



SIF BANAT-CRIȘANA

SIF BANAT-CRIȘANA

HALF YEAR REPORT

JANUARY 1 – JUNE 30, 2022

prepared pursuant to Law no. 24/2017, Law. no. 243/2019,
ASF Regulation no. 5/2018, ASF Regulation no. 10/2015,
ASF Regulation no. 7/2020, 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"> ▪ joint stock company, established as self-managed investment company, authorized by the Financial Supervisory Authority as Alternative Investment Fund Manager (AIFM) – Authorization no. 78/09.03.2018, classified as per the provisions of Law no. 243/2019 as a closed-ended alternative investment fund, diversified, addressed to retail investors (AIFRI) ▪ Romanian legal entity with entire private capital
SHARE CAPITAL	<ul style="list-style-type: none"> ▪ RON 51,542,236.30 – subscribed and paid-up capital ▪ 515,422,363 shares issued; 507,510,056 outstanding shares as of 30.06.2022 ▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none"> ▪ J02/1898/1992 at Trade Registry ▪ Unique Registration Code 2761040 ▪ Number in ASF AFIAA Register PJR07.1AFIAA / 020007 / 09.03.2018 ▪ Number in ASF FIAIR Register PJR09FIAIR / 020004 / 01.07.2021 ▪ 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 for 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"> ▪ portfolio management ▪ risk management; ▪ other activities carried out within the collective management of an investment fund, allowed by the legislation in force.
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB) – Premium category - ticker SIF1
FINANCIAL AUDITOR	Deloitte Audit S.R.L.
DEPOSITARY BANK	Banca Comercială Română (BCR)
SHARES AND SHAREHOLDERS’ REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	Arad , 35A Calea Victoriei 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
BRANCH OFFICE	SIF Banat-Crișana SA Arad-Bucharest Branch-Rahmaninov 46-48 S. V. Rahmaninov Str., 3rd floor, sector 2, 020199, Bucharest

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MAIN FINANCIAL AND OPERATIONAL INFORMATION

MAIN BALANCE SHEET ITEMS [RONm]			
	30.06.2021	31.12.2021	30.06.2022
Total assets, of which	3,353.02	3,607.39	3,364.05
Total financial assets	3,323.63	3,579.13	3,335.99
Equity	3,153.95	3,416.13	3,164.20
Total liabilities	199.07	191.26	199.85

FINANCIAL PERFORMANCE [RONm]			
	30.06.2021	31.12.2021	30.06.2022
Income	31.07	135.55	130.38
Gain / (Loss) on investments	207.59	288.29	(99.30)
Expenses	10.55	27.50	9.62
Gross profit / (Loss)	228.10	396.34	21.46
Net profit / (Loss)	216.93	387.00	12.38

FINANCIAL INDICATORS [%]			
	30.06.2021	31.12.2021	30.06.2022
ROE (net profit / equity)	7.23	11.33	0.39
ROA (net profit / total assets)	6.80	10.73	0.37
Gross profit margin (gross profit / total revenues)	95.16	73.32	10.7

PERFORMANCE OF SHARES AND NET ASSET		
	31.12.2021	30.06.2022
Share price (end of period, RON)	2.5400	2.4500
NAV/S* (RON)	6.7170	6.2238
Accounting net asset / share (RON)	6.7311	6.2348
Nominal value of share (RON)	0.1	0.1
Number of shares issued	515.422.363	515.422.363
Number of outstanding shares	507.510.056	507.510.056

* calculated acc. to ASF regulations

OPERATIONAL DATA		
	31.12.2021	30.06.2022
Number of permanent employees, end of period	33	30
Branch offices	1	1

SHAREHOLDING STRUCTURE as of June 30, 2022		
	number of shareholders	holdings
Romanian individuals	5,740,486	40.01%
Non-resident individuals	2,104	0.34%
Romanian legal entities	115	38.37%
SIF Banat-Crișana (treasury stock)	1	1.54%
Non-resident legal entities	25	19.74%
TOTAL	5,742,731	100%

1. ANALYSIS OF SIF BANAT-CRIȘANA ACTIVITY

Economic environment

The European economic climate

The uncertainty triggered by the war between Ukraine and Russia, Europe's dependency on Russian oil and gas, together with mutually applied economic sanctions and supply difficulties on the energy market highlight the EU's economic vulnerability and hit the Union's economy both directly and indirectly, putting an additional pressure on the general inflationary trend already existing globally.

Rapidly rising food and energy prices are fuelling inflationary pressures, eroding household purchasing power and forcing a stronger-than-expected monetary policy response from central banks. The rise in interest rates led to higher costs of capital and credit, which further eroded the purchasing power of the population, reduced CapEx in the corporate sector and led to a rapid growth in public debt service especially of indebted countries. In addition, slowing growth in the US, China's strict zero-covid policy and tensions over Taiwan and the recent drought are amplifying negative economic sentiment both globally and regionally¹.

Although H1 2022 was positive from the perspective of economic growth, starting from Q3 the risk of recession increased, especially in Europe.

Against the background of the disruption of crude oil and natural gas supplies from Russia and increasing uncertainty of energy security in the EU, prices are expected to remain high. The pressures are further mounting as higher energy costs are passed on to a large share of goods and services, although all EU countries have taken unconventional measures to limit the impact of rising electricity, natural gas and fuel prices by applying various temporary schemes compensating or subsidizing them.

After a slight consolidation in the first part of the year, surveys of the ZEW Economic sentiment indicator show an unfriendly business climate in 2022 (+49.9 in January compared to -28 in June). Household surveys are as pessimistic about the outlook as they were at the start of the pandemic, which will undermine or delay the recovery in consumption, the main driver of the economy².

The European Commission estimates real GDP growth of 2.7% in 2022 and 1.5% in 2023 in the EU. The Eurozone is forecast to grow by 2.6% in 2022 and 1.4% in 2023. This year's estimated annual growth rate is supported by a stronger-than-expected first quarter and a summer with a promising tourist season.

In 2023, the economic advance is expected to accelerate on the back of a solid labour market with low unemployment and more moderate inflation. However, the European Commission's annual review is negative by almost one percentage point compared to the spring forecast.

Eurozone inflation is forecast to hit a new record high of 8.4% in Q3 2022. As pressures from energy prices and supply chain constraints fade, inflation is expected to decline steadily thereafter and will fall below 3% by the end of 2023. Annual rates of 7.6% in 2022 (8.3% in the EU) and 4.0% in 2023 (4.6% in the EU) have underwent upward adjustments of more than one percentage point from the spring forecast.

The domestic economic climate

The data published by the National Institute of Statistics (INS) show that Romania's economy had a consistent growth in Q2 2022, both compared to the previous quarter and compared to Q2 2021. In

¹ https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/summer-2022-economic-forecast-russias-war-worsens-outlook_en#forecast-for-countries

² <https://www.investing.com/economic-calendar/>

H1 2022 vs H1 2021, Romania's economy grew by 5.8%, both on the gross series and on the seasonally adjusted series, and in Q2 it recorded an increase of 2.1% compared to the previous quarter.

On the seasonally adjusted series, GDP increased by 2.1% in the second quarter of 2022 compared to the previous quarter. Compared to the same quarter of 2021, the Gross Domestic Product increased in the first six months of 2022 by 5.3%³.

NBR announced an inflation of 10.2% for Q1 2022, and the central bank's expectations for Q3 are for 15.1%, and 13.9% for Q4. The forecast trend is downward to 2.3% in Q2 2024, but the uncertainty range remains $\pm 1.8\%$.⁴

The uncertainties regarding Romania's GDP are also confirmed by the fact that there are divergent economic growth scenarios between the estimates made by the INS, the IMF, the European Commission, the World Bank, the Institute for Economic Forecasting and the European Bank for Reconstruction and Development⁵.

Financing costs advanced at an accelerated pace as a result of the rise in interest rates, the yields of government bonds with a maturity of 10 years reaching 8.94% at the end of June, while at the end of the previous year they recorded values of 5.2%⁶.

The ratings given to Romania by the largest three agencies are:

Agency	Moody's	Standard&Poor's	Fitch
Rating	Baa3	BBB-	BBB-
Outlook	Stable	Stable	Negative

**source: Bloomberg terminal*

Bucharest Stock Exchange (BVB/BSE)

The outbreak of the war in Ukraine at the end of February caused the Romanian capital market to fall by 3.6% in the second month of the year, according to the BET-TR index. Four months later, the capital market returned with a gain of 0.8%, also through the premium of the BET-TR index.

The capital market in Romania has fully recovered the declines caused by the war in Ukraine, the BET-TR index rising by almost 1% in the first 6 months, but the other external risks are still present and can significantly influence the activity in the capital markets.

We expect the second half of 2022 to be volatile, but with an amplitude and frequency difficult to anticipate considering the multitude of exogenous factors that make up the current geo-political context. The other external risks related to the evolution of the coronavirus pandemic, rising inflation, increasing interest rates, rising energy prices, dysfunctions in supply chains, as well as fears regarding a possible recession in developed markets are still factors that can significantly influence the activity in capital markets. However, in such a context, the capitalization of Romanian companies at the end of June remained at the level recorded at the end of last year, of RON 141bn (EUR 28.5bn).

Investment activity at the Bucharest Stock Exchange was intense in Q1, and the months of April and May brought significant reductions in average daily trading values. As for the shares listed on the BVB Regulated Market, January recorded the highest average daily trading value, over RON 100m, while April recorded the lowest average daily value, of RON 27m.

Romania has become increasingly visible internationally and is present, as of June 20, with 12 companies in the FTSE Russell indices dedicated to emerging markets. The 12 companies are: Banca Transilvania, Nuclearelectrica, OMV Petrom, TeraPlast, One United Properties, MedLife, Transport

³ <https://insse.ro/cms/>

⁴ <https://bnr.ro/Home.aspx>

⁵ Bloomberg terminal, IPE, CNP, BNR, INS

⁶ <https://tradingeconomics.com/romania/government-bond-yield>

Trade Services, Purcari Wineries, Conpet, Impact Developer & Contractor, Sphera Franchise Group and Aquila⁷.

During H1 the investment activity was robust at the BSE, with an average daily value of over RON 60m in the shares segment. Considering all types of financial instruments, the same indicator shows a level of RON 109m (EUR 22m), up 60% compared to the first 6 months of the previous year. The total value of trading with all types of financial instruments exceeded RON 13.5bn (EUR 2.73bn) in H1 2022.

It should be noted that although these results are considered to be good compared to the recent historical development, the average daily trading turnover of the BSE is still low compared to the stock exchanges in the region. Although the domestic market has been promoted to the emerging markets category by FTSE Russell, the reclassification has not yet brought major improvements in terms of the liquidity of the capital market in Bucharest⁸.

The progress of capitalization and stock market valuation multiples since the beginning of the year indicates a cautious approach of investors on the domestic capital market.

Indicators	January 2022	June 2022
Capitalization*EURm	47,764.62	39,075.19
P/E	11.88	8.77
P/BV	1.21	1.10
DY	4.29	4.33

* market capitalization of regulated market

The market capitalization slightly decreased at the end of H1 compared to the beginning of the year, the decline being in line with the developed stock markets, some of which suffered more significant corrections.

The results reported by issuing companies on the regulated market were solid and in line with expectations, the decrease in the value of the P/E indicator was mainly determined by stock market corrections.

The decrease in stock market quotes generated a better dividend yield, which increased from 4.29% to 4.33% in the analysed period.

The pace of listings on the Bucharest Stock Exchange slowed compared to the previous year, in the context of the war and the economic slowdown, but these listings are expected to resume once economic conditions improve. In the last month, there have been a series of large-scale corporate events on the BVB, such as the issuance of FIDELIS government bonds with a total value of over RON 1.44bn, the issuance of green bonds by Raiffeisen Bank and Banca Comercială Română (BCR), issuances of corporate bonds and shares listed on the AeRO market.

Risks to the forecast for economic activity and inflation depend to a large extent on the evolution of the war in Ukraine. Further increases in gas prices could increase pressures on the EU economy and lead to a further tightening of financial conditions that would affect not only growth but also financial stability.

At the same time, recent downward trends in oil and other commodity prices could intensify, leading to a faster deceleration in inflation. In addition, private consumption could prove more resilient to rising prices if households stopped saving and turned to consumption. Finally, COVID-19 remains an additional risk factor.

In conclusion, the outlook remains subject to high uncertainties, with the balance of risks tipping towards a more difficult macroeconomic climate.

⁷ <https://www.bvb.ro/TradingAndStatistics/Publications/MonthlyReports>

⁸ Bloomberg terminal

Analysis of the portfolio under management

SIF Banat-Crișana's investment strategy aims to maximize the portfolio performance to increase the value of the assets under management and the investment income. The financial objective is to reap an aggregate return on the portfolio generated from dividend and capital gains.

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

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

Investments are performed over a certain period, complying to the regulated prudential terms, under appropriate risk monitoring and control, to ensure a steady balance of risk and expected return. The investment decision-making process is formalized through internal procedures and the levels of competence approved by the company's Board of Directors. The company applies an exit strategy tailored to the specifics of each investment, defined based on the applied strategy, the investment objectives, the conditions of the exit transaction.

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

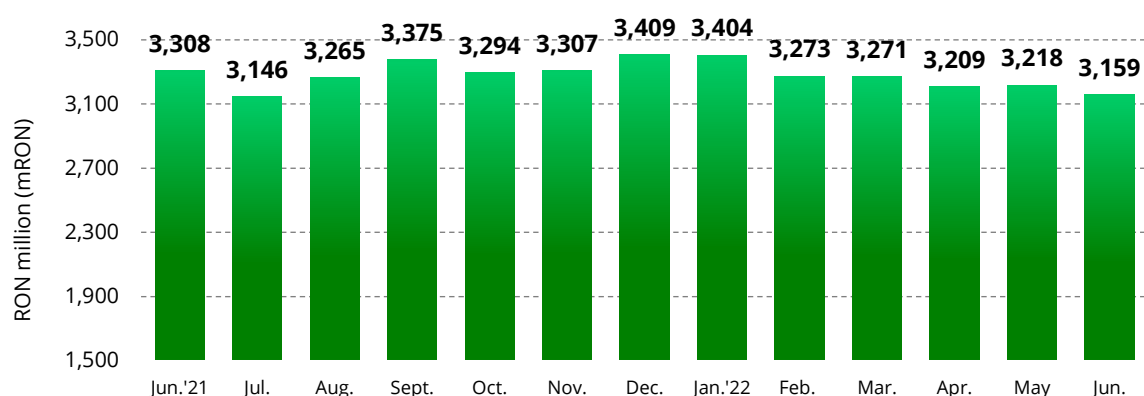
Analysing the factors and elements generating effects on the investment activity and on the areas in which SIF Banat-Crișana has exposures, the objectives pursued during H1 2022 continued the investment strategy approved by the shareholders, having as major lines of action:

- building a diverse portfolio consisting of assets capable of achieving targeted returns at the designated risk level;
- continuous increase of portfolio quality, as a basis for the increase of its value and the capacity to constantly generate income;
- portfolio management and development so as to adapt to the global risk profile;
- diversification of income channels for a high adaptability necessary in volatile periods;
- ensuring an appropriate liquidity level to enable the desired investments to be made and operational expenses to be covered;
- improving corporate governance practices.

The progress of net asset value

SIF Banat-Crișana's net asset value (NAV) reached **RON 3,159m** at the end of the H1 2022, 7.34% lower as compared to RON 3,409m at 2021-year end. Net asset value per share (NAV/S) was of **RON 6.2238** at the end of H1 2022, as compared to RON 6.7170, the value recorded as of December 31, 2021.

NET ASSET VALUE JUNE 2021 - JUNE 2022



The calculation of NAV and NAV/S is performed by SIF Banat-Crișana with a monthly frequency, the values being certified by the depositary bank Banca Comercială Română (BCR). During H1 2022, the evaluation of assets for the calculation of the net asset of SIF Banat-Crișana was carried out in full compliance with the regulations issued by the Financial Supervision Authority.

The monthly reports on NAV have been communicated to the Bucharest Stock Exchange and the Financial Supervisory Authority - Financial Instruments and Investments Sector, being published on the website of SIF Banat-Crișana, www.sif1.ro, within a maximum of 15 days from the end the reporting period.

The methodology for calculating the net asset value

During H1 2022, SIF Banat-Crișana, as an *Alternative investment fund addressed to retail investors (AIFRI)* starting from July 1, 2021, has calculated the net asset value in accordance with the provisions of *Law no. 243/2019 on alternative investment funds, amending and supplementing certain normative acts* and of the *ASF Regulation no. 7/2020 on the authorization and operation of alternative investment funds* with subsequent amendments and additions. The reporting formats of the *statement of assets and liabilities*, and the *detailed statement of investments*, related to the reporting period comply with the content established by annex no. 10, respectively annex no. 11 to ASF Regulation no. 7/2020, with subsequent amendments and additions.

According to ASF Regulation no. 7/2020, the net asset value of an AIFRI established as an investment company is determined as the difference between the total value of the assets and the sum of the accrued expenses and deferred income. Both current and non-current liabilities (including deferred income tax) are included in the calculation of the total value of liabilities, as well as established provisions.

The statement of SIF Banat-Crișana's assets and liabilities as of June 30, 2022, prepared as per the provisions of annex 10 to Regulation no. 7/202 is presented as annex to this report.

Throughout H1 2022, the valuation of assets for the calculation of net asset value was carried out in accordance with the regulations issued by the Financial Supervisory Authority, the provisions of ASF Regulation no. 10/2015 and of ASF Regulation no. 9/2014 (art. 113-122), with subsequent amendments and completions.

As per these regulations:

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

a) At the closing price of the market segment considered as the main market or the reference price provided in trading systems other than regulated markets including alternative systems by the operator of that trading system for the day for which the calculation is made;

b) By way of exception from the provisions of letter a) above, in the case of joint stock companies admitted to trading on a regulated market or a multilateral trading system with a liquidity considered by SIF Banat-Crișana, based on a judgment of prudential value in relation to the active market defined by International Financial Reporting Standard 13 - Fair value measurement (IFRS 13), as irrelevant for the application of the marking to market valuation method, the shares of those companies will be measured in the assets of SIF Banat-Crișana in accordance with the evaluation standards in force, according to the law, based on an evaluation report. SIF Banat-Crișana maintained in H1 2022 this valuation method for the following portfolio companies: SIF Imobiliare PLC (symbol SIFI), SIF Hoteluri SA (symbol CAOR), and IAMU SA (symbol IAMU).

- Securities not admitted to trading on a regulated market or not traded in the last 30 trading days are valued at the book (accounting) value per share resulting from the last annual financial statements,

respectively the value of equity included in the monthly reports to BNR (National Bank of Romania) for credit institutions.

- In the case of joint stock companies not admitted to trading in a regulated market or alternative system, in which SIF Banat-Crișana holds more than 33% of the share capital, those shares are measured in SIF Banat-Crișana net asset exclusively in accordance with the international standards evaluation based on an evaluation report, updated at least annually. These companies are presented in a separate annex under the *Detailed Portfolio Statement*.

- Fixed income financial instruments are measured using the method based on the daily recognition of interest and amortization of the discount / premium for the period passed from the date of the investment.

- The shares of companies in insolvency, judicial liquidation or reorganization proceedings are valued at zero until the procedure is completed.

- The values of non-portfolio items taken into account in the calculation of net assets are in accordance with 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 operating documents as AIFRI, namely Simplified Prospectus, Rules of the Fund in the section *Corporate Governance* › *AIFRI*, and in the section *Investments* › *Net Asset* › *Net asset value calculation methodology*.

Portfolio structure

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

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

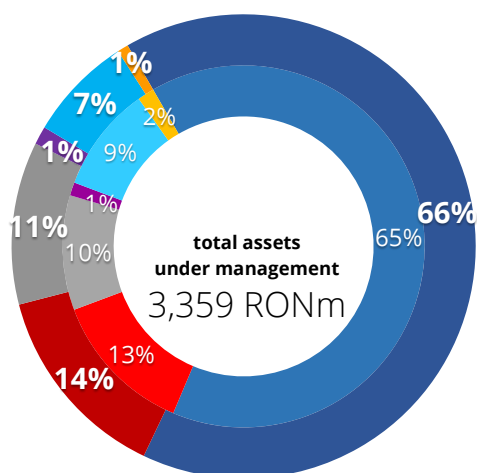
The management has instituted procedures for internal risk management, to identify, monitor and cover the risks associated with the investments made by SIF Banat-Crișana. The management regularly reviews the compliance with prudential limits and investment restrictions. If violations of the applicable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

During H1 2022, the regulated prudential investment limits were complied with.

The detailed statement of SIF Banat-Crișana's investments as of June 30, 2022, prepared pursuant to annex 11 of Regulation no. 7/2020, is presented as annex to this report.

ASSETS UNDER MANAGEMENT as of June 30, 2022

breakdown on classes (weight on total assets)



■ listed shares

value **2,197.04 RONm**

(31.12.2021: 2,328.99 RONm)

■ unlisted shares

value **466.31 RONm**

(31.12.2021: 466.21 RONm)

■ unlisted fund units

value **380.84 RONm**

(31.12.2021: 369.18 RONm)

■ corporate bonds

value **42.53 RONm**

(31.12.2021: 42.38 RONm)

■ bank deposits + cash available

value **246.24 RONm**

(31.12.2021: 339.36 RONm)

■ receivables and other assets

value **25.77 RONm**

(31.12.2021: 54.07 RONm)

Note: values calculated as of June 30, 2022 (the outer ring), and December 31, 2021 (the inner ring), as per ASF Regulations no. 9/2014, no. 10/2015, and no. 7/2020

Total assets value⁹ (assets under management) of SIF Banat-Crișana, calculated as per ASF regulations as of June 30, 2022, was of **RON 3,359m**, 7.17% lower as compared to the value recorded at 2021-year end, when it reached RON 3,600m.

The value of the stock portfolio (listed and unlisted shares) accounted for **80%** of SIF Banat-Crișana's total assets as of June 30, 2022, amounting to **RON 2,663m**¹⁰ (December 2021: RON 2,795m).

Stock portfolio structure

As per the market value of the portfolio, a significant weight in the portfolio structure as of 30.06.2022 is still that of the financial-banking sector (48%), including banks, investment companies (SIFs) and other financial companies, the real estate - commerce sector (25%) and the pharmaceutical sector (8%).

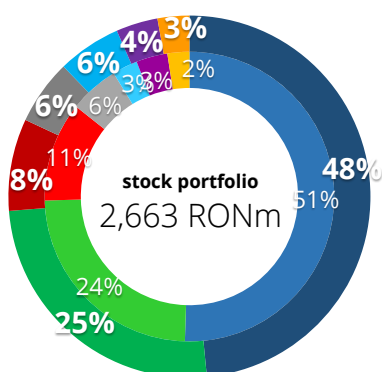
The financial-banking sector continues to have the largest stake in the portfolio under management, and the value of shareholdings in this sector, calculated as per ASF regulations, recorded a slight upsurge during the first half of the year due to the rise of quotations on trading markets.

SIF Banat-Crișana's asset portfolio complied with the holding limits provided by the ASF regulations throughout the first half of 2022. Detailed information is presented in the *Risk Management* subchapter.

⁹ calculated pursuant to the provisions of ASF Regulation no. 9/2014 (art. 113-122), ASF Regulation no. 10/2015, and no. 7/2020

¹⁰ calculated pursuant to the provisions of ASF Regulation no. 9/2014, and no. 20/2020

STOCK PORTFOLIO - breakdown by sector



■ **banking - financial**

stakes in **13** companies, worth **1,290.71 RONm**
(31.12.2021: 13 companies, worth 1,411.53 RONm)

■ **commerce - real-estate**

stakes in **12** companies, worth **673.15 RONm**
(31.12.2021: 12 companies, worth 672.83 RONm)

■ **pharmaceuticals**

stakes in **2** companies, worth **219.03 RONm**
(31.12.2021: 2 companies, worth 310.57 RONm)

■ **cardboard and paper**

stakes in **4** companies, worth **154.27 RONm**
(31.12.2021: 4 companies, worth 154.97 RONm)

■ **energy - utilities**

stakes in **6** companies, worth **151.33 RONm**
(31.12.2021: 6 companies, worth 79.31 RONm)

■ **hospitality (hotels and restaurants)**

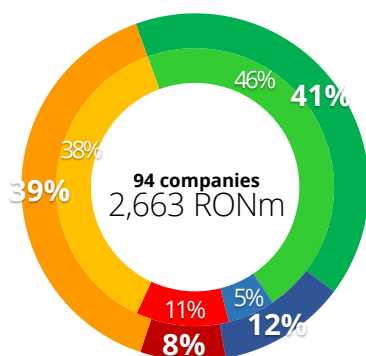
stakes in **4** companies, worth **99.37 RONm**
(31.12.2021: 4 companies, worth 97.65 RONm)

■ **other industries and activities**

stakes in **53** companies, worth **75.49 RONm**
(31.12.2021: 57 companies, worth 68.34 RONm)

Note: percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of June 30, 2022 (the outer ring), and December 31, 2021 (the inner ring), as per ASF Regulations no. 9/2014, no. 10/2015 and no. 7/2020

STOCK PORTFOLIO - breakdown by stake held



■ **up to 5%**

stakes in **29** companies, worth **1,086.73 RONm**
(31.12.2021: 32 companies, worth 1,289.29 RONm)

■ **5-33%**

stakes in **48** companies, worth **317.70 RONm**
(31.12.2021: 50 companies, worth 154.67 RONm)

■ **33-50%**

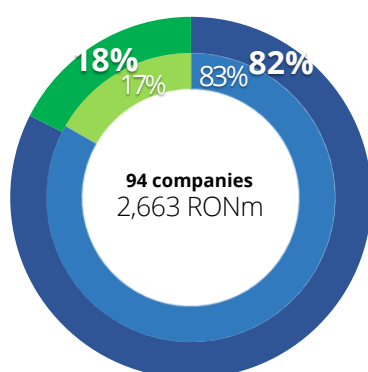
stakes in **4** companies, worth **211.46 RONm**
(31.12.2021: 3 companies, worth 301.99 RONm)

■ **over 50%**

majority stakes in **13** companies, worth **1,047.45 RONm**
(31.12.2021: 13 companies, worth 1,049.23 RONm)

Note: percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of June 30, 2022 (the outer ring), and December 31, 2021 (the inner ring), as per ASF Regulations no. 9/2014, no. 10/2015, and no. 7/2020

STOCK PORTFOLIO - breakdown on liquidity

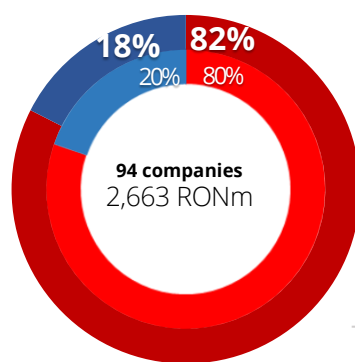


■ listed companies
2,197.04 RONm (31.12.2021: 2,328.99 RONm) value of shareholdings in **32** companies (31.12.2021: 34)

■ unlisted companies
466.31 RONm (31.12.2021: 466.21 RONm) value of shareholdings in **62** companies (31.12.2021: 64)

Note: percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of June 30, 2022 (the outer ring), and December 31, 2021 (the inner ring), as per ASF Regulations no. 9/2014, no. 10/2015 and no. 7/2020

STOCK PORTFOLIO - geographical exposure



■ Romania
2,197.12 RONm (31.12.2021: 2,244.03 RONm) value of shareholdings in **92** companies (31.12.2021: 96)

■ foreign markets
466.23 RONm (31.12.2021: 551.16 RONm) value of shareholdings in **2** companies (31.12.2021: 2): Austria (1 company – Erste Bank), Cyprus (1 company– SIF Imobiliare)

Note: percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of June 30, 2022 (the outer ring), and December 31, 2021 (the inner ring), as per ASF Regulations no. 9/2014, no. 10/2015 and no. 7/2020

Stock portfolio management

As of June 30, 2022, SIF Banat-Crișana held *majority holdings* - over 50% of the issuer's share capital - in 13 companies (2021: 13), with a total value of RON 1,047.45m, representing 39% of NAV.

During H1 2022, SIF Banat-Crișana's management focused on streamlining the process of managing the majority shares to ensure high financial profitability and competitive management.

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

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

TOP 10 COMPANIES IN SIF BANAT-CRIȘANA PORTFOLIO as of June 30, 2022

Company (symbol)	sector	stake held	% of total assets
1 Banca Transilvania (TLV)	banking-financial	4.78%	20.02%
2 SIF Imobiliare Plc (SIFI)	real estate	99.99%	10.32%
3 SIF1 IMGB	real estate	99.92%	7.19%
4 Biofarm (BIO)	pharmaceuticals	36.75%	6.30%
5 BRD Groupe Société Générale (BRD)	banking-financial	1.95%	5.12%
6 SIF Muntenia (SIF4)	financial (AIF)	15.38%	5.03%
7 Vrancart (VNC)	cardboard and paper	75.50%	4.56%
8 Erste Group Bank AG (EBS)	banking-financial	0.23%	3.56%
9 OMV Petrom (SNP)	energy-utilities	0.35%	2.84%
10 SAI Muntenia Invest	financial (AIFM)	99.98%	2.64%
TOTAL			67.58%

Information on the main shareholdings in the portfolio

1. BANCA TRANSILVANIA

Results of the bank (RONm)	Q1 2021	Q1 2022	Δ
NII	810.3	665.9	21.7%
Net fee and commission income	218.9	181.3	20.7%
Net income from transactions	154.8	95.9	61.4%
Other operating income	11.3	162.4	-93.0%
Operating income	1,051.8	1,023.5	2.8%
Operating expenses	-585.2	-494.8	20.2%
CoR	-103.2	136.4	
Net result	307.5	581.3	-47.1%
ROE	13.8%	9.2%	
Loans/Deposits	53.2%	58.1%	
CAR	21.2%	31.6%	
Cost/Income	55.6%	57.8%	

Although net interest income and commission income had a very good progress, their effect was cancelled by the mark-to-market through the profit and loss account of financial assets and the increase in operating expenses (especially personnel expenses and contributions to the FGDB and FR), the result being a year-on-year decrease in the operational result, net profit falling by 47% year-on-year.

On a positive note, NPL ratio further reduced from 3.73% in 2021 to 2.91% currently (Q1 2022).

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

2. SIF IMOBILIARE

	2018	2019	2020	2021
Revenues [EURm]	7.52	6.92	5.82	8.57
Gross profit [EURm]	10.03	4.62	7.94	6.18
Net profit [EURm]	9.49	3.28	6.95	5,6

consolidated financial statements

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

The company was established in 2013, following the decision of SIF Banat-Crișana to establish a centralized administrative structure, according to the principles of integrated management, for several companies in the portfolio having activities in the real estate field. This decision was based on the unification of the objectives, the minimization of operational costs, the maximization of revenues and at the same time the capitalization of the opportunities in the profile market.

The General Meeting of Shareholders of April 2022 decided to distribute the amount of 2,429,985 euros as dividends from the profit of 2021, the dividend per share being of 0.54 euros.

After a difficult 2020, caused by the impact of the health crisis on the real estate market, 2021 was a year of recovery, with both the Industrial and Retail divisions generating increasing revenues and profits.

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.

3. SIF1 IMGB SA

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

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

In 2021, the General Meeting of Shareholders approved the strategy of capitalization of the assets and settling the Company's liabilities with a view to transforming the former industrial platform into a modern mixed urban project. Thus, in H1 2021, according to the GMS decision, measures were initiated and carried out to capitalize on the surplus assets of SIF1 IMGB SA.

The company achieved in the financial year 2021 a net profit of RON 47.5m vs. net loss of RON 22.9m in 2020. For 2022, were budgeted revenues of RON 118m from the sale of ferrous waste and from the sale of equipment, operating expenses of RON 42m and a net profit of RON 77.4m.

4. BIOFARM

	2019	2020	2021	Q1 2022
Turnover [RONm]	202.8	216.4	239.0	138.5
Operating profit [RONm]	60.8	63.5	68.6	51.5
Net profit [RONm]	50.8	54.2	60.0	43.6
Dividends [RONm]	30.5	21.6	23.6	

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

The Biofarm portfolio covers the most important therapeutic areas in the Consumer Healthcare division – digestive & metabolic, respiratory & ENT, cardiovascular & circulatory, nervous system, multivitamins, 9 brands in the portfolio having the position of volume leader in the reference markets.

In H1 2022, Biofarm S.A. ranked 3rd in the Consumer Healthcare (CHC) segment in terms of units sold. With over 20 representative brands, Biofarm is the market leader in terms of volumes in the reference categories of nine of its brands: Colebil, Triferment, Carbocit, Sennalax, Bixtonim, Carmol, Biofen, Nervocalmin and Cavit.

In 2022 Biofarm continued to perform, the turnover increased by +17.4% and the net profit by +19.8% YoY.

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

5. BRD - GROUPE SOCIÉTÉ GÉNÉRALE

Individual results (RONm)	Q1 2022	Q1 2021	Δ
NII	522.6	473.7	10.3%
Net fee and commission income	170.9	165.8	3.1%
Net income from transactions	77.4	63.1	22.7%
Net banking income	765.3	713.9	7.2%
Operating expenses	-437.5	-410.1	6.7%
CoR	-31.1	-42.7	
Net Result	245.7	218.1	12.6%
ROE	11.9%	9.2%	
Loans/Deposits	61.3%	58.1%	
Cost/Income	48.3%	57.8%	
NPL	2.7%	3.3%	

The bank reported a 12.6% YoY rise in net profit as operating income increased and personnel expenses were kept under control, and despite increased contributions to guarantee funds. Following the decrease in the rate of non-performing exposures, the bank also recorded a lower cost of risk than the similar period in 2021.

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

6. SIF MUNTENIA

	2020	2021	Q1 2022
Net profit [RONm]	-25.9	266.2	-53.7
Dividends [RONm]	-	-	-

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

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

SIF Banat-Crișana holds as of June 30, 2022, a stake of 15.38% of the share capital of SIF Muntenia.

7. VRANCART

<i>consolidated statements</i>	2020	Q1 2021	2021	Q1 2022
Turnover [RONm]	349.7	83.8	453.9	140.8
Operating profit [RONm]	24.7	7.0	12.4	6.0
Financial result [RONm]	-6.1	-0.7	-4.6	-1.4
Amortization and depreciation [RONm]	34.8	8.1	35.1	6.9
Net profit [RONm]	16.6	5.3	6.34	4.2

The company recorded a net result for Q1 2022 down by 20.6% YoY, respectively an operational result down by 14% YoY, mainly because of the increase in operational expenses (with raw materials, third parties, utilities, labour force).

Amidst a difficult business environment, however, turnover increased by 68% (from RON 83.8m to RON 140.8m), but at the same time trade receivables and working capital requirements also increased.

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

8. ERSTE GROUP BANK AG

Results at group level (EURm)	Q1 2022	Q1 2021	Δ
NII	1,392.10	1,172.1	18.8%
Net fee and commission income	615.30	540.0	13.9%
Net income from transactions	-16.9	66.4	-125.5%
Operational result	668.30	598.60	11.6%
Operating income	2,036.20	1,828.60	11.4%
Operating expenses	-1,367.90	-1,230.00	11.2%
CoR	-59.1	-35.70	
Net Result a.m.	494.50	440.80	12.2%
CAR	19.10%	19.7%	
ROE	11.2%	9.6%	
Loans/Deposits	83.30%	85.6%	
NIM	2.14%	1.9%	
Cost/Income	60.70%	60.3%	
NPL	2.3%	2.4%	

Net interest income increased by 19% YoY in the Q1 2022 due to the growth in both lending and interest rates especially in the Czech Republic, Hungary, and Romania, while in Austria and Slovakia interest rates remained low. Net interest margin increased YoY from 1.99% to 2.14%. Personnel expenses were kept under control, while the cost of risk increased by 65% to EUR 59m but should remain low for the full year (20bp).

Management expects the NPL ratio to remain below 3% and credit growth to be approx. 5%.

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

9. OMV PETROM

consolidated statements	Q1 2022	Q1 2021
Total Revenues [RONm]	11,920.87	4,900.90
Operating result [RONm]	2,185.43	706.74
Financial result [RONm]	-81.89	-34.49
Amortization and depreciation [RONm]	738.37	819.83
Net profit [RONm]	1,748.32	573.34

The results by business segments in 1Q'22 vs 1Q'21 reported by the company:

- Exploration and Production: operating result (excluding special elements (staff restructuring cost) RON 1.1bn vs RON 311m, due to the increase in crude oil and natural gas prices. Production decreased by 12.7% both as a result of the sale of assets (sale of assets Kazakhstan in 2Q'21 and transfer of 40 fields to Dacian Petroleum) as well as from the accentuated natural decline from the main fields. Production decline in Romania was of 7.9% excluding portfolio optimization. Production cost increased by 13% to USD 14.20/bep

- Refining and Marketing: operating result, excluding special items, RON 626m (+103% YoY) reflecting the increase in the refining margin (from 15.51 to 18.31 USD/bbl, the high level of the utilization rate of the refinery and robust demand. Retail sales volume rose +9% YoY.

- Gas and Energy: operating result excluding special elements RON 727m (3 x YoY), due to very high margins for gas transactions. Gas volume sold -11% YoY, and net energy production at 0.99 TWh (-16% YoY).

The company's shareholders approved in 2022 the distribution of a dividend of RON 0.0341/share (payment date 06.06.2022) as well as a special dividend of RON 0.045/share (payment date 09.02.2022).

OMV Petrom SA, market symbol SNP, is listed on the BSE, currently traded on the Main segment, Premium category.

10. SAI MUNTENIA INVEST

	2019	2020	2021
Operating revenues [RONm]	26.14	20.69	53.11
Operating profit [RONm]	13.89	13.00	10.72
Net profit [RONm]	12.25	6.80	35.86

Societatea de Administrare a Investițiilor (Investment Management Company) Muntenia Invest SA ("SAI Muntenia Invest SA") was established in 1997, as a joint stock company, and entered in SIF Banat-Crișana's portfolio in 2013. SAI Muntenia Invest has no subsidiaries, branches, or places of business. As of June 30, 2022, SIF Banat-Crișana owns 99.98% of the share capital of SAI Muntenia.

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

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

Workout portfolio

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

As of June 30, 2022, the number of companies in the workout portfolio was of 44 (2021: 47).

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

As of June 30, 2022, 38 companies in the portfolio were still in bankruptcy / insolvency / dissolution proceedings. All these companies are reflected in the calculated value of the portfolio at zero.

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

Purchases and sales of financial assets in H1 2022

During H1 2022 acquisitions of financial assets amounting to RON 230.7m were carried out:

- acquisitions of listed shares classified as financial assets at fair value through profit and loss (subsidiaries), amounting to RON 0.7m;
- acquisitions of listed shares classified as financial assets at fair value through other comprehensive income, amounting to RON 230m.

Disposals financial assets during H1 2022 include:

- sales of shares listed on the domestic markets in the total amount of RON 3.2m, the amount recognized in retained earnings related to these being of RON 2.09m,
- derecognition of shares written off following the completion of dissolution or bankruptcy procedures, with an accounting value of RON 6.8m, amounts fully adjusted for depreciation in previous financial years.

Tangible assets of the Company

SIF Banat-Crișana owns the premises for the conduct of operational and administrative activities of the company located in Arad (headquarters). The company also owns real-estate properties in the cities of Bucharest and Cluj-Napoca, following the relocation of the branch office in Bucharest and closing-down of company's branch-office in Cluj. Moreover, following the withdrawal of the contribution in kind to the share capital of the company Azuga Turism, SIF Banat-Crișana owns a land located in Bușteni. The above-mentioned buildings (except for the headquarters located in Arad, included in the tangible assets) are accounted pursuant to IFRS as investment property at fair value, totalling RON 12,953,334 as of June 30, 2022 (December 31, 2021: RON 12,953,334).

As of June 30, 2022, the net book value (accounting value) of tangible assets in the construction category is of RON 2,724,292. The company carried out the revaluation of tangible assets on December 31, 2019, in view of harmonizing the accounting and the utility values of the tangible assets owned.

The company has no issues concerning the ownership of its tangible assets.

Risk management

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

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

Risk profile and risk limits

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

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

Risk appetite

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

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

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

Risk profile represents all the risks to which the Company is estimated to be exposed depending on the strategic objectives and the defined risk appetite. By risk management, the risk profile is not considered as a static measure, but a dynamic assessment of the evolving risks, at a predetermined frequency that would protect as solidly as possible the Company's investment portfolio exposed to risk. The role of the risk profile is to determine the size of each significant risk and the overall level of risk, based on relevant, qualitative, and quantitative indicators.

SIF Banat-Crișana does not currently use technical tools for the efficient portfolio management. However, the rules or the prospectus do not exclude the possibility of using such techniques in the future. Their use must always comply with applicable legal requirements and will never lead to the circumvention of investment policy requirements and investment restrictions.

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

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

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

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

The objectives of the Risk Management Office for 2022 address both the identification of risk-generating situations in the activity associated with the management of SIF Banat-Crișana portfolio and its secondary risks, as well as the risk assessment with strict observance of the regulations specific to the field of activity (both local and European directives and regulations) and the adequacy of working procedures to the new regulations on the activity of AIFM / AIF.

Main risks for the Company

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

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

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

a) Market risk

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

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

PROXI-85 risk portfolio, a reference for price risk in the traded stock portfolio, is analysed compared to the total risk of the BET-BK index as a forecast of future volatilities. With the annual assessment of the risk limits, it was decided that the risk indicator used, the VaR risk value (99%, 1M), should be monitored both for the portfolio, for a benchmark (BET-BK index) or active portfolio / difference.

As of 30.06.2022, VaR for the PROXI-85 portfolio was 11.50% of the market value of RON 1,833.85 million. *Tracking-error*, indicating active management and representing the risk for the part of the PROXI-85 portfolio other than the BET-BK benchmark, was 6.02% and *Expected shortfall (Conditional VaR)*, which indicates the potential loss of the portfolio in extreme cases of exceeding the 99% confidence level, was of 14.20%, higher as compared to the data for 2021 year-end.

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

Only small stake of net assets (1.27%) is placed in corporate bonds, whose interest rates are unlikely to vary significantly. Thus, the Company is subject to limited exposure to changes in fair value or future cash flows due to fluctuations in prevailing market interest rate levels.

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

Financial instruments denominated in euro are subject to currency risk: shares and corporate bonds, as well as monetary instruments: deposits and current accounts. The amounts representing the

balance of current accounts opened in currencies other than EURO (GBP and USD) are of the level of thousands of RON, irrelevant for the currency risk analysis.

The company traded in both Romanian currency (Leu or RON) and foreign currency (Euro) in H1 2022, the Romanian currency fluctuated compared to foreign currencies, the average value of EUR/RON rate for H1 2022 was of 4.9456 vs. 4.9208, the average for 2021. The value of Company's portfolio exposure to currency risk represents a weight of 8.37% of total assets as of June 2022. The exposure decreased compared to the end of 2021 mainly due to the decline in Erste (EBS) share price on the Vienna Stock Exchange. Through the investment program initiated in 2022, transactions totalling over RON 200 million were carried out, the main source of financing being assets with high liquidity (current accounts and deposits in EUR), assets with reserve liquidity were not sold.

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

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

Due to the specifics and history of its portfolio, the exposure on the banking sector remains significant, issuers in the banking sector and issued financial instruments (equity instruments, deposits, and current accounts) have a weight of 36.14% in TA as of 30.06.2022. The exposure decrease is mainly due to the decline of the prices of listed bank shares (TLV, EBS and BRD) after the registration date for dividend distribution. Banks are most exposed to systemic and contagion risk in crisis situations, a positive aspect of these holdings is the liquidity of the investment.

b) Liquidity risk

The company carefully maintains a level of liquidity appropriate to its underlying obligations, based on an assessment of the relative liquidity of the assets on the market, prudently considering 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 (gross LCR) is 10.30, calculated on the value of assets having high liquidity and considering the distribution of SIF1 dividends in July 2022.

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 value of assets with a liquidation period in the short intervals up to 30 days decreased insignificantly to 11.36% of TA (from 11.88% of TA in December 2021), the decline in the prices of listed bank shares (EBS) and the investment program carried out in the first quarter being offset by the collection of dividends distributed by the companies in the portfolio. Assets with a liquidation period in the interval of more than 365 days decreased to 59.74% of TA (from 83.88% of TA in December 2021) due to the positioning of the exposure on TLV in another liquidation interval (345 days).

The Company has implemented procedures and policies that establish appropriate actions to measure liquidity 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, to properly measure their effects on the global liquidity profile, including by simulating liquidity crisis situations (LST).

The liquidity buffer was 12.23% of TA with a minimum limit of 7% of total assets.

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

c) Credit risk

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

Cash held by the Company, which is not invested in portfolio companies or government securities, may be placed in short-term bank deposits. The credit risk is also diminished by placing the Company's cash in several banks. In H1 2022, bank deposits were made at the highest ranked banking institutions in the system, with a rating similar or close to the country rating (BBB+ and BB+), confirmed by Fitch Rating Agency in December 2021 and April 2022.

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.

Diversification of exposures in banking sector level, through placements in short and medium-term deposits and keeping liquidity in euro currency, can be beneficial for protection against negative commissions and interest rates charged by the largest Romanian banks and amidst the conditions of a rising inflation.

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

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

d) Operational risk

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

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

During H1 2022, there were no incidents of an operational risk arising from IT systems. All the important IT systems comply with the requirements of art. 16 of the ASF Rule no. 4/2018, ensuring the integrity, confidentiality, authenticity, and availability of data in accordance with the risk category of the important computer system internally defined.

Other operational risk events of the nature of improper reporting were tolerated due to low values of the probability of occurrence and the impact coefficient, the recorded loss having a value below the significance threshold of RON 10,000. Safeguards and controls have resulted in a tolerable inherent risk.

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

The Company makes sure that it takes appropriate measures to identify and assess the risks related to money laundering and terrorist financing, considering the risk factors, including those relating to customers, countries or geographical areas, products, services, transactions, or distribution channels, in proportion to the nature and size of its activity. The assessment of ML / TF risks associated with the clientele of SIF Banat-Crișana is performed both at the initiation of a business relationship and after the transaction, if during it one of the risk factors changes.

Following the ML/TF risk assessment for H1 2022, it resulted that all business partners have an inherently low risk. Simplified customer awareness and normal business relationship monitoring measures were applied. The total residual risk remaining after the internal controls have been applied to the inherent risk leads to the conclusion that the exposure of SIF Banat-Crișana to the risk of ML / TF is low.

e) Other risks the Company is exposed to

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

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

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

The movement of SIF1 quotation was in line with the evolution of the capital market in H1 2022, the decline of SIF1 shares at the Bucharest Stock Exchange was of -2.39% compared to the decrease of the index of listed investment funds, BET-FI, which was of -3.43%. Traded volumes are comparable to the similar period in 2021, 88% of the 124 trading days had trading volumes below 100K, with the average daily traded volume in H1 2022 being 107,414 shares.

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. From a qualitative point of view, the management of regulatory risk will be achieved by permanently adapting policies, rules, and procedures to changes occurred and by reducing or increasing the level of activities where appropriate.

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

The taxation risk remained medium in H1 2022, but it could increase in the next period by the practical implementation of the procedures of the new tax regulations applicable from January 1, 2023, and the interpretation of the texts, they could vary from entity to entity and there is a risk that in certain situations the tax authorities will adopt a position different from that of the Company and/or portfolio companies. Also, the increase in the tax rate of dividends distributed/paid between Romanian legal

entities, as well as for those distributed/paid to non-residents from 5% to 8% could have an unfavourable impact on cash-flow forecasts for the following year.

The business context risk is high due to the evolution on short and medium term of the domestic economy.

According to the estimates of the National Institute of Statistics (INS), the post-pandemic economic recovery continued in Q2 2022, but with decreasing rates (2.1% QoQ and 5.3% YoY), amidst an intensification of inflationary pressures and deterioration of risk perception. In H1 2022, the national economy recorded an advance of 5.8% YoY, a progress strongly influenced by strong private consumption.

Given the perspective of capping the annual rate of inflation in Q3 and its subsequent gradual decrease, as well as maintaining it well above the target range, of double-digit inflation dynamics until mid-2023, the Board of Directors of the NBR decided in the meeting of August 5, 2022, the increase by 0.75% of the monetary policy interest rate, up to the level of 5.50%.

The protracted war in Ukraine amplifies risks and challenges by fuelling inflation, reducing economic growth prospects, renewing depreciation pressures on the national currency, increasing financing costs and eroding confidence.

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

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

No exceedances of the risk limits at the level of the global risk profile were reported during H1 2022.

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.

During the reporting period the classification of the monitored risks in the medium global risk profile was maintained.

Sustainability Risk – implementing SFDR

SIF Banat-Crișana, as a participant in the financial market, is subject to the transparency requirements provided for by EU Regulation 2088/2019 on the sustainability information in the financial services sector.

In 2021, SIF Banat-Crișana as an AIFM prepared the Policy on the integration of sustainability risks in the investment decision-making process, thus aligning with the transparency requirements according to SFDR. The document available on Company's site, www.sif1.ro in the *Corporate Governance* section.

As presented in the Simplified Prospectus and the Rules of the Fund, documents that formed the basis of SIF Banat-Crișana's authorization as FIAIR, the Company analyses the sustainability risk of issuers with respect to the criteria applied to determine whether an economic activity qualifies and contributes substantially to one or more of the sustainability objectives to provide long-term value to the investments made.

SIF Banat-Crișana does not currently take into account the potential negative effects of investment decisions on sustainability factors, as described in this process under EU Regulation 2088/2019, and will make sure that, with the uniform application of the requirements for the disclosure of information on the manner and extent to which the activities of non-financial undertakings are associated with economic activities that qualify as environmentally sustainable, to disclose as per the provisions of

Delegated Regulation (EU) 2021/2178 the non-financial information on the proportion of exposures aligned to the taxonomy.

SIF Banat-Crișana will analyse and decide on the consideration of the effects negative impact of investment decisions on sustainability factors, informing investors of any new concrete steps taken in this regard.

Internal mechanisms to ensure monitoring of exposure limits

The internal regulatory framework is represented by the following documents: (i) SIF Banat-Crișana Simplified Prospectus, Registration document Part two; (ii) The internal regulations of SIF Banat-Crișana, in force since January 1, 2020; (iii) Significant risk management policy; (iv) The methodology of verification and periodic reporting of compliance with the investment limits according to the provisions of art. 35 par. (2) of FIA Law 243/2019, approved by the Board of Directors; (v) The procedure for prior verification at the time of investment; (vi) Working procedure for conducting depository and custody operations.

Periodic monitoring and reporting

The verification and reporting of compliance with the investment limits is performed monthly, together with the calculation and reporting of the statement of SIF Banat-Crișana assets and liabilities, to the senior management and the operational offices. At the request of the depository bank BCR, this is also sent to them for double verification.

Prior verification at the time of investment

The person responsible for risk management analyses the investment proposals prepared by the Investment Managers to ensure that the risks associated with each investment position and their overall effect on the portfolio correspond to the investment objectives and risk profile approved by the Board.

The risk opinion, in which the investment proposals are analysed and are verified both the compliance with the holding limits specified by art. 35 par. (2) of Law 243/2019 as well as the investment risk limits defined by the global risk profile, together with the Investment Report constitute the documents based on which the investments are approved according to the Decision and Signature Competencies within the Company.

Exposures higher than 10% on instruments issued by the same issuer are on Banca Transilvania SA (largest weight TA of 20.02%) and SIF Imobiliare PLC (weight of 10.32% in TA). These holdings together represent an exposure of 30.33% of the TA, without exceeding the upper limit of 80%.

On 30.06.2022 SIF Banat-Crișana holds a number of 9,878,329 shares issued by Depozitarul Central, a stake of 3.9057% of the share capital of the issuer, a number of 142,500 shares issued by the Central Counterparty CCP.RO, a stake of 1.7857% in the share capital of the issuer.

As of 30.06.2022, SIF Banat-Crișana holds a number of 410,637 shares issued by the market operator Bucharest Stock Exchange, a stake of 5.1016% in the share capital of the issuer.

During 2022, the assets portfolio of SIF Banat-Crișana complied with the legal provisions in force regarding the permitted investments and the holding limits specified by Law 243/2019, Law 24/2017 and ASF Regulation no. 3/2016.

Leverage

By the Simplified Prospectus and the Rules of SIF Banat-Crișana, as a FIAIR, the Company has stipulated that it does not use substantially (continuously and consistently) the leverage effect, defined as any method by which the AIFM increases the exposure of an AIF it manages either by loan of cash or securities, or by positions of derivative financial instruments or by any other means, in the

process of portfolio management, respectively the methods used to increase the portfolio exposure will comply with the average risk profile decided.

By the Risk Management Policy and the Authorization Documents as AIFRI, the Company ensures that its overall exposure to derivative financial instruments in the portfolio under management does not exceed the total value of its assets, SIF Banat-Crișana will not use financing operations through financial instruments and will not invest in Total Return Swap instruments as defined by Regulation (EU) no. 2365/2015. SIF Banat-Crișana cannot make short sales, defined according to the provisions of Regulation (EU) no. 236/2012 aspects of credit risk swaps, other than for the purpose of hedging (risks).

Leverage is expressed as the ratio between the overall exposure of the financial instruments portfolio and the net asset value. The calculation of the exposure is made using the gross method and the commitment method according to the provisions of EU Regulation 231/2013 art. 7 and art. 8, Annex I on "Methods of increasing the exposure of an AIF" and Annex II on "Conversion methodologies for financial derivatives" and the approved internal procedures.

Throughout 2022, the Company did not use leverage for its portfolio under management, not having the tools to generate such an effect. As of June 30, 2022, the leverage indicator by the gross method had the value of 96.30% (vs. 99.95% / Q1 and 99.77% / Q4 2021) and by the commitment method 100%.

The calculation for the global exposure through the two methods and the leverage indicator was presented monthly in the Assets and Liabilities Statement – Annex 10 and to inform the Board of Directors as an integral part of the periodic quarterly risk reports.

Crisis simulations

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

In Q4 2022, the Risk Management Office will perform a crisis simulation, according to the Annual Plan on risk management activity, based on scenario analysis, with the prior approval of the methodology by the Board of Directors and in accordance with approved work procedures.

Other significant information

Human resources

The number of SIF Banat-Crișana's employees as of June 30, 2022, was of 30 persons (43% women, 57% men) with labour contract, of which 23 working at the headquarters in Arad and 7 at the Bucharest branch.

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

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

The employment relationships are regulated by the Individual Labour Contracts and by the Collective Labour Contract. As per the provisions of Law 55/2020 on some measures for preventing and

combating the COVID-19 pandemic, the collective labour contracts whose validity expires during the alert state remain active during the alert state, as well as for a period of 90 days after its termination”.

The state of alert ended on March 9, 2022, and negotiations for the new contract began on June 6, 2022. As of June 30, there is no collective labour agreement signed by the parties.

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

Litigations

As of June 30, 2022, as documented in the records of SIF Banat-Crișana's Legal Office, the Company was involved in 70 litigations. The Company had locus standi in 56 disputes, passive capacity to stand trial in 11 disputes, and intervenient in 3 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.

Implementation of the SOP approved by EGM of October 11, 2021

On January 25, 2022, SIF Banat-Crișana informed the shareholders, through the current report published at BVB, that based on the resolutions adopted by the company's Extraordinary General Meeting of Shareholders of October 11, 2021 (EGM resolutions no. 3/11.10.2021, and no. 4/11.10.2021), the Board of Directors of SIF Banat-Crișana approved by Decision no. 5 of 20.01.2022 offering free of charge 880,000 shares to members of the management structure (administrators, directors), within a share-based payment of a Stock Option Plan type. The vesting (transfer of shares) will take place when the conditions of the "Stock Option Plan" are fulfilled and each beneficiary exercises the option, after the completion of a period of 12 months from the signing of the payment agreements. The information document on the offer or allocation of shares to the members of the management structure of SIF Banat-Crișana, prepared according to EU Regulation no. 1129/2017 and Regulation no. 5/2018, was published on the BVB website and it is also available on the Company's website, at www.sif1.ro, in the *Investor Relations* section.

Resolutions of the General Meeting of Shareholders during H1 2022

During H1 2022, two meetings of SIF Banat-Crișana shareholders took place:

- In the **OGM of April 28, 2022**, the shareholders approved:
 - the standalone financial statements for 2021 FY, based on the discussions and the reports presented by the board of directors and the financial auditor, including the remuneration report of SIF Banat-Crișana for 2021, as per the provisions of art. 107, par. (6) of Law no. 24/2017 republished, annex to the annual report of the Board of Directors;
 - the appropriation of the net profit of the financial year 2021, amounting to RON 387,001,105, to the following destinations: (i) Dividends RON 30,450,603 lei, representing gross RON 0.0600 per share; approving July 28, 2022 as the dividend payment date and the costs related to the dividend payment to be borne by the shareholders from the amount of the net dividend; (ii) Other reserves RON 356,550,502;
 - the consolidated financial statements as of December 31, 2021, based on the discussions and the reports presented by the board of directors and the financial auditor;
 - the discharge from liability of administrators for the activity carried out in the financial year 2021;
 - the income and expenses budget and the activity program for 2022;
 - the remuneration due to the members of the board of directors for the financial year 2022, at the level established by the OGM resolutions of April 26, 2016;

- the general limits of all additional remuneration of the members of the board of directors and the general limits of the remuneration of the directors for 2022 FY at the level established by the OGM resolutions no. 7 of April 27, 2020.
- In the **EGM of April 28, 2022**, the shareholders approved:
 - the reduction of SIF Banat-Crișana's share capital, from RON 51,542,236.3 to RON 50,751,005.6 following the cancellation of 7,912,307 treasury shares acquired by the company, under the buyback programs.
 - execution of a buyback program ("Program 6"), in compliance with applicable legal provisions and having the following main features: (i) The purpose of Program 6: The Company will repurchase shares under the Program 6 for the distribution free of charge to members of the Company's management (administrators, executive directors) in order to build their loyalty and to reward their activity in the Company, according to performance criteria to be determined by the Board of Directors. (ii) The maximum number of shares that may be repurchased: 990,000 shares at most; (iii) The minimum price per share: RON 0.1; (iv) The maximum price per share: RON 6.3981; (v) Duration of Program 6: a maximum of 18 months after publication of the decision in the Official Gazette of Romania, Part IV; (vi) The shares acquired under the Program 6 will be paid from sources permitted by law.
 - the use of the shares acquired under the Buyback Program 6 to be distributed free of charge to the members of the Company's management (directors, directors), within a share-based payment of "Stock Option Plan" type, in compliance with the applicable legislation. The Board of Directors of the company is empowered to take all necessary measures and to fulfil all the formalities required for the approval and implementation of the share-based payment plan of "Stock Option Plan" type.

The Resolutions adopted by the OGM and EGM of April 28, 2022, in full, are available for consultation on Company's website, at www.sif1.ro, in the *Investor Relation* section.

The periodic control carried out by ASF

During February 14 - April 27, 2022, a control unit of the Financial Supervisory Authority carried out the periodic control of SIF Banat-Crișana's activity during May 14, 2019 - February 14, 2022. The control action was materialized in a Control Report that was communicated to the company on May 9, 2022.

The Board of Directors analysed the findings, requests and recommendations presented in the control report and approved the methods of response submitted by company's offices. By letter no. 1288/May 19, 2022, SIF Banat-Crișana submitted its objections, accompanied by comprehensive explanations on the findings in the control report.

After the conciliation meeting of the representatives of the control unit from ASF and SIF Banat-Crișana and the completion of the activities/procedures related to the periodic control carried out, on July 12, 2022, the Financial Supervisory Authority communicated several sanctions and ordered a plan of measures with a 90-day implementation period.

In summary, the measures ordered are related to the mode of organization and internal reporting, the need to update some policies and procedures, the upgrading of the IT system and the organization and operation of the Audit Committee taking into account the provisions of Law 162/2017 and the ASPAS Order. 123/28.04.2022.

At the date of this report, the company is implementing the measures ordered by the plan of measures, complying with the term demanded by decision 863/11.07.2022 issued by the authority.

2. THE SHARES ISSUED BY BANAT-CRIȘANA

CHARACTERISTICS OF THE SHARES ISSUED BY SIF BANAT-CRIȘANA

Total number of issued shares (June 30, 2022)	515,422,363
Outstanding shares (June 30, 2022)	507,510,056
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
BVB (BSE) symbol (ticker)	SIF1
Bloomberg BBGID	BBG000BMN388
ISIN	ROSIFAACNOR2
Part of indices	BVB (BSE) indices: BET-FI, BET-XT, BET-XT-TR, BET-XT-TRN, BET-BK

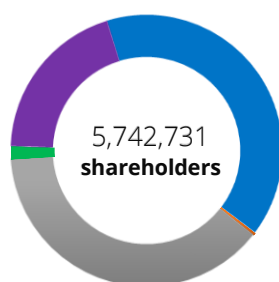
Shares issued by SIF Banat-Crișana grant all shareholders equal rights.

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

As of June 30, 2022, SIF Banat-Crișana has 5,742,731 shareholders, according to the data reported by Depozitarul Central SA Bucharest, the company that keeps the shareholders registry.

SHAREHOLDERS STRUCTURE

as per holdings as of June 30, 2022



■ 40.01%
Romanian individuals
(5,740,486 shareholders)

■ 38.37%
Romanian legal entities
(115 shareholders)

■ 1.54%
SIF Banat-Crișana
(7,912,307 treasury shares)

■ 0.34%
non resident individuals
(2,104 shareholders)

■ 19.74%
non resident legal entities
(25 shareholders)

Bucharest Stock Exchange (BVB) indices including SIF1 shares:

BET-FI | BET-BK | BET-XT | BET-XT-TR | BET-XT-TRN

BET-FI (BUCHAREST EXCHANGE TRADING – INVESTMENT FUNDS) is the first sectorial index of BVB and reflects the overall trend of prices of financial investment funds (SIFs and Fondul Proprietatea) traded on the BVB regulated market. Change of BET-FI in H1 2022: -3.43%. Weight of SIF1 in BET-FI: 18.01% (June 2022).

BET-BK (BUCHAREST EXCHANGE TRADING BENCHMARK INDEX) is a price index weighted by the free-float capitalization of the most liquid companies listed on the regulated market of BVB, which can be used as a benchmark by fund managers, and other institutional investors, the calculation methodology reflecting the legal requirements and the investment limits of funds. Change of BET-BK in H1 2022: -10.84%. Weight of SIF1 in BET-BK: 2.69% (June 2022).

BET-XT (BUCHAREST EXCHANGE TRADING EXTENDED INDEX) is a blue-chip index and reflects the evolution of the prices of the 25 most liquid stocks traded in the regulated market, including the SIFs, the maximum weight of a ticker in the index being of 15%. Change of BET-XT in H1 2022: -6.02%. Weight of SIF1 in BET-XT: 2.44% (June 2022).

BET-XT-TR (BUCHAREST EXCHANGE TRADING EXTENDED TOTAL RETURN) is the total return version of BET-XT index, which includes the 25 most traded Romanian companies listed on BVB, tracking the price changes of its constituent companies, and is adjusted to also reflect the dividends paid by them. Performance of BET-XT-TR in H1 2022: +0.024%. Weight of SIF1 in BET-XT-TR: 2.5% (June 2022).

BET-XT-TRN (BUCHAREST EXCHANGE TRADING EXTENDED NET TOTAL RETURN) is the net total return version of market reference index BET. BET-TRN tracks the price performance of its constituent companies and is adjusted to reflect the reinvestment of the net dividends paid by them. Performance of BET-XT-TR in H1 2022: -0.304%. Weight of SIF1 in BET-XT-TR: 2.5% (June 2022).

SIF1 shares on Bucharest Stock Exchange (BVB/BSE)

SIF1 shares were traded on Bucharest Stock Exchange (BVB or BSE) in 124 trading sessions during H1 2022.

SIF1 share price declined 2.39%, from RON 2.5100 (closing price on January 3, 2022, the first trading session of the year), to RON 2.4500 (closing price on June 30, 2022). The highest price recorded in 2022 was of RON 2.5400 recorded during the trading session of January 4, while the lowest was in the trading session of March 4, when the price was of RON 2.1000 per share (closing price), the spread during the period was 21% (considering the values recorded at the close of trading sessions).

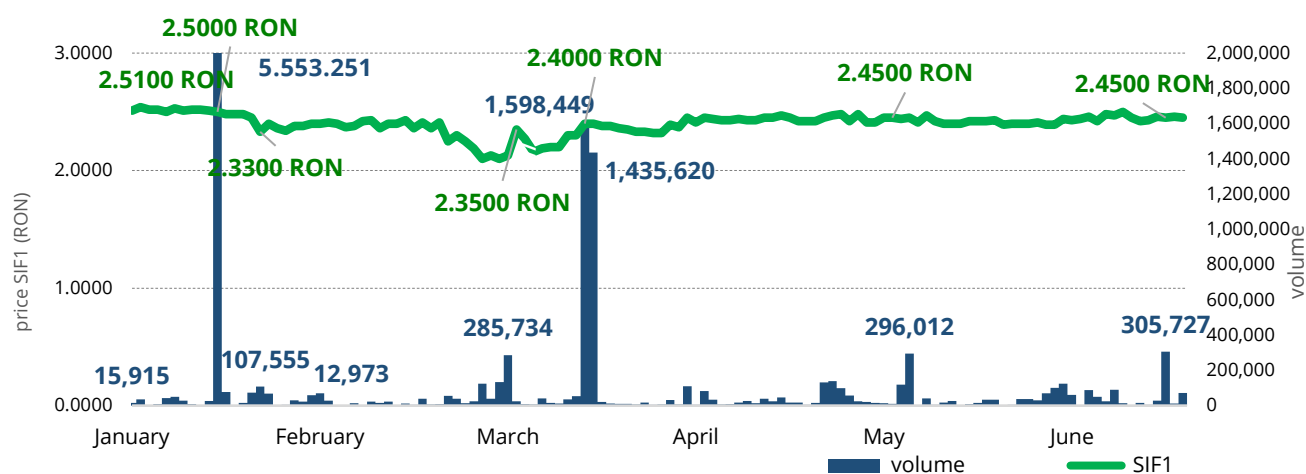
The highest daily volume of SIF1 shares traded on the main regular market (REGS) during 2022 was of 5,553,251 shares, recorded on January 17.

Liquidity for SIF1 title was higher than in the previous year, in H1 2022 were traded a total of 13,319,316 shares on the main regular market, representing 2.58% of the total shares issued, while during 109 of the 124 trading sessions the transferred volume was below 100,000 units. The total value of shares traded in 2022 on the Regular market was of RON 32,421,342.

On „DEAL” market 3 transactions were performed, with a total of 7,384,559 shares, worth RON 18.32m.

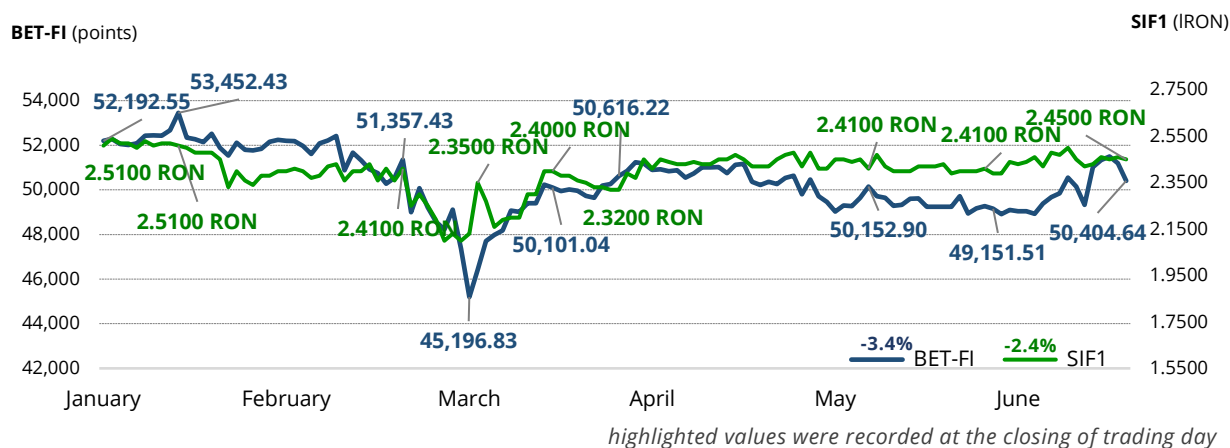
Market capitalization for SIF1 was of RON 1,262.78m on June 30, 2022, (calculated using the closing price for all the shares issued).

SIF1 PRICE AND VOLUME DURING JANUARY - JUNE 2021



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

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



SIF Banat-Crișana aims at maintaining a balance between the remuneration of shareholders through dividends and the need to finance new investments from the reinvested-obtained profit. The strategy of keeping this balance aims both to increase the long-term investment attractiveness of SIF1 shares, and to preserve the company's future development potential, ensuring the long-term sustainable profitability of the activity for the benefit of increasing the value created for shareholders. The dividend policy of SIF Banat-Crișana is available for consultation by investors on the company's website, www.sif1.ro, in the section dedicated to Corporate Governance.

The General Meeting of Shareholders on April 28, 2022, approved the appropriation of the net profit for the financial year 2021, amounting to RON 387,001,105, on the following destinations: (i) Dividends RON 30,450,603, representing a gross RON 0.0600 per share; (ii) Other reserves RON 356,550,502.

On July 28, 2022, the payment of dividends for 2021 began, in accordance with Resolution no. 4 of the Ordinary General Shareholders' Meeting of April 28, 2022, taking place in accordance with the legal provisions, through Depozitarul Central S.A. and the selected Payment Agent – Banca Transilvania. Detailed information on the payment of dividends is available on the company's website, www.sif1.ro, in the section Investor Relations for investors > SIF1 Share > Dividends.

Dividend distributions from the net profit recorded by the Company in the last three financial years:

DIVIDEND DISTRIBUTION for the last three financial years

	2019	2020	2021
Net Profit (RON million)	159.49	92.12	387.00
Number of shares	517,460,724	515,422,363	515,422,363
Gross dividend payable * (RON million)	-	-	30.45
Net dividend payable (RON million)	-	-	29.24
Gross DPS (RON)			0.06
Dividend distribution rate	-	-	-

* as approved by OGM

3. CORPORATE GOVERNANCE

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

The Corporate Governance Regulation of SIF Banat-Crișana is available for consultation on company's website, at www.sif1.ro, 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 2021, available on company's website, in *Corporate Governance* section. The same section hosts SIF Banat-Crișana's statement on the application of corporate governance principles, prepared pursuant to the annex of the ASF Regulation no. 9/2019, settling the unitary regulatory framework for the implementation of corporate governance principles to entities authorized, regulated, and supervised by ASF.

Company leadership

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

During H1 2022 there were no changes to the constitutive acts of SIF Banat-Crișana.

During H1 2022 there were no changes to the management structure of SIF Banat-Crișana.

The Board of Directors

SIF Banat-Crișana is under the management of a Board of Directors (i.e. administrators) comprised of five members, elected by the ordinary general meeting of shareholders for a mandate (term of office) of four years, with the possibility of being re-elected, having decision-making powers regarding the administration of the Company in the period between the general meetings of shareholders, except for the decisions that the law or company's Articles of Association provide exclusively for the general meeting.

Thus, during January 1 and June 30, 2022, the composition of the Board of Directors was the following: Mr. Bogdan Alexandru DRĂGOI – Chairman and CEO, Mr. Radu Răzvan STRĂUȚ - Vice Chairman, Mr. Sorin MARICA - Member, Mr. Marcel Heinz PFISTER – member and Mr. Ionel Marian CIUCIOI - member.

During H1 2022, the Board of Directors of SIF Banat-Crișana met in 14 sessions, pursuant to the statutory provisions. The convening of the board members was made as per the Procedure on the convening and conducting the meetings of the Board of Directors of SIF Banat-Crișana. The presence of Board members at meetings held during H1 2022 was in accordance with the legal provisions. The Chairman of the Board chaired all the meetings. During H1 2022, the Board of Directors issued a total of 56 decisions concerning the current activity of the company. All decisions were taken by the vote "for" of the majority of those present. Of the 56 decisions issued by the Board of Directors during the period under review 15 decisions had well defined objective, requiring its fulfilment and 37 were resolutions for the approval of procedures, mandatory reports, and activity reports (3 decisions for the approval of internal regulations and working procedures and 34 decisions for the approval of the mandatory periodical reports: annual, half-yearly and quarterly periodic reports submitted to ASF, BVB, MFP).

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

Advisory Committees

During H1 2022, the Board of Directors was assisted in fulfilling its responsibilities by the following advisory committees:

The Audit Committee, operating in the following composition: Mr. Marcel PFISTER – chairman of the committee, Mr. Sorin MARICA – member, and Mr. Ionel Marian CIUCIOI - member. In H1 2022, the Audit Committee prepared the *Report on the activity of the Audit Committee for the year 2021* accompanied by the *Evaluation of the risk management and internal control system for the year 2021*, the documents submitted to ASF in accordance with the provisions of the ASF Rule no. 13/2019.

The Nomination and Remuneration Committee, operating in the following composition: Mr. Sorin MARICA – Chairman of the Committee, Mr. Marcel PFISTER – member and Mr. Ionel Marian CIUCIOI – member. *The annual report of the Nomination and Remuneration Committee for the year 2021* was prepared and published in March 2021 together with the 2021 Annual Report of the Board of Directors, being presented to the Ordinary General Meeting of Shareholders on April 28, 2022.

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.

During H1 2022 no changes occurred in the composition of executive team.

As of June 30, 2022, the composition of the executive team of SIF Banat-Crișana is the following: Mr. Bogdan-Alexandru Drăgoi – Chairman - CEO; Mr. Radu Răzvan Străuț – Vice-Chairman, Deputy General Director; Mrs. Teodora Sferdian - Deputy General Director, and Mr. Laurențiu Riviș - Director.

The Ordinary General Meeting of Shareholders of April 28, 2022, approved:

- the remuneration due to the members of the Board of Directors for the financial year 2022, at the level established by the resolution of the OGM of April 26, 2016 (at the level of RON 10,000, net amount);
- the general limits of all the additional remuneration of the members of the board of directors and the general limits of the directors' remuneration for the financial year 2022, at the level established by AGOA decision no. 7 of April 27, 2020 (at the level of 0.42% of the annual average net asset value);
- the remuneration report of SIF Banat-Crișana for the year 2021, prepared in accordance with the provisions of art. 107, par. (6) from Law no. 24/2017 republished, annex to the annual report of the Board of Directors.

The full version of the Resolutions adopted by the EGM of April 28, 2022, is available for consultation on the Company's website, at www.sif1.ro, in the *Investor Relations* section.

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

Risk management system

SIF Banat-Crișana acknowledges its exposure to risks resulting from daily operations, and those from the pursuit of achieving its strategic objectives. Throughout H1 2022, it was ensured the framework for identifying, assessing, monitoring, and controlling these risks in order to maintain them at adequate levels based on the Company's risk appetite and its ability to cover, absorb or mitigate these risks, as per the *Risk management policy*.

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

Mrs Adina Eleonora Hodăjeu holds the position Responsible Person for risk management in SIF Banat-Crișana, registered in ASF Registry under 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, carried out independently of other activities, subordinated to the Board of Directors, having as main responsibilities:

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

The activity of the Compliance Office was carried out during H1 2022 pursuant to the Plan for Investigation and control for the year 2022 approved by the Board of Directors of SIF Banat-Crișana, of the ASF regulations, the work procedures, and internal regulations.

The matters addressed were: control of compliance with the regulations in force specific to the capital market and/or internal procedures, ensuring the company and staff are informed about the legal regime of the capital market, endorsement of the documents submitted by SIF Banat-Crișana to ASF in order to obtain the authorizations provided by ASF regulations, endorsement of the reports submitted to the capital market entities and ASF, endorsement of the informative and advertising materials of the company, other activities related to the company and personnel complying with the legislation in force on the capital market and of internal regulations.

As part of the compliance control/verification activity, during the first semester of 2022, the following were addressed:

- the compliance with the European and national regulations and the working procedure regarding the protection of natural persons in terms of the processing of personal data;
- the compliance with the specific legislation of the capital market and the work procedures in the activities of preparing, submitting and publishing the mandatory reports, preparing and submitting the list of people with access to privileged information, requesting ASF endorsements;

Based on the control activities, the Compliance Officer made recommendations for improving work procedures and activities were made, as no breaches of the laws, regulations and internal procedures in force have been found.

Resolution of petitions. The shareholders might, in case they have any dissatisfaction with the activity of the company, provided based on the legislation in force or the information provided by the company following their requests, to address SIF Banat-Crișana through a petition. The method of solving the petitions submitted by the shareholders is the one established by the ASF Regulation no. 9/2015, and the procedure to be followed is published on company's website. In accordance with the provisions of the regulation, the unique register of petitions in secure electronic format was set up, in which the transmitted petitions, the problems addressed, and the way of solving are registered. The register of petitions is managed by the representative of the office. During H2 2021, there were no petitions recorded.

Mr Eugen Cristea holds the position of compliance officer, authorized by ASF Authorization no. 80/09.03.2018, registered in ASF Registry under number PFR13.1RCCO/020007.

Internal Audit

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

The activity of internal audit is carried out based 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 2022 addressed (i) compliance with the provisions of the collective labour contract; human resources management and payment of personnel; (ii) compliance with the working procedures, internal regulations and significant risk management policy of SIF Banat-Crișana; (iii) compliance with working procedures, internal regulations and legislation specific to the compliance office; (iv) observance of the procedure regarding the conflicts of interests, respectively of the conflicts of interests in which the members of the management of SIF Banat-Crișana and certain categories of employees are involved; (v) preparation of the annual report on the internal audit activity.

The audit reports comprising the mission, its findings, conclusions, recommendations, and proposals of the Internal Auditor were presented to the Audit Committee and the Company's Board of Directors. There were no significant situations identified to require the intervention of the Board of Directors.

Internal Audit considers that the activities and operations conducted by SIF Banat-Crișana in the first half of 2021 subject to the audit, are consistent with the policies, programs, and management of the company, pursuant to the legislation and internal regulations.

The activity of internal audit is outsourced to the firm New Audit SRL from Arad - whose legal representative is Mrs Mariana Dumitrescu, notified to ASF.

Conflict of interests, transactions of insiders and corporate information regime

Conflict of interests

SIF Banat Crișana applies internal rules and procedures aimed at avoiding conflicts of interest, by implementing appropriate measures in relation to the nature, size and complexity of the activities carried out. To avoid potential conflicts of interest, the Board members and executive directors of the company must comply with at least the following requirements without being limited to them:

The members of the Board of Directors must meet the conditions set out in the republished Law no. 31/1990 and the capital market legislation and may not be members of the board of directors /

supervisory board or directors / members of the board of directors of another AIFM / investment management company / investment companies or of the depositary of assets of SIF Banat-Crișana, must not be members of the board of directors / supervisory board of an SSIF (broker) with which SIF Banat-Crișana has concluded a financial intermediation contract and must not be employed or have any kind of contractual relationship with another investment management company or with an investment company, with the exception of other entities belonging to the same group.

The directors of the company as well as the persons replacing them may not be members of the board of directors / supervisory board or directors / members of the board of directors of another AIFM or of the custodian of SIF Banat-Crișana's assets, must not be members of the board of directors / supervisory board, directors or members of the board of directors of a financial investment services company (SSIF, brokers) with which SIF Banat-Crișana has entered into a contract and must not be employed or have any contractual relationship with another AIFM, with the exception of other entities belonging to the same group. Through the internal policies, rules, and procedures, as well as through the functional organization adopted, SIF Banat-Crișana considers that the relevant persons involved in the various activities that encompass a risk of conflict of interest to carry out these activities with an adequate degree of independence.

The internal policies, rules, and procedures to be complied with in SIF Banat-Crișana aim at ensuring the degree of independence necessary for the prevention and management of conflicts of interest, as follows:

- the procedures provide for measures to prevent and control the exchange of information between relevant persons involved in the portfolio management activities or in other activities involving a risk of conflict of interest if the exchange of information may harm the interests of the Company or its shareholders;
- specific internal procedures regulate the confidentiality of information and the circulation of documents in physical and electronic format; for accessing the documents in the computer system, access levels are established;
- established assignments and responsibilities shall prevent the simultaneous or consecutive involvement of a relevant person in portfolio management, control or risk management activities for the proper management of conflicts of interest;
- from an organizational point of view, the functions regarding the decision, execution and supervision of the activity are separated so as to avoid the execution by the same person of tasks that may result in undetectable errors or activities that expose the company to risk;
- the directors will take decisions in the interest of the Company and will not take part in the debates or decisions that create a conflict between their personal interests and those of the Company or of some companies controlled by SIF Banat-Crișana;
- each member of the Board will ensure the avoidance of any direct or indirect conflict of interests with SIF Banat-Crișana or the companies under its control;
- each administrator shall inform the Board of Directors upon conflicts of interest, as they arise and shall refrain from debating and voting on the respective matters, in accordance with the relevant legal provisions;
- it is forbidden for the members of the Board, directors or any other person with whom the Company has an employment contract, to disseminate information on the transactions that SIF Banat-Crișana intends to carry out with financial instruments in its portfolio;
- in order to identify situations of a possible conflict of interest, in which an administrator or employee of the company may have a material interest on his behalf or of third parties, there is an obligation that employees / directors / administrators communicate to the company the activities and interests outside the company by filling in the form "Declaration of external interests" - which is filled in at the beginning of the relations with SIF Banat-Crișana and is updated periodically or whenever the situation requires it.

If conflicts of interest arise, SIF Banat-Crișana ensures the correct management / administration and in the general interest of the company's shareholders.

Corporate information regime

The members of the Board, executive directors, and employees of SIF Banat-Crișana are bound to keep the confidentiality of the documents and corporate information/data and comply with the Code of Ethics and Business Conduct and with the procedures approved by the Board of Directors concerning corporate information.

The Board of Directors adopted procedures regarding the Company's internal circuit of the documents and the disclosure to third parties of documents and information concerning SIF Banat-Crișana, giving special importance to inside information - as defined by Law no. 24/2017 and European regulations, that may impact the market price of the shares issued by the Company.

The company must inform the public and ASF, thereupon, on privileged information directly concerning it. Postponement of public disclosure of inside information is made under the conditions specified by the applicable law, provided the confidentiality of such information.

In application of the provisions of the national and European regulations, namely ASF Regulation no. 5/2018, EU Regulation 596/2014 and EU Regulation 347/2016, the company establishes and permanently updates the list of persons having access to inside information regarding the Company. The list of persons with access to inside information regarding SIF Banat-Crișana shall be communicated to the Financial Supervision Authority upon its request.

Transactions of persons having access to privileged information (transactions of insiders)

Internal procedures prohibit the members of the board of directors, the directors of the company, as well as by any person with whom the Company has concluded an employment contract to use "inside information" related to the investment policy of SIF Banat-Crișana, when they perform transactions with financial instruments in their own portfolio ("personal transactions").

The company has established internal rules and procedures for personal transactions. Any personal transaction carried out by a person with access to inside information shall be notified in advance to the Compliance Office of the company in order to verify its compliance with the requirements regarding the avoidance of conflicts of interest. Transactions performed are notified to the Compliance Office, to be recorded in the personal transaction log, a register managed by the compliance officer.

Transactions of the management

In accordance with the provisions of the internal rules and procedures and of EU Regulation no. 596/2014 and EU Regulation no. 523/2016, the persons discharging managerial responsibilities or persons closely associated with them notify the company about each transaction carried out on their behalf in connection with the shares or debt securities of SIF Banat-Crișana. This provision applies to any subsequent transactions once the amount of EUR 5,000 has been reached during a calendar year. The threshold of EUR 5,000 is calculated by summing up all transactions since the beginning of the calendar year without offsetting them. For transactions with other securities, the internal rules and procedures concerning personal transactions are applicable.

Notified transactions are recorded in the personal transaction log managed by the Compliance Office.

There were no transactions with SIF1 shares performed by the management of the Company.

Treatment applicable to transactions with affiliated entities

The company has the obligation to publish a report in case the Board of Directors approves a significant transaction with affiliated parties. Law no. 24/2017 on issuers of financial instruments and market operations provides for this reporting obligation in the case of significant transactions, viz. a

transaction whose individual or cumulative value represents more than 5% of the company's net assets according to the latest published financial statements.

If significant transactions are concluded with affiliates, at the end of each semester, the financial auditor is required to review the company's reported transactions during the semester and prepare a report assessing whether the transaction is fair and justified for the company and non-affiliated shareholders, including minority shareholders.

SIF Banat-Crișana did not carry out significant transactions with affiliated parties in 2021 that must be reported according to the provisions of Law 24/2017.

Protection of personal data

SIF Banat-Crișana legally processes the personal data to which it has access (e.g. based on the consent of the individual, a contract, legal obligations, legitimate interests of the Company), in order to ensure access to the Company's website and the transmission by the Company of the answers to the requests of the visitors of the Company's website, in compliance with the provisions of Regulation (EU) no. 2016/679 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46 / EC.

Through its own website, www.sif1.ro, or through the communications sent to its email addresses, SIF Banat-Crișana may collect personal data either as an entity regulated / authorized / supervised by ASF, either as an issuer of securities listed on the regulated market, or as a contractual partner, or in other particular cases, which may exceptionally arise in the activity of the Company. SIF Banat-Crișana ensures the confidentiality of the information brought to its knowledge, within the framework of this obligation, by undertaking to protect and properly use the personal information provided by data subjects or a third party.

Anti-corruption measures

SIF Banat-Crișana complies with the ethical and moral standards, permanently being engaged in implementing the necessary measures to prevent situations of abuse in the company's relations with all categories of collaborators, as well as in portfolio management, fund management and investment process. SIF Banat-Crișana has developed and implemented reference documents dealing with, among other aspects, anti-corruption policies and procedures, namely: *Corporate Governance Code*, *Internal Regulations*, *Internal Regulations* and *Policy on Corporate Social Responsibility*.

These documents focus on the principles on which the company's policy is based in terms of anti-corruption measures, ethics, and business morality, embracing these values being essential, all decisions of the company's management are in accordance with the provisions and recommendations contained in the listed documents.

Internal reporting (whistleblower)

The company permits the internal reporting, by its employees, of the violation of capital market regulations and internal procedures through a specific, independent, and autonomous channel implemented through the e-mail system.

The compliance officer shall have access to the reports submitted for further verification and the preparation of reports to senior management with proposals for remedying the reported situations.

In H1 2022 there were no complaints or notifications received through this channel.

Engagement policy

Engagement policy and principles on exercising the voting rights for the portfolio under the management of SIF Banat-Crișana is available on Company's website, www.sif1.ro, complying with the provisions of Law no. 24/2017 on the issuers of financial instruments and market operations, republished.

The policy was prepared in accordance with the provisions of Law no. 24/2017 republished and of EU Directive 828/2017 amending EC Directive 36/2007 regarding the encouragement of long-term shareholder involvement.

The purpose of the engagement policy is to establish the rules under which SIF Banat-Crișana exercises the voting rights attached to the financial instruments held in the portfolio and to demonstrate how it incorporates shareholder participation in its investment strategy.

Social responsibility

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

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

4. FINANCIAL RESULTS AS OF JUNE 30, 2022

SIF Banat-Crișana has prepared condensed interim standalone financial statements as of June 30, 2022, 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, 2022, 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 2022:

4.1. Standalone statement of financial position

<i>denominated in RON</i>	30/06/2022	31/12/2021
Assets		
Cash, cash equivalents and bank deposits	246,245,778	339,358,760
Financial assets at fair value through profit and loss	1,582,227,699	1,680,415,609
Financial assets at fair value through other comprehensive income	1,507,515,548	1,559,352,399
Investment property and tangible assets (property, plant, and equipment)	16,659,839	16,793,582
Other assets	11,399,312	11,465,709
Total assets	3,364,048,175	3,607,386,059
Liabilities		
Deferred income tax liabilities	136,222,809	179,957,876
Dividends payable	30,450,603	-
Other liabilities, deferred income, provisions for risks and expenses	33,175,027	11,301,898
Total liabilities and other liabilities	199,848,439	191,259,774
Equity		
Share capital	51,542,236	51,542,236
Treasury shares	(21,363,229)	(21,363,229)
Losses from repurchase of own shares	(330,998)	(330,998)
Benefits granted in equity instruments	909,335	-
Retained earnings	768,624,348	1,140,789,898
Other reserves	1,606,128,538	1,249,578,037
Reserves from revaluation of tangible assets	1,176,569	1,176,569
Legal reserves	10,308,447	10,308,447
Reserves from valuation of financial assets at fair value assets through other comprehensive income	747,204,490	984,425,325
Total equity	3,164,199,736	3,416,126,285
Total liabilities and equity	3,364,048,175	3,607,386,059

Cash and cash equivalents include all liquid investments of the Company in term bank deposits, current accounts, and cash in hand. Their level declined as compared to 2021-year end, given that important acquisitions of financial assets were made (RON 230.7m) during H1 2022, and no significant sales of financial assets were made.

The category of *financial assets at fair value through profit or loss* includes the Company's equity holdings in the deconsolidated subsidiaries starting with the 2018 financial year (according to IFRS 10), in the associated entities (according to IAS 27), investments made in fund units issued by closed-end investment funds, respectively open-ended alternative funds and the company's investments in fixed income instruments issued by subsidiaries. The 5% decrease in this category compared to 2021-year end is mainly the effect of the downward evolution of the market quotations of listed subsidiaries and associated entities.

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

category as compared to December 31, 2021, as in the case of the above asset class, is due to the recording of differences in fair value for the Company's main minority interests (especially shares in companies in the financial sector).

Investment property, Tangible assets and Other assets mainly include buildings and lands acquired by the Company as a result of resizing of the activity or the withdrawal of the contribution in kind. The value of Company's investment property at fair value as of June 30, 2022, is of RON 12.9m. The tangible assets (property, plant, equipment) held by the Company are those used for the purpose of carrying out operational and administrative activities.

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

Equity holds the largest weight in the liability structure. The decrease is the effect of including in other comprehensive income the negative differences resulting from the fair value measurement of the portfolio and the net profit recorded in the first 6 months of 2022.

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

<i>denominated in RON</i>	30/06/2022	30/06/2021
Income		
Dividend income	127,011,857	29,189,076
Interest income	2,793,569	1,859,684
Other operating revenues	576,969	18,153
Gains /(Loss) on investment		
Net gain / (loss) from investment property		874
Net profit / (loss) from foreign exchange differences	(296,296)	579,791
Net Profit/(Loss) from financial assets at fair value through profit and loss	(99,005,511)	207,008,472
Expenses		
Commissions expenses	(2,146,620)	(2,760,002)
Other operating expenses	(7,474,916)	(7,791,294)
Profit before tax	21,459,052	228,104,755
Income tax	(9,077,130)	(11,171,895)
Net profit for the period	12,381,922	216,932,860
Other comprehensive income		
Amount than can be transferred to profit or loss	(58,049)	8,512
Changes in fair value of assets at fair value through other items of comprehensive income	(278,606,181)	242,857,171
The effect of the income tax related to them	43,897,028	(37,699,100)
Other comprehensive income	(234,767,202)	205,166,583
Total comprehensive income for the period	(222,385,280)	422,099,443

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

Dividend income significantly boosted in H1 2022, on the back of dividends distributed by financial sector issuers. Dividends distributed by BRD, Banca Transilvania, Erste and SAI Muntenia Invest represent approximately 90% of dividend income on June 30, 2022 (June 30, 2021: 38% of dividend income).

Interest income includes interest on bank deposits and corporate bonds. In H1 2022, the volume of interest income is 50% higher than the same period of the previous year, given that, in addition to monetary investments, the company recorded interest income related to contracts for the sale of some stakes with payment in instalments.

The impact of *investment gain (loss)* realized in H1 2022 is an unfavourable one and it is, mostly, the effect of the fair value measurement of assets included in the *fair value through profit or loss* category (shares in deconsolidated subsidiaries and associates, bonds issued by subsidiaries, fund units in closed-end funds and open-ended alternative funds), all these categories recording decreases compared to the beginning of the current year. In the same period of 2021, the gain recorded is the effect of the rebound of quotations after the declines during the pandemic period.

Commissions expenses include fees payable to regulatory agencies, the depositary and the stock exchange, the largest weight is that of 0.0078% of the net asset, the monthly commission paid to ASF. The volume of this category of expenditure is lower than the similar period of 2021.

Other operating expenses include the costs of staff and management salaries, those on taxes and fees and other expenses incurred in activity of the Company. This category recorded a decrease of 4% compared to the first 6 months of the previous year.

4.3 Cash flow statement

<i>denominated in RON</i>	June 30, 2022	June 30, 2021
Operating activities		
Net profit for the period	12,381,922	216,932,860
<i>Adjustments for:</i>		
Amortization of tangible and intangible assets	273,186	257,057
(Gain) / Loss from disposal of tangible assets	-	5,369
(Gain) / Loss from valuation / disposal of investment property	-	(874)
(Gain) / Loss from financial assets at fair value through profit or loss	99,005,511	(207,008,472)
Dividend income	(127,011,857)	(29,189,076)
Interest income	(2,793,569)	(1,859,684)
Expenses with interest on debt of leasing contract	20,702	28,225
Expenses with / (income from) foreign exchange differences	(563,610)	22,919
Benefits granted in equity instruments	909,335	1,889,067
Income tax	9,077,130	11,171,895
Changes in assets and liabilities related to operating activities		
Change in other assets	296,177	175,267
Change in other liabilities	22,034,053	973,967
Income tax paid	-	(3,233,548)
Net cash from / (used in) operating activities	13,628,979	(9,835,029)
Investment activities		
Payments for acquisitions of assets measured through other comprehensive income	(230,056,864)	-
Proceeds from sale of assets measured through other comprehensive income	3,186,540	111,682,553
(Placements)/Proceeds from deposits with term greater than three months	79,198,863	-
Proceeds from sale/repurchase of assets at fair value through profit or loss	-	15,632,603
Payments for purchase of assets at fair value through profit or loss	(657,463)	-
Proceeds from sale of tangible assets an investment property	-	926,060
Payments for acquisitions of tangible assets	(13,386)	(23,382)
Dividends collected	119,264,630	16,486,135
Interest collected	1,715,931	2,509,775
Net cash (used in) / from investment activities	(27,361,749)	147,213,744
Financing activities		
Payments in leasing contracts	(147,982)	(139,114)
Net cash (used in) / from financing activities	(147,982)	(139,114)
Net increase / (decrease) in cash and cash equivalents	(13,880,752)	137,239,602
Cash and cash equivalents as of January 1st	260,126,530	150,710,816
Cash and cash equivalents as of June 30th	246,245,778	287,950,418

In H1 2022, the net cash obtained from the exploitation activity is mainly due to the collection of some amounts as advances, related to some contracts for the sale of unlisted financial assets, amounts recognized in liabilities until the transfer of the ownership of these assets is completed.

In the first half of 2022, the investment activity generated a cash deficit, compared to a cash surplus in the first half of 2021, in the conditions of a high volume of cash outflow on account of purchases of listed shares, payments financed on account of received dividends and disinvestments from monetary investments (with initial maturity greater than 3 months).

On June 30, 2022, the volume of *Cash and cash equivalents* presents a 14% decrease compared to the same period of the previous year, given that the net evolution of this category was directly influenced by the volume of investments made in the first part of 2022.

5. EVENTS AFTER THE REPORTING PERIOD

Payment of the dividends for 2021

On July 11, 2022, SIF Banat-Crișana informed the shareholders by means of the current report published by BVB on the start of payment of the dividends for 2021, as per the Resolution no. 4 of the Ordinary General Meeting of Shareholders of April 28, 2022.

- **the gross value of the dividend is of RON 0.0600 per share**, and the related dividend tax will be withheld in the quotas provided by law or other specific regulations. Payment commissions are borne by shareholders from the amount of the net dividend.

- **payment of dividends starts on July 28, 2022** ("Payment Date") through Depozitarul Central S.A. ("Central Depository") and the Payment Agent - Banca Transilvania.

- the shareholders entitled to receive the amount of the above-mentioned dividend are those registered in the consolidated register of shareholders on **July 12, 2022 ("Registration date")**. **Ex-date is July 11, 2022**.

- in the case of deceased shareholders, dividends shall be paid at the request of one of the successors, only after Depozitarul Central has transferred the shares on the heirs' name, in accordance with the procedure presented in the current report,

The payment of dividends for 2021 is subject to the general legal limitation period. Thus, the shareholders can request the payment of these dividends only within a period of 3 years calculated from the Payment Date, respectively until July 28, 2025.

The current report details the methods and terms of dividend payment through Participants (Custodian Banks or Brokers), through bank transfer, in cash through the Payment Agent Banca Transilvania, details on dividend tax a.s.o.

Approval acquisition of a qualified participation in SIF Banat-Crișana

SIF Banat-Crișana informed the investors that on August 3, 2022, by letter no. SI/DG/8275.8/03.08.2022, the Financial Supervisory Authority communicated the Decision no. 1040/03.08.2022, approving the project of acquisition and SIF Oltenia SA attaining the quality of significant shareholder of SIF Banat-Crișana SA, by purchasing a qualified direct participation representing at least 10% of the share capital and of the total voting rights of SIF Banat-Crișana SA.

The acquisition of SIF1 shares by SIF Oltenia S.A. in order to obtain the qualified participation will be completed within a maximum of 60 working days from the date of issuance of the ASF Decision no. 1040/03.08.2022 approving the acquisition project and the quality of significant shareholder.

6. ANNEXES

- Annex 1** Condensed interim financial statements as of June 30, 2022, 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, 2022, prepared pursuant to Annex 10 of Regulation no. 7/2020
- Annex 3** Detailed statement of investments as of June 30, 2022, pursuant to Annex 11 of Regulation no. 7/2020
- 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 30, 2022.

Bogdan-Alexandru DRĂGOI

Chairman and CEO

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