

# **SIF BANAT-CRIȘANA S.A.**

Standalone Financial Statements  
as at 31 December 2020

prepared in accordance with the Norm no. 39/2015  
for the approval of the Accounting Regulations in  
accordance with the International Financial Reporting  
Standards applicable to entities authorized,  
regulated, and supervised by the Financial  
Supervisory Authority, operating within the Financial  
Instruments and Investments Sector

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# SIF BANAT-CRIȘANA S.A.

## Standalone statement of profit or loss and other comprehensive income for the financial year ended 31 December 2020

In RON	Note	31-Dec-20	31-Dec-19
<b>Revenues</b>			
Dividend income	7	85,778,801	115,088,023
Interest revenues (FVTOCI, assets at amortised cost)	8	6,410,296	2,374,141
Interest revenues (FVTPL)	8	2,478,903	3,678,040
Other operating revenue		172,715	397,308
<b>Investment gains/losses</b>			
Gains from investment property	9	2,769,835	(81,351)
Net (Loss)/ profit from exchange differences		2,156,143	1,961,301
Net Profit/(Loss) from financial assets at fair value through profit or loss	10	22,890,072	74,073,706
<b>Expenses</b>			
Commissions expenses	11	(8,794,811)	(3,322,619)
Other operating expenses	12, 20	(19,678,132)	(18,913,441)
<b>Profit before tax</b>		<b>94,183,822</b>	<b>175,255,110</b>
Income tax	13	(2,061,416)	(15,760,578)
<b>Net profit of the financial year</b>		<b>92,122,406</b>	<b>159,494,532</b>
Other comprehensive income			
<b>Items that are or may be transferred to profit or loss</b>			
Amounts transferrable to profit or loss (debt instruments)		(29,465)	41,503
Amount transferred to profit or loss (debt instruments)		-	-
<b>Items that are or may be transferred to retained earnings</b>			
The fair value change for financial assets through other comprehensive income	17	(135,855,548)	329,488,683
Changes in revaluation reserve for property, plant and equipment		-	1,071,553

## SIF BANAT-CRIȘANA S.A.

### Standalone statement of profit or loss and other comprehensive income for the financial year ended 31 December 2020

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In RON	Note	31-Dec-20	31-Dec-19
Tax effect on the above reserves		23,596,781	(53,727,177)
<b>Other comprehensive income</b>		<b>(112,288,232)</b>	<b>276,874,562</b>
<b>Total comprehensive income for the period</b>		<b>(20,165,826)</b>	<b>436,369,094</b>
<b>Earnings per share</b>			
Basic		0,179	0,309
Diluted		0,179	0,309

The separate financial statements were authorized for issue by the Board of Directors on 26 March 2021, and were signed on its behalf by:

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**Bogdan-Alexandru Drăgoi**  
Chairman and CEO

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**Dorel Baba**  
Financial Reporting Manager

# SIF BANAT-CRIȘANA S.A.

## Standalone statement of financial position for the financial year ended 31 December 2020

<i>In RON</i>	<b>Note</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
<b>Assets</b>			
Cash and cash equivalents	14	150,710,816	117,203,806
Bank deposits	15	-	4,512,500
Financial assets at fair value through other comprehensive income (bonds)	17	5,111,504	5,053,633
Financial assets at amortized cost	18	-	43,246,691
Other financial assets	21	5,973,797	1,191,647
Other assets		189,805	220,299
Financial assets at fair value through profit and loss	16	1,394,390,304	1,226,791,154
Financial assets at fair value through other comprehensive income (shares)	17	1,309,319,391	1,503,213,414
Assets representing right of use of underlying assets under the lease	20	889,240	1,117,902
Investment property	9	13,180,199	20,047,164
Property, plant and equipment	19	4,006,587	4,080,130
<b>Total assets</b>		<b>2,883,771,643</b>	<b>2,926,678,339</b>
<b>Liabilities</b>			
Current tax liabilities		-	4,451,293
Other financial liabilities	23	6,673,694	3,041,305
Other liabilities and deferred income		26,797	10,473
Lease liabilities	20	934,521	1,121,202
Deferred tax liabilities	22	146,231,940	169,850,613
<b>Total liabilities</b>		<b>153,866,952</b>	<b>178,474,885</b>
<b>Equity</b>			
Share capital	24	51,542,236	51,746,072
Treasury shares	24	(2,199,867)	(7,295,461)
Losses from buy-back of treasury shares		(40,659)	(134,838)
Equity benefits granted		1,867,063	-
Retained earnings	24	743,318,231	812,306,354
Other reserves	24	1,157,455,631	997,961,099

## SIF BANAT-CRIȘANA S.A.

### Standalone statement of financial position for the financial year ended 31 December 2020

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<i>In RON</i>	<b>Note</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
Reserves from the re-evaluation of property, plant and equipment		1,176,569	1,176,569
Legal reserves	24	10,308,447	10,349,214
Reserves from the re-evaluation of financial assets at fair value through other comprehensive income	17, 24	766,477,039	882,094,444
<b>Total equity</b>		<b>2,729,904,691</b>	<b>2,748,203,454</b>
<b>Total liabilities and equity</b>		<b>2,883,771,643</b>	<b>2,926,678,339</b>

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**Bogdan-Alexandru Drăgoi**  
Chairman and CEO

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**Dorel Baba**  
Financial Reporting Manager

## SIF BANAT-CRIȘANA S.A.

### Standalone statement of changes in equity for the financial year ended 31 December 2020 for the financial year ended 31 December 2020

In RON	Share capital	Treasury shares	Losses from redemption of shares	Legal reserves	Reserves from revaluation of FVTOCI	Reserves from revaluation of property, plant and equipment	Other reserves	Benefits granted in equity	Retained earnings	Total
<b>Balance as at 1 January 2020</b>	<b>51,746,072</b>	<b>(7,295,461)</b>	<b>(134,838)</b>	<b>10,349,214</b>	<b>882,094,444</b>	<b>1,176,569</b>	<b>997,961,099</b>	<b>-</b>	<b>812,306,354</b>	<b>2,748,203,454</b>
<b>Profit of the financial year</b>	-	-	-	-	-	-	-	-	92,122,406	92,122,406
Reserve from the reevaluation of financial assets transferred to profit or loss	-	-	-	-	-	-	-	-	-	-
Reserve from the reevaluation of financial assets transferred to retained earnings	-	-	-	-	(3,942,196)	-	-	-	3,942,196	-
Changes in reserve	-	-	-	(40,767)	(135,890,625)	-	-	-	40,767	(135,890,625)
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-
Deferred income tax	-	-	-	-	24,215,417	-	-	-	(613,024)	23,602,393
<b>Total comprehensive income of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40,767)</b>	<b>(115,617,405)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95,492,346</b>	<b>(20,165,826)</b>
Other reserves – own sources	-	-	-	-	-	-	159,494,532	-	(159,494,532)	-
Dividends to pay corresponding to year 2019	-	-	-	-	-	-	-	-	-	-
Prescribed dividends	-	-	-	-	-	-	-	-	-	-
Changes in benefits granted	-	-	-	-	-	-	-	1,867,063	-	1,867,063
Redemption of treasury shares	-	-	-	-	-	-	-	-	-	-
Annulment of treasury shares	(203,836)	5,095,594	94,179	-	-	-	-	-	(4,985,937)	-
<b>Total transactions with shareholders, recognized directly in equity</b>	<b>(203,836)</b>	<b>5,095,594</b>	<b>94,179</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>159,494,532</b>	<b>1,867,063</b>	<b>(164,480,469)</b>	<b>1,867,063</b>
<b>Balance as at 31 December 2020</b>	<b>51,542,236</b>	<b>(2,199,867)</b>	<b>(40,659)</b>	<b>10,308,447</b>	<b>766,477,039</b>	<b>1,176,569</b>	<b>1,157,455,631</b>	<b>1,867,063</b>	<b>743,318,231</b>	<b>2,729,904,691</b>

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**Bogdan-Alexandru Drăgoi**  
Chairman and CEO

**Dorel Baba**  
Financial Reporting Manager

## SIF BANAT-CRIȘANA S.A.

### Standalone statement of changes in equity for the financial year ended 31 December 2020 for the financial year ended 31 December 2020

In RON	Share capital	Treasury shares	Losses from redemption of shares	Legal reserves	Reserves from revaluation of FVTOCI	Reserves from revaluation of property, plant and equipment	Other reserves	Benefits granted in equity	Retained earnings	Total
<b>Balance as at 1 January 2019</b>	<b>51,746,072</b>	<b>(223,486)</b>	<b>(559)</b>	<b>10,349,214</b>	<b>652,877,901</b>	<b>105,016</b>	<b>920,774,872</b>	<b>2,380,000</b>	<b>683,411,583</b>	<b>2,321,420,613</b>
<b>Profit of the financial year</b>	-	-	-	-	-	-	-	-	159,494,532	159,494,532
Reserve from the reevaluation of financial assets transferred to profit or loss	-	-	-	-	-	-	-	-	-	-
Reserve from the reevaluation of financial assets transferred to retained earnings	-	-	-	-	(54,738,485)	-	-	-	54,738,485	-
Changes in reserve	-	-	-	-	329,538,091	-	-	-	-	329,538,091
Revaluation of property, plant and equipment	-	-	-	-	-	1,071,553	-	-	-	1,071,553
Deferred income tax	-	-	-	-	(45,583,064)	-	-	-	(8,152,018)	(53,735,082)
<b>Total comprehensive income of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>229,216,543</b>	<b>1,071,553</b>	<b>-</b>	<b>-</b>	<b>206,080,998</b>	<b>436,369,094</b>
Other reserves – own sources	-	-	-	-	-	-	77,186,227	-	(77,186,227)	-
Dividends to pay corresponding to year 2018	-	-	-	-	-	-	-	-	-	-
Prescribed dividends	-	-	-	-	-	-	-	-	-	-
Changes in benefits granted	-	3,499,788	64,684	-	-	-	-	(2,380,000)	-	1,184,473
Redemption of treasury shares	-	(10,571,763)	(198,963)	-	-	-	-	-	-	(10,770,726)
Annulment of treasury shares	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with shareholders, recognized directly in equity</b>	<b>-</b>	<b>(7,071,974)</b>	<b>(134,279)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,186,227</b>	<b>(2,380,000)</b>	<b>(77,186,227)</b>	<b>(9,586,253)</b>
<b>Balance as at 31 December 2019</b>	<b>51,746,072</b>	<b>(7,295,461)</b>	<b>(134,838)</b>	<b>10,349,214</b>	<b>882,094,444</b>	<b>1,176,569</b>	<b>997,961,099</b>	<b>-</b>	<b>812,306,354</b>	<b>2,748,203,454</b>

The separate financial statements were authorized for issue by the Board of Directors on 23 March 2021, and were signed on its behalf by:

**Bogdan-Alexandru Drăgoi**  
Chairman and CEO

**Dorel Baba**  
Financial Reporting Manager



# SIF BANAT-CRIȘANA S.A.

## Standalone statement of cash flows

for the financial year ended 31 December 2020

<i>In RON</i>	<b>Note</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
<b>Operating activities:</b>			
Net profit of the period		<b>92,122,406</b>	<b>159,494,532</b>
<b>Adjustments for:</b>			
Depreciation and amortization of property, plant and equipment and intangible assets		508,825	271,833
(Gains)/loss from the disposal of property, plant and equipment		33,012	1,585
(Gains)/loss from evaluation of investment property		(2,769,835)	81,351
(Gains)/loss from the sale of assets (debt instrument)			-
(Gains)/loss from financial assets at fair value through profit or loss		(22,890,072)	(74,073,706)
Dividends income	7	(85,778,801)	(115,088,023)
Interests income	8	(8,889,199)	(6,052,181)
Expenses with lease interest		68,104	7,622
Expenses for /(income from) exchange rate differences financial assets		(1,089,757)	(1,231,751)
Benefits granted in equity		1,867,063	1,414,000
Income tax	13	2,061,416	15,760,578
<b>Changes in assets and liabilities corresponding to operating activities:</b>			
Changes in other assets (receivables, etc.)		47,345	(85,847)
Changes in other financial liabilities		3,630,709	1,423,686
Paid income tax		(4,451,293)	(19,121,966)
<b>Net cash used in operating activities</b>		<b>(25,530,077)</b>	<b>(37,198,288)</b>
<b>Investment activities:</b>			
Payments for the acquisition of FVTOCI (shares, bonds)	17	(7,459,123)	(6,586,167)
Proceeds from the sale of FVTOCI (shares, bonds)	17	65,497,597	107,323,972
(Investments) / Proceeds from deposits for a period higher than 3 months		4,500,000	1,500,000
Proceeds from the sale / redemption of FVTPL (fund units, bonds, shares)	16	9,899,346	84,852,486
Payments for the purchase of FVTPL (fund units, bonds, shares)	16	(159,436,657)	(123,637,912)

## SIF BANAT-CRIȘANA S.A.

### Standalone statement of cash flows for the financial year ended 31 December 2020

<i>In RON</i>	<b>Note</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
Proceeds / (Payments) from the sale of assets at amortized cost		43,746,000	(42,995,700)
Proceeds from sale of property, plant and equipment and investment property		9,636,800	-
Payments for the acquisition of property, plant and equipment		(216,528)	(49,697)
Dividends cashed		83,779,746	110,293,952
Interest cashed		9,364,509	5,277,106
<b>Net cash from investment activities</b>		<b>59,311,690</b>	<b>135,978,041</b>
<b>Financing activities:</b>			
Lease payments		(274,603)	(30,137)
Dividends paid		-	(5,495)
Redemption of treasury shares		-	(10,770,725)
<b>Net cash used in financing activities</b>		<b>(274,603)</b>	<b>(10,806,357)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>33,507,010</b>	<b>87,973,396</b>
Cash and cash equivalents as at 1 January		117,203,806	29,230,410
<b>Cash and cash equivalents as at 31 December</b>		<b>150,710,816</b>	<b>117,203,806</b>

The separate financial statements were authorized for issue by the Board of Directors on 23 March 2021, and were signed on its behalf by:

**Bogdan-Alexandru Drăgoi**  
Chairman and CEO

**Dorel Baba**  
Financial Reporting Manager

# SIF BANAT-CRIȘANA S.A.

## Notes to the standalone financial statements

for the financial year ended 31 December 2020

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### 1. Reporting entity

Societatea de Investiții Financiare Banat-Crișana SA (the „Company”) was established according to Law no. 133/1996 by the reorganization and transformation of Fondul Proprietatea Privata Banat-Crișana and it is a trading joint-stock company operating according to Law 31/1990. The Company is established as a self-managed investment company authorised by the Financial Supervisory Authority as Administrator of Alternative Investment Funds (AFIA) – License no. 78/09.03.2018, classified in accordance with the provisions of Law no. 243/2019 as a diverse, closed alternative investment fund, intended for retail investors (FAIR). The Company prepares consolidated financial statements, as ultimate parent for group entities.

The registered office of SIF Banat-Crișana is in Arad, Calea Victoriei, nr. 35 A, județul Arad, cod 310158, phone 0257.304.438, Facsimile: 0257.250.165. The registration number with the Trade Register Office is: J02/1898/1992, and the Tax Identification Number is: 2761040

The business object of the Company is:

- management of portfolio;
- risk management;
- other collective management activities associated to an investment fund, as permitted by the legislation in force.

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

Starting with 28.11.2019, the depository company of the Company is BCR. Until that date (since 29.01.2014), BRD Groupe Société Générale held this position and the company providing registry services is Depozitarul Central SA Bucharest.

### 2. Basis of preparation

#### (a) Statement of compliance

The separate financial statements were prepared in accordance with the Norm no. 39/2015 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, as adopted by the European Union, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority within the Financial Instruments and Investments Sector (the Norm).

Users of these separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2020, in order to obtain full information on the financial position, results of operations and cash flows of the Group as a whole.

The separate financial statements were authorized for issue by the Board of Directors on 26 March 2021.

During the first quarter of 2018, the Company reanalyzed the criteria related to the classification as investment entity and concluded that these ones are fulfilled, less as regards the subsidiaries that supply investment related services (SAI Muntenia Invest, Administrare Imobiliare SA).

Therefore, according to IAS 27 and IFRS 10, as of 2018, the Company has been measuring all its subsidiaries at the fair value through profit and loss, except for the subsidiaries that supply investment related services, that will continue to be consolidated. Under these conditions, the Company shall issue two sets of financial statements: separate and consolidated, according to the provisions of IFRS 10 and IAS 27. In addition, the Company revised its analysis on whether it fulfills the classification criteria for investment entities also for 2019

and 2020, concluding that it fulfills such requirements and that it will apply the exception provided by IFRS 10 on investment entities and for the financial statements for 2019 and 2020.

## **2. Basis of preparation (continued)**

### **(a) Statement of compliance (continued)**

Operating segments are reported in a manner consistent with the internal reporting, analyzed by the Company's chief operating decision maker (the Board of Directors). This one is responsible for allocating resources and assessing performance of the operating segments. Reportable segments whose revenue, result or assets are ten percent or more of all the segments are reported separate. The Company manages all activities as one reportable activity segment.

### **(b) Presentation of the separate financial statements**

The Company adopted a liquidity-based presentation within the statement of financial position and a presentation of income and expenses depending on their nature within the statement of comprehensive income, considering that these disclosure methods provide reliable and more relevant information than that one presented based on other methods allowed by IAS 1 „Presentation of financial statements”.

### **(c) Basis of measurement**

The separate financial statements are prepared on a going concern basis and based on the fair value convention for the financial assets and liabilities at their fair value through profit and loss or through other comprehensive income.

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

The methods used to measure the fair value are presented at Note 3(e)(iii) and Note 5.

### **(d) Functional and presentation currency**

The Company's management considers that the functional currency, as defined by IAS 21 „Effects of changes in foreign exchange rates”, is the Romanian leu (RON or lei). The separate financial statements are presented in RON, rounded to the nearest RON, the currency that the Company's management chose as presentation currency.

### **(e) Use of estimates and judgments**

The preparation of the separate financial statements in accordance with IFRS supposes the use by the management of some estimates, judgments and assumptions that affect the application of the accounting policies as well as the reported value of the assets, liabilities, income and expenses. Such estimates and assumptions related to these judgments are based on the historical experience as well as on any other factors considered reasonable within the context of these estimates. The results of these estimates form the basis of judgments related to the carrying amounts of the assets and liabilities cannot be obtained from other sources of information. The results obtained may differ from the values of estimates.

The underlying estimates and assumptions are reviewed on an ongoing basis. The reviews of the accounting estimates are recognized during the period in which the estimate is reviewed, if the review affects only that period or during the period in which the estimate is reviewed and the future periods if the review affects both the current period and the future periods.

The judgments made by the management in applying the IFRS that have a significant effect on the separate financial statements as well as the estimates that involve a significant risk of a material adjustment during the next year are presented at Note 5.

**2. Basis of preparation (continued)****(f) Changes in accounting policies**

The accounting policies adopted comply with those ones used during the previous year.

**3. Significant accounting policies**

The accounting policies presented below have been applied coherently during all periods presented within these separate financial statements.

**(a) Subsidiaries and associates**

Subsidiaries are entities under the Company's control. The Company controls an entity in which it invested when it is exposed or has rights over the variable return based on its participation in the entity in which it invested and has the capacity to influence that income through its authority over the entity in which it invested. When assessing control, the potential or convertible voting rights that are exercisable at that moment are also considered.

Associates are those companies in which the Company can exercise a significant influence, but not the control over the financial and operating policies.

The list of subsidiaries and associates as at 31 December 2019 and 31 December 2020 are presented at Note 27 of the separate financial statements.

In the separate financial statements, the investments in subsidiaries and associates are accounted for as financial assets at the fair value through profit and loss according to the accounting policy 3e).

**(b) Transactions in foreign currency**

The operations expressed in foreign currency are carried in RON at the official exchange rate on the transaction settlement date. The monetary assets and liabilities registered in the foreign currency on the issue date of the statement of financial position are changed into the functional currency on the exchange rate on the respective day. The gains or the losses from the monetary elements are represented as the difference between the amortized cost expressed in the functional currency at the beginning of the reporting period, adjusted by an effective interest and the payments during the period, and the amortized cost in foreign currency converted into the functional currency at the exchange rate at the end of the period.

The gains or losses from settlement are recognized in the statement of income, except for the cases in which the exchange differences result from the translation of the financial instruments classified as being available for sale that are included in the reserve resulting from the modification of the fair value of these financial instruments and of the cases in which the exchange differences result from the translation of the financial instruments classified at their fair value through profit and loss that are presented as being gains or losses from the fair value.

The exchange rates of the main foreign currencies were:

<b>Currency</b>	<b>Spot rate 31 December 2020</b>	<b>Spot rate 31 December 2019</b>
EUR	4.8694	4.7793
USD	3.9660	4.2608

### **3. Significant accounting policies (continued)**

#### **(c) Accounting for the effect of hyperinflation**

According to IAS 29 („Financial Reporting in Hyperinflationary Economies”) the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy must be presented in the terms of the current purchase power of the currency on the issuing date of the statement of financial position, that is the non-monetary elements are restated using the consumer price index on the acquisition or contribution date.

According to IAS 29, an economy is considered hyperinflationary if, besides other factors, the cumulated rate of inflation for a three-year period exceeds 100%.

The continuous decrease of the inflation rate and other factors related to the characteristics of the economic environment of Romania indicate the fact that the economy whose functional currency was adopted by the Company stopped being hyperinflationary, with effect on the financial periods starting with 1 January 2004. Therefore, the provisions of IAS 29 were adopted for the issue of the separate financial statements until 31 December 2003.

Therefore, the values expressed in the measuring unit current as at 31 December 2003 are treated as the basis for the carrying amounts reported in the separate financial statements and do not represent measured values, replacement cost, or any other measurement of the current value of the assets or prices at which the transactions would take place at this moment.

In order to prepare the separate financial statements as at 31 December 2015, the Company adjusted the following elements to be expressed in the measuring unit current as at 31 December 2003:

- the share capital and the reserves (See note 24);
- the available-for-sale financial assets measured at cost, for which there was no active market and for which it was not possible to determine a fair value reliably (See note 3 e);

#### **(d) Cash and cash equivalents**

The cash comprises the cash on hand and the demand deposits.

The cash equivalents are short-term financial investments, highly liquid, that are slightly convertible into cash and are referred to a non-significant risk of change in value.

Upon the issue of the statement of cash flows, the following have been considered cash and cash equivalents: cash on hand, current bank accounts and deposits with an initial due date of less than 90 days.

#### **(e) Financial assets and liabilities**

**The financial instruments, according to IFRS 9 include the following:**

- Investments in equity instruments (eg. shares);
- Investments in debt instruments (eg. bonds, securities, loans);
- Trade receivables and other receivables;
- Cash and cash equivalents;
- Derivative financial instruments;
- Shares in subsidiaries, associates and joint ventures.

### **3. Significant accounting policies (continued)**

#### **(e) Financial assets and liabilities (continued)**

##### **(i) Classification**

The financial instruments held are presented by the Company according to IFRS 9 "Financial instruments" into financial assets and liabilities.

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

- a) the business model of the entity to manage the financial assets and
- b) the characteristics of the contractual cash flows of the financial asset.

#### **Business model**

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

#### *Model of held-to-collect assets*

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

#### *Model of held-to-collect-and-sell assets*

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

### **3. Significant accounting policies (continued)**

#### **(e) Financial assets and liabilities (continued)**

##### **(i) Classification (continued)**

#### **Business model (continued)**

##### *Other business model*

- The assets managed in order to carry out the cash flows by means of sale;
- The collection of cash flows related to these investments is incidental, it does not represent the purpose of their holding;
- Assets whose performance is managed and reported based on their fair value;
- The accounting treatment of these assets is made at the fair value through profit and loss.

#### **SPPI test**

It comprises criteria that evaluates to what extent the structure of the cash flows of a debt instrument classifies within the model of the basic lending agreement (interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin).

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

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

There are also ratios that, although they would impose a measurement at fair value, can comply, under certain circumstances, with the SPPI criterion and so the respective assets should be accounted for at amortized cost:

- the existence of an anticipated reimbursement option or extension of the asset term;
- assets without recourse that should guarantee the debt reimbursement
- contractually related instruments.

#### **Financial assets measured at fair value through profit or loss (FVTPL)**

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

#### **Financial assets measured at fair value through other comprehensive income (FVOCI)**

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

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

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



### **3. Significant accounting policies (continued)**

#### **(e) Financial assets and liabilities (continued)**

##### **(i) Classification (continued)**

#### **Financial instruments measured at amortized cost**

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

- a) the financial asset is held within a business model whose goal is to hold financial assets in order to collect the contractual cash flows and
- b) the contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of the principal and of the interest on outstanding principal .

#### **Financial liabilities**

Financial liabilities are measured at FVTPL if:

- 1) they meet the definition of "held for trading";
- 2) are designated as FVTPL at the initial recognition (provided that qualifying conditions are met);

Other financial liabilities are measured at amortised cost.

##### **(ii) Recognition**

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

##### **(iii) Measurement**

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

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

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

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

### **3. Significant accounting policies (continued)**

#### **(e) Financial assets and liabilities (continued)**

##### **(iii) Measurement (continued)**

###### **Measurement at amortized cost**

The amortized cost of a financial asset or of a financial liability is the value at which the financial asset or the financial liability is measured after the initial recognition minus the repayments of principal, plus or minus the accumulated amortization using the effective interest method for each difference between the initial value and the value at due date, minus any allowances for expected credit losses.

The effective interest rate represents the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. For the calculation of the effective interest rate, the entity must estimate the cash flows considering all contractual conditions of the financial instrument, but must not consider the future losses from the changes in credit risk. The calculation includes all fees paid or cashed by the contracting parties that make integral part of the effective interest rate, transaction costs and all the other premiums and discounts.

###### **Measurement at fair value**

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

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

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

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

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

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

In the absence of a price quotation on an active market, the Company uses measurement techniques. The fair value of the financial assets not traded on an active market is determined by authorized valuers, within the current assessment compartment within the Company.

### **3. Significant accounting policies (continued)**

#### **(e) Financial assets and liabilities (continued)**

##### **(iii) Measurement (continued)**

##### **Measurement at fair value (continued)**

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

The value resulted through the use of a measurement model is adjusted depending on the number of factors, because the valuation techniques do not reflect reliably all factors considered by the market participants when closing a transaction. The adjustments are recorded so that to reflect the risk models, the differences between the sale and purchase quotations, the liquidity risks as well as other factors.

The Company management considers that these adjustments are necessary to present a faithful measure of the value of the financial instruments held at fair value in the statement of financial position.

##### **(iv) Identification and measurement of value impairment**

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

The Company applies the impairment allowance for the recognition of the provision for losses corresponding to the assets measured at fair value through other comprehensive income (debt instruments that meet the criteria of paragraph 4.1.2A of IFRS 9 – assets held in order to collect the cash flows and sales, whose cash flows represent exclusively principal reimbursement or interest payments). The allowance determined is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset from the statement of the financial position.

Every reporting day, the Company measures the allowance for losses corresponding to a financial instrument at a value equal to:

- 12-month expected credit losses, if the credit risk has not increased significantly as of the initial recognition;
- lifetime expected credit losses, if the credit risk has increased significantly as of the initial recognition.

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date up to the amount that is required to be recognized in accordance with IFRS 9.

### **3. Significant accounting policies (continued)**

#### **(e) Financial assets and liabilities (continued)**

##### **(v) Identification and measurement of value impairment (continued)**

The Company shall measure expected credit losses of a financial instrument in a way that reflects:

- a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b. the time value of money; and
- c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

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

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

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

##### **(vi) Derecognition**

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

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

The Company derecognizes a financial liability when the contractual obligations ended or when the contractual obligations are cancelled or expire. This implies that the Company calculates the amount of each item using the weighted average of similar items in stock at the beginning of the period and the amount of similar items purchased during the period.

##### **(vii) Reclassifications**

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

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

### **3. Significant accounting policies (continued)**

#### **(e) Financial assets and liabilities (continued)**

##### **(vii) Reclassifications (continued)**

If a reclassification occurs, the Company proceeds as follows:

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

##### **(viii) Gains and losses**

Gains or losses resulting from a change in the fair value of a financial asset or of a financial liability that is not part of a hedging relationship are recognized as follows:

- a) The gains or losses generated by financial assets or financial liabilities classified as being measured at fair value through profit or loss are recognized in profit or loss;
- b) The gains or losses generated by a financial asset measured at fair value through other comprehensive income are recognized at other comprehensive income.

The gains related to shares measured at fair value through other comprehensive income are recognized as follow:

- changes in fair value (including foreign exchange) in other comprehensive income;
- dividend income is recognized in profit or loss.

The gains related to debt instruments (bonds):

- changes in fair value (including foreign exchange) in other comprehensive income;
- interest income is recognized in profit or loss.

### **3. Significant accounting policies (continued)**

#### **(e) Financial assets and liabilities (continued)**

##### **(viii) Gains and losses (continued)**

When the assets are derecognized, the accumulated losses or gains previously recognized in other comprehensive income:

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

When the financial assets measured at amortized cost are impaired or derecognized, and through their amortization process, the Company recognizes the gains or losses in profit or loss.

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

#### **(f) Other financial assets and liabilities**

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

#### **(g) Property, Plant and Equipment**

##### **(i) Recognition and measurement**

The Property, Plant and Equipment recognized as assets are measured initially at cost. The cost of an item of property, plant and equipment is formed of the purchase price, including the non-recoverable taxes, after having deducted any trade discounts and any costs attributable directly to bringing the asset to the premises and under the necessary condition so that this one might be used to the purpose intended by the management, such as: expenses for employees resulting directly from the construction or acquisition of assets, the costs of site preparation, the initial delivery and handling costs, the installation and assembly costs, the professional fees.

The property, plant and equipment are classified by the Company within the following classes of assets of the same nature and with similar uses:

- lands and buildings;
- technical installations and transport means;
- other furniture, fittings and equipment.

##### **(ii) Measurement after recognition**

After the recognition as asset, the Property, Plant and Equipment in the form of land and buildings whose fair value can be evaluated are accounted for at a reevaluated value, this one being the fair value on the reevaluation date less any subsequent accumulated depreciation and any accumulated impairment losses. Other Property, Plant and Equipment are measured at cost less accumulated amortization and any impairment losses.

### **3. Significant accounting policies (continued)**

#### **(g) Property, Plant and Equipment (continued)**

##### **(ii) Measurement after recognition (continued)**

Revaluations are made regularly in order to ensure the fact that the carrying amount is not different from what it would have been determined by using the fair value at the end of the reporting period.

If an item of Property, Plant and Equipment is reevaluated, then the entire class of Property, Plant and Equipment which includes the item is referred to reevaluation. If the carrying amount of an asset is increased following a reevaluation, the increase is recognized in other comprehensive income and accumulated in equity, as reevaluation surplus. However, the increase will be recognized in profit or loss provided that it compensates a decrease from the reevaluation of the same asset recognized before in profit or loss. If the carrying amount of an asset is decreased as a result of a reevaluation, this decrease is recognized in profit or loss.

However, the decrease will be recognized in other comprehensive income to the extent in which the reevaluation surplus presents a credit balance for that asset. The transfers from the reevaluation surplus in the retained earnings are not made through profit or loss.

##### **(iii) Subsequent costs**

The subsequent costs corresponding to property, plant and equipment are measured according to the general recognition criteria of the property, plant and equipment, namely:

- if the inflow of future economic rewards associated to the asset is probable;
- if such costs may be reliably measured.

The daily maintenance costs („repairs and maintenance costs”) corresponding to the property, plant and equipment are not capitalised; they are recognized as costs of the period during which they are incurred. These costs consist mainly in expenses for the workforce and with consumables, and may include the cost of the low-value components.

The expenses for the maintenance and repairs of property, plant and equipment are registered to profit or loss as they arise, and the significant improvements of the property, plant and equipment that increase their value or their life, or that increase significantly the capacity to generate economic benefits, are capitalised.

##### **(iv) Depreciation**

Depreciation is calculated for the cost of the asset or another value replacing the cost, less the residual value. Depreciation is recognized in the statement of income on a straight-line basis throughout the estimated useful life, for property, plant and equipment.

The estimated useful lives for the current period and for the comparative periods are the following:

Buildings	10-50 years
Equipment, technical installations and machines	3-30 years
Transport means	4-12 years
Furniture and other Property, Plant and Equipment	3-20 years

The depreciation methods, the estimated useful lives as well as the residual values are reviewed by the Company management at each reporting date.

### **3. Significant accounting policies (continued)**

#### ***(g) Property, Plant and Equipment (continued)***

##### ***(v) Sale/disposal of Property, Plant and Equipment***

The carrying amount of a Property, Plant and Equipment is derecognized (removed from the statement of financial position) on disposal or when no future economic benefit is expected from its use or assignment.

The Property, Plant and Equipment that are scrapped or sold are removed from the balance sheet together with the corresponding accumulated amortization. Any profit or loss resulted from such an operation is included in the result for the period.

#### ***(h) Intangible assets***

Intangible assets are measured initially at cost. After the initial recognition, an intangible asset is accounted for at cost less the accumulated amortization and any losses from the accumulated depreciation (Note 3k).

##### ***(i) Amortization of intangible assets***

Amortization is calculated for the cost or the asset or other amount replacing the cost, less the residual value. Amortization is recognized in the statement of income using the straight-line method for the estimated useful life for the intangible assets, as of the date when they are available for use, this modality reflects the most reliable the forecasted modality to consume the economic benefits embedded in the asset.

The estimated useful lives for the current period and for comparative periods are the following:

Computer software	1-3 years
Other intangible assets	1- 5 years

The amortization methods, the useful lives and the residual values are reviewed at the end of each financial year and adjusted accordingly.

#### ***(j) Investment property***

Investment property is a real estate (land, building or part thereof) held by the Company rather to derive income from rent or to increase the value of the capital, or both of them, rather than to be used to produce or to supply goods or services or to administrative purposes or to be sold during the ordinary course of business.

##### ***(i) Recognition***

Investment property must be recognized as asset if, and only if there is the probability that the future economic benefits associated to the investment property correspond to the Company and the cost of the investment property can be reliably measured.

##### ***(ii) Measurement***

##### ***Measurement at recognition***

Investment property must be measured initially at cost, including transaction costs. The cost of an investment property bought comprises its purchase price plus any directly attributable expenses (for example, professional fees to render the legal services, fees for the transfer of the ownership right and other transaction costs).



### **3. Significant accounting policies (continued)**

#### ***(j) Investment property (continued)***

##### ***(ii) Measurement (continued)***

###### ***Measurement after recognition***

###### ***Fair value based model***

After the initial recognition, all investment properties are measured at fair value, unless fair value cannot be determined reliably on a continuing basis.

Under exceptional situations, on the purchase date for the first time of an investment property, there is clear evidence that fair value of the investment property cannot be determined reliably on an ongoing basis, the Company measures that investment property using the cost model.

The residual value of the investment property is assumed to be null. All the other investment properties are measured at fair value. If the Company measured before an investment property at fair value, then it will continue to assess that investment property at fair value until its disposal.

The gains or losses resulted following the changes in the fair value of the investment property are recognized in the statement of income of the period when they occur.

The fair value of the investment property must reflect the market conditions at the end of the reporting period.

##### ***(iii) Derecognition***

The carrying amount of an Investment property is derecognized (removed from the statement of financial position) on disposal or when the investment is permanently withdrawn from the use and the occurrence of future economic benefits from its disposal is no longer expected.

The gains or the losses generated from the scrapping or disposal of an Investment property must be recognized in the statement of income during the scrapping or disposal period.

#### ***(k) Leases***

*At the commencement date*, the lessee recognizes the right of use as an asset and the debt as liability. The right-of-use asset is measured at cost. This includes the initial measurement of the liability, net lease payments (minus incentives received) made at the commencement of or prior to, the contract, and any costs incurred by the lessee at the beginning or end of the lease.

The lease liability is measured based on the net present value of future lease payments, using the interest rate applicable under the lease or, if not the case, the cost of an equivalent loan for the lessee. Lease payments include: fixed payments, variable payments (that depend on an index or a rate, depending on their level at the commencement date), the amounts under residual value guarantees, the purchase price (if the option is exercised) and penalties owed in case of early termination of the lease.

At subsequent measurement, the carrying amount means initial cost less any accumulated amortization, accumulated impairment losses, adjusted by any revaluations of the liability. The asset is amortized between the commencement of the lease and the end of the lease/useful life.

### **3. Significant accounting policies (continued)**

#### ***(k) Leases (continued)***

The Company subsequently measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and adjusted according to any lease modifications.

The interest is included in the expenses of the period and is determined based on the financing interest rate provided in the contract, namely the incremental borrowing rate of the lessee, which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

#### ***(l) Impairment of non-financial assets***

The carrying amount of the Company's non-financial assets, other than deferred tax assets, is reviewed at each reporting date in order to identify whether there is any indication of impairment. If such clues exist, the recoverable value of the respective assets is estimated.

An impairment loss is recognized when the carrying amount of the asset or of the cash generating units exceeds the recoverable value of the asset or of the cash generating unit.

A cash generating unit is the smallest identifiable cash generating group and is independent to other assets and other groups of assets. The impairment losses are recognized in the statement of income.

The recoverable value of an asset or of a cash generating unit is the maximum between the value in use and its fair value less the costs for the sale of that asset or unit. In order to determine the net value in use, the future cash flows are updated using a discount rate before tax that reflects the current market conditions and the risks specific to the respective asset.

The impairment losses recognized during the previous periods are measured each reporting date in order to determine if they decreased or do not exist anymore. The impairment loss is reversed if a change occurred in the estimates used to determine the recoverable value. The impairment loss is reversed only if the carrying amount of the asset does not exceed the carrying amount that would have been calculated, net of amortization and impairment, if the impairment loss had not been recognized.

#### ***(m) Share capital and treasury shares***

The ordinary shares are recognized in equity. The directly attributable incremental costs to an issue of ordinary shares are deducted from the share capital, net of taxation effects.

In order to prepare the separate financial statements in accordance with IFRS, the Company also applied the provisions of IAS 29 „ Financial Reporting in Hyperinflationary Economies” adjusting, in order to be expressed in the measuring unit current as at 31 December 2003, the share capital.

The Company recognizes buy-backs of own shares at the trading date, as a reduction of equity. The own shares bought back are registered at the purchase value, brokerage fees and other costs directly attributed to the purchase being recognized in a separate account as an equity reduction as well. The annulment of the own shares held requires the shareholders' approval, in observance of all the legal requirements regarding this operation. Upon derecognition, the Company uses the share capital accounts (for nominal value) and retained earnings accounts (for the difference between acquisition cost and nominal value) in correspondence with the annulled own shares.

### **3. Significant accounting policies (continued)**

#### ***(n) Provisions for risks and charges***

The provisions are recognized in the statement of financial position when the Company incurs the obligation related to a past event, the Company is likely to be required in the future to use economic resources to settle this obligation and a reliable estimate of the obligation can be made. In order to determine the provision, future cash flows are discounted using a discount rate before tax that reflects the current market conditions and the risks specific to the respective liability. The value recognized as provisions represents the best estimate of the necessary expenses to settle the actual obligation at the end of the reporting period.

#### ***(o) Interest income and expenses***

The interest income and expenses are recognized in the separate statement of income according to the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

#### ***(p) Dividend income***

The dividends corresponding to equity instrument classified at fair value through other comprehensive income respectively at fair value through profit or loss are recognized in profit or loss when the entity's right to receive these amounts is established unless those amounts represents a substantial recovery of the cost of investment in accordance with IFRS 9.

As regards the dividends received as shares as an alternative to the cash payment, the dividends income is recognized at the level of the cash that would have been received, in correspondence with the increase of the corresponding participation. The Company does not register income from dividends corresponding to the shares received when there are distributed proportionally to all shareholders.

The dividend income is registered at the gross value including the dividend tax that is recognized as a current expense for the income tax. Such income is recognized after the registration date, which identifies the shareholders affected by the resolutions of the general meeting of shareholders, given the number of shares held by the Company at the registration date and the gross dividend/share approved under such resolutions.

#### ***(q) Employee benefits***

##### ***(i) Short-term benefits***

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits and are recognized in the statement of comprehensive income as the corresponding service is rendered.

The short-term employee benefits include wages, bonuses and social security contributions. The short-term employee benefits are recognized as expense when the services are rendered.

##### ***(ii) Defined contribution plans***

The Company makes payments on behalf on its own employees to the Romanian State pension system, health insurance, during the normal course of business. The Company also retains and pays to the private pension funds the amounts with which the employees enrolled in a facultative pension plan.

### **3. Significant accounting policies (continued)**

#### ***(q) Employee benefits (continued)***

##### ***(ii) Defined contribution plans (continued)***

All the Company employees are members and have the legal obligation to contribute (by means of the social contribution) to the pension system of the Romanian State (a State defined contribution plan). All the corresponding contributions are recognized in the statement of income when they are made. The Company has no other supplementary obligations.

The Company is not committed in any independent pension plan and, therefore, it has no other obligations to this purpose. The Company must not render subsequent services to the former or current employees.

##### ***(iii) Long-term employee benefits***

The Company's net obligation as regards the benefits corresponding to the long-term services is represented by the value of future benefits that the employees earned in exchange of the services rendered by these ones during the current period and previous periods. According to the collective employment Contract in force, the people who retire at full retirement age may benefit upon retirement of an aid in the amount of five average net salaries in the Company.

The present value of such an obligation is not material, and as such it was not recognized in these financial statements.

##### ***(iv) Share-based payment and share option plan type programs***

According to IFRS 2, for equity-settled share-based payment transactions, the entity must measure the goods or services received and the appropriate increase in equity to the fair value of the goods or services received, unless the fair value cannot be reliably estimated. If the entity cannot reliably estimate the fair value of the goods or services received, the entity shall measure their value and the corresponding increase in equity, indirectly, in relation to the fair value of the equity instruments granted.

In order to apply these provisions to transactions with employees and other persons providing similar services, the entity shall measure the fair value of services received by reference to the fair value of the equity instruments granted, as it is generally not possible to estimate reliably the fair value of the services received. The fair value of those equity instruments must be measured at the date of issue.

A grant of equity instruments may be conditional on satisfying specific vesting conditions. For example, a share or share option granted to an employee is generally conditional upon the employee remaining in the service of the entity for a specified period of time. It may be necessary to satisfy performance conditions, such as the entity achieving a specified profit growth or a specified increase in the entity's share price. The vesting conditions other than market conditions should not be taken into account when estimating the fair value of shares or share options at the valuation date. Instead, the vesting conditions should be taken into account by adjusting the number of equity instruments included in the transaction value valuation, so that ultimately the value recognized for counterparty goods or services for the equity instruments granted must be based on the number of end-of-life equity instruments. Therefore, on a cumulative basis, no value is recognized for the goods or services received if the equity instruments granted do not qualify due to non-fulfillment of a vesting condition e.g. the other party does not complete the specified service period or a performance condition is not met.

### **3. Significant accounting policies (continued)**

#### ***(r) Income tax***

##### ***Reflected in the statement of financial position***

The income tax corresponding to the year comprises the current tax and the deferred tax. The income tax is recognized in profit or loss or in other comprehensive income if the tax corresponds to the equity elements.

The Company recognizes a deferred income tax debt (asset) for temporary taxable fair value differences (deductible) in case of investments in shares measured at fair value through other comprehensive income. The value of such debt (asset) is adjusted accordingly each time the Company recognizes potential taxable (deductible) fair value differences.

Deferred tax is determined using the balance sheet method for those temporary differences occurring between the calculation tax basis for assets and liabilities and their carrying amount used for reporting in separate financial statements.

The deferred tax is not recognized for the following temporary differences: initial recognition of the assets and liabilities resulted from transactions that are not business combinations and do not affect the accounting profit or the tax profit and differences resulting from the investments in subsidiaries and associates, provided that these ones are not reversed in the near future. The deferred tax is calculated based on the taxation rates expected to be applicable to the temporary differences when reversed, according to the legislation in force on the reporting date or on the legislation issued on the reporting date that will come into force subsequently.

The deferred tax liability is recognized only if it is probable to obtain taxable profit in the future after the compensation with the tax loss of the previous years with the income tax to recover. The deferred tax receivables are reduced if the tax benefit is unlikely to be realized.

The deferred tax receivables and liabilities are presented at the net value in the Company's separate financial statements.

The deferred tax assets and liabilities are compensated if there is a legally enforceable right to compensate the deferred tax receivables and liabilities that relate to taxes levied by the same tax authority, from the same taxable entity, or different tax entities which intend to offset the deferred tax receivables and liabilities on a net base or the tax receivables and liabilities will be realized simultaneously.

##### ***Reflected in the statement of profit or loss***

The current income tax includes the income tax resulted from dividends recognized at gross value.

The additional taxes that appear from the dividend distribution are recognized at the same date with the payment obligation of dividends.

Current tax is the expected tax payable on the taxable income for the year, determined based on the percentages applied on the balance sheet date and of all adjustments corresponding to the previous periods.

As at 31 December 2020 and 31 December 2019 the income tax amounted to 16%.

#### ***(s) Earnings per share***

The Company presents the basic and diluted Earnings per Share for the ordinary shares. The basic Earnings per Share are determined by dividing the profit or loss attributable to ordinary shareholders of the Company to the weighted average number of ordinary shares corresponding to the reporting period. The diluted Earnings per Share is determined by adjusting the profit or loss attributable to ordinary shareholders and of the weighted average number of ordinary shares with the dilution effects generated by the potential ordinary shares.

### **3. Significant accounting policies (continued)**

#### **(t) Dividends**

Dividends are treated as a profit distribution during the period in which they were declared and approved by the General Meeting of Shareholders.

Dividends not cashed during three years and for which the right to ask was limited are registered in equity at Other reserves - distinct analytic.

#### **(u) Adoption of new or revised standards and interpretations**

The following new standards, amendments to the existing standards and new interpretation issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”** - Definition of Material – adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020),
- **Amendments to IFRS 3 “Business Combinations”** - Definition of a Business – adopted by the EU on 21 April 2020 (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period),
- **Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement” and IFRS 7 “Financial Instruments: Disclosures”** - Interest Rate Benchmark Reform – adopted by the EU on 15 January 2020 (effective for annual periods beginning on or after 1 January 2020),
- **Amendments to IFRS 16 “Leases”** - Covid-19-Related Rent Concessions – adopted by the EU on 9 October 2020 (effective for annual periods beginning on or after 1 June 2020),
- **Amendments to References to the Conceptual Framework in IFRS Standards** - adopted by the EU on 29 November 2019 (effective for annual periods beginning on or after 1 January 2020).

The adoption of these new standards, amendments to the existing standards and interpretation has not led to any material changes in the Company's financial statements.

#### **Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective**

At the date of authorisation of these financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU, but are not yet effective:

- **Amendments to IFRS 4 “Insurance Contracts”** – Extension of the Temporary Exemption from Applying IFRS 9 (the expiry date for the temporary exemption from IFRS 9 was extended to annual periods beginning on or after 1 January 2023),
- **Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement”, IFRS 7 “Financial Instruments: Disclosures”, IFRS 4 “Insurance Contracts” and IFRS 16 “Leases”** - Interest Rate Benchmark Reform — Phase 2 (effective for annual periods beginning on or after 1 January 2021).

### **3. Significant accounting policies (continued)**

#### ***(u) Adoption of new or revised standards and interpretations***

#### **New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU**

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at the date of publication of the financial statements:

- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **IFRS 17 “Insurance Contracts”** including amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 1 “Presentation of Financial Statements”** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 16 “Property, Plant and Equipment”** - Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022),
- **Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”** - Onerous Contracts — Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022);
- **Amendments to IFRS 3 “Business Combinations”** - Reference to the Conceptual Framework with amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022),
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to various standards due to “Improvements to IFRSs (cycle 2018 -2020)”** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.).

The Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Company in the period of initial application.

### **3. Significant accounting policies (continued)**

#### **(v) Subsequent events**

Events occurring after the balance sheet date may provide additional information regarding the period reported than the information known at the balance sheet date. If the annual financial statements have not been approved, they must be adjusted to reflect additional information, if that information relates to conditions (events, operations, etc.) that existed at the balance sheet date.

Events after the balance sheet date are those events, favorable or unfavorable, that occur between the balance sheet date and the date on which the annual financial statements are approved. Events after the balance sheet date include all events that occur up to the date on which the annual financial statements are approved, even if those events occur after the public communication of financial information.

Two types of post-balance sheet events can be identified:

- events that prove the conditions that existed at the balance sheet date. These events subsequent to the balance sheet date lead to the adjustment of the annual financial statements; and

- events that provide information on conditions that occurred after the balance sheet date. These events after the balance sheet date do not lead to the adjustment of the annual financial statements.

In the case of events after the balance sheet date that lead to the adjustment of the annual financial statements, the Company adjusts the amounts recognized in its financial statements to reflect events after the balance sheet date. An event subsequent to the balance sheet date that results in the adjustment of the annual financial statements and that requires the Company to adjust the amounts recognized in its annual financial statements or the recognition of items not previously recognized is the settlement after the balance sheet date of a dispute confirming that the entity has an obligation present at the balance sheet date. The Company adjusts any previously recognized provision in connection with this dispute, or recognizes a new provision.

In the case of events after the balance sheet date that do not lead to the adjustment of the annual financial statements, the Company does not adjust the amounts recognized in its financial statements to reflect those events after the balance sheet date.

If the Company receives, after the balance sheet date, information about the conditions that existed at the balance sheet date, the Company updates the disclosures that refer to these conditions, in the light of the new information.

#### **w) Impact of the Covid-19 pandemic on the Company's financial position**

As a result of the adverse impact of the COVID-19 pandemic on global and local economic activities, the Company's management estimates that financial performance (to a greater extent) and financial position (to a lesser extent) were significantly influenced by the effects of the pandemic. These influences may also be manifested in future financial years both in terms of the fair values of the financial assets held, both those reflected in the income statement and those in other comprehensive income, and in the recurring income obtained by the Company from dividends and interest on monetary investments (amid declining interest rates as a result of global and local monetary policy decisions).

In 2020, changes in the fair value of Level 1 investments were recognized in the Company's financial statements on a quarterly basis and those at Level 3 on a half-yearly basis. At the end of December 31, 2020, the fair values of unlisted and listed holdings that do not meet active market conditions were revalued on the basis of valuation reports prepared by authorized appraisers, members of ANEVAR. Detailed information on the evolution of fair values of financial assets is presented in Notes 5, 16 and 17 to the financial statements. The Company's management constantly monitors the main dynamics of the local and international economic environment, but an accurate assessment of the potential impact on future financial position and performance



is difficult to achieve. However, the Company's management does not anticipate difficulties in meeting its obligations to third parties in the light of a balanced structure of assets held and the significant value of immediately available cash.

#### **4. Significant risk management**

The risk management policy can be found in the Company organizational structure and it encompasses both general and specific risks, as set forth in the national and European legislation and regulations in force.

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

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

## **4. Significant risk management (continued)**

### **4.1 Financial risks**

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

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

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

The management has monitored and is permanently monitoring the reduction of adverse effects related to this financial risk, through an active procedure of diversifying prudently the investment portfolio and by using one or more technics of diminishing of the risk through trading activity or market prices evolution related to financial instruments held by the Company.

#### Concentration risk

Concentration risk relates to all assets held by the Company, regardless of Company intention to hold these assets, and through diminishing this risk is intended to avoid large exposure against the same debtor/entity at Company level.

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

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

The objective of market risk management is to control and manage market risk exposures in acceptable parameters to the extent that profitability is optimized. The Company's strategy for managing market risk is driven by its investment objective, and market risk is managed in accordance with its policies and procedures. The Company is exposed to the following categories of market risk:

#### *(i) Equity Price risk*

Price risk is the risk of decline both in value of a security or portfolio related to changes in asset prices.

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

The Board of Directors monitors the market risk management and internal procedures, which require that when price risks are not consistent with the Company's investment policy and principles, it shall proceed to rebalance the portfolio.

**4. Significant risk management (continued)****4.1 Financial risks (continued)****(a) Market risk (continued)***(i) Equity Price risk (continued)*

A positive variation of 10% in the price of financial assets at fair value through profit or loss (shares of subsidiaries, associates, corporate bonds and fund units) would lead to an increase in profit after tax by RON 130,238,674 (31 December 2019: RON 115,285,158), a negative variation of 10% having an equal net impact on the opposite direction.

A positive variation of 10% in the prices of financial assets measured at fair value through other comprehensive income, investments in shares and unit funds would lead to an increase in equity, net of tax, of RON 112,627,921 (31 December 2019: RON 128,716,923), a negative variation of 10% with an equal net impact on an opposite direction.

The company holds shares in companies operating in various sectors, such as:

As it can be noticed from the table below, as at 31 December 2020, the Company mainly held shares in companies in the banking-financial and insurance field, accounting for 49.1 % of the total portfolio, decreasing compared to 54.5% registered as at 31 December 2019.

In RON	<b>31 December 2020</b>	<b>%</b>	<b>31 December 2018</b>	<b>%</b>
Financial brokerage and insurance	1,153,509,071	49,1%	1,257,441,617	54,5%
Manufacturing industry	574,531,935	24,5%	348,689,712	15,1%
Hotels and restaurants	100,015,985	4,3%	136,308,329	5,9%
Wholesale and retail trade, repair of motor vehicles	30,964,570	1,3%	32,259,604	1,4%
Production and supply of energy, gas and water	12,951,575	0,6%	15,728,248	0,7%
Extractive industry	13,037,218	0,6%	74,340,858	3,2%
Other activities	3,738,815	0,2%	3,408,584	0,1%
Financial services applicable to real estate	415,606,095	0,0%	369,229,415	16,0%
Constructions	197,061	17,7%	408,679	0,0%
Transport and storage	42,978,421	0,0%	60,662,664	2,6%
Rental of property investment	1,104,583	1,8%	8,572,298	0,4%
Agriculture, forestry and fishing	411,121	0,0%	750,922	0,0%
<b>TOTAL</b>	<b>2,349,046,451</b>	<b>100,0%</b>	<b>2,307,800,930</b>	<b>100%</b>

As at 31 December 2020, the Company holds fund units of RON 305,468,130 (31 December 2019: RON 366,420,749), at closed investment funds Active Plus, Star Value, Optim Invest, Certinvest Shares and Romania Strategy Fund. The Company is exposed to price risk in terms of placements made (listed shares, bonds, bank deposits) with different degrees of risk by these Investment Funds.

The sectorial structure of the Company's holdings was influenced by the impact of Covid-19 in terms of (1) reducing the fair value and share of investments in the financial sector (mainly listed entities), (2) increasing the

## **SIF BANAT-CRIȘANA S.A.**

### **Notes to the standalone financial statements**

#### ***for the financial year ended 31 December 2020***

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share of the real estate segment (both by revaluing the fair value and through acquisitions in 2020 (the ownership in IMGB is included in the table above under the Manufacturing line, according to the NACE code existing at 31 December 2020) and (3) decreasing the fair value and share of sectors directly and significantly affected by the pandemic and the measures of combatting it (mainly hotels and restaurants).

**4. Significant risk management (continued)****4.1 Financial risks (continued)****(a) Market risk (continued)***(ii) Interest rate risk*

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

As regards the interest bearing financial instruments: the interest rate risk consists of the risk of fluctuation recorded in the value of a financial instrument due to changes in interest rates and risk differences between the maturity of interest bearing financial assets and interest bearing liabilities.

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

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

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

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

The following table shows the annual interest rates earned by the Company for interest-bearing assets during the year 2020:

<b>Financial assets</b>	<b>RON Interval</b>		<b>EUR Interval</b>	
	<b>Min</b>	<b>Max</b>	<b>Min</b>	<b>Max</b>
Bank deposits	0,60%	2,75%	-	-
Financial assets at fair value through profit or loss	4,15%	5,16%	5,91%	6,00%
Financial assets at fair value through other comprehensive income*	-	-	5,75%	5,75%
Investments measured at amortised cost	-	-	13,00%	13,00%

\* Financial assets at fair value through other comprehensive income include corporate bonds.

**4. Significant risk management (continued)**

**4.1 Financial risks (continued)**

**(a) Market risk (continued)**

*(ii) Interest rate risk (continued)*

The following table shows the annual interest rates earned by the Company for interest-bearing assets during the year 2019:

Financial assets	RON Interval		EUR Interval	
	Min	Max	Min	Max
Bank deposits	1.00%	3.00%	-	-
Financial assets at fair value through profit or loss	5.03%	6.00%	5.91%	6.01%
Financial assets at fair value through other comprehensive income*	-	-	5.75%	5.75%
Investments measured at amortised cost	-	-	13.00%	13.00%

\* Government bonds (the interest is the nominal coupon, not the output at acquisition / adjudication) and corporate bonds.

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

<i>In RON</i>	2020	2019
Cash and cash equivalents	114,600,000	86,900,000
Bank deposits	-	4,500,000
Financial assets at fair value through profit and loss – corporate bonds	48,303,551	54,662,924
Financial assets at fair value through comprehensive income – corporate bonds	5,102,644	5,043,356
Investments measured at amortized cost – corporate bonds	-	43,013,700
<b>TOTAL</b>	<b>168,006,195</b>	<b>194,119,980</b>

\* Cash equivalents include short-term placements in bank deposits (less than 3 months maturity).

The impact on the Company's net profit (from interest income) of a change of  $\pm 1.00\%$  in the interest rate related to variable interest bearing assets and liabilities and expressed on other currencies corroborated with a change of  $\pm 1.00\%$  in the interest rate for floating interest-bearing assets and liabilities denominated in RON is RON 1,411,252 (31 December 2019: RON 1,630,608).

In the case of held bonds measured at fair value (level 1 and level 2), a change of  $\pm 5\%$  of their market price determines a net impact in the amount of  $\pm$  RON 2,028,749 (31 December 2019:  $\pm$ RON 2,023,532 over the profit or loss statement, respectively in the amount of  $\pm$  RON 214,311 (31 December 2019:  $\pm$ RON  $\pm$  211.811) over other items of the lobal result.

**4. Significant risk management (continued)****4.1 Financial risks (continued)****(a) Market risk (continued)***(ii) Interest rate risk (continued)*

At 31 December 2020, the Company does not hold anymore:

- bonds measured at fair value through profit or loss, with level 3 fair values. At 31 December 2019, a variation of +/- 1% of the market average yield would have determined a net impact over the profit or loss statement, in amount of RON -25.391/RON +25.553.
- bonds measured at amortised cost. At 31 December 2019, a variation of +/- 1% of the market average yield would have determined a net impact on the price of the bond, in amount of RON -211.902/RON +213.805.

The impact of Covid-19 on interest rate risk is mainly reflected in the decrease in interest rates, compared to the 2019 average, in bank deposits and investments in floating rate bonds, in the context of decisions to stimulate economic recovery and counteract the effects of the pandemic through monetary instruments (reduction of the reference interest rate, injection of liquidity into global financial markets). These effects may have an adverse impact on future interest income compared to previous financial years.

*(iii) Currency risk*

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

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

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

The Company has not entered into any fix derivative transaction during the financial years presented.

The Company's assets and liabilities in RON and foreign currencies at 31 December 2020 and 31 December 2019 can be analyzed as follows:

*Financial assets exposed to foreign currency risk (expressed in RON)*

<i>In RON</i>	<b>2020</b>	<b>2019</b>
Cash and cash equivalent	34,944,113	29,486,095
Financial assets at fair value through profit and loss – (including assets held by investment funds)*	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
<b>TOTAL</b>	<b>244,023,892</b>	<b>353,990,708</b>

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## Notes to the standalone financial statements

for the financial year ended 31 December 2020

Debts from the lease	(934,521)	(1,121,202)
<b>Total debt</b>	<b>(934,521)</b>	<b>(1,121,202)</b>
<b>Net financial assets</b>	<b>243,089,371</b>	<b>352,869,507</b>

### 4. Significant risk management (continued)

#### 4.1 Financial risks (continued)

##### (a) Market risk (continued)

(iii) Currency risk (continued)

\* The bonds in EUR issued by SIFI BH Retail and currency deposits of closed investment funds, pro rata with the Company's holding in their net assets

\*\* The shares held outside the country, namely Austria – Erste Bank and Impact corporate bonds are included within the financial assets at fair value through other comprehensive income in EUR.

As at 31 December 2020 and 31 December 2019, the Company holds fund units in the Closed Investment Funds Active Plus, Star Value, Optim Invest, Certinvest Acțiuni and Romania Strategy Fund. The Company is exposed to foreign currency risk through the investments made by these investment funds (financial instruments listed on foreign markets, cash and cash equivalents or deposits in foreign currency).

As at 31 December 2020 and 31 December 2019 the assets of closed funds represented mainly investments in shares listed on a regulated market in Romania or another member state.

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

	31 December 2020		31 December 2019	
	The impact on the profit and loss account	The impact on other comprehensive income	The impact on the profit and loss account	The impact on other comprehensive income
EUR Increase with 5% (2019: 5%)	2,839,388	7,370,366	5,086,249	9,734,270
EUR Decrease with 5% (2019: 5%)	(2,839,388)	(7,360,366)	(5,086,249)	(9,734,270)
<b>\Total</b>	-	-	-	-

##### (b) Credit risk

Credit risk is the risk of financial loss of the Company if a counterparty of a financial instrument fails to meet its contractual obligations, or a financial engagement in which it has entered into a relationship with the Company, resulting in a loss to the Company. The Company is exposed to credit risk as a result of investments in bonds issued by commercial companies or the Romanian State, current accounts and bank deposits and other receivables.

The management of the Company closely monitors and expands 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 field of activity.



## **SIF BANAT-CRIȘANA S.A.**

### **Notes to the standalone financial statements for the financial year ended 31 December 2020**

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As at 31 December 2020 and 31 December 2019, the Company did not have any security interests as insurance, nor any other credit enhancement.

As at 31 December 2020, the Company did not record outstanding financial assets, except for certain outstanding sundry debtors, which were deemed impaired. As at 31 December 2019, the Group holds movable and immovable securities related to the bonds issued by Blue Air Aviation.

# SIF BANAT-CRIȘANA S.A.

## Notes to the standalone financial statements

for the financial year ended 31 December 2020

### 4. Significant risk management (continued)

#### 4.1 Financial risks (continued)

##### (b) Credit risk (continued)

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

31 December 2020	Current account	Bank deposits	Bonds (measured at amortized cost)	Bonds (measured at fair value through other comprehensive income)	Bonds (measured at fair value through profit or loss)	Other financial assets	Total
<i>Current and not impaired</i>							
Rating AAA up to A-							
BBB+	35,058,726	90,600,000	-	-	-	-	125,658,726
BBB	22,683	-	-	-	-	-	22,683
BB+	941,635	24,000,000	-	-	-	-	24,941,635
Baa1	3,153	-	-	-	-	-	3,153
NR	-	-	-	5,111,504	49,195,115	5,973,797	60,280,417
<b>TOTAL</b>	<b>36,026,197</b>	<b>114,600,000</b>	<b>-</b>	<b>5,111,504</b>	<b>49,195,115</b>	<b>5,973,797</b>	<b>210,906,614</b>

31 December 2019	Current account	Bank deposits	Bonds (measured at amortized cost)	Bonds (measured at fair value through other comprehensive income)	Bonds (measured at fair value through profit or loss)	Other financial assets	Total
<i>Current and not impaired</i>							
Rating AAA up to A-							
BBB+	29,627,080	37,000,000	-	-	-	-	66,627,080
BBB	23,049	-	-	-	-	-	23,049
BB+	504,901	54,400,000	-	-	6,664,481	-	61,569,381
Baa1	3,554	-	-	-	-	-	3,554
NR	-	-	43,246,691	5,053,633	49,118,410	1,191,647	98,610,382
<b>TOTAL</b>	<b>30,158,583</b>	<b>91,400,000</b>	<b>43,246,691</b>	<b>5,053,633</b>	<b>55,782,891</b>	<b>1,191,647</b>	<b>226,833,446</b>

#### 4. Significant risk management (continued)

##### 4.1 Financial risks (continued)

##### (b) Credit risk (continued)

The Company's maximum exposure to credit risk is RON 210,906,614 as at 31 December 2020 (31 December 2019: RON 226,833,446) and can be analyzed as follows:

*Exposure of current accounts and deposits placed at banks (excluding interest accrued)*

	<b>Credit rating</b>			<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
BRD - Groupe Société Générale	BBB+	BRD - Groupe Société Générale	Fitch	34,554,259	29,435,631
Banca Transilvania	BB+	Banca Transilvania	Fitch	24,941,635	54,904,901
Banca Comerciala Romana	BBB+	Banca Comerciala Romana	Fitch	91,103,916	37,191,183
Intesa Sanpaolo Romania*	BBB	Intesa Sanpaolo Italia	Fitch	22,683	23,049
Raiffeisen Bank Romania	Baa2	Raiffeisen Bank Romania	Moody's	3,153	3,554
UniCredit Tiriac	BBB+	UniCredit Tiriac	Fitch	552	266
<b>TOTAL (Notes 14 and 15)</b>				<b>150,626,197</b>	<b>121,558,583</b>

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

The Company's exposure to credit risk and counterparty through corporate bonds held as of 1 December 2020 is presented in the following table:

<b>Issuer</b>		<b>Nr.</b>	<b>Nominal value</b>	<b>Interest rate</b>	<b>Value as at Dec 31, 2019 -RON</b>	<b>Maturity</b>
Impact SA**	Eur	210	5.000,00	5,75%	5,102,644	2022
Vrancart SA*	Lei	368.748	100,00	5,04%	37,612,296	2024
Sifi Bh Retail SA**	Eur	1.000	2.000,00	6,00%	10,691,255	2021
<b>Total</b>					<b>53,406,195</b>	

\*variable interest rate/ \*\*fixed interest rate

The Company's exposure to credit risk and counterparty through corporate bonds held as of 31 December 2019 is presented in the following table:

<b>Issuer</b>		<b>No.</b>	<b>Nominal value</b>	<b>Interest rate</b>	<b>Value as at 31 Dec 2019 -RON</b>	<b>Maturity</b>
Banca Transilvania*	Eur	2,260,999	0.61	5.91%	6,483,596	2020
Blue Air Aviation**	Eur	90	100,000.00	13.00%	43,013,700	2020
Impact SA**	Eur	210	5,000.00	5.75%	5,043,356	2022
Vrancart SA*	Lei	368,748	100.00	5.04%	37,612,296	2024
Sifi Bh Retail SA**	Eur	1,100	2,000.00	6.00%	10,567,032	2021
<b>Total</b>					<b>102,719,980</b>	

\*variable interest rate

\*\*fixed interest rate

**4. Significant risk management (continued)****4.1 Financial risks (continued)****(b) Credit risk (continued)**

The impact of Covid-19 in terms of credit risk in 2020 has been limited, given that (1) cash in current accounts and deposits has been placed with the most important banks in the banking system, (2) corporate bonds held are mainly issued by subsidiaries with activities in sectors less exposed to the effects of the pandemic (consumer goods, real estate), and (3) bonds with high credit risk were secured enough, with a high probability of full recovery of the amounts invested and the related coupon. In addition, the bonds issued by Banca Transilvania and Blue Air Aviation (in 2020) and SIFI BH Retail (January 2021) were collected upon maturity. Given the current structure of investments in bank deposits and bonds, management does not estimate a significant impact on the Company's financial position from a credit risk perspective.

Cash and cash equivalents and bank deposits are not overdue or impaired.

The Company did not apply the ECL model since there is not enough historical and statistical information to model a reliable and relevant option to potential credit losses.

The corporate bonds are not overdue or impaired.

From category other financial assets, sundry debtors amounting to RON 5,791,202 (31 December 2019: RON 977,358) are not past due receivables and not impaired

As at 31 December 2020 and 31 December 2019, the Company considers the value of the receivables (within different borrowers) at the amount of RON 1,405,732 (31 December 2019: RON 1,405,732) representing dividends and penalties due from the companies in the portfolio and not collected for the periods earlier.

**(c) Liquidity risk**

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

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

The structure of assets and liabilities was analyzed based on the remaining period from the balance sheet date to contractual maturity date, both as at 31 December 2020 and as at 31 December 2019, as follows:

<i>In RON</i>	<b>Carrying amount</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>More than 1 Year</b>	<b>No fixed maturity</b>
<b>31 December 2020</b>					
<b>Financial assets</b>					
Cash and cash equivalents	150,710,816	150,710,816	-	-	-
Bank deposits	-	-	-	-	-
Financial assets at fair value through profit or loss	1,394,390,304	11,582,819	-	37,612,296	1,345,195,189
Financial assets at fair value through other comprehensive income	1,314,430,895	-	8,860	5,102,644	1,309,319,391
Financial assets measured at amortized cost	-	-	-	-	-

## SIF BANAT-CRIȘANA S.A.

### Notes to the standalone financial statements

*for the financial year ended 31 December 2020*

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Other financial assets	7,379,529	7,379,529	-	-	-
<b>Total financial assets</b>	<b>2,866,911,544</b>	<b>169,673,165</b>	<b>8,860</b>	<b>42,714,940</b>	<b>2,654,514,579</b>
<b>Financial liabilities</b>					
Lease liabilities	934,521	55,090	165,215	714,216	-
Other financial liabilities	6,673,694	6,673,694	-	-	-
<b>Total financial liabilities</b>	<b>7,608,215</b>	<b>6,728,784</b>	<b>165,215</b>	<b>714,216</b>	<b>-</b>
<b>Liquidity surplus</b>	<b>2,859,303,329</b>	<b>162,944,381</b>	<b>(156,355)</b>	<b>42,000,725</b>	<b>2,654,514,579</b>

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# SIF BANAT-CRIȘANA S.A.

## Notes to the standalone financial statements

for the financial year ended 31 December 2020

### 4. Significant risk management (continued)

#### 4.1 Financial risks (continued)

##### (c) Liquidity risk (continued)

<i>In RON</i>	<b>Carrying amount</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>More than 1 Year</b>	<b>No fixed maturity</b>
<b>31 December 2019</b>					
<b>Financial assets</b>					
Cash and cash equivalents	117,203,806	117,203,806	-	-	-
Bank deposits	4,512,500	1,504,083	3,008,417	-	-
Financial assets at fair value through profit or loss	1,220,126,673	1,119,967	6,483,596	48,179,328	1,171,008,263
Financial assets at fair value through other comprehensive income	1,508,267,047	-	10,277	5,043,356	1,503,213,414
Financial assets measured at amortized cost	49,911,172	-	49,911,172	-	-
Other financial assets	2,597,379	2,597,379	-	-	-
<b>Total financial assets</b>	<b>2,902,618,577</b>	<b>122,244,350</b>	<b>52,748,980</b>	<b>53,222,684</b>	<b>2,674,221,677</b>
<b>Financial liabilities</b>					
Lease liabilities	1,121,202	64,292	139,681	917,229	-
Other financial liabilities	7,492,598	7,492,598	-	-	-
<b>Total financial liabilities</b>	<b>8,613,799</b>	<b>7,556,890</b>	<b>139,681</b>	<b>917,229</b>	<b>-</b>
<b>Liquidity surplus</b>	<b>2,894,004,777</b>	<b>114,687,460</b>	<b>52,790,185</b>	<b>52,305,456</b>	<b>2,674,221,677</b>

The impact of Covid-19 on liquidity risk was not significant in 2020 in terms of the Company's ability to fully and timely meet its obligations towards third parties. The liquidity surplus is slightly decreasing compared to the end of 2019, with the mention that the share of immediately available liquidity (cash and cash equivalents) is increasing YoY. Regardless of the impact of the Covid-19 pandemic, the liquidity risk remains mainly influenced by the liquidity of the local capital market, namely by the ratio between the volume of the Company's main listed holdings and their average daily liquidity.

#### 4.2 Other risks

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

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

The risk management takes into account the maximization of the Company profit related to the risk level it is exposed to.

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

## **4. Significant risk management (continued)**

### **4.2 Other risks (continued)**

#### **(a) Taxation risk**

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

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

In terms of income tax corresponding to financial year 2015 there is a risk of different interpretation by the tax authorities to accounting treatments that were determined by the transition to IFRS as an accounting basis.

The Company chose to prescribe the dividends distributed and not raised for 3 years by the shareholders and to register it the Other reserves account. According to the Civil Code, the prescription applies to the right to request forced execution, not to the property right over the amounts. The transfer of these amounts (already taxed in the sphere of income tax and dividend tax) back in equity represents a transaction with shareholders, not a taxable transaction. As a result, the Company did not recognize a deferred tax for these amounts. Under these conditions, there is a risk of a different interpretation from the tax authorities regarding these operations.

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

#### **(b) Economic environment risk**

The management of SIF Banat-Crisana cannot predict all the effects of the financial crisis with an impact on the financial sector in Romania, but it believes that in 2020 it adopted the necessary measures for the Company's sustainability and development under the present state of the financial market by monitoring its cash flows and adapting its investment policies.

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

SIF Banat-Crisana adopted risk management policies through which risks are managed actively, by implementing specific risk identification, evaluation, measurement and control procedures meant to provide reasonable assurance with respect to the achievement of the Company's objectives, thus seeking a consistent balance between risk and expected profit.

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

## **4. Significant risk management (continued)**

### **4.2 Other risks (continued)**

#### **(b) Economic environment risk (continued)**

The Euro area economy has experienced a significant recovery in recent years, both in terms of GDP growth (with annualized increases of more than 1.5%) and the progressive reduction of unemployment and the return of inflation to the target ECB (2 %).

However, the ECB has also maintained during the latest period both the benchmark interest rate in absolute historical absolutes (0%) and the commitment to fully reinvest the amounts cashed on the maturity date of the financial instruments acquired 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, against the background to the global spread of tension related to the Covid -19 virus, the Federal Reserve has reduced key monetary policy interest rate to 0% in two exceptional meetings, along with a \$700 billion package for quantitative relaxation operations.

The high volatility of the main capital markets over the past months, the impact and incidence of the US economy recovery plan through the USD 1,900 billion worth plan, as well as the uncertainty of the impact on global growth of the effects of the measures taken to limit the outspread of Covid-19, will be significant challenges in the investment management activity in 2021.

#### **(c) Operational risk**

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

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

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

#### **(d) Capital adequacy**

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

The Company's equity includes the share capital, different types of reserves and the retained earnings. The equity amounted to RON 2,729,904,691 as at 31 December 2020 (RON 2,748,203,454 as at 31 December 2019).



## **5. Significant accounting estimates and judgments**

The management discusses the development, selection, presentation and application of significant accounting policies and estimates. They are approved in the meetings of the Board of Directors of the Company.

These presentations complement the information on financial risk management (see note 4).

### **Key sources of estimation uncertainty**

Significant accounting judgments in applying the Company's accounting policies include:

### **Application of Amendments to IFRS 10 Investment Entities**

During the first quarter of 2018, the Company reanalyzed the criteria disposed by IFRS 10 related to the classification as investment entity and concluded that these ones are fulfilled, namely:

- a) it obtains funds from one or many investors in order to supply investment management services;
- b) it is committed in front of its investors that the purpose of its activity is to invest funds only for earnings from the increase of the investment value, income from investment or both of them; and
- c) it quantifies and measures the performance of substantially all of its investments based on the fair value (IFRS 10.27).

The company also meets the characteristics of an investment entity, namely:

- Investment related services;
- Purpose of the activity; and
- Evaluation at fair value.

Thus, the Company applies the provisions of IFRS 10 - Investment Entities from the financial year 2018. The Company has reviewed the analysis regarding the fulfillment of the classification criteria as an investment entity also for 2019 and 2020, concluding that they are fulfilled and that it will apply the exception provided by IFRS 10 regarding the investment entities and for the financial statement for the years 2020 and 2019.

### ***Determining the fair value of financial instruments***

The fair value of the financial instruments that are not traded on an active market is determined using the measurement techniques described at the accounting policy 3(e)(iii). The fair value of the financial instruments rarely traded and for which there is no price transparency is less objective and is determined using various levels of estimates of the degree of liquidity, of concentration, uncertainty of the market factors, price assumptions and other risks affecting the financial instrument.

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

- Level 1: quoted market price on an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices on active markets for similar instruments; quoted prices for similar instruments on markets considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques largely based on unobservable inputs. This category includes all instruments where the valuation technique includes items that are not based on observable data and the unobservable input parameters could have a significant effect on the instrument's valuation. This category includes instruments that are rated based on quoted prices for similar instruments, but for which adjustments are needed based mainly on unobservable inputs or estimates to reflect the difference between the two instruments.

## **5. Significant accounting estimates and judgments (continued)**

### ***Determining the fair value of financial instruments (continued)***

The concentration risk to which the Company is exposed is presented in Note 4.1 (a) (i), comprising the structure of exposure to the main CANE sectors as of 31 December 2020 and 31 December 2019.

The fair value of financial assets and liabilities that are traded on active markets are based on quoted market prices or on prices quoted by brokers. For all other financial instruments, the Company determines the fair value by using valuation techniques. The valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation techniques. Assumptions and data used in valuation techniques include the risk free interest rates and reference rates, credit gaps and other premiums used in estimating discount rates, yields on bonds and equity, exchange rates, stock market price indices, volatility and expected correlations. The purpose of the valuation techniques is to determine the fair value to reflect the price of financial instruments on the reporting date, the price that would be determined in objective conditions by market participants.

The Company uses valuation models recognized to determine the fair value of simple financial instruments which use only observable market data and require very few estimates and analysis from management (e.g. instruments that are valued based on quoted prices for similar instruments and which do not require adjustments based on unobservable data or estimates in order to reflect the difference between the two instruments). Observable prices and input parameters are usually available on the market for capital instruments.

Their availability reduces the need for estimates and analyses from management and the uncertainty associated with determining the fair value. The availability of observable market prices and inputs varies depending on products and markets and is subject to changes arising from specific events and general conditions on the financial markets.

For shares that do not have a quoted market price on an active market, the Company uses valuation models which are usually derived from known models of valuation. Some or all significant input data of these models may not be observable on the market and are derived from market prices or estimated based on assumptions. The valuation models needing unobservable inputs require from management high level analysis and estimates to determine the fair value. The management analysis and estimates are involved, in particular, in the selection of a suitable valuation model, in the establishment of future cash flows of a financial instrument, in determining the probability of default by the counterparty and of advance payments and in selecting the appropriate discount rates.

The fair value of the financial instruments for which there is no active market (Level 2 and 3) was determined by authorized external valuers and authorized valuers within the Valuation department of the Company, using techniques based on the present net value, the discounted cash flow method, the method of comparisons with similar instruments for which there is an observable market price. Valuation techniques have been used consistently, with no changes in their application.

In 2020, valuation methods have been maintained for unlisted and listed investments that do not meet the criteria to be considered an active market within the meaning of IFRS. In their case, the impact of the Covid-19 pandemic was quantified:

- by adjusting the cash flows from the forecast period, depending on the observable impact on the level of activity in 2020 and the prudent-reasonable estimates of the management of the companies regarding the prospects for the coming years;
- by using the latest available information on the level of discount rates available at sector / industry level, including changing the perception of risk and the remuneration expectations from equity holders;

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### **Notes to the standalone financial statements**

#### ***for the financial year ended 31 December 2020***

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- by adjusting growth rates in perpetuity, based on reasonable estimates of the long-term prospects of those economic sectors.

At sectorial level, the significant impact on Level 3 fair value at 31 December 2020 was recorded for issuers with hotel and restaurant business, the decrease compared to 2019 being approximately 29%.

However, the impact of subsequent changes in these assumptions on financial markets in general, and on individually assessed issuers, may be favorable or unfavorable to fair values in future financial years. Given the persistence of uncertainties about the effectiveness of pandemic mitigation measures, it is possible that current assessments, especially those of issuers in the sectors directly exposed to these measures, may not adequately cover the full range of uncertainties and consequences on the fair value resulting from the evaluation models.

The Company's management analyzed the situation between the date of completion of the evaluation reports and the date of authorization of the annual financial statements, concluding that there is no publicly available information that could significantly impact the fair values of the holdings presented in these annual financial statements

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### Notes to the standalone financial statements

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#### 5. Significant accounting estimates and judgments (continued)

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

##### 31 December 2020

<i>In RON</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit and loss - shares	277,335,076	-	762,391,983	1,039,727,059
Financial assets at fair value through profit and loss – fund units	305,468,130	-	-	305,468,130
Financial assets at fair value through profit and loss – bonds	37,898,081	11,297,035	-	49,195,115
Financial assets at fair value through other comprehensive income - shares	1,183,689,056	-	125,630,335	1,309,319,392
Financial assets at fair value through other comprehensive income - corporate bonds	5,111,504	-	-	5,111,504
Investment property	-	-	13,180,199	13,180,199
Land and building	-	-	3,602,488	3,602,488
	<b>1,809,501,847</b>	<b>11,297,035</b>	<b>904,805,005</b>	<b>2,725,603,887</b>

##### 31 December 2019

<i>In RON</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit and loss - shares	251,475,549	-	553,111,966	804,587,515
Financial assets at fair value through profit and loss – fund units	366,420,749	-	-	366,420,749
Financial assets at fair value through profit and loss – bonds	37,958,535	17,824,356	-	55,782,891
Financial assets at fair value through other comprehensive income - shares	1,390,518,610	-	112,694,805	1,503,213,415
Financial assets at fair value through other comprehensive income - corporate bonds	5,053,633	-	-	5,053,633
Investment property	-	-	20,047,164	20,047,164
Land and building	-	-	3,734,817	3,734,817
	<b>2,051,427,076</b>	<b>17,824,356</b>	<b>689,588,752</b>	<b>2,758,840,184</b>

In 2020, there were no transfers between the fair value levels.

**5. Significant accounting estimates and judgments (continued)**

In 2019, the following assets were transferred among the fair value levels:

- fund units in amount of 295,681,969 lei, from level 3 to level 1 (net asset unit value determined according to observable market data for fund investments).
- Shares held in 5 companies from level 2 to level 3, worth 12,998,817 lei.

The table below presents the reconciliation of the opening balance with the closing balance of financial assets measured at fair value and investment property, level 3 of the fair value hierarchy:

<b>2020</b>	<b>Financial assets measured at fair value through other comprehensive income - shares</b>	<b>Financial assets measured at fair value through profit or loss – shares</b>	<b>Property investment</b>
<b>Balance as at 1 January 2020</b>	<b>112,694,805</b>	<b>553,111,966</b>	<b>20,047,164</b>
(Gain)/Loss recognized in:			
- statement of income	-	55,223,792	2,769,835
- other comprehensive income	12,565,727	-	-
Acquisitions/Inputs	369,803	158,938,967	-
Value of shares disposed	-	(4,882,742)	(9,636,800)
<b>Balance as at 31 December 2020</b>	<b>125,630,335</b>	<b>762,391,983</b>	<b>13,180,199</b>

<b>2019</b>	<b>Financial assets measured at fair value through other comprehensive income - shares</b>	<b>Financial assets measured at fair value through profit or loss – shares</b>	<b>Financial assets measured at fair value through profit or loss – unit funds</b>	<b>Property investment</b>
<b>Balance as at 1 January 2019</b>	<b>118,579,391</b>	<b>561,809,452</b>	<b>295,681,969</b>	<b>20,128,515</b>
Reclassification between levels 2 and 3	12,998,817	-	-	-
Reclassification between levels 3 and 1	-	-	(295,681,969)	-
(Gain)/Loss recognized in:				
- statement of income	-	(8,698,989)	-	(81,351)
- other comprehensive income	(7,649,252)	-	-	-
Acquisitions/Inputs	1,425,000	1,503	-	-
Acquisition cost of shares disposed	(12,659,151)	-	-	-
<b>Balance as at 31 December 2019</b>	<b>112,694,805</b>	<b>553,111,966</b>	<b>-</b>	<b>20,047,164</b>

**5. Significant accounting estimates and judgments (continued)**

Although the Company considers its fair value estimates as appropriate, the use of other methods or assumptions could result in different amounts of the fair value. For fair values recognized from the use of a significant number of unobservable inputs (Level 3), changing one or more assumptions in order to make possible alternative assumptions would impact the comprehensive income.

The company has conducted a sensitivity analysis for the amount resulting from the valuation of investments in shares, estimating the risk of variations on the main valuation factors. The company used two valuation techniques, namely:

(1) *Valuation based on discounted net cash flow* - thus both EBITDA amounts and the weighted average cost of capital values were changed by +/-5% (2019: +/-5%), considered as limit risk, obtaining values per share and implicitly values of the Company's equity with a deviation from the standard value. These deviations from the standard value affect the statement of profit or loss and the other comprehensive income (net of tax).

<b>2020</b>	<b>Impact on statement of</b>	<b>Impact on other</b>
<b>Change in variable global items</b>	<b>income</b>	<b>comprehensive income</b>
Increase in EBITDA by 5%	8,096,056	2,029,910
Decrease in EBITDA by 5%	(8,099,653)	(2,029,250)
Increase in WACC by 5%	(10,085,543)	(1,781,812)
Decrease in WACC by 5%	11,899,997	1,986,167

<b>2019</b>	<b>Impact on statement of</b>	<b>Impact on other</b>
<b>Change in variable global items</b>	<b>income</b>	<b>comprehensive income</b>
Increase in EBITDA by 5%	10,095,902	1,652,142
Decrease in EBITDA by 5%	(10,095,249)	(1,652,142)
Increase in WACC by 5%	(12,373,902)	(1,396,101)
Decrease in WACC by 5%	14,501,221	1,562,112

(2) *Valuation based on adjusted net asset* - thus both the values of assets and the values of liabilities (debts) were changed by +/-5% (2019: +/-5%), obtaining values per share and implicitly values of the Company's equity with a deviation from the standard value. These deviations from the standard value affect the statement of profit or loss and the other comprehensive income (net of tax).

<b>2020</b>	<b>Impact on statement of</b>	<b>Impact on other</b>
<b>Change in variable global items</b>	<b>income</b>	<b>comprehensive income</b>
Increase in assets by 5%	29.620.758	4.567.756
Decrease in assets by 5%	(29.621.208)	(4.567.756)
Increase in liabilities by 5%	(433.660)	(2.271.038)
Decrease in liabilities by 5%	463.318	2.271.038

<b>2019</b>	<b>Impact on statement of</b>	<b>Impact on other</b>
<b>Change in variable global items</b>	<b>income</b>	<b>comprehensive income</b>
Increase in assets by 5%	19.018.570	45.510
Decrease in assets by 5%	(19.020.175)	(43.650)
Increase in liabilities by 5%	(601.490)	(450)
Decrease in liabilities by 5%	603.740	900

**5. Significant accounting estimates and judgments (continued)**

As a result of the valuation of fund units, a sensitivity analysis was performed. These funds generally invest in very liquid stocks and bonds. As such, the sensitivity analysis was carried out considering a variation of +/- 10% in the market prices of the equity instruments. These variations affect other elements of the net result (net of tax) with the amount of +/- RON 25,659,323 as at 31 December 2020 (31 December 2019: +/- RON 30,779,343, with influence on other comprehensive income).

A sensitivity analysis was conducted for the amount resulting from the valuation of Investment property, estimating the risk of variations on the main influencing factors. Two valuation techniques were used, namely:

- Assessment based on discounted net cash flow – thus, the revenue values to be obtained from these investment properties have been modified +/-5%. These deviations from the standard value affect profit or loss (net of tax).
- Assessment based on market value - thus market price values expected to be obtained from these investment properties have been modified +/-5%. These deviations from the standard value affect profit or loss (net of tax).

**2020**

<b>Change in variable global items</b>	<b>Impact on statement of income</b>
Increase in revenue by 5%	93,979
Decrease in revenue by 5%	(94,466)
Market value increase by 5%	531,724
Market Value Decrease by 5%	(531,724)

**2019**

<b>Change in variable global items</b>	<b>Impact on statement of income</b>
Increase in revenue by 5%	475,051
Decrease in revenue by 5%	(474,202)
Market value increase by 5%	451,565
Market Value Decrease by 5%	(451,565)

Management believes that the presentation as above is useful for determining lines of action useful in managing risk.

**Classification of financial assets and liabilities**

The Company's accounting policies provide the basis for the assets and liabilities to be initially classified in different accounting categories. For the classification of assets and liabilities at fair value through profit or loss, the Company has determined that one or more of the criteria presented in Note 3 (e) (i) have been met.

Details of the classification of the Company's financial assets and liabilities are presented in Note 6.

## **5. Significant accounting estimates and judgments (continued)**

### ***Determining the fair value in respect of investment properties***

The fair value of the completed investment property is determined based on the income method with explicit hypotheses regarding the ownership benefits and obligations throughout the useful life of the asset, including an exit price or closing value. The income capitalisation on property quotas is accepted as income assessment. To the cash flow series forecasted, a capitalisation rate is added as derived from the market in order to determine the actual value of the cash flows associated with the property.

Specific income and the specific input and exist calendar are determined by events such as rent revision, lease agreement renewal, auxiliary lease periods, re-lease, rearrangement or renovation.

The corresponding period is usually established by market behaviour. In case of property investments, the income estimated as gross income minus vacant spaces, non-recoverable expenses, collection losses, lease incentives, maintenance costs, costs with agencies and fees, and other operation and management expenses.

For the years ending as at 31 December 2020 and 31 December 2019, the Company obtained independent valuation reports on its property investment. The fair value of the property investment relies on these valuations.

For all the property investments, the current utilisation degree is equivalent to the highest and the best utilisation degree. In case the preparation of valuation reports is outsourced, the Company reviews the valuations conducted by the independent valuers for financial and reporting purposes. At each year end, the financial department or the valuation department, as the case may be:

- checks all major aspects related to the independent valuation report;
- appraises the valuation movements of the property investments and compares the same with the evaluation report in the previous year; and
- discusses with the independent valuator.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company currently presents fair values according to a "fair value hierarchy" (according to IFRS 13), which categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority (Level 1) to quoted prices in active markets for identical assets or liabilities and the lowest priority (Level 3) to unobservable inputs. The various levels of the fair value hierarchy are explained below:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Using an input model (other than quoted market prices included within Level 1) that are observable on the market, either directly or indirectly and
- Level 3: Using an input model with inputs that are not based on observable data.

The Company's investment property is classified as Level 3. There were no transfers between the levels during the year.



**5. Significant accounting estimates and judgments (continued)*****Determining the fair value in respect of investment properties (continued)***

Information regarding the fair value measurement using significant unobservable inputs (Level 3) for 2020 are illustrated in the table below.

<b>Segments</b>	<b>Measurement method</b>	<b>Estimated rent value - EUR/sqm</b>	<b>Discount rates (%)</b>
Industrial and service – buildings	Income capitalisation method	10 euros/sq m	8.5-9%

Information regarding the fair value measurement using significant unobservable inputs (Level 3) for 2019 are illustrated in the table below.

<b>Segments</b>	<b>Measurement method</b>	<b>Estimated rent value - EUR/sqm</b>	<b>Discount rates (%)</b>
Industrial and service – buildings	Income capitalisation method	2-10 euros/sq m	8-11%

# SIF BANAT-CRIȘANA S.A.

## Notes to the standalone financial statements for the financial year ended 31 December 2020

### 6. Financial assets and liabilities

#### Accounting classifications and fair values

For the purpose of valuation, IAS 9 "Financial Instruments" classifies financial assets into the following categories: (a) financial assets at amortized cost; (b) financial assets at fair value through other comprehensive income; (c) financial assets at fair value through profit or loss.

The table below summarizes the carrying amounts and fair values of the Company's financial assets and liabilities as at 31 December 2020:

<i>IN RON</i>	Fair value through profit and loss	Fair value through other comprehensive income	Financial assets/ liabilities measured at amortized cost	Total carrying amount	Fair value
<b>Cash and cash equivalent</b>	-	-	<b>150,710,816</b>	<b>150,710,816</b>	<b>150,710,816</b>
Cash at hand	-	-	19,449	19,449	19,449
Current accounts at banks	-	-	36,026,197	36,026,197	36,026,197
Bank deposits with initial maturity less than 3 months	-	-	114,665,170	114,665,170	114,665,170
<b>Bank deposits</b>	-	-	-	-	-
<b>Financial assets at fair value through profit and loss</b>	<b>1,394,390,304</b>	-	-	<b>1,394,390,304</b>	<b>1,394,390,304</b>
Shares	1,039,727,059	-	-	1,039,727,059	1,039,727,059
Unit funds	305,468,130	-	-	305,468,130	305,468,130
Corporate bonds	49,195,115	-	-	49,195,115	49,195,115
<b>Financial assets measured at fair value through other comprehensive income</b>	-	<b>1,314,430,895</b>	-	<b>1,314,430,895</b>	<b>1,314,430,895</b>
Shares	-	1,309,319,391	-	1,309,319,391	1,309,319,391
Corporate bonds	-	5,111,504	-	5,111,504	5,111,504
<b>Financial assets measured at amortized cost</b>	-	-	-	-	-
Bonds issued by financial institutions	-	-	-	-	-
<b>Other financial assets</b>	-	-	<b>5,973,797</b>	<b>5,973,797</b>	<b>5,973,797</b>
<b>Total financial assets</b>	<b>1,394,390,304</b>	<b>1,314,430,895</b>	<b>156,684,613</b>	<b>2,865,505,812</b>	<b>2,865,505,812</b>
Lease liabilities	-	-	(934,521)	(934,521)	<b>(934,521)</b>
Other financial liabilities	-	-	(6,673,694)	(6,673,694)	<b>(6,673,694)</b>
<b>Total financial liabilities</b>	-	-	<b>(7,608,215)</b>	<b>(7,608,215)</b>	<b>(7,608,215)</b>

## SIF BANAT-CRIȘANA S.A.

### Notes to the standalone financial statements for the financial year ended 31 December 2020

#### 6. Financial assets and liabilities (continued)

##### Accounting classifications and fair values (continued)

The table below summarizes the carrying amounts and fair values of the Company's financial assets and liabilities as at 31 December 2019:

<i>IN RON</i>	Fair value through profit and loss	Fair value through other comprehensive income	Amortized cost	Financial assets/liabilities measured at amortized cost	Total carrying amount	Fair value
<b>Cash and cash equivalent</b>	-	-	-	<b>117,203,806</b>	<b>117,203,806</b>	<b>117,203,806</b>
Cash at hand	-	-	-	10,066	10,066	10,066
Current accounts at banks	-	-	-	30,158,583	30,158,583	30,158,583
Bank deposits with initial maturity less than 3 months	-	-	-	87,035,157	87,035,157	87,035,157
<b>Bank deposits</b>	-	-	-	<b>4,512,500</b>	<b>4,512,500</b>	<b>4,512,500</b>
<b>Financial assets at fair value through profit and loss</b>	<b>1,226,791,154</b>	-	-	-	<b>1,226,791,154</b>	<b>1,226,791,154</b>
Shares	804,587,514	-	-	-	804,587,514	804,587,514
Unit funds	366,420,749	-	-	-	366,420,749	366,420,749
Corporate bonds	55,782,891	-	-	-	55,782,891	55,782,891
<b>Financial assets measured at fair value through other comprehensive income</b>	-	<b>1,508,267,047</b>	-	-	<b>1,508,267,047</b>	<b>1,508,267,047</b>
Shares	-	1,503,213,414	-	-	1,503,213,414	1,503,213,414
Corporate bonds	-	5,053,633	-	-	5,053,633	5,053,633
<b>Financial assets measured at amortized cost</b>	-	-	<b>43,246,691</b>	-	<b>43,246,691</b>	<b>43,246,691</b>
Bonds issued by financial institutions	-	-	43,246,691	-	43,246,691	43,246,691
<b>Other financial assets</b>	-	-	-	<b>1,191,647</b>	<b>1,191,647</b>	<b>1,191,647</b>
<b>Total financial assets</b>	<b>1,226,791,154</b>	<b>1,508,267,047</b>	<b>43,246,691</b>	<b>122,907,953</b>	<b>2,901,212,845</b>	<b>2,901,212,845</b>
Lease liabilities	-	-	-	(1,121,202)	(1,121,202)	(1,121,202)
Other financial liabilities	-	-	-	(7,492,598)	(7,492,598)	(7,492,598)
<b>Total financial liabilities</b>	-	-	-	<b>(8,613,799)</b>	<b>(8,613,799)</b>	<b>(8,613,799)</b>

## 7. Dividend income

In accordance with IFRS 9, and as a result of the fact that the Company has opted for the option to measure participations by other comprehensive income, dividends on these interests are recognized in income unless they represent a material recovery of the investment cost.

Dividend income is recorded at gross value. Tax rates on dividends for the financial year ended as at 31 December 2020 from resident and non-resident companies were 5% and nil (2019: 5% and nil). Details of dividend income from the most significant counterparties are presented in the table below:

<i>În LEI</i>	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>Evaluation</b>
Banca Transilvania	27,387,563	36,980,164	FVTOCI
SAI Muntenia Invest	12,237,552	13,557,288	FVTOCI
Biofarm	11,224,994	3,620,966	FVTPL
Vrancart	8,983,226	7,356,953	FVTPL
Uniteh	7,770,077	96,730	FVTPL
Conpet	3,968,618	4,202,445	FVTOCI
IAMU Blaj	3,067,867	2,300,867	FVTPL
SIF Modova	3,005,937	1,539,758	FVTOCI
Romgaz	2,530,384	6,553,851	FVTOCI
SIF Oltenia*	1,160,829	1,741,243	FVTOCI
SNP Petrom	1,111,840	968,377	FVTOCI
Gaz Vest	752,117	1,919,184	FVTPL
Transgaz	678,282	949,683	FVTOCI
Electrica	477,389	479,975	FVTOCI
Antibiotice Iasi	423,328	141,557	FVTOCI
Rompetrol Well Services	242,181	99,754	FVTOCI
Iproeb Bistrita	172,270	344,527	FVTOCI
Erste Group Bank AG	18,343	9,634,942	FVTOCI
BRD	-	22,329,415	FVTOCI
Other	566,004	270,344	FVTOCI
<b>Total, of which:</b>	<b>85,778,801</b>	<b>115,088,023</b>	
- Companies valued at fair value through other comprehensive income (FVTOCI)	<b>31,798,281</b>	<b>15,294,699</b>	
- companies valued at fair value through profit and loss (FVTPL)	<b>53,980,520</b>	<b>99,793,324</b>	

\* The dividends distributed in 2020 out of the result of 2019, the distribution and payment of which was approved by OGMS Resolutions nos. 5 and 6 of 24.02.2021. OGMS Resolution of 12.10.2020 revoked OGMS Resolution of 28.04.2020 which approved the distribution and payment of dividends out of the result of 2019.

## 8. Interest income

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

<i>In RON</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Interest income on deposits and current accounts	2,012,471	1,463,523
Interest income on bonds measured at amortized cost	4,103,958	622,850
Interest income on assets measured through other comprehensive income (government and corporate bonds)	293,867	287,768
	<b>6,410,296</b>	<b>2,374,141</b>

### Interest income (assets at fair through profit or loss)

<i>In LEI</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Interest income from bonds purchased from subsidiaries	2,478,903	3,678,040
	<b>2,478,903</b>	<b>3,678,040</b>

### Gains/(Losses) on investment property

	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Balance at 1 January</b>	<b>20,047,164</b>	<b>20,128,515</b>
Inflows	-	-
Outflows	(9,636,800)	-
Changes in fair value – gains/(losses)	2,769,835	(81,351)
<b>Balance at 31 December</b>	<b>13,180,199</b>	<b>20,047,164</b>

In 2020, a space held in Timisoara was sold, and the gain from the transaction was in amount of RON 2,466,217. The amount of RON 303,618 represents changes in fair value throughout 2020 (2019: RON -81,351).

The valuation of the real estate properties was realized through the income-based method (for buildings + land that constitute standalone cash generating units) and through the market-based approach (for freehold lands).

In the case of buildings and related land, the valuer proceeded to determine the rentable area, to establish the obtainable unit rent, to determine the potential gross income, to estimate the annual occupancy rate, to determine the owner's operating expenses (fixed and variable expenses), to determine the net effective income, to determine the capitalization rate, to determine the potential value of the property, to determine the conversion investments and, finally, to determine the actual value of the property. The sources of information used are represented by market information and the information provided by ANEVAR.

The valuation was carried out by internal valuers authorized by the National Association of Authorized Valuers of Romania (ANEVAR).

During 2020 and 2019, the revenues obtained from investment properties (re-invoiced rents and utilities) amount to RON 144.7 thousand (2019: RON 158.8 thousand), and the related expenses (utilities, insurance, local taxes) amount to RON 204.2 thousand (2019: RON 213, 7 thousand).

## SIF BANAT-CRIȘANA S.A.

### Notes to the standalone financial statements for the financial year ended 31 December 2020

#### 8. Interest income (continued)

##### Net Gain/ (loss) on financial assets at fair value through profit and loss

<i>In RON</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Net gain / (loss) from the measurement / disposal of fund units	(58,119,753)	86,186,393
Net gain / (loss) from measurement of bonds	(73,494)	(2,897,722)
Net gain / (loss) from measures of shares at subsidiaries and associates	81,083,319	(9,214,965)
<b>Total</b>	<b>22,890,072</b>	<b>74,073,706</b>

The loss registered from the measurement of fund units as of 31 December 2020, in amount of RON 58.1 million (2019: RON 86.2 million) includes:

- The unfavorable difference from measurement in the amount of RON 61.4 million (2019: RON 83.7 million);
- The sum of RON 3.3 million (2019: RON 3.3 million) transferred by the FIA Certinvest Acțiuni representing dividends received from the companies in the portfolio, pro rata with the Company's holding;
- A loss of RON 0.8 million was registered in 2019 from the redemption of the fund units by the Omnitrend Closed Investment Fund in amount of RON 21.4 million.

The gains registered from the measurement/disposal of subsidiaries at 31 December 2020 in amount of RON 81.1 million (2019: loss of RON 9.2 million) include:

- A favorable difference from measurement of subsidiaries (Level 1 and Level 3) in amount of RON 52.39 million;
- A favorable difference from measurement of associates (Level 1 and Level 3) in amount of RON 27.77 million;
- A favorable difference recognised upon disposal of a subsidiary (Somplast SA) in amount of RON 0.92 million.

##### Fees expenses

<i>In RON</i>	<b>2020</b>	<b>2019</b>
FSA fees	2,613,550	2,411,565
Depository fees	795,843	561,346
Fees for transactions	5,143,948	118,898
Registry fees	144,000	144,000
Other fees	97,471	86,809
<b>Total</b>	<b>8,794,811</b>	<b>3,322,619</b>

# SIF BANAT-CRIȘANA S.A.

## Notes to the standalone financial statements

for the financial year ended 31 December 2020

### 9. Other operating expenses

<i>In RON</i>	<b>2020</b>	<b>2019</b>
Expenses for other taxes, fees and related payments	242,505	242,535
Expenses for salaries and other personnel expenses	14,842,612	14,150,167
Depreciation expenses	280,164	246,426
Expenses for external services	4,016,088	4,241,285
Expenses with interest and amortization of right of use assets under the lease contract	296,766	33,029
<b>Total</b>	<b>19,678,132</b>	<b>18,913,441</b>

#### Expenses for salaries and similar expenses

	<b>2020</b>	<b>2019</b>
Salary and allowance expenses of which	14,161,527	13,550,985
- Fixed amounts	8,487,873	7,988,494
- Variable amounts	5,673,654	5,562,491
Expenses with insurance and social protection	492,764	441,025
Other payroll expenses	188,321	158,157
<b>Total</b>	<b>14,842,612</b>	<b>14,150,167</b>

The aggregate amount of remuneration, broken down for senior management and members of staff whose actions have a material impact on the company's risk profile (according to Article 21 paragraph (2) letter f) of Law no. 74/2015 regarding Alternative Investment Fund Managers)

	<b>2020</b>	<b>2019</b>
Total Remunerations (Fixed and Variable), of which *:	14.161.527	13.550.985
Administrator payments	1.743.602	1.435.896
Director (FSA authorised) payments	5.971.985	6.335.022
SOP* program (management)	1.867.063	1.414.000
Payments of Risk Management Personnel, Compliance Officer, and Internal Auditor **	395.064	315.977

\* the amount of RON 1,867,063 includes the two SOP programs approved by the OGMS of 27.04.2020, which are ongoing at 31 December 2020 (31 December 2019: RON 1,414,000 included in the expenses of 2019 and referring to the SOP program approved in 2018 and completed in December 2019).

\*\* the internal audit function is outsourced, the remuneration is contracted

	<b>2020</b>	<b>2019</b>
Employees with high education	28	28
Employees with secondary education	3	2
Employees with general studies	3	4
<b>TOTAL</b>	<b>34</b>	<b>34</b>

# SIF BANAT-CRIȘANA S.A.

## Notes to the standalone financial statements

for the financial year ended 31 December 2020

### 9. Other operating expenses (continued)

The average number of employees for the financial year ended as at 31 December 2020 was 34 (2019: 34).

The fee paid to the auditors during the year 2020 for the audit of the separate financial statements amounted to RON 380,012 (2019: RON 306,401), of which the fees for the separate financial statements amount to RON 229,407 (2019: RON 279,205), the fees for the consolidated financial statements amount to RON 134,064 (2019: RON 14,708), the additional expenses amount of RON 16,541 (2019: RON 12,488) and the fees for non-audit services amount to RON 41,907 (2019: RON 19,689).

### 10. Income tax

<i>In RON</i>	<b>2020</b>	<b>2019</b>
<b>Current income tax</b>		
Current income tax (16%)	-	11,943,521
Tax on dividends (0%, 5%)	2,077,696	3,834,480
Tax exemption for transactions with ownerships greater than 10%	-	-
<b>Deferred tax expenses / (income)</b>		
Financial assets at fair value through other comprehensive income	-	-
Financial assets at fair value through profit or loss	-	-
Property, Plant and Equipment / Investment Property	(16,280)	(17,423)
<b>Total income tax recognized in profit or loss</b>	<b>2,061,416</b>	<b>15,760,578</b>

Reconciliation of profit before tax with income tax expense in the statement of income:

<i>In RON</i>	<b>2020</b>	<b>2019</b>
<b>Profit before tax</b>	<b>94,183,822</b>	<b>175,255,110</b>
<b>Tax under statutory tax rate of 16% (2019: 16%)</b>	<b>15,069,412</b>	<b>28,040,818</b>
<b>Income tax effect of:</b>		
Tax on dividend (0%, 5%)	2,077,696	3,834,480
Non-deductible expenses and similar items	15,186,234	10,542,795
Non-taxable income	(31,724,362)	(25,120,499)
Income similar items	71,867	13,760,497
Expenses similar items	-	-
Tax loss to recover	1,396,849	-
Deferred tax	(16,280)	(17,423)
Amounts representing sponsorship within legal limits and other deductions	-	(1,524,000)
Tax recognized in retained earnings	-	(13,756,090)
<b>Income tax</b>	<b>2,061,416</b>	<b>15,760,578</b>



**10. Income tax (continued)**

The non-deductible expenses on which the income tax effect was calculated include mainly the differences from the fair value measurement corresponding to holdings in which the holding is higher than 10%.

The non-taxable income includes mainly the dividends income corresponding from the Romanian legal entities and income from the fair value measurement corresponding to holdings in which the holding is higher than 10%.

Starting with 1 January 2014, the amendments to the Tax Code become effective, according to which revenues from the sale/transfer of equity securities and liquidation proceeds are also included under non-taxable income when calculating income tax, along with dividend income, regardless whether the legal entities in which equity securities are held are Romanian or foreign, from countries with which Romania has concluded double taxation treaties (including countries outside the EU). This income is non-taxable if certain conditions are met (if at the date of sale/transfer of equity securities or at the date of commencement of liquidation procedures the minimum 1-year period of uninterrupted holding of minimum 10% of the shares is reached).

**11. Cash and cash equivalents**

In RON	<b>31 December 2020</b>	<b>31 December 2019</b>
Cash in hand and other values	19,449	10,066
Current accounts in banks	36,026,197	30,158,583
Deposits at banks with original maturity less than 3 months	114,665,170	87,035,157
<b>Total</b>	<b>150,716,816</b>	<b>117,203,806</b>

The current accounts opened with banks and bank deposits are permanently available to the Company and are not restricted.

Cash and cash equivalent are neither past due nor impaired.

## SIF BANAT-CRIȘANA S.A.

### Notes to the standalone financial statements

for the financial year ended 31 December 2020

#### 12. Bank deposits

In RON	31 December 2020	31 December 2019
Deposits at banks with initial maturity more than 3 months	-	4,500,000
Interest attributable to deposits	-	12,500
<b>Total</b>	<b>-</b>	<b>4,512,500</b>

Bank deposits are neither past due nor impaired.

#### 13. Assets measured at fair value through profit or loss

In RON	31 December 2020	31 December 2019
Shares measured at fair value	1,039,727,059	804,587,514
- Non-consolidated subsidiaries	871,798,145	664,432,818
- Associated entities	167,928,914	140,154,697
Fund units measured at fair value	305,468,130	366,420,749
Government securities (including corresponding interest)	49,195,115	55,782,891
<b>Total</b>	<b>1,394,390,304</b>	<b>1,226,791,154</b>

The shares measured at fair value through profit and loss include subsidiaries (not consolidated) amounting to RON 871,798,145 (2019: RON 664,432,818) and associates RON 167,928,914 (2019: RON 140,154,697).

The fair value of the investments in subsidiaries is presented below:

##### 1 Measured at fair value through profit and loss

	31 December 2020	31 December 2019
SIF IMOBILIARE PLC NICOSIA	368,782,154	327,545,411
IMGB BUCURESTI	214,790,000	-
NAPOMAR SA CLUJ-NAPOCA	11,395,709	15,083,854
SIF HOTELURI SA ORADEA	57,535,630	84,159,608
AZUGA TURISM SA BUCURESTI	21,623,517	27,335,861
SILVANA SA CEHU SILVANIEI	-	-
IAMU SA BLAJ	43,479,532	46,428,297
CENTRAL SA CLUJ	30,729,283	31,968,859
VRANCART SA ADJUD	122,357,737	120,034,488
SOMPLAST SA BISTRITA	-	3,304,142
SIF SPV TWO	52,531	88,515
UNITEH	163,724	8,483,782
SIFI CJ LOGISTIC	888,329	-
<b>Total</b>	<b>871,798,145</b>	<b>664,432,818</b>

## SIF BANAT-CRIȘANA S.A.

### Notes to the standalone financial statements

for the financial year ended 31 December 2020

### 13. Assets measured at fair value through profit or loss (continued)

2. Measured at fair value through other comprehensive income	31 December 2020	31 December 2019
Administrare Imobiliare Bucuresti	46,823,941	41,684,004
SAI Muntenia Invest SA BUCURESTI	51,969,608	42,043,586
<b>Total</b>	<b>98,793,549</b>	<b>83,727,589</b>

#### Statement of Investment Funds in which fund units are held:

	31 December 2020	31 December 2019
Closed Investment Fund Active Plus	162,502,921	192,092,702
Closed Investment Fund Optim Invest	35,627,770	43,515,810
Closed Investment Fund Star Value	9,803,909	11,382,712
Alternative Investment Fund Certinvest Actiuni	67,067,871	82,636,065
Alternative Investment Fund Romania Strategy Fund	30,465,660	36,793,460
<b>Total</b>	<b>305,468,130</b>	<b>366,420,749</b>

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

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

Purchases in 2020 include the shares of SIF1 IMGB and SIFI CJ Logistic and fund units from Certinvest Acțiuni in amount of RON 0.5 million.

The sales of shares in amount of RON 4.9 million include the counter value of the shares of Somplast SA. Disposals of corporate bonds include the counter value of the bonds issued by Banca Transilvania bought back upon maturity.

## SIF BANAT-CRIȘANA S.A.

### Notes to the standalone financial statements

for the financial year ended 31 December 2020

### 13. Assets measured at fair value through profit or loss (continued)

The movement of financial assets measured at fair value through profit and loss in year 2019 is presented in the table following table:

<i>In RON</i>	<b>Shares</b>	<b>Fund units</b>	<b>Corporate bonds held at subsidiaries</b>	<b>Total</b>
<b>1 January 2019</b>	<b>769,377,480</b>	<b>295,681,969</b>	<b>40,929,815</b>	<b>1,105,989,265</b>
Acquisitions	44,424,999	8,499,912	70,713,000	123,637,912
Sales	-	(21,455,867)	(60,904,960)	(82,360,827)
Changes in interest receivable	-	-	571,546	571,546
Change of fair value (including foreign exchange differences)	(9,214,965)	83,694,734	(2,190,992)	72,288,777
Reclassification at amortized cost	-	-	6.664.481	6.664.481
<b>31 December 2019</b>	<b>804,587,514</b>	<b>366,420,749</b>	<b>55.782.890</b>	<b>1.226.791.153</b>

Purchases of shares in 2019 include the shares of Biofarm SA in amount of RON 44.4 million.

In 2019, the Company purchased fund units from Optim Invest Closed Investment Fund in amount of RON 8.5 million.

The buy-back of fund units at a carrying amount of RON 21.5 million was made by Omnitrend Closed Investment Fund. With a loss of Ron 0.8 million.

Purchases of corporate bonds in amount of RON 70.7 million include the counter value of 7,500 bonds issued by SIFI BH Retail SA in EUR. The RON 60.9 million represents the early buy-back of 6,400 bonds in SIFI BH Retail SA.

The company reclassified The Bank of Transilvania's bonds from valued at amortized cost to valued at fair value through profit or loss.

## SIF BANAT-CRIȘANA S.A.

### Notes to the standalone financial statements for the financial year ended 31 December 2020

#### 13. Assets measured at fair value through profit or loss (continued)

##### Hierarchy of the fair value of financial instruments

As at 31 December 2020, the financial assets measured at fair value classified as Level 3 are as follows:

Financial assets	Fair value at 31 December 2020	Evaluation technique	Input data used	Unobservable input data	The weighted average cost of capital	Capitalization rate	The relationship between unobservable input data and fair value - sensitivity			
Financial investments d.c:	888,022,319	-	-	-	-	Standard values	Variations from standard values	Standard values	Variations from standard values	-
Non-listed or no active market – majority holdings	216,733,279	income approach – discounted cash flow method	Turnover, EBITDA for each major stake	Variation +/- 5% from standard value	weighted average cost of capital	8 % - 31.7%	Variation +/- 5% from standard value	-	-	Increasing EBITDA (influenced by revenue growth and / or declining costs and wacc decrease in fair value and versus fair value reduces fair value.
No active market - majority holdings	631,500,678	Income approach – corrected net assets method	Corrected net assets for each majority stake of the holding	Variation +/- 5% from standard value of assets and liabilities	Average market rental rates and capitalization rates – used in valuation of real estate holdings – major effect on net assets	-	-	7%-11% for valuation of intangible assets (with majority stake in the total assets)	Variation +/- 5% from standard value	Increasing of net asset (influenced by the increase in the value of real estate investments) brings about the rise in fair value and vice versa to lowering the fair value
Investments in associated entities	12,951,575	income approach – discounted cash flow method	Turnover, EBITDA for each investment in associated entities	Variation +/- 5% from standard value	weighted average cost of capital	11.67%	Variation +/- 5% from standard value	-	-	Increasing EBITDA (influenced by revenue growth and / or declining costs and wacc decrease in fair value and versus fair value reduces fair value.
Minority holdings without active market	10,999,350	market comparison	historical and half-yearly financial statements	-	market multiples for the business sector	-	-	-	-	-
	15,837,437	corrected net assets method	historical and half-yearly financial statements	-	discounts for lack of liquidity, minority stake and reduced profitability	-	-	-	-	-
<b>Total</b>	<b>888,022,319</b>									

## SIF BANAT-CRIȘANA S.A.

### Notes to the standalone financial statements for the financial year ended 31 December 2020

#### 13. Assets measured at fair value through profit or loss (continued)

##### Hierarchy of the fair value of financial instruments

As at 31 December 2019, the financial assets measured at fair value classified as Level 3 are as follows:

Financial assets	Fair value at 31 December 2019	Evaluation technique	Input data used	Unobservable input data	The weighted average cost of capital	Capitalization rate	The relationship between unobservable input data and fair value - sensitivity			
Financial investments, d.c:	665,806,772	-	-	-	-	Standard values	Variations from standard values	Standard values	Variations from standard values	-
Non-listed or no active market – majority holdings	300,580,508	income approach – discounted cash flow method	Turnover, EBITDA for each major stake	Variation +/- 5% from standard value	weighted average cost of capital	8 % - 16.6%	Variation +/- 5% from standard value	-	-	Increasing EBITDA (influenced by revenue growth and / or declining costs and wacc decrease in fair value and versus fair value reduces fair value.
No active market - majority holdings	327,545,411	Income approach – corrected net assets method	Corrected net assets for each majority stake of the holding	Variation +/- 5% from standard value of assets and liabilities	Average market rental rates and capitalization rates – used in valuation of real estate holdings – major effect on net assets	-	-	8,5%-12% for valuation of intangible assets (with majority stake in the total assets)	Variation +/- 5% from standard value	Increasing of net asset (influenced by the increase in the value of real estate investments) brings about the rise in fair value and vice versa to lowering the fair value
Investments in associated entities	8,713,636	income approach – discounted cash flow method	Turnover, EBITDA for each investment in associated entities	Variation +/- 5% from standard value	weighted average cost of capital	9.30 %	Variation +/- 5% from standard value	-	-	Increasing EBITDA (influenced by revenue growth and / or declining costs and wacc decrease in fair value and versus fair value reduces fair value.
Minority holdings without active market	27,292,349	market comparison	historical and half-yearly financial statements		market multiples for the business sector					
	1,674,868	corrected net assets method	historical and half-yearly financial statements	-	discounts for lack of liquidity, minority stake and reduced profitability	-	-	-	-	-
<b>Total</b>	<b>665,806,772</b>									

## 14. Assets measured at fair value through other comprehensive income

The fair value of the shares for which the Company has chosen the fair value through other items of the global result option as of 31 December 2020 and 31 December 2019 is presented below, structured on the main sectors of economic activity. The company has chosen this presentation provided by IFRS 9 because it is in accordance with the Company's investment strategy and horizon regarding these investments.

In RON	<b>31 December 2020</b>	<b>%</b>	<b>31 December 2019</b>	<b>%</b>
Financial brokerage and insurance	1,153,509,071	88,1%	1,257,441,617	83,7%
Manufacturing industry	27,531,618	2,1%	32,397,870	2,2%
Hotels and restaurants	20,856,838	1,6%	24,812,860	1,7%
Wholesale and retail trade, repair of motor vehicles	235,287	0,0%	290,745	0,0%
Production and supply of energy, gas and water	-	0,0%	7,014,612	0,5%
Extractive industry	13,037,218	1,0%	74,340,858	4,9%
Other activities	3,738,815	0,3%	3,408,584	0,2%
Financial services applicable to real estate	46,823,941	3,6%	41,684,004	2,8%
Constructions	197,061	0,0%	408,679	0,0%
Transport and storage	42,978,421	3,3%	60,662,664	4,0%
Agriculture, forestry and fishing	411,121	0,0%	750,922	0,0%
<b>TOTAL</b>	<b>1,309,319,391</b>	<b>100%</b>	<b>1,503,213,414</b>	<b>100%</b>

Dividend income from shares measured at fair value through other comprehensive income is presented separately in Note 7.

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

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

\*the fair value measurement through other comprehensive income was exercised in initial recognition

\*\*SPPI and recognised as held to collect and sell business model

The acquisition of shares in 2020, totalling RON 7.5 million include mainly the acquisition of shares in Banca Transilvania in amount of RON 4.4 million and BVB in amount of RON 2.5 million.

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

The net result from transactions amounting to RON 3.9 million was recognised in retained earnings.

**14. Assets measured at fair value through other comprehensive income  
(continued)**

The movement of the financial assets measured at fair cost through other comprehensive income during the financial year 2019 is presented in the table below:

<i>In RON</i>	<b>Shares*</b>	<b>Corporate bonds**</b>
<b>1 January 2019</b>	<b>1,274,462,535</b>	<b>4,882,639</b>
Acquisitions	6,586,167	-
Sales	(107,323,972)	-
Changes in interest receivable	-	248
Changes in fair value (including foreign exchange differences)	329,488,684	170,747
<b>31 December 2019</b>	<b>1,503,213,414</b>	<b>5,053,634</b>

\*the fair value measurement through other comprehensive income was exercised in initial recognition

\*\*SPPI and recognised as held to collect and sell business model

The acquisition of shares in 2019, totalling RON 6.6 million include mainly the acquisition of shares in Intercontinental SA Bucharest in amount of RON 5.1 million and participation in the share capital of CCP.RO (Contrapartea Centrală) in amount of RON 1.43 million.

Sales of shares in amount of RON 107.3 million, include mainly the sale of shares in Erste Bank (RON 93.9 million), Minerva SA (RON 8.9 million), Mobicom SA (RON 1.6 million), Famos SA (RON 1.6 million), SIF Moldova (RON 0.8 million), Nord Constructii (RON 0.5 million), etc.

The gains from transactions amounting to RON 54.7 million was recognised in retained earnings.

**Differences from the change of fair value corresponding to financial assets measured through other comprehensive income**

<i>In RON</i>	<b>2020</b>	<b>2019</b>
<b>As at 1 January</b>	<b>882,094,443</b>	<b>652,877,901</b>
Profit from the measurement at the fair value of financial assets measured at fair value through other comprehensive income	(135,890,625)	329,538,090
Profit transferred to retained earnings corresponding to the financial assets measured at fair value through other comprehensive income out of the portfolio	(3,942,196)	(54,738,485)
(Profit)/Loss transferred to statement of income corresponding to the financial assets measured at fair value through other comprehensive income out of portfolio	-	-
Transfer of the reserve corresponding to subsidiaries in retained earnings following the application of IFRS 10	-	-
Effect of deferred income tax	24,215,417	(45,583,064)
<b>As at 31 December</b>	<b>766,477,039</b>	<b>882,094,443</b>



**14. Assets measured at fair value through other comprehensive income  
(continued)**

In 2020, the Company registered RON (3,058,266) as difference between the sale price of derecognised shares and their latest fair value recognised in the accounts. Thus, out of a gain from sold assets in amount of RON 3,942,196 transferred to retained earnings, RON 7,000,462 represents increases of value at 31 December 2019 and RON (3,058,266) represents the increase of value between 1 January 2020 and the date of recognition of such assets.

In 2019, the Company registered RON 5,335,376 as difference between the sale price of derecognised shares and their latest fair value recognised in the accounts. Thus, out of a gain from sold assets in amount of RON 54,738,485 transferred to retained earnings, RON 49,403,109 represents increases of value at 31 December 2018 and RON 5,335,376 represents the increase of value between 1 January 2019 and the date of recognition of such assets.

**15. Financial assets measured at amortized cost**

<i>In RON</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Bonds	-	43,013,700
Interest corresponding to bonds	-	232,991
<b>Total</b>	<b>-</b>	<b>43,246,691</b>

The outstanding bonds at 31 December 2019 were fully repaid by the end of October 2020, along with related interest.

Following the application of IFRS 9 as of 1 January 2018, the bonds held with Banca Transilvania were reclassified to financial assets at amortized cost at the end of 2019.

As at 31 December 2019 include corporate bonds issued by Blue Air Aviation in EURO, in amount of RON 43 million, purchased in December 2019, due in June 2020, with an annual interest rate of 13%.

The Company analysed, both upon transition to IFRS 9 and on the initial recognition date of assets measured at amortised cost, the fulfillment of the requirements of the standard on the characteristics of debt instruments. Further to the analysis of the attributes of the bonds of Banca Transilvania and Blue Air Aviation, the Company concluded that both the requirements of the SPPI test (solely payments of principal and interest) and the classification in the „held for collection” business model (held to collect cash flows).

## SIF BANAT-CRIȘANA S.A.

### Notes to the standalone financial statements for the financial year ended 31 December 2020

#### 16. Property, plant and equipment

<i>In RON</i>	Lands and buildings	Technical installations and transport means	Other plants, equipment and furniture	Total
<b>Cost</b>				
As at 1 January 2020	3,734,817	1,950,345	457,954	6,143,116
Revaluation	-	-	-	-
Acquisitions	-	205,607	22,119	227,726
Sales	-	(166,831)	(46,066)	(212,897)
<b>As at 31 December 2020</b>	<b>3,734,817</b>	<b>1,989,121</b>	<b>434,006</b>	<b>6,157,945</b>
<b>Accumulated depreciation and impairment losses</b>				
As at 1 January 2020	-	1,678,839	384,148	2,062,986
Depreciation related revaluation	-	-	-	-
Depreciation expenses	132,329	121,505	18,950	272,784
Sales	-	(166,473)	(17,939)	(184,413)
<b>As at 31 December 2020</b>	<b>132,329</b>	<b>1,633,869</b>	<b>385,159</b>	<b>2,151,357</b>
<b>Net carrying amount</b>				
<b>As at 1 January 2020</b>	<b>3,734,817</b>	<b>271,508</b>	<b>73,806</b>	<b>4,080,131</b>
<b>As at 31 December 2020</b>	<b>3,602,488</b>	<b>355,252</b>	<b>48,848</b>	<b>4,006,587</b>
<i>In RON</i>	Lands and buildings	Technical installations and transport means	Other plants, equipment and furniture	Total
<b>Cost</b>				
As at 1 January 2019	3,819,727	1,971,185	457,039	6,247,952
Revaluation	(84,910)	-	-	(84,910)
Acquisitions	-	37,795	9,544	47,339
Sales	-	(58,634)	(8,629)	(67,263)
<b>As at 31 December 2019</b>	<b>3,734,817</b>	<b>1,950,347</b>	<b>457,954</b>	<b>6,143,117</b>
<b>Accumulated depreciation and impairment losses</b>				
As at 1 January 2019	1,046,312	1,631,505	366,617	3,044,434
Depreciation related revaluation	(1,156,464)	-	-	(1,156,464)
Depreciation expenses	110,152	105,967	24,575	240,694
Sales	-	(58,634)	(7,044)	(65,678)
<b>As at 31 December 2019</b>	<b>-</b>	<b>1,678,839</b>	<b>366,618</b>	<b>2,062,987</b>
<b>Net carrying amount</b>				
<b>As at 1 January 2019</b>	<b>2,773,415</b>	<b>339,680</b>	<b>90,422</b>	<b>3,203,517</b>
<b>As at 31 December 2019</b>	<b>3,734,817</b>	<b>271,508</b>	<b>73,806</b>	<b>4,080,131</b>

The latest revaluation of property, plant and equipment in the form of land and buildings was conducted at December 31 2019 by an internal valuer, member of ANEVAR.

**17. Assets representing right of use of underlying assets under the lease contract**

In accordance with IFRS 16, applicable as of 2019, the lease contract for a premises, entered into in 2019 was recognised as lease contract. The contract was concluded for a period of 5 years and the Company used a discount rate of 6%.

**Assets representing right of use of underlying assets under the lease contract**

<i>In RON</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Balance at 1 January</b>	<b>1,117,902</b>	-
Recognition of assets	-	1,143,308
Amortization	(228,662)	(25,407)
<b>Balance at the end of the period</b>	<b>889,240</b>	<b>1,117,902</b>

**Liabilities under the lease contract recognised in the statement of financial position**

<i>In RON</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>Balance at 1 January</b>	<b>1,121,201</b>	-
Recognition of liability	-	1,143,308
Debts paid	(206,499)	(22,506)
Expenses with foreign exchange differences	19,819	399
<b>Balance at the end of the period, of which:</b>	<b>934,521</b>	<b>1,121,201</b>
- due in less than 1 year	220,305	203,973
- due in more than 1 year	714,216	917,229

**Expenses related to the lease contract, included in the statement of profit or loss and other comprehensive income**

	<b>31 December 2020</b>	<b>31 December 2019</b>
Amortization	228,662	25,407
Interest	68,104	7,622
Foreign exchange differences	19,819	408
<b>Total</b>	<b>316,585</b>	<b>33,437</b>

## SIF BANAT-CRIȘANA S.A.

### Notes to the standalone financial statements for the financial year ended 31 December 2020

#### 18. Other financial assets

<i>In RON</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Sundry debtors	7,196,933	2,383,090
Current income tax receivables	-	-
Other financial assets	182,596	214,289
Allowances for impairment of various debtors	(1,405,732)	(1,405,732)
<b>Total</b>	<b>5,973,797</b>	<b>1,191,647</b>

The allowances for impairment of various debtors and for dividends receivables can be analyzed as follows:

<i>In RON</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>As at 1 January</b>	<b>1,405,732</b>	<b>1,406,362</b>
Provision reversal	-	(630)
Establishment of provisions	-	-
<b>As at 31 December</b>	<b>1,405,732</b>	<b>1,405,732</b>

As at 31 December 2020 and 31 December 2019 the provision was made for dividends deducted as a result of the cancellation of certain companies in insolvency.

As of 31 December 2020, other debtors (dividends receivable) amounting to RON 1,405,732 (2018: RON 1,405,732) were overdue with more than 365 days and were fully impaired.

The financial assets which are not overdue are not deemed impaired and do not have an external credit rating.

#### 19. Deferred tax liabilities

Deferred tax assets and liabilities as at 31 December 2020 are generated by the elements detailed in the following table:

<i>In RON</i>	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
Financial assets at fair value through profit or loss	-	-	-
Financial assets at fair value through other comprehensive income	-	900.346.816	(900.346.816)
Property, plant and equipment and investment property	-	13.602.799	(13.602.799)
<b>Total</b>	<b>-</b>	<b>913.949.615</b>	<b>(913.949.615)</b>
Net temporary differences - 16%	-	-	(913.949.615)
Net temporary differences - 10%	-	-	-
<b>Deferred tax liabilities</b>	<b>-</b>	<b>-</b>	<b>(146.231.940)</b>

**19. Deferred tax liabilities (continued)**

Deferred tax assets and liabilities as at 31 December 2019 are generated by the elements detailed in the following table:

<i>In RON</i>	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
Financial assets at fair value through profit or loss	-	-	-
Financial assets at fair value through other comprehensive income	-	1,047,839,625	(1,047,839,625)
Property, plant and equipment and investment property	-	13,726,697	(13,726,697)
<b>Total</b>	-	<b>1,061,566,322</b>	<b>(1,061,566,322)</b>
Net temporary differences - 16%	-	-	(1,061,566,322)
Net temporary differences - 10%	-	-	-
<b>Deferred tax liabilities</b>	-	-	<b>(169,850,613)</b>

Deferred income tax liabilities in balance as at 31 December 2020 amounting to RON 146,231,939 (2019: RON 169,850,612) include:

- Deferred income tax recognized directly in other comprehensive income by reducing other comprehensive income amounting to RON 135,339,025 (2019: RON 159,554,442), being generated by reserves for financial assets at fair value through other comprehensive income,
- Deferred tax corresponding mainly to the differences between the financial assets hyperinflation and adjustments for depreciation, and investment property, in amount of RON 10,892,914 recognized in retained earnings.

The movement table in respect of deferred tax liabilities is as follows:

	<b>01/01/2020</b>	<b>Charged/ credited to profit or loss</b>	<b>Charged / credited to other comprehensive income</b>	<b>31/12/2020</b>
Financial assets at fair value through other comprehensive income	167,654,341	-	(23,598,849)	144,055,492
Property, plant and equipment and investment property	2,196,272	(16,280)	(3,544)	2,176,448
	<b>169,850,613</b>	<b>(16,280)</b>	<b>(23,602,393)</b>	<b>146,231,940</b>
	<b>01/01/2019</b>	<b>Charged/ credited to profit or loss</b>	<b>Charged / credited to other comprehensive income</b>	<b>31/12/2019</b>
Financial assets at fair value through other comprehensive income	127,846,797	-	39,807,543	167,654,340
Property, plant and equipment and investment property	2,042,246	(17,423)	171,448	2,196,271
	<b>129,889,043</b>	<b>(17,423)</b>	<b>39,978,991</b>	<b>169,850,613</b>

# SIF BANAT-CRIȘANA S.A.

## Notes to the standalone financial statements

for the financial year ended 31 December 2020

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### 20. Other financial liabilities

<i>In RON</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Liabilities to employees and corresponding contributions	2,370,287	2,477,882
Taxes and fees	1,806	11,532
Domestic suppliers	4,301,601	551,890
<b>Total</b>	<b>6,673,694</b>	<b>3,041,305</b>

### 21. Capital and reserves

#### *(a) Share capital*

As at 31 December 2020, the share capital SIF Banat Crișana amounted to RON 51,542,236 and is divided into 515,422,363 shares with nominal value of RON 0.1 and is the result of direct subscriptions to the share capital of SIF by converting into shares the amounts due as dividends under law no. 55/1995 and law no. 133/1996. As at 31 December 2020, the number of shareholders was 5,747,126 (31 December 2019: 5,749,444).

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

All shares are ordinary shares, were subscribed and fully paid as at 31 December 2020 and as at 31 December 2019. All shares have equal voting rights and a nominal value of RON 0.1/share. The number of shares authorized to be issued is equal to the shares issued.

The Extraordinary General Meeting of Shareholders dated 26 April 2018 approved the execution of a program for the redemption of 17,460,724 own shares ("Program I") by the Company for the purpose of reducing its share capital.

The Extraordinary General Meeting of Shareholders dated 26 April 2018 approved the execution of a program of redemption of 1.400.000 own shares ("Program II") by the Company, for distribution free of charge to the members of the management of the Company (administrators, directors) as well as the reward for the activity carried out within the Company, according to the performance criteria to be established by the Board of Directors.

In December 2019 the stock option plan program was completed, whereby the directors and officers received 1,400,000 shares under a free title.

The EGMS of April 27, 2020 approved:

- reduction of the share capital of the Company pursuant to Article 207 paragraph (1) letter c) of Law no. 31/1990, from RON 51,746,072.4 to RON 51,542,236.3 as a result of the cancellation of 2,038,361 own shares acquired by the company, within the programs of buy-back of own shares. This operation was completed in December 2020.

- the use of a number of 880,000 shares, owned by the Company and bought back pursuant to the EGMS Decision of April 26, 2018, for free distribution to members of the Company's management, within the Stock Option Plan, approved by the EGMS Decision of April 22, 2019. The Board of Directors of the Company approved the "Share-based Payment Plan" at the end of May 2020, which is in progress.

# SIF BANAT-CRIȘANA S.A.

## Notes to the standalone financial statements

for the financial year ended 31 December 2020

### 21. Capital and reserves (continued)

#### (a) Share capital

- the roll-out of a buy-back program of 15,000,000 own shares („Program I”) by the Company in order to reduce its share capital and buy back maximum 880,000 shares („Program II”), for purposes of distribution under a free title to the Company's management, for loyalty purposes and to reward them for their activity within the Company, according to the performance criteria to be set by the Board of Directors. In August 2020, the Board of Directors of the Company approved the “Share-based Payment Plan”, which is in progress.

Program	Date of allocation	No. of shares	Price per share*	Total value of program	Amount charged as expense in 2020
Program approved by EGMS of 22.04.2019 and EGMS of 27.04.2020	May 2020	880.000	2,38	2,094,400	1,221,731
Program approved by EGMS of 27.04.2020	August 2020	880.000	2,11	1,856,800	618,932
Adjustment of value of Programs based on the share price at 31 December 2020					26.400
<b>Total</b>					<b>1.867.063</b>

\*as per the allocation document

In LEI	31 December 2020	31 December 2019
Share capital*	51,542,236	51,746,072
<b>Total</b>	<b>51,542,236</b>	<b>51,746,072</b>

\*The effect of hyperinflation on the share capital is presented at letter (g).

#### (b) Retained earnings

In RON	31 December 2020	31 December 2019
Retained earnings from transition to IAS and IFRS	422,323,709	422,323,709
Retained earnings from the application of IFRS 9 (including gains from transactions)	207,935,766	204,606,593
Profit not allocated	18,874,346	23,860,282
Profit or loss for the year	92,122,406	159,494,532
Other amounts recognized in retained earnings (legal reserves, reserves from revaluation of property, plant and equipment, etc.)	2,062,005	2,021,238
<b>Total</b>	<b>743,318,231</b>	<b>812,306,354</b>

#### (c) Other reserves

## SIF BANAT-CRIȘANA S.A.

### Notes to the standalone financial statements for the financial year ended 31 December 2020

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<i>In RON</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Reserves distributed out of net profit	903,715,687	744,221,155
Reserves established further to the application of Law no. 133/1996*	145,486,088	145,486,088
Reserves from prescribed dividends	88,420,910	88,420,910
Reserves from FX differences and investment facilities	19,832,946	19,832,946
<b>Total</b>	<b>1,157,455,631</b>	<b>997,961,099</b>

\* The effect of hyperinflation on the reserve established further to the application of Law no. 133/1996 is presented at letter (g).



**21. Capital and reserves (continued)****(c) Other reserves (continued)**

The reserve for the initial portfolio was set up after the application of Law no. 133/1996, as the difference between the portfolio value and the subscribed capital contribution to SIF. These reserves are treated as a contribution share premium and are not used when selling the financial assets.

**(d) Legal reserves**

According to the legal requirements, the Company establishes legal reserves in the amount of 5% of profits recorded according to applicable accounting standards up to 20% of the share capital according to the Articles of Incorporation. The value of the legal reserve at 31 December 2020 is RON 10,308,447 (31 December 2019: RON 10,349,214). During the financial year 2020, the Company reduced the legal reserve following the reduction of the share capital.

Legal reserves cannot be distributed to shareholders.

**(e) Differences from the change of fair value corresponding to financial assets measured through other comprehensive income**

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

The reserves are recorded net of related deferred tax. The value of deferred tax is recognized directly as an equity deduction and is presented at Note 22.

The table below shows the reconciliation of the net differences arising from changes in fair value for financial assets measured through other comprehensive income.

*In RON*

	<b>31 December 2020</b>	<b>31 December 2019</b>
Differences from changes in fair value for financial assets measured through other comprehensive income (bonds)	(8,511)	20,952
Differences from changes in fair value for financial assets measured through other comprehensive income (shares)	766,485,550	882,073,492
<b>Total</b>	<b>766,477,039</b>	<b>882,094,444</b>

**(f) Dividends**

The shareholders of the Company did not approve in 2020 to distribute dividends from the profit of 2019.

## SIF BANAT-CRIȘANA S.A.

Notes to the standalone financial statements  
for the financial year ended 31 December 2020

### 21. Capital and reserves (continued)

#### (g) Effect of hyperinflation (IAS 29)

The effect of hyperinflation on the share capital in amount of RON 642,622,709 (31 December 2019: RON 645,164,114) and on the reserve established further to the application of Law no. 133/1996 in amount of RON 1,960,189,603 was registered through the decrease of retained earnings, resulting in an accumulated loss from the effect of the application of IAS 29 on capital in amount of RON 2,602,812,312 (31 December 2019: RON 2,605,353,717), without affecting the total value of equity.

In RON	Effect of application IAS 29 on share capital	Effect of application of IAS 29 on the reserve established further to the application of Law no. 133/1996	Effect in retained earnings of the application of IAS 29 on capital
<b>Balance at 1 January 2019</b>	<b>645,164,114</b>	<b>1,960,189,603</b>	<b>(2,605,353,717)</b>
Reductions			
<b>Balance at 31 December 2019</b>	<b>645,164,114</b>	<b>1,960,189,603</b>	<b>(2,605,353,717)</b>
<b>Balance at 1 January 2020</b>	<b>645,164,114</b>	<b>1,960,189,603</b>	<b>(2,605,353,717)</b>
Reductions	(2,541,405)		2,541,405
<b>Balance at 31 December 2020</b>	<b>642,622,709</b>	<b>1,960,189,603</b>	<b>(2,602,812,312)</b>

### 22. Earnings per share

Basic earnings per share were calculated based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares:

In RON	2020	2019
Profit attributable to ordinary shareholders	92,122,406	159,494,532
Weighted average number of ordinary shares	514,542,363	516,795,078
<b>Earnings per ordinary share</b>	<b>0.1790</b>	<b>0.3086</b>

\*taking into account the own shares redeemed

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

In 2020 and 2019, there were no changes in accounting policies or new standards adopted that would affect the earnings per share and would require the disclosure in accordance with IAS 8.

## **23. Contingent assets and liabilities**

### **(a) Litigation**

As at 31 December 2020, the records of the Company showed 113 litigation cases on the docket of the courts of law. The company had active legal standing in 89 litigation cases, passive legal standing in 18 litigation cases and intervening party in 4 lawsuits.

In most lawsuits in which the Company acts as plaintiff, the subject of litigation is the cancellation / ascertaining the nullity of some resolutions passed by the General Meetings of Shareholders in portfolio companies, or insolvency proceedings of portfolio companies.

### **(b) Transfer pricing**

Romanian tax legislation has rules on transfer pricing between related parties since 2000. The current legislative framework defines the "arm's length" principle for transactions between related parties as well as transfer pricing methods. As a result, tax authorities are expected to initiate thorough checks of transfer prices, to ensure that the tax result is not distorted by the effect of prices charged between affiliates. The Company cannot assess the outcome of such verification.

### **(c) Other commitments**

Not applicable.

## **24. Related parties**

The parties are considered related if one party has the ability to control the other party or exercise significant influence over its financial and operational decision-making.

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

### **Key management personnel**

*31 December 2020*

- As at 31 December 2020 the Board of Directors of SIF Banat-Crisana SA was composed of 5 members: Bogdan-Alexandru Drăgoi- Chairman, Răzvan Radu Străuț- Vice-chairman, Sorin Marica, Marcel Pfister and Ionel Marian Ciucioi.
- As at 31 December 2020, the executive managers of SIF BANAT-CRIȘANA SA: Bogdan-Alexandru Drăgoi – General Manager, Răzvan Radu Străuț – Deputy General Manager, Teodora Sferdian – Deputy General Manager and Laurențiu Riviș - Manager.

*31 December 2019*

- As at 31 December 2019 the Board of Directors of SIF Banat-Crisana SA was composed of 5 members: Bogdan-Alexandru Drăgoi- Chairman, Răzvan Radu Străuț- Vice-chairman, Sorin Marica, Marcel Pfister and Ionel Marian Ciucioi.
- As at 31 December 2019, the executive managers of SIF BANAT-CRIȘANA SA: Bogdan-Alexandru Drăgoi – General Manager, Răzvan Radu Străuț – Deputy General Manager, Teodora Sferdian – Deputy General Manager and Laurențiu Riviș - Manager.

# SIF BANAT-CRIȘANA S.A.

## Notes to the standalone financial statements

for the financial year ended 31 December 2020

### 24. Related parties (continued)

#### Key management personnel (continued)

During the financial year, no transactions were carried out and no advances and loans were granted to the Company's managers and directors, except for work related travel advances.

During 2020, gross payments of members of the BoD and managers (authorised by the FSA) amounted RON 7,716 (2019: RON 7,771 thousand). In 2020, the amount of RON 1,867 thousand related to the two share-based payments programs approved by the GMS of April 2020, which are ongoing at 31 December 2020, was registered as expenses. In 2019, a share-based payment program ended, through which shares were offered to directors and managers, during 2019 the amount of RON 1,414 thousand is recognized in expenditures.

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

#### Subsidiaries

Company's subsidiaries as at 31 December 2019 and as at 31 December 2018 are as follows:

Company Name	Percentage of ownership as at 31 December 2019	Percentage of ownership as at 31 December 2018	Status
SIF IMOBILIARE PLC NICOSIA	100.00%	100.00%	
SAI MUNTENIA INVEST SA BUCURESTI (management company SIF Muntenia)	99.98%	99.98%	
SIF1 IMGB	99.92%	-	
NAPOMAR SA CLUJ-NAPOCA	99.43%	99.43%	
SIF HOTELURI SA ORADEA	99.00%	99.00%	
AZUGA TURISM SA BUCURESTI	98.94%	98.94%	
ADMINISTRARE IMOBILIARE SA BUCUREȘTI	97.40%	97.40%	
SILVANA SA CEHU SILVANIEI*	96.28%	96.28%	ins
ARIO SA BISTRITA	93.64%	93.64%	F
IAMU SA BLAJ	76.70%	76.70%	
CENTRAL SA CLUJ	74.53%	67.08%	
VRANCART SA ADJUD	75.06%	75.06%	
SOMPLAST SA BISTRITA	-	70.75%	
SIF SPV TWO BUCURESTI	99.99%	99.99%	
UNITEH TIMISOARA**	36.34%	36.34%	
SIFI CJ LOGISTIC*	5.53%	-	

\* subsidiaries through the control held and indirectly by SIF Imobiliare

## SIF BANAT-CRIȘANA S.A.

### Notes to the standalone financial statements for the financial year ended 31 December 2020

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#### 24. Related parties (continued)

##### Associates

The associates of the Company as at 31 December 2020 and as at 31 December 2019 are as follows:

a. Entities in which the Company holds over 20% of the share capital and it has significant influence:

<b>Company Name</b>	<b>Percentage of ownership as at 31 December 2020</b>	<b>Percentage of ownership as at 31 December 2019</b>
GAZ VEST SA ARAD	25.82%	25.82%
BIOFARM SA BUCURESTI	36.75%	36.75%

b. Entities in which the Company holds over 20% of the share capital, but which do not qualify as associates, because the company has no significant influence:

<b>Company Name</b>	<b>Percentage of ownership as at 31 December 2020</b>	<b>Percentage of ownership as at 31 December 2019</b>
FORESTIERA SA TIRGOVISTE	25.75%	25.75%
AGROMEC GATAIA	23.91%	23.91%
CTCE SA ALBA IULIA	23.24%	23.24%
MOLIDUL SA SUCEAVA	21.63%	21.63%

## SIF BANAT-CRIȘANA S.A.

### Notes to the standalone financial statements

for the financial year ended 31 December 2020

#### 24. Related parties (continued)

c. Holding over 20% of the share capital, but insolvency/liquidation/bankruptcy etc. proceedings are under way at these companies:

Company name	Percentage of ownership as at 31 December 2020	Percentage of ownership as at 31 December 2019	Status
COMAR BAI A MARE	34.94%	34.94%	F
MOBILA USI SA BACAU	0%	32.45%	F
ELBAC SA BACAU	32.45%	32.45%	F
PETROCART	30.18%	30.18%	INS
AGROPRODUCT RESITA	30.00%	30.00%	RJ
AGROINDUSTRIALA NADLAC	30.00%	30.00%	F
UZINA ARDEALUL ALBA IULIA	29.51%	29.51%	F
COMMIXT SA OCNA MURES	28.97%	28.97%	F
MOBIMET SA HATEG	0%	28.87%	F
METALURGICA SA MARGHITA	28.41%	28.41%	F
SUINPROD GALDA DE JOS	27.09%	27.09%	DIZ
MEBIS SA BISTRITA	26.78%	26.78%	INS
EXFOR SA BUCURESTI	24.23%	24.23%	F
MOPAL SA BISTRITA	21.89%	21.89%	RJ
TRANSILVANIA AIUD	20.19%	20.19%	F

Ins: insolvency

JR: judicial reorganization

DIS: dissolution

B: bankruptcy

D: Deregistered

#### Transactions through profit or loss

	2020	2019
<b>Dividend income, out of which:</b>		
VRANCART ADJUD	8,983,226	7,356,953
SAI Muntenia	12,237,552	13,557,288
BIOFARM BUCURESTI	11,224,994	3,620,966
GAZ VEST ARAD	752,117	1,919,184
IAMU BLAJ	3,067,867	2,300,867
Uniteh	7,770,077	96,730
<b>Total</b>	<b>44,035,833</b>	<b>28,851,987</b>

# SIF BANAT-CRIȘANA S.A.

## Notes to the standalone financial statements

for the financial year ended 31 December 2020

### 24. Related parties (continued)

#### Interest income, out of which:

VRANCART ADJUD	1,681,799	1,903,780
SIFI BH Retail	643,800	1,774,262
	<b>2,325,599</b>	<b>3,678,042</b>

#### Other expenses, out of which:

- expenses for rentals and operating expenses	279,066	157,083
Gaz Vest – supply of gas	41,183	46,798
	<b>320,249</b>	<b>203,881</b>

#### Transactions through statement of financial position

	2020	2019
<b>Other receivables, out of which:</b>		
SILVANA CEHU SILVANIEI	671,886	671,886
SILVANA CEHU SILVANIEI-adjustment	(671,886)	(671,886)
VRANCART ADJUD- mainly bonds	37,612,296	37,612,296
VRANCART ADJUD-interest	285,785	346,239
SIFI BH RETAIL – mainly bonds	10,691,255	10,567,032
SIFI BH RETAIL – interest receivable	605,780	592,843
GAZ VEST – dividends to collect	752,117	-
<b>Total</b>	<b>49,947,232</b>	<b>49,118,411</b>
<b>Other liabilities, out of which:</b>		
ADMINISTRARE IMOBILIARE	-	30,137
GAZ VEST	7,398	7,859
<b>Total</b>	<b>7,398</b>	<b>37,996</b>

During 2020, the following operations were carried out with subsidiaries:

- SIFI CJ Logistic: the acquisition of 54,486 shares, the percentage held being 5.53%. The fair value at 31 December 2020 (Level 3) is RON 888,329;
- SIF1 IMG B: the acquisition of 301,078,647 shares, the percentage held being 99.92%. The fair value at 31 December 2020 (Level 3) is RON 214,790,000.

During 2019, the following operations were carried out at subsidiaries:

- Uniteh SA Timisoara - the acquisition of 51 shares with a value of 1,503 lei, the percentage holding being of 36.34%
- Biofarm SA – the acquisition of 133,270,532 shares worth 44,423,496, the holding being of 36.75%;
- SIFI BH Retail (subsidiary of SIF Imobiliare) – in January 2019, the Company purchased bonds in total amount of RON 70.7 million, of which in May 2019, it bought back bonds in amount of RON 60.9 million

## 25. Segment reporting

### Information Segments of activity

Operating segments are components that engage in business activities that may earn revenues or incur expenses, that can generate revenue or expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The CODM has been identified as the Board of Directors of the Company.

### Description of products and services from which each reportable segment derives its revenue

The Company is organized on the basis of one main business segments, its main activity being carrying-out financial investments in order to increase the value of its treasury shares according to the regulations in force and subsequently managing the investment portfolio and exercising all rights related to the invested instruments.

### Factors that management used to identify the reportable segments

The Company considered that it has only one reportable segment, as it has one core strategic business unit.

Segment financial information reviewed by the CODM includes the investment portfolio of the Company, mainly the available for sale financial assets, and the dividend revenue of the Company. The CODM obtains financial statements of the Company prepared in accordance with IFRS. Such financial information overlaps with the segment analysis provided internally to the CODM. Management therefore applied the core principle of IFRS 8, *Operating Segments*, in determining which of the overlapping financial information sets should form the basis of operating segments. Management considered that information on IFRS financial statements is not available with sufficient frequency to conclude that reporting on segments shall exclude details other than information about the investments portfolio and dividend revenue.

Measurement of operating segment profit or loss, assets and liabilities.

The CODM reviews financial information prepared based on International Financial Reporting

## 26. Subsequent events

- Through the OGMS Resolutions of 6 January 2021, the members of the Board of Directors were elected for a mandate of 4 years (Bogdan-Alexandru Drăgoi, Răzvan-Radu Străuț, Sorin Marica, Marcel Pfister and Ionel Marian Ciucioi) and the remuneration policy, the remuneration duet o the members of the BoD were approved, as well as the general thresholds of all additional remunerations of the members of the BoD and the general thresholds of the officers' remunerations for 2021. By Authorisation no. 44 of 18 March 2021, the Financial Supervisory Authority authorised the members of the Board of Directors of SIF Banat-Crișana in accordance with the resolution of the Ordinary General Meeting of Shareholders of 06.01.2021;
- In January 2021, upon maturity, the counter value of the bonds of SIFIBH Retail SA was received, principal in amount of RON 10.7 million and accumulated coupon in amount of RON 0.6 million;
- On 17 February 2021, the sale contract was signed for the package of shares held in Central Cluj. The transaction is due to be completed within maximum 30 months from the signing of the contract. At the date of publication of the financial statements, the Company received an advance of EUR 1.2 million out of the total price of the transaction.