



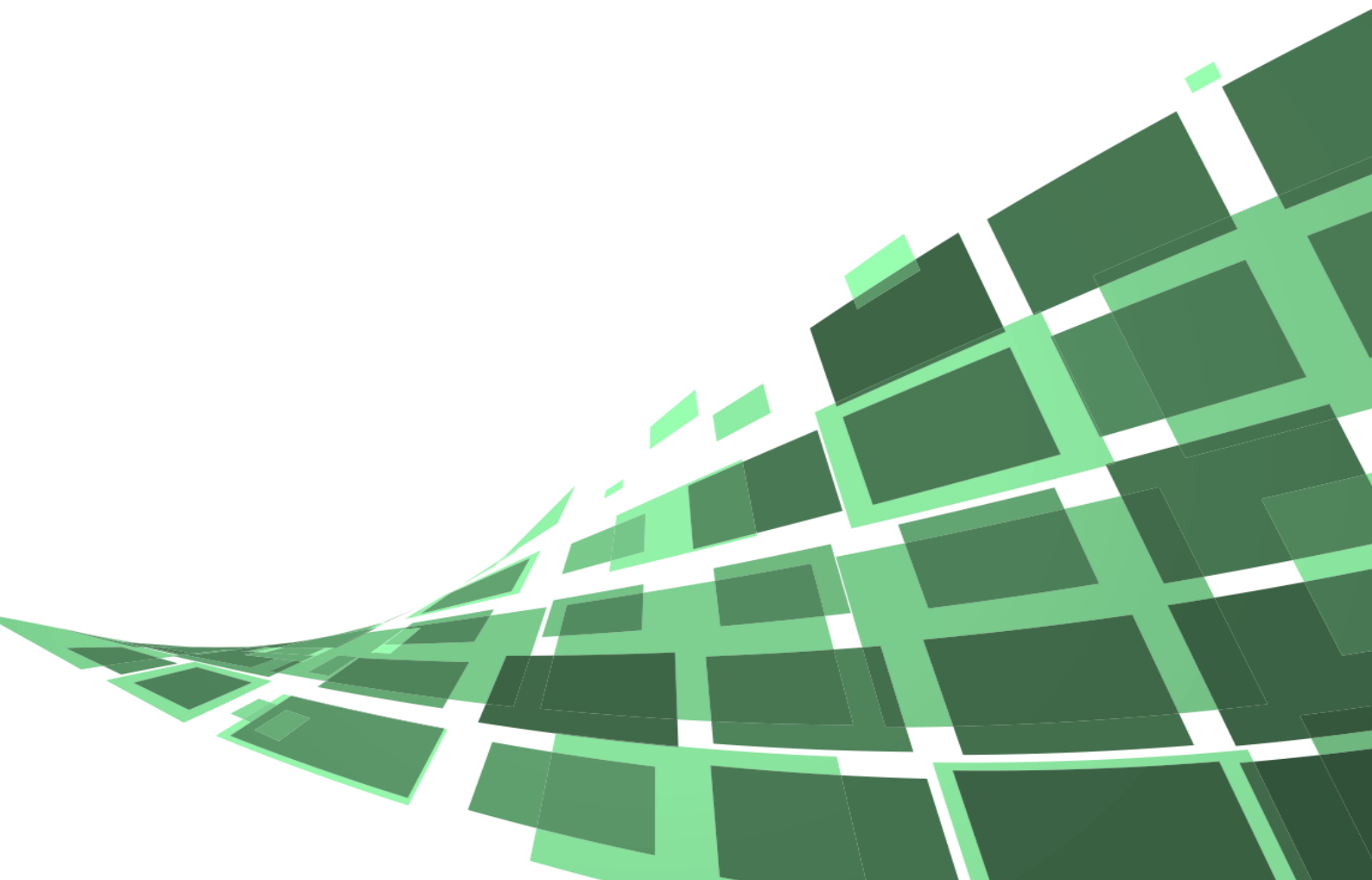
SIF BANAT-CRIȘANA

SOCIETATE DE INVESTIȚII FINANCIARE

QUARTERLY REPORT

— AS OF SEPTEMBER 30, 2020 —

prepared pursuant to the provisions of
Law no. 24/2017 and of ASF Regulation no. 5/2018
*this report is provided as a free translation from Romanian, which is
the official and binding document*



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<ul style="list-style-type: none"> ▪ Condensed interim standalone financial statements as of September 30, 2020, 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 	
<ul style="list-style-type: none"> ▪ Net asset statement as of September 30, 2020, prepared pursuant to Regulation no. 15/2004 (Annex 16) 	
<ul style="list-style-type: none"> ▪ Detailed statement of investments as of September 30, 2020, pursuant to Regulation no. 15/2004 (Annex 17) 	

1. 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"> ▪ joint stock company, established as self-managed investment company, authorized by the Financial Supervisory Authority as AIFM (Authorization no. 78 / 09.03.2018), classified as per the provisions of Law no. 243/2019 as closed-ended alternative investment fund, diversified, addressed to retail investors (AIFRI) ▪ Romanian legal entity with entire private capital
SHARE CAPITAL	<ul style="list-style-type: none"> ▪ RON 51,746,072.40 – subscribed and paid-in capital ▪ 517,460,724 shares issued: 514,542,363 outstanding shares ▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none"> ▪ 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/020002/02.02.2006 ▪ 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 funds (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	Deloitte Audit S.R.L.
DEPOSITARY BANK	Banca Comercială Română (BCR)
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	SIF Banat-Crișana SA Arad-Bucharest Branch-Rahmaninov 46-48 S. V. Rahmaninov Str., 3rd floor, sector 2, 020199, Bucharest

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

2. MAIN FINANCIAL AND OPERATIONAL INFORMATION

MAIN BALANCE SHEET ITEMS [RONm]		
	31.12.2019	30.09.2020
Total assets, of which	2,926.68	2,613.10
Total financial assets	2,900.02	2,578.27
Equity (own capital)	2,748.20	2,480.76
Total current liabilities	8.62	2.79

FINANCIAL PERFORMANCE [RONm]		
	30.09.2019	30.09.2020
Operating income	110.44	56.94
Gains / (losses) on investments	39.43	(84.83)
Operating expenses	11.94	13.87
Gross profit / (loss)	137.93	(41.76)
Net profit / (loss)	126.54	(42.43)

PERFORMANCE OF SHARES AND NET ASSET		
	31.12.2019	30.09.2020
Share price (end of period, RON)	2.7300	2.0700
NAV/S* (RON)	5.2959	5.1007
Accounting net asset / share (RON)	5.3411	4.8213
Nominal value of share (RON)	0.1	0.1
Number of shares issued	517,460,724	517,460,724
Number of outstanding shares	514,542,363	514,542,363

* calculated acc. to ASF regulations

** number of outstanding shares also considering treasury stock

OPERATIONAL DATA		
	31.12.2019	30.09.2020
Number of permanent employees	34	34
Branch offices	1	1

SHAREHOLDING STRUCTURE as of September 30, 2020		
	number of shareholders	holdings
Romanian individuals	5,745,300	39.40%
Non-resident individuals	2,076	0.34%
Romanian legal entities	137	37.64%
SIF Banat-Crișana (treasury stock) *		0.57%
Non-resident legal entities	32	22.05%
TOTAL	5,747,546	100%

* own shares repurchased in 2018 and 2019 in the buyback programs approved by the EGM of 26.04.2018

3. ECONOMIC ENVIRONMENT

Domestic economy

Macro-financial developments in Romania indicate the prospect of entering a new economic cycle after the severe adjustment in the second quarter, a process supported by the unprecedented, relaxed mix of economic policies implemented domestically.

In September, the economy was influenced by the international macro-financial climate and internal factors, such as the intensification of risk perception in the context of Parliament's decision to increase the pension point by 40% and the intensification of the pandemic. There is a strong monetary policy intervention by the central bank by adjusting interest rates on the money market, which involves the (downward) shift of the yield curve, the appreciation of the EUR/RON exchange rate to a record level and the counterbalancing of severe capital market corrections.

Erste estimates indicate a slowdown in the domestic economy for 2020 with a recovery in 2021, but with rising unemployment in 2021 along with a rising public debt in the 2020-2022 period.

The rating agencies are going to re-evaluate the situation of the Romanian economy in the last quarter of 2020. The negative perspectives are convergent in all three agencies. On October 30, Fitch reconfirmed Romania's rating at the BBB-, maintaining the negative outlook amid the impact of the coronavirus pandemic on economic and fiscal performance and pro-cyclical policies adopted in recent years.

The latest estimates of CFA analysts, published in September 2020, show that the national currency is likely to depreciate to RON 4.9777 / euro in the next 12 months, respectively to RON 4.8886 / euro in the next 6 months.

The capital market

The Romanian capital market has been promoted to the Emerging Market status starting with September 21, 2020. Even though, due to the crisis caused by the Covid-19 pandemic, the demand on the financial markets was rather modest, the liquidity increased consistently in some of the trading sessions in September, with traded values above average, exceeding USD 30m. The average daily turnover increased more than 3.5 times in September vs. to the same month of 2019 and by +23% cumulated for the period January-September.

Instead, stock prices declined, amid the financial results reported by most listed companies that deteriorated due to the low consumption and economic difficulties generated by the pandemic.

The stock market valuation indicators reconfirm the clear unfavourable movement regarding BVB. P/E decreased by 20%, P/BV by 14% and although prices adjusted, the dividend yield also failed to stand at the level of the previous financial year.

The movement of the reference index (BET) for the Bucharest Stock Exchange has partially improved after the abrupt decreases since the outbreak of the pandemic, but failed to recover the declines compared to the highs recorded at the beginning of the year.

The measures taken by the authorities in the first part of the year to prevent the expansion of COVID-19 had a severe economic impact, which was also felt in terms of stock market volatility. It is expected that by the end of the year the financial markets, in the first phase, will fall below the current level due to the onset of the economic recession and the resurgence of the pandemic in the flu season, after which it is possible to see them recover and also the economy, on the back of new economic stimulus programs, possibly in the first part of next year, which will compensate / counteract the negative economic results.

The international economic environment

The global economy is heading for the declines of the April lockdown period. But, with the spread of the COVID-19 pandemic, many developed countries have slowed the reopening / resumption of activities and some are re-establishing partial blockages to protect the population. While the recovery in China has been faster than expected, the long rise of the world economy to pre-pandemic activity levels remains prone to setbacks.

The uncertainty surrounding the projection of a baseline scenario is unusually high. The forecast is based on public health and economic factors that are inherently difficult to predict.

Moreover, there is uncertainty about the damage to supply potential - which will depend on the persistence of the pandemic shock, the size and effectiveness of the policy response and the inadequacy of sectoral resources.

The economic forecasts announced by the ECB, the IMF and the investment banks are also largely divergent in terms of the scale of the generated impact.

The expected effects in this scenario are, however, convergent, they may be the collapse of consumption indicators, rising unemployment and the number of insolvencies, especially in small and medium-sized companies; new economic, fiscal and monetary stimulus programs; rising inflation due to the printing of money and the devaluation of the currency; tolerating even higher budget deficits and excessive indebtedness; further consolidating the price of gold as a result of the recession and instability.

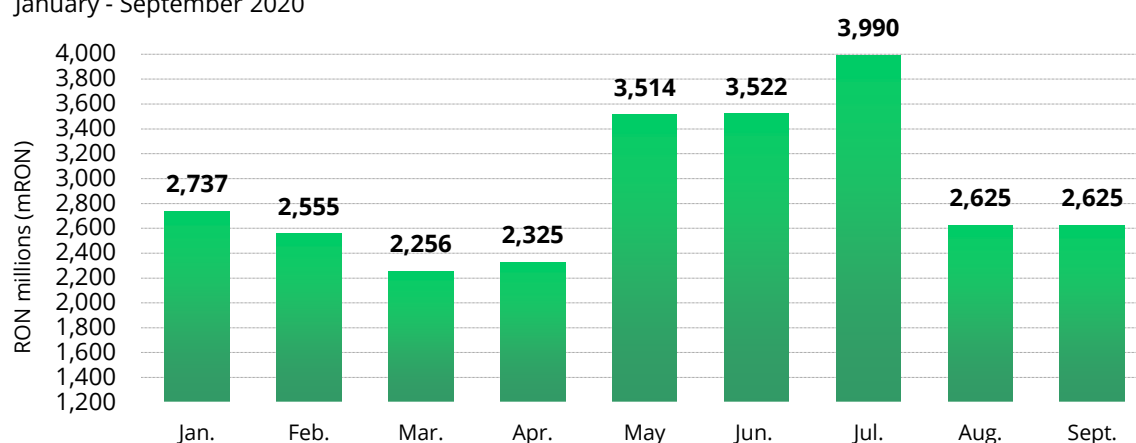
4. PORTFOLIO AS OF SEPTEMBER 30, 2020

Net Asset Value

SIF Banat-Crișana's net asset value (NAV) was of **RON 2,624.54m** as of September 30, 2020, 25.49% below the value of RON 3,522m as of June 30, 2020, and 1.97% higher as compared to the value recorded for September 2019. Net asset value per share (NAV/S) was of **RON 5.1007** as of September 30, 2020 (vs. RON 6.8458 as of June 30, 2020).

NET ASSET VALUE

January - September 2020



Monthly values for net asset are calculated by SIF Banat-Crișana and certified by the depositary bank Banca Comercială Română (BCR). Throughout Q3 2020, the valuation of assets for the calculation of SIF Banat-Crișana's net asset value was performed pursuant to the regulations issued by The Financial Supervisory Authority (ASF).

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 of September 30, 2020, prepared pursuant to annex 16 of the Regulation no. 15/2004, is presented as annex to this report.

The significant upsurge of NAV in May, June and July, was mainly due to the substantial upturn in the value of the stake held in SIF Imobiliare PLC, an issuer listed on BVB on the AeRO market (market symbol SIFI), but having an extremely low liquidity, the valuation method for this issuer for the calculation of the net asset value being performed in accordance with the ASF regulations applicable at that time, by mark to market.

With the entry into force of the *ASF Regulation no. 20 of 28.08.2020 amending and supplementing the Regulation of the Financial Supervisory Authority no. 9/2014 on the authorization and operation of investment management companies, collective investment undertakings and depositories of collective investment undertakings, as well as for the repeal of para. (11) and (12) of art. 45 of the Regulation of the Financial Supervisory Authority no. 7/2020 on the authorization and operation of alternative investment funds*, the company's management analysed the state of liquidity in the market of the issuers in the portfolio and approved the updating of the valuation policies and methods used for measuring the financial assets to comply with the provisions of art. 114 para. (4) and (5) of the ASF Regulation no. 9/2014 amended and supplemented by the ASF Regulation no. 20/2020. Thus, the shares of companies admitted to trading in a regulated market or a multilateral trading system with liquidity considered, in accordance with IFRS 13, to be irrelevant to the application of the mark to market valuation method, will be valued in accordance with the valuation standards, in force, according to the law, based on an evaluation report.

The Board of Directors of the Company approved the application of this valuation method starting with the calculation of the net asset value as of 31.08.2020. In accordance with the provisions of the ASF Regulation no. 10/2015 (art. 19) and EU Regulation 231/2013 (art. 69-70), the investors were informed about the updating of valuation methods through the announcement issued by the company on September 8, 2020 (available on the company's website and of that of the Bucharest Stock Exchange¹).

The methodology for calculating the net asset value

The calculation of net asset value was performed under the provisions of ASF Regulation no. 9/2014 (art. 113-122), amended and supplemented by ASF Regulation no. 2/2018 and ASF Regulation no. 20/2020 and with the provisions of ASF Regulation no. 10/2015.

Per these regulations:

- Financial instruments admitted to trading or traded in the last 30 trading days on a regulated market or under systems other than the regulated markets including under an alternative trading system in Romania, in a member or non-member state, are valued:

a) at the closing price on the market section considered as main market or at the reference price provided on trading systems others than the regulated markets including the alternative systems by the operator of the respective trading system as of day for which the calculation is made;

b) By way of exception from the provisions of section i) above, in the case of joint stock companies admitted to trading on a regulated market or a multilateral trading system with a liquidity considered by SIF Banat-Crișana, based on a prudential value judgment regarding the active market defined by International Financial Reporting Standard 13 - Fair value measurement (IFRS 13), as irrelevant for the application of the mark to market valuation method, the shares of those companies will be measured in SIF Banat-Crișana' assets in accordance with the evaluation standards in force, according to the law, based on an evaluation report. SIF Banat-Crișana maintains this valuation method for a period of at least one calendar year, for the respective shares considered illiquid - *valuation method applied starting with the calculation of the net asset value as of August 31, 2020, in the case of the following companies in the portfolio: SIF Imobiliare PLC (symbol SIFI), SIF Hotels SA (symbol CAOR), IAMU SA (symbol IAMU) and Somplast SA (symbol SOPL).*

- Securities not admitted to trading on a regulated market or not traded during last 30 trading days are valued at the book value per share as it results from the latest annual financial statement, respectively the equity value as entered in the monthly reports submitted to the National Bank of Romania for credit institutions.

- For joint stock-companies not admitted to trading on a regulated market or an alternative system, where SIF Banat-Crișana owns more than 33% of the share capital, the respective shares are valued in SIF Banat-Crișana's net asset value exclusively as per the international valuation standards based on an evaluation report, updated at least annually. These companies are presented in a separate annex within the Detailed statement for 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").

¹ <http://www.sif1.ro/wp-content/en/current-reports/2020/2020-09-08-valuation-methods.pdf>
<https://www.bvb.ro/FinancialInstruments/SelectedData/NewsItem/SIF1-Comunicat-actualizare-metode-de-evaluare/4C7D1>

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*.

Portfolio structure

The strategy for asset allocation aims to maximize the performance of the portfolio under the prudential requirements established by the regulations incident to the operation of the Company.

The detailed statement of SIF Banat-Crișana's investments as of September 30, 2020, prepared pursuant to Regulation no. 15/2004 (Annex 17), is presented as annex to this report.

Total assets value² under SIF Banat-Crișana management as of September 30, 2020, calculated as per ASF regulations, was of RON 2,627.33 million, 25.47% below the value recorded for June 30, 2020, when reached RON 3,525.29 million.

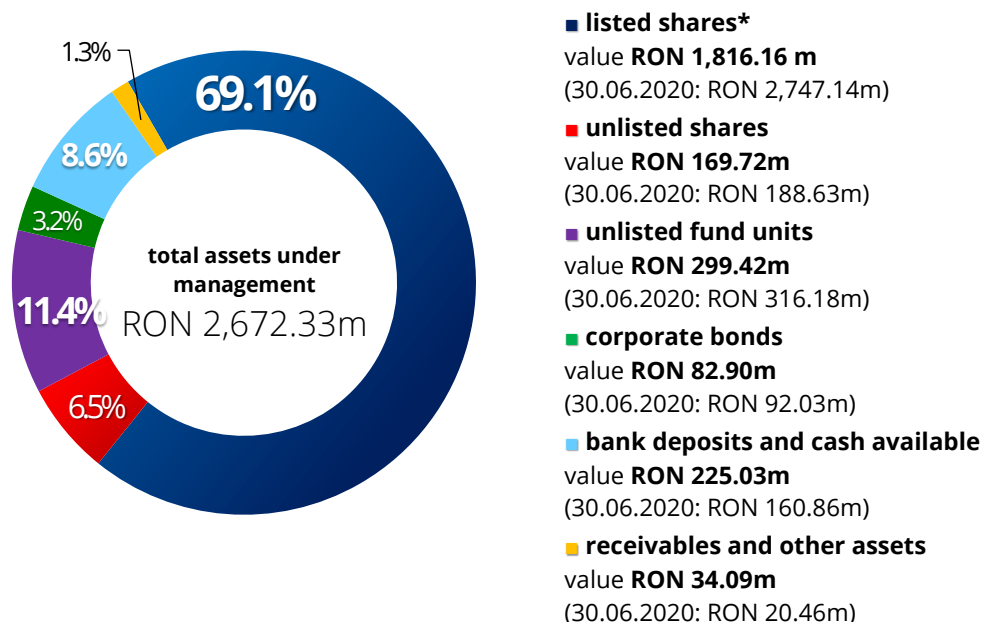
The value of the stock portfolio (listed and unlisted shares) accounted for **75.59%** of SIF Banat-Crișana's total assets as of September 30, 2020, amounting to **RON 1,986 million**.

At the end of Q3 2020, SIF Banat-Crișana held *majority stakes* - over 50% of the issuer's share capital - in 13 companies, with a total value of RON 700 million, representing 26.69% of NAV.

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

ASSETS UNDER MANAGEMENT as at September 30, 2020

breakdown on classes (weight on total assets)



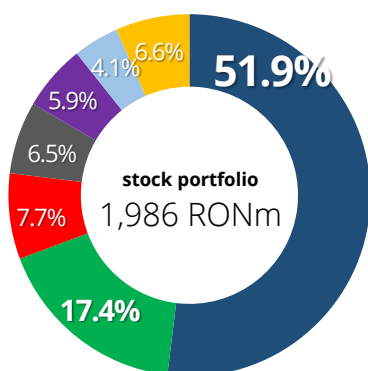
*the category also includes securities issued by listed non-UCITS (SIFs)

values calculated as of September 30, 2020, and June 30, 2020 pursuant to the provisions of ASF Regulations no. 9/2014, no. 10/2015, no. 2/2018, and no. 20/2020;

the amounts for fixed income financial instruments include interest receivables

² calculated pursuant to the provisions of ASF Regulation no. 9/2014 (art. 113-122), amended and supplemented by ASF Regulation no. 2/2018 and ASF Regulation no. 20/2020, and those of ASF Regulation no. 10/2015

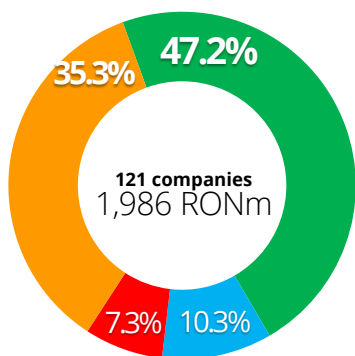
STOCK PORTFOLIO - breakdown by sector



- **banking - financial**
 stakes in **16** companies, worth **1,031.55 RONm**
 (30.06.2020: 988.53 RONm)
- **commerce - real estate**
 stakes in **13** companies, worth **344.71 RONm**
 (30.06.2020: 1,360.91 RONm)
- **pharmaceuticals**
 stakes in **2** companies, worth **151.92 RONm**
 (30.06.2020: 152.52 RONm)
- **cardboard and paper**
 stakes in **5** companies, worth **128.59 RONm**
 (30.06.2020: 122.39 RONm)
- **hospitality (hotels and restaurants)**
 stakes in **4** companies, worth **116.94 RONm**
 (30.06.2020: 79.59 RONm)
- **energy - utilities**
 stakes in **8** companies, worth **81.06 RONm**
 (30.06.2020: 141.97 RONm)
- **other industries and activities**
 stakes in **73** companies, worth **131.11 RONm**
 (30.06.2020: 89.95 RONm)

percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of September 30, 2020 and June 30, 2020, acc. to ASF Reg. no. 9/2014, no. 10/2015, no. 2/2018, and no. 20/2020

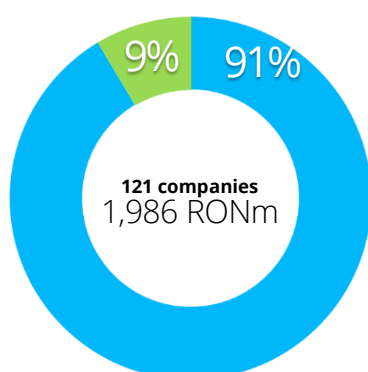
STOCK PORTFOLIO - breakdown by stake held



- **up to 5%**
 stakes in **43** companies
 worth **936.49 RONm** (30.06.2020: 1,036.57 RONm)
- **5-33%**
 stakes in **62** companies
 worth **203.58 RONm** (30.06.2020: 107.07 RONm)
- **33-50%**
 stakes in **3** companies
 worth **145.32 RONm** (30.06.2020: 145.19 RONm)
- **above 50%**
 majority stakes in **13** companies
 worth **700.48 RONm** (30.06.2020: 1,646.93 RONm)

percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of September 30, 2020 and June 30, 2020, acc. to ASF Reg. no. 9/2014, no. 10/2015, no. 2/2018, and no. 20/2020

STOCK PORTFOLIO - on liquidity



■ listed companies

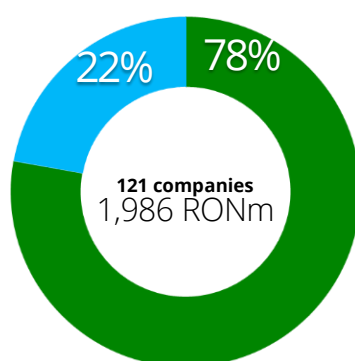
1,816.16 RONm (30.06.2020: 2,747.14 RONm) value of stakes in **45** companies (30.06.2020: 46)

■ unlisted companies

169.72 RONm (30.06.2020: 188.63 RONm) value of stakes **76** companies (30.06.2020: 77)

percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of September 30, 2020 and June 30, 2020, acc. to ASF Reg. no. 9/2014, no. 10/2015, no. 2/2018, and no. 20/2020

STOCK PORTFOLIO - geographical exposure



■ Romania

1,545.49 RONm (30.06.2020: 1,502.19 RONm) value of stakes in **119** companies (30.06.2020: 121)

■ foreign

440.39 RONm (30.06.2020: 1,433.58 RONm) value of stakes in **2** companies (30.06.2020: 2): Austria (1 company – Erste Bank), Cyprus (1 company– SIF Imobiliare)

percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of June 30, 2020 and December 31, 2019, acc. to ASF Reg. no. 9/2014, no. 10/2015, no. 2/2018, and no. 20/2020

TOP 10 COMPANIES IN SIF BANAT-CRIȘANA PORTFOLIO as of September 30, 2020

Company (symbol)	Sector	Stake	Value of holding* [RON]	% of NAV
1 Banca Transilvania (TLV)	banking - financial	4.56%	563,090,761	21.45%
2 SIF Imobiliare Plc (SIFI)	real estate	99.99%	314,611,623	11.99%
3 BRD Groupe Société Générale (BRD)	banking - financial	1.95%	177,001,461	6.74%
4 Biofarm București (BIO)	pharmaceuticals	36.75%	144,838,635	5.52%
5 Vrancart (VNC)	cardboard and paper	75.06%	128,553,065	4.90%
6 Erste Group Bank AG (EBS)	banking - financial	0.34%	125,783,890	4.79%
7 SIF Hoteluri (CAOR)	hospitality	98.99%	73,926,329	2.82%
8 SIF Moldova (SIF2)	Financial investments	5.06%	64,126,666	2.44%
9 Conpet (COTE)	energy – utilities	6.50%	42,543,144	1.62%
10 Administrare Imobiliare	real estate	97.40%	40,341,024	1.54%
TOTAL			1,674,816,598	63,81%

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

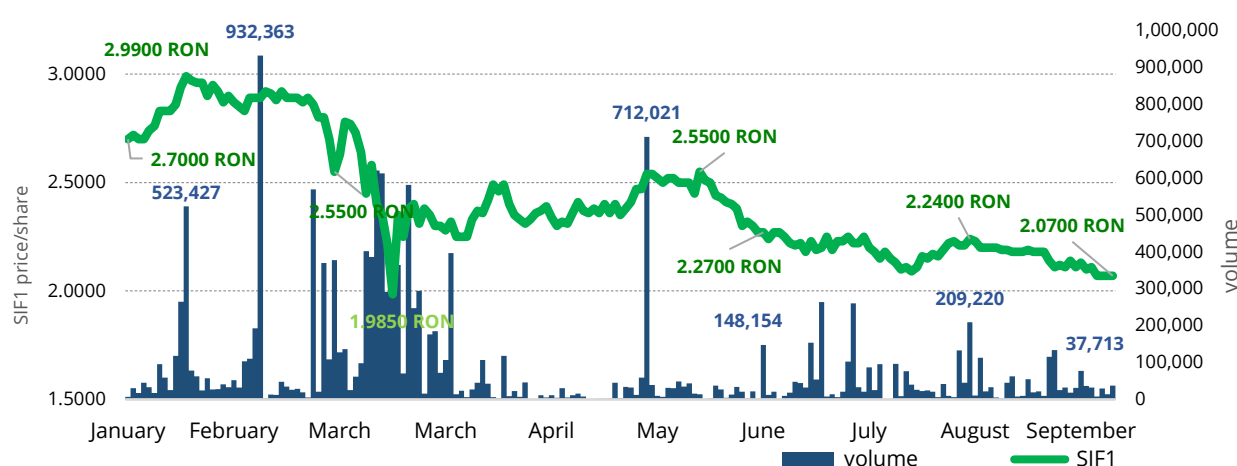
5. THE SHARES ISSUED BY BANAT-CRIȘANA

CHARACTERISTICS OF THE SHARES ISSUED BY SIF BANAT-CRIȘANA

Total number of issued shares (September 30, 2020)	517,460,724
Outstanding shares (September 30, 2020)*	514,542,363
Nominal value	RON 0.1000 / share
Type of shares	common, ordinary, registered, dematerialized, indivisible
Trading market	Regulated spot market of Bucharest Stock Exchange (BVB or BSE), Premium category, listed since November 1, 1999
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

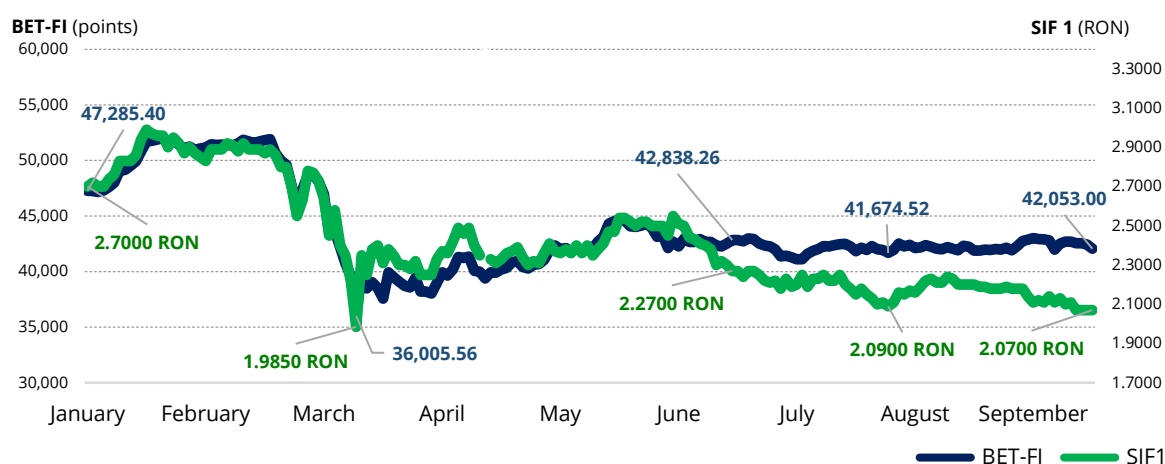
* As of September 30, 2020, SIF Banat-Crișana holds 2,918,361 own shares, purchased in 2018 and 2019 in the buyback programs approved by EGM of April 26, 2018.

SIF1 PRICE AND VOLUME DURING JANUARY - SEPTEMBER 2020



highlighted values for SIF1 price were recorded at the closing of trading day

SIF1 vs. BET-FI PERFORMANCE DURING JANUARY - SEPTEMBER 2020

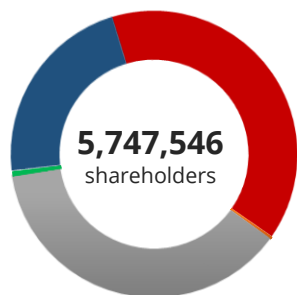


highlighted values were recorded at the closing of trading day

As of September 30, 2020, SIF Banat-Crișana has 5,747,546 shareholders, according to the data reported by Depozitarul Central SA Bucharest, the company keeping the shareholders registry.

SHAREHOLDERS' STRUCTURE

as per holdings, as at September 30, 2020



■ 39.40%
Romanian individuals
(5,745,300 shareholders)

■ 0.34%
non-resident individuals
(2,076 shareholders)

■ 37.64%
Romanian legal entities
(137 shareholders)

■ 22.05%
non-resident legal entities
(32 shareholders)

■ 0.57%
treasury stock
(2,918,361 shares)

6. SIGNIFICANT RISKS MANAGEMENT

Risk management system

SIF Banat-Crișana recognizes its exposures to the risks resulting from day-to-day operations, as well as from the attainment of its strategic objectives. In this context, SIF Banat-Crișana policy on the management of significant risks provides the framework for identifying, assessing, monitoring and controlling these risks, in order to maintain them at acceptable levels depending on the Company's risk appetite and its ability to cover, absorb or mitigate these risks.

Through the risk management system, SIF Banat-Crișana assigns a central role to the *risk management function, policies and procedures* related to significant risks management and relevant for the investment strategy, *measures, processes and techniques* related to the measurement and management of the risks the company uses for the portfolio under management.

The permanent risk management function has a main role in defining the risk policy, in monitoring and measuring the risks, ensuring the permanent compliance of the risk level with the risk profile of the Company adopted by the Board of Directors. The person responsible for administration shall have access to all relevant information and shall provide the senior management with up-to-date data on which to take prompt remedial action, if necessary.

Mrs. Adina Eleonora Hodăjeu holds the quality of Person responsible for risk management, starting with March 9, 2018, having no. in ASF register: 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 determined.

Risk profile and risk limits

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

1. Risk appetite

According to the Policy on the management of significant risks, SIF Banat-Crișana's Board of Directors has assumed a medium risk appetite. This level represents the level of risk that the Company accepts for new exposures, in addition to the risk arising from existing exposures in its portfolio.

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.

The company's risk appetite is clearly connected to the overall business strategy and business plan.

2. Risk profile

Represents all the risks to which the Company is estimated to be exposed depending on the strategic objectives and the defined risk appetite. By way of the risk management, the risk profile is not considered as a static measure, but a dynamic assessment of the evolving risks, at a predetermined

frequency that would protect as solidly as possible the Company's investment portfolio exposed to risk. The role of the risk profile is to determine the size of each significant risk and the overall level of risk, based on relevant, qualitative, and quantitative indicators.

The Board of Directors approved the classification of the global risk of the Company at MEDIUM level in 2020, corresponding to a medium risk appetite.

The risk management policy is based on a system of limits used to monitor and control significant risks, in accordance with the risk profile and the approved investment strategy.

The risk profile is assessed annually and monitored against the established risk level objectives. Depending on the progress of the risk profile in relation to these objectives, as well as the temporal dimension of a certain evolution, corrective or control measures of the risk factors may be ordered.

The risk profile did not change in Q3 2020, the negative movement registered at the level of stock prices did not lead to exceeding the risk limits.

Main risks for the Company

The significant risks to which SIF Banat-Crișana is 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 Company's exposure to each of the aforementioned risks is detailed in *Note 4 to the Financial Statements*.

In the analysis of risks and their materialization potential, all significant holdings of the Company were structured according to the relevant portfolios of financial instruments into 3 classes of instruments as follows: (i) equity instruments: listed shares, unlisted shares; (ii) debt instruments: government bonds, municipal bonds, corporate bonds, bank deposits (investments), fund units issued by AIF, (iii) derivative instruments for the purpose of risk reduction / hedging / management.

For the risks associated with each class of instruments mentioned, the rules of identification, assessment and monitoring described in the approved specific risk procedures shall apply.

a) Market risk

The objective of market risk management is the control and management of market risk exposures within acceptable parameters, in order to optimize profitability in relation to the associated risk.

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

The Company is exposed to the risk that the fair value of the financial instruments held will fluctuate as a result of changes in market prices caused either by factors specific to the activity of issuers or by factors affecting all instruments traded on the market.

The four subcategories of market risk specific to financial instrument portfolios are: *price / position risk, interest rate volatility risk, currency risk and concentration risk*.

PROXI-85 risk portfolio, a reference for price risk in the traded stock portfolio, is analysed compared to the total risk of the BET-BK index as a forecast of future volatilities.

With the annual assessment of the risk limits, it was decided that the risk indicator used, the VaR risk value (99%, 1M), should be monitored both for the portfolio, for a benchmark (BET-BK index) or active portfolio / difference.

On 30.09.2020 VaR for the PROXI-85 portfolio was 12.42% of the market value of RON 1,442.43 million. *Tracking-error*, which indicates active management and represents the risk for the part of the PROXI-85 portfolio other than the BET-BK benchmark, was of 6.22% and *Expected shortfall (Conditional VaR)*, which indicates the potential loss of the portfolio in extreme cases of exceeding the 99% confidence level, was 15.54%.

With respect to interest-bearing financial instruments, the Company's policy is to invest in short-term financial instruments in general, thus partially reducing both the risk of fluctuation and the risk of maturity differences (the Company has no liabilities with maturities over 1 year).

A small stake of net assets (3.16%) is placed in interest-bearing instruments, whose interest rates are unlikely to vary significantly. Thus, the Company is subject to limited exposure to changes in fair value or future cash flows due to fluctuations in prevailing market interest rate levels.

The company did not use derivative financial instruments for hedging against interest rate fluctuations.

Financial instruments denominated in euro: corporate shares and bonds, as well as monetary instruments: deposits and current accounts, are subject to currency risk. The amounts representing the balance of current accounts opened in currencies other than EURO (GBP and USD) are of the level of thousands of RON, irrelevant for the currency risk analysis.

The company traded in both Romanian currency (Leu) and foreign currency (Euro) in 2020, the Romanian currency fluctuated compared to foreign currencies, but the volatility of the exchange rate was not high, its growth being restrained by the monetary policy and NBR intervention. The value of Company's portfolio exposure (shares, bonds and current accounts) represents a weight of 24.12% of total assets as of September 2020. The growth as compared to H1 2020 comes from the increase of the current account balance in EURO at BRD pending the completion of the purchase transaction with Doosan IMGB SA shares.

The company did not make any derivative transactions on the exchange rate during the financial year presented.

The Company's exposure diversification policy applies to the structure of the portfolio, the structure of the business model, as well as the structure of exposures to financial risks. This diversification policy involves: diversifying the portfolio by avoiding excessive exposure to a debtor, issuer, country or geographical region; the diversification of the structure of the business plan aims at the level of the Company to avoid excessive exposure to a certain line of business / sector of activity; diversifying the structure of financial risks aims at avoiding excessive exposure to a certain type of financial risk.

Due to the specifics and history of its portfolio, the exposure on the banking sector remains significant, issuers in the banking sector and issued financial instruments (equity instruments, deposits and current accounts) have a share of 36.03% in TA at 30.09.2020. Banks are most exposed to systemic and contagion risk in crisis situations, a positive aspect of these holdings is the liquidity of the investment.

b) Liquidity risk

The company carefully maintains a level of liquidity appropriate to its underlying obligations, based on an assessment of the relative liquidity of the assets on the market, taking into account the period required for liquidation and the price or value at which those assets can be liquidated, as well as their sensitivity to market risks or other market factors.

In the risk management process, the liquidity of the financial instruments portfolio is analysed separately from the liquidity risk related to the Company's payment obligations.

The liquidity risk related to the company's payment obligations is very low, as current debts can be immediately covered by the current account balance and short-term deposits. The liquidity indicator (LCR) is 29.9, calculated on the value of assets with high liquidity.

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

The Company has implemented a procedure that establishes appropriate actions to measure liquidity in order to assess the quantitative and qualitative risks of the positions and expected investments that have a significant impact on the liquidity profile of the asset portfolio, in order to properly measure their effects. on the global liquidity profile.

In order to limit / avoid liquidity risk, the Company will constantly adopt a prudent cash outflow policy.

c) Credit risk

The company is exposed to credit and counterparty risk as a result of investments made in bonds issued by companies, current accounts and bank deposits and other receivables.

Cash held by the Company, which is not invested in portfolio companies or government securities, may be placed in short-term bank deposits. The credit risk is also diminished by placing the Company's cash in several banks.

Credit risk management is performed by closely and constantly monitoring credit risk exposures so that the Company does not suffer losses as a result of the concentration of credit in a certain sector or field of activity.

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

The company did not trade derivative financial instruments (listed or OTC) so it is not subject to counterparty risk.

d) Operational risk

The Company's objective of managing operational risk in such a way as to limit financial losses, to not damage its reputation, to achieve its investment objective and to generate benefits for investors was met throughout the year.

The risk limits for the operational risk subcategories (legal, professional, process / model and associated with outsourced activities) are established as a result of the risk indicator assessment (KRI), the appetite for operational risk being medium.

In Q3 2020, there were no incidents of an operational risk nature generated by information systems. Given the increasing incidence of pandemic risk on the health and safety of employees, the Company has strictly observed and applied the measures provided in the Business Continuity Plan so that situations of SARS COV2 virus contamination (spread) can be prevented in time. Expenditures incurred in Q3 for prevention consisted of disinfection at the two locations, staff testing, cleaning and protection products and represent a share of 0.028% of NAV, complying with the tolerance limit approved.

The macroeconomic influences could impact the business of the companies in the company's portfolio and implicitly on the investment / disinvestment activity.

The main risk at the Company's activity level refers to the dynamics of the pandemic, the necessary response to public health insurance and to the interruptions associated with the domestic activity, especially for the sectors with intensive individual contact. Another source of uncertainty is the expansion of global risks caused by low demand, weaker tourism, and lower household spending. A third set of factors includes financial market sentiment and its implications for global capital flows.

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

The avoidance of risks, the mitigation of their effects is ensured by the Company through an investment policy that respects the prudential rules imposed by the applicable legal provisions and regulations in force.

No exceedances of the risk limits at the level of the global risk profile were reported in Q3 2020.

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

Risk of exceeding the legal limits of prudential holding

The investment policy of SIF Banat-Crișana is subject to the limits imposed by the ASF regulations.

In Q3 2020, the asset portfolio of SIF Banat-Crișana complied with the prudential regulated holding limits.

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 September 30, 2020, by the gross method is 97.16% (excluding cash and cash equivalents as per the requirements of AFIA regulations) and by the commitment method is of 100%.

The Board of Directors aims that throughout 2020 to do not actively use leverage in the portfolio management process, respectively to do not use methods to increase portfolio exposure, to comply with the determined risk profile.

Also, the Board of Directors, by the investment policy for 2020, aims to do not carry financial instrument financing operations (SFTs) and 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 2020, the Risk Management department will perform in the second half of the year a crisis simulation based on the analysis of scenarios, 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.

Ad-hoc crisis simulation for liquidity risk - assets and liabilities

According to the ASF Norm no. 39/2020 for the application of the ESMA Guide no. 897 / 16.07.2020 on the simulation of liquidity crisis situations (LST) in UCITS (ro: OPCVM) and AIF, SIF Banat-Crișana has to periodically perform liquidity crisis simulations both in terms of assets under management and payment obligations.

ESMA Guide no. 897 / 16.07.2020 on the simulation of liquidity crisis situations in UCITS and AIF enters into force on September 30, 2020. AIFM has to inform ASF within a maximum of 5 days from the preparation of the periodic or ad hoc LST, regarding the occurrence of significant risks and the measures taken to combat these risks. The liquidity crisis simulation should be documented in an LST policy as part of the AIF's risk management process which imposes AIFM and the obligation to periodically review and adjust the LST, if necessary.

Considering the mandatory application of the mentioned ESMA guide, on September 30, 2020, an ad-hoc liquidity crisis simulation was performed in order to verify the compliance with the liquidity risk limits approved by the global risk profile of SIF Banat-Crișana.

Taking into account all the information on the transactions in progress until the end of the year, a simulation of assets and liabilities was performed to verify both the compliance with the risk limits and the need for liquidity over certain time intervals.

The conclusions drawn from the LST are:

- Total assets could undergo a decrease mainly due to the fair value decrease of shares and fund units amidst the overall market decrease (scenario used: impact on assets that generate reserve liquidity by the end 2020 amid the deepening health crisis and financial results in Q3 below analysts' expectations).
- The weight of assets whose estimated liquidation period over 365 days could increase, representing the main source of liquidity risk. For periods of up to 90 days, assets with immediate liquidity, represented by cash and deposits, may be redistributed to meet the liquidity need for those periods.
- LCR, net and gross, fall within the approved risk limit for this indicator within the overall risk profile for a low / medium risk appetite.

Additional information on the risks to which the Company is exposed is presented in Note 4 to the Financial Statements.

7. SIGNIFICANT EVENTS DURING Q3 2020

- On **July 6, 2020**, the Extraordinary General Meeting of Shareholders took place, approving the amendment of the Company's Articles of Association, in order bring it in line with the provisions of Law no. 243/2019 on alternative investment funds, amending and supplementing certain normative acts (AIF Law).

The full version of the Decisions adopted by the EGMS of July 6, 2020 is available for consultation on the Company's website, at www.sif1.ro, in the *Investor Relations* section.

- On **July 23, 2020**, SIF Banat-Crișana filed to the Financial Supervisory Authority the documentation for its authorization as a Closed-ended, Diversified Alternative Investment Fund addressed to Retail Investors, as per the provisions of Law no. 243/2019 on alternative investment funds and amending and supplementing certain normative acts. At the date of this report, the file is under the analysis of the authority.
- On **August 17, 2020**, the Disclosure Document on the offering of shares to the members of the management structure of SIF Banat-Crișana was published. The Board of Directors of SIF Banat-Crișana approved the "Stock Option Plan", which offered to the members of the Company's management a number of 880,000 SIF1 shares, a program approved in the EGMS of April 27, 2020 (Program II).

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

- On **September 7, 2020**, SIF Banat-Crișana informed the investors upon the signing, on September 4, 2020, of the sale purchase agreement for the acquisition of the stake representing 99.92% of the share capital of DOOSAN IMGB S.A., a company with its registered office in Bucharest, no. 104 Șoseaua Berceni.
- On **September 8, 2020**, SIF Banat-Crișana issued an announcement informing the investors upon the update of the valuation policies and methods applied to evaluate the financial assets in the company's portfolio to comply with the provisions of art. 114 par. (4) and (5) of ASF Regulation no. 9/2014 amended and supplemented by ASF Regulation no. 20/2020.

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

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

- On **September 29, 2020**, The Board of Directors of the Company, convened, pursuant to art. 117 of Law no. 31/1990, the **Extraordinary General Meeting of Shareholders (EGM)** for November 2, 2020, at 10:00 hours and the **Ordinary General Meeting of Shareholders (OGM)** for November 2, 2020 at 12:00 hours, at the company's headquarters in Arad, 35A Calea Victoriei. The Agenda of the EGM meeting was supplemented, by Decision of the Board of October 19, 2020, following the request of the Financial Supervisory Authority (by letter no. DRA/6360/14.10.2020 to supplement/amend certain provisions of the Articles of Association subject to the EGM approval. The main topic on the agenda of the meetings: (i) OGM: extension of the mandate of the financial auditor with one more year; approval of the Revised Revenue and Expenses Budget for 2020, (ii) EGM: approval of amending the Articles of Association of the company, in order to comply with the provisions of Law no. 243/2019 on alternative investment funds, amending and supplementing

certain normative acts, and with the provisions of the ASF Regulation no. 7/2020; approval of the partial revocation of the Resolution of the Extraordinary General Meeting of Shareholders of April 22, 2019, published in the Official Gazette of Romania, Part IV, no. 2154 / 23.05.2019, respectively of article 1 of this Resolution; and approving the execution of a Buyback Program ("Program 3"). Detailed information on the general meetings of shareholders are available on Company's website, at www.sif1.ro, in the *Investor Relations* section.

Continuation of the action plan to ensure business continuity amidst the COVID-19 pandemic

During Q3 2020, SIF Banat-Crișana continued to closely monitor the progress of the situation generated by the new COVID-19 virus, as presented by the competent authorities. In this context, the main preventive measures adopted by the Company aimed at ensuring increased sanitation and disinfection measures at the workplaces and a permanent internal communication was established, informing employees on the mandatory preventive measures to be observed and the decisions of the authorities.

The execution of the Business Continuity Measures Plan, activated at the beginning of March, continued during the year, being adapted according to the nature of the situation and the complexity of the Company's activities, in order to ensure safe operations, continuity and minimization of risks at all levels.

SIF Banat-Crișana took all measures to organize the general meetings of shareholders in safe conditions, to properly inform the shareholders and facilitate the possibility of expressing the vote through alternative means to directly or through the representative participation, as they are these provided by law (voting by correspondence).

Throughout Q3 2020, at portfolio level, the close monitoring of issuers has been carried out, strengthening the analysis and assessment of existing or potential activity and risks at their level generated by the existing global crisis. At the same time, the communication of the portfolio managers with the management of the majority participations was intensified, in a common approach to identify the best solutions to counteract the adverse effects induced by the coronavirus crisis on the activity of these companies.

8. FINANCIAL POSITION AND RESULTS AS OF SEPTEMBER 30, 2020

SIF Banat-Crișana has prepared the financial statements as of September 30, 2020 pursuant to 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 and considering the provisions of IFRS 9 – Financial Instruments, standard applicable beginning January 1, 2018.

The interim condensed financial statements as of September 30, 2020 are presented in full, accompanied by the explanatory notes, as annex to this report. These are not audited, as there is no legal or statutory requirement.

The following are comments on the main elements of the financial position and results as of September 30, 2020:

Condensed standalone statement of financial position

Standalone statement of financial position - extract		
<i>denominated in RON</i>	31/12/2019	30/09/2020
Cash and cash equivalents	117,203,806	225,051,636
Bank deposits, including attached due interest	4,512,500	-
Financial assets at fair value through profit and loss	1,226,791,154	1,129,410,454
Financial assets at fair value through other comprehensive income	1,508,267,047	1,194,422,555
Financial assets at amortized cost	43,246,691	29,387,620
Investment property and tangible assets (property, plant, and equipment)	24,127,294	16,965,048
Other assets	2,529,847	17,858,653
Total assets	2,926,678,339	2,613,095,966
Liabilities	178,474,885	132,333,321
Equity (own capital)	2,748,203,454	2,480,762,645
Total liabilities	2,926,678,339	2,613,095,966

The value of **total assets** held as of September 30, 2020 was of RON 2,613.1 million, 10.7% lower as compared to the value of assets at the end of 2019.

The main patrimonial elements changed compared to the beginning of the period as follows:

- **Cash and cash equivalents** and **Bank deposits** are significantly higher than at the end of 2019, given that the Company has adopted a prudent investment policy, considering the current macroeconomic and social context, dividends collected and receipts from disposals of financial assets being directed mainly towards short-term monetary investments between January and September 2020.

- **Financial assets at fair value through profit and loss**, amounting to RON 1,129.4 million, are lower compared to December 31, 2019 by RON 97.4 million, mostly due to the cumulative effect of differences in fair value for shares in subsidiaries and associates and investments in investment funds recognized up to September 30, 2020.

- **Financial assets at fair value through other comprehensive income**, amounting to RON 1,194.4 million, are below the level recorded on December 31, 2019 by RON 313.9 million, as a result of recording the unfavourable fair value differences of the financial assets investment portfolio (the highest weight having the holdings of minority stakes in listed entities – shareholdings in banks, in energy companies, industry, etc.) as of September 30, 2020, given that most of the listed shares have only partially recovered the significant declines from the first part of the year amid the spread of the effects of the Covid-19 pandemic.

- The **Other assets** category rose compared to the beginning of the period, being influenced by the amounts paid as an advance for the acquisition of financial instruments, reflected in the receivables until the completion of these operations.

- The volume of **equity** (own capital) decreased significantly compared to the level recorded on December 31, 2019, mainly due to unfavourable fair value differences related to the securities portfolio, recorded under other comprehensive income up to September 30, 2020, and net income in the first nine months of 2020. The decrease in the volume of differences in fair value also explains the reduction in the Company's debts compared to the end of the previous year, due to the adjustment of the deferred income tax liability.

Condensed statement of profit and loss and other comprehensive income

Standalone statement of profit or loss and other comprehensive income - extract		
<i>denominated in RON</i>	30/09/2019	30/09/2020
Income		
Dividend income	105,781,188	49,237,370
Interest income	4,526,500	7,568,700
Other operating revenues	128,747	137,753
Gain / (Loss) on investment		
Gain on investment property	-	2,466,217
Gain from foreign exchange differences	1,403,973	2,055,628
Gain / (Loss) on financial assets at fair value through profit and loss	38,024,031	(89,355,261)
Expenses		
Commissions expenses	(2,463,778)	(2,803,799)
Other operating expenses	(9,471,329)	(11,070,991)
Profit / (Loss) before tax	137,929,332	(41,764,383)
Income tax	(11,388,357)	(665,276)
Net Profit/(Loss) for the period	126,540,975	(42,429,659)
Other comprehensive income	185,773,769	(225,885,081)
Total comprehensive income for the period	312,314,744	(268,314,740)

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

- **Dividend income** significantly plummeted as compared to the first nine months of the previous year, following the decision to suspend, postpone or diminish the dividends distributed to shareholders by the some issuers in the portfolio in the context of the unprecedented difficulties caused by the Covid-19 pandemic.

- **Interest income** is significantly higher than that of the corresponding period of the previous year, given the investments made at the end of 2019 in fixed income instruments with a nominal yield above the market average and an average volume of cash available and placed in bank deposits significantly above that recorded between January and September 2019.

Gain / (loss) on investment had the following evolution:

- **Gain on investment property** was generated from the sale at the beginning of 2020 of a real estate located in Timișoara, recorded in the accounting in the *investment property* category.

- **The net result from exchange rate differences** recorded as of September 30, 2020 is favourable, being related to corporate bonds and cash in foreign currency held. Its level increased as compared to the same period of the previous year, being also influenced by the depreciation trend of RON against the euro in 2020.

- **Gain / (Loss) on financial assets at fair value through profit and loss (FVTPL)** is unfavourable, the decrease being the main result of the cumulative impact of the fair value measurement as of September 30, 2020 of listed shares (subsidiaries and associates), fund units and bonds. The sharp decrease in market values compared to the same period of 2019 of the shares is the effect of the global situation due to Covid-19, with severe economic and social impact.

Expenses as of September 30, 2020 are above the level of those of the corresponding period of 2019. During 2020, the company recorded expenses with sponsorships granted of over 1 million RON, mainly aimed at supporting projects in the health system.

The net loss as of September 30, 2020, amounting to RON 42.4 million, is the effect of the result from the measurement at fair value of the shareholdings recognized within the Financial Assets at fair value through profit and loss.

Total comprehensive income as of September 30, 2020 is unfavourable in the amount of RON 268.3 million and is the effect of recognizing in other comprehensive income the reduction of the fair value of the portfolio of financial assets classified in FVTOCI category (assets at fair value through other comprehensive income). The comprehensive income as of September 30, although unfavourable, reflects the gradual recovery of the fair values of the assets portfolio under management compared to the previous interim reports (June 30: -313.5 million RON; March 31: -430.9 million RON).

Financial ratios as of September 30, 2020

(as per pt. A of Annex no. 13 to ASF Regulation no. 5/2018)

Ratio	Calculation	Result as at 30.09.2020
1. Current liquidity ratio ¹⁾	Current assets/Current liabilities	87.0
2. Debt to equity ratio ²⁾	Debt / Equity x 100	not applicable
	Debt / Capital employed x 100	not applicable
3. Accounts receivables turnover ³⁾	Average clients' accounts / Turnover x 270	48
4. Non-current assets turnover ⁴⁾	Turnover / Non-current assets	0.0240

¹⁾ **Current liquidity ratio** provides the guarantee of covering current liabilities from current assets. The acceptable recommended value is approximately 2, and the recorded value at the end of the first nine months of 2020 was of 87.0. This is due to the high level of current assets as of September 30, 2020, as there were significant amounts of liquidity in short term monetary investments.

²⁾ **Debt to equity ratio** indicates the effectiveness of the credit risk management, revealing potential financing or liquidity issues, with impact on fulfilling the assumed commitments. The Company had no borrowings as of September 30, 2020, except for amounts arising from the way in which leases are reflected in accordance with IFRS 16 (but do not represent borrowings in the sense used to calculate the indicator), and therefore this indicator is zero.

³⁾ **The accounts-receivable turnover** indicates the effectiveness of the company in collecting its receivables, respectively the number of days until the debtors pay their debt to the company.

In determining the average balance of clients, the receivables were considered at gross value.

For the turnover, the company's total revenues as of September 30, 2020 was used.

Turnover ratio calculated as of September 30, 2020, was of 48 days.

⁴⁾ **Non-current assets turnover** measures the efficiency in managing the non-current assets, by examining the value of the turnover (for SIF Banat-Crișana - the total operating income) generated by a certain portion of non-current assets. In determining the ratio, the gross value of financial assets was considered. As of September 30, 2020, this ratio has a value of 0.0240.

9. EVENTS AFTER THE REPORTING PERIOD

- On **October 20, 2020**, SIF Banat-Crișana informed the investors on supplementing the agenda of the Extraordinary General Meeting of Shareholders, convened for November 2 (3), 2020, following the letter no. DRA 6360 / 14.10.2020 issued by the Financial Supervisory Authority stating that concerning the amendments to the of SIF Banat-Crișana's Articles of Association to be submitted for approval of the EGM, it is necessary to supplement / amend it according to the Authority's requests, included in the aforementioned letter. *(Current Report of October 20, 2020)*
- On **October 22, 2020**, the Competition Council issued the non-objection decision regarding the economic concertation operation carried out by the acquisition by SIF Banat-Crișana of the control over DOOSAN IMGB S.A. Consequently, on **October 23, 2020**, the transaction for the acquisition of the stake 99.92% of the share capital of DOOSAN IMGB S.A. was completed, by transferring the ownership of the shares to the Depozitarul Central. *(Current Report of October 26, 2020)*
- On **October 23, 2020**, SIF Banat-Crișana collected in full of the equivalent value in RON of the amount calculated for the end of October 21, 2020, representing the principal and the interest related to the corporate bonds issued by Blue Air Aviation SA, and is to proceed as soon as possible to discharge the first ranking mortgages on the real estate / movable property established on the date of issue in favour of SIF Banat Crișana SA. *(Communiqué of October 26, 2020)*
- On **November 2, 2020**, the Ordinary General Meeting of Shareholders (OGMS) and the Extraordinary General Meeting of Shareholders (EGMS) took place.

The OGMS approved:

- the appointment of Deloitte Audit S.R.L as financial auditor for the financial year ending on December 31, 2021, extending the initial term by one year;
- The Revised revenue and expenses budget for 2020.

The EGMS approved:

- amending the Company's Articles of Association, to comply with the provisions of Law no. 243/2019 on alternative investment funds, amending and supplementing certain normative acts, and the provisions of ASF Regulation no. 7/2020;
- revocation of Art. 1 of the Resolution of the Extraordinary General Meeting of Shareholders of April 22, 2019, approving the execution of a buyback program of a maximum of 15,000,000 own shares;
- the execution of a buyback program ("Program 3") to reduce the Company's share capital. The maximum number of shares that may be repurchased: 15,000,000 shares at most. The minimum price per share is of RON 0.1, the maximum price per share is of RON 5.1020; The duration of Program 3 is of maximum 12 months.

The full version of the Resolutions adopted by the OGMS and the EGMS is available for consultation on Company's website, at www.sif1.ro, in the *Investor Relations* section.

10. ANNEXES

Condensed interim standalone financial statements as of September 30, 2020, 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

Net asset statement as of September 30, 2020, prepared pursuant to Regulation no. 15/2004 (Annex 16)

Detailed statement of investments as of September 30, 2020, pursuant to Regulation no. 15/2004 (Annex 17)

The quarterly report prepared as of September 30, 2020, was approved by the Board of Directors of SIF Banat-Crișana in the meeting held on November 9, 2020.

Bogdan-Alexandru DRĂGOI

Chairman and CEO

The version of quarterly report prepared in Romanian is the official and binding version.