



SIF BANAT-CRIȘANA

SOCIETATE DE INVESTIȚII FINANCIARE

SIF BANAT-CRIȘANA

HALF YEAR REPORT

JANUARY 1 – JUNE 30, 2020

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

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

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GENERAL INFORMATION

CORPORATE NAME	Societatea de Investiții Financiare Banat-Crișana S.A. (hereinafter referred to as “SIF Banat-Crișana” or “the Company”)
COMPANY TYPE	<ul style="list-style-type: none"> ▪ self-managed investment company, authorized by the Financial Supervisory Authority as AIFM (Authorization no. 78 / 09.03.2018), classified as per the provisions of Law no. 243/2019 as closed-ended alternative investment fund, diversified, addressed to retail investors (AIFRI) ▪ set up as a joint stock company in November 1996 pursuant to Law no. 133/1996 for the transformation of Private Ownership Funds into Financial Investment Companies ▪ Romanian legal entity with entire private capital
SHARE CAPITAL	<ul style="list-style-type: none"> ▪ RON 51,746,072.40 – subscribed and paid-in capital ▪ 517,460,724 shares issued: 514,542,363 outstanding shares ▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none"> ▪ J02/1898/1992 at Trade Registry of the Arad Court ▪ Unique Registration Code 2761040 ▪ Number in ASF AFIAA Register PJR07.1AFIAA/020007/09.03.2018 ▪ Number in ASF SIIR Register PJR09SIIR/020002/2006 ▪ Legal Entity Identifier (LEI Code) 254900GAQ2XT8DPA7274
MAIN ACTIVITY	<p>Main activity is, as per the classification of economic activities in the national economy (CAEN): financial intermediation, except insurance and pension funds (CAEN code 64), and the main object of activity: Other financial intermediation n.c.a. (CAEN code 6499):</p> <ul style="list-style-type: none"> ▪ carrying out financial investments in order to maximize the value of own shares in accordance with the regulations in force; ▪ management of investment portfolio and exercising all of the rights related to the instruments in which investments are made; ▪ risk management; ▪ other activities auxiliary and associated to the collective investment activity, in accordance with the regulations in force.
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB) – Premium category - ticker SIF1
FINANCIAL AUDITOR	Deloitte Audit S.R.L. , starting with 2019 financial year PricewaterhouseCoopers Audit S.R.L for the financial years 2016 – 2018
DEPOSITARY BANK	Banca Comercială Română (BCR) , starting with November 2019 (BRD - Groupe Société Générale during January 2014 – October 2019)
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	Arad , 35A Calea Victoriei 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
BRANCH OFFICE	SIF Banat-Crișana SA Arad-Bucharest Branch-Rahmaninov 46-48 S. V. Rahmaninov Str., 3rd floor, sector 2, 020199, Bucharest

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

MAIN FINANCIAL AND OPERATIONAL INFORMATION

MAIN BALANCE SHEET ITEMS [RONm]			
	30.06.2019	31.12.2019	30.06.2020
Total assets, of which	2,698.89	2,926.68	2,560.23
Total financial assets	2,674.07	2,900.02	2,539.74
Equity	2,553.43	2,748.20	2,434.84
Total current liabilities	3.93	8.62	2.84

FINANCIAL PERFORMANCE [RONm]			
	30.06.2019	31.12.2019	30.06.2020
Income	102.54	121.54	40.09
Gains / (losses) on investments	21.03	75.95	(76.99)
Expenses	8.37	22.24	8.68
Gross profit / (loss)	115.20	175.26	(45.59)
Net profit / (loss)	107.45	159.49	(46.09)

FINANCIAL INDICATORS [%]			
	30.06.2019	31.12.2019	30.06.2020
ROE (net profit / equity)	4.21	5.80	(1.89)
ROA (net profit / total assets)	3.98	5.45	(1.80)
Gross profit margin (gross profit / total revenues)	81.27	66.54	(44.58)

PERFORMANCE OF SHARES AND NET ASSET			
	30.06.2019	31.12.2019	30.06.2020
Share price (end of period, RON)	2.2200	2.7300	2.2700
NAV/S* (RON)	4.8363	5.2959	6.8458
Accounting net asset / share (RON)	4.9345	5.3411	4,7320
Nominal value of share (RON)	0.1	0.1	0.1
Number of shares issued	517,460,724	517,460,724	517,460,724
Number of outstanding shares	517,371,068	514,542,363	514,542,363

* calculated acc. to ASF regulations

OPERATIONAL DATA			
	30.06.2019	31.12.2019	30.06.2020
Number of permanent employees, end of period	34	34	34
Branch offices	1	1	1

SHAREHOLDING STRUCTURE as of June 30, 2020		
	number of shareholders	holdings
Romanian individuals	5,745,794	39.16%
Non-resident individuals	2,064	0.33%
Romanian legal entities	139	38.49%
SIF Banat-Crișana (treasury stock) **	1	0.56%
Non-resident legal entities	33	21.46%
TOTAL	5,748,031	100%

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

1. ANALYSIS OF THE ACTIVITY OF SIF BANAT-CRIȘANA

Analysis of the portfolio

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

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

SIF Banat-Crișana's objective is the efficient management of a diversified portfolio comprised of high-quality assets, capable of providing a steady flow of revenues, preservation and medium-term capital growth, 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 on 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.

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

Lines of action for the portfolio management in 2020:

- Improving portfolio quality by investment projects in dynamic areas of the economy, while optimizing the risk-return balance;
- continuing the portfolio restructure by reducing exposure on minority shareholdings that do not fit the Company's investment strategy;
- active management in the majority shareholdings for the development of the business and their performances;
- monitoring the liquidity indicators of the portfolio companies, as there is the risk of their worsening in the context of COVID-19;
- efficient portfolio management and maximising its performances, complying with all the regulatory requirements;
- adapting the activity to the major social and economic challenges generated by the COVID-19 event;
- supporting the improvement of the corporate governance practices of the issuers in the portfolio.

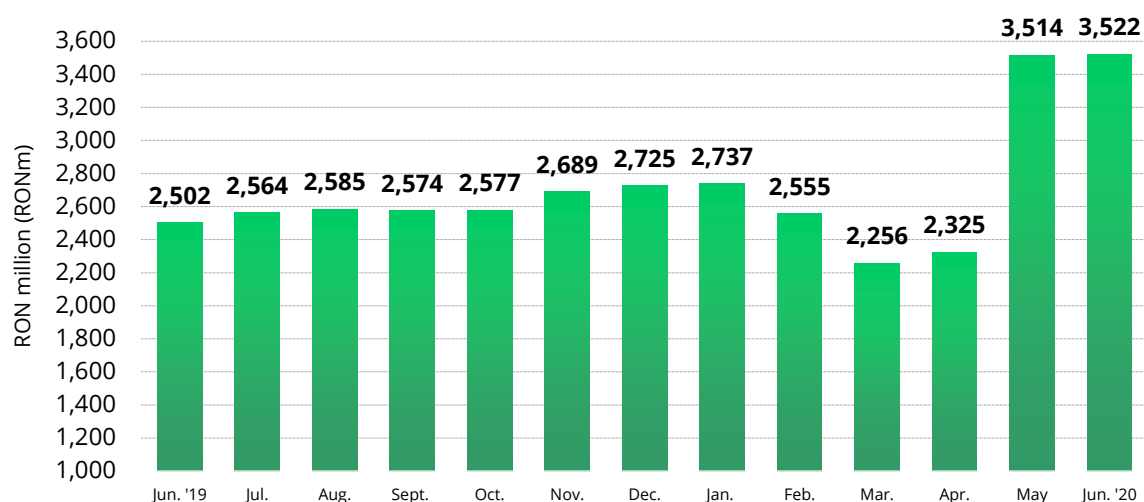
In the context of the crisis generated by the COVID-19 pandemic, with visible negative effects starting with March 2020, the performances for most asset classes in the portfolio decreased significantly, in line with market developments.

At Company level were monitored the degree of virus spread and the effectiveness of measures of the authorities to fight the epidemic, the economic measures adopted by the government to support the economy, the level of correlation between COVID-19 and economic evolution, the effects of coronavirus crisis on the financial markets.

The progress of net asset value

SIF Banat-Crișana's net asset value (NAV) reached **RON 3,522m** at the end of the H1 2020, 29.25% higher as compared to RON 2,725m at 2019-year end. Net asset value per share (NAV/S) was of **RON 6.8458** at the end of H1 2020, as compared to RON 5.2959, the value recorded for 2019-year end.

NET ASSET VALUE
June 2019 - June 2020



Monthly values for net asset are calculated by SIF Banat-Crișana and certified by the depositary bank. The norms applicable to the valuation of assets and the calculation of the unit value of SIF Banat-Crișana's net asset are established based on Law no. 74/2015 on managers of alternative investment funds, the asset valuation rules complying with the provisions of art. 17 par. (7) of the ASF Regulation no. 10/2015 and are provided in art. 113 - 122 of the ASF Regulation no. 9/2014, with subsequent amendments and completions.

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

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

The NAV progress during the reporting period was influenced by the following factors:

The sharp decline of NAV in March and April is due to sharp declines in the stock prices of listed securities in the portfolio, as a result of the adverse effect that the crisis generated by the COVID 19 pandemic has had on the capital markets. At the level of the Romanian stock market, the BET index shrunk by about 30% in March compared to February, following the movements of the main international indices.

Bucharest Stock Exchange (BVB) had a consistent rebound in the subsequent months, leading to the rise of the value of the listed securities in the portfolio. However, the significant upsurge of NAV in May and June (up 51% compared to April 2020) was mainly due to the substantial upturn in the value of the stake held in SIF Imobiliare PLC, an issuer listed on BVB on the AeRO market (market symbol SIFI), but having an extremely low liquidity. Depending on whether or not trades are recorded in the last 30 trading days, according to the applicable regulations, the valuation of the stake held in SIF Imobiliare PLC was performed by different methods between January and June 2020. Thus: (i) for the calculation of NAV for the months January - April 2020, the value of stake in SIFI was made at the

book (accounting) value per share (RON 45.4 / share in April 2020), resulting from the last approved annual financial statement, complying with the provisions of art. 115 par. (2) of ASF Regulation no. 9/2014¹; (ii) for the calculation of NAV for May - June 2020, the value of SIFI stake was made by mark-to-market at the price of RON 286 / share (price recorded for the transaction dated 19.05.2020 with one SIFI share), complying with the provisions of art. 113 section a) point 2 of ASF Regulation no. 9/2014².

Given the large movements in the value of the asset generated by the volatility of the value of stake in SIF Imobiliare PLC created by market prices resulting from trades with insufficient volume and frequency to consistently provide relevant price information and at values unjustified by the issuer's economic activity, the management of SIF Banat-Crișana notified the Financial Supervision Authority requesting the verification of these trades from the perspective of possible violations of art. 120 of Law no. 24/2014 and of art. 12 of the EU Regulation no. 596/2014 on market abuse. We mention that the transactions on the market with SIFI shares were not performed by SIF Banat-Crișana or by its affiliates. **By its letter dated August 19, 2020, ASF communicated that the analysis carried out at the level of the specialized department within the Authority did not reveal suspicions regarding the existence of market abuse facts in the case of the transactions indicated by the Company.**

The elimination of NAV variations induced by the marking-to-market of some shareholdings without active market will be possible by evaluating the respective stakes at fair value based on an evaluation report prepared in accordance with the valuation standards, method to be adopted by the Company following the entry into force of ASF Regulation 20/26.08.2020.

The methodology for calculating the net asset value

During H1 2020, the calculation of net asset value was performed under the provisions of art. 113-122 of ASF Regulation no. 9/2014, ASF Regulation no. 10/2015 and ASF Regulation no. 2/2018.

Per these regulations:

- shares and securities referred to in art. 3 par. (1) pt. 26 section c) from GEO no. 32/2012 admitted to trading and traded in the last 30 trading days on a regulated market or in trading systems other than regulated markets, are evaluated: (i) at the closing price of the market section considered the main market, for the day for which the calculation is made, in the case of shares admitted to trading on the respective regulated market; or (ii) at the reference price for the day for which the calculation is made, in the case of shares traded under trading systems other than regulated markets.
- The securities not admitted to trading on a regulated market or not traded during the last 30 trading days are valued at the accounting (book) value per share recorded in the most recent annual financial statements, or equity value from the monthly reports submitted to BNR (the Romanian central bank) for credit institutions.
- In the case of joint stock companies not admitted to trading on a regulated market or on an alternative system, in which SIF Banat-Crișana holds more than 33% of the share capital, these

¹ ASF Regulation no. 9/2014 (extract): "Art. 115 (1) Financial instruments not admitted to trading on a regulated market or in trading systems other than regulated markets, including alternative trading systems in Romania, from a Member or third State shall be valued as follows: a) shares according to either of the following methods: 1. the book value per share, as evidenced by the entity's last annual financial statement [...] (2) The financial instruments admitted to trading on a regulated market, in an alternative system or in systems other than regulated markets, from a Member State, including alternative trading systems in Romania, and those admitted at the official rate of a stock exchange or an alternative trading system from a third State, but not traded in the last 30 trading days (working days), shall be valued starting from the 31st non-trading day as follows: (i) the shares and transferable securities provided under Art. 3 par. (1) Item 26 Letter c) of GEO No. 32/2012, derivative financial instruments and units issued by UCI similarly to the valuation provided under Par. (1);"

² ASF Regulation no. 9/2014 (extract): "Art. 113 - Financial instruments admitted to trading and traded in the last 30 trading days (working days) on a regulated market or in trading systems other than regulated markets, from a Member State, including in an alternative trading system in Romania, and those admitted at the official rate of stock exchange or an alternative trading system from a third State shall be valued as follows: [...] 2. at the reference price of the day for which the calculation is made, in the case of shares listed in trading systems other than regulated markets, including in other alternative trading systems, provided by the operator of that trading system for each of the segments of that system [...]"

shares are valued in the net asset of SIF Banat-Crișana exclusively in accordance with international valuation standards based on an evaluation report, updated at least annually. These companies are presented in a separate annex within the Detailed Statement of the Portfolio.

- Fixed income financial instruments are evaluated by the method based on the daily recognition of the interest and the amortization of the discount / premium for the period passed from the date of the placement.
- The shares of companies in insolvency, judicial liquidation or reorganization procedure are evaluated at zero value until the end of the procedure.
- The values of the non-portfolio items considered in the calculation of the net asset are in accordance with the International Financial Reporting Standards ("IFRS").

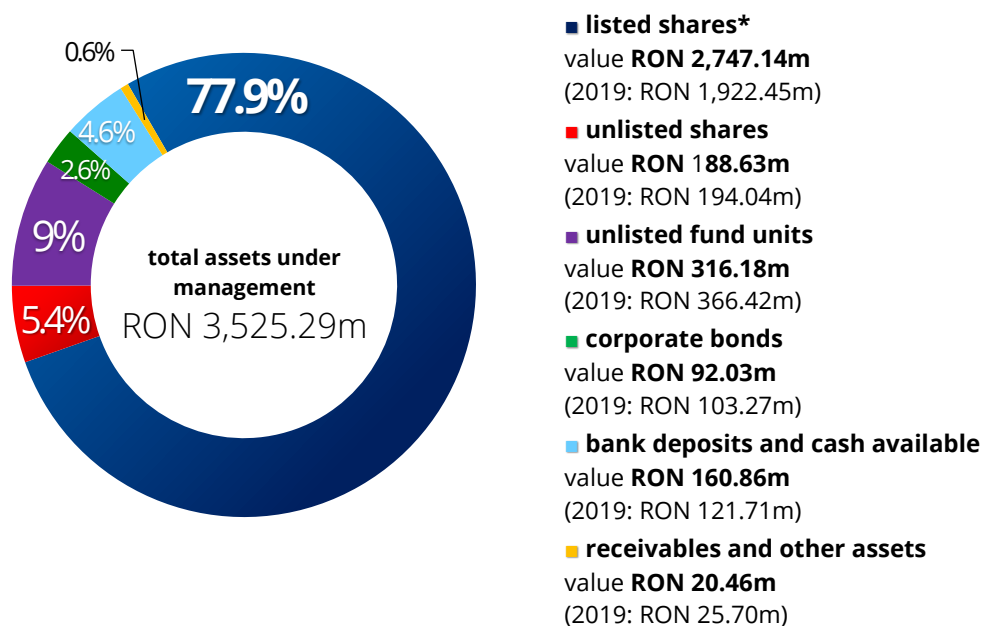
The valuation methods applied by the Company to evaluate the financial assets in the portfolio are presented on Company's website, www.sif1.ro, in the section *Investments > Net Asset > Net asset value calculation methodology*. The changes in valuation policies and methods are communicated to investors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

Portfolio structure

The strategy for asset allocation aims to maximize the performance of the portfolio under the prudential conditions established by the regulations incident to the operation of the Company. The limits and restrictions conditions applicable to the operations of the Company during H1 2020 are set by Capital Market Law no. 297/2004, amended and supplemented by GEO no. 32/2012, and CNVM Regulation no. 15/2004 on the authorization and operation of asset management companies, collective investment undertakings and depositories.

ASSETS UNDER MANAGEMENT as at June 30, 2020

breakdown on classes (weight on total assets)



■ **listed shares***
value **RON 2,747.14m**
(2019: RON 1,922.45m)

■ **unlisted shares**
value **RON 188.63m**
(2019: RON 194.04m)

■ **unlisted fund units**
value **RON 316.18m**
(2019: RON 366.42m)

■ **corporate bonds**
value **RON 92.03m**
(2019: RON 103.27m)

■ **bank deposits and cash available**
value **RON 160.86m**
(2019: RON 121.71m)

■ **receivables and other assets**
value **RON 20.46m**
(2019: RON 25.70m)

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

values calculated as of June 30, 2020 and December 31, 2019, pursuant to the provisions of ASF Regulations no. 9/2014, no. 10/2015, and no. 2/2018; the amounts for fixed income financial instruments include interest receivables

Total assets value³ of SIF Banat-Crișana, calculated as per ASF regulations as of June 30, 2020, was of **RON 3,525.29 million**, up 40.66% as compared to the value recorded at the end of 2019, when it reached RON 2,506.12 million.

The value of the stock portfolio (listed and unlisted shares) accounted for **83.28%** of SIF Banat-Crișana's total assets as of June 30, 2020, amounting to **RON 2,935.77 million**.

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

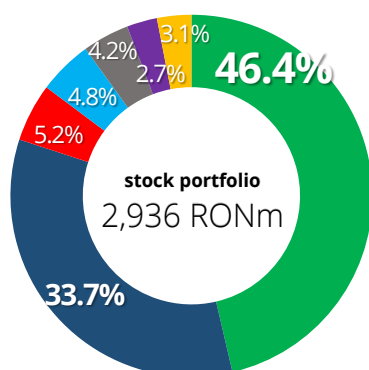
Stock portfolio management

At the end of H1 2020, SIF Banat-Crișana held *majority holdings* - over 50% of the issuer's share capital - in 13 companies, with a total value of RON 1,646.93 million, representing 46.76% of NAV.

During H1 2020, 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 or loss, except for subsidiaries that provide investment services, which will continue to be consolidated.

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STOCK PORTFOLIO - breakdown by sector



■ commerce - real estate

stakes in **13** companies, worth **1,360.91 RONm**
(2019: 240.75 RONm)

■ banking - financial

stakes in **16** companies, worth **988.53 RONm**
(2019: 1,250.87 RONm)

■ pharmaceuticals

stakes in **2** companies, worth **152.52 RONm**
(2019: 138.64 RONm)

■ energy - utilities

stakes in **10** companies, worth **141.97 RONm**
(2019: 158.82 RONm)

■ cardboard and paper

stakes in **5** companies, worth **122.39 RONm**
(2019: 120.03 RONm)

■ hospitality (hotels and restaurants)

stakes in **4** companies, worth **79.59 RONm**
(2019: 95.39 RONm)

■ other industries and activities

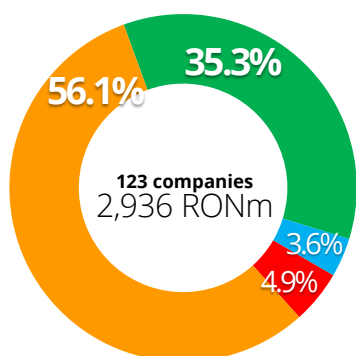
stakes in **73** companies, worth **89.95 RONm**
(2019: 111.99 RONm)

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

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³ calculated pursuant to the provisions of ASF Regulation no. 9/2014 (art. 113-122), ASF Regulation no. 10/2015, and no. 2/2018

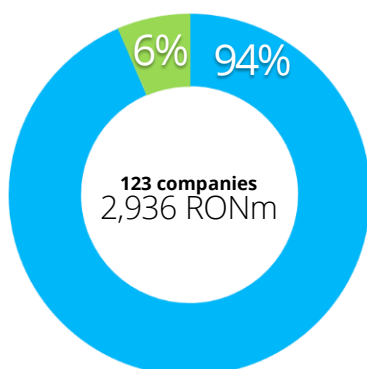
STOCK PORTFOLIO - breakdown by stake held



- up to 5%
stakes in **46** companies
worth **1,036.57 RONm** (2019: 1,324.04 RONm)
- 5-33%
stakes in **61** companies
worth **107.07 RONm** (2019: 115.95 RONm)
- 33-50%
stakes in **3** companies
worth **145.19 RONm** (2019: 136.04 RONm)
- above 50%
majority stakes in **13** companies
worth **1,646.93 RONm** (2019: 540.46 RONm)

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

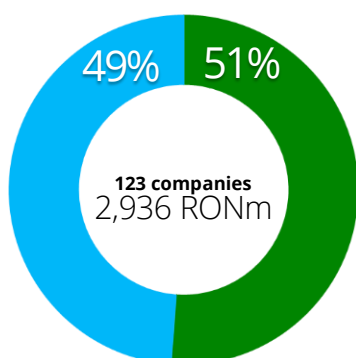
STOCK PORTFOLIO - on liquidity



- listed companies
2,747.14 RONm (2019: 1,922.45 RONm) value of stakes in **46** companies (2019: 45)
- unlisted companies
188.63 RONm (2019: 194.04 RONm) value of stakes **77** companies (2019: 79)

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

STOCK PORTFOLIO - geographical exposure



- Romania
1,502.19 RONm (2019: 1,719.30 RONm) value of stakes in **121** companies (2019: 122)
- foreign
1,433.58 RONm (2019: 397,19 mRON) value of stakes in **2** companies (2019: 2):
Austria (1 company – Erste Bank), Cyprus (1 company– SIF Imobiliare)

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

Presentation of the largest holdings in the portfolio

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

Company (symbol)	Sector	Value of holding* June 30, 2020 [RON]	% of NAV
1 SIF Imobiliare Plc (SIFI)	real estate	1,286,988,846	36.54%
2 Banca Transilvania (TLV)	banking - financial	507,138,825	14.40%
3 BRD Groupe Société Générale (BRD)	banking - financial	157,395,145	4.47%
4 Erste Group Bank AG (EBS)	banking - financial	146,589,737	4.16%
5 Biofarm (BIO)	pharmaceuticals	144,838,635	4.11%
6 Vrancart (VNC)	cardboard and paper	122,357,737	3.47%
7 SIF Moldova (SIF2)	banking - financial	65,629,635	1.86%
8 S.N.G.N. Romgaz (SNG)	energy - utilities	50,136,177	1.42%
9 Conpet (COTE)	energy - utilities	43,781,172	1.24%
10 SAI Muntenia Invest SA	financial	42,043,586	1.19%
TOTAL		2,566,899,495	72.87%

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

1. SIF IMOBILIARE

	2016	2017	2018	2019
Revenues [EURm]	0.24	1.18	1.36	7.74
Gross profit [EURm]	0.13	-0.33	1.30	7.63
Net profit [EURm]	0.13	-0.35	1.26	7.58

standalone financial statements

SIF Imobiliare Plc (SIFI) is a subsidiary of SIF Banat-Crișana (stake of 99.99%) and is a holding vehicle in entities operating in the real estate field. Currently, SIFI holds the majority stake in 16 companies, of which 15 have as main object of activity the rental of real estate, and one company operates in the development and promotion in the real estate field.

The company SIF Imobiliare Plc is listed on the Bucharest Stock Exchange since December 23, 2013, its securities are traded on AeRo segment, under the symbol SIFI (ISIN: CY0104062217). The independent auditor of SIF Imobiliare Plc is Evoserve Auditors Limited incorporated in Cyprus.

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

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

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

In 2016, SIF Imobiliare Plc increased its social capital by EUR 2.99 mn in cash by shareholders' contribution, for the development of activity with investments in agriculture. Also that year, SIF Imobiliare Plc participated in the establishment of a new trading company that entered into its portfolio: SIFI Properties (99.9%) having as object of activity real-estate development (promotion) (CAEN code 4110).

In the same year, the portfolio restructuring process was continued, by starting two merger projects, namely SIFI B One (absorbent), to merge with SIFI CS Retail SA, Urban SA and Agrorent SA as absorbed companies and the second merger project Cora SA (absorbent) with Central SA (absorbed).

In 2017, the two merging projects aforementioned were completed.

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

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

2. BANCA TRANSILVANIA

Results of the bank (RONm)	Q1 2020	Q1 2019	Δ
NII	737.8	753.0	-2.2%
Net fee and commission income	184.8	183.1	1.0%
Other operating revenues	14.4	52.7	-72.7%
Net banking income	937.0	988.8	-5.2%
Operating expenses	(535.5)	(490.1)	9.3%
CoR	(51.3)	+106.1	
Net result (a.m.)	303.9	507.5	-40.1%
ROE	13.9%	23.0%	
Loans/Deposits	52.4%	59.1%	
Cost/Income	54.5%	49.6%	
NPL (EBA)	4.1%	4.9%	

As of June 30, 2020, SIF Banat-Crișana held a stake of 4.52% of Banca Transilvania's share capital.

The bank recorded a quarterly net profit down 40% YoY mainly due to the increase in cost of risk (the difference of 157 RONm, due to a positive contribution in 2019 and a negative contribution in 2020) and an increase of 15% in personnel expenses (impact in absolute value of 32.7 RONm).

The group's total assets reached 96.6 RONbn in June 2020, up 5.28% vs. the beginning of the year.

The non-performing loans, according to the EBA indicator, improved to 4.1%, with a provisioned coverage level of 104% (and 128% taking into account the guarantees).

The CAR level stands at a comfortable 18.17% without the result on 1Q 2020 (above the minimum level of 14% indicated in the dividend policy), respectively 18.70% including the quarterly profit.

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

3. BRD - GROUPE SOCIÉTÉ GÉNÉRALE

Results at group level (RONm)	Q1 2020	Q1 2019	Δ
NII	547.3	513.5	6.6%
Net fee and commission income	177.1	184.4	-3.9%
Other operating revenues	42.3	86.4	-51.0%
Net banking income	766.7	784.3	-2.2%
Operating expenses	(425.2)	(442.1)	-3.8%
CoR	(59.9)	+25.9	

Results at group level (RONm)	Q1 2020	Q1 2019	Δ
Net result (a.m.)	239.4	297.7	-27.6%
ROE	11.9%	15.4 %	
Loans/Deposits	62.6%	65.5 %	
Cost/Income	66.7%	56.6 %	
NPL	3.3%	4.0 %	

As of June 30, 2020, SIF Banat-Crișana owns 1.95% of the share capital of BRD-Groupe Société Générale.

The impact of Covid-19 on the results for Q1 is limited given that only 2 weeks in March were under "emergency state". However, the recalibration of macroeconomic expectations led to a return to positive territory of cost of risk. Although the net result decreased by more than 27% due to the cost of risk, the operational performance was solid, with an increase in net interest income of over 6%. This was doubled by an increased focus on costs, recording a 4.4% reduction in operating expenses (positive effect generating the lower cost by 29 RONm with contributions to deposit guarantee funds and of resolution).

However, the bank's management estimates in 2020 a ROE level of 8% -10% and a minimal impact on the NPL level for technical reasons (moratorium).

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. ERSTE GROUP BANK AG

Results at group level (EURm)	Q1 2020	Q1 2019	Δ
NII	1,229.0	1,160.9	5.9%
Net fee and commission income	504.2	487.7	3.4%
Other operating revenues	(70.2)	123.1	
Operational result	551.7	656.0	-15.9%
Operating income	1,663.0	1,771.7	-6.1%
Operating expenses	(1,111.2)	(1,115.6)	-0.4%
CoR	(61.7)	35.8	
Net result (a.m.)	235.3	377.0	-37.6%
ROE	6.6%	11.1%	
Loans/Deposits	88.4%	92.2%	
NIM	2.18%	2.18%	
Cost/Income	66.8%	63.0%	
NPL	2.4%	2.5%	

As of June 30, 2020, SIF Banat-Crișana holds a stake of 0.34% of Erste Bank's share capital.

Operating performance, although solid in core business, was impacted by asset trading and revaluation activity, which together had a negative quarterly impact of -119.9 EURm vs + 76.2 EURm in 1Q'19. The net cost of risk of 15bp in 1Q'20 was positively influenced by the release of 65 EURm provisions, especially from Romania.

The impact of Covid is minimal in 1Q'20, which will be felt in the coming quarters, as moratoriums in EEC countries expire.

The decision on the distribution of dividends for the financial year 2019 remains to be taken in 4Q'20, when the impact of the global economic recession can be assessed much better.

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

5. BIOFARM

	2017	2018	2019	Q1 2020*
Turnover [RONm]	170.2	184.2	195.4	64.0
Operating profit [RONm]	43.0	46.2	60.8	23.3
Net profit [RONm]	36.0	38.4	50.9	18.5
Dividends [RONm]	18.7	9.8	30.5	-

* source: Company report submitted to BVB

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

In Q1 2019, turnover rose +31.6% and net profit recorded +14.5% upsurge.

Biofarm, market symbol BIO, is listed on BVB since November 19, 1996, currently traded in Main segment, Premium category. SIF Banat-Crișana holds a stake of 36.74%.

6. VRANCART

	2017	2018	2019	Q1 2020*
Turnover [RONm]	325.0	355.4	362	75.7
Operating profit [RONm]	30.1	23.5	31.5	3.6
Net profit [RONm]	25.4	16.8	23.2	1.8
Dividends [RONm]	11.3	9.8	11.9	-

*consolidated statements; source: Company report submitted to BVB

SIF Banat-Crișana owns 75.06% of the share capital of Vrancart as of June 30, 2020. Vrancart group also comprises Rom Paper Brașov (100%).

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

For Q1 2020, according to Company's report, the turnover increased by + 2%. Under these conditions, the operating profit for the period was of 3.6 RONm, 47% below the one achieved in the same period of the previous year. The net profit for Q1 2020 was of 1.8 RONm, 59% lower than that recorded in the corresponding period of 2019.

Compared to the same period last year, the decrease is due to:

- Temporary closure of the working point in Călimănești, Vâlcea for extension and modernization (a new production hall was built, and the cardboard machinery was changed).
- Decrease in orders for corrugated packaging following the beginning of the health crisis and measures imposed by the state of emergency (starting with March 16,2020).
- Decrease in demand for cardboard paper due to overproduction in the European market.

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

7. SIF MOLDOVA

	2016	2017	2018	Q1 2020*
Net profit [RONm]	164.7	50.1	127.3	-72.2
Dividends [RONm]	49.8	30.2	60.1	

* source: Company report submitted to BVB

SIF Banat-Crișana holds, as of June 30, 2020, a stake of 4.99% of SIF Moldova's share capital.

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

The company carried out during 19.12.2019 – 27.01.2020 a public tender offer for the purchase of 2,000,000 own shares at a price of RON 1.67 / share, for the purpose of reducing the share capital.

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

8. SNGN ROMGAZ S.A.

	2017	2018	2019	Q1 2020*
Turnover [RONm]	4,585.2	5,004.2	5,080.5	1,430.3
Operating profit [RONm]	2,115.9	1,531.9	1,237.1	669.3
Net profit [RONm]	1,802.2	1,366.2	1,089.6	571.9
Dividends [RONm]	2,640.1	1,607.2	620.5	

* financial statements for Q1 2020, source: Company report submitted to BVB

As of June 30, 2020, SIF Banat-Crișana holds a stake of 0.41% of the share capital of SNGN Romgaz.

With more than 6,000 employees, Romgaz is the largest natural gas producer and supplier in Romania, with a market share of over 40% of total domestic consumption of natural gas in 2020, respectively owns over 90% of Romania's underground storage capacities. Market share of Romgaz shrunken by 2.2% in Q1 2020 vs. Q1 2019.

Romgaz records annual revenues of over 4 RONbn. Romgaz's main business segments are: exploration, production and supply of natural gas, underground storage of natural gas, and electricity production.

The natural gas production was of 1,362.3 million cubic meters, with 4.7%, respectively 67.7 million cubic meters below the one recorded in Q1 2019.

Company's majority shareholder is Romanian State, through the Ministry of Energy, with a holding of 70%, the average liquidity on BVB goes above 3.9 RONm daily.

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

9. CONPET

	2017	2018	2019	Q1 2020*
Turnover [RONm]	376.7	385.1	407.8	105.7
Operating profit [RONm]	83.1	66.2	62.1	17.1
Net profit [RONm]	74.4	60.7	58.8	16.3
Dividends [RONm]	69.6	64.7	61.0	

* financial statements for Q1 2020, source: Company report submitted to BVB

As of June 30, 2020, SIF Banat-Crișana holds a stake of 6.5% in the share capital of CONPET.

CONPET (COTE) is the national transporter of oil and its derivatives via pipelines and railways.

With nearly 1,700 employees, the company operates a network of over 3,800 km of pipelines under a concession agreement with ANRM (National Agency for Mineral Resources). The company's main clients are OMV Petrom and Lukoil.

Established more than 110 years ago, activating under various names and organizational forms, CONPET S.A. continues the activity of the first crude oil transporter in Romania.

The operating revenues increased 7.3% in Q1 2020 compared to the same period of the previous year, while the net result rose 12.8%.

The majority shareholder of the company is the Romanian State through the Ministry of Energy, with a holding of 58.72%.

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

10. SAI MUNTENIA INVEST

	2017	2018	2019
Operating revenues [RONm]	18.7	17.4	26.1
Operating profit [RONm]	9.0	7.5	14.4
Net profit [RONm]	7.7	6.7	12.2

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.

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

Risk management

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

Risk profile and risk limits

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

The strategy of 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 2020, corresponding to a *medium risk appetite*.

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

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

The risk profile did not change in the first half of 2020, the negative evolution registered at the level of share prices did not lead to exceeding the risk limits.

Main risks for the Company

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

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

The Company's exposure to each of the aforementioned risks is detailed in *Note 4 to the Financial Statements*.

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

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

Market risk

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

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

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

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

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

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

On 30.06.2020 VaR for the PROXI-85 portfolio was 13.30% of the market value of RON 1,440.12 million. *Tracking-error*, which indicates active management and represents the risk for the part of the PROXI-85 portfolio other than the BET-BK benchmark, was 5.57% and *Expected shortfall (Conditional VaR)*, which indicates the potential loss of the portfolio in extreme cases of exceeding the 99% confidence level, was 17.09%.

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

A small stake of net assets (2.61%) is placed in interest-bearing instruments, whose interest rates are unlikely to vary significantly. Thus, the Company is subject to limited exposure to changes in fair value or future cash flows due to fluctuations in prevailing market interest rate levels.

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

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

The company traded in both Romanian currency (Leu) and foreign currency (Euro) in 2020, the Romanian currency fluctuated compared to foreign currencies, but the volatility of the exchange rate was not high, its growth being restrained by the monetary policy and NBR intervention. The value of Company's portfolio exposure (shares, bonds and current accounts) represents a weight of 12.39% of total assets as of June 2020.

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

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

Due to the specifics and history of its portfolio, the exposure on the banking sector remains significant, issuers in the banking sector and issued financial instruments (equity instruments, deposits and current accounts, debt instruments) have a share of 26.37% in TA at 30.06.2020. Banks are most exposed to systemic and contagion risk in crisis situations, a positive aspect of these holdings is the liquidity of the investment.

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 25.71, calculated on the value of assets with high liquidity.

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

The Company has implemented a procedure that establishes appropriate actions to measure liquidity in order to assess the quantitative and qualitative risks of the positions and expected investments

that have a significant impact on the liquidity profile of the asset portfolio, in order to properly measure their effects. on the global liquidity profile.

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

Credit risk

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

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

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

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

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

Operational risk

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

The risk limits for the operational risk subcategories (legal, professional, process / model and associated with outsourced activities) are established as a result of the risk indicator assessment (KRI), the appetite for operational risk being medium. In the first half of 2020, the incidents of the nature of the operational risk generated by the information systems were minor and remedied, and there are no vulnerabilities in the health and safety of employees, even if during this period general meetings of shareholders were held.

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 follows ethical practices.

Regarding the efficient management of events that may give rise to reputational risk, the Risk Management department implemented measures to identify situations potentially generating reputational risk and monitor the image of the Company in the media in order to identify any rumours that could generate reputational risk. The activity of monitoring the alerts and the analysis of the impact of these news / announcements on the evolution of the SIF1 share price on BVB lead to the conclusion that price volatility was correlated to the progress of the stock market as a whole, consequence of investors' reaction to the COVID-19 pandemic, unrelated to the Company's activity.

Thus, the reputational risk assessment falls within the low risk 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 2020 new rules and procedures were implemented regarding money laundering and terrorist financing, pending the approval of SIF Banat-Crișana as AIFRI and the application of legal regulations in this regard. From a qualitative point of view, the management of regulatory risk will be achieved by adapting policies, rules, and procedures to changes occurred and by reducing or increasing the level of activities where appropriate.

Compliance risks are considered to be 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 the Company's.

The business environment risk is high due to the unfavourable 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 / disinvestment activity.

The risk factors identified for the next period, with influence on the evolution of the stock market, are those regarding the evolution of domestic inflation, the conduct of fiscal policy and income policy in electoral context, with impact on macroeconomic balance, and external on the evolution of European economies, with an impact on economic recovery and international trade.

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

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

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

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

Risk of exceeding the legal limits of prudential holding

The investment policy of SIF Banat-Crișana is subject to the limits imposed by the ASF regulations. Until July 24, 2020, the Company has applied the provisions of CNVM Regulation no. 15/2004, which, by the *diversified investment policy* characteristic to Other Collective Investment Undertakings (AOPC) allows the classification of the asset portfolio in the **MEDIUM RISK** category.

In H1 2020, the asset portfolio of SIF Banat-Crișana complied with the holding limits specified by Law no. 297/2004, Law no. 24/2017 and ASF / CNVM Regulation no. 15/2004.

Leverage

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

The leverage indicator on June 30, 2020, by the gross method is 97.32% (excluding cash and cash equivalents as per the requirements of AFIA regulations) and by the commitment method is of 100%.

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

Also, the Board of Directors, by the investment policy for 2020, aims to do not carry financial instrument financing operations (SFTs) and transaction of *total return swap* type, as defined by EU Regulation 2365/2015.

Crisis simulations

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

In 2020, the Risk Management department will perform in the second half of the year a crisis simulation based on the analysis of scenarios, according to the Annual Plan on risk management activity, with the prior approval of the methodology by the Board of Directors and complying to the approved working procedures.

2. THE SHARES ISSUED BY BANAT-CRIȘANA

CHARACTERISTICS OF THE SHARES ISSUED BY SIF BANAT-CRIȘANA

Total number of issued shares (June 30, 2020)	517,460,724
Outstanding shares (June 30, 2020)	514,542,363
Nominal value	RON 0.1000 / share
Type of shares	common, ordinary, registered, dematerialized, indivisible
Trading market	Regulated spot market of Bucharest Stock Exchange (BVB or BSE), Premium category, listed since November 1, 1999
BVB (BSE) symbol (ticker)	SIF1
Bloomberg BBGID	BBG000BMN388
ISIN	ROSIFAACNOR2
Part of indices	BVB (BSE) indices: BET-XT, BET-FI, BET-BK and BET-XT-TR

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

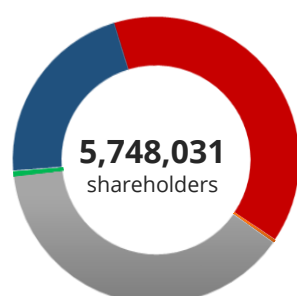
Since its set-up, SIF Banat-Crișana has not issued bonds or other debt instruments.

At the date of this report, SIF Banat-Crișana holds 2,918,361 own shares, purchased in 2018 and 2019 in the buyback programs approved by EGM of April 26, 2018.

As of June 30, 2020, SIF Banat-Crișana has 5,748,031 shareholders, according to the data reported by Depozitarul Central SA Bucharest, the company that keeps the shareholders registry.

SHAREHOLDERS' STRUCTURE

as per holdings, as at June 30, 2020



■ 39.16%	■ 0.33%
Romanian individuals (5,745,794 shareholders)	non-resident individuals (2,064 shareholders)
■ 38.49%	■ 21.46%
Romanian legal entities (139 shareholders)	non-resident legal entities (33 shareholders)
■ 0.56%	
treasury stock (2,918,361 shares)	

PROGRESS OF DIVIDEND DISTRIBUTION

	2017*	2018*	2019*
Net profit (RON mn)	69.55	77.19	159.49
No. of shares	520,000,000	517,460,724	517,460,724
Gross dividend payable * (RON mn)	-	-	-
Net dividend payable (RON mn)	-	-	-
Gross dividend per share (RON)	-	-	-
Dividend payout ratio	-	-	-

*2017, 2018 and 2019 with no dividend distribution, according to GMS decision of April 26, 2018, April 22, 2019, and April 27, 2020

SIF1 shares on Bucharest Stock Exchange (BVB/BSE)

The liquidity of the SIF1 title was lower compared to the similar period of 2019, in H1 2020, a total of 12,333,151 shares were traded, representing 2.383% of the total shares issued, worth of RON 31,609,866.

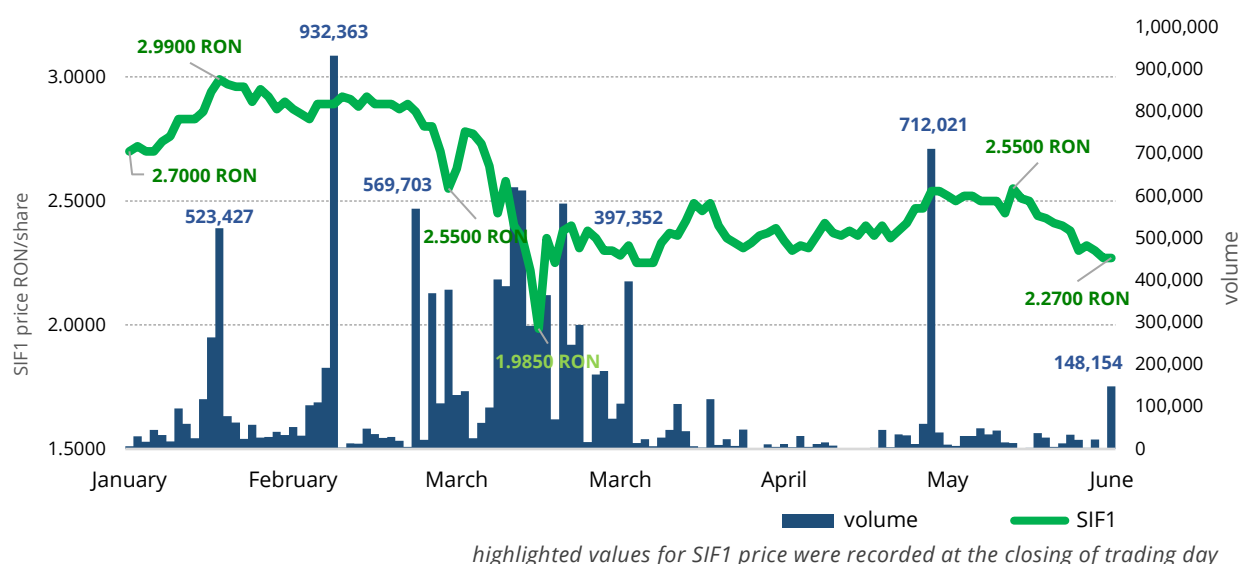
There were no "DEAL" transactions during this period.

Of the 122 trading days, 43 days were with positive variations (maximum + 18.39% on March 17) and 60 days with negative variations (minimum -10.59% on March 16)

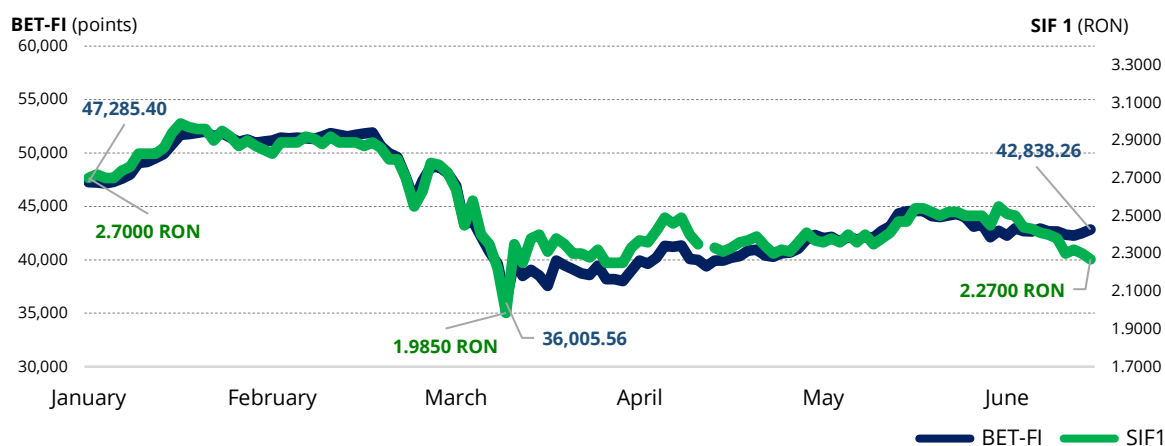
The highest closing price during H1 2020 was of RON 2.9900 per share, in the trading day of January 20, and the lowest closing price was of RON 1.9850 per share, in the trading day of March 16, the trading range between the highest and the lowest price of the period being 51%. The average price of the period was of RON 2.5630 per share.

On June 30, 2020, the market capitalization for the SIF1 title, calculated at the closing price, was of RON 1,174.64 million (and RON 1,174.43 million calculated for the outstanding shares).

SIF1 PRICE AND VOLUME IN H1 2020



SIF1 vs. BET-FI PERFORMANCE IN H1 2020



3. CORPORATE GOVERNANCE

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

Beginning January 1, 2020, During H1 2020, the Corporate Governance Regulation of SIF Banat-Crișana entered into force in the updated version approved by the Board of Directors of the Company in December 2019. The document is available for consultation on the company's website at www.sif1.ro, in the *Corporate Governance* section.

The status of compliance with the provisions of the Corporate Governance Code issued by Bucharest Stock Exchange Code was presented in the Board of Directors' annual report for 2019, available on company's website, in *Corporate Governance* section.

By Regulation no. 2/2016, amended and supplemented by Regulation no. 9/2019, the Financial Supervisory Authority (ASF) settled the unitary regulatory framework for the implementation of corporate governance principles to entities authorized, regulated, and supervised by ASF. SIF Banat-Crișana's statement on the application of corporate governance principles, prepared pursuant to the annex of the Regulation no. 9/2019, was presented in the Board of Directors' annual report for 2019, the document is available on company's website, in *Corporate Governance* section.

Administration and management of the Company

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

The Board of Directors

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

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

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

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

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

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

During January 1 – June 30, 2020, the Company was administered by a Board of Directors (administrators) consisting of five members: Mr. Bogdan Alexandru DRĂGOI – Chairman and CEO, Mr. Radu Răzvan STRĂUȚ - Vice Chairman, Mr. Sorin MARICA - Member, Mr. Marcel Heinz PFISTER – member and Mr. Ionel Marian CIUCIOI - member.

The activity of the Board of Directors during H1 2020

During H1 2020, the Board of Directors of SIF Banat-Crișana met in 13 sessions, pursuant to the statutory provisions.

The presence of Board members at meetings held during H1 2020 was in accordance with the legal provisions. The Chairman of the Board chaired all the meetings.

During H1 2020, the Board of Directors issued a total of 44 resolutions concerning the current activity of the company. All decisions were taken by the vote "for" of the majority of those present.

Of the 44 resolutions issued by the Board of Directors during the period under review 26 resolutions had well defined objective, requiring its fulfilment and 18 were resolutions for the approval of procedures, mandatory reports, and activity reports.

The Audit Committee

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

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

As of June 30, 2020, the composition of the Audit Committee was as follows: Mr. Marcel PFISTER – chairman of the committee, Mr. Sorin MARICA – member, and Mr. Ionel Marian CIUCIOI - member.

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

During H1 2020, the Audit Committee met in 5 sessions.

These meetings were held for the monitoring of the financial reporting process, namely the annual financial statements prepared pursuant to the International Financial Reporting Standards (IFRS) approved by ASF Rule no. 39/2015 and the annual consolidated financial statements; discussing the report of the financial auditor Deloitte Audit SRL; monitoring condensed interim accounting quarterly reporting for Q1 2020; for the analysis and the approval of service contract with Deloitte Audit SRL for carrying out the necessary procedures regarding the reduction of the share capital of SIF Banat-Crișana; the preparation of the activity report of the Audit Committee for 2019 and remitting it to ASF.

The Nomination and Remuneration Committee

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

The Nomination and Remuneration Committee is comprised of at least at least two members elected from non-executive members of the Board of Directors, subject to the condition of independence provided for by the Company Law. Membership of the Committee does not prevent members from

participating in the work of other Committees of the Board of Directors. The Committee meets regularly, at least twice a year, and exceptionally if appropriate.

As of June 30, 2020, the composition of NRC was the following: Mr. Sorin MARICA – Chairman of the Committee, Mr. Marcel PFISTER – member and Mr. Ionel Marian CIUCIOI – member.

In the first half of 2020, the Nomination and Remuneration Committee adopted seven decisions by which it carried out the preliminary assessment of some key functions within the company and submitted proposals to the Board of Directors regarding the remuneration of administrators and directors as well as on the approval of Stock Option Plans.

In January 2020: assessment of adequacy for money laundering officer and persons with responsibilities on money laundering and terrorist financing.

In March 2020: proposal to the Board of Directors to maintain the annual remunerations of the members of the Board of Directors and submission to the annual OGM for approval; proposal to the Board of Directors of the general limits of all additional remuneration of the members of the Board of Directors and of the directors' remuneration and their submission for the approval of OGM.

In May 2020: proposal to the Board of Directors to change the remuneration of the members of the advisory committees within the Board of Directors; proposal to approve the Stock Option Plan.

In August 2020: - preliminary assessment of the adequacy of the Internal Auditor; proposal to approve the Stock Option Plan

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.

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

During H1 2020 no changes occurred in the composition of executive team.

As of June 30, 2020, the composition of the executive team of SIF Banat-Crișana is the following: Mr. Bogdan-Alexandru Drăgoi – Chairman - CEO; Mr. Radu Răzvan Străuț – Vice-Chairman, Deputy General Director; Mr. Teodora Sferdian - Deputy General Director, 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. In view of these, SIF Banat-Crișana's policy on the management of significant risks provides a framework for identifying, assessing, monitoring and controlling these risks in order to maintain them at acceptable levels, based on the Company's risk appetite and its ability to cover, absorb or mitigate these risks.

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

The permanent risk management function has a key role in defining the risk policy, monitoring, and measuring risks, ensuring ongoing compliance of the level of risk with the Company's risk profile assumed by the Board of Directors. The person in charge of the administration has access to all

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

Mrs. Adina Eleonora Hodăjeu has the capacity of 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. The Compliance Office is subordinated to the Board of Directors and has 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 the company's requirements;
- providing consultancy and assistance to the relevant persons responsible for carrying out the services and activities to comply with the requirements imposed on the company in accordance with the legal provisions and regulations of the Financial Supervisory Authority.

The activity of the Compliance Office was carried out during H1 2020 pursuant to the Plan for Investigation and control for the year 2020 approved by the Board of Directors of SIF Banat-Crișana, of the ASF regulations, the work procedures and internal regulations.

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

During the control/compliance checking activity conducted in H1 2020, the following issues were addressed:

- compliance with the legal provisions and the working procedures in the activity of the IT Dept.
- compliance with the capital market legislation and working procedures in the activities for preparing, transmittal and publication of mandatory reports, of preparing and transmitting the list of persons with access to inside information; in the redaction, of requests for ASF endorsements.

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

Resolution of petitions. The shareholders might, in case they have any dissatisfaction with the activity of the company, provided based on the legislation in force or the information provided by the company following their requests, to address SIF Banat-Crișana through a petition. The method of solving the petitions submitted by the shareholders is the one established by the ASF Regulation no. 9/2015 and the procedure to be followed is published on the company's website. In accordance with the provisions of the regulation, the unique register of petitions in secure electronic format was set up, in which the transmitted petitions, the problems complained about and the way of solving are registered. The register of petitions is managed by the representative of the compartment. During H1 2020, 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, it evaluates the possible risk exposure on various activity segments (asset security, compliance with regulations and contracts, integrity of operational information and financial, etc.), makes recommendations for the improvement of the systems, controls and procedures to ensure the efficiency and effectiveness of the operations and monitors the corrective actions proposed and the results obtained.

The activity of internal audit is carried out grounded on an audit program prepared in accordance with the objectives of the company, endorsed by the Audit Committee and approved by the Board of Directors.

The internal audits missions carried out in the first half of 2020 addressed:

- trading of securities trading, compliance with short-term investment policy and approved working procedures;
- compliance with working procedures, internal regulations and legislation specific to the compliance office;
- compliance with the working procedures, internal regulations and significant risk management policy of SIF Banat-Crișana;
- compliance with the procedure on 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.

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 20120 subject to the audit, are consistent with the policies, programs and management of the company, pursuant to the legislation and internal regulations.

During H1 2020, the internal audit function was provided by the firm New Audit SRL from Arad, to whom the activity has been outsourced to, based on contract no 2/30.08.2018.

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. 286¹ 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.

At the general meetings of shareholders held during H1 2020, the exercise of voting rights was suspended for shares held by shareholders exceeding the limit of 5% of the share capital of the Company, in accordance with the provisions of art. 286¹ par. (2) of Law no. 297/2004, of the CNVM / ASF Instruction no. 6/2012 issued in application of the provisions of art. 286¹ of Law no. 297/2004 and of the Decisions issued by the Financial Supervisory Authority.

As per the provisions of Law no. 243/2019, starting with July 24, 2020, are repealed the provisions of art. 286[^]1 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 over 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).

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

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

During H1 2020, the Board of Directors convened the extraordinary general meeting of shareholders (EGM) for March 10 (11), 2020, for April 27 (28), 2020 and for July 6 (7), 2020, and the ordinary general meeting of shareholders (OGM) was convened for April 27 (28), 2020. Information on the general meetings and the resolutions approved are available on SIF Banat-Crișana website, www.sif1.ro, in the *Investor Relations* section.

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

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

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

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 2020, promoting SIF Banat-Crișana in the capital market events (either individually or together with BVB, intermediaries), to increase transparency and attract new investors / shareholders.

During February 26-27, 2020, SIF Banat-Crișana participated, represented at top-management level at the annual event *Romania Investor Days* in London. The event, organised By Wood & Company in partnership with Fondul Proprietatea, was attended by institutional investors and representatives of first tier companies listed on Bucharest Stock Exchange.

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

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

The OGM held on April 27, 2020, decided not to distribute dividends, allocating the net profit for the 2018 financial year, in the amount of RON 159,494,532, to *Other reserves*, for own financing sources, to support a buyback program.

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 at December 31, 2019 in accordance with IFRS and ASF Rule no. 39/2015. These were audited by Deloitte Audit SRL and approved by OGM of April 27, 2020 and are available on Company's website www.sif1.ro.

Based on the requirements of Law no. 24/2017 and the ASF Regulation no. 5/2018 on Issuers of Financial Instruments and Market Operations, the Company will prepare and submit the consolidated interim financial statements for H1 2020 within 3 months of its end.

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

In SIF Banat-Crișana there is operational an internal procedure, approved by the Board of Directors, 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

Social responsibility of SIF Banat-Crișana 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.

During H1 2020, SIF Banat-Crișana, through a non-profit, financially supported, with the amount of RON 1,000,000, the purchase of equipment in hospitals in Romania necessary in the fight against COVID 19.

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

4. FINANCIAL RESULTS AS AT JUNE 30, 2020

SIF Banat-Crișana has prepared condensed interim standalone financial statements as of June 30, 2020 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, 2020 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 2020:

4.1. Standalone statement of financial position

Standalone statement of financial position		
<i>denominated in RON</i>	30/06/2020	31/12/2019
Assets		
Cash and cash equivalents	160,882,568	117,203,806
Bank deposits	-	4,512,500
Financial assets at fair value through profit and loss	1,139,182,766	1,226,791,154
Financial assets at fair value through other comprehensive income	1,200,849,211	1,508,267,047
Financial assets at amortized cost	38,822,333	43,246,691
Investment property	12,876,581	20,047,164
Tangible assets (property, plant, and equipment)	4,140,327	4,080,130
Other assets	3,471,696	2,529,848
Total assets	2,560,226,182	2,926,678,339
Liabilities		
Deferred income tax liabilities	122,543,370	169,850,613
Other liabilities, deferred income, provisions for risks and expenses	2,843,070	8,624,272
Total liabilities and other liabilities	125,386,440	178,474,885
Equity		
Share capital	51,746,072	51,746,072
Own shares	(7,295,461)	(7,295,461)
Losses from repurchase of own shares	(134,838)	(134,838)
Benefits in equity instruments	174,533	-
Retained earnings	606,718,917	812,306,354
Other reserves	1,157,455,631	997,961,099
Reserves from revaluation of tangible assets	1,176,569	1,176,569
Legal reserves	10,349,214	10,349,214
Reserves from valuation of financial assets at fair value assets valued through other comprehensive income	614,649,103	882,094,444
Total equity	2,434,839,742	2,748,203,454
Total liabilities and equity	2,560,226,182	2,926,678,339

Cash and cash equivalents include all liquid investments of the Company in term bank deposits, current accounts and cash in hand. Their level is higher as compared to 2019-year end, as dividends from portfolio companies were collected in the first six months of 2020, there were no significant purchases, the liquidity being directed in short-term money market placements.

Financial assets at fair value through profit or loss comprises the Company's holdings in the deconsolidated subsidiaries starting with the financial year 2018 (in accordance with IFRS 10), associates (in accordance with IAS 27), investments in fund units issued by closed-end investment funds and alternative open-ended funds and the company's placements in fixed income instruments issued by subsidiaries. The decrease of this category compared to the end of 2019 is mainly the effect of recording the fair values of these assets on March 31, 2020 and June 30, 2020, respectively, amid the accelerated decline in stock prices in the first months of this year.

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

Financial assets at amortized cost as of 30 June 2020 represent the company's placements in bonds denominated in euro issued by banking companies. The difference in value of this category as compared to the end of the previous year is due to their partial reimbursement at the end of June 2020.

Investment property, Tangible assets and Other assets mainly include land and buildings acquired by the Company following the withdrawal of the contribution in kind (Azuga Turism). The value of Company's investment property at fair value as of June 30, 2020 is of RON 12.9 million. Tangible assets held by the Company are those used while performing operational and administrative activities.

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

Equity weights the most in the liability structure. The decline is the effect of the inclusion in the other comprehensive income of the amounts resulted from the fair value measurement of the portfolio of the (negative) value differences resulting from the marking-to-market the holdings held and of the net loss for the first six months of 2020.

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

Standalone statement of profit or loss and other comprehensive income		
<i>denominated in RON</i>	30/06/2020	30/06/2019
Income		
Dividend income	34,570,830	99,295,226
Interest income	5,398,937	2,405,597
Other operating revenues	116,210	85,698
Investment gains (losses)		
Net gain / (loss) from investment property	2,466,217	
Net profit / (loss) from foreign exchange differences	1,236,993	1,088,931
Net Profit/(Loss) from financial assets at fair value through profit and loss	(80,695,018)	19,941,711
Expenses		
Commissions expenses	(1,545,842)	(1,645,436)
Other operating expenses	(7,138,370)	(6,725,878)
Profit before tax	(45,590,044)	115,201,633
Income tax	(504,071)	(7,756,484)
Net profit for the period	(46,094,114)	107,445,150
Other comprehensive income		
Amount than can be transferred to profit or loss	(190,767)	20,549
Changes in fair value of assets at fair value through other items of comprehensive income	(314,481,229)	148,435,907
The effect of the income tax related to them	47,227,865	(25,086,769)
Other comprehensive income	(267,444,131)	123,369,687
Total comprehensive income for the period	(313,538,245)	230,814,836

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

Dividend income significantly plummeted in H1 2020, amidst the decision to suspend the distributing or to reduce the amounts allocated to dividends by the main issuers in the portfolio in the context of the unprecedented difficulties caused by the Covid-19 pandemic. The negative evolution of this income category was influenced both by the decisions adopted by the General Meetings of some companies in the portfolio to not distribute / significantly reduce the value of dividends distributed and by setting the payment date during the second half of 2020.

Interest income includes interest on bank deposits, corporate and government bonds. In H1 2020, the volume of interest income is significantly higher than that of the corresponding period of the previous year, as the Company reallocated a significant portion of available liquidity to corporate bonds, at yields higher than the amounts invested in bank deposits.

The Other Operating revenues category includes, as a rule, the Company's proceeds from rents, the recovery of court fees and other occasional revenues. In H1 2020, the amounts received are higher as compared to H1 2019.

The impact of *investment gains (loss)* realized in H1 2020 is unfavourable and is, mostly, the effect of the fair value measurement of assets included in the *fair value through profit or loss* category (shares in deconsolidated subsidiaries and associates, bonds issued by subsidiaries, fund units in closed-end funds and open-ended alternative funds). The amounts recognized in this category in the first half of 2020 are mainly due to the negative change in the fair value of stakes in unlisted subsidiaries and fund units. The negative result from the measurement of shareholdings in unlisted subsidiaries is the consequence of the outbreak of COVID-19 pandemic in March 2020, which led to significant changes (compared to the end of 2019) of the assumptions in the evaluation reports prepared by independent external evaluators, so that fair values incorporate perspectives and uncertainties related to the current situation. The decrease in the fair value of investments in fund units is due to the sharp falls of stock prices in the first part of the year, their rebound being only partial until the date of their marking to market as of June 30, 2020

Commissions expenses include fees payable to regulatory agencies, the depository and the stock exchange, the largest share is that of 0.0078% of the net asset, the monthly commission paid to ASF. The volume of this category of expenditure is slightly lower than the similar period of 2019.

The category of *Other operating expenses* includes the costs of staff and management salaries, those on taxes and fees and other expenses incurred in activity of the Company. This category recorded an increase of 6.1% compared to the first 6 months of the previous year, as a result of incurring expenses related to the Company's social responsibility (sponsorships) in the first part of 2020.

The comprehensive income as of June 30 is also unfavourable and below the level included in the Revenue and Expenses Budget, given that when preparing and approving the Budget were not included amounts related to the negative impact of the marking to market of listed and unlisted shareholdings, measured at fair value through profit or loss, given the high degree of uncertainty that impacted the first half of 2020.

4.3 Cash flow statement

Cash flow statement		
<i>denominated in RON</i>	June 30, 2020	June 30, 2019
Operating activities		
Net profit for the period	(46,094,114)	107,445,150
<i>Adjustments for:</i>		
Amortization of tangible and intangible assets	250,553	124,254
(Gain) / Loss from disposal of tangible assets	20,068	1,585
(Gain) / Loss from valuation / disposal of investment property	(2,466,217)	-
(Gain) / Loss from financial assets at fair value through profit or loss	80,695,018	(19,941,711)
Dividend income	(34,570,830)	(99,295,226)
Interest income	(5,398,937)	(3,161,382)
Expenses with interest on debt of leasing contract	33,915	
Expenses with / (income from) foreign exchange differences	(839,970)	(780,552)
Benefits granted in equity instruments	174,533	1,190,000
Income tax	504,071	7,756,484
Changes in operating assets and liabilities related to operating activities		
Change in other assets	94,885	63,674
Change in other liabilities	(1,241,698)	(853,730)
Income tax paid	(4,451,293)	(12,117,804)
Net cash from / (used in) operating activities	(13,290,018)	(19,569,258)
Investment activities		
Payments for acquisitions of assets measured through other comprehensive income	(7,250,565)	(5,135,642)
Proceeds from sale of assets measured through other comprehensive income	23,970	103,332,318
(Placements)/Proceeds from deposits with term greater than three months	4,500,000	6,000,000
Proceeds from sale/repurchase of assets at fair value through profit or loss	6,600,189	84,698,625
Payments for purchase of assets at fair value through profit or loss	-	(123,637,912)
Proceeds / (Payments) from sale of assets at amortized cost	4,842,600	-
Proceeds from sale of tangible assets an investment property	9,636,800	-
Payments for acquisitions of tangible assets	(217,452)	(11,703)
Dividends collected	32,873,619	94,354,698
Interest collected	6,096,367	2,936,322
Net cash (used in) / from investment activities	57,105,529	162,536,706
Financing activities		
Dividends paid	-	(5,495)
Payments in leasing contracts	(136,750)	-
Net cash (used in) / from financing activities	(136,750)	(5,495)
Net increase / (decrease) in cash and cash equivalents	43,678,761	142,961,953
Cash and cash equivalents as of January 1st	117,203,806	29,230,410
Cash and cash equivalents as of June 30th	160,882,567	172,192,363

The decrease in H1 2020, 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, as in the first 6 months of 2019 significant transactions with financial assets were performed, impacting the due income tax.

During H1 2020, investment activity generated a cash surplus significantly lower as compared to H1 2019, given that both the volume of dividends received and net proceeds from transactions with financial assets (proceeds minus payments) were much lower than in the first 6 months of the previous year, amid difficult market conditions in the first half of this year.

As at June 30, 2020 *Cash and cash equivalents* are slightly lower as compared to the same period of the previous year, given that the net growth of this category was negatively impacted by the volume of dividends received in the first part of 2020, compared to the first half of 2019.

5. OTHER SIGNIFICANT INFORMATION

Human resources

The number of SIF Banat-Crișana's employees as of June 30, 2020, was of 34, of which 27 working at the headquarters in Arad and 7 at Bucharest branch.

The employment relationships are regulated by the Individual Labour Contracts and by the Collective Labour Contract. The addendum for the extension of Collective Labour Contract with one year was registered at the Territorial Labour Inspectorate Arad during the first half of the year. There were no conflicting elements in the relations between the management and the employees.

During H1 2020, given the situation created by the COVID-19 virus, SIF Banat-Crișana adopted a plan of measures to ensure the safely continuation of activity and mitigating risks: it was adapted and implemented the Business Continuity Plan in accordance with the nature, complexity and volume of the work carried out in exceptional situations, adopted increased sanitation and disinfection measures, implemented the work from home system using secure communication systems.

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

Litigations

As of June 30, 2020, as documented in the records of SIF Banat-Crișana's Legal Dept., the Company was involved in 113 litigations. The Company had locus standi in 91 disputes, passive capacity to stand trial in 16 disputes, and intervenient in 6 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.

Amendments to the constitutive documents

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

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

"Art. 3 Share capital and shares.

(1) The share capital of the company amounts to RON 51,746,072.4 and is divided into 517,460,724 shares of RON 0.10 each, appropriated per shareholders as shown in the records entered in the shareholders' registry.

(2) The shares issued by the company are registered, of equal values, issued in dematerialized form and grant equal rights to their holders. The nominal value of a share is of RON 0.10. The shares are indivisible, and the company recognizes a sole representative for exercising the rights attached to a share."

The provisions of art. 3 of SIF Banat-Crișana's Articles of Association, as amended by the Resolution of the EGM and the authorization issued by ASF, mentioned above, become applicable and shall take effect from the date of repeal of art. 286¹ of Law no. 297/2004, according to art. 81 paragraph (3) of

Law no. 243/2019, viz. at the fulfilment of the term of 6 months from the entry into force of Law no. 243/2019 on alternative investment funds, amending and supplementing certain normative acts.

Implementing the legislation governing the authorization and operation of alternative investment funds

During H1 2020, the legislative framework was completed by the entry into force of the provisions of Law no. 243/2019 on alternative investment funds amending and supplementing certain normative acts and the ASF Regulation no. 7/2020 on the authorization and operation of alternative investment funds.

In accordance with the provisions of Law no. 243/2019 on alternative investment funds, SIF Banat-Crișana qualifies as a closed-ended, diversified Alternative Investment Fund for retail investors (AIFRI), self-managed.

The company undertaken steps to adapt the documents of incorporation and operation as well as to adapt the activity to the new regulations brought by Law 243/2019 and Regulation no. 7/2020. Thus,

- The Company's Articles of Association was rewritten and completed by the resolutions of two extraordinary general meeting of shareholders (EGM of March 10, 2020 and of July 6, 2020).
- Internal rules and procedures were amended and completed to adapt the activity to the new regulations mentioning that operating as alternative investment fund will be full only after obtaining the authorization from the Financial Supervisory Authority;
- The contract with the Depository bank, BCR, was adapted as per to the provisions of Law no. 243/2019;
- Documents were prepared pursuant to the provisions of Law no. 243/2019, of the Regulation (EU) 2017/1129 and of the ASF Regulation no. 7/2020, to comply the incorporation and operating documents of SIF Banat-Crișana in order to fall into the category of closed-ended diversified AIF addressed to retail investors.

The file containing the documents to be authorized as AIFRI was submitted, within the deadline provided by regulations, to the Financial Supervisory Authority.

Events after the reporting period

- On **July 6, 2020**, the Extraordinary General Meeting of Shareholders took place, approving the amendment of Company's Articles of Association, to comply with the provisions of Law no. 243/2019 on alternative investment funds and for amending and supplementing some normative acts.

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

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

The disclosure document on the offer or assignment of securities to members of the management of SIF Banat-Crișana in full is available for consultation on Company's website, at www.sif1.ro, in the *Investor Relations* section.

6. ANNEXES

- Annex 1** Condensed interim financial statements as of June 30, 2020, prepared pursuant to the ASF Rule no. 39/2015 for the approval of accounting regulations in accordance with the International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector - unaudited
- Annex 2** Net asset statement as of June 30, 2020, prepared pursuant to Regulation no. 15/2004 (Annex 16)
- Annex 3** Detailed statement of investments as of June 30, 2020, 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 31, 2020.

Bogdan-Alexandru DRĂGOI

Chairman and CEO

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