



# SIF BANAT-CRIȘANA

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SIF BANAT-CRIȘANA

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HALF YEAR REPORT

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JANUARY 1 – JUNE 30, 2021

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

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

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## GENERAL INFORMATION

CORPORATE NAME	<b>Societatea de Investiții Financiare Banat-Crișana S.A.</b> (hereinafter referred to as "SIF Banat-Crișana" or "the Company")
COMPANY TYPE	<ul style="list-style-type: none"> <li>▪ joint stock company, established as self-managed investment company, authorized by the Financial Supervisory Authority as Alternative Investment Fund Manager (AIFM) – Authorization no. 78/09.03.2018, classified as per the provisions of Law no. 243/2019 as a closed-ended alternative investment fund, diversified, addressed to retail investors (AIFRI)</li> <li>▪ Romanian legal entity with entire private capital</li> </ul>
SHARE CAPITAL	<ul style="list-style-type: none"> <li>▪ RON 51,542,236.30 – subscribed and paid-up capital</li> <li>▪ 515,422,363 shares issued, entirely outstanding</li> <li>▪ RON 0.10 per share nominal value</li> </ul>
REGISTRATIONS	<ul style="list-style-type: none"> <li>▪ J02/1898/1992 at Trade Registry</li> <li>▪ Unique Registration Code 2761040</li> <li>▪ Number in ASF AFIAA Register PJR07.1AFIAA / 020007 / 09.03.2018</li> <li>▪ Legal Entity Identifier (LEI Code) 254900GAQ2XT8DPA7274</li> </ul>
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"> <li>▪ carrying out financial investments in order to maximize the value of own shares in accordance with the regulations in force</li> <li>▪ management of investment portfolio and exercising all of the rights related to the instruments in which investments are made</li> <li>▪ risk management</li> <li>▪ other activities auxiliary and associated to the collective investment activity, in accordance with the regulations in force</li> </ul>
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB) – Premium category - ticker <b>SIF1</b>
FINANCIAL AUDITOR	<b>Deloitte Audit S.R.L.</b>
DEPOSITARY BANK	<b>Banca Comercială Română (BCR)</b>
SHARES AND SHAREHOLDERS' REGISTRY	<b>Depozitarul Central S.A. Bucharest</b>
HEADQUARTERS	<b>Arad</b> , 35A Calea Victoriei 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL <a href="mailto:sifbc@sif1.ro">sifbc@sif1.ro</a> WEB <a href="http://www.sif1.ro">www.sif1.ro</a>
BRANCH OFFICE	<b>SIF Banat-Crișana SA Arad-Bucharest Branch-Rahmaninov</b> 46-48 S. V. Rahmaninov Str., 3rd floor, sector 2, 020199, Bucharest

**CONTACT Investor Relations: email** [investitori@sif1.ro](mailto:investitori@sif1.ro) **tel** +40257 304 446

## MAIN FINANCIAL AND OPERATIONAL INFORMATION

<b>MAIN BALANCE SHEET ITEMS [RONm]</b>			
	<b>30.06.2020</b>	<b>31.12.2020</b>	<b>30.06.2021</b>
Total assets, of which	2,560.23	2,883.77	3,353.02
Total financial assets	2,539.74	2,859.53	3,323.63
Equity	2,434.84	2,729.90	3,153.95
Total liabilities	125.39	153.87	199.07

<b>FINANCIAL PERFORMANCE [RONm]</b>			
	<b>30.06.2020</b>	<b>31.12.2020</b>	<b>30.06.2021</b>
Income	40.09	94.84	31.07
Gain / (Loss) on investments	(76.99)	27.82	207.59
Expenses	8.68	28.47	10.55
Gross profit / (Loss)	(45.59)	94.18	228.10
Net profit / (Loss)	(46.09)	92.12	216.93

<b>FINANCIAL INDICATORS [%]</b>			
	<b>30.06.2020</b>	<b>31.12.2020</b>	<b>30.06.2021</b>
ROE (net profit / equity)	(1.89)	3.37	7.23
ROA (net profit / total assets)	(1.80)	3.19	6.80
Gross profit margin (gross profit / total revenues)	(44.58)	30.47	95.16

<b>PERFORMANCE OF SHARES AND NET ASSET</b>		
	<b>31.12.2020</b>	<b>30.06.2021</b>
Share price (end of period, RON)	2.2000	2.7400
NAV/S* (RON)	5.6051	6.4184
Accounting net asset / share (RON)	5.3055	6.1192
Nominal value of share (RON)	0.1	0.1
Number of shares issued	515,422,363	515,422,363
Number of outstanding shares	514,542,363	515,422,363

\* calculated acc. to ASF regulations

<b>OPERATIONAL DATA</b>		
	<b>31.12.2020</b>	<b>30.06.2021</b>
Number of permanent employees, end of period	34	34
Branch offices	1	1

<b>SHAREHOLDING STRUCTURE as of June 30, 2021</b>		
	number of shareholders	holdings
Romanian individuals	5,743,462	40.34%
Non-resident individuals	2,084	0.34%
Romanian legal entities	127	38.99%
Non-resident legal entities	25	20.33%
<b>TOTAL</b>	<b>5,745,698</b>	<b>100%</b>

# 1. ANALYSIS OF SIF BANAT-CRIȘANA ACTIVITY

## Analysis of the portfolio under management

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

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

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, the preservation and medium-long term capital growth, 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 conditions of the macroeconomic and market environment at the time.

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

The company applies an exit strategy tailored to the specifics of each investment, defined based on the applied strategy, the investment objectives, the conditions of the exit transaction.

During the reporting period, SIF Banat-Crișana had under management a complex portfolio, consisting of the following main categories of financial instruments: shares, bonds, and fund units.

Analysing the factors and elements generating effects on the investment activity and on the areas in which SIF Banat-Crișana has exposures, the objectives pursued during H1 2021 continued the investment strategy approved by the shareholders, having as major lines of action:

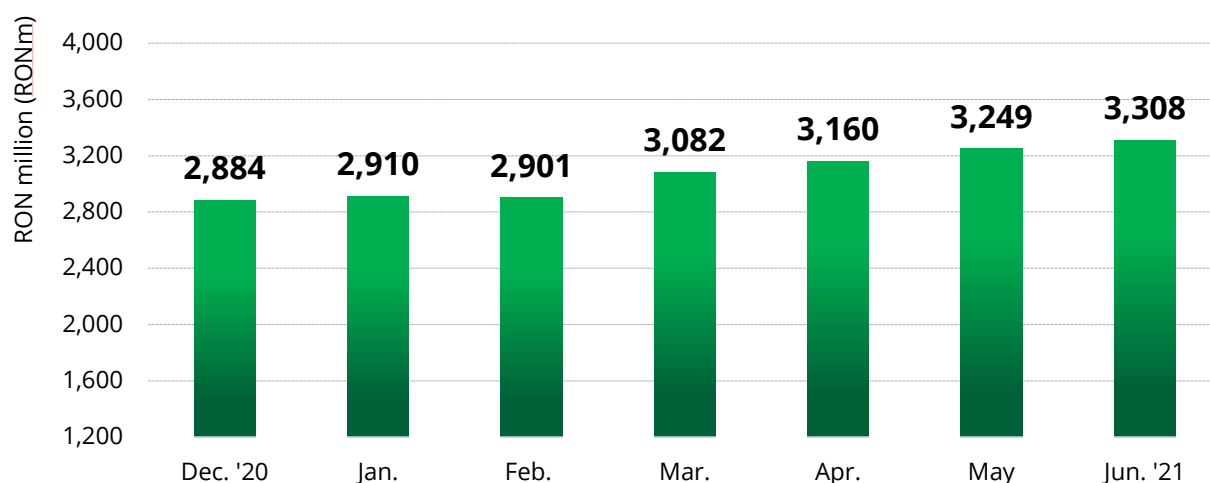
- improving portfolio quality by taking advantage of investment projects in sound businesses or assets, in conditions of optimizing the portfolio risk-return balance;
- continuing the portfolio restructure by reducing exposure on minority shareholdings that do not fit in the Company's investment strategy and in the "core" portfolio;
- active management in the majority shareholdings for the development of the business and their performances;
- efficient portfolio management and maximising its performances, complying with all the regulatory requirements;
- adapting the activity to the major social and economic challenges;
- maintaining transparency and a good corporate governance.

## The progress of net asset value

SIF Banat-Crișana's net asset value (NAV) reached **RON 3,308m** at the end of the H1 2021, 14.71% higher as compared to RON 2,884m at 2020-year end. Net asset value per share (NAV/S) was of **RON 6.4184** at the end of H1 2021, as compared to RON 5.6051, the value recorded as of December 31, 2020.

### MONTHLY PROGRESS OF NET ASSET VALUE

December 2020 - June 2021



Monthly values for net asset are calculated by SIF Banat-Crișana and certified by the depositary bank, Banca Comercială Română (BCR).

The monthly reports for the net asset value (NAV) were submitted to the Bucharest Stock Exchange and Financial Supervisory Authority – Financial Investments and Instruments Sector, and published on SIF Banat-Crișana's website [www.sif1.ro](http://www.sif1.ro) no later than 15 days from the end of the reporting month, as per the regulations in force.

Net asset statement (statement of assets and liabilities) as of June 30, 2021, prepared pursuant to annex 16 of the Regulation no. 15/2004, is presented as annex to this report.

### The methodology for calculating the net asset value

Throughout H1 2021, the valuation of assets for the calculation of SIF Banat-Crișana's net asset value was performed as per the regulations issued by the Financial Supervisory Authority, complying with 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 of 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 evaluated:

- 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 subsection a) 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's 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 June 30, 2021, in the case of the following companies in the portfolio: SIF Imobiliare PLC (symbol SIFI), SIF Hoteluri SA (symbol CAOR), and IAMU SA (symbol IAMU).*

- Securities not admitted to trading on a regulated market or not traded during last 30 trading days are evaluated 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 evaluated 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 completion 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](http://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 conditions established by the regulations incident to the operation of the Company.

In the matter of investment policy, for the reporting period are applicable the provisions of Law no. 243/2019 on alternative investment funds are applicable to SIF Banat-Crișana, classified as a Closed-ended, Diversified Alternative Investment Fund, Addressed to Retail Investors (AIFRI).

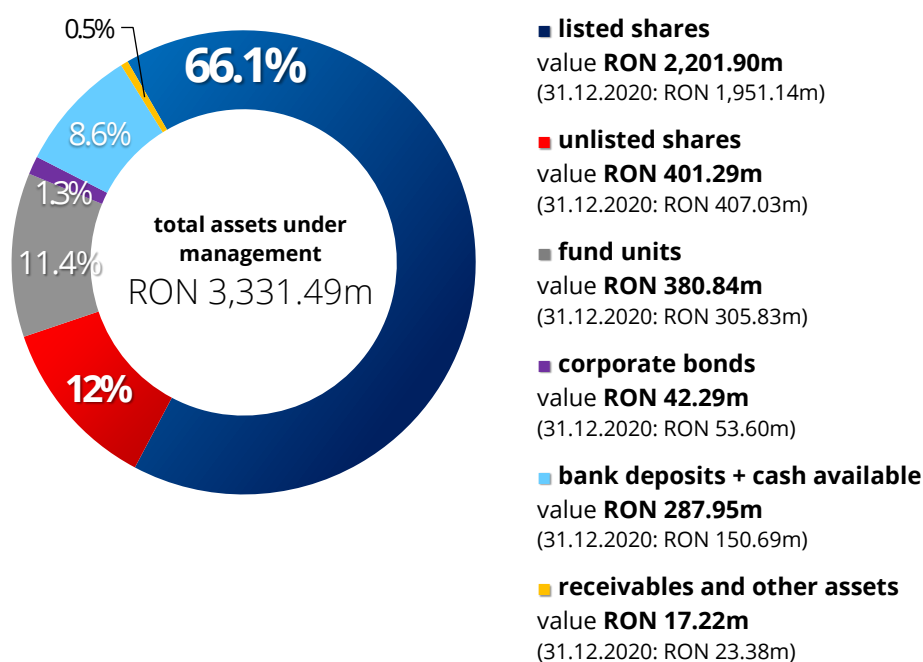
The management has instituted procedures for internal risk management, to identify, monitor and cover the risks associated with the investments made by SIF Banat-Crișana. The management regularly reviews the compliance with prudential limits and investment restrictions. If violations of the applicable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

During H1 2021, the regulated prudential investment limits were complied with.

The detailed statement of SIF Banat-Crișana's investments as of June 30, 2021, prepared pursuant to Regulation no. 15/2004 (Annex 17), is presented as annex to this report.

## ASSETS UNDER MANAGEMENT as of June 30, 2021

(breakdown on assets, weight on total assets)



Note: values calculated as of June 30, 2021, acc. to ASF Reg. no. 9/2014, no. 10/2015, no. 2/2018

Total assets value<sup>1</sup> of SIF Banat-Crișana, calculated as per ASF regulations as of June 30, 2021, was of **RON 3,331.49m**, up 15.21% as compared to the value recorded at 2020-year end, when it reached RON 2,891.67m.

The value of the stock portfolio (listed and unlisted shares) accounted for **78.14%** of SIF Banat-Crișana's total assets as of June 30, 2021, amounting to **RON 2,603m<sup>2</sup>** (December 2020: RON 2,358m).

### Stock portfolio structure

As per the market value of the portfolio, a significant weight in the portfolio structure as of 30.06.2021 is still that of the financial-banking sector (49.46%), including banks, investment companies (SIFs) and other financial companies, the real estate - commerce sector (23.66%) and the pharmaceutical sector (8.88%).

The financial-banking sector continues to have the largest stake in the portfolio under management, and the value of shareholdings in this sector, calculated as per ASF regulations, recorded a slight upsurge during the first half of the year due to the rise of quotations on trading markets.

SIF Banat-Crișana's asset portfolio complied with the holding limits provided by the ASF regulations throughout the first half of 2021. Detailed information is presented in the *Risk Management* subchapter.

### Stock portfolio management

As of June 30, 2021, SIF Banat-Crișana held *majority holdings* - over 50% of the issuer's share capital - in 13 companies, with a total value of RON 1,015.1m, representing 30.68% of NAV.

<sup>1</sup> calculated pursuant to the provisions of ASF Regulation no. 9/2014 (art. 113-122), ASF Regulation no. 10/2015, and no. 2/2018

<sup>2</sup> calculated pursuant to the provisions of ASF Regulation no. 9/2014, no. 2/2018, and no. 20/2020

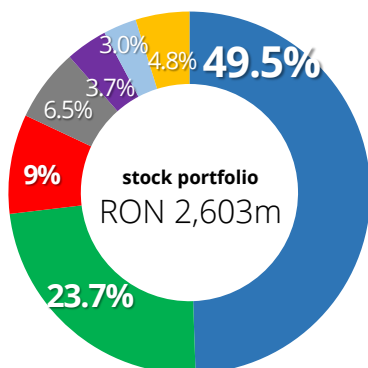


During 2021, the Company re-analysed the criteria regarding the classification as an investment entity and concluded that they are met, except for the subsidiaries that provide investment related services (SAI Muntenia Invest SA and Administrare Imobiliare SA). Thus, in accordance with IAS 27 and IFRS 10, the Company measures all its subsidiaries at fair value through profit and loss, except for subsidiaries that provide investment services, which will further be consolidated.

During H1 2021, SIF Banat-Crișana's management focused on streamlining the management process of majority holdings to ensure high financial profitability and a competitive management.

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#### STOCK PORTFOLIO - breakdown by sector



##### ■ banking - financial

stakes in **14** companies, worth **RON 1,287.46m** (39.82% of NAV)  
(31.12.2020: 16 companies, worth RON 1,151.26m; 40.48% of NAV)

##### ■ commerce - real estate

stakes in **14** companies, worth **RON 615.92m** (18.62% of NAV)  
(31.12.2020: 14 companies, worth RON 617.32m, 21.71% of NAV)

##### ■ pharmaceuticals

stakes in **2** companies, worth **RON 231.18m** (6.99% of NAV)  
(31.12.2020: 2 companies, worth RON 161.86m; 5.69% of NAV)

##### ■ cardboard and paper

stakes in **5** companies, worth **RON 168.89m** (5.11% of NAV)  
(31.12.2020: 5 companies, worth RON 122.43m, 4.30% of NAV)

##### ■ hospitality (hotels and restaurants)

stakes in **4** companies, worth **RON 97.40m** (2.94% of NAV)  
(31.12.2020: 4 companies, worth RON 100.03m; 3.52% of NAV)

##### ■ energy - utilities

stakes in **6** companies, worth **RON 77.35m** (2.34% of NAV)  
(31.12.2020: 7 companies, worth RON 72.33m; 2.54% of NAV)

##### ■ other industries and activities

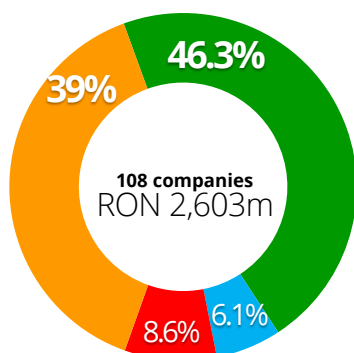
stakes in **64** companies, worth **RON 124.99m** (3.78% of NAV)  
(31.12.2020: 68 companies, worth RON 132,94m; 4.67% of NAV)

*Note: percentages in the chart represent the stake of the category in the stock portfolio, values calculated as of June 30, 2021, acc. to ASF Reg. no. 9/2014, no. 10/2015, no. 2/2018*

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#### STOCK PORTFOLIO - breakdown by stake held



##### ■ up to 5%

stakes in **36** companies worth **RON 1,206.35m** (36.47% of NAV)  
(31.12.2020: 40 companies worth RON 1,025.35m; 35.55% of NAV)

##### ■ 5-33%

stakes in **56** companies worth **RON 158.68m** (4.80% of NAV)  
(31.12.2020: 60 companies worth RON 208.71m; 7.24% din VAN)

##### ■ 33-50%

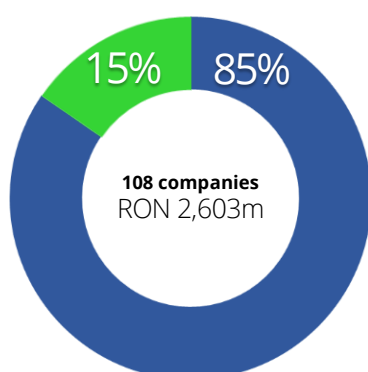
stakes in **3** companies worth **RON 223.05m** (6.74% of NAV)  
(31.12.2020: 3 companies worth RON 155.46m; 5.39% of NAV)

##### ■ above 50%

majority stakes in **13** companies worth **RON 1,015.11m** (30.68% of NAV)  
(31.12.2020: 13 companies worth RON 968.65m; 33.59% of NAV)

*Note: percentages in the chart represent the stake of the category in the stock portfolio, values calculated as of June 30, 2021, acc. to ASF Reg. no. 9/2014, no. 10/2015, no. 2/2018*

## STOCK PORTFOLIO - on liquidity

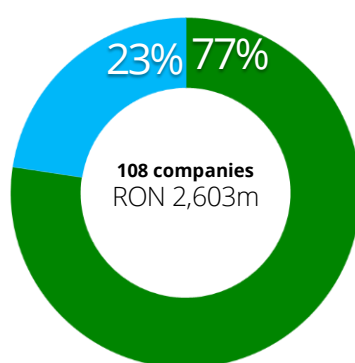


■ listed companies  
**RON 2,202m** (66.56% of NAV) value of stakes in **36** companies  
 (31.12.2020: 42 companies worth RON 1,951.14m; 67.65% of NAV)

■ unlisted companies  
**RON 401m** (12.13% of NAV) value of stakes in **72** companies  
 (31.12.2020: 74 companies worth RON 407m; 14,11% of NAV)

*Note: percentages in the chart represent the stake of the category in the stock portfolio, values calculated as of June 30, 2021, acc. to ASF Reg. no. 9/2014, no. 10/2015, no. 2/2018*

## STOCK PORTFOLIO - geographical exposure



■ Romania  
**RON 2,014.14m** (60.88% of NAV) value of stakes in **106** companies  
 (31.12.2020: 114 companies worth RON 1,813.91m; 62.89% of NAV)

■ foreign markets  
**RON 589.05m** (17.81% of NAV) value of stakes in **2** companies: Austria (1 company – Erste Bank), Cyprus (1 company – SIF Imobiliare)  
 (31.12.2020: 2 companies worth RON 544.27m; 18.87% of NAV)

*Note: percentages in the chart represent the stake of the category in the stock portfolio, values calculated as of June 30, 2021, acc. to ASF Reg. no. 9/2014, no. 10/2015, no. 2/2018*

## Presentation of the largest holdings in the portfolio

## TOP 10 COMPANIES IN SIF BANAT-CRIȘANA PORTFOLIO as of June 30, 2021

Company (market symbol)	Sector	Stake	Value* [RON]	% of NAV
1 Banca Transilvania (TLV)	banking-financial	4.39%	686,434,800	20.75%
2 SIF Imobiliare Plc (SIFI)	real estate	99.99%	368,782,154	11.15%
3 BRD-Groupe Société Générale (BRD)	banking-financial	1.95%	238,271,198	7.20%
4 Biofarm (BIO)	pharmaceuticals	36.75%	223,051,498	6.74%
5 Erste Group Bank AG (EBS)	banking-financial	0.34%	220,264,382	6.66%
6 SIF1 IMGB	real estate	99.92%	214,789,507	6.49%
7 Vrancart (VNC)	cardboard and paper	75.06%	168,822,700	5.10%
8 SIF Hoteluri (CAOR)	hospitality	98.99%	57,535,380	1.74%
9 SIF Muntenia (SIF4)	banking-financial	5.11%	55,370,430	1.67%
10 SAI Muntenia Invest	banking-financial	99.98%	51,969,608	1.57%
<b>TOTAL</b>			<b>2,285,291,656</b>	<b>69.08%</b>

\* calculated as per ASF Reg. no. 9/2014, no. 10/2015, no. 2/2018 | NAV = net asset value

The most important holdings as per their weight in the net assets of SIF Banat-Crișana are participations in companies listed on regulated markets. Considering the specifics of SIF Banat-Crișana activity, the structure and the exposure of the portfolio are adapted to the current economic realities in order to obtain performant returns in correlation with the assumed investment risks.

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

## 1. BANCA TRANSILVANIA

<b>Results of the bank (RONm)</b>	<b>Q1 2021</b>	<b>Q1 2020</b>	<b>Δ</b>
NII	665.9	660.1	0.9%
Net fee and commission income	181.3	157.3	15.3%
Net income from transactions	95.9	53.0	81.1%
Other operating expenses	80.3	-53.5	
Net banking income	1.023.5	816.8	25.3%
Operating expenses	-494.8	-472.3	4.8%
CoR	144.0	-41.0	
Net result	581.3	261.0	122.7%
ROE	25.7%	12.7%	
Loans/Deposits	49.2%	49.3%	
CAR	23.8%	22.2%	
Cost/Income	45.6%	54.3%	

Banca Transilvania recorded a higher by over 122% yoy quarterly net result, mainly due to the marking on the market of financial assets recognized at fair value through profit and loss and the positive impact of the net cost of risk.

Net commission income increased significantly, while net interest income stood at the same level as in 2020.

The bank is well capitalized and expects to distribute capital to shareholders following the termination of the recommendation of the National Bank of Romania and the European Central Bank.

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

## 2. SIF IMOBILIARE

	<b>2018*</b>	<b>2019*</b>	<b>2020*</b>
<b>Revenues</b> [EURm]	7.52	6.92	11.50
<b>Gross profit</b> [EURm]	10.03	4.62	7.94
<b>Net profit</b> [EURm]	9.49	3.28	6.95

\*consolidated financial statements

SIF Imobiliare Plc (SIFI) is an important company in SIF Banat-Crișana's portfolio, holding a stake of 99.99%.

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.

As of the end of H1 2021, SIF Imobiliare Plc holds majority stakes in 17 companies in Romania, most of them developing activities in the real estate field. These companies are under the management of Administrare Imobiliare SA Bucharest, a subsidiary of SIF Banat-Crișana.

SIFI's portfolio management is focused on optimizing the activity of portfolio companies, analysing and taking advantage of business opportunities to improve the performance of SIFI's global portfolio, as well as streamlining and reviewing operational processes at affiliate level, to increase efficiency and performance, cost reduction and improving the quality of services.

## 3. BRD - GROUPE SOCIÉTÉ GÉNÉRALE

Individual results (RONm)	Q1 2021	Q1 2020	Δ
NII	473.7	512.7	-7.6%
Net fee and commission income	171.1	165.1	3.6%
Net income from transactions	63.1	54.1	16.6%
Net banking income	720.2	721.2	-0.1%
Operating expenses	-416.3	-402.4	3.5%
CoR	-42.7	-45.7	
Net Result	218.1	233.3	-6.5%
ROE	9.2%	11.9%	
Loans/Deposits	58.1%	62.6%	
Cost/Income	57.8%	55.8%	
NPL	3.3%	3.3%	

BRD-GSG recorded a net quarterly result slightly decreasing yoy as a result of a prudent provisioning policy. Thus, the Bank continued to record a similar negative effect yoy of the net cost of risk of over RON 42m. The yoy decrease of the net interest income was fully compensated by the income from transactions and those from commissions, the operational income remaining at the same level yoy.

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

## 4. BIOFARM

	2019	2020	Q1 2021
<b>Turnover</b> [RONm]	202.8	216.4	64.0
<b>Operating profit</b> [RONm]	60.8	63.5	23.3
<b>Net profit</b> [RONm]	50.8	54.2	18.6
<b>Dividends</b> [RONm]	30.5	21.6	

As of June 30, 2021, SIF Banat-Crișana holds a stake of 36.75% of Biofarm's share capital.

With a track record of over 98 years in the Romanian pharmaceutical industry, BIOFARM has a portfolio of over 200 products covering 60 therapeutic areas. In 2020, the company continued its development, turnover rose +6.7% and net profit recorded a +6.7% upsurge.

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

## 5. ERSTE GROUP BANK AG

Results at group level (EURm)	Q1 2021	Q1 2020	Δ
NII	1,172.1	1,229.0	-4.6%
Net fee and commission income	540.0	504.2	7.1%
Net income from transactions	9.5	-157.4	
Operational result	<b>725.3</b>	<b>551.8</b>	31.4%
Operating income	<b>1,828.6</b>	<b>1,663.0</b>	9.9%
Operating expenses	<b>-1,103.3</b>	<b>-1,111.2</b>	-0.7%
CoR	-35.7	-61.7	-42.1%
Net Result	<b>355.1</b>	<b>235.3</b>	50.9%
CAR	19.40%	17.70%	
ROE	9.6%	6.6%	
Loans/Deposits	81.7%	88.7%	
NIM	1.99%	2.18%	
Cost/Income	60.3%	66.8%	
NPL	2.60%	2.40%	

The quarterly net profit attributable to the shareholders of the Erste Group Bank increased by 50% yoy due to the trading activity and marking on the market of the financial assets recognized at fair value through profit or loss, as well as the reduction of risk cost to 8 bp (-40% yoy).

Although the cost of risk decreased and the rate of non-performing loans increased very little, the level of assets recorded in Stage 2 rose yoy (18.7% and EUR 32bn respectively in Q1 2021 vs 10.7% and EUR 17.6bn respectively in Q1 2020).

Considering the excess capital that the bank has, the management maintained the intention to distribute EUR 1/ share in the 4th quarter of 2021 and in 2022 EUR 1.6 / share from the profit of the financial year 2021.

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

## 6. SIF1 IMGB SA

SIF Banat Crișana purchased, in Q4 2020, the majority stake in Doosan IMGB SA representing 99.92% of the share capital. Following the acquisition, the name of the company was changed to SIF1 IMGB SA.

The company recorded a loss of RON 22.9m in 2020 and ended the year having RON 127.5m in equity.

Following the General Meeting of Shareholders in January 2020, the termination of the production activity was approved, a cessation that took place gradually between the months February and May 2020.

In March 2021, the General Meeting of Shareholders approved the strategy of capitalization of the assets and settling the Company's liabilities with a view to transforming the former industrial platform into a modern mixed urban project.

Thus, in H1 2021, according to the GMS resolution, measures were initiated and carried out to sell the SIF1 IMGB SA surplus assets.

## 7. VRANCART

	2019	2020	Q1 2020	Q1 2021
<b>Turnover</b> [RONm]	300.8	286.5	75.7	83.8
<b>Operating profit</b> [RONm]	30.6	26.2	3.6	7.0
<b>Financial result</b> [RONm]	-6.4	-5.4	-1.6	-0.7
<b>Amortization and depreciation</b> [RONm]	26.8	31.8	7.8	8.1
<b>Net profit</b> [RONm]	22.9	18.5	1.8	5.4

In Q1 2021, Vrancart's turnover rose yoy by 11%, given the lower increase in operating expenses (+5% yoy). Thus, the increase of the operational activity, accompanied by lower financial costs, determined the yoy triple increase of the net quarterly result to RON 5.4m.

The company should continue to feel pressure on costs at least from utilities.

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

## 8. SIF HOTELURI

	2019	2020	Q1 2021
<b>Turnover</b> [RONm]	26.5	8.33	1.49
<b>Operating profit</b> [RONm]	0.61	-13.5	-1.41
<b>Net profit</b> [RONm]	1.5	-13.3	-1.09
<b>EBITDA</b> [RONm]	5.294	-10.0	-0.736

\* source: Financial Statement Q1 2021 submitted to BVB

As of June 30, 2021, SIF Banat-Crișana holds a stake of 98.99% of the share capital of SIF Hoteluri. Since 2012, the company SIF Hoteluri is listed on the regulated market BVB, under market symbol CAOR.

As of the end of H1 2021, the company had 5 hotels in its portfolio, located in the western and central area of Romania. The most important asset in the portfolio is the DoubleTree by Hilton Hotel in Oradea, under the management of Hilton International Worldwide, providing hospitality services at the highest level.

As the entire hotel industry, the activity of SIF Hoteluri has been severely impacted by the health and economic crisis generated by the COVID-19 pandemic, as government measures to support this industry are not enough to counteract the negative effects, a widespread phenomenon in the hospitality sector.

The activity in H1 2021 aimed at reducing the financial exposure and maintaining the financial health of the company, to ensure the conditions for overcoming difficult periods and ensuring business continuity.

## 9. SIF MUNTENIA

	2019	2020	Q1 2021
<b>Net profit</b> [RONm]	111.9	-25.9	93.9
<b>Dividends</b> [RONm]	-	-	-

SIF Muntenia is a closed-end financial investment company with a diversified investment policy. The strategic objectives adopted by the fund are the continuation of the portfolio restructuring process and its efficient management, respectively the continuation of the investment process, with an emphasis on investments in Romania and in listed shares.

The Financial Supervisory Authority issued on 09.07.2021 the authorization by which SIF Muntenia was classified as an Alternative Investment Fund addressed to Retail Investors (AIFRI), having BRD-Groupe Société Générale as depositary bank, and being under the management of SAI Muntenia Invest SA.

SIF Banat-Crișana holds as of June 30, 2021, a stake of 5.11% of the share capital of SIF Muntenia.

## 10. SAI MUNTENIA INVEST

	2019	2020
<b>Operating revenues</b> [RONm]	26.14	20.69
<b>Operating profit</b> [RONm]	13.89	13.00
<b>Net profit</b> [RONm]	12.25	6.80

The company was established in 1997 and SIF Banat-Crișana owns, as at 30.06.2020, 99.98% of the share capital of SAI Muntenia.

The company's main activity (CAEN Code 6499 - Other financial intermediation n.c.a.) is the management of collective investment undertakings in transferable securities (UCITS, ro: OPCVM) established in Romania or in another Member State, and the activity of management of alternative investment funds (AIF), in compliance with the provisions of the relevant legislation, holding the ASF authorization to operate as an investment management company (ro: SAI). The activity of SAI Muntenia Invest is regulated and supervised by ASF.

The current activity carried out by SAI Muntenia Invest SA is the management of SIF Muntenia and FDI Plus Invest.

## Workout portfolio

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

As of June 30, 2021, the number of companies in the workout portfolio was of 54 (2020: 54).

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

During Q1 2021 there 2 new companies recorded in the workout portfolio, and one was removed from the portfolio following its liquidation, whose value was provisioned in previous years, and a company was sold on the capital market.

As of June 30, 2021, 48 companies in the portfolio were still in bankruptcy / insolvency / dissolution proceedings. All these companies are reflected in the calculated value of the portfolio at zero.

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

## Risk management

SIF Banat-Crișana acknowledges its exposure to financial and operational risks resulting from daily activities, and the achievement of its strategic objectives. In this context, SIF Banat-Crișana's policy on significant risk management provides the framework for the identification, assessment, monitoring and control of these risks, to keep them at acceptable levels depending on the Company's risk appetite and its ability to cover, absorb or mitigate these risks.

**The significant risk management policy** of SIF Banat Crișana comprises all the elements necessary for risk management operations associated with each investment position to be properly identified, assessed, managed, and monitored, including using appropriate crisis simulation procedures. The company has implemented a documented procedure for *pre-investment verification*, which monitors whether the investment / divestment process is carried out according to the investment strategy, objectives and risk profile chosen.

### 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 chosen risks.

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.

### 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.

**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 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 the year 2021, 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 it is 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 assessment of the global risk profile and the establishment of risk limits was performed based on the information included in the periodic risk reports and stress tests from 2019 to 2020. In addition, assessments were performed at other intermediate dates, when large fluctuations of SIF Banat-Crișana's NAV were ascertained.



**The objectives** of the Risk Management Office for 2021 address both the identification of risk-generating situations in the activity associated with the management of SIF Banat-Crișana portfolio and its secondary risks, as well as the risk assessment with strict observance of the regulations specific to the field of activity (both local and European directives and regulations) and the adequacy of working procedures to the new regulations on the activity of AIFM / AIF.

Main risks for the Company

The significant risks to which SIF Banat-Crișana is exposed are **market risk, liquidity risk, credit and counterparty risk, operational risk, and other risks** (reputational risk, strategic risk, regulatory risk, tax-related risk, business-environment 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 securities, 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**

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

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

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

The Company is exposed to the risk that the fair value of the financial instruments held will fluctuate following the 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.

As of 30.06.2021, VaR for the PROXI-85 portfolio was 10.44% of the market value of RON 1,810.169 million. *Tracking-error*, indicating active management and representing the risk for the part of the PROXI-85 portfolio other than the BET-BK benchmark, was 6.08% and *Expected shortfall (Conditional VaR)*, which indicates the potential loss of the portfolio in extreme cases of exceeding the 99% confidence level, was of 12.75%, lower as compared to the data for 2020 year-end.

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).

Only small stake of net assets (1.27%) is placed in corporate bonds, 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: shares and corporate 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 or RON) and foreign currency (Euro) in H1 2021, the Romanian currency fluctuated compared to foreign currencies, the average value of EURRON rate for H1 2021 was of 4.9007 vs. 4.8371, the average for 2020. The value of Company's portfolio exposure (shares, bonds, and current accounts) represents a weight of 19.32% of total assets as of June 2021.

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 implies: 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 43.13% in TA as of 30.06.2021. The exposure increase is mainly due to the upsurge of the prices of listed bank shares (TLV, EBS and BRD) and the collection of dividends distributed by issuers in the portfolio. 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 15.68, calculated on the value of assets having 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 procedures and policies that establish 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, including by simulating liquidity crisis situations (LST).

In order to limit / avoid liquidity risk, the Company systematically monitors the liquidity profile of assets and liabilities, and will continuously adopt a prudent cash outflow policy.

### c) Credit risk

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

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

The company is exposed to credit and counterparty risk 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. In H1 2021, bank deposits were made at the highest ranked banking institutions in the system, with a rating similar or close to the country rating (BBB- and BB +), confirmed by Fitch Rating Agency in June 2021.

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 decrease in credit risk as of June 30, 2021, is due to the decrease in the probability of default (DP) for the main counterparties (improvement in the financial statements as of H1).

The assessment of the counterparty's credit risk indicators based on exposure to unlisted or unrated issuers and based on exposure by business sectors leads to the conclusion that they fall within the approved risk limits for a medium risk appetite.

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

### d) Operational risk

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

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.

During H1 2021, there were no incidents of an operational risk arising from IT systems. All the important IT systems comply with the requirements of art. 16 of the ASF Rule no. 4/2018, ensuring the integrity, confidentiality, authenticity, and availability of data in accordance with the risk category of the important computer system internally defined.

Given that the incidence of pandemic risk on the health and safety of employees remains, measures have been further taken within the Company to combat this risk, being observed, and strictly applied the measures provided in the Business Continuity Plan so that the situations of contamination (spread) of the SARS COV2 virus can be timely prevented.

### Risk of money laundering and terrorist financing (ML/TF)

The Company shall ensure that it takes appropriate measures to identify and assess the risks related to money laundering and terrorist financing, considering the risk factors, including those relating to

customers, countries or geographical areas, products, services, transactions, or distribution channels, in proportion to the nature and size of its activity. The assessment of ML / TF risks associated with the clientele of SIF Banat-Crișana is performed both at the initiation of a business relationship and after the transaction, if during it one of the risk factors changes.

Following the ML/TF risk assessment for H1 2021, it resulted that all business partners have an inherently low risk. Simplified customer awareness and normal business relationship monitoring measures were applied. The total residual risk remaining after the internal controls have been applied to the inherent risk leads to the conclusion that the exposure of SIF Banat-Crișana to the risk of ML / TF is low.

### **e) Other risks the Company is exposed to**

The internal assessment of other types of risks not included in the main categories (market, credit, liquidity, operational) consists in their qualitative assessment depending on the impact it could cause on the income, expenses, and value of Company's assets.

From a risk management perspective, *reputational risk* can be divided into two important classes: (i) the belief that the Company can and will deliver on its promises to shareholders and investors; (ii) the belief that the Company conducts its business properly and adheres to ethical practices.

Regarding the efficient management of events that may give rise to reputational risk, the Risk Management Office monitored the image of the Company in the media in order to identify any events/rumours that could generate reputational risk and link them with the course of SIF1 stock on BVB.

From this analysis it can be concluded that there is a connection between the evolution of the price of SIF1 stock on BVB and the articles in the media, it is possible that small investors (speculators who give liquidity to the market) withdraw at that time, analyse the events, and wait for their conclusion. Thus, the reputational risk assessment falls within the low risk level for H1 2021, and the measures to mitigate the increase in reputational risk, communication, and transparency, adopted at Company level, can keep the reputational risk at a low level.

The Company's policy on *strategic risk* addresses the establishing of rational long-term strategic objectives, the management structure constantly adopting a prudential policy to mitigate / avoid strategic risk, and will continuously monitor the progress of the market in relation to budgeted operations.

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

*Regulatory (compliance) risk* is uncontrollable and unquantifiable in that neither the triggering event nor the level of impact can be anticipated. The regulatory risk assessment is part of the medium risk appetite. In H1 2021 several procedures were updated, as on July 1, 2021, SIF Banat-Crișana was authorized as AIFRI and the legal regulations in this regard became applicable. From a qualitative point of view, the management of regulatory risk will be achieved by permanently adapting policies, rules, and procedures to changes occurred and by reducing or increasing the level of activities where appropriate.

Compliance risks are considered as parts of the risk management framework. The compliance function monitors all aspects of compliance with legal and regulatory provisions and provides reports to directors on a regular basis, if necessary, in cooperation with the risk management function.

*The taxation risk* remains medium, the interpretation of texts and the practical implementation of the procedures of the new applicable tax regulations harmonized with European legislation could vary from entity to entity, and there is a risk that in some situations the tax authorities will adopt a different position from that of the Company.

*The business environment risk* is high due to the volatile evolution of the main macroeconomic variables in the current context of the COVID-19 pandemic. The macroeconomic influences could impact the business of the companies in the company's portfolio and implicitly on the investment activity.

SIF Banat-Crișana takes 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, are 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 during H1 2021.

**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 prudential limits of holding

Compliance with the holding limits regulated by the supervisory authority is one of the main lines of action for managing and controlling the risk associated with the asset portfolio. The analysis of the compliance with the holding limits is performed both monthly with the approval of the net asset calculation reports, as well as part of the pre-investment verification procedure. During the reporting period, in accordance with SIF Banat-Crișana's investment risk management policy, it was pursued the compliance of the portfolio with the limits of ownership provided by Law no. 24/2017, art. 90 (1) regarding cumulative investments, and the provisions of allowed investments and shareholding limits.

**During H1 2021, the portfolio of assets held by SIF Banat-Crișana complied with the legal provisions in force stated by Law 243/2019 and Law no. 24/2017.**

Leverage

Leverage means any method by which the Company increases the exposure of the portfolio under its management 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 and the value of the net asset. The Company performs the calculation of the exposure using the gross method and the commitment method complying with the provisions of EU Regulation 231/2013 art. 7 and art. 8, Annex I on "Methods of increasing the exposure of an AIF" and Annex II on "Conversion methodologies for financial derivatives", and the approved internal procedures.

The leverage indicator on June 30, 2021, by the gross method is 93.5% (excluding cash and cash equivalents as per the requirements of AFIM regulations), and by the commitment method is of 100%.

Through the investment policy for 2021, the Company planned not to use financing operations through financial instruments (SFTs) and not to invest in *total return swap* instruments, defined by EU Regulation 2365/2015, and in the process of portfolio of financial instruments management, not to use methods to increase the exposure of the portfolio, to fit the average risk profile decided. In H1 2021, the Company did not use the leverage effect for the portfolio under management, not having the tools to generate such an effect.

## Other significant information

### Human resources

The number of SIF Banat-Crișana's employees as of June 30, 2021, was of 34 persons (41% women, 59% men) with labour contract, of which 27 working at the headquarters in Arad and 7 at the Bucharest branch.

The company's personnel have the necessary studies, skills, and experience to ensure the conduct of the company's activities in optimal conditions and to meet all the requirements imposed by the specific regulations applicable.

SIF Banat-Crișana is makes sure a climate conducive to performance is ensured, paying special attention to the safety and security of employees, especially during this pandemic period. For the employees of SIF Banat-Crișana to obtain superior professional performances, in accordance with the internal needs and in close correlation with the legislative changes in the field of investment funds, personal development programs tailored to the specifics of each activity are developed.

The employment relationships are regulated by the Individual Labour Contracts and by the Collective Labour Contract. As per the provisions of Law 55/2020 on some measures for preventing and combating the COVID-19 pandemic, the collective labour contracts whose validity expires during the alert state remain active. Thus, the Collective Labour Contract registered at the Territorial Labour Inspectorate Arad under no. 1485/14.02.2019 remains in force.

There were no conflicting elements in the relations between the management and the employees.

### Litigations

As of June 30, 2021, as documented in the records of SIF Banat-Crișana's Legal Office, the Company was involved in 110 litigations. The Company had locus standi in 82 disputes, passive capacity to stand trial in 19 disputes, and intervenient in 9 litigations.

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.

## 2. THE SHARES ISSUED BY BANAT-CRIȘANA

### CHARACTERISTICS OF THE SHARES ISSUED BY SIF BANAT-CRIȘANA

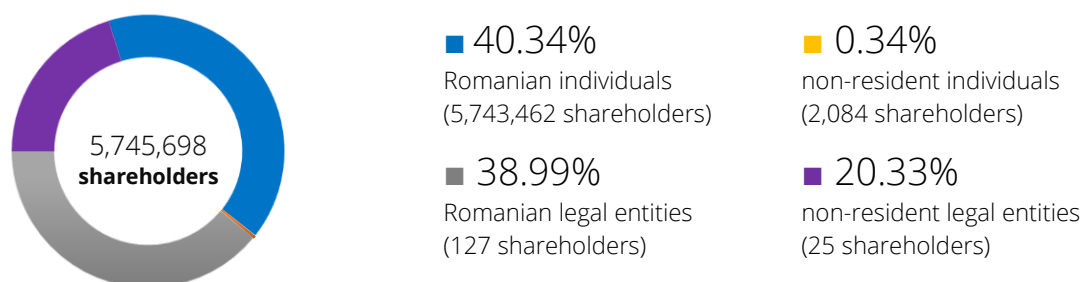
Total number of issued shares (June 30, 2021)	<b>515,422,363</b>
Outstanding shares (June 30, 2021)	<b>515,422,363</b>
Nominal value	<b>RON 0.1000 / share</b>
Type of shares	<b>common, ordinary, registered, dematerialized, indivisible</b>
Trading market	<b>Regulated spot market of Bucharest Stock Exchange (BVB or BSE), Premium category</b>
BVB (BSE) symbol (ticker)	<b>SIF1</b>
Bloomberg BBGID	<b>BBG000BMN388</b>
ISIN	<b>ROSIFAACNOR2</b>
Part of indices	<b>BVB (BSE) indices: BET-FI, BET-XT-TR, BET-XT, BET-BK</b>

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

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

As of June 30, 2021, SIF Banat-Crișana has 5,745,698 shareholders, according to the data reported by Depozitarul Central SA Bucharest, the company that keeps the shareholders registry.

#### SHAREHOLDERS' STRUCTURE as per holdings, as of June 30, 2021



#### SIF1 shares on Bucharest Stock Exchange (BVB/BSE)

The liquidity of the SIF1 title was lower in H1 2021 compared to the similar period of 2020, a total of 10,800,051 shares were traded in H1 2021, representing 2.095% of the total shares issued, worth of RON 26,713,451.

A single trade was recorded on the "DEAL" market during the period, with 1.5m shares, worth of RON 3.690m.

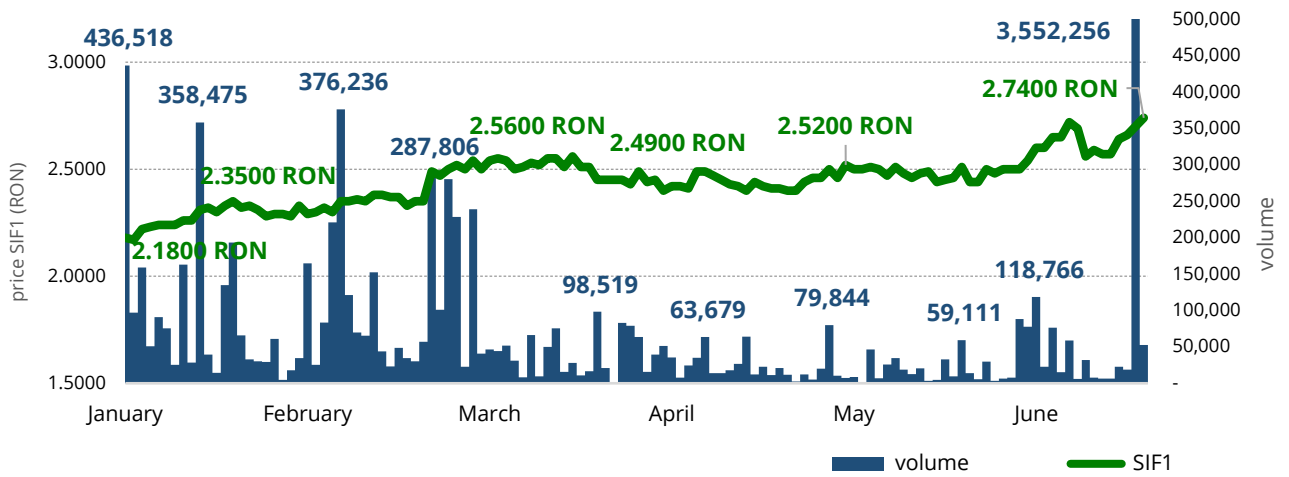
Of the 124 trading days, 54 days were with positive variations (maximum + 5.96% on February 24) and 45 days with negative variations (minimum -4.83% on June 18).

The highest closing price during H1 2021 was of RON 2.7400 per share, in the trading day of June 30, and the lowest closing price was of RON 2.1700 per share, in the trading day of January 5, the trading range between the highest and the lowest price of the period being 26%. The average price of the period was of RON 2.4735 per share.

In June 2021, the trading of SIF1 shares picked up momentum, the average daily volume exceeding 200,000 shares compared to the average daily volume of the entire period of 87,000. The increase of the SIF1 share price registered in June was of 12.3%, half of the increase for the period of 25.69%.

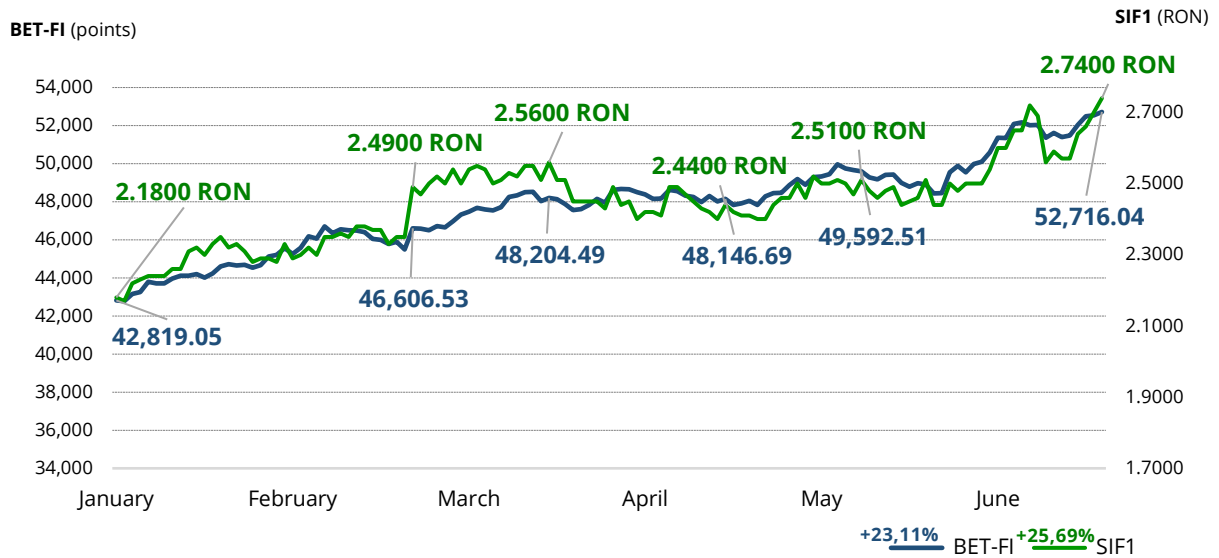
On June 30, 2021, the market capitalization for the SIF1 title, calculated using the closing price, was of RON 1,412.26m.

SIF1 PRICE AND VOLUME DURING JANUARY - JUNE 2021



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

SIF1 vs. BET-FI PERFORMANCE DURING JANUARY - JUNE 2021



+23,11% BET-FI +25,69% SIF1

highlighted values were recorded at the closing of trading day



### 3. CORPORATE GOVERNANCE

SIF Banat-Crișana is committed to upholding 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).

The Corporate Governance Regulation of SIF Banat-Crișana is available for consultation on company's website, at [www.sif1.ro](http://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 2020, available on company's website, in *Corporate Governance* section. The same section hosts SIF Banat-Crișana's statement on the application of corporate governance principles, prepared pursuant to the annex of the ASF Regulation no. 9/2019, settling the unitary regulatory framework for the implementation of corporate governance principles to entities authorized, regulated, and supervised by ASF.

#### Company leadership

Pursuant to its Articles of Association, SIF Banat-Crișana is administrated under a unitary system, capable of ensuring 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 under the management of a Board of Directors (i.e. administrators) comprised of five members, elected by the ordinary general meeting of shareholders for a mandate (term of office) of four years, with the possibility of being re-elected, having 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.

Given that on April 24, 2021, the term of office of the directors was to expire, on January 6, 2021, the Ordinary General Meeting of Shareholders was held, electing the members of the Board of Directors of the Company for a new term of 4 years, starting with April 25, 2021, and until April 25, 2025. All five administrators were re-elected: Mr. Bogdan-Alexandru Drăgoi, Mr. Radu-Răzvan Străuț, Mr. Ionel Marian Ciucioi, Mr. Marcel Heinz Pfister and Mr. Sorin Marica.

By Authorization no. 44 of March 18, 2021, the Financial Supervisory Authority authorized the members of the Board of Directors of SIF Banat-Crișana, as per the Ordinary General Meeting of Shareholders Resolution no. 3 of 06.01.2021, for a term of 4 years, starting with 25.04.2021.

Also, the OGM of January 6, 2021, approved:

- the remuneration due to the members of the Board of Directors for the financial year 2021, at the level established by the Resolution of OGM of April 26, 2016;
- the general limits of all the additional remunerations of the members of the board of directors and the general limits of the directors' remuneration, for the financial year 2021, at the level established by the OGM Resolution no. 7 of April 27, 2020;
- Remuneration policy in accordance with the provisions of art. 92<sup>1</sup> of Law no. 24/2017 on issuers of financial instruments and market operations.

The resolutions by the OGM of January 6, 2021, in full, are available for consultation on the Company's website, at [www.sif1.ro](http://www.sif1.ro), in the *Investor Relations* section.

During January 1 and June 30, 2021, the composition of the Board of Directors was the following: 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.

During H1 2021, the Board of Directors of SIF Banat-Crișana met in 19 sessions, pursuant to the statutory provisions.

The convening of the board members was made as per the Procedure on the convening and conducting the meetings of the Board of Directors of SIF Banat-Crișana.

The presence of Board members at meetings held during H1 2021 was in accordance with the legal provisions. The Chairman of the Board chaired all the meetings.

During H1 2021, the Board of Directors issued a total of 70 decisions concerning the current activity of the company. All decisions were taken by the vote "for" of the majority of those present.

Of the 70 decisions issued by the Board of Directors during the period under review 34 decisions had well defined objective, requiring its fulfilment and 36 were resolutions for the approval of procedures, mandatory reports, and activity reports (14 decisions for the approval of internal regulations and working procedures and 22 decisions for the approval of the mandatory periodical reports: annual, half-yearly and quarterly periodic reports submitted to ASF, BVB, MFP).

From the analysis of the way in which the decisions taken by the Board of Directors were fulfilled, it results that they were fully implemented.

#### Advisory Committees

During H1 2021, the Board of Directors was assisted in fulfilling its responsibilities by the following advisory committees:

The Audit Committee, operating in the following composition: Mr. Marcel PFISTER – chairman of the committee, Mr. Sorin MARICA – member, and Mr. Ionel Marian CIUCIOI - member.

The Nomination and Remuneration Committee, operating in the following composition: Mr. Sorin MARICA – Chairman of the Committee, Mr. Marcel PFISTER – member and Mr. Ionel Marian CIUCIOI – member.

#### The executive management

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

Following the re-election by the OGM of January 6, 2021, of Mr. Bogdan-Alexandru Drăgoi and of Mr. Radu-Răzvan Străuț as administrators of SIF Banat-Crișana for a new term of office of four years, by ASF Authorization no. 79/April 26, 2021, the Financial Supervisory Authority authorized as directors of SIF Banat-Crișana, according to the Decision of the Board of Directors no. 6/April 25, 2021, Mr. Bogdan-Alexandru Drăgoi and Mr. Radu-Răzvan Străuț. The ASF Authorization entered into force on April 26, 2021, the date of its communication to SIF Banat-Crișana

During H1 2021 no changes occurred in the composition of executive team.

As of June 30, 2021, 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; Mrs. Teodora Sferdian - Deputy General Director, and 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. Throughout H1 2021, it was ensured the framework for identifying, assessing, monitoring, and controlling these risks in order to maintain them at adequate levels based on the Company's risk appetite and its ability to cover, absorb or mitigate these risks, as per the *Risk management policy*.

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 to senior management up-to-date information on the basis of which prompt remedial actions could be taken, if necessary.

Mrs. Adina Eleonora Hodăjeu holds the position Responsible Person for risk management in SIF Banat-Crișana, registered in ASF Registry with number PFR13.2FARA / 020053.

### Compliance check function

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, subordinated to the Board of Directors, having as main responsibilities:

- to regularly monitor and evaluate 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 company's obligations;
- 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 Compliance Office was carried out during H1 2021 pursuant to the Plan for Investigation and control for the year 2021 approved by the Board of Directors of SIF Banat-Crișana, of the ASF regulations, the work procedures, and internal regulations. Based on the control activities, the Compliance Officer made recommendations for improving work procedures and activities were made, as no breaches of the laws, regulations and internal procedures in force have been found.

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 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 addressed, and the way of solving are registered. The register of petitions is managed by the representative of the office. During H1 2021, there were no petitions received.

Mr Eugen Cristea holds the position of compliance officer, authorized by ASF Authorization no. 80/09.03.2018.

### Internal Audit

Company's activities are subject to a periodic internal audit, in order to provide an independent assessment of its operations, the control and management processes, evaluating the possible risk exposure on various activity segments (asset security, compliance with regulations and contracts, integrity of operational information and financial, etc.), making recommendations for the

improvement of the systems, controls and procedures to ensure the efficiency and effectiveness of the operations, and monitoring the corrective actions proposed and the results obtained.

The activity of internal audit was 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 internal audits missions carried out in the first half of 2021 addressed (i) compliance with the provisions of the collective labour contract; human resources management and personnel remuneration; (ii) compliance with the working procedures, internal regulations and significant risk management policy of SIF Banat-Crișana; (iii) compliance with working procedures, internal regulations and legislation specific to the compliance office; (iv) observance of the procedure regarding the conflicts of interests, respectively of the conflicts of interests in which the members of the management of SIF Banat-Crișana and certain categories of employees are involved; (v) preparation of the annual report on the internal audit activity.

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 2021 subject to the audit, are consistent with the policies, programs, and management of the company, pursuant to the legislation and internal regulations.

The activity of internal audit is outsourced to the firm New Audit SRL from Arad.

According to its responsibilities, the Audit Committee evaluated during H1 2021 the internal control system for the entire year 2020, based on the reports submitted by the Internal Audit, Compliance and Risk Management offices.

The conclusions of the evaluation revealed the following:

- At the level of the Company, the process of monitoring the possible deficiencies / vulnerabilities notified in the investment and operational activity of the company is implemented in terms of measures taken to timely implement the recommendations formulated by the offices with key role in the company.
- In view of the increasing incidence of pandemic risk on the health and safety of employees, since the beginning of the pandemic period, measures have been taken at Company level to combat this risk, being strictly observed and applied the measures provided in the Business Continuity Plan so that situations of contamination (spread) with SARS COV2 virus can be timely prevented. The verification and control activities were performed according to the plan approved by the Board of Directors.
- From the analysis of the activity of the three offices having the role of key-function, internal audit, compliance and risk management, the Audit Committee considers that at the level of SIF Banat-Crișana adequate procedures and mechanisms are implemented allowing early identification of potential risk situations or non-compliances, as well as mechanisms for action for their management.
- Permanent risk monitoring - materialized both by periodic risk reports, by scenario analysis and by prior verification at the time of investments - leads to the conclusion that the risk management system at SIF Banat-Crișana is effective, the measures adopted for monitoring and control exposures to the identified risks are adequate and timely, and the recommendations and issues of concern receive the necessary attention.

Observance of shareholders' rights

The shares issued by SIF Banat-Crișana are common, ordinary, nominative, of equal values, issued in dematerialized form and grant equal rights to their holders. The shares are indivisible, and the

Company recognizes a single representative for the exercise of the rights resulting from a share. Each share entitles the holder to one vote.

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

On the Company's website, in the section *Information about share ownership*, are published information on the holdings of shares subject to reporting obligations, including the holdings of shares that had to be declared in accordance with the provisions of art. 286<sup>1</sup> of Capital Market Law no. 297/2004 and of the CNVM Instruction no. 6/2012, issued in application of this article, which imposed this obligation for all individual or concerted holdings exceeding 5% of the share capital of the Company.

As per the provisions of Law no. 243/2019, starting with July 24, 2020, are repealed the provisions of art. 286<sup>1</sup> of Capital Market Law no. 297/2004 as well as the subsequent legal provisions issued in application of this article, including the restriction of holding more than 5% of the share capital of SIF Banat-Crișana.

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).

During H1 2021, the Board of Directors convened and organized the ordinary general meeting of shareholders (OGM) of January 6, 2021, and of April 26, 2021, and the extraordinary general meeting of shareholders (EGM) of April 26, 2021. The information materials concerning the topics on the agenda of the meetings, the draft resolutions subject for the approval of the shareholders, the participation and voting procedures, as well as the documents for expressing the vote (special empowerment forms and correspondence voting forms) were made available for shareholders within the legal time, allowing them to substantiate their decisions and express their vote.

Information on the general meetings and the resolutions approved are available on SIF Banat-Crișana website, [www.sif1.ro](http://www.sif1.ro), in the *Investor Relations* section.

Right to information SIF Banat-Crișana respects 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](http://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](http://www.sif1.ro).

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 2021, promoting SIF Banat-Crișana in the capital market events (either individually or together with BVB, intermediaries), to increase transparency and attract new investors / shareholders.

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](mailto: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 26, 2021, decided not to distribute dividends, allocating the entire net profit for the 2020 financial year, in the amount of RON 92,122,406, to *Other reserves*, as own financing sources.

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

#### Transparency in communication

SIF Banat-Crișana gives great importance to transparency in communication, convinced that public trust is essential for the proper functioning of the company. The company strives to ensure continuous reporting in an objective and comprehensive manner, covering all important aspects of the activity and the results achieved.

The Company's website is a useful platform for communicating with shareholders. In the section dedicated to *Investor Relations*, information of interest to shareholders is available and all communiqués and reports regarding the company's activity are published in Romanian and English.

#### 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 the standalone and consolidated financial statements as of December 31, 2020 in accordance with IFRS and ASF Rule no. 39/2015. These were audited by Deloitte Audit SRL and approved by OGM of April 26, 2021 and are available on Company's website [www.sif1.ro](http://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 2021 within three 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, on 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.

#### Social responsibility

SIF Banat-Crișana's social responsibility is also expressed using 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.

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

## 4. FINANCIAL RESULTS AS OF JUNE 30, 2021

SIF Banat-Crișana has prepared condensed interim standalone financial statements as of June 30, 2021, 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 of June 30, 2021, 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 2021:

### 4.1. Standalone statement of financial position

<i>denominated in RON</i>	<b>30/06/2021</b>	<b>31/12/2020</b>
<b>Assets</b>		
Cash and cash equivalents	287,950,418	150,710,816
Financial assets at fair value through profit and loss	1,590,000,542	1,394,390,304
Financial assets at fair value through other comprehensive income	1,445,674,378	1,314,430,895
Investment property	12,255,013	13,180,199
Tangible assets (property, plant, and equipment)	3,885,718	4,006,587
Other assets	13,255,853	7,052,842
<b>Total assets</b>	<b>3,353,021,922</b>	<b>2,883,771,643</b>
<b>Liabilities</b>		
Deferred income tax liabilities	175,365,411	146,231,940
Other liabilities, deferred income, provisions for risks and expenses	23,705,184	7,635,012
<b>Total liabilities and other liabilities</b>	<b>199,070,595</b>	<b>153,866,952</b>
<b>Equity</b>		
Share capital	51,542,236	51,542,236
Treasury shares	-	(2,199,867)
Losses from repurchase of own shares	-	(40,659)
Benefits granted in equity instruments	1,573,730	1,867,063
Retained earnings	926,612,625	743,318,231
Other reserves	1,249,578,037	1,157,455,631
Reserves from revaluation of tangible assets	1,176,569	1,176,569
Legal reserves	10,308,447	10,308,447
Reserves from valuation of financial assets at fair value assets through other comprehensive income	913,159,682	766,477,039
<b>Total equity</b>	<b>3,153,951,327</b>	<b>2,729,904,691</b>
<b>Total liabilities and equity</b>	<b>3,353,021,922</b>	<b>2,883,771,643</b>

*Cash and cash equivalents* include all liquid investments of the Company in term bank deposits, current accounts, and cash in hand. Their level increased significantly compared to 2020-year end, given the disinvestments of RON 111.7m in the first 6 months of 2021 that and no acquisitions of financial assets were made, the liquidity being directed to short term monetary investments.

The category of *financial assets at fair value through profit or loss* includes the Company's equity holdings in the deconsolidated subsidiaries starting with the 2018 financial year (according to IFRS 10), in the associated entities (according to IAS 27), investments made in fund units issued by closed-end investment funds, respectively open-ended alternative funds and the company's investments in fixed income instruments issued by subsidiaries. The 14% increase in this category compared to 2020-year end is mainly the effect of recording the fair values of these assets as of March 31, 2021, and June 30, 2021, respectively, mainly due to the significant upsurge of stock prices in H1 2021.

*Financial assets at fair value through other comprehensive income* include the Company's investments in financial assets that the Company's management has chosen the irrevocable option to reflect changes in their fair value in other comprehensive income. This category includes: listed and unlisted shares, shareholdings in subsidiaries that will be further consolidated by SIF Banat-Crișana (SAI Muntenia and

Administrare Imobiliare SA) and investments in euro bonds (issued by Impact SA). The increase in this category as compared to December 31, 2020, as in the case of the above asset class, is due to the recording of differences in fair value as of March 31 and June 30, for the Company's main minority interests (especially shares in companies in the financial sector).

*Investment property, Tangible assets and Other assets* mainly include buildings and lands acquired by the Company as a result of resizing of the activity or the withdrawal of the contribution in kind. The value of Company's investment property at fair value as of June 30, 2021, is of RON 12.9m. The tangible assets (property, plant, equipment) held by the Company are those used for the purpose of carrying out operational and administrative activities. In *Other assets*, the largest weight is of dividends receivable from the companies in the portfolio.

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

*Equity* holds the largest weight in the liability structure. The increase is the effect of including in other comprehensive income the positive differences resulting from the fair value measurement of the portfolio and the net profit recorded in the first 6 months of 2021.

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

<i>denominated in RON</i>	<b>30/06/2021</b>	<b>30/06/2020</b>
<b>Income</b>		
Dividend income	29,189,076	34,570,830
Interest income	1,859,684	5,398,937
Other operating revenues	18,153	116,210
<b>Investment gains (losses)</b>		
Net gain / (loss) from investment property	874	2,466,217
Net profit / (loss) from foreign exchange differences	579,791	1,236,993
Net Profit/(Loss) from financial assets at fair value through profit and loss	207,008,472	(80,695,018)
<b>Expenses</b>		
Commissions expenses	(2,760,002)	(1,545,842)
Other operating expenses	(7,791,294)	(7,138,370)
<b>Profit before tax</b>	<b>228,104,755</b>	<b>(45,590,044)</b>
Income tax	(11,171,895)	(504,071)
<b>Net profit for the period</b>	<b>216,932,860</b>	<b>(46,094,114)</b>
<b>Other comprehensive income</b>		
Amount than can be transferred to profit or loss	8,512	(190,767)
Changes in fair value of assets at fair value through other items of comprehensive income	242,857,171	(314,481,229)
The effect of the income tax related to them	(37,699,100)	47,227,865
<b>Other comprehensive income</b>	<b>205,166,583</b>	<b>(267,444,131)</b>
<b>Total comprehensive income for the period</b>	<b>422,099,443</b>	<b>(313,538,245)</b>

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

*Dividend income* declined in H1 2021, given the decrease of dividends distributed by certain issuers, respectively their registration date (before / after June 30) in 2021 compared to 2020.

*Interest income* includes interest on bank deposits and corporate bonds. In H1 2021, the volume of interest income is significantly below that of the corresponding period of the previous year, as the Company held a significant portion of available liquidity to corporate bonds during H1 2020, at yields significantly higher than for 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 2021, the amounts received are lower as compared to H1 2020, as the Company no longer owns real estate leased to third parties as of June 30, 2021.



The impact of *investment gains (loss)* realized in H1 2021 is a favourable one and it 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), all these categories recording significant increases compared to the beginning of the current year. In the same period of the previous year, the loss recorded is the effect of the impact of the pandemic on stock quotes, mainly in the first quarter of 2020.

*Commissions expenses* include fees payable to regulatory agencies, the depositary and the stock exchange, the largest weight is that of 0.0078% of the net asset, the monthly commission paid to ASF. The volume of this category of expenditure is above than the similar period of 2020, being directly related to the investment activity of the Company.

*Other operating expenses* include 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 9.1% compared to the first 6 months of the previous year.

#### 4.3 Cash flow statement

<i>denominated in RON</i>	June 30, 2021	June 30, 2020
<b>Operating activities</b>		
Net profit for the period	216,932,860	(46,094,114)
<i>Adjustments for:</i>		
Amortization of tangible and intangible assets	257,057	250,553
(Gain) / Loss from disposal of tangible assets	5,369	20,068
(Gain) / Loss from valuation / disposal of investment property	(874)	(2,466,217)
(Gain) / Loss from financial assets at fair value through profit or loss	(207,008,472)	80,695,018
Dividend income	(29,189,076)	(34,570,830)
Interest income	(1,859,684)	(5,398,937)
Expenses with interest on debt of leasing contract	28,225	33,915
Expenses with / (income from) foreign exchange differences	22,919	(839,970)
Benefits granted in equity instruments	1,889,067	174,533
Income tax	11,171,895	504,071
<b>Changes in assets and liabilities related to operating activities</b>		
Change in other assets	175,267	94,885
Change in other liabilities	973,967	(1,241,698)
Income tax paid	(3,233,548)	(4,451,293)
<b>Net cash from / (used in) operating activities</b>	<b>(9,835,029)</b>	<b>(13,290,018)</b>
<b>Investment activities</b>		
Payments for acquisitions of assets measured through other comprehensive income	-	(7,250,565)
Proceeds from sale of assets measured through other comprehensive income	111,682,553	23,970
(Placements)/Proceeds from deposits with term greater than three months	-	4,500,000
Proceeds from sale/repurchase of assets at fair value through profit or loss	15,632,603	6,600,189
Payments for purchase of assets at fair value through profit or loss	-	-
Proceeds / (Payments) from sale of assets at amortized cost	-	4,842,600
Proceeds from sale of tangible assets an investment property	926,060	9,636,800
Payments for acquisitions of tangible assets	(23,382)	(217,452)
Dividends collected	16,486,135	32,873,619
Interest collected	2,509,775	6,096,367
<b>Net cash (used in) / from investment activities</b>	<b>147,213,744</b>	<b>57,105,529</b>
<b>Financing activities</b>		
Dividends paid	-	-
Payments in leasing contracts	(139,114)	(136,750)
<b>Net cash (used in) / from financing activities</b>	<b>(139,114)</b>	<b>(136,750)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>137,239,602</b>	<b>43,678,761</b>
Cash and cash equivalents as of January 1st	150,710,816	117,203,806
<b>Cash and cash equivalents as of June 30th</b>	<b>287,950,418</b>	<b>160,882,567</b>

The decrease in H1 2021, as compared to the same period of the previous year, of the net cash used in operating activities is mainly due to lower payments made as income tax due by the Company, and the favourable change of current liabilities.

During H1 2021, investment activity generated a cash surplus significantly higher as compared to H1 2020, given that the net receipts from transactions with financial assets (receipts less payments) and the maturity of monetary investments have improved the level of available liquidity.

As of June 30, 2021, *Cash and cash equivalents* increased by 79% compared to the same period of the previous year, given that the net growth of this category was directly influenced by the volume of net divestments made in the first part of 2021.

## 5. EVENTS AFTER THE REPORTING PERIOD

Authorization of the Company as Alternative Investment Fund addressed to Retail Investors

During H1 2021, the company completed the process of adapting the company's internal operating documents in accordance with the requirements of Law no. 243/2019 and ASF Regulation no. 7/2020 on alternative investment funds.

Based on the documentation submitted by the company, the Financial Supervisory Authority issued Authorization no. 130 / 01.07.2021 by which SIF Banat-Crișana is authorized as an Alternative Investment Fund addressed to Retail Investors (AIFRI) with Banca Comercială Română as depositary bank.

By the same authorization, the Financial Supervisory Authority (ASF) authorized the changes in Company's Articles of Association, in accordance with Resolution of the Extraordinary General Meeting of SIF Banat-Crișana Shareholders no. 3 of July 6, 2020, and no. 1 of November 2, 2020.

The documents regarding the company operating as AIFRI, containing the Articles of Association, the Simplified Prospectus, the Rules of the Fund, the Key Investor Information Document were published on company's website, [www.sif1.ro](http://www.sif1.ro), in the Corporate Governance section.

Amendment to the disclosure document published by current report of August 17, 2020

On August 2, 2021, The Company informed the investors on the decision of the Board of Directors from July 30, 2021, to prolong the duration of the Share-based payment plan (Stock Option Plan) announced by the Current Report of August 17, 2020. At that date, SIF Banat-Crișana informed the shareholders on the approval of the "Share-based payment plan" ("Stock Option Plan"), by which 880,000 SIF1 shares were offered to members of Company's leadership, as per the Resolution no. 5 of the Extraordinary General Meeting of Shareholders of April 27, 2020.

The updated disclosure document is available for consultation on Company's website, at [www.sif1.ro](http://www.sif1.ro), in the *Investor Relations* section.

## 6. ANNEXES

- Annex 1** Condensed interim financial statements as of June 30, 2021, 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 of June 30, 2021, prepared pursuant to Regulation no. 15/2004 (Annex 16)
- Annex 3** Detailed statement of investments as of June 30, 2021, 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 27, 2021.

**Bogdan-Alexandru DRĂGOI**  
Chairman and CEO

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