



SIF BANAT-CRIȘANA
SOCIETATE DE INVESTIȚII FINANCIARE

CONSOLIDATED REPORT

OF THE BOARD OF DIRECTORS

— FOR THE YEAR ENDED DECEMBER 31, 2020 —

prepared pursuant to Law no. 24/2017 and ASF Rule no. 39/2015
this report is provided as a free translation from Romanian, which is the official and binding version

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ANNEX 1	The consolidated financial statements for the year ended December 31, 2020, prepared pursuant to Rule no. 39/2015 for the approval of the Accounting Regulations compliant to the International Financial Reporting Standards, applicable to entities authorized, regulated, and supervised by the Financial Supervisory Authority (ASF) – Financial Instruments and Investments Sector – audited

1. GENERAL INFORMATION ON SIF BANAT-CRIȘANA GROUP

1.1 PRESENTATION OF THE GROUP

This report presents SIF Banat-Crișana's consolidated financial results for the year ended December 31, 2020, prepared in accordance with the International Financial Reporting Standards adopted by the European Union, and ASF Rule no. 39/2015 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to entities authorized, regulated, and supervised by ASF from the Financial Instruments and Investments Sector.

The Company's consolidated financial statements prepared for the year ended on December 31, 2020 include the Company and its subsidiaries (hereinafter referred to as "Group"). For the financial year 2020, the Group comprises SIF Banat-Crișana (parent company), SAI Muntenia S.A. and Administrare Imobiliare S.A..

1.2 ENTITIES INCLUDED IN THE CONSOLIDATION

Subsidiaries

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

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

The list of investments in subsidiaries as of December 31, 2020 and December 31, 2019 is as follows:

No.	Company name	Stake held (%)	
		December 31, 2020	December 31, 2019
1	(SIF Imobiliare PLC Nicosia)	100	100
2	(SIF SPV Two Bucharest)	99.99	99.99
3	SAI Muntenia Invest SA Bucharest	99.98	99.98
4	(SIF1 IMGB)	99.92	-
5	(Napomar SA Cluj-Napoca)	99.43	99.43
6	(SIF Hoteluri SA Oradea)	99.00	99.00
7	(Azuga Turism SA Bucharest)	98.94	98.94
8	Administrare Imobiliare SA Bucharest	97.40	97.40
9	(Silvana SA Cehu Silvaniei)*	96.28	96.28
10	(IAMU SA Blaj)	76.70	76.70
11	(Vrancart SA)	75.06	75.06
12	(Somplast SA Bistrița)**	-	70.75
13	(Central SA Cluj)	74.53	67.08
14	(Uniteh SA Timișoara)***	36.34	36.34
15	SIFI CJ Logistic***	5.53	-
16	(Ario SA Bistrița)****	93.64	93.64

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

* the company Silvana SA Cehu Silvaniei has filed the application to open the insolvency procedure, on December 17, 2019, admitted by the Court on December 19, 2019.

** SIF Banat-Crișana sold in December 2020 the entire stake held in Somplast Năsăud

*** the companies Uniteh SA and SIFI CJ Logistic are subsidiaries through the direct control and indirectly through SIF Imobiliare Plc Nicosia

**** The company Ario SA Bistrița is in bankruptcy, so the voting rights held by SIF Banat-Crișana do not give authority over the investee entity and is therefore excluded from the consolidation.

Associated entities

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

The entities in which the Company holds stakes between 20% and 50% on which exerts a significant influence, and which fall within the scope of consolidation, are Biofarm and Gaz Vest.

	Name of the company	Stake held (%)	
		December 31, 2020	December 31, 2019
1	Gaz Vest SA Arad	25.82	25.82
2	Biofarm SA Bucharest	36.75	36.75

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

Starting with the year 2018 following the application of IFRS 10, the Company measures these holdings at fair value through profit and loss.

Transactions removed from consolidation

Settlements and transactions within the Group, as well as unrealized profits resulting from transactions within the Group, are completely removed from the consolidated financial statements.

The following accounting policies have been applied consistently over all periods presented in these consolidated financial statements. Accounting policies have been consistently applied by all Group entities.

2. PRESENTATION OF THE ENTITIES WITHIN THE GROUP

2.1 INFORMATION OF THE ACTIVITY OF SIF BANAT-CRIȘANA

COMPANY NAME	Societatea de Investiții Financiare Banat-Crișana S.A. (hereinafter referred to as "SIF Banat-Crișana" or "the Company")
COMPANY TYPE	<ul style="list-style-type: none">▪ joint stock company, established as self-managed investment company, authorized by the Financial Supervisory Authority as Alternative Investment Fund Manager (AIFM) - Authorization no. 78 / 09.03.2018, classified as per the provisions of Law no. 243/2019 as closed-ended alternative investment fund, diversified, addressed to retail investors (AIFRI)▪ Romanian legal entity with private capital
SHARE CAPITAL	<ul style="list-style-type: none">▪ RON 51,542,236.30 – subscribed and paid-in capital▪ 514,422,363 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">▪ portfolio management▪ risk management;▪ other activities carried out within the collective management of an investment fund, allowed by the legislation in force.
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB or BSE) – Premium category - ticker SIF1
FINANCIAL AUDITOR	Deloitte Audit S.R.L. starting with 2019 financial year
DEPOSITARY BANK	Banca Comercială Română (BCR) , starting with November 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

CONTACT Investor relations: email investitori@sif1.ro **tel** +40257 304 446

KEY FINANCIAL AND OPERATIONAL INFORMATION

FINANCIAL POSITION [RONm]			
	2018	2019	2020
Total assets, of which	2,452.94	2,926.68	2,883.77
Total financial assets	2,427.11	2,900.02	2,859.53
Equity	2,321.42	2,748.20	2,729.90
Total liabilities	131.52	178.47	153.87

FINANCIAL PERFORMANCE (IFRS) [RONm]			
	2018	2019	2020
Income	114.88	121.54	94.84
Gain on investment	(16.05)	75.95	27.82
Expenses	17.93	22.24	28.47
Gross profit	80.89	175.26	94.18
Net profit for the year	77.19	159.49	92.12

FINANCIAL INDICATORS [%]			
	2018	2019	2020
ROE (net profit / equity)	3.32	5.80	3.37
ROA (net profit / total assets)	3.15	5.45	3.19
Gross profit margin (gross profit / total income)	37.49	66.54	30.47

SHARES AND NET ASSET PERFORMANCE			
	2018	2019	2020
Share price (year end, in RON)	2.0400	2.7300	2.2000
Net asset value* / share (RON)	4.3067	5.2959	5.6051
PER**	13.7	8.9	12.3
Dividend / share (RON)	-	-	***
Accounting net asset / share (RON)	4.4863	5.3411	5.3055
Nominal value of share (RON)	0.1	0.1	0.1
Number of issued shares	517,460,724	517,460,724	515,422,363
Number of outstanding shares	517,371,068	514,542,363	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			
	2018	2019	2020
Number of employees, year end	37	34	34
Number of branch offices	1	1	1

SHAREHOLDING STRUCTURE as of December 31, 2020		
	number of shareholders	stake
Romanian individuals	5,744,885	40.05%
Non-resident individuals	2,081	0.35%
Romanian legal entities	129	38.96%
SIF Banat-Crişana (treasury stock)	1	0.17%
Non-resident legal entities	30	20.47%
TOTAL	5,747,126	100%

MILESTONES OF SIF BANAT-CRIȘANA'S ACTIVITY IN 2020

Portfolio management

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

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

SIF Banat-Crișana aims at the efficient management of a diversified portfolio of quality assets, able to ensure a constant flow of income, the conservation and medium-long term capital growth, to increase the value shareholders and obtain high return from the invested capital.

Strategic allocations by asset class and within each class are based on assessments of the individual attractiveness of investment opportunities, given the current macroeconomic and market environment.

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

SIF Banat – Crișana has under management a complex portfolio, consisting of the following main categories of financial instruments: shares, bonds, and fund units. The company applies an exit strategy adapted to the specifics of each investment, defined based on the applied strategy, the investment objectives, the conditions of the exit transaction.

The execution of various exit strategies is adapted and correlated with a number of internal and external factors, such as: general economic outlook, course of financial markets, liquidity of listed equity securities and daily trading volumes, small business regional, access barriers depending on the shareholders' structure, Company's needs for liquidity.

Lines of action in portfolio management during 2020:

- improving portfolio quality by investment projects in dynamic areas of the economy, under conditions of optimizing the risk-return balance;
- continuing to restructure the portfolio by reducing minority exposures that do not fall within the Company's investment strategy;
- active management in the majority interests for the development of the business and the increase of their performances;
- monitoring liquidity indicators for the portfolio companies, as there is the risk of their deterioration in the context of COVID-19;
- efficient management of the portfolio and maximizing its performance, meeting all regulatory requirements;
- adapting the activity to the major social and economic challenges generated by the COVID-19 event;
- supporting the improvement of the corporate governance practices of the issuers in the portfolio.

The net asset value (NAV) of SIF Banat-Crișana, amounted to **RON 2,884,036,120**, up **5.84%** as compared to **RON 2,724,969,019** as of December 31, 2019, Net asset value per share (NAV/S) was of **RON 5.6051** vs. **RON 5.2959** as of December 31, 2019.

The calculation of NAV and NAV/S is performed by SIF Banat-Crișana on a monthly basis, the values are certified by the depository bank Banca Comercială Română (BCR). Throughout 2020, the

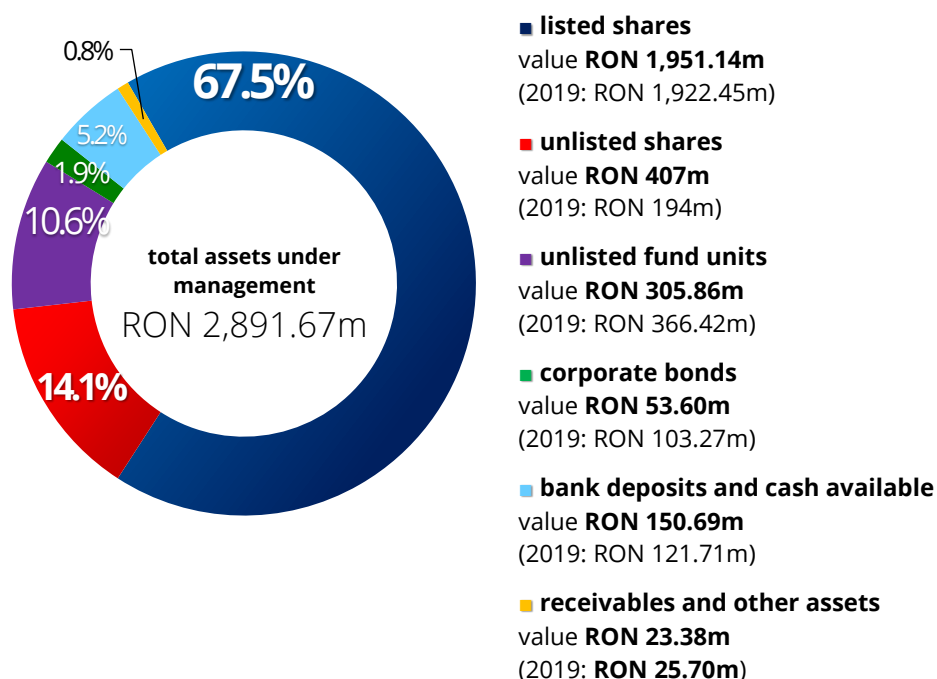
valuation of assets for the calculation of SIF Banat-Crișana NAV was carried out in full compliance with the regulations issued by the Financial Supervisory Authority.

NAV and NAV/S for each month, are permanently available to investors, as are published by SIF Banat-Crișana on its website (www.sif1.ro) no later than 15 calendar days from the end of the period for which reporting is done.

The prudential limits applicable to investments performed by the Company during January 1 – July 24, 2020, were 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. From the date of entry into force of Law no. 243/2019 on the regulation of alternative investment funds, in the matter of investment policy, the provisions of this law became applicable to SIF Banat-Crișana classified as a Closed-Ended, Diversified Alternative Investment Fund addressed to Retail Investors (AIFRI).

The management has established procedures for internal risk management, to identify, monitor and cover the risks associated with the investments made by SIF Banat-Crișana. The management regularly reviews compliance with prudential limits and investment restrictions. If violations of the applicable investment restrictions are found due to changes in stock market prices or other circumstances, the management is compelled to take immediate action to correct these breaches.

ASSETS UNDER MANAGEMENT as at December 31, 2020
breakdown on classes (weight on total assets)



Note: values calculated as of December 31, 2020 and December 31, 2019, acc. to ASF Regulations no. 9/2014, no. 10/2015, and no. 2/2018

Throughout 2020, the regulated prudential investment limits were observed.

As of December 31, 2020, the value of SIF Banat-Crișana's stock portfolio reached RON 2,358m¹ (2019: RON 2,116m) weighting 81.55% in the total assets under management at 2020 year-end.

¹ Value calculated acc. to ASF Regulations no. 9/2014, no. 10/2015, no. 2/2018, and no. 20/2020

As at 2020-year end, SIF Banat-Crișana was majority stakeholder (with a stake above 50%) in 13 companies, (2019: 13) with an aggregate value of RON 968.6m, standing for 33.59% of NAV.

The companies where SIF Banat-Crișana holds majority stakes are under the careful analysis and monitoring of company's analysts, the managerial involvement from SIF Banat-Crișana 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 given the COVID-19 pandemic;
- 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.

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 the Company's portfolio.

Detailed information on SIF Banat-Crișana's activity in 2020 is presented in the Annual Report 2020 and the Standalone Financial Statements as of 31.12.2020 prepared under IFRS, available on the Company's website at www.sif1.ro.

2.2 INFORMATION ON THE ENTITIES INCLUDED IN THE CONSOLIDATION

SAI MUNTENIA INVEST SA Bucharest

SIF Banat-Crișana stake as at 31.12.2020: 99.98%

Societatea de Administrare a Investițiilor (Investment Management Company) Muntenia Invest SA ("SAI Muntenia Invest SA") was established in 1997, as a joint stock company, and entered in SIF Banat-Crișana's portfolio in 2013. SAI Muntenia Invest does not have subsidiaries, branches, or places of business.

The company has as main object of activity (CAEN Code 6499 - Other financial intermediaries n.c.a.) the management of Undertakings Collective Investment in Transferable Securities (Romanian acronym: OPCMV) established in Romania or in another member state and the activity of alternative investment funds management (AIF), in compliance with the provisions of the relevant legislation, having the authorization issued by ASF to operate as an investment management company (Romanian acronym: SAI). The activity of SAI Muntenia Invest is regulated and supervised by ASF.

Starting with 21.12.2017, SAI Muntenia Invest was registered as an alternative investment fund manager (AIFM) and was registered in the ASF Registry as registered AIFM. Thus, SAI Muntenia Invest can carry out both activities of management of Undertakings Collective Investment in Transferable Securities (Romanian acronym: OPCMV), as well as activities of alternative fund management (AIF), with reference to portfolio management and risk management.

In 2020, the Company's activity was carried out in compliance with the provisions of Law no. 31/1990 on trading companies, Capital Market Law no. 297/2004, Law no. 74/2015 regarding the managers of alternative investment funds, of ASF Regulation no. 9/2014, with subsequent

amendments and changes, as well as in accordance with the provisions of its articles of incorporation and its own internal regulations.

The current activity of SAI Muntenia Invest SA carried out during 2020 was the management of SIF Muntenia S.A. and of FDI Plus Invest.

The administration, the management of the portfolio of financial assets and performing financial investments for SIF Muntenia S.A. were performed in compliance with the legal provisions, with the requirements of the management contract concluded between the Company and SIF Muntenia S.A., of SIF Muntenia S.A. articles of association, as well as the provisions of the Management Program approved by the General Meeting of SIF Muntenia S.A. Shareholders, which took place in April 2020.

The open investment fund PLUS Invest operates under the authorization no. A/86/09.04.20014 issued by ASF and it is registered in the ASF Registry under no. CSC06FDIR/120092.

FDI Plus Invest has as its primary objective the long-term growth of the capital invested, using an integrated asset allocation and an optimization of the investment structure. Inflationary protection and low yield volatility are also objectives of the fund.

In 2020, the management of the Fund was carried out under conditions of continuity, in compliance with the Fund's documents and the legal regulations in force.

Changes in the legislative framework related to the sector of activity of SAI Muntenia Invest have demanded plentiful changes in the internal regulations and working procedures, as the preparing and approving of new procedures that implement the requirements of the legal provisions into the activity of the company.

During 2020, SAI Muntenia Invest did not invest in derivatives (traded on regulated markets, on organized trading systems *OTF* or outside markets (over the counter *OTC*) and did not use securities financing operations (SFTs) and total return swaps, defined by the EU Regulation 2365/2015, both for its own activity and in the activity of the collective investment bodies under its management.

Administrare Imobiliare SA Bucharest

SIF Banat-Crișana stake as at 31.12.2020: 97.4%

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

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

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

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

In December 2018, as an investment opportunity in the real estate field emerged, a capital increase of AISA is operated, with cash contribution, to capitalize the company and to attract financing sources to capitalize on opportunities appeared on the real estate market. SIF Banat-

Crișana is co-opted as shareholder, the cash contribution being of RON 40.12m. Following this transaction, SIF Banat-Crișana becomes a shareholder with a stake of 97.4% in the share capital of AISA while the stake of SIF Imobiliare Plc decreases to 2.6%.

The investment projects (amounting to RON 44.5m) intended by AISA at the time of the share capital increase were completed during 2019 and materialized in the purchase of a building S+P+4E, with an usable area of 1,792.11 sqm, related land of 1,792.11 sqm land in undivided share and an undivided area of the common spaces of 732.81 sqm located in Bucharest, 46-48 Serghei Vasilievici Rahmaninov Str., Sector 2 and a land of 30,447 sqm (with 17,646 sqm of constructions) located in Bucharest, 59 Șos. Vergului, Sector 2.

2.3 PERSPECTIVE ON THE ACTIVITY

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

The evolutions of the pandemic situation in the last 12 months have had a major social and economic impact, both at the economy level and for each company, the main concern being focused on adapting to the continuous challenges of this period.

As a result of the negative impact of the COVID-19 pandemic on global and local economic activities, the Company's management estimates that financial performance and financial position were significantly influenced by the effects of the pandemic. These influences may also manifest in future financial years both in terms of the fair values of the financial assets held and in the recurring income obtained by the Company from dividends and interest on monetary investments (against the background of declining interest rates because of global and local decisions on monetary policy).

Company's management constantly monitors the main dynamics of the local and international economic environment, but an accurate assessment of the potential impact on the position and future financial performance is difficult to make. However, Company's management does not anticipate difficulties in fulfilling its obligations to third parties in the conditions of a balanced structure of assets held and the significant value of immediately available cash. The management makes it clear that the Company maintains a sound financial position and will make every effort to make 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 in which SIF Banat-Crișana has exposures, the objectives of 2021 continue the investment strategy approved by the shareholders, addressing as major directions:

- improving the quality of the portfolio by taking advantage of investment projects in stable businesses or assets, in conditions of optimizing the risk-return balance of the portfolio; the current macroeconomic context, characterized by the persistence of uncertainty and volatility of asset prices, globally and locally, also creates the emergence of investment opportunities, which management anticipates for 2021;
- further restructuring the existing portfolio with an aim to reduce exposure in minority interests that do not fit in the Company's investment strategy and "core" portfolio;
- active management in majority interests to improve their business and performance;
- productive portfolio management and maximizing its performance, meeting all regulatory requirements;
- adapting the methods and operations to the major economic challenges;
- maintaining the transparency and the good corporate governance.

3. SUMMARY OF CONSOLIDATED FINANCIAL DATA FOR THE GROUP AS AT 31.12.2020

The consolidated financial statements were prepared 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.

3.1 BASES OF PRESENTATION OF CONSOLIDATED STATEMENTS

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

The consolidated financial statements are prepared using the fair value convention for financial assets and liabilities at fair value through profit or loss and financial assets available for sale, tangible assets such as land and buildings, investment property, except for those for which the fair value cannot be reliably established.

The consolidated financial statements have been prepared using the going concern principle, which implies that SIF Banat-Crişana and the companies in the portfolio will be able to dispose of their assets and meet their obligations in the course of business.

During Q1 2018, based on the information available as of December 31, 2017, the Company has reviewed the criteria for its classification as an investment entity and concluded that they were met, less for the subsidiaries providing investment relates services (SAI Muntenia Invest, Administrare Imobiliare SA). As per IAS 27 and IFRS 10, starting with the financial year 2018, the Company measures all its subsidiaries at fair value through profit or loss, except for subsidiaries providing investment-related services, that will further be consolidated. Furthermore, in May 2019, February 2020 and February 2021, the Company reviewed the analysis on meeting the classification as investment entity criteria, concluding that they are met, and will also apply the exception provided by IFRS 10 regarding the investment entities for the financial statements for the financial year 2019, 2020 and 2021.

In order to remove the subsidiaries from consolidation, the Company proceeded to: (i) derecognise the assets (including any goodwill) and the debts of deconsolidated subsidiaries and the book value of non-controlling interests in these subsidiaries, (ii) reclassification to profit or loss or retained earnings of recognized values in other comprehensive income for the deconsolidated subsidiaries and (iii) recognition of any difference resulting in profit or loss in the profit or loss attributable to the Company.

Thus, the Company applied the Amendments to IFRS 10 on Investment Entities from the financial year 2018, when following the review of the criteria presented by the Amendments, the Company's management concluded that the Company qualifies as an investment entity. Thus, the Company amended the accounting policy for its investments in subsidiaries and associates, measured at fair value through profit or loss. Changes in accounting policies are prospectively applied from the date of the change in accordance with the provisions of IFRS 10.30.

3.2 CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME (extract from the accompanying consolidated financial statements)

[in RON]	Note	December 31, 2020	December 31, 2019
Revenues			
Dividend income	8	73,541,249	101,530,735
Interest income (assets at amortized cost, assets at FVTOCI)	9	6,657,366	2,700,204
Interest income (assets at FVTPL)	9	2,478,903	3,678,040
Other operating revenues	10	24,017,759	30,946,353
Gain/(Loss) on investment			
Gain / Loss) on investment property	11	6,696,841	384,618
Gain / Loss) on foreign exchange		2,259,221	1,885,807
Gain / Loss) on financial assets at FVTPL	12	22,890,072	74,073,706
Loss from sale of assets		48,285	-
Expenses			
Reversals / (provisions) for risks and expenses		739,745	(1,615,730)
Reversals / (adjustments) for impairment of current assets		(252,525)	(32,095)
Interest expenses		(414,063)	(410,275)
Commissions expenses	13	(8,794,811)	(3,322,619)
Other operating expenses	14	(37,163,952)	(31,805,408)
Profit before tax		92,704,090	178,013,337
Income tax	15	(3,843,663)	(19,271,605)
Net profit for the financial year		88,860,428	158,741,732
Profit is attributed to:			
Parent company		88,858,482	158,739,125
Non-controlling interests		1,946	2,607
Total profit for the period		88,860,428	158,741,732
Other comprehensive income		(127,354,192)	282,057,911
Total other comprehensive income for the period		(38,493,764)	440,799,644
Result per share			
Basic		0,1727	0.3072
Diluted		0,1727	0.3072

Structurally, Group's revenues in 2020 are the result of the dividends collected from the parent company's holdings (69% of the total operating revenues) and the income earned by subsidiaries from the investment management activity (administration fee), including the performance commission. The decrease vs. the previous year is mainly influenced by the decrease in dividend income collected by the parent company from minority interests held in the banking sector, the impact of the pandemic causing the postponement or significant decrease of dividends distributed by issuers in the sector.

The decrease in *the Net Gain on Investments* vs. the previous year is due to the recognition of the differences in value related to the assets measured at fair value through profit or loss (shares in deconsolidated subsidiaries, shares in associates, holdings in fund units and corporate bonds). The positive result is the effect of increases in the value of real estate holdings and those in areas less affected by the pandemic (pharma), which offset the declines in shareholdings in other sectors.

Operating expenses comprise the total operating expenses (remuneration, fees, and commissions etc.) incurred by the Group's investment management activity. Their structure and details are presented in the notes to the consolidated financial statements accompanying this report.

Other comprehensive income includes both gain on transactions recognized directly in equity (retained earnings) and the effect of fair value measurement of the Group's securities portfolio.

Both the gain from transactions and the Change in the fair value of financial assets are mostly attributable to the parent. The unfavourable course of this component vs. the previous year is the effect of the significant decline in the fair value of portfolio of financial assets at fair value through other comprehensive income listed on stock exchange, during Q1 2020, decreases partially recovered by the end of the financial year.

3.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION (extract from the accompanying consolidated financial statements)

[in RON]	Note	<u>December 31, 2020</u>	<u>December 31, 2019</u>
ASSETS			
Cash and cash equivalents	16	187,639,649	118,938,341
Bank deposits	17	5,453,621	14,998,737
Financial assets at fair value through other comprehensive income (bonds)	19	5,111,504	5,053,634
Financial assets at amortized cost	20	-	43,246,691
Other financial assets	21	9,254,479	12,407,954
Other assets		257,796	260,146
Assets held for sale	11	43,727,212	-
	18		
Financial assets at fair value through profit and loss		1,394,390,716	1,226,791,566
Financial assets at fair value through other comprehensive income (shares)	19	1,210,525,841	1,419,485,824
Assets – rights to use the underlying assets in leasing agreement	22	-	1,950,690
Investment property	11	28,498,134	71,669,701
Tangible assets	23	6,032,529	5,265,407
Total assets		<u>2,890,891,482</u>	<u>2,920,068,691</u>
Liabilities			
Current income tax liabilities		143,012	6,016,671
Other financial liabilities	24	39,296,691	4,302,517
Deferred tax liabilities		26,797	10,473
Borrowings	25	15,534,842	11,524,982
Leasing liabilities	22	49,965	2,132,985
Provisions for risks and expenses		2,181,010	2,920,755
Deferred income tax liabilities	26	146,892,044	170,631,789
Total liabilities		<u>204,124,360</u>	<u>197,540,172</u>
Equity			
Share capital	27	51,542,236	51,746,072
Treasury shares	27	(2,199,867)	(7,295,461)
Losses from the repurchase of own shares		(40,659)	(134,838)
Benefits granted in equity instruments		1,867,063	-
Retained earnings	27	740,422,170	811,806,713
Other reserves	27	1,157,455,631	997,961,099
Reserves from revaluation of tangible assets		1,176,569	1,176,569
Legal reserves		10,568,848	10,609,615
Reserves from revaluation of financial assets at FVTOCI	19	725,960,324	856,643,688
Total		<u>2,686,752,316</u>	<u>2,722,513,457</u>
Non-controlling interests		14,807	15,062
Total equity		<u>2,686,767,122</u>	<u>2,722,528,519</u>
Total equity and liabilities		<u>2,890,891,483</u>	<u>2,920,068,691</u>

Significant changes in patrimonial items over the previous year are due to:

- Reclassification of real estate assets owned by subsidiaries and intended for sale in the category Investment property within the Assets held for sale;

- Receipt of an advance related to the sale of a real estate owned by a subsidiary, reflected in Other financial liabilities until the completion of the transaction;
- Structural changes in the assets of the parent company, effect of:
 - Recognition of negative value differences related to financial assets at fair value through other comprehensive income;
 - Investment activity in 2020, by divesting from certain investments recorded in the category of Financial assets at fair value through other comprehensive income and making investments in financial instruments recognized as Financial assets at fair value through profit or loss (acquisition of entities classified as subsidiaries - not included in consolidation);
 - The maturity of investments in fixed income instruments (mainly in the category Financial assets measured at amortized cost) and directing the cash surplus resulting from the investment activity to short-term monetary investments, recorded in the category Cash and cash equivalents.

3.4 PRESENTATION ON SEGMENTS

In 2020 and 2019, the Group operated on a single segment, namely the financial activity.

The activity of three companies (2019: 3) was included in the financial activity.

4. DESCRIPTION OF MAIN RISKS FOR THE GROUP

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

The Group uses a variety of policies and procedures for managing and assessing the types of risk to which it is exposed, both at the parent company and subsidiary levels. These policies and procedures are detailed in the sub-chapters dedicated to each type of risk under *Note 5* of the attached Consolidated Financial Statements 2020.

4.1 Financial risks

Market risk

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

The market risk of equity instruments is mainly the result of shares available for sale. Entities in which the Group holds shares operate in various industries. The objective of market risk management is to control and manage market risk exposures in acceptable parameters, to optimize returns. The Group's strategy for market risk management is driven by its investment objective, and market risk is managed in accordance with its policies and procedures.

The Group is exposed to the following market risk categories:

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

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

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

A positive 10% change in the price of financial assets at fair value through profit or loss (shares in subsidiaries, associates, corporate bonds, and fund units) would lead to a profit increase after tax, by RON 130,238,708 (December 31, 2019: RON 115,285,158), a negative variation of 10% having an equal net impact of the opposite sign.

A positive 10% change in fair value prices of other financial assets at fair through other comprehensive income value, investments in shares and corporate bonds, would lead to an increase in equity, net of profit tax, by RON 102,748,567 (December 31, 2019: RON 115,923,898), a negative variation of 10% having an equal net impact of the opposite sign.

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

For interest-bearing financial instruments: the interest rate risk consists of the fluctuation risk in the value of a particular financial instrument as a result of the change in interest rates and the risk of the differences between the maturity of the interest-bearing financial assets and the debt-bearing debt interest rate. However, the interest rate risk may also influence the value of fixed-interest assets (e.g. bonds), so that an increase in market interest rate will result in a decrease in the value of future cash flows generated by them and may lead to a price reduction if they increase

the preference of investors to place their funds in bank deposits or other instruments whose interest rates have risen, and vice versa - a reduction in market interest rates may lead to an increase in the price of shares and bonds and will lead to an increase in the fair value of future cash flows.

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

Impact on the Group's net profit (on the back of income/expenses with/on interest) of a change of $\pm 1.00\%$ in the interest rate on variable-yield assets and liabilities denominated in other currencies corroborated by a change of $\pm 1.00\%$ in the interest rate on assets and liabilities carrying liabilities variable interest rate and denominated in RON is of of RON 1,598,879 (December 31, 2019; RON 1,626,028).

For the bonds recorded at fair value (level 1 & level 2) held, a variation of $\pm 5\%$ of their market price determines a net impact in the amount of \pm RON 2,028,749 (December 31, 2019: \pm RON 2,023,532) in the profit or loss account respectively in the amount of \pm RON 214,311 (December 31, 2019: \pm RON 211,811) in other comprehensive income.

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

The Group performed transactions in the reporting periods in both the Romanian currency (Leu) and in foreign currency. The Romanian currency fluctuated compared to foreign currencies, EURO, USD, GBP, and CHF.

The financial instruments used make it possible to preserve the value of the monetary assets held in RON by making investments and collecting interest according to the maturity term.

Financial assets and liabilities of the Group in local and foreign currency as of December 31, 2020 and December 31, 2019 are presented in the table below:

Financial assets exposed to currency risk (in RON)

	2020	2019
Cash and cash equivalent	37,349,250	29,600,696
Financial assets at fair value through profit and loss	28,483,377	44,435,959
Financial assets at fair value through other comprehensive income	180,596,402	236,821,963
Investments measured at amortized cost	-	43,246,691
TOTAL	246,429,029	354,105,309
Borrowings	(1,120,114)	(1,091,289)
Liabilities from leasing contracts	(49,965)	(2,132,985)
Total liabilities	(1,170,079)	(3,224,274)
Net financial assets	245,258,951	350,881,035

Credit risk

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

The Group is exposed to credit risk as a result of investments in bonds issued by trading companies or the Romanian State (2018), current accounts and bank deposits and other receivables.

The management of the Group closely and consistently monitors the exposure to credit risk so that it does not suffer losses as a result of the concentration of credit in a particular sector or business.

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

December 31, 2020	Current accounts	Bank deposits	Corporate bonds (measured at amortized cost)	Corporate bonds (FVTOCI)	Corporate bonds (FVTPL)	Other financial assets	Total
<i>Current and unimpaired</i>							
Rating AAA to A-							
BBB+	38,929,464	118,600,000	-	-	-	-	157,529,464
BBB	141,866	4,517,000	-	-	-	-	4,658,866
BB+	941,635	24,000,000	-	-	-	-	24,941,635
BBB-	1,070	4,438,000	-	-	-	-	4,439,070
Baa1	36,735	-	-	-	-	-	36,735
Baa3	1,422	-	-	-	-	-	1,422
BB-	1,367,644	-	-	-	-	-	1,367,644
NR	283	-	-	5,111,504	49,195,115	9,254,479	63,561,382
TOTAL	41,420,119	151,555,000	-	5,111,504	49,195,115	9,254,479	256,536,218

Liquidity risk

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

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

The structure of assets and liabilities was analysed based on the remaining period from the balance sheet date to the contractual maturity date as of 31 December 2020 and is presented in the table below:

In RON

	Accounting value	under 3 months	between 3 and 12 months	Over 1 year	Without pre-established maturity
December 31, 2020					
Financial assets					
Cash and cash equiv.	187,639,649	187,639,649	-	-	-
Bank deposits	5,453,621	5,453,621	-	-	-
Financial assets at fair value through profit or loss	1,394,390,716	11,582,819	-	37,612,296	1,345,195,600
Financial assets at fair value through other comprehensive income	1,215,637,345	-	8,860	5,102,644	1,210,525,841
Financial assets at amortized cost	-	-	-	-	-
Other financial assets	11,156,829	11,156,829	-	-	-
Total financial assets	2,814,278,160	215,832,919	8,860	42,714,940	2,555,721,441
Financial liabilities					
Borrowings	15,534,842	-	3,624,855	11,909,987	-
Liability on current income tax	143,012	143,012	-	-	-
Liabilities from leasing contract	49,965	5,356	16,476	28,133	-
Other financial liabilities	39,296,691	39,296,691	-	-	-
Total financial liabilities	55,024,509	39,445,059	3,641,331	11,938,120	-
Liquidity excess	2,759,253,651	176,387,860	(3,632,471)	30,776,820	2,555,721,441

Other risks

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

- taxation risk;
- business environment risk;
- operational risk.

The risk management aims at maximizing the Group's profit related to the risk level at which it is exposed.

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

Taxation risks

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

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

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

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

Business environment risks

SIF Banat-Crișana's management cannot predict all the effects of the international economic developments impacting on the financial sector in Romania but considers that in 2019 it has adopted the necessary measures for the sustainability and development of the Company under the conditions existing on the financial market, by monitoring cash flows and suiting the investment policies.

Avoiding risks and mitigating their effects are provided by the company by an investment policy that complies with the prudential rules imposed by the applicable legal provisions and regulations.

SIF Banat-Crișana has adopted risk management policies that provide for active management of those risks by applying specific risk identification, assessment, measurement and control procedures that provide reasonable assurance that the Company's objectives are met, with a constant balance between risk and expected profit.

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

The Eurozone economy has seen a significant recovery during the recent years, both in terms of GDP growth (with annualized increases of more than 1.5%) and the gradual reduction of unemployment and the return of inflation to the target set by ECB (2%). However, the ECB has maintained both the benchmark interest rate in the historical absolute low (0%) and the commitment to fully re-invest the amounts collected at the maturity of the purchased financial instruments in the quantitative easing program, the duration of this program being dependent on the sustainability of the inflation rate to the 2% target set by the ECB. In March 2020, amid the global spread of Covid-19 strains, the Federal Reserve reduced the key monetary policy interest rates to 0% in two exceptional meetings, along with a USD700bn package for operations of quantitative relaxation.

The high volatility of major capital markets during the recent months, the impact and incidence of the USD 1,900bn stimulus package and the uncertainty of the impact on global growth of the effects of Covid-19's restraint measures will be important in the activity of investment management in 2021.

Operational risk

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

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

Topmost responsibility for the implementation and development of operational risk control rests with the Board of Directors. This responsibility is underpinned by the development of general operational risk management standards, which includes controls and processes at service providers and service engagements with service providers.

Capital adequacy

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

The Group's equity includes its share capital, various types of reserves, retained earnings and minority interests. The equity amounted to RON 2,686,767,122 as of December 31, 2020 (2,722,528,519 as of December 31, 2019).

5. THE MARKET OF SECURITIES ISSUED BY THE GROUP

CHARACTERISTICS OF SIF BANAT-CRIȘANA SHARES

Total number of shares issued (December 31, 2020)	515,422,363
Outstanding shares (December 31, 2020)	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
Trading venue (MIC)	XBSE
Symbol on BVB (ticker)	SIF1
ISIN code	ROSIFAACNOR2
International identifier	Bloomberg BBGID: BBG000BMN388 (SIF1:RO)
Reuters	SIF1.BX

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

The provisions of art. 286^{^1} par. (2) of Law no. 297/2004 and of the CNVM / ASF Instruction no. 6/2012, on the suspension of the voting right for the shares held by the shareholders exceeding the limit of 5% of the share capital were repealed on the date of entry into force of Law no. 243/2019 on the regulation of alternative investment funds and for the amendment and completion of certain legislative acts, from July 24, 2020, the Company's Articles of Association being amended accordingly, as per Resolution no. 3 of the Extraordinary General Meeting of SIF Banat-Crișana Shareholders of March 10, 2020.

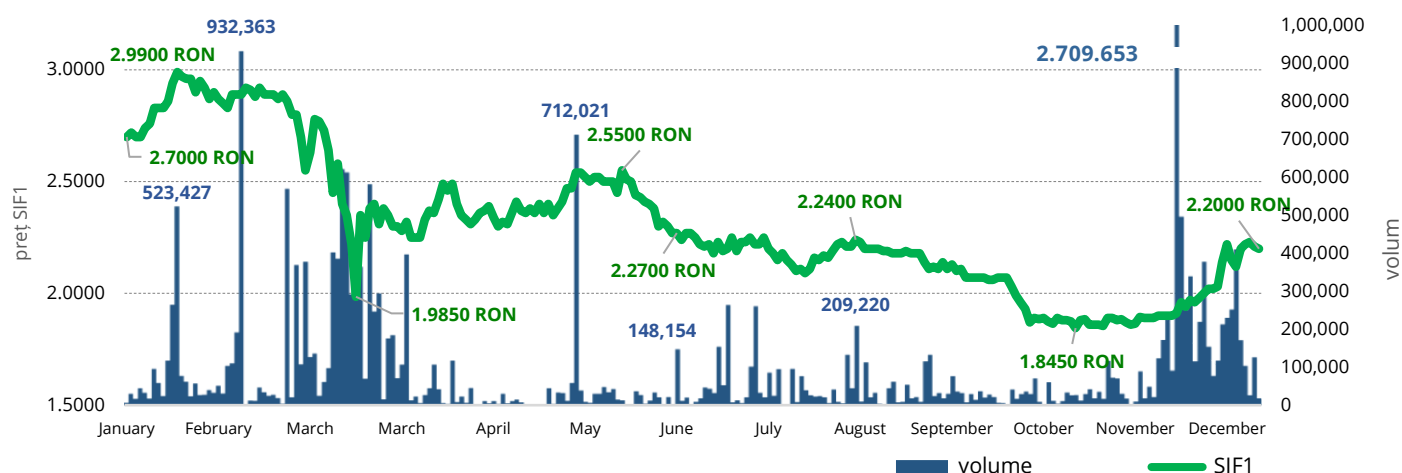
The shares issued by the Company are freely traded on the regulated market of the Bucharest Stock Exchange, according to the rules set by the market operator, any person being able to acquire SIF1 shares.

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

- (i) The company is authorized as an alternative investment funds manager (AIFM), being affected by the provisions of Regulation no. 3/2016 on the applicable criteria and the procedure for the prudential assessment of acquisitions and increase of shareholdings held in entities regulated by the Financial Supervisory Authority, applicable to potential acquirers and significant shareholders within the alternative investment funds managers.
- (ii) According to the Regulation, the acquisition of qualified participations in the company is subject to the approval of the Financial Supervisory Authority. For the purposes of the regulations, qualified participation means a direct or indirect holding of voting rights or capital of the Company, which represents at least 10% of them or which allows the exercise of a significant influence over the management of the Company.
- (iii) For the purposes of the Regulation, a potential acquirer is considered to have a significant influence when his holdings, although below the 10% threshold, allow it to exercise significant influence over the management of the Company, such as having a representative in the board of directors. Holdings of less than 10% overlap the approval requirements, from case to case, depending on the ownership structure of the regulated entity and specific involvement of the acquirer in its management.
- (iv) The Company's shares are listed on the regulated market on the Bucharest Stock Exchange, the provisions of Law no. 24/2017 on issuers of financial instruments and market operations in the matter of the obligation to carry out a mandatory public takeover bid, in case of reaching the threshold of 33% of the voting rights.

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

SIF1 PERFORMANCE AND VOLUME IN 2020



highlighted values recorded at the close of trading sessions

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. Change of BET-FI in 2020: -8.898%. Weight of SIF1 in BET-FI: 16.53% (2020 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. Change of BET-BK in 2020: -0.97%. Weight of SIF1 in BET-BK: 4.70% (2020 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%. Change of BET-XT in 2020: -4.204%. Weight of SIF1 in BET-XT: 2.91% (2020 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 2020: +0.571%. Weight of SIF1 in BET-XT-TR: 2.91% (2020 year-end).

The two subsidiaries included in the consolidation do not have their shares listed on an organized capital market or an alternative trading system.

6. CORPORATE GOVERNANCE

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

To 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, policies promoted at Group level.

SIF Banat-Crișana has adhered to the Corporate Governance Code issued by the Bucharest Stock Exchange ("the Code"), the compliance with Code's principles is presented in the statement accompanying the Annual Report 2020.

By Regulation no. 2/2016, with subsequent changes and amendments, 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. SIF Banat-Crișana's statement on the application of corporate governance principles during 2018, prepared pursuant to the annex of the Regulation no. 9/2019, is accompanying the Annual Report 2020.

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

Detailed information on SIF Banat-Crișana's corporate governance in 2020 and the statements on corporate governance statements are presented in the Annual Report 2020, available on the Company's website at www.sif1.ro.

SIF Banat-Crișana's management

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 2020, SIF Banat-Crișana's Board of Directors convened twice the Ordinary General Meeting and four times 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 composition of the Board of Directors as of December 31, 2020, is 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

Advisory committees within the Board of Directors

The Audit Committee - assists the Board of Directors in fulfilling its responsibilities in the financial reporting, internal control and risk management areas, assists the Board of Directors in monitoring the trustworthiness and integrity of financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting standards applied by This one. 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.

The Nomination and Remuneration Committee - assists the Board in fulfilling its responsibilities for the nomination of candidates for management positions and their remuneration. NRC duties are detailed within the Company's Internal Regulations.

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.

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 directors must meet the conditions provided by the regulations issued by the Financial Supervisory Authority applicable to the Company and are authorized in this capacity by the Authority.

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

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

The composition of company's executive team as of December 31, 2020 is the following: Mr. Bogdan-Alexandru Drăgoi, Mr. Radu Răzvan Străuț, Mrs. Teodora Sferdian and Mr. Laurențiu Riviș.

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

Risk management - SIF Banat-Crișana established and permanently and operationally maintains the risk management function, which is carried out independently of other activities. The Risk Management Office is subordinated to the Board of Directors, and the person in charge of risk management is authorized by ASF in this position and is registered in the ASF registry.

The diversity of activities carried out by SIF Banat-Crișana 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 law, 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.

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

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

Compliance - SIF Banat-Crișana established and permanently and operatively maintains the internal control function, which runs independently of other activities. The Internal Control Compartment reports to the Board of Directors and has the following main responsibilities: (i) to monitor and regularly evaluate the effectiveness and the means of implementation of the set measures and procedures, as well as measures decided to resolve any situations of non-compliance by the Company; (ii) to advise and assist the relevant responsible persons for carrying out services and activities to meet the requirements set for the Company under the law and ASF regulations.

The person holding the position of compliance officer / representative of the compliance office is authorized by ASF in this position and is registered in the ASF registry.

Resolution of petitions. The shareholders have the right to address SIF Banat-Crişana 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 on the 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 is on the representative of the compliance office.

Internal Audit - SIF Banat-Crişana established and permanently and operatively maintains the internal audit function, which runs independently of other functions and activities, reporting directly to the 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 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 activity of internal audit of SIF Banat-Crişana is outsourced to the company New Audit SRL from Arad.

Respect for shareholders' rights

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

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

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 GMS works, pursuant to the incident laws and ASF regulations. The procedures are available to shareholders at the date of convening the GMS, being published on the company's website.

In the Official Gazette of Romania, Part I, no. 1035/ December 24, 2019, it was published the Law no. 243/2019 on the regulation of alternative investment funds and for the amendment and completion of certain legislative acts, which entered into force on January 24, 2020. By art. 81 para. (3) lit. b) of Law no. 243/2019, the provisions of art. 286¹ of Law no. 297/2004 which regulated the holding threshold of maximum 5% of the share capital of a financial investment company were repealed. The repeal takes effect starting with July 24, 2020, according to art. 81 para. (3) of Law no. 243/2019, viz. upon the fulfilment of the term of 6 months from the entry into force of Law no. 243/2019 on the regulation of alternative investment funds and for the amendment and completion of certain legislative acts.

With the repeal of art. 286¹ of Law no. 297/2004 by Law no. 243/2019 on the regulation of alternative investment funds and for the amendment and completion of certain legislative acts, from 24.07.2020 the holding threshold of 5% of the share capital of investment companies was eliminated, which restricted the possibility for shareholders to hold, directly or indirectly, more than 5% of the share capital of a financial investment company.

With the elimination of the holding threshold of 5% of the share capital, potential purchasers intending to acquire a qualified participation in the share capital of SIF Banat-Crişana as an AIFM authorized by ASF, will become affected by the provisions of Regulation 3/2016 on the criteria applicable and the procedure for the prudential assessment of acquisitions and increases in participations in entities regulated by the Financial Supervisory Authority, in accordance with the provisions of art. 7 para. (2) lit. b) and art. 8 para. (1) letter c) of Law no. 74/2015, implemented by art. 8 para. (4) of Regulation no. 10/2015, and taking into account the provisions of art. 43 para. (2) of Regulation no. 3/2016.

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

Right to dividend - The dividend policy of SIF Banat-Crişana 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-Crişana shares, while maintaining the potential for the future development of the company, ensuring the long-term sustainable profitability of the business for the benefit of increasing the value created for shareholders.

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

Right to information - SIF Banat-Crişana 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.

The organizational structure providing the relationship with shareholders, potential investors, analysts, mass-media and the interested public is the Investor Relations Compartment. Contact

details: 35A Calea Victoriei, Arad 310158, Romania, tel | fax: +40257 304 446, email: investitori@sif1.ro, person of contact Mr. Claudiu Horeanu.

Financial reporting - Financial statements for 2020 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.

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.

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

Personal transactions - In line with capital market legislation and European regulations, during 2020 have been completed and updated the internal rules and procedures regarding personal transactions, with shares of issuers in SIF Banat-Crişana' portfolio, performed by persons in Company's management and persons having access to privileged information.

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

Corporate information regime - The members of the Board, executive 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 the Company, 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.

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. Pursuant to Law no. 24/2017 and the European regulations, insiders, and persons with access to inside information concerning SIF Banat-Crişana are subject to notification to the Financial Supervisory Authority and the Company regarding transactions in their own account with shares issued by SIF Banat-Crişana.

Market abuse - A special attention was paid in 2020 to the set of European regulations on Market Abuse. There have been implemented the provisions on the establishment of a closed period, of 30 days before the publication of a financial report, during which for persons with access to inside information, the transactions with financial instruments of the issuer are prohibited.

Social responsibility, social matters, diversity

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-Crișana 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-Crișana is to promote professionalism, excellence, innovation, responsibility, teamwork, diversity, commitment.

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

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

Assessment of matters concerning the employees

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

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

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

Throughout 2020 there were no conflicting matters in the relations between management and employees, neither in SIF Banat-Crișana nor in the companies in the consolidation.

There were no collective layoffs during 2020, neither in the case of SIF Banat-Crișana, nor in the case of the companies in the consolidation.

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

Assessment of matters concerning the environment

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

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

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

7. OTHER INFORMATION

Amendments to the Articles of Association

By **Authorization no. 11/23.01.2020**, the Financial Supervisory Authority (ASF) authorized the changes in Company's Articles of Association, in accordance with Decisions no. 1 and no. 2 of 19.12.2019 of SIF Banat-Crișana's Board of Directors, following the establishment/closure of a secondary office in Bucharest. The aforementioned Decisions of the Board of Directors have been the subject of the Current Report of 20.12.2019. The Bucharest-Rahmaninov branch of SIF Banat-Crișana is an unincorporated (without legal personality) entity, that carries out the same activity as the parent company and is located in Bucharest, Sector 2, 46-48 Serghei Vasilievici Rahmaninov Street, 3rd floor.

By **Authorization no. 54/16.04.2020**, the Financial Supervisory Authority (ASF), authorized the changes in Company's Articles of Association, in accordance with the Resolution of the Extraordinary General Meeting of SIF Banat-Crișana Shareholders no. 3/10.03.2020, respectively the amendment of art. 3 of Company's Articles of Association, that becomes:

"Art. 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 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 provisions of art. 3 of SIF Banat-Crișana's Articles of Association, as amended by the Resolution of the EGM and the authorization issued by ASF, mentioned above, become applicable and shall take effect from 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.

Moreover, amendments and completions to Company's Articles of Association, to align with the provisions of Law no. 243/2019 on the alternative investment funds and for amending and supplementing some normative acts, and with the provisions of ASF Regulation no. 7/ 2020, were approved by EGM of **July 6, 2020** and EGM of **November 2, 2020**, including the requests communicated by the Financial Supervisory Authority.

The full version of the Resolutions adopted by the EGM of July 6, 2020 and November 2, 2020, are available for consultation on Company's website, at www.sif1.ro, in the *Investor Relations* section.

By **Authorization no. 189/27.11.2020**, The Financial Supervisory Authority authorized the changes in SIF Banat-Crișana's Articles of Association as a result of the share capital reduction from RON 51,746,072.4 to RON 51,542,236.3 as per Resolution no. 1/27.04.2020 of the Extraordinary General Meeting of SIF Banat-Crișana's Shareholders.

The Financial Supervisory Authority issued on December 24, 2020, the **Registration Certificate of Financial Instruments under the number AC-168-5/24.12.2020** regarding the reduction of company's share capital. The share capital of the company was reduced from RON 51,746,072.40 to RON 51,542,236.30, divided into 515,422,363 shares with a nominal value of RON 0.10, following the cancellation of 2,038,361 own shares, as per Resolution no. 1/27.04.2020 of the Extraordinary General Meeting of SIF Banat-Crișana's Shareholders.

The Company registered the operation of share capital reduction at the Trade Register Office, and then the share capital reduction was registered at the capital market institutions.

Other significant information

- On **August 17, 2020**, the Company published the Disclosure document on the offering of shares to the members of the management structure of SIF Banat-Crişana. The Board of Directors of SIF Banat-Crişana approved the "Stock Option Plan", which offered to the members of the Company's management a number of 880,000 SIF1 shares, a program approved in the EGM of April 27 2020 (Program II).

The complete version of the Disclosure document on the offering or allocation of shares to the members of the management of SIF Banat-Crişana is available for consultation on the Company's website, at www.sif1.ro, in the *Investor Relations* section.

- On **September 7, 2020**, SIF Banat-Crişana informed the investors upon the signing, on September 4, 2020, of the sale-purchase agreement for the acquisition of the stake representing 99.92% of the share capital of DOOSAN IMGB S.A., a company with its registered office in Bucharest, no. 104 Şoseaua Berceni. The completion of the transaction is conditional on obtaining the agreement of the Competition Council, in accordance with applicable law. SIF Banat-Crişana was assisted in carrying out the transaction by Biriş Goran SPARL and Crosspoint Real Estate.
- On **September 8, 2020**, SIF Banat-Crişana issued an announcement to inform the investors upon the update of the valuation policies and methods applied to evaluate the financial assets in the company's portfolio, to comply with the provisions of art. 114 par. (4) and (5) of ASF Regulation no. 9/2014 amended and supplemented by ASF Regulation no. 20/2020.

Starting with the calculation of net asset value as of August 31, 2020, shares admitted to trading on a regulated market or a multilateral trading system with liquidity considered, in accordance with IFRS 13 standard, to be irrelevant for applying the mark to market valuation method, will be valued in accordance with the valuation standards in force, according to the law, based on an evaluation report.

The valuation methods used for the valuation of financial assets in Company's portfolio are presented on Company's website, www.sif1.ro, in the section *Investments > Net Asset > Net asset value calculation methodology*.

- On **October 22, 2020**, the Competition Council issued the non-objection decision regarding the economic concertation operation carried out by SIF Banat-Crişana acquiring the control over DOOSAN IMGB S.A.

Consequently, on **October 23, 2020**, the transaction for the acquisition of the stake representing 99.92% of the share capital of DOOSAN IMGB S.A. was completed, by transferring the ownership right over the purchased shares, together with all the attached rights as per law, by registering SIF Banat-Crişana in the DOOSAN IMGB S.A. shareholders registry kept by Depozitarul Central (Central Depository). (*Current Report of October 26, 2020*)

- On **October 23, 2020**, SIF Banat-Crişana collected in full of the equivalent value in RON of the amount calculated for the end of October 21, 2020, representing the principal and the interest related to the corporate bonds issued by Blue Air Aviation SA, and was to proceed as soon as possible to discharge the first ranking mortgages on the real estate / movable property established on the date of issue in favour of SIF Banat Crişana SA. (*Announcement of October 26, 2020*)

- On **November 2, 2020**, the Ordinary General Meeting of Shareholders (OGM) and the Extraordinary General Meeting of Shareholders (EGM) took place.

The OGMS approved:

- the appointment of Deloitte Audit S.R.L as financial auditor for the financial year ended December 31, 2021, extending the initial term by one year;
- The Revised Budget of Revenues and Expenses for the financial year 2020.

The EGMS approved:

- the amending of Company's Articles of Association, to comply with the provisions of Law no. 243/2019 on alternative investment funds, amending and supplementing certain normative acts, and the provisions of ASF Regulation no. 7/2020;
- the partial revocation of the Resolution of the Extraordinary General Meeting of Shareholders of April 22, 2019, published in the Official Gazette of Romania, Part IV, no. 2154 / 23.05.2019, respectively of article 1 of this resolution, by which it was approved the execution of a buyback program of a maximum of 15,000,000 own shares;
- the execution of a buyback program ("Program 3") to reduce the Company's share capital. The maximum number of shares that may be repurchased is of 15,000,000 shares at most. The minimum price per share: RON 0.1. The maximum price per share: RON 5.1020. Duration of the program is a maximum of 12 months.

- By the current report dated **November 25, 2020**, the company informed the investors about the convening of the ordinary general meeting of shareholders for January 6 (7), 2021, having as main items on the agenda:
 - Election of the members of the Board of Directors of the company for a term of office of 4 years, starting with April 25, 2021 and until April 25, 2025.
 - Approval of the Remuneration Policy for the company's managers (administrators and directors).
 - Approval of the remuneration due to the members of the Board of Directors for the financial year 2021.
 - Approval of the general limits on all additional remuneration of members of the Management Board and the general limits on the remuneration of directors for the financial year 2021.

The buyback programs. Stock Option Plan

The EGM of April 26, 2018 approved the execution of two buyback programs: Program I - the Company to repurchase 17,460,724 shares at most to reduce its share capital; Program II - the Company to repurchase 1,400,000 shares at most for their distribution free of charge to the members of the Company's management (administrators, directors) in a Stock Option Plan, in order to build their loyalty as well and to reward their activity in the Company.

Between October 2 and 26, 2018, 89,656 shares were repurchased through direct market transactions under Program II. Starting with October 29, 2018, the execution of the buyback program was suspended, as market conditions did not offer the possibility to purchase the required number of shares. During 2018, there were no shares repurchased under Program I.

In 2019, for the completion of the two buyback programs (Program I and Program II) SIF Banat-Crișana carried out a Public Tender Offer shares through SWISS CAPITAL. In the offer, 4,228,705 shares were bought (out of the 18,771,068 shares that were subject to the offer), representing 0.8172% of the share capital of SIF Banat Crișana, which together with the shares repurchased through direct transactions in the market represented a total number of 4,318,360 treasury 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 and were published on Company's website the notifications under art. 19 of EU Regulation 595/2014.

After the transfer of the 1,400,000 shares under the Stock Option Plan, the Company remained to hold 2,918,361 treasury shares.

EGM of April 22, 2019, by Resolution no. 1 approved the execution of a buyback program ("Program I") by the Company in order to reduce its share capital, the company to repurchase a 15,000,000 shares at most, at a price between the minimum price of RON 0.1 per share and the maximum price of RON 4.38 per share. The duration of Program I approved by the extraordinary general meeting of shareholders was a maximum of 18 months from the date of publication of the resolution in the Official Gazette of Romania, part IV. By art. 2 of the resolution of April 22, 2019, the EGM approved the execution of a buyback program, in accordance with applicable law, for a maximum of 880,000 shares for their free distribution to members of the Company's management, in order to build their loyalty, as well as the reward for the activity carried out within the Company (Program II). The EGM also approved the use of shares purchased under Buyback Program II for their free distribution to members of the Company's management, under a "Stock Option Plan", in compliance with applicable law, empowering the Board to adopt all necessary measures and fulfil all the formalities required for the approval and implementation of the "Stock Option Plan".

As in 2019 the Public Tender Offer was carried out for the completion of the two buyback programs (Program I and Program II approved by the EGM of April 26, 2018), the Company's management considered more appropriate the execution in 2020 of the buyback programs approved in 2019.

EGM of April 27, 2020, by Resolution no. 3 approved the execution of a new buyback program ("Program I") by the Company in order to reduce its share capital, with the company to repurchase a 15,000,000 shares at most, at a price between the minimum price of RON 0.1 per share and the maximum price of RON 4.9665 per share, with the duration of Program I of a maximum of 18 months from the date of publication of the resolution in the Official Gazette of Romania, part IV. Moreover, by Resolution no. 4 of April 27, 2020, the EGM approved the execution of a buyback program, in accordance with applicable law, for a maximum of 880,000 shares for their free distribution to members of the Company's management, in order to build their loyalty, as well as the reward for the activity carried out within the Company (Program II). The EGM also approved the use of shares purchased under Buyback Program II for their free distribution to members of the Company's management, under a "Stock Option Plan".

At the same time, the EGM of April 27, 2020 decided that, out of the 2,918,361 treasury shares repurchased under buyback programs approved during 2018, a number of 880,000 shares to be used for their distribution as free of charge to the members of the Company's management, under the Stock Option Plan approved by the Resolution of EGM of April 22, 2019, following that the Buyback Program 2, approved in the same EGM of April 22, 2019, to cease to have effect.

For the difference of 2,038,360 treasury shares held by the Company at that time, the EGM of April 27, 2020 approved the reduction of Company's share capital from RON 51,746,072.4 to RON 51,542,236.3 following the cancellation of the 2,038,361 treasury shares acquired by the company.

Given the unfavourable market conditions generated by the outburst and then deepening of the health and economic crisis caused by the COVID 19 pandemic, at the **EGM of November 2, 2020**, the Board of Directors proposed to the shareholders the resolution to partially revoke the EGM Resolution of April 22, 2019, published in the Official Gazette of Romania, Part IV, no. 2154 / 23.05.2019, respectively of article 1 of this resolution, which approved the execution of a buyback program of a maximum of 15,000,000 own shares, a resolution adopted by the EGM. Moreover, the EGM approved the execution of a new buyback program ("Program 3") for the same maximum number of 15,000,000 shares, within 12 months from the date of publication of the EGM resolution in the Official Gazette of Romania.

The implementation of shareholder remuneration programs through the buyback programs, approved by the EGM of April 27, 2020 and the EGM of November 2, 2020 is scheduled to start in 2021, involving significant cash outflows this year.

Concerning the Stock Option Plans approved by the shareholders by resolution of the EGM (art. 3) of April 22, 2019, and EGM Resolution no. 5 of April 27, 2020, the Company published the disclosure documents on the offer or assignment of securities to members of the management of SIF Banat-Crişana, by means of current reports of May 29, 2020 and August 17, 2020. The disclosure documents on the offer or assignment of securities to members of the management of SIF Banat-Crişana in full are available for consultation on Company's website, at www.sif1.ro, in the *Investor Relation* section.

Events after the date of the balance sheet

- Ordinary General Meeting of SIF Banat-Crişana Shareholders of January 6, 2021
- Publication by SIF Banat-Crişana of the preliminary financial results for 2020
- Authorization of the members of the Board of Directors of SIF Banat-Crişana

Further information on the events after the balance sheet date is presented in the 2020 Annual Report of the Board of Directors for the standalone financial statements for the year 2020.

This report is accompanied by the following annex:

ANNEX 1	Consolidated financial statements as of December 31, 2020 prepared pursuant to Rule no. 39/2015 for the approval of the Accounting Regulations compliant to the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the ASF – Financial Instruments and Investments Sector - audited
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The version prepared in Romanian of the consolidated report of the Board of Directors (which is the official and binding version) was approved by the Board of Directors of SIF Banat-Crişana in the meeting held on March 26, 2021.

Bogdan-Alexandru DRĂGOI

Chairman and CEO