; D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.		
D.2. A company should have an annual cash distribution or dividend policy. The annual cash distribution or dividend policy principles should be published on the corporate website.		YES
D.3. A company should have adopted a policy with respect to forecasts, whether they are distributed or not. The forecast policy should be published on the corporate website.		YES
D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.		YES
D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.		YES
D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.		YES
D.7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.		YES
D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.		YES
D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.		YES
D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.		YES

* This Statement summarises the main highlights of the Code's provisions, in an edited format. The full text of the Code is available on Bucharest Stock Exchange website: www.bvb.ro
This Statement is provided as a free translation from Romanian, which is the official and binding version

Statement approved by the Board of Directors in the meeting held on March 23, 2020

SIF BANAT-CRIȘANA'S STATEMENT ON THE APPLICATION OF THE PRINCIPLES OF CORPORATE GOVERNANCE

pursuant to Regulation no. 2/2016 on the application of the principles of corporate governance by the entities authorised, regulated and supervised by the Financial Supervisory Authority (ASF), as amended supplemented by ASF Regulation no. 9/2019

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

No.	Rules for the application of the principles of corporate governance	Conformity		If NO – explanations	Further explanation
		YES	NO		
8.	In fulfilling its duties, the board is assisted by a remuneration committee issuing recommendations.	YES			<i>Since 2017 within the Board functions the Nomination and Remuneration Committee issuing recommendations according to the attributions held or on various topics that are the subject of the decision-making process.</i>
9.	The Remuneration Committee submit to the board annual reports on its activity.	YES			<i>Starting with the financial year 2019, the Nomination and Remuneration Committee submits annual reports to the Board on its activity.</i>
10	In its activity, the Board has the support of other advisory committees issuing recommendations concerning various topics that are the subject of decision-making process	YES			<i>The Board has the support of the Committees established within to substantiate the specific decisions. As at December 31, 2019, within the Board were functioning the Audit Committee and the Remuneration and Nomination Committee</i>
11	The advisory committees submit to the Board works/reports on the topics entrusted by it.	YES			<i>The Audit Committee and the Remuneration and Nomination Committee submit to the Board works/reports on the assigned subject matters.</i>
12.	The procedures / policies / internal regulations of the regulated entities there are provisions concerning the selection of applications for the persons of the executive management/senior management, appointment of new persons or renewal of the existing mandates.	YES			<i>It is operational in the Company the internal procedure on the assessment of the management structure and members holding key functions in the company. In addition, eligibility criteria for members of the management structure and key functions are regulated by ASF.</i>
13.	The regulated entity shall ensure that the executive management/senior management undergo continuous professional training so that it efficiently performs its tasks.	YES			<i>Executive/senior management regularly (at least annually) attend professional development programs.</i>
14.	Key functions are established so as they match the organisational structure of the regulated entity compliant with the applicable regulations.	YES			<i>The organizational chart of the company complies with the organizational structure, appropriate to the applicable regulations. The duties and responsibilities of the key functions are presented in the Internal Regulations and comply with the regulated requirements.</i>
15.	The Board regularly reviews the efficiency of the internal control system of the regulated entity and its update manner to ensure a rigorous management of the risks to which the regulated entity is exposed.	YES			<i>The Board periodically reviews the efficiency of the internal control system based on the reports submitted by the responsible departments. The Audit Committee draws up annually a detailed report on the evaluation of the internal control and risk management system, which is presented to the Board and submitted to the ASF.</i>
16.	The audit committee makes recommendations to the Board on the selection, appointment and replacement of the financial auditor, and on the terms and conditions of its remuneration.	YES			<i>The Audit Committee makes the requested recommendations, these are recorded in the minutes of the Committee's meeting. In 2019, the financial auditor selection procedure was conducted under the coordination and supervision of the Audit Committee.</i>
17.	At least once a year the Board reviews and ensures that the remuneration policies are consistent and are subject to an efficient risk management.	YES			<i>The Board annually reviews and makes sure the remuneration policies are consistent and have an efficient risk management. The remuneration policy includes express provisions whereby the Board of Directors of SIF Banat-Crișana is bound that, at least once a year, to analyse and ensure that the remuneration policies are appropriate.</i>

No.	Rules for the application of the principles of corporate governance	Conformity		If NO – explanations	Further explanation
		YES	NO		
18.	The remuneration policy of the regulated entity is set out in the internal regulations on the implementation and compliance with the principles of corporate governance.	YES			<i>The Remuneration policy of SIF Banat-Crișana is an integral part of the body of internal regulations and procedures of the Company, which were also the basis of the authorization of the company as AIFM. During 2019, the Board approved the revision of the Corporate Governance Regulation, which was supplemented and updated including the introduction of a chapter on remuneration policy. The document is published on Company's website, www.sif1.ro, in the Corporate Governance section</i>
19.	The Board has adopted a procedure for the identification and proper settlement of any conflict of interest.	YES			<i>The internal procedure regarding conflicts of interest, insider information and personal transactions is operational in the company, containing a distinct chapter on the procedure for determining and managing conflicts of interest. The last revision of this procedure was performed in 2019.</i>
20.	The executive management/senior management, as appropriate, informs the Board on potential or consumed conflicts of interest where they could be / is involved in the conditions of their occurrence and do not participate in the decision-making process related to the conflict state, if these structures or persons are involved in the respective conflict state.	YES			<i>Internal regulations and procedures include specific provisions on the declaration of conflicts of interest and appropriate measures in these situations. Situations of conflict of interest led / lead to abstain from decision-making process, such situations are recorded in internal documents.</i>
21.	At least once a year the Board analyses the efficiency of the risk management system of the regulated entity.	YES			<i>The Board / Audit Committee monitors and periodically, at least quarterly, analyses the efficiency of the internal control, internal audit, and risk management systems of the company, based on the reports submitted by the responsible compartments.</i>
22.	The regulated entity has drawn up procedures for the identification, assessment and management of the significant risks to which it is, or is likely to be, exposed.	YES			<i>The Board approved procedures on the identification, assessment and management of significant risks to which the company is, or is likely to be, exposed. They are periodically updated, both for aligning to the possible legislative changes, and for possible operational improvements to risk management processes. In 2019, the Board approved the review of most procedures on the management of significant risks.</i>
23.	The regulated entity has in place clear action plans for the continuity of its business and for any emergency situations.	YES			<i>There are operational in the Company internal procedures that comprise plans of action for the continuity of company's business and for emergency situations. The Internal Regulations comprise a separate chapter on this matter.</i>
24	The Board of the subsidiary applies principles and policies of internal governance similar to those of the parent company, unless there are other legal requirements that lead to the establishment of own policies.	YES			<i>The subsidiaries of SIF Banat-Crișana, which are in the scope of consolidation, apply internal governance principles and policies similar to those of the parent company.</i>

This Statement is provided as a free translation from Romanian, which is the official and binding version, which was approved by the Board of Directors in the meeting held on March 23, 2020



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Report on the activity of the Nomination and Remuneration Committee for 2019

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

The Committee is comprised of least two members elected from non-executive directors, in compliance with the independence requirements provided by the law on trading companies. According to the Company's internal regulations, NRC meets regularly, at least twice a year, and whenever it sees fit.

NRC assists the Board of Directors in fulfilling its responsibilities in order to nominate the candidates for management and key positions, as well as their remuneration, having mainly the following responsibilities, stipulated in the Company's internal regulations:

- Evaluates and proposes candidates to the Board of Directors for their appointment, reappointment or dismissal in / as a member of the Board;
- Prepares the evaluation of the performance of the members of the Board of Directors, using a self-assessment process and evaluates, at least once a year, the independence and adequacy of the members of the Board of Directors;
- Prepares recommendations to the Board of Directors for the appointment or dismissal of the personnel with key and control functions within the Company, as well as for establishing the level of remuneration and their rights and duties;
- Formulate proposals, submitting them to the Board of Directors, on the remuneration policy of the members of the executive and non-executive management structure (including bonuses, incentives and stock option plans), ensuring that they are at the correct level, in accordance with corporate governance rules, best practices on the market, which are aligned with the Company's strategy and performance, long-term shareholders' interests, using a balanced combination of incentives to attract, motivate and retain highly qualified and experienced persons in management positions;
- Analyses and formulates proposals in the attention of the Board on the total annual variable remuneration package in the Company;
- Formulates proposals for the attention of the Board regarding the preparation of the remuneration policy at the Company level and revises the annual remuneration report.

During 2019, the Nomination and Remuneration Committee had the following composition: Mr. Sorin MARICA - Chairman of the Committee, Mr. Marcel PFISTER - member and Mr. Ionel Marian CIUCIOI - member.

In 2019, the Nomination and Remuneration Committee met 5 times, the meetings being mainly dedicated to assessing the adequacy of the members of the management and key functions, formulating proposals regarding the remuneration of the members of the Board subject to the approval of the general meeting of the shareholders, proposals regarding the stock option plan and the analysis of granting the variable component of remuneration to the directors and employees of the Company.

Specifically, the activity of NRC in 2019 addressed the following:

• Analysis and recommendation regarding the remuneration of the members of the Board of Directors and the general limits of the remuneration of the members of the BoD and executive directors subject to the approval of the general meeting of shareholders:

NRC analysed on March 22, 2019, the proportionality of the remuneration granted to the members of the BoD (executive and non-executive) with the responsibilities specific to their function, so as to ensure an adequate and responsible remuneration. The recommendation of NRC (adopted by unanimity of votes) submitted to the Board of Directors was:

(I). approval of maintaining the remuneration due to the members of the Board of Directors for the current financial year at the amount of RON 10,000 net per month, approved by the Resolution of the Ordinary General Meeting of Shareholders on April 26, 2016;

(II). approval of the general limits of all the additional remuneration of the members of the Board of Directors and of the general limits of the directors' remuneration at 0.42% of the average annual net asset.

The Board of Directors included the recommendation of NRC as a proposal to the general meeting of SIF Banat-Crișana shareholders convened for April 22 (23), 2019, which approved this resolution.

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

According to the "Stock Option Plan" the exercise of the right to receive shares free of charge was to be done after the 12-month deadline following the signing of the Payment Agreement for the stock option plan concluded between the Company and the Beneficiaries, but not more than 15 months from the date of signing the agreement. Until April 22, 2019, the Company haven't repurchased the shares necessary to carry out the plan, due to market conditions (lack of liquidity, low volumes).

Under these conditions, on April 22, 2019, NRC, with a unanimity of favourable votes, recommended to the Board of Directors the amendment of the Stock Option Plan and the model of the Payment Agreement, so that the exercise of the right to receive shares free of charge could be done after the expiration of a period of 15 months from signing the Payment Agreement for the stock option plan concluded between the Company and the Beneficiary, but not more than 17 months from the date of signing the agreement.

The NRC's recommendation was approved by the Board of Directors. The company has fulfilled all the requirements of informing the investors and of publishing in due time the Information document regarding the offering or allocation of shares to the members of the management structure of SIF Banat-Crișana, prepared according to the Annex no. 21 of CNVM Regulation no. 1/2006 and Annex no. 4 to Regulation no. 5/2018, updated according to the decision of the Board of Directors from 22.04.2019.

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

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

In order to comply with the provisions of the regulation, NRC carried out, on May 13, 2019, the assessment of the adequacy of the members of the management structure and of the persons holding key functions, based on the information provided by the persons evaluated in the statements prepared according to the model set out in the Annex. no. 1 to the ASF Regulation no. 1/2019, taking into account the fact that, since the date of the previous assessments, no changes have occurred on the suitability of these persons.

At the same time, the Nomination and Remuneration Committee ascertained that the members of the management structure and the persons holding key positions hold the knowledge, competences and professional experience and comply with the requirements of reputation, honesty, integrity and governance provided by the ASF Regulation no. 1/2009 and the internal regulations of the Company, necessary to fulfil the specific duties of the functions they hold.

• Analysis and recommendation regarding the transfer of shares within the Stock Option Plan program:

By the Resolution of the extraordinary general meeting of the shareholders of April 26, 2018, it was approved the carrying out of a buyback program of 1,400,000 own shares (Program II), to be distributed free of charge to the members of the management of the Company (members of the BoD, executive directors), to retain them, as well as to reward them for the activity carried out within the Company, in a Stock Option Plan, in compliance with the legislation in force. The Board of Directors of the Company has been empowered to take all the necessary measures and to fulfil all the formalities required for the approval and implementation of the Stock Option Plan.

NRC ascertained that the information documents regarding the offering or allocation of shares to the members of BoD and executive directors of SIF Banat-Crișana, prepared according to CNVM Regulation no. 1/2006 and the ASF Regulation no. 5/2018, were published according to the legal provisions.

NRC determined that the Company repurchased the number of shares necessary to fulfil the obligations assumed in the stock option plan.

NRC analysed the compliance and fulfilment of the requirements necessary for vesting the beneficiaries, as they were arranged in the agreements signed with them, namely: (i) the net profit foreseen in the Budget for 2018 was attained; (ii) The annual financial statements for 2018 were approved by the Ordinary General Meeting of Shareholders; (iii) The beneficiaries have held the status of BoD member or executive director as at December 31, 2018; (iv) The beneficiaries have exercised the right to receive the shares for free of charge within the period established in the agreements signed.

NRC ascertained that all beneficiaries have exercised their right to receive shares free of charge, in writing, by sending a notification to the Company, in which they explicitly stated the number of shares for which they exercised the option.

Observing the fulfilment of the conditions set out in the Stock Option Plan, in accordance with the powers and competences provided for in the Company's Internal Regulations, the Nomination and Remuneration Committee, in the meeting of December 3, 2019, proposed to the Board to approve the transfer of ownership of 1,400,000 shares to the Beneficiaries of the stock option plan, according to the rights exercised by them. On December 10, 2019, SIF Banat-Crișana transferred to the members of the management structure a number of 1,400,000 SIF1 shares, representing 0.2706% of the share capital, being notified to the Company and the Financial Supervisory Authority as per the provisions ASF Regulation no. 5/2018 and of the EU Regulation 596/2014.

• Evaluation of senior management and persons holding key positions:

As per the provisions of the ASF Regulation no.1 / 2019 on the evaluation and approval of the members of the management structure and of the persons holding key functions within the entities regulated by the Financial Supervisory Authority and the Internal Procedure regarding the evaluation of the members of the management structure and of the persons holding key functions within the company (POEV 01-2), within the continuous monitoring process of the adequacy of the members of the management structure and of the persons holding key functions, in order to provide a prudent, correct and efficient management of SIF Banat-Crișana, the Nomination and Remuneration Committee, in the meeting of December 19, 2019, performed the evaluation of the Directors and persons holding key functions in the Company.

According to the provisions of art. 26 paragraph (3) corroborated with those of art. 23 of the ASF Regulation no. 1/2019, NRC carried out both the individual evaluation of the Directors and a collective evaluation of the executive management structure.

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

NRC performed the evaluation of the collective adequacy of the executive management by using the adequacy matrix presented in annex no. 4 to the ASF Regulation no. 1/2019, adapted by the Company according to the specific activities and risks, taking into account the principles and criteria set out in art. 4 of the regulation. In assessing the suitability, the NRC also considered the criteria mentioned in the annex no. 3 to Regulation no. 1/2019.

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

NRC considered that the executive management structure was adequate and efficient, operational work processes being implemented within the company, with well-defined, optimal and procedural workflows and reporting lines to the management structure. From the analysis of the information presented during the year for informing or the approval of the Board of Directors, the NRC members ascertained the attention and consistency of the executive management to implement the recommendations provided by the risk management departments, internal audit and compliance regarding the compliance with the governance requirements, compliance and optimization of activities.

Following the assessments carried out, the NRC ascertained that the members of the executive management have the knowledge, competences and professional experience and comply with the requirements of reputation, honesty, integrity and governance provided by the ASF Regulation no. 1/2019 necessary to fulfil the specific duties of the functions they occupy and did not identify circumstances raising concerns about the suitability of a director or the executive management structure as a whole.

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

Following the evaluations carried out, the Nomination and Remuneration Committee ascertained that the persons holding key positions possess the knowledge, competences and professional experience and comply with the requirements of reputation, honesty, integrity and governance provided by the ASF Regulation no. 1/2009 and the internal regulations of the company, necessary to fulfil the specific duties of the functions they hold and did not identify situations raising concerns about the suitability of the persons in this category.

- Analysis and recommendation of granting the variable component for the achievement of the objectives in 2019

In accordance with its responsibilities, NRC analysed, in the meeting of December 19, 2019, the reports presented by the executive management and the Risk Opinion on granting the variable component of the remuneration presented by the person responsible for the risk management and complying with the provisions of the Remuneration Policy of SIF Banat-Crișana.

NRC ascertained that:

- The evaluation of the personnel identified from the perspective of the significant impact on the risk profile of the company was made by analysing the investment risk at portfolio level. The objectives set at the senior management level (through the activity plan and the budget for 2019 approved by the GMS) and at the level of the personnel responsible for the investment activity through the financial objectives and competences (investments made, cash dividends, investments, etc.). they did not incur the change in investment risk.
- The evaluation of the personnel in the support compartments was done by analysing the operational risk at the company level. In 2019, there were no operational risk events with an impact on the risk profile (internal fraud, inappropriate practices at work, etc.), the risk events recorded in the Risk Register were remedied in the shortest time and did not lead to interruption of activity or additional costs.
- The analysis of the liquidity risk based on the state of the bank accounts balance to date, shows that the money funds allocated for distribution are sufficient and it is not necessary to displace (sell) some assets in this regard.
- In view of the amount of the proposed amounts for granting the variable component for the year 2019 to the directors and employees, the effect of this operation on the risk profile and the liquidity profile is reduced and these will not change.
- The criteria for granting the variable component according to the Remuneration Policy of SIF Banat-Crișana are followed for both employees and directors, including for persons (employees) holding key functions.
- The amounts representing the variable component comply with the provisions of the budget approved by the GMS of April 22, 2019, both for employees and directors.

In view of the findings made, CNR granted a favourable opinion for the variable component to employees and directors for the achievement of the objectives in 2019.

Nomination and Remuneration Committee at December 31, 2019:**Sorin MARICA - Chairman of the Committee****Marcel PFISTER - member****Ionel Marian CIUCIOI - member**