



SIF BANAT-CRIȘANA

SOCIETATE DE INVESTIȚII FINANCIARE

SIF BANAT-CRIȘANA

HALF YEAR REPORT

JANUARY 1 – JUNE 30, 2019

prepared pursuant to ASF Regulation no. 5/2018, Law no. 24/2017,
Regulation no. 15/2004, and ASF Rule no. 39/2015

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

CONTENTS

GENERAL INFORMATION	3
MAIN FINANCIAL AND OPERATIONAL INFORMATION	4
1. ANALYSIS OF THE ACTIVITY OF SIF BANAT-CRIȘANA	5
Net asset value	5
Analysis of the portfolio	5
Portfolio structure	7
Stock portfolio management	7
Acquisitions and disposals of assets	15
2. THE SHARES ISSUED BY SIF BANAT-CRIȘANA	16
3. CORPORATE GOVERNANCE	19
4. FINANCIAL RESULTS AS AT JUNE 30, 2019	31
5. OTHER SIGNIFICANT INFORMATION	35
6. ANNEXES	
Annex 1 Condensed interim financial statements as at June 30, 2019, prepared pursuant to the Financial Supervisory Authority Rule no. 39/2015 for the approval of accounting regulations in accordance with the International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector - unaudited	
Annex 2 Net asset statement as at June 30, 2019, prepared pursuant to Regulation no. 15/2004 (Annex 16)	
Annex 3 Detailed statement of investments as at June 30, 2019, pursuant to Regulation no. 15/2004 (Annex 17)	
Annex 4 Statement of the responsible persons	

GENERAL INFORMATION

CORPORATE NAME	Societatea de Investiții Financiare Banat-Crișana S.A. (hereinafter referred to as "SIF Banat-Crișana" or "the Company")
COMPANY TYPE	<ul style="list-style-type: none"> ▪ closed-end investment company self-managed with diversified investment policy, endorsed by the Financial Supervisory Authority by Endorsement no. 258 / 14.12.2005 ▪ set up as a joint stock company in November 1996 pursuant to Law no. 133/1996 for the transformation of Private Ownership Funds into Financial Investment Companies ▪ Romanian legal entity with private capital
SHARE CAPITAL	<ul style="list-style-type: none"> ▪ RON 51,746,072.40 – subscribed and paid-in capital ▪ 517,460,724 shares issued; 517,371,068 outstanding shares ▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none"> ▪ J02/1898/1992 at Trade Registry of the Arad Court ▪ Unique Registration Code 2761040 ▪ Number in ASF AFIAA Register PJR07.1AFIAA/020007/09.03.2018 ▪ Number in ASF SIIR Register PJR09SIIR/020002/2006 ▪ Legal Entity Identifier (LEI Code) 254900GAQ2XT8DPA7274
MAIN ACTIVITY	<p>Main activity is, as per the classification of economic activities in the national economy (CAEN): financial intermediation, except insurance and pension funding (CAEN code 64), and the main object of activity: Other financial intermediation n.c.a. (CAEN code 6499):</p> <ul style="list-style-type: none"> ▪ carrying out financial investments in order to maximize the value of own shares in accordance with the regulations in force; ▪ management of investment portfolio and exercising all of the rights related to the instruments in which investments are made; ▪ risk management; ▪ other activities auxiliary and associated to the collective investment activity, in accordance with the regulations in force.
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB) – Premium category - ticker SIF1
FINANCIAL AUDITOR	PricewaterhouseCoopers Audit S.R.L for the financial years 2016 – 2018 Deloitte Audit S.R.L. , starting with 2019 financial year
DEPOSITARY BANK	BRD - Groupe Société Générale
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	Arad , 35A Calea Victoriei 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
BRANCH OFFICE	Bucharest 175 Calea Floreasca, 7th floor, room A1, S1, 014459, Bucharest

MAIN FINANCIAL AND OPERATIONAL INFORMATION

MAIN BALANCE SHEET ITEMS [RON mn]			
	30.06.2018	31.12.2018	30.06.2019
Total assets, of which	2,573.26	2,452.94	2,698.89
Total financial assets	2,544.44	2,427.11	2,674.07
Equity	2,398.77	2,321.42	2,553.43
Total current liabilities	16.48	1.62	3.93

FINANCIAL PERFORMANCE [RON mn]			
	30.06.2018	31.12.2018	30.06.2019
Income	80.79	114.88	102.54
Gains on investments	(20.66)	(16.05)	21.03
Expenses	7.83	17.93	8.37
Gross profit	52.31	80.89	115.20
Net profit	50.79	77.19	107.45

FINANCIAL INDICATORS [%]			
	30.06.2018	31.12.2018	30.06.2019
ROE (net profit / equity)	2.12	3.32	4.21
ROA (net profit / total assets)	1.97	3.15	3.98
Gross profit margin (gross profit / total revenues)	50.86	37.49	81.27

PERFORMANCE OF SHARES AND NET ASSET			
	30.06.2018	31.12.2018	30.06.2019
Share price (end of period, RON)	2.5300	2.0400	2.2200
NAV/S* (RON)	4.6035	4.3067	4.8363
Accounting net asset / share (RON)	4.6130	4.4863	4.9345
Nominal value of share (RON)	0.1	0.1	0.1
Number of shares issued	520,000,000	517,460,724	517,460,724
Number of outstanding shares	517,460,724	517,371,068	517,371,068

* calculated acc. to ASF regulations

OPERATIONAL DATA			
	30.06.2018	31.12.2018	30.06.2019
Number of permanent employees, end of period	34	34	34
Branch offices	1	1	1

SHAREHOLDING STRUCTURE as at June 30, 2018		
	number of shareholders	holdings
Romanian individuals	5,750,166	40.34%
Non-resident individuals	2,037	0.34%
Romanian legal entities	150	37.98%
SIF Banat-Crișana (treasury stock) **	1	0.02%
Non-resident legal entities	25	21.33%
TOTAL	5,752,379	100%

** own shares repurchased in 2018

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

1. ANALYSIS OF THE ACTIVITY OF SIF BANAT-CRIȘANA

Analysis of the portfolio

SIF Banat-Crișana's investment strategy aims for the maximizing of portfolio performance, thus increasing the value of the managed assets and the investment income.

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

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

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

SIF Banat-Crișana has under management a complex portfolio, consisting of the following main categories of financial instruments: shares, bonds and fund units. The company applies an exit strategy tailored to the specificity of each investment, defined on the basis of: the applied strategy, investment objectives and the conditions (that trigger) of the exit transaction.

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

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

Net Asset Value

SIF Banat-Crișana's net asset value (NAV), key performance indicator for the activity of the Company, reached **RON 2,502 mn** at the end of the H1 2019, 12% higher as compared to RON 2,228 mn at 2018-year end and 5% up compared to the same period of the previous year. Net asset value per share (NAV/S) was of **RON 4.8363** as at June 30, 2019, as compared to RON 4.3067, the value recorded for 2018-year end, respectively 4.6036 as at June 30, 2018.

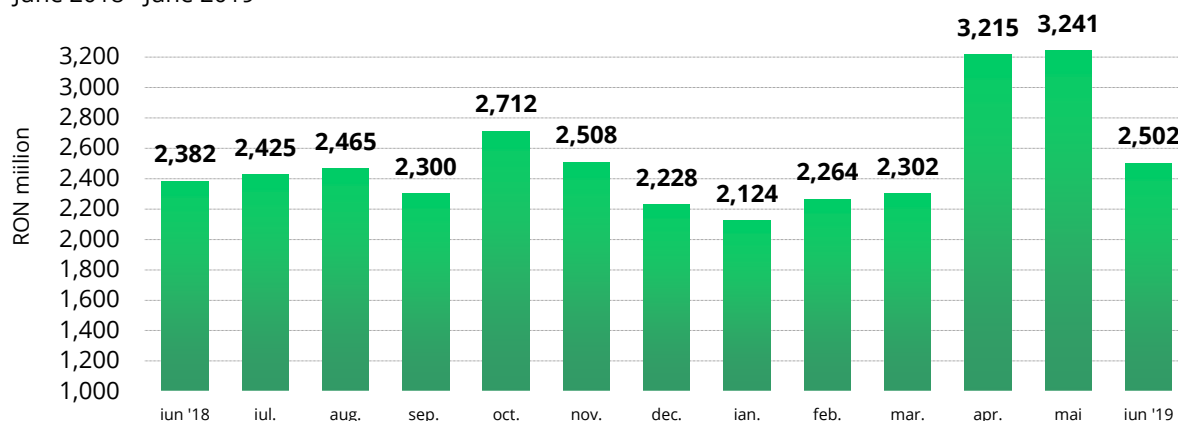
Monthly values for net asset were calculated by SIF Banat-Crișana and certified by BRD Groupe Société Générale. The valuation of assets for the calculation of net asset value of SIF Banat-Crișana was performed pursuant to ASF Regulation no. 9/2014 and ASF Regulation no. 10/2015.

The monthly reports for the net asset value were submitted to the Bucharest Stock Exchange and ASF – Financial Investments and Instruments Sector and published on SIF Banat-Crișana's website **www.sif1.ro** within 15 days from the end of the reporting month, as per the regulations in force.

Net asset statement as at June 30, 2019, prepared pursuant to annex 16 of the Regulation no. 15/2004, is presented as annex to this report.

NET ASSET VALUE

June 2018 - June 2019



The methodology for calculating the net asset value

During H1 2019, the calculation of net asset value was performed under the provisions of art. 113-122 of ASF Regulation no. 9/2014, ASF Regulation no. 10/2015 and ASF Regulation no. 2/2018.

Per these regulations:

- shares and securities referred to in art. 3 par. (1) pt. 26 letter c) from GEO no. 32/2012 admitted to trading and traded in the last 30 trading days on a regulated market or in trading systems other than regulated markets, are evaluated: (i) at the closing price of the market section considered the main market, for the day for which the calculation is made, in the case of shares admitted to trading on the respective regulated market; or (ii) at the reference price for the day for which the calculation is made, in the case of shares traded under trading systems other than regulated markets.
- The securities not admitted to trading on a regulated market or not traded during the last 30 trading days are valued at the accounting (book) value per share recorded in the most recent annual financial statements, or equity value comprised in the monthly reports submitted to BNR (the Romanian central bank) for credit institutions.
- In the case of joint stock companies not admitted to trading on a regulated market or on an alternative system, in which SIF Banat-Crișana holds more than 33% of the share capital, these shares are valued in the net asset of SIF Banat-Crișana exclusively in accordance with international valuation standards based on an evaluation report, updated at least annually. These companies are presented in a separate annex within the Detailed Statement of the Portfolio.
- Fixed income financial instruments are evaluated by the method based on the daily recognition of the interest and the amortization of the discount / premium for the period passed from the date of the placement.
- The shares of companies in insolvency, judicial liquidation or reorganization procedure are evaluated at zero value until the end of the procedure.
- The values of the non-portfolio items considered in the calculation of the net asset are in accordance with the International Financial Reporting Standards ("IFRS").

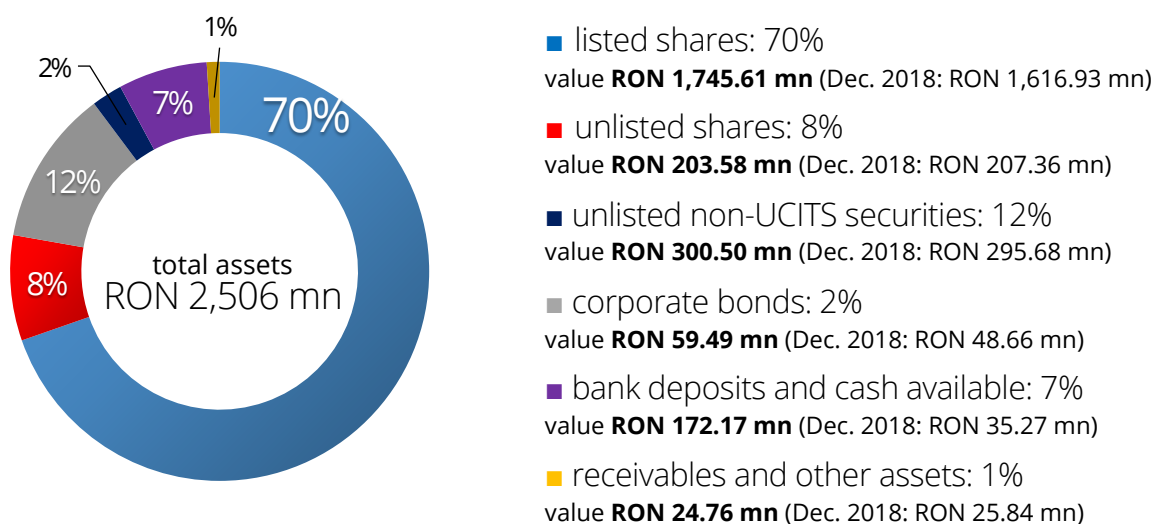
The valuation methods applied by the Company to evaluate the financial assets in the portfolio are presented on Company's website, www.sif1.ro, in the section *Investments > Net Asset > Net asset value calculation methodology*. The changes in valuation policies and methods are communicated to investors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

Portfolio structure

The strategy for asset allocation aims to maximize the performance of the portfolio under the prudential conditions established by the regulations incident to the operation of the Company. The prudential conditions applicable to the investments of the Company are set by Capital Market Law no. 297/2004, amended and supplemented by GEO no. 32/2012, and Regulation no. 15/2004 regarding authorization and operation of asset management companies, collective investment undertakings and depositories.

ASSETS UNDER MANAGEMENT as at June 30, 2019

assets class breakdown (weight in total assets)



values calculated pursuant to the provisions of ASF Regulation no. 9/2014 (art. 113-122) and ASF Regulation no. 10/2015; the amounts for fixed income financial instruments include interest receivables

Total assets value¹ of SIF Banat-Crișana, calculated as per ASF regulations as at June 30, 2019, was of **RON 2,506.12 million**, up 12,39% as compared to the value recorded at the end of 2018, when it reached RON 2,229.80 million. Compared to that date, the value of listed shares rose 7.96%.

The value of the stock portfolio (listed and unlisted shares) accounted for **77.78%** of SIF Banat-Crișana's total assets as at June 30, 2019, amounting to **RON 1,949.19 million**.

The detailed statement of SIF Banat-Crișana's investments as at June 30, 2019, prepared pursuant to Regulation no. 15/2004 (Annex 17), is presented as annex to this report.

Stock portfolio management

At the end of H1 2019, SIF Banat-Crișana held *majority holdings* - over 50% of the issuer's share capital - in 13 companies, with a total value of RON 553.63 million, representing 28.40% of NAV.

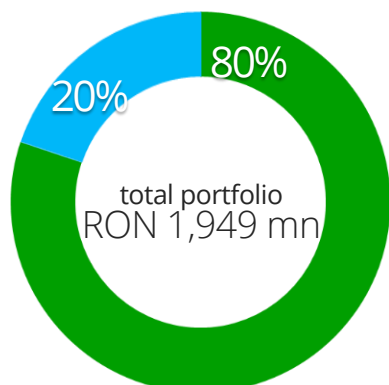
The companies in which SIF Banat-Crișana holds majority stakes and the control are classified as subsidiaries according to the International Financial Reporting Standards.

During H1 2019, the Company re-analysed the criteria regarding the classification as an investment entity and concluded that they are met, except for the subsidiaries that provide investment services (SAI Muntenia Invest SA and Administrare Imobiliare SA). Thus, in accordance with IAS 27 and IFRS 10, the Company measures all its subsidiaries at fair value through profit or loss, except for subsidiaries that provide investment services, which will continue to be consolidated.

¹ calculated pursuant to the provisions of ASF Regulation no. 9/2014 (art. 113-122) and ASF Regulation no. 10/2015

STOCK PORTFOLIO

geographical exposure



■ Romania: 80%

RON 1,561.97 mn (31 dec. 2018: RON 1,383.59 mn) value of holdings in 123 de companies (31 dec. 2018: 128)

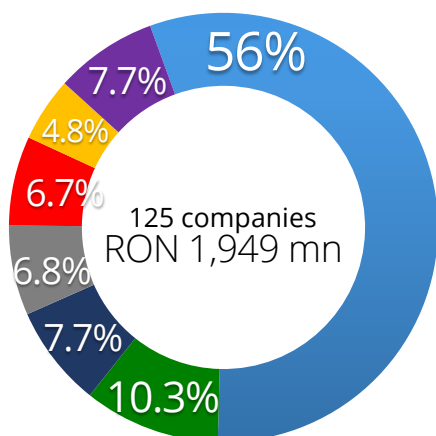
■ foreign: 20%

RON 387.22 mn (31 dec. 2018: RON 440.76 mn) value of holdings in 2 companies (31 dec. 2018: 2): Austria (1 company – Erste Bank), Cyprus (1 company – SIF Imobiliare)

values calculated acc. to ASF Reg. no. 9/2014 (art. 113-122) and ASF Reg. no. 10/2015; percentages in the chart represent the stake of the category in the stock portfolio

STOCK PORTFOLIO

breakdown by sector



■ financial-banking: 56%

stakes in **14** companies worth **RON 1,091.09 mn** (31 Dec. 2018: RON 1,036.42 mn)

■ commerce – real-estate: 10.3%

stakes in **13** companies worth **RON 200.27 mn** (31 Dec. 2018: RON 241.22 mn)

■ energy - utilities: 7.7%

Stakes in **11** companies worth **RON 149.63 mn** (31 Dec. 2018: RON 128.47 mn)

■ cardboard and paper: 6.8%

stakes in **5** companies worth **RON 132 mn** (31 Dec. 2018: RON 150.41 mn)

■ pharma: 6.7%

stakes in **2** companies worth **RON 131.28 mn** (31 Dec. 2018: 81.27 mn)

■ tourism and public-food services: 4.8%

stakes in **4** companies worth **RON 94.37 mn** (31 Dec. 2018: RON 72.44 mn)

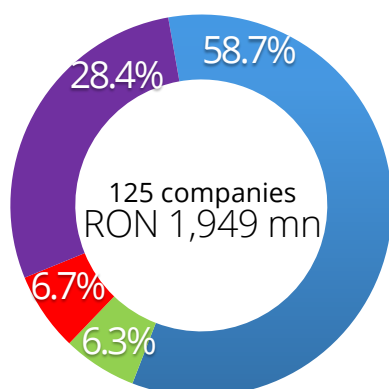
■ other industries: 7.7%

stakes in **76** companies worth **RON 150.54 mn** (31 Dec. 2018: RON 114.14 m)

values calculated acc. to ASF Reg. no. 9/2014 (art. 113-122) and ASF Reg. no. 10/2015; percentages in the chart represent the stake of the category in the stock portfolio

STOCK PORTFOLIO

breakdown by stake held



■ up to 5%

stakes **up to 5%** in **44** companies
worth **RON 1,143.25 mn** (31 Dec. 2018: RON 1,079.88 mn)

■ 5-33%

stakes **between 5 and 33%** in **65** companies
worth **RON 122.40 mn** (31 Dec. 2018: RON 213.99 mn)

■ 33-50%

stakes **between 33 and 50%** in **3** companies
worth **RON 129.91 mn** (31 Dec. 2018: RON 5.54 mn)

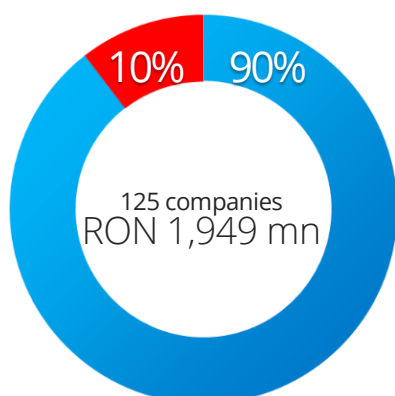
■ above 50%

majority stakes, above 50%, in **13** companies
worth **RON 553.63 mn** (31 Dec. 2018: RON 524.96 mn)

values calculated acc. to ASF Reg. no. 9/2014 (art. 113-122) and ASF Reg. no. 10/2015; percentages in the chart represent the stake of the category in the stock portfolio

STOCK PORTFOLIO

on liquidity



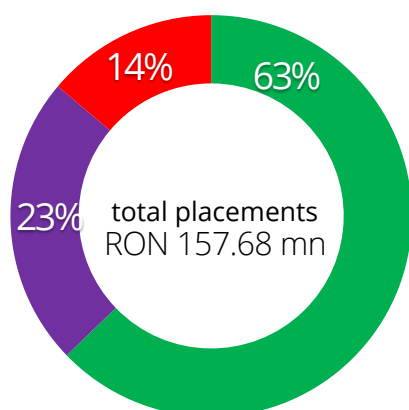
■ listed companies: 90%

RON 1,745.61 mn (31 Dec. 2018: RON 1,616.96 mn) value of stakes held in 46 companies (31 Dec. 2018: 47)

■ unlisted companies: 10%

RON 203.58 mn (31 Dec. 2018: RON 207.39 mn) value of stakes held in 79 companies (31 Dec. 2018: 83)

values calculated acc. to ASF Reg. no. 9/2014 (art. 113-122) and ASF Reg. no. 10/2015; percentages in the chart represent the stake of the category in the stock portfolio

PORTFOLIO OF FIXED INCOME FINANCIAL INSTRUMENTS

■ bank deposits in RON

RON 99 mn (31 Dec. 2018: RON 21.50 mn)

■ corporate bonds in RON

RON 36.87 mn (31 Dec. 2018: RON 36.87 mn)

■ corporate bonds in EUR

equivalent of **RON 21.81 mn** (31 Dec. 2018: RON 11.22)

values calculated as at 30.06.2019 pursuant to ASF Reg. no 9/2014 and no. 10/2015; weight in portfolio of fixed income financial instruments, amounts do not include interest receivables

Presentation of the largest holdings in the portfolio

TOP 10 COMPANIES IN SIF BANAT-CRIȘANA PORTFOLIO as at June 30, 2019

Emitent	Domeniu de activitate	Value of holding* June 30, 2019 [RON]	% of NAV
1 Banca Transilvania	banking - financial	520,985,251	20.82%
2 Erste Group Bank AG	banking - financial	223,330,044	8.93%
3 BRD - Groupe Soci�t� G�n�rale	banking - financial	172,099,882	6.88%
4 SIF Imobiliare Plc	financial services applicable to real estate	163,889,591	6.55%
5 Vrancart	cardboard and paper	127,004,233	5.08%
6 Biofarm	pharmaceuticals	124,199,129	4.96%
7 SIF Moldova	other financial intermediations	67,111,151	2.68%
8 SNGN Romgaz	energy – utilities	50,607,677	2.02%
9 SAI Muntenia Invest	other financial intermediations	48,758,246	1.95%
10 CONPET	energy – utilities	44,906,652	1.79%
TOTAL		1,542,891,857	61.66%

* calculated pursuant to ASF Reg. no 9/2014 and ASF Reg. no 10/2015

1. BANCA TRANSILVANIA

Results of the bank (RON mn)	Q1 2019	Q1 2018	Δ
NII	749.4	543.3	37.9%
Net fee and commission income	186.7	163.2	14.4%
Other operational revenues	52.7	93.7	-43.8%
Net banking income	988.8	800.2	23.6%
Operating expenses	490.1	386.0	27.0%
CoR	+106.1	+50.9	
Net result (a.m.)	507.5	389.0	+30.5%
ROE	24.8 %		
Loans/Deposits	59.1 %		
NIM	3.87 %		
Cost/Income	49.6 %		
NPL (EBA)	4.9 %		

As at June 30, 2019, SIF Banat-Crișana held a stake of 4.52% of Banca Transilvania's share capital.

Gross profit at group level in Q1 2018 of RON 507.5m (+ 30.5% yoy), incomparable yoy as a result of the completion of the merger with BancPost in 2018, in the context of a positive contribution of the risk cost of RON 106.1mn and the non-recognition of the cost with the tax on bank assets according to GEO 19/2019, a tax that will be recognized in the financial statements at 31.12.2019 and which is estimated by the management to be in total value of RON 136 mn.

Total assets of the group assets reached RON 75.9 bn on March 2019, up 2.35% QoQ.

NPL rate, as per EBA, is of 4.9%, a coverage level with provisions of 94% (and of 134% considering the guarantees).

CAR level stood to a comfortable 18.67% rate without the Q1 2019 result (above the minimum of 14% indicated in the dividend policy), respectively 19.67% including the quarterly profit.

Banca Transilvania, market symbol TLV and ISIN ROTLVAACNOR1, is listed on the Bucharest Stock Exchange and is traded on the Main segment, the Premium category.

2. ERSTE GROUP BANK AG

Results at group level (EUR mn)	Q1 2019	Q1 2018	Δ
NII	1,160.9	1,082.6	7.2%
Net fee and commission income	487.7	478.6	1.9%
Net income from transactions	153.3	11.3	1257%
Operational result	656.0	590.2	11.1%
Operating income	1,771.7	1,655.1	7.0%
Operating expenses	-1,115.6	-1,065.0	4.8%
CoR	35.8	54.4	
Net result (a.m.)	377.0	336.1	+12.2%
CET1	13.2 %		
ROE	11.1 %		
Loans/Deposits	91.4 %		
NIM	2.18 %		
Cost/Income	60.0 %		
NPL	3.0 %		

As at June 30, 2019, SIF Banat-Crișana held a stake of 0.34% of Erste Bank's share capital.

The Group recorded a in Q1 2019 a net profit of EUR 377 mn, + 12.2% YoY. At operational level, net interest income increased YoY by 7.2% to EUR 1,160.9 mn, and fees and commissions income by 1.9% to 487.7 mn.

General and administrative expenses increased by 4.8%, having a lower progress than the revenues.

NPL level continued its descent, from 3.2% in 2018 to 3%, the coverage being of 74.2% (vs. 73% YoY).

Erste Group Bank AG shares, market symbol EBS, are listed on the stock exchanges in Vienna, Prague and Bucharest.

3. BRD - GROUPE SOCIÉTÉ GÉNÉRALE

Results at group level (RON mn)	Q1 2019	Q1 2018	Δ
NII	513.5	465.5	10.3%
Net fee and commission income	184.4	184.1	0.2%
Net income from transactions	76.4	67.5	13.1%
Net banking income	784.3	724.2	8.3%
Operating expenses	442.1	385.0	14.9%
CoR	+25.9	+152.8	
Net result (a.m.)	297.7	411.3	-27.6%
ROE	15.4 %		
Loans/Deposits	65.4 %		
Cost/Income	56.6 %		
NPL	4.0 %		

As at June 30, 2019, SIF Banat-Crișana owns 1.95% of the share capital of BRD-Groupe Société Générale.

BRD Group posted a quarterly net profit of RON 298 mn, 27.6% lower yoy, due to a much smaller positive impact of the risk cost, respectively of RON 26 mn vs. RON 153 mn in 1Q 2018.

Operating costs increased at a higher rate than revenues (14.9% vs. 8.3%), and costs with contributions to the guarantee and resolution funds doubled in 2019 vs 2018 (RON 72 mn vs RON 35 mn). Personnel expenses rose by 8.6% and, on the revenue side, only the net interest income increased by 10.3%, while the expenses of expenses and commissions stood at the same level.

BRD-Groupe Société Générale, market symbol BRD and ISIN ROBRDBACNOR2, is listed on the BVV/BSE, traded in the Main segment, the Premium category.

4. SIF IMOBILIARE PLC

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

* published consolidated financial statements

SIF Imobiliare Plc is an important company in SIF Banat-Crișana's portfolio, the stake of 99.99% of its social capital weights 7.23% in SIF Banat-Crișana's net asset value. The company SIF Imobiliare Plc is listed on the Bucharest Stock Exchange since December 23, 2013, its securities are traded on AeRo segment, under the symbol SIFI (ISIN: CY0104062217). The independent auditor of SIF Imobiliare Plc is Evoserve Auditors Limited incorporated in Cyprus.

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

The holding SIF Imobiliare Plc has optimized its activity by restructuring the management and the activities of the companies held in the portfolio. Thus, it was implemented a resource planning system - ERP Atlantis at companies' level, the integration of all internal information at subsidiaries level into a single platform, aiming to ensure data transparency within the group and facilitate decision-making process to improve the efficiency and effectiveness of the business.

The analyses of business opportunities were carried on, aiming to improve the performance of SIFI's global portfolio, as well as rationalization and review of operational processes at affiliates level, to increase their efficiency, and achieving a quantum leap on performance measures such as return of investments, cost reduction and improving the quality of services.

In 2016, SIF Imobiliare Plc increased its social capital by EUR 2.99 mn in cash by shareholders' contribution, for the development of activity with investments in agriculture. Also that year, SIF Imobiliare Plc participated in the establishment of a new trading company that entered into its portfolio: SIFI Properties (99.9%) having as object of activity real-estate development (promotion) (CAEN code 4110). In the same year, the portfolio restructuring process was continued, by starting two merger projects, namely SIFI B One (absorbent), to merge with SIFI CS Retail SA, Urban SA and Agrorent SA as absorbed companies and the second merger project Cora SA (absorbent) with Central SA (absorbed).

In 2017, the two merging projects aforementioned were completed. In 2018, the analysis of business opportunities was further carried on, with the aim of improving the performance of the global portfolio of SIF Imobiliare Plc, as well as rationalizing and revising the operational processes at the level of the affiliates, in order to increase their efficiency, as well as to make a quantitative leap in the performance measures, such as return on investment, cost reduction and improved service quality.

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

5. VRANCART S.A. ADJUD

	2016	2017	2018	Q1 2019
Turnover [RON mn]	232.3	325.0	355.4	90.0
Operating profit [RON mn]	24.2	30.1	23.5	7.2
Net profit [RON mn]	20.5	25.4	16.8	5.3
Dividends [RON mn]	14.0	11.3	9.8	-

*consolidated statements; source: Company report submitted to BVB

SIF Banat-Crișana owns 75.06% of the share capital of Vrancart SA as at June 30, 2019. Vrancart group also comprises Rom Paper Brașov (100%).

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

For Q1 2019, according to Company's report, the turnover increased by + 2%. Under these conditions, the operating profit for the period was of RON 7.2 mn, an increase of 54% compared to the one achieved in the same period of the previous year. The net profit for Q1 2019 was of RON 5.3 mn, up 5% compared to the corresponding period of 2018.

Vrancart SA, symbol VNC, is listed on BVB since July 15, 2005, currently traded in Main segment, Standard category.

6. BIOFARM

	2016	2017	2018	Q1 2019*
Turnover [RON mn]	152.1	170.2	184.2	48.6
Operating profit [RON mn]	35.0	43.0	46.2	20.4
Net profit [RON mn]	29.5	36.0	38.4	16.2
Dividends [RON mn]	16.7	18.7	9.8	-

* source: Company report submitted to BVB

During H1 2019, SIF Banat-Crișana purchased 133,270,532 shares, thus as at June 30, 2019, SIF Banat-Crișana holds a stake of 36.75% of the share capital of Biofarm.

With a tradition of over 97 years in the Romanian pharmaceutical industry, BIOFARM has a portfolio of over 200 products covering 61 therapeutic areas, being the market leader on 10 of them.

In Q1 2019, turnover rose +12% and net profit recorded +36.5% upsurge.

Biofarm, market symbol BIO, is listed on BVB since November 19, 1996, currently traded in Main segment, Premium category.

7. SIF MOLDOVA

	2016	2017	2018	Q1 2019*
Net profit [RON mn]	123.3	164.7	50.1	1.7
Dividends [RON mn]	45.6	49.8	30.2	-

* source: Company report submitted to BVB

SIF Banat-Crișana held, as at June 30, 2018, a stake of 4.99% of SIF Moldova's share capital.

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

The company carried out during 18.06 – 01.07.2019 a public tender offer for the purchase of 12,700,000 own shares at a price of RON 1.85 / share, for the purpose of reducing the share capital.

SIF Moldova, ticker SIF2, is listed on BVB since November 1, 1999, traded currently in Main segment, Premium category.

8. SNGN ROMGAZ S.A.

	2016	2017	2018	Q1 2019*
Turnover [RON mn]	3,411.9	4,585.2	5,004.2	1,713.1
Operating profit [RON mn]	1,258.7	2,115.9	1,531.9	630.8
Net profit [RON mn]	1,024.6	1,802.2	1,366.2	541.9
Dividends [RON mn]	2,220.3	2,640.1	1,607.2	

* financial statements for Q1 2019, source: Company report submitted to BVB

As at June 30, 2019, SIF Banat-Crișana holds a stake of 0.41% of the share capital of SNGN Romgaz.

With more than 6,000 employees, Romgaz is the largest natural gas producer and supplier in Romania, with a market share of over 42% of total domestic consumption of natural gas in 2018, respectively owns over 90% of Romania's underground storage capacities. Romgaz records annual revenues of over RON 4 bn, with an average net return of over 30% - 45%. Romgaz's main business segments are: exploration, production and supply of natural gas, underground storage of natural gas, and electricity production.

The management of the company, by improving the sales structure on the two market segments, and by a strict management of the deposit and natural gas portfolio, has managed to achieve a higher return on operating profitability over the past years.

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

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

9. SAI MUNTENIA INVEST

	2016	2017	2018
Operating revenues [RON mn]	17.8	18.7	17.4
Operating profit [RON mn]	8.6	9.0	7.5
Net profit [RON mn]	7.5	7.7	6.7

The company was established in 1997 and SIF Banat-Crișana owns, as at 31.12.2018, 99.98% of the share capital of SAI Muntenia

SAI Muntenia Invest SA is a management company for investment funds, having under management SIF Muntenia and FDI Plus Invest.

10. CONPET

	2016	2017	2018	Q1 2019*
Turnover [RON mn]	381.6	376.7	385.1	98.8
Operating profit [RON mn]	80.3	83.1	66.2	15.4
Net profit [RON mn]	71.5	74.4	60.7	14.4
Dividends [RON mn]	228.6	69.6	64.7	-

* financial statements for Q1 2019, source: Company report submitted to BVB

As at June 30, 2019, SIF Banat-Crișana holds a stake of 6.5% in the share capital of Conpet.

Conpet (COTE) is the national transporter of oil and its derivatives via pipelines and railways. With nearly 1,700 employees, the company operates a network of over 3,800 km of pipelines under a concession agreement with ANRM. The company's main clients are OMV Petrom and Lukoil. Established more than 110 years ago, activating under various names and organizational forms, CONPET S.A. continues the activity of the first crude oil transporter in Romania.

The operating revenues increased in Q1 2019 compared to the same period of the previous year while the operating expenses followed a similar trend. On the one hand, the increase in personnel expenses, on the other hand the increase in energy and the increase in gas prices were the

determining factors that impacted the company's recent results. The net result for the first 3 months of 2019 slightly exceeds the budgeted values as well as the results obtained during the similar period of the previous year. The company has a stable, solid patrimonial structure.

The majority shareholder of the company is the Romanian State through the Ministry of Energy, with a holding of 58.72%. The daily average liquidity of the issuer on BVB/BSE is of RON 0.5 mn, with a maximum volatility limit of +/- 15%.

CONPET, market symbol COTE, is listed on BVB/BSE, currently being traded on the Main segment, Premium category. The Issuer is included in 7 BVB indices.

Acquisitions and disposals of assets

During H1 2019, the following purchases of financial assets were made:

- acquisitions of listed shares, amounting to RON 49,560,642, of which in subsidiaries RON 1,503 (Uniteh) and associated entities RON 44,423,496 lei (Biofarm);
- fund units of Optim Invest Closed Fund, amounting to RON 8,499,912 lei;
- corporate bonds (SIFI BH Retail SA), amounting to RON 70,713,000 (RON equivalent of EUR 15,000,000 at the date of acquisition).

Assets disposed during H1 2019 include:

- sales of shares listed on foreign markets in a total amount of RON 93,881,872, with a gain of RON 50,222,166;
- sales of listed and unlisted shares on the domestic markets in a total amount of RON 9,450,445, with a gain of RON 2,593,696;
- early redemption of 6,400 SIFI BH Retail SA bonds, amounting to 12,800,000 euros (equivalent to RON 60,962,560 at the exchange rate of the redemption date), with an accrued interest of 248,285 euro (equivalent to RON 1,182,507 at the exchange rate on the date of redemption);
- partial redemptions of fund units, with a total redemption value of RON 20,668,827, with RON 787,121 below the fair value as of December 31, 2018.

2. THE SHARES ISSUED BY BANAT-CRIȘANA

CHARACTERISTICS OF THE SHARES ISSUED BY SIF BANAT-CRIȘANA

Total number of issued shares (June 30, 2019)	517,460,724
Outstanding shares (June 30, 2019)	517,371,068
Nominal value	RON 0.1000 / share
Type of shares	common, ordinary, registered, dematerialized, indivisible
Trading market	Regulated spot market of Bucharest Stock Exchange (BVB or BSE), Premium category, listed since November 1, 1999
BVB (BSE) symbol (ticker)	SIF1
Bloomberg BBGID	BBG000BMN388
ISIN	ROSIFAACNOR2
Part of indices	BVB (BSE) indices: BET-XT, BET-FI, BET-BK and BET-XT-TR

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

Pursuant to art. 286¹ par. (1) of Capital Market Law no. 297/2004, as amended by Law no. 11/2012, any person may acquire under any title or may hold, alone or together with the persons acting in concert with such person, shares issued by the Company, but not more than 5% of the share capital. The voting right is suspended for the shares held by shareholders that exceed this limit, pursuant to art. 286¹ par. (2) of Law no. 297/2004 and CNVM/ASF Instruction no. 6/2012 issued in application of art. 286¹ of Law no. 297/2004.

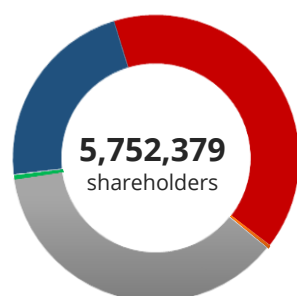
Since its set-up, SIF Banat-Crișana has not issued bonds or other debt instruments.

At the date of this report, SIF Banat-Crișana holds 89,656 own shares, purchased in October 2018 in the buyback program approved by EGM Resolution no. 2 art. 2 of April 26, 2018.

As at June 30, 2019, SIF Banat-Crișana has 5,752,379 shareholders, according to the data reported by Depozitarul Central SA Bucharest, the company that keeps the shareholders registry.

SHAREHOLDERS' STRUCTURE

as per holdings, as at June 30, 2019



■ 40.34%
Romanian individuals
(5,750,166 shareholders)

■ 0.34%
non-resident individuals
(2,037 shareholders)

■ 37.98%
Romanian legal entities
(150 shareholders)

■ 21.33%
non-resident legal entities
(25 shareholders)

■ 0.02%
treasury stock
(following the acquisitions
made in October 2018, the
company holds 89,656 own
shares)

PROGRESS OF DIVIDEND DISTRIBUTION

	2016*	2017*	2018*
Net profit (RON mn)	81.36	69.55	77.19
No. of shares	548,849,268	520,000,000	517,460,724
Gross dividend payable * (RON mn)	-	-	-
Net dividend payable (RON mn)	-	-	-
Gross dividend per share (RON)	-	-	-
Dividend payout ratio	-	-	-

*2016, 2017 and 2018 with no dividend distribution, according to GMS decision of April 20, 2017, April 26, 2018, and April 22, 2019

SIF1 shares on Bucharest Stock Exchange (BVB/BSE)

The liquidity of the SIF1 title was higher compared to the similar period of 2018, in H1 2019, a number of 17,824,557 shares were traded, representing 3.445% of the total shares issued, worth of RON 38,662,270.

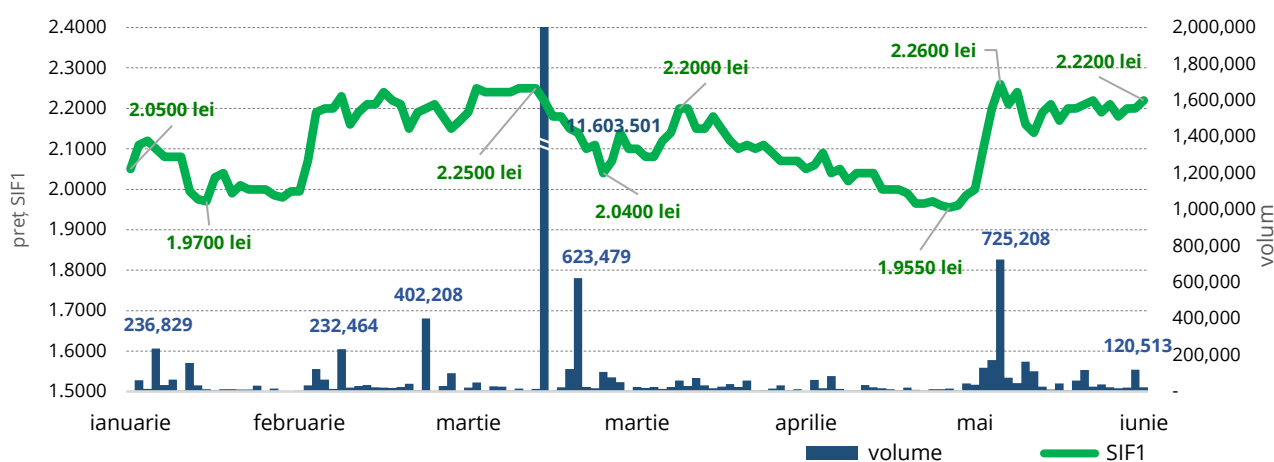
On the "DEAL" market there were 3 transactions, a total of 6,884,294 shares were transferred, totalling RON 14.09 million.

In the first half of 2019, the price of SIF1 shares was between RON 1.9500 and RON 2.2500, up YTD by 8%. Compared to the constantly increasing trend of the BET-FI index whose component it is, the SIF1 movement was characterized by wide positive price changes at the beginning of February and the end of May, of the 122 trading days, 50 days had with positive changes (a maximum of +5.8% on February 5) and 45 days with negative variations (a minimum of -4.09% on January 14)

The highest price SIF1 title was traded in H1 2019 was of RON 2,2700 per share, in the trading session of March 4, and the lowest price was of RON 1,8150 per share, during the trading session of January 15, the spread between the highest and lowest prices of the period was of 16%. The average price of the period was of RON 2,1690 per share.

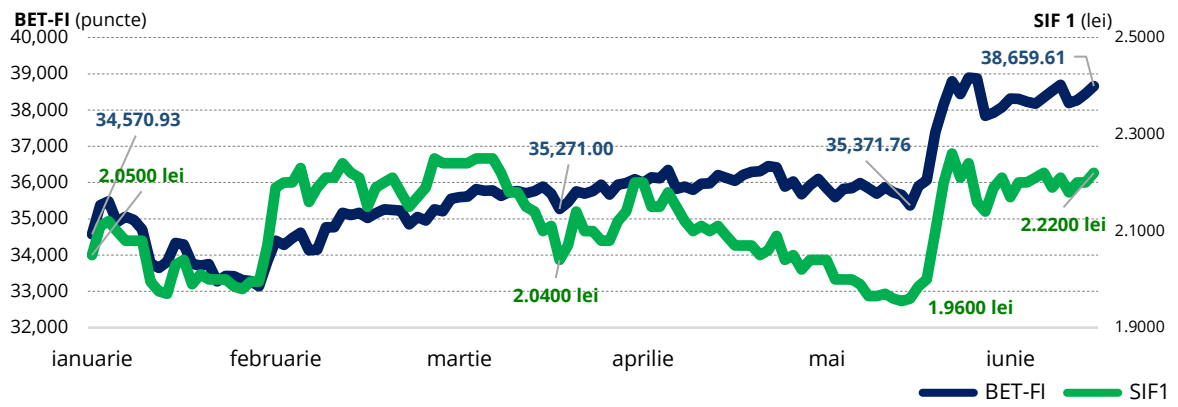
On June 28, 2019 (the last trading day of H1 2019), the market capitalization for the SIF1 title, calculated at the closing price, was of RON 1,148.76 million (RON 1,148.56 million for the outstanding shares).

SIF1 PRICE AND VOLUME IN H1 2019



highlighted values were recorded at the closing of trading day

SIF1 vs BET-FI PERFORMANCE IN H1 2019



highlighted values were recorded at the closing of trading day

3. CORPORATE GOVERNANCE

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

During H1 2019, the Board of Directors approved the revision of the Corporate Governance Regulation of SIF Banat-Crișana, the document is available for consultation on the company's website at www.sif1.ro, in the *Corporate Governance* section.

The status of compliance with the provisions of the Corporate Governance Code issued by Bucharest Stock Exchange Code was presented in the Board of Directors' annual report for 2018, available on company's website, in *Corporate Governance* section.

By Regulation no. 2/2016, the Financial Supervisory Authority (ASF) settled the unitary regulatory framework for the implementation of corporate governance principles to entities authorized, regulated and supervised by ASF. SIF Banat-Crișana's statement on the application of corporate governance principles, prepared pursuant to the annex of the Regulation no. 2/2016, was presented in the Board of Directors' annual report for 2018, the document is available on company's website, in *Corporate Governance* section.

Administration and management of the Company

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

The Board of Directors

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

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

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

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

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

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

During January 1 - June 30, 2019, the Company was administered by a Board of Directors (administrators) composed of five members: Mr. Bogdan Alexandru DRĂGOI - Chairman and CEO, Mr. Radu Răzvan STRĂUȚ - Vice Chairman, Mr. Sorin MARICA - Member, Mr. Marcel Heinz PFISTER - member and Mr. Ionel Marian CIUCIOI - member.

The activity of the Board of Directors during H1 2019

During H1 2019, the Board of Directors of SIF Banat-Crișana met in 33 sessions, pursuant to the statutory provisions.

The presence of Board members at meetings held during H1 2018 was in accordance with the legal provisions. The Chairman of the Board chaired all the meetings.

During H1 2019, the Board of Directors issued a total of 77 resolutions concerning the current activity of the company. All decisions were taken by the vote "for" of the majority of those present.

Of the 77 resolutions issued by the Board of Directors during the period under review 40 resolutions had well defined objective, requiring its fulfilment and 37 were resolutions for the approval of procedures, mandatory reports and activity reports.

The Audit Committee

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

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

As at June 30, 2019, the composition of the Audit Committee was as follows: Mr. Marcel PFISTER – chairman of the committee, Mr. Sorin MARICA – member, and Mr. Ionel Marian CIUCIOI - member.

The members of the Audit Committee have the experience corresponding to their specific tasks within this committee.

During H1 2019, the Audit Committee met in 7 sessions.

These meetings were held for the monitoring of the financial reporting process, namely the annual financial statements prepared pursuant to the International Financial Reporting Standards (IFRS) approved by ASF Rule no. 39/2015 and the annual consolidated financial statements; monitoring condensed interim accounting quarterly reporting; approval the 2019 plan for the internal audit; selection of the financial auditor; the analysis of the offers received and expressing the justified preference for the auditor subject to the approval of the GMS; preparation of the activity report of the Audit Committee for 2018 and submitting it to ASF.

The Nomination and Remuneration Committee

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

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

As at June 20, 2019, the composition of NRC was the following: Mr. Sorin MARICA – Chairman of the Committee, Mr. Marcel PFISTER – member and Mr. Ionel Marian CIUCIOI – member.

During H1 2019, the Nomination and Remuneration Committee submitted the reports to the Board of Directors based on which recommended to the Board of Directors to amend the Stock Option Plan and the Stock Based Payment Agreement model so that the exercise of the right to receive free shares can be done after 15 months from the signature of the Payment Agreement concluded between the Company and the Beneficiary, but no more than 17 months from the date of signing the agreement; recommended to the Board of Directors the administration to propose to the ordinary general meeting of the shareholders of SIF Banat-Crișana, convened for April 22 (23), 2019: (a) to approve the maintenance of the remuneration due to the members of the Board of Directors for the current financial year at the amount of RON 10,000 net per month, approved by the Resolution of the OGM of April 26, 2016 and (2) approval of the general limits of all the additional remuneration of the members of the Board of Directors and of the general limits of the directors' remuneration at 0.42% of the average annual net asset value; ascertained that the members of the management structure, the persons holding key positions and the compliance officer possess the knowledge, skills and professional experience and comply with the requirements of reputation, honesty, integrity and governance provided by the ASF Regulation no. 1/2009 and the internal regulations of the company, necessary to fulfil the specific duties of the functions they hold.

The executive leadership

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

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

During H1 2019 no changes occurred in the composition of executive team.

As at June 30, 2019, the composition of the executive team of SIF Banat-Crișana is the following: Mr. Bogdan-Alexandru Drăgoi – Chairman - CEO; Mr. Radu Răzvan Străuț – Vice-Chairman, Deputy General Director; Mr. Teodora Sferdian - Deputy General Director; Mr. Laurențiu Riviș - Director.

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

Risk management system

SIF Banat-Crișana acknowledges its exposure to risks resulting from daily operations and those from the pursuit of achieving its strategic objectives. In view of these, SIF Banat-Crișana's policy on the management of significant risks provides a framework for identifying, assessing, monitoring and controlling these risks in order to maintain them at acceptable levels, based on the Company's risk appetite and its ability to cover, absorb or mitigate these risks.

Through its risk management system SIF Banat-Crișana assigns a central role to the *risk management function, policies and procedures* related to the management of significant and relevant risks for the investment strategy, *the measures, processes and techniques* related to the measurement and the management of the risks the Company relies on for portfolio it manages.

The permanent risk management function has a key role in defining the risk policy, monitoring and measuring risks, ensuring ongoing compliance of the level of risk with the Company's risk profile assumed by the Board of Directors. The person in charge of the administration has access to all relevant information and provides up-to-date information on the basis of which prompt remedial actions could be taken, if necessary.

By Authorization no. 79/09.03.2018, Mrs. Adina Eleonora Hodăjeu has been endorsed by ASF as responsible person for risk management in SIF Banat-Crișana, registered in ASF Registry with number PFR13.2FARA / 020053.

The policy on the management of significant risks of SIF Banat-Crișana comprises all the elements necessary for the operations of risk management related to each investment position in terms of their proper identification, assessment, management and monitoring, including the use of appropriate crisis simulation procedures. The company has implemented a documented pre-investment verification procedure, which monitors whether the investment / disinvestment process is conducted in accordance with the investment strategy, objectives and risk profile assumed.

Risk profile and risk limits

The main risks for the Company

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

The significant risks to which SIF Banat-Crișana is or may be exposed are the following:

1. *Market risk* comprises the sub-categories: price / position risk, interest rate risk, foreign exchange risk and concentration risk.
2. *Liquidity risk*.
3. *Credit and counterparty risk*.
4. *Operational risk* includes the sub-categories: risk related to technical resources / IT systems, professional risk, model / process risk, risk associated with outsourced activities.
5. *Other risks* include sub-categories: reputational risk, strategic risk, regulatory risk, tax-related risk, business-related risk.

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

The statement on risk appetite is a formal articulation of the Company's willingness to accept risk. The risk appetite of the company is clearly connected to the general business strategy and the business plan.

Given the level of risk from the Company's existing portfolio (in particular as a result of the investment risk materialization), the general strategic objectives defined by a diversified and active investment policy at the level of the managed portfolio, market conditions (turbulent economic environment) such as and the result of the stress test conducted in 2018 can quantify the evolution of the total assets managed by SIF Banat-Crișana at the level of the **volatility indicator**.

Total Asset Volatility encompasses the value increases and decreases previously recorded by the assets under management, the indicator describes the relationship between the potential of increasing the value of the asset and the risk of decreasing with the same value, under the influence of changes recorded by the prices of all financial instruments in the portfolio and of the exchange rates fluctuations.

The company uses the annualized volatility indicator as a warning indicator designed to notify the occurrence of risks and lead to further evaluating them.

For this risk indicator, the following ranges of values corresponding to the low, medium and high tolerance levels are used, respectively the tolerance limit up to which SIF Banat-Crișana is willing to accept the risk:

Name of risk indicator	Tolerance limits			Risk tolerance	Risk appetite
	Low	Medium	High		
Annualized volatility	<10%	10% - 20%	>20%	Max. 20%	medium

The tolerance limits to which the warning indicator relates have the following meanings:

- **Low** - Small changes in the value of assets under normal market conditions, new, slightly volatile investments and developed risk management practices (optimal portfolio diversification). The company may record low decreases in the value of assets.
- **Medium** - Changes in the value of assets under normal market conditions, volatile investments and satisfactory risk management practices through portfolio diversification. The company may record moderate decreases in the value of assets.
- **High** - High changes in asset value, highly volatile investments and inadequate risk management practices. The company may record great decreases in the value of assets.

The risk profile has the role of determining the size of each significant risk and the overall risk level, based on relevant, qualitative and quantitative indicators. It is annually assessed and monitored in relation to the objectives for the level of risk set.

The Board of Directors approved the classification of the Company's overall risk at a MEDIUM level in 2019, corresponding to an average risk appetite.

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

During H1 2019 there were not noticed exceedances of the risk limits at the level of the overall risk profile.

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

The risk of exceeding the legal limits of prudential holdings

The investment policy of SIF Banat-Crișana is subordinated to the limits imposed by the ASF regulations. At present, the company has a *diversified investment policy* characteristic to Other Collective Investment Organizations (AOPC, or non-UCITS) in accordance with the provisions of CNVM Regulation no. 15/2004, which allow that the portfolio of assets to be classified in the **MEDIUM RISK** category.

During H1 2019, SIF Banat-Crișana's portfolio of assets fell within the holding limits specified in the ASF / CNVM Regulation no. 15/2004.

Leverage

Leverage means any method by which the Company increases the exposure of the portfolio it manages either by borrowing cash or securities, or by derivative financial positions or by any other means. The leverage effect is expressed as the ratio between the global exposure of the portfolio of financial instruments (calculated by both the gross method and the commitment method) and the value of the net asset.

The leverage indicator on June 28, 2019, by the gross method is 96.14% (excluding cash and cash equivalents as per the requirements of AFIA regulations) and by the commitment method is of 100%.

SIF Banat Crișana's policy is not to actively use leverage in the portfolio management process, or to use methods to increase portfolio exposure.

No financial instrument financing operations (SFTs) were carried out by SIF Banat-Crișana during H1

2019 and the Company performed no transaction of *total return swap* type, as defined by EU Regulation 2365/2015.

Crisis simulations

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

In 2019, the Risk Management department will perform a crisis simulation for exceptional circumstances in the second half of the year, according to the Annual Plan on risk management activity, with the prior approval of the methodology by the Board of Directors and complying to the approved working procedures.

Compliance

SIF Banat-Crișana has implemented in its functional structure and permanently and operationally maintains the function of compliance checking, that is carried out independently of other activities. The Compliance Office is subordinated to the Board of Directors and has as main responsibilities:

- regularly monitoring and evaluating the effectiveness and adequacy of the implementation of the control measures and procedures established, as well as the measures available to resolve any situations of non-fulfilment of the company's requirements;
- providing consultancy and assistance to the relevant persons responsible for carrying out the services and activities to comply with the requirements imposed on the company in accordance with the legal provisions and regulations of the Financial Supervisory Authority.

The activity of the Compartment for internal control / compliance was carried out during H1 2019 pursuant to the Plan for Investigation and control for the year 2019 approved by the Board of Directors of SIF Banat-Crișana, of the ASF regulations, the work procedures and internal regulations.

Lines of action considered were: controlling the compliance with the applicable regulations specific for the capital market and / or internal procedures, providing information for the company and its personnel on legal requirements on the capital market, endorsement of documents submitted by SIF Banat-Crișana to ASF to obtain the authorizations provided by ASF regulations, endorsement of the reports submitted to capital market entities and ASF, endorsement of informative materials and advertisements issued by the company, other activities regarding the compliance of the company and employees with the legislation in force for the capital market and the internal regulations.

During the control/compliance checking activity conducted in H1 2019, the following issues were addressed:

- compliance with the legal provisions and the working procedures regarding the *protection of individuals with regard to the processing of personal data*;
- compliance with the capital market legislation and working procedures in the activities for preparing and transmitting the list of persons with access to inside information; in the redaction, transmittal and publication of mandatory reports, of requests for ASF endorsements;

The actions of control ascertained the compliance with current legislation, regulations and internal procedures for the controlled operations. Following the control activities, recommendations for improving work procedures and activities were made.

Resolution of petitions. The shareholders might, in case they have any dissatisfaction with the activity of the company, provided based on the legislation in force or the information provided by the company following their requests, to address SIF Banat-Crișana through a petition. The method of

solving the petitions submitted by the shareholders is the one established by the ASF Regulation no. 9/2015 and the procedure to be followed is published on the company's website. In accordance with the provisions of the regulation, the unique register of petitions in secure electronic format was set up, in which the transmitted petitions, the problems complained about and the way of solving are registered. The register of petitions is managed by the representative of the compartment. During H1 2019, there were no petitions recorded.

ASF periodic control According to the ASF Decision no. 508 / 08.04.2019, between 13 and 31 May 2019, an ASF team performed a periodic control, addressing the activity SIF Banat-Crișana carried out between May 17, 2016 and May 13, 2019, in order to verify compliance with the legal provisions in force in the instrument sector and financial investments applicable to the activity carried out.

Until the date of drawing up the half-yearly report, the Financial Supervisory Authority has not transmitted the conclusions of the control and the control report.

Internal Audit

Company's activities are subject to a periodic internal audit, in order to provide an independent evaluation of its operations, the control and management processes, it evaluates the possible risk exposure on various activity segments (asset security, compliance with regulations and contracts, integrity of operational information and financial, etc.), makes recommendations for the improvement of the systems, controls and procedures to ensure the efficiency and effectiveness of the operations and monitors the corrective actions proposed and the results obtained.

The activity of internal audit is carried out grounded on an audit program prepared in accordance with the objectives of the company, endorsed by the Audit Committee and approved by the Board of Directors. The activity of internal audit of SIF Banat-Crișana has been outsourced to the company New Audit SRL from Arad.

The internal audits missions carried out in the first half of 2019 addressed:

- compliance with the working procedures related to administrative activities;
- organizing the meetings of the Board of Directors and the degree of fulfilment of its decisions;
- management of the portfolio of money market financial instruments and investments in municipal and corporate bonds, substantiating the investment / divestment decisions in these instruments and compliance with the approved competence limits;
- trading of securities, compliance with the short-term investment policy and approved working procedures;
- compliance with the procedure regarding conflict of interests, respectively of conflict of interests in which the members of SIF Banat-Crișana management and certain categories of employees are involved.

The audit reports comprising the mission, its findings, conclusions, recommendations and proposals of the Internal Auditor were presented to the Audit Committee and the Company's Board of Directors.

There were no significant situations identified to require the intervention of the Board of Directors.

Internal Audit considers that the activities and operations conducted by SIF Banat-Crișana in the first half of 2019, subject to the audit, are consistent with the policies, programs and management of the company, pursuant to the legislation and internal regulations.

Observance of shareholders' rights

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

Pursuant to art. 286[^]1 par. (1) of Capital Market Law no. 297/2004, as amended by Law no. 11/2012, any person may acquire under any title or may hold, alone or together with the persons acting in concert with such person, shares issued by the Company, but not more than 5% of the share capital.

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

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

Right to vote SIF Banat-Crișana strives to facilitate the participation of shareholders at the general meetings of shareholders (GMS). SIF Banat-Crișana's shareholders can participate in the GMS directly, by designating a representative by means of a special / general empowerment or can vote by correspondence (by post or e-mail).

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

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

During H1 2019, the Board of Directors convened the ordinary general meeting of shareholders (OGM) and the extraordinary general meeting of shareholders (EGMS) for April 22 (23), 2019., and the OGM and EGM for June 20 (21), 2019.

Ordinary general meeting of shareholders held on April 22, 2019

The ordinary general meeting of shareholders (OGM) gathered statutorily on the first call on April 22, 2019, with the direct participation, or by representative or by correspondence of shareholders holding 154,927,270 shares, representing 29.95% of the share capital, of which 14,777,376 shares with suspended voting rights.

The Agenda was published in the Official Gazette of Romania, part IV, no. 1227 on March 19, 2019, in the national newspaper BURSA no. 51 (6346) of March 19, 2019, and in the local newspaper JURNAL ARĂDEAN no. 8282 of March 19, 2019, on company's website, www.sif1.ro, and on the website of Bucharest Stock Exchange.

With the necessary quorum and majority, provided by the law and the Articles of Association, recorded in the minutes concluded during the works, the ordinary general meeting has approved: the standalone financial statements for 2018, based on the discussions and the reports submitted by the Board of Directors, the Chairman and the financial auditor; appropriation of 2018 profit in the amount of RON 77,186,227, to *Other reserves*, for own financing sources, to support a share repurchase program; the consolidated financial statements for 2018, based on the discussions and the reports submitted by the Board of Directors and the financial auditor; the discharge from liability of the Board of Directors for the financial year 2018; Budget and Activity Plan for 2019; for the financial year 2019 maintaining the monthly remuneration for the members of the Board in the amount approved by the ordinary general meeting of shareholders of April 26, 2016; the reduction of the general limits of all the additional remuneration of the members of the Board of Directors and of the general limits of the directors' remuneration to 0.42% of the average value of annual net asset; the date of September 20, 2019 as registration date (September 19, 2019 as ex-date) as per the provisions of art. 86 par. 1 of Law 24/2017, of ASF Regulation no. 5/2018.

Extraordinary general meeting of shareholders held on April 22, 2019

The EGM of SIF Banat-Crișana gathered statutorily with the direct participation or by correspondence of the shareholders holding 141,677,421 shares, representing 27.38% of the total voting rights, of which 14,777,376 shares with suspended voting rights.

The Agenda was published in the Official Gazette of Romania, part. IV, no. 1227 of March 19, 2019 in the national newspaper Bursa no. 51 (6346) of March 19, 2019, the local newspaper Jurnal Arădean no. 8282 of March 19, 2019 and posted on Company's website www.sif1.ro and on Bucharest Stock Exchange website.

With the required quorum and majority as provided by law and company's Articles of Association, recorded in the minutes of the meeting, the extraordinary general meeting decided: approval of Company's carrying out a buyback program ("Program I") to reduce its share capital, for 15,000,000 shares at most, with the minimum price per share of RON 0.1 and the maximum price per share of RON 4.38 and a Program Duration of a maximum of 18 months after publication of the decision in the Official Gazette of Romania, Part IV; approval of Company's carrying out a buyback program ("Program II") in compliance with applicable legal provisions for a maximum number of shares that may be repurchased: 880,000 shares at most for the minimum price per share of RON 0.1 and the maximum price per share of RON 4.38, with the Program Duration of maximum of 18 months after the publication of the decision in the Official Gazette of Romania, Part IV; approval of using the shares purchased under Program II for the repurchase of own shares for their distribution free of charge to members of the company's management (administrators, directors) in a "Stock Option Plan", in compliance with applicable law; approval of May 15, 2019 as the registration date (May 14, 2019 as ex-date), in accordance with the provisions of Article 86 par. (1) of Law no. 24/2017 and of ASF Regulation no. 5/2018.

For the OGM of SIF Banat-Crișana convened for June 20 (21), 2019, on May 29, 2019, a request for supplementing the agenda was submitted to the company, filed by a group of shareholders consisting of SIF Oltenia S.A., Alimentara Slatina S.A., Flaros S.A., Mercur S.A., Univers S.A., Voltalim S.A. and Tudor Ciurezu, that together hold 5% of the share capital of SIF Banat-Crișana.

Pursuant to art. 117[^]1 par. 1 of Law no. 31/1990 on trading companies, republished, as subsequently amended and supplemented, to art. 92 par. (3) of Law no. 24/2017 and of Art. 189 of ASF regulation no. 5/2018, considering the request to supplement the agenda of the OGM of SIF Banat-Crișana filed by a group of shareholders holding together 5% of the share capital and the request of shareholders to amend the voting procedure for the general meeting of shareholders in order to eliminate the requirements considered excessive in expressing the vote by correspondence, such as the obligation of the shareholders to legalize the shareholder's signature by the notary public on the correspondence voting form, the Board of Directors of SIF Banat-Crișana supplemented the agenda of the OGM convened for June 20, 2019, at 10:00 hours and the agenda of the EGM convened for June 20, 2019 at 12:00 hours, and changed the voting procedures applicable to the general shareholders' meetings, mentioned in the initial convening notice, in order to remove the formalities of legalizing the signature on the voting papers and the apostille's formalities on foreign documents.

Ordinary general meeting of shareholders held on June 20, 2019

The OGM of SIF Banat-Crișana, with the direct participation or by correspondence of the shareholders holding 201,516,004 shares, representing 38.95% of the total voting rights, with the Convening Notice published in the Official Gazette of Romania, part. IV, no. 2036 of May 15, 2019, in the national newspaper Ziarul Financiar no. 5166 of May 16, 2019 and the local newspaper Jurnal Arădean no. 8320 of May 16, 2019, posted on Company's website www.sif1.ro and on Bucharest Stock Exchange website, with the supplemented agenda published in the Official Gazette of Romania, part. IV, no. 2341 of June 5, 2019, Ziarul Financiar no. 5180 of June 5, 2019 and the local newspaper Jurnal Arădean no. 8334 of June 5, 2019, posted on Company's website www.sif1.ro and on Bucharest Stock Exchange website.

With the required quorum and majority as provided by law and company's Articles of Association, decided upon: the approval of appointing Deloitte Audit S.R.L. as financial auditor with a duration of the contract of 2 (two) years and empowerment of the board of directors to negotiate and conclude the audit contract; the approval of July 10, 2019 as the registration date (July 9, 2019 as ex-date), in accordance with the provisions of Article 86 par. (1) of Law no. 24/2017 and of ASF Regulation no. 5/2018; and rejected the resolutions submitted by the group of shareholders concerning the proposal for the distribution as dividends of the amount of RON 77,619,108.60 from the profit of the year 2016, allocated under the chapter "Other reserves" and unused according to the destination; the proposal for preparing and implementing by the Board of Directors and the Executive Management of SIF Banat-Crișana S.A. of a plan of measures for the recovery of the damage created by the decision of SIF Banat-Crișana S.A not bringing a civil action in the criminal proceedings of criminal file no. 2218/D/P/2018, the proposal for the revocation on a fair basis, in accordance with the provisions of art. 137[^]1 par. 4 of the Law 31/1990 of the administrators: Mr. Drăgoi Alexandru Bogdan, Chairman of the Board of Directors and Mr. Străuț Răzvan Radu, Vice-Chairman of the Board of Directors who exercises the executive management of the company: General Director (CEO) and respectively Deputy General Director. Ensuring the executive management of the company during the transition period since the revocation of the two members of the Board of Directors until the ASF has authorized the new Board of Directors by the substitutes of the General Director and Deputy General Director; the proposal that in the event of the revocation of the two members of the Board of Directors, to be approved the instruction to the remaining Board members to promptly convene the OGM for the election of two administrators for the completion of the Board.

Extraordinary general meeting of shareholders held on June 20, 2019

The EGM of SIF Banat-Crișana, with the direct participation or by correspondence of the shareholders holding 175,235,718 shares, representing 33.87% of the total voting rights, with the Convening Notice published in the Official Gazette of Romania, part. IV, no. 2036 of May 15, 2019, in the national newspaper Ziarul Financiar no. 5166 of May 16, 2019 and the local newspaper Jurnal Arădean no. 8320 of May 16, 2019, posted on Company's website www.sif1.ro and on Bucharest Stock Exchange website, with the supplemented agenda published in the Official Gazette of Romania, part. IV, no. 2341 of June 5, 2019, Ziarul Financiar no. 5180 of June 5, 2019 and the local newspaper Jurnal Arădean no. 8334 of June 5, 2019, posted on Company's website www.sif1.ro and on Bucharest Stock Exchange website, with the required quorum and majority as provided by law and company's Articles of Association, decided upon the amending the Company's Article of Association, to correlate it with the provisions of art. 8 of the ASF Regulation no. 10/2015, as amended by Regulation 14/2015, Regulation 5/2016, Regulation 13/2017 and Regulation 2/2018.

For the general meetings of shareholders, the suspension of voting rights for the holdings above the legal and statutory threshold of 5% of the share capital was performed pursuant to the legal provisions, as per ASF Decisions no. 5160, 561, 558 of April 18, 2019 and 831 to 834 of June 19, 2019.

Right to information SIF Banat-Crișana observes the right of shareholders to be informed, providing them timely and relevant information, enabling them to exercise their rights in a fair manner. Information on Company's activity considered to affect the price of shares on the stock exchange market was subject to current reports or announcements, communicated within 24 hours to the market, immediately made available to investors on BVB website and on the Company's website, www.sif1.ro.

To ensure equal access to information for the investors, posting on the Company's website of reports and announcements destined to the market participants is made after the information is published by the market operator, Bucharest Stock Exchange (BVB or BSE), on its website.

In order to inform the shareholders and investors, the Company sets a financial reporting calendar that is communicated to BVB and ASF, and also published on Company's website, www.sif1.ro.

Financial calendar for 2019:

- February 28* - Presentation of the preliminary financial results for 2018;
- April 22 (23)* - General Meeting of Shareholders for the approval of the standalone and consolidated financial statements for 2018;
- April 23* - Presentation of 2018 Annual Report – standalone and consolidated financial statements for 2018;
- May 15* - Presentation of the quarterly report – financial results for Q1 2019;
- August 14* - Presentation of the half yearly report and standalone financial results for H1 2019;
- September 27* - Presentation of the half-yearly report and consolidated financial statements for H1 2019;
- November 6* - Presentation of the quarterly report and financial results for Q3 2019.

Increasing the company's visibility on the Romanian capital market and towards a wider base of international institutional investors was further an objective assumed in the activity plan for 2018, promoting SIF Banat-Crișana in the capital market events (either individually or together with BVB, intermediaries), to increase transparency and attract new investors / shareholders.

During February 27-28, 2019, SIF Banat-Crișana participated, represented at top-management level by Mr. Bogdan Drăgoi, Chairman - CEO at the 6th annual Romania Investor Days in London. The event, organised By Wood & Company in partnership with Fondul Proprietatea, was attended by 106 institutional investors representing 54 investment houses, and 40 representatives from 16 companies, who participated in 308 investor meetings in total.

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

Right to dividend SIF Banat-Crișana aims at keeping a balance between the annual remuneration of shareholders by dividend and the need to finance its investments from reinvested profits.

The OGM held on April 22, 2019, decided not to distribute dividends, allocating the net profit for the 2018 financial year, in the amount of RON 77,186,227, to *Other reserves*, for own financing sources, to support a program for the repurchase of own shares.

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

Financial reporting

Pursuant to ASF Rule no. 39/2015 for the approval of the Accounting Regulations compliant to IFRS applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority (ASF) in the Financial Instruments and Investment Sector, starting with the annual financial statements for the financial year 2015, SIF Banat -Crișana applies the International Financial Reporting Standards adopted by the European Union ("IFRS") as official accounting regulations.

SIF Banat-Crișana has prepared standalone and consolidated financial statements as at December 31, 2018 in accordance with IFRS and ASF Rule no. 39/2015. These were audited by PricewaterhouseCoopers Audit SRL and approved by OGM of April 22, 2019 and are available on Company's website www.sif1.ro.

Based on the requirements of Law no. 24/2017 and the ASF Regulation no. 5/2018 on Issuers of Financial Instruments and Market Operations, the Company will prepare and submit the consolidated interim financial statements for H1 2019 within 3 months of its end.

Conflict of interest, transactions with related parties and corporate information regime

In SIF Banat-Crișana there is operational an internal procedure, approved by the Board of Directors, concerning the conflict of interest and personal transactions, as required by ASF regulations and EU

regulations applicable to alternative investment fund managers and concerning market abuse. The procedure includes rules on the Company concerning security and confidentiality of information, mainly dealing and preventing fraudulent practices and refraining from action of market manipulation.

Diversity policy

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

Social responsibility

Social responsibility of SIF Banat-Crișana is also expressed by the use of procedures of appropriate management of environmental issues, responsible management of personnel, ensuring safety standards in the workplace, and in general by conducting socially responsible business practices.

In H1 2019, SIF Banat-Crișana financially supported the organizing the event "International Finance and Banking Conference - FI BA 2019" in Bucharest, by the Romanian Association of Finance and Banking - ROFIBA together with the Faculty of Finance, Insurance, Banking and Stock Exchange from Academy of Economic Studies in Bucharest.

SIF Banat-Crișana's policy on corporate social responsibility is published on company's website, www.sif1.ro, in the section dedicated to *Corporate Governance*.

4. FINANCIAL RESULTS AS AT JUNE 30, 2019

SIF Banat-Crișana has prepared condensed interim standalone financial statements as at June 30, 2019 pursuant to the Norm no. 39/2015 for the approval of accounting regulations in accordance with the International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector. These are presented in full, accompanied by notes, in Annex 1 to this report.

The condensed interim standalone financial statements as at June 30, 2019, are not audited, as there is no legal requirement.

The following are comments on the main elements of the financial position and results for H1 2019:

4.1. Standalone statement of financial position

Standalone statement of financial position		
<i>denominated in RON</i>	30/06/2019	31/12/2018
Assets		
Cash and cash equivalents	172,192,363	29,230,410
Bank deposits	-	6,044,457
Financial assets at fair value through profit and loss	1,165,595,158	1,105,989,265
Financial assets at fair value through other comprehensive income	1,329,683,020	1,279,345,173
Financial assets at amortized cost	6,602,842	6,505,683
Investment property	20,128,515	20,128,515
Tangible assets (property, plant and equipment)	3,089,928	3,203,517
Other assets	1,595,297	2,496,233
Total assets	2,698,887,122	2,452,943,252
Liabilities		
Dividends payable	-	5,495
Deferred income tax liabilities	141,523,582	129,889,043
Other liabilities, deferred income, provisions for risks and expenses	3,938,091	1,628,101
Total liabilities and other	145,461,673	131,522,639
Equity		
Statutory share capital	51,746,072	51,746,072
The effect of applying IAS 29 on the share capital	645,164,114	645,164,114
Own shares (including losses from repurchase)	(224,045)	(224,045)
Benefits in equity instruments	3,570,000	2,380,000
Reserves set-up from the application of Law no. 133/1996 (including effect of IAS 29)	2,105,675,691	2,105,675,691
The effect of applying IAS 29 on retained earnings	(2,605,353,717)	(2,605,353,717)
Accumulated profit	758,450,719	683,411,583
Legal reserves, reserves from revaluation of tangible assets	10,454,230	10,454,230
Other reserves	852,475,011	775,288,784
Fair value assets valued through other comprehensive income	731,467,374	652,877,901
Total equity	2,553,425,449	2,321,420,613
Total liabilities and equity	2,698,887,122	2,452,943,252

Cash and cash equivalents include all liquid investments of the Company in term deposits, current accounts and cash in hand. Their level is significantly rose as compared to 2018-year end, as dividends from portfolio companies were collected in the first six months of 2019, and shares were sold, the liquidity being directed in short-term money market placements.

Financial assets at fair value through profit or loss comprises the Company's holdings in the deconsolidated subsidiaries starting with the financial year 2018 (in accordance with IFRS 10), associates (in accordance with IAS 27), investments in fund units issued by closed-end investment funds and alternative open-ended funds and the company's placements in fixed income instruments issued by subsidiaries. The increase of this category compared to the end of 2018 is the combined effect of the investments made in 2019 in shares issued by associates, in bonds issued by subsidiaries and in the increase of the market value of the fund units held in the portfolio.

Financial assets at fair value through other comprehensive income include the Company's investments in financial assets in respect of which the Company's management has chosen the irrevocable option to reflect their fair value changes in other items of comprehensive income. This category includes listed and unlisted shares, holdings in subsidiaries that will be further consolidated by SIF Banat-Crișana (SAI Muntenia and Administrare Imobiliare SA) and investments in bonds denominated in euro (issued by Impact SA). The increase of this category compared to December 31, 2018 is due to the recording of fair value differences on March 31 and June 30, favourable differences that were higher than the book value of shares sold and derecognised in H1 2019.

Financial assets at amortized cost as at 30 June 2019 represent the company's placements in bonds denominated in euro issued by banking companies (Banca Transilvania). The difference in value of this category as compared to the end of 2018 is given exclusively by the exchange rate differences recorded on a monthly basis in their account.

Investment property, Tangible assets and Other assets mainly include land and buildings acquired by the Company following the withdrawal from companies in the portfolio (Hidrotim) or withdrawal of the contribution in kind (Azuga Turism). The value of Company's investment property at fair value as at June 30, 2019 is of RON 20.1 million. Tangible assets held by the Company are those used while performing operational and administrative activities.

Deferred income tax liabilities represent the tax payable / recoverable in future periods related to taxable temporary differences / deductibles between the carrying amount and the tax of an asset or liability. The increase of this item as compared to the end of the previous year is mainly due to the recognition of the deferred tax related to the positive differences of fair value registered for the portfolio of shares classified at fair value through other elements of comprehensive income.

Equity weights the most in the liability structure. The growth is the effect of the inclusion in the other comprehensive income of the amounts resulted from the fair value measurement of the portfolio of the (positive) value differences resulting from the marking-to-market the holdings held and of the net profit for the first six months of 2019.

4.2. Standalone statement of profit and loss and other comprehensive income

Standalone statement of profit or loss and other comprehensive income		
<i>denominated in RON</i>	30/06/2019	30/06/2018
Income		
Dividend income	99,295,226	78,752,410
Interest income	3,161,382	1,861,764
Other operating revenues	85,698	180,677
Investment gains		
(Loss) / Net gain from foreign exchange differences	1,088,931	92,770
Net profit from sale of assets	-	(553,308)
Net Profit/(Loss) from financial assets at fair value through profit and loss	19,941,711	(20,200,830)
Expenses		
Commissions expenses	(1,645,436)	(1,649,491)
Other operating expenses	(6,725,878)	(6,176,293)
Profit before tax	115,201,633	52,307,699
Income tax	(7,756,484)	(1,517,266)
Net profit for the period	107,445,150	50,790,433
Other comprehensive income		
Fair value reserve (financial assets at fair value through other comprehensive income)		
Amount transferred to profit or loss	-	553,308
Changes in fair value of assets at fair value through other items of comprehensive income	148,460,370	45,453,165
The effect of the income tax related to them	(25,090,683)	2,667,838
Other comprehensive income	123,369,687	48,674,311
Total comprehensive income for the period	230,814,836	99,464,744

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

Dividend income rose in H1 2019, from higher dividends distributed by issuers in the portfolio (Banca Transilvania, SAI Muntenia) and of the recording between January-June of the dividends distributed by Romgaz, SIF2 and SIF5, distributions that in 2018 occurred in the second half of the year.

Interest income includes interest on bank deposits, corporate and government bonds. In H1 2019, the volume of interest income is significantly higher than that of the corresponding period of the previous year, as the Company reallocated a significant portion of available liquidity to corporate bonds, at yields higher than the amounts invested in bank deposits.

The Other Operating revenues category includes, as a rule, the Company's proceeds from rents, the recovery of court fees and other occasional revenues. In H1 2019, the amounts received are lower as compared to H1 2018, comprising exclusively recurring amounts (rents).

The impact of *investment gains* realized in H1 2019 is favourable and is, mostly, the effect of the fair value measurement of assets included in the *fair value through profit or loss* category (shares in deconsolidated subsidiaries and associates, bonds issued by subsidiaries, fund units in closed-end funds and open-ended alternative funds). The amounts recognized for earnings in the first half of 2019 are mainly due to the positive change in the fair value of the fund units held (RON 17.9 million).

Commissions expenses include fees payable to regulatory agencies, the depositary and the stock exchange, the largest share is that of 0.0078% of the net asset, the monthly commission paid to ASF. The volume of this category of expenditure stood at the level recorded in the similar period of 2018.

The category of *Other operating expenses* includes the costs of staff and management salaries, those on taxes and fees and other expenses incurred in activity of the Company. This category recorded an increase of 8.9% compared to the first 6 months of the previous year.

4.3 Cash flow statement

Cash flow statement		
<i>denominated in RON</i>	June 30, 2019	June 30, 2018
Operating activities		
Net profit for the period	107,445,150	50,790,433
<i>Adjustments for:</i>		
Amortization of tangible and intangible assets	124,254	139,888
Net (gain) / Loss from disposal of tangible assets	1,585	4,557
Net profit from sale of assets	-	553,308
(Net gain)/Net loss from financial assets at fair value through profit or loss	(19,941,711)	20,200,831
Dividend income	(99,295,226)	(78,752,410)
Interest income	(3,161,382)	(1,861,766)
Expenses with / (income from) other provisions and adjustments	(780,552)	(3,370)
Benefits granted in equity instruments	1,190,000	-
Income tax	7,756,484	1,517,266
Changes in operating assets and liabilities related to operating activities		
Change in other assets	63,674	(1,132,641)
Change in other liabilities	(853,730)	(802,489)
Income tax paid	(12,117,804)	(25,588,823)
Net cash from / (used in) operating activities	(19,569,258)	(34,935,216)
Investment activities		
Payments for acquisition of shares in subsidiaries and other financial assets (shares, fund units, bonds)	(128,773,554)	(133,183,428)
Proceeds from sale of financial assets (shares)	103,332,318	136,544,019
(Placements)/Proceeds from deposits with term greater than three months	6,000,000	4,800,000
Net proceeds/(payments) from sale of assets at fair value through profit or loss (fund units, bonds)	84,698,625	16,000,255
Payments for purchases of tangible assets (property, plant and equipment)	(11,703)	(25,899)
Dividends collected	94,354,698	71,686,360
Interest collected	2,936,322	3,456,155

Cash flow statement		
<i>denominated in RON</i>	June 30, 2019	June 30, 2018
Net cash flow proceeds / (used in) investment activities	162,536,706	99,277,463
Financing activities		
Dividends paid	(5,495)	-
Net cash from / (used in) financing activities	(5,495)	-
Net increase / (decrease) in cash and cash equivalents	142,961,953	64,342,248
Cash and cash equivalents at January 1st	29,230,410	11,320,217
Cash and cash equivalents at June 30th	172,192,363	75,662,465

The decrease in H1 2019, as compared to the same period of the previous year, of the net cash used in operating activities is mainly due to payments made as income tax due by the Company, as a result of the transactions carried out during the first 6 months of the year, given that in the first 6 months of 2018, the payment of income tax included the effect of the transition to IFRS 9.

During H1 2019, investment activity generated a higher cash surplus as compared to H1 2018. Compared to the previous year, the cash flows related to the investment activity were maintained from a structural point of view: the payments for the acquisition of financial assets (shares, fund units, corporate bonds) stood approximately at the same level as in the first half of 2018, the sources of financing of these payments being mainly the same (selling shares, increasing dividend receipts compared to the previous period). The cash surplus compared to the similar period of the previous year comes from the early repurchase of the investments in bonds issued by companies, liquidities reinvested in monetary investments of the nature of cash equivalents.

As at June 30, 2019 *Cash and cash equivalents* show a significant upsurge compared to the same period of the previous year, given the larger amounts available at the beginning of the period (RON 29.2 million vs. RON 11.3 million), the surplus generated by the investment activity (RON 162.5 million lei vs. RON 99.3 million) and the reduction of the volume of liquidities required for the operating activity (mainly the payment of income tax).

5. OTHER SIGNIFICANT INFORMATION

Human resources

The number of SIF Banat-Crișana's employees as at June 30, 2019, was of 34, of which 29 working at the headquarters in Arad and 5 at Bucharest branch.

The structure of employees' education of is as follows: 82% have higher education, while 18% secondary education.

The employment relationships are regulated by the Individual Labour Contracts and by the Collective Labour Contract. In H1 2019, the Collective Labour Contract for the current year was registered at the Territorial Labour Inspectorate Arad. During the same period of time, elections were held for the appointment of employees' representatives, for a two-year term. There were no conflicting elements in the relations between the management and the employees.

SIF Banat-Crișana provides a positive working environment, offering equal opportunities to all its employees during their entire period of employment.

Litigations

As at June 30, 2019, as documented in the records of SIF Banat-Crișana's Legal Dept., the Company was involved in 97 litigations. The Company had locus standi in 86 disputes, passive capacity to stand trial in 11 disputes.

In most disputes in which the Company acts as plaintiff, the subject of litigation is the annulment / ascertainment of nullity of some decisions of the General Meetings of Shareholders in portfolio companies, recovery uncollected dividends or insolvency proceedings of portfolio companies.

Amendments to the constitutive documents

In H1 2019, SIF Banat-Crișana's Articles of Association was amended in accordance with the Resolution of the Extraordinary General Meeting of Shareholders no. 1 of 20.06.2019, in order to correlate with the provisions of art. 8 of the ASF Regulation no. 10/2015, as amended by Regulation 14/2015, Regulation 5/2016, Regulation 13/2017 and Regulation 2/2018, as follows: - art. 14 is amended and will have the following content: art. 14 shall be amended to read as follows:

"Art. 14 Incompatibilities.

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

(2) The persons appointed as directors (managers) and the persons replacing them in office shall not be members of the board of directors / supervisory board or managers / members of the executive board of other AIFM or of credit institutions acting as depositary for SIF Banat-Crișana, not to be members of the board of directors / supervisory board, managers or members of the executive board of the investment firm (SSIF) with which SIF Banat-Crișana concluded a financial intermediation contract and not to be employed or have any kind of contractual relationship with another AIFM, except for other entities belonging to the same group."

The amendment of the Articles of Association was submitted for the authorization of the Financial Supervisory Authority, as per the regulations in force.

Events after the reporting period

- **July 16, 2019** – The Company reported that, on July 15, 2019, the Trade Register Office attached to the Arad Court communicated to the company the Resolution no. 11109/12.07.2019 granting the company's request and ordering the registering in the Trade Register of the mentions regarding the appointment of the financial auditor Deloitte Audit S.R.L. as financial auditor of the company, in accordance with the Resolution of the Ordinary General Meeting of SIF Banat-Crișana's Shareholders no. 1 of June 20, 2019.

- **July 22, 2019** – The Company reported that before the Arad Tribunal was constituted the file case no. 1583/108/2019, concerning the application for the annulment of the Resolution of the Ordinary General Meeting of Shareholders of SIF Banat-Crișana no. 1 of June 20, 2019, in contradiction with Flaros S.A. The Court set the first trial date for September 23, 2019.

- **July 23, 2019** – The Company reported by the Affidavit on on S.I.F. Oltenia S.A. shareholding, upon the reduction of the stake below 5% of the share capital, according to the ASF Decision no. 601/23.04.2019.

- **July 25, 2019** – The Company reported that the Financial Supervisory Authority, by ASF Authorization no. 92/24.07.2019, authorized the amendment made in the Company's Articles of Association, as per Resolution of the Extraordinary General Meeting of SIF Banat-Crișana's Shareholders no. 1/20.06.2019.

- **July 29, 2019** – The Company reported by the Affidavit on S.I.F. Oltenia S.A. shareholding, that the total concerted shareholding is of 5.001124% of the share capital.

- **July 30, 2019** – The Company reported that before the Arad Tribunal was constituted the file case no. 1648/108/2019, concerning the application for the annulment of the Resolution of the Ordinary General Meeting of Shareholders of SIF Banat-Crișana no. 1 of June 20, 2019, in contradiction with SIF Oltenia S.A. The Court has not set the trial date.

- **July 31, 2019** – The Company, in compliance with the provisions of article 82 of Law no. 24/2017 and article 144 of ASF Regulation no. 5/2018, submitted the Limited Independent Assurance Report on the information included in the current reports prepared by the company in accordance with the provisions of Law no. 24/2017 and Regulation no. 5/2018, prepared by the financial auditor Deloitte Audit SRL concerning the transactions reported by the company during 01.01.2019 - 30.06.2019 with SIFI BH RETAIL S.A., a company in which SIF IMOBILIARE PLC, a SIF Banat-Crișana subsidiary, holds 99.9% of the share capital.

- **August 1, 2019** – As per the provisions of art. 87 paragraph (4) of ASF Regulation no. 9/2014, SIF Banat-Crișana informed the shareholders that, on July 30, 2019, has signed the addendum to the Depository and Custody Contract no. 1148/25.09.2017 with BRD - Groupe Société Générale S.A., arranging its termination by the agreement of the parties, and accordingly notified the Financial Supervisory Authority (ASF).

At the same time, the Board of Directors of SIF Banat-Crișana approved the conclusion of a new depository contract with Banca Comercială Română, a credit institution authorized by ASF to conduct depository activities. The new depository contract will be subject for the approval of ASF and will enter into force thereafter, according to the regulated procedures.

SIF Banat-Crișana will further inform the shareholders on the process of changing the depository bank.

6. ANNEXES

- Annex 1** Condensed interim financial statements as at June 30, 2019, prepared pursuant to the ASF Rule no. 39/2015 for the approval of accounting regulations in accordance with the International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector - unaudited
- Annex 2** Net asset statement as at June 30, 2019, prepared pursuant to Regulation no. 15/2004 (Annex 16)
- Annex 3** Detailed statement of investments as at June 30, 2019, pursuant to Regulation no. 15/2004 (Annex 17)
- Annex 4** Statement of the responsible persons

The half-yearly report was approved by the Board of Directors of SIF Banat-Crișana in the meeting held on August 13, 2019.

Bogdan-Alexandru DRĂGOI
Chairman and CEO

The version of half-year report prepared in Romanian is the official and binding version.