



SIF BANAT-CRIȘANA

SOCIETATE DE INVESTIȚII FINANCIARE

SIF BANAT-CRIȘANA

HALF YEAR REPORT

JANUARY 1 – JUNE 30, 2018

prepared pursuant to ASF Regulation no. 5/2018, Law no. 24/2017,
Regulation no. 15/2004, and ASF Norm 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"> ▪ closed-end investment company self-managed with diversified investment policy, endorsed by the Financial Supervisory Authority by Endorsement no. 258 / 14.12.2005 ▪ set up as a joint stock company in November 1996 pursuant to Law no. 133/1996 for the transformation of Private Ownership Funds into Financial Investment Companies ▪ Romanian legal entity with private capital
SHARE CAPITAL	<ul style="list-style-type: none"> ▪ RON 52,000,000 – subscribed and paid-in capital ▪ 520,000,000 shares issued ▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none"> ▪ J02/1898/1992 at Trade Registry of the Arad Court ▪ Unique Registration Code 2761040 ▪ Number in ASF AFIAA Register PJR07.1AFIAA/020007/09.03.2018 ▪ Number in ASF SIIR Register PJR09SIIR/020002/2006 ▪ Legal Entity Identifier (LEI Code) 254900GAQ2XT8DPA7274
MAIN ACTIVITY	<p>Main activity is, as per the classification of economic activities in the national economy (CAEN): financial intermediation, except insurance and pension funding (CAEN code 64), and the main object of activity: Other financial intermediation n.c.a. (CAEN code 6499):</p> <ul style="list-style-type: none"> ▪ carrying out financial investments in order to maximize the value of own shares in accordance with the regulations in force; ▪ management of investment portfolio and exercising all of the rights related to the instruments in which investments are made; ▪ risk management; ▪ other activities auxiliary and associated to the collective investment activity, in accordance with the regulations in force.
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB) – Premium category - ticker SIF1
FINANCIAL AUDITOR	PricewaterhouseCoopers Audit SRL
DEPOSITARY BANK	BRD - Groupe Société Générale
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	<p>Arad, 35A Calea Victoriei 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro</p>
BRANCH OFFICE	<p>Bucharest 175 Calea Floreasca, 7th floor, room A1, S1, 014459, Bucharest</p>

MAIN FINANCIAL AND OPERATIONAL INFORMATION

MAIN BALANCE SHEET ITEMS [RON mn]			
	30.06.2017	31.12.2017	30.06.2018
Total assets, of which	2,337.40	2,488.15	2,573.26
Total financial assets	2,314.71	2,462.83	2,544.44
Equity	2,155.79	2,291.24	2,398.77
Total current liabilities	22.01	20.47	16.48

FINANCIAL PERFORMANCE [RON mn]			
	30.06.2017	31.12.2017	30.06.2018
Income	41.43	84.93	80.79
Gains on investments	(0.06)	3.31	(20.66)
Expenses	5.98	15.75	7.83
Gross profit	35.39	72.49	5,31
Net profit	33.30	69.55	50.79

FINANCIAL INDICATORS [%]			
	30.06.2017	31.12.2017	30.06.2018
ROE (net profit / equity)	1.54	3.04	2.12
ROA (net profit / total assets)	1.42	2.80	1.97
Gross profit margin (gross profit / total revenues)	30.47	35.55	50.86

PERFORMANCE OF SHARES AND NET ASSET			
	30.06.2017	31.12.2017	30.06.2018
Share price (end of period, RON)	1.9400	2.7700	2.5300
NAV/S* (RON)	4.2541	5.0111	4.6035
Accounting net asset / share (RON)	4.1618	4.4245	4.6130
Nominal value of share (RON)	0.1	0.1	0.1
Number of shares issued	548,849,268	520,000,000	520,000,000
Number of outstanding shares	518,000,000	517,460,724	517,460,724

* calculated acc. to ASF regulations

OPERATIONAL DATA			
	30.06.2017	31.12.2017	30.06.2018
Number of permanent employees, end of period	37	37	34
Branch offices	1	1	1

SHAREHOLDING STRUCTURE as at June 30, 2018		
	number of shareholders	holdings
Romanian individuals	5,755,215	40.15%
Non-resident individuals	2,005	0.36%
Romanian legal entities	154	36.89%
SIF Banat-Crișana (treasury stock) **	1	0.49%
Non-resident legal entities	31	22.11%
TOTAL	5,757,406	100%

** own shares repurchased in the public tender offers from 2016 and 2017

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

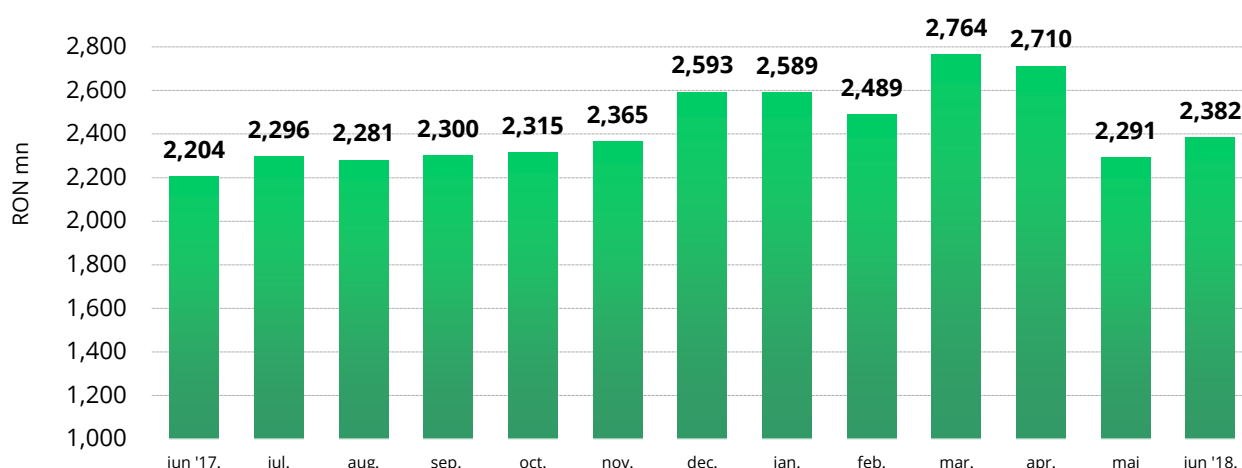
1. ANALYSIS OF THE ACTIVITY OF SIF BANAT-CRIȘANA

Net Asset Value

SIF Banat-Crișana's net asset value (NAV), key performance indicator for the activity of the Company, reached **RON 2,382.15 mn** at the end of the H1 2018, 8% down as compared to RON 2,593.06 mn at 2017-year end and 8% up compared to the same period of the previous year. Net asset value per share (NAV/S) contracted to **RON 4.6035** as at June 30, 2018, as compared to RON 5.0111, the value recorded for 2017-year end, respectively 4.2541 as at June 30, 2017.

NET ASSET VALUE

June 2017 - June 2018



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

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

Net assets statement as at June 30, 2018, prepared pursuant to annex 16 of the Regulation no. 15/2004, is presented as annex to this report.

The methodology for calculating the net asset value

During H1 2017, the calculation of net asset value was performed under the provisions of art. 113-122 of ASF Regulation no. 9/2014 and ASF Regulation no. 10/2015.

As per these regulations, listed securities are valued at the closing market price for the day for which the calculation is made. The securities not admitted to trading on a regulated market or not traded during the last 30 trading days are valued at the book value per share recorded in the most recent annual financial statements, or equity value comprised in the monthly reports submitted to BNR (the Romanian Central Bank) for credit institutions. Fixed income instruments are valued using the method of daily interest recognition and amortization of discount / premium for the period passed from the date of the investment. Shares of companies undergoing insolvency proceedings, liquidation or reorganization are valued at zero until the completion of the procedure.

For non-portfolio items used in the calculation of net asset value, the company used the accounting records prepared pursuant to IFRS.

Analysis of the portfolio

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

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

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

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

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

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

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

Lines of action in portfolio management:

- creating a varied portfolio comprised of assets capable of achieving the targeted returns at the level of risk assumed;
- increasing the quality of the portfolio, as a basis for its value growth and its capacity of constant income generation;
- management and development of the portfolio so as to adapt to the overall risk profile;
- developing the specific areas of expertise that form the basis of our operations;
- improving corporate governance practices.

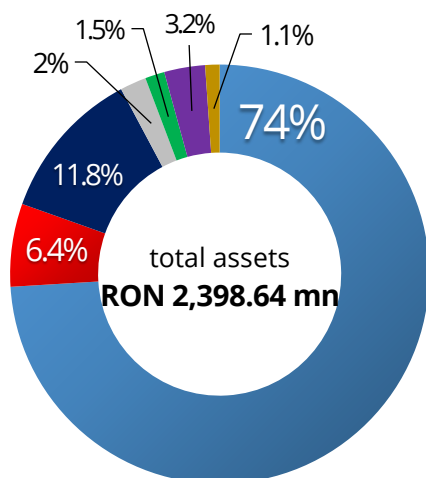
Portfolio structure

SIF Banat-Crișana's investment objective is the management of a diversified portfolio of high-quality assets, able to provide a constant flow of revenues, the preservation and the medium-long term capital growth.

The strategy for asset allocation aims to maximize the performance of the portfolio within the prudential conditions set by Capital Market Law no. 297/2004 with the subsequent amendments, and Regulation no. 15/2004 regarding authorization and operation of asset management companies, collective investment undertakings and depositories. **Throughout H1 2018, the assets managed by the Company have been within the allowed legal limits.**

ASSETS UNDER MANAGEMENT as at June 30, 2018

asset class breakdown (weight in total assets)



- listed shares: 74%
value **RON 1,775.86 mn** (Dec. 2017: RON 2,061.13 mn)
- unlisted shares: 6.4%
value **RON 153.54 mn** (Dec. 2017: RON 166.55 mn)
- unlisted non-UCITS securities: 11.8%
value **RON 282.44 mn** (Dec. 2017: RON 230.40 mn)
- corporate bonds: 2%
value **RON 48.56 mn** (Dec. 2017: RON 48.53 mn)
- govt. bonds: 1.5%
value **RON 35.95 mn** (Dec. 2017: RON 65.47 mn)
- bank deposits and current account: 3.2%
value **RON 75.63 mn** (Dec. 2017: RON 16.13 mn)
- receivables and other assets: 1.1%
value **RON 26.66 mn** (Dec. 2017: RON 25.32 mn)

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

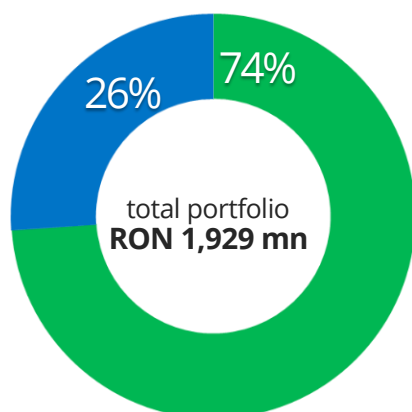
Total assets value¹ of SIF Banat-Crișana, calculated as per ASF regulations as at June 30, 2018, was of **RON 2,398.64 million**, down 8% as compared to the value recorded at the end of 2017, when it reached RON 2,613.54 million. Compared to that date, the value of listed shares declined by 13.8%, following the trend of the capital market.

The value of the stock portfolio (listed and unlisted shares) accounted for 80.4% of SIF Banat-Crișana's total assets as at June 30, 2018, amounting to RON 1,929.4 million.

The detailed statement of SIF Banat-Crișana's investments as at June 30, 2018, prepared pursuant to Regulation no. 15/2004 (Annex 17), is presented as annex to this report.

STOCK PORTFOLIO

geographical exposure

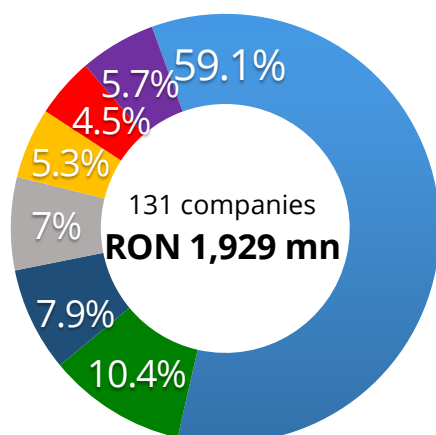


- Romania: 74%
RON 1,426.52 mn (Dec. 31, 2017: RON 1,382 mn) value of holdings in 129 companies (Dec. 31, 2017: 137)
- foreign: 26%
RON 502.87 mn (Dec. 31, 2017: RON 845.66 mn value of holdings in 2 companies (Dec. 31, 2017: 2): Austria (1 company – Erste Bank), Cyprus (1 company – SIF Imobiliare)

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

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

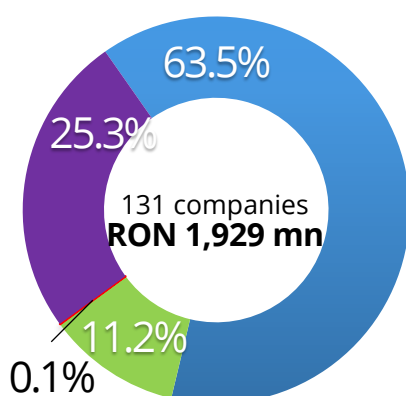
STOCK PORTFOLIO breakdown by sector



- financial-banking: 59.1%
stakes in **14** companies worth **RON 1,140.74 mn**
(Dec. 31, 2017: RON 1.193 mn)
- commerce – real-estate: 10.4%
stakes in **15** companies worth **RON 201.18 mn**
(Dec. 31, 2017: RON 447.85 mn)
- energy-utilities: 7.9%
stakes in **10** companies worth **RON 151.70 mn**
(Dec. 31, 2017: RON 109.91 mn)
- cardboard and paper: 7%
stakes in **5** companies worth **RON 135.15 mn**
(Dec. 31, 2017: RON 157.53 mn)
- tourism and public-food services: 5.3%
stakes in **4** companies worth **RON 102.91 mn**
(Dec. 31, 2017: RON 110.23 mn)
- pharmaceuticals: 4.5%
stakes in **2** companies worth **RON 86.91 mn**
(Dec. 31, 2017: RON 74.44 mn)
- other industries: 5.7%
stakes in **81** companies worth **RON 110.81 mn**
(Dec. 31, 2017: RON 134.72 mn)

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

STOCK PORTFOLIO breakdown by stake held

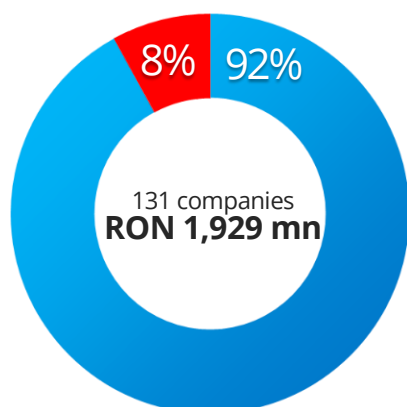


- up to 5%
stakes **up to 5%** in **47** companies
worth **RON 1,224 mn** (Dec. 31, 2017: RON 1,281 mn)
- 5-33%
stakes **between 5 - 33%** in **70** companies
worth **RON 216 mn** (Dec. 31, 2017: RON 159 mn)
- 33-50%
stakes **between 33-50%** in **3** companies
worth **RON 1.04 mn** (Dec. 31, 2017: RON 1.06 mn)
- above 50%
majority stakes, **above 50%**, in **11** companies
worth **RON 488 mn** (Dec. 31, 2017: RON 785 mn)

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

STOCK PORTFOLIO

on liquidity



■ listed companies: 92%

RON 1,775.86 mn (Dec. 31, 2017: RON 2,061 mn) value of stakes held in 46 companies (Dec. 31, 2017: 49)

■ unlisted companies: 8%

RON 153.54 m (Dec. 31, 2017: RON 166.55 mn) value of stakes held in 85 companies (Dec. 31, 2017: 90)

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

Presentation of the largest holdings in the portfolio

TOP 10 COMPANIES IN SIF BANAT-CRIȘANA PORTFOLIO as at June 30, 2018

Company	sector	Value of holding* as at June 30, 2018 [RON]	% of NAV
Banca Transilvania	banking - financial	462,312,480	19.41%
Erste Group Bank AG	banking - financial	345,766,224	14.51%
BRD - Groupe Société Générale	banking - financial	178,635,321	7.50%
SIF Imobiliare Plc	financial services applicable to real estate	157,108,192	6.60%
Vrancart	cardboard and paper	123,906,569	5.20%
Biofarm	pharmaceuticals	79,631,467	3.34%
SIF Moldova	other financial intermediations	69,896,897	2.93%
SNGN Romgaz	energy – utilities	58,701,762	2.46%
SIF Hoteluri	tourism and public food services	57,277,631	2.40%
Conpet	energy – utilities	50,646,600	2.13%
TOTAL		1,583,883,142	66.49%

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

1. BANCA TRANSILVANIA

Results of the bank (RONm)	Q1 2018	T1 2017	Δ
NII	518.2	456.3	13.6%
Net fee and commission income	153.0	129.4	18.2%
Net income from transactions	54.6	50.5	8.0%
Net banking income	735.8	581.9	26.4%
Operating expenses	349.9	295.3	12.8%
CoR	54.3	5.9	
Net result (a.m.)	366.0	246.2	+48.7
ROE	21.47%	23.62%	
Loans/Deposits	62.3%	61.8 %	
NIM	3.64%	3.56 %	
Cost/Income	49.76%	51.04 %	
NPL	6.35%	6.0 %	

As at June 30, 2018, SIF Banat-Crișana held a stake of 4.44% of Banca Transilvania's share capital.

Gross profit at group level Q1 2018 of RON 389m (+ 45.7% yoy), positively influenced by F&C revenue growth of 18% yoy and from NII of 14.8% yoy, in the context of a positive contribution of the cost of risk with 51m and operating expenses increase by 18%, and personnel by 16%.

Total assets of the group assets reached RON 60.1bn on March 18, up 0.5% QoQ.

CAR level rose to a comfortable 18.15% rate without the Q1 2018 result (above the minimum of 14% indicated in the dividend policy), respectively 19.23% including the quarterly profit.

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

2. ERSTE GROUP BANK AG

Results at group level (EURm)	Q1 2018	T1 2017	Δ
NII	1,082.6	1,051.3	2.97%
Net fee and commission income	478.6	457.7	4.57%
Net income from transactions	11.3	48.6	-76.7%
Operational result	586.6	599.2	-2.1%
Operating income	1,651.6	1,617.5	2.1%
Operating expenses	-1,065.0	-1,018.3	4.6%
CoR	54.4	-65.8	
Net result (a.m.)	332.6	262.2	+26.8%
CET1	12.6%	13.4%	
ROE	10.4%	8.7%	
Loans/Deposits	91.5%	92.4%	
NIM	2.27%	2.33%	
Cost/Income	64.5%	63.0%	
NPL	3.7%	4.0 %	

As at June 30, 2018, SIF Banat-Crișana held a stake of 0.48% of Erste Bank's share capital.

The Group reported a quarterly net profit of EUR 333m (+ 27% YoY and flat QoQ), surpassing the estimates of the analysts.

Operating result decreased 2.1% yoy, negatively influenced by result from transactions (-78% yoy to EUR 11m, vs. 49m in Q1 2017) and the increase of operating expenses. The net interest margin has dropped further.

Lending increased 7.4% yoy, with growth in the Czech Republic and Slovakia of 15%, while deposits grew at an annual rate of 7%.

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

3. BRD - GROUPE SOCIÉTÉ GÉNÉRALE

Results at group level (RONm)	Q1 2018	T1 2017	Δ
NII	465	408	14.2%
Net fee and commission income	184	175	5.2%
Net income from transactions	75	67	10.8%
Net banking income	724	650	11.4%
Operating expenses	385	384	0.2%
CoR	153	124	
Net result (a.m.)	411	328	25.5%
ROE	22.0%	19.3%	
Loans/Deposits	68.6%	69.3%	
NIM	3.3%	3.2%	
Cost/Income	53.0%	59.1%	
NPL	6.2%	10.3%	

As at June 30, 2018, SIF Banat-Crișana owns 1.95% of the share capital of BRD-Groupe Société Générale.

BRD-GSG posted a net profit of RON 392.4m for Q1 2018 vs RON 306.9m in 2017, + 27.8% yoy, positive impact having net cost of risk (RON +150m vs. 130m yoy), as well as the increase with 13.2% of operating revenues, while keeping operating expenses at the same level.

ROE at bank level reached 22% vs. 19.3% for Q1 2017.

NIM improved to 3.40%, while NPL continued to decline.

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

4. SIF IMOBILIARE PLC

	2013*	2014*	2015*	2016*
Revenues [EUR mn]	2.13	5.19	12.35	10.38
Gross profit [EUR mn]	-0.46	13.32	8.61	4.47
Net profit [EUR mn]	-0.5	13	6.37	4.35

* published consolidated financial statements

SIF Imobiliare Plc is an important company in SIF Banat-Crișana's portfolio, the stake of 99.99% of its social capital weights 6.60% in SIF Banat-Crișana's net asset value.

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

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

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

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

In 2016, SIF Imobiliare Plc increased its social capital by EUR 2.99 mn in cash by shareholders' contribution, for the development of activity with investments in agriculture.

In 2017 it was continued the portfolio restructuring, by finalizing two merging projects, SIFI B One Bucharest (absorbent) merged with SIFI CS Retail Bucharest, Urban SA Lugoj and Agrorent SA Arad as absorbed companies and Cora SA Hunedoara (acquiring) merged with Central SA Petroșani (absorbed).

5. VRANCART S.A. ADJUD

	2015	2016	2017	Q1 2018*
Turnover [RON mn]	209.8	227.1	260.0	70.7
Operating profit [RON mn]	21.8	23.8	26.7	4.0
Net profit [RON mn]	18.2	20.2	22.3	3.0
Dividends [RON mn]	13.8	14.0	11.3	-

*individual statements; source: Company report submitted to BVB

SIF Banat-Crișana owns 75.06% of the share capital of Vrancart SA as at June 30, 2018. The Vrancart group includes the companies: Giant Tg. Mureș (100%) and Rom Paper Brașov (85%).

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

According to company's report, turnover increased by + 19.6% in Q1 2018, but operating and net profit is below the 2017 levels mainly due to rising prices of scrap paper by 45% in Q1 2018 as compared to Q1 2017.

The main aspects of the company's life in 2018 concerned: the election of the Board of Directors for a four-year term of office, the continuation of investments in technological upgrades, the convening of the GMS for the approval of the merger with Giant SRL.

As an event after the reporting period, Vrancart announced the acquisition of the last 15 percent of Rom Paper SRL's shares, reaching a 100% stake.

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

6. BIOFARM

	2015	2016	2017	Q1 2018*
Turnover [RON mn]	149.3	152.1	170.2	43.4
Operating profit [RON mn]	31.5	35.0	43.0	14.1
Net profit [RON mn]	27.2	29.5	36.0	11.8
Dividends [RON mn]	15.7	16.7	18.7	-

* source: Company report submitted to BVB

As at June 30, 2018, SIF Banat-Crișana holds a stake of 23.22% of the share capital of Biofarm.

Company founded in 1921, Biofarm is one of the leading Romanian drug manufacturer and no. 1 producer of dietary supplements in Romania. Over the years, Biofarm aimed to differentiate from market competitors through continuous strategies for improving its product portfolio, resulting in continuous growth in both turnover and financial results.

In Q1 2018, turnover rose +15.1% and net profit recorded +29.6% upsurge.

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

7. SIF MOLDOVA

	2015	2016	2017	Q1 2018*
Net profit [RON mn]	100.3	123.3	164.7	0.3
Dividends [RON mn]	46.2	45.6	49.8	-

* source: Company report submitted to BVB

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

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

The company carried out during 20.06 – 10.07.2018 a public tender offer for the purchase of 11,000,000 own shares at a price of RON 1.818 / share, for the purpose of reducing the share capital.

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

8. SNGN ROMGAZ S.A.

	2015	2016	2017	Q1 2018*
Turnover [RON mn]	4,052.6	3,411.9	4,585.2	1,482,3
Operating profit [RON mn]	1,454.0	1,258.7	2,178.6	586,4
Net profit [RON mn]	1,194.2	1,024.6	1,854.7	501,2
Dividends [RON mn]	1,040.6	2,220.3	1,923.3	n/a

* financial statements for Q1 2018, source: Company report submitted to BVB

As at June 30, 2018, SIF Banat-Crișana holds a stake of 0.41% of the share capital of SNGN Romgaz.

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

In 2018, natural gas production slightly increased as compared to 2017, but as a result of higher temperatures recorded since the beginning of 2018, consumption stagnated and even diminished during the current year.

The management of the company, by improving the sales structure on the two market segments, and by a strict management of the deposit and natural gas portfolio, has managed to achieve a higher return on operating profitability over the past 2 years.

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

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

9. SIF HOTELURI

	2014	2015	2016	2017	Q1 2018*
Turnover [RON mn]	11.5	11.98	20.02	20.72	4.47
Operating profit [RON mn]	-0.8	-9.44	3.71	-0.22	-1.26
Net profit [RON mn]	0.2	-9.59	3.67	-1.16	-1.54
EBITDA	4.13	0.30	8.95	4.88	0

* financial statements for Q1 2018, source: Company report submitted to BVB

SIF Banat-Crișana owns a stake of 98.99% of the share capital of SIF Hoteluri.

The company SIF Hoteluri resulted from the change of Calipso's company name in 2014, and it is listed on BVB with the ticker CAOR.

In late October 2015, SIF Hoteluri completed the merger by absorption of the other five companies, majority held, with activity in hospitality, taking their entire assets.

With the completion of the merger, the establishment of an integrated management system to improve the financial performance of the acquired units and creating more value for the shareholders was envisioned. In March 2018, following the resignation of the Chairman – CEO of the company, a new management team was elected, who reviewed the company's business opportunities in order to improve its performance.

The most important asset of the Company's portfolio is DoubleTree by Hilton hotel in Oradea providing tourist services at the highest level. In August 2016, the hotel has been reclassified to 4-stars in the light of the new business strategy and the higher potential on this market segment, and the expected results began to confirm starting 2016 (revenues over RON 12 mn and increase of occupancy rate to 57% (2015: 49%). Further on, the effects of the reclassification are obvious: in 2017, an increase of revenues to over RON 13 million and of the occupancy rate to 59.56%.

10. CONPET

	2015	2016	2017	Q1 2018*
Turnover [RON mn]	381.4	381.6	376.7	91.0
Operating profit [RON mn]	69.5	80.3	83.1	12.8
Net profit [RON mn]	63.2	71.5	74.4	11.5
Dividends [RON mn]	63.2	228.6	69.6	na

* financial statements for Q1 2018, source: Company report submitted to BVB

As at June 30, 2018, SIF Banat-Crișana holds a stake of 6.45% in the share capital of Conpet.

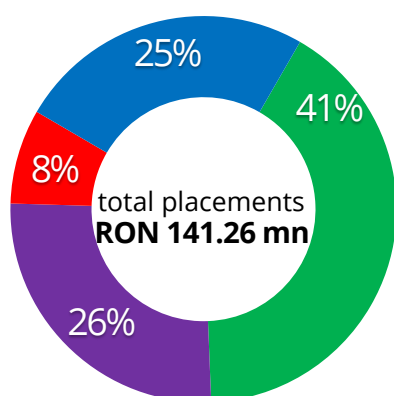
Conpet is the national transporter of oil and its derivatives via pipelines and railways. With nearly 1,700 employees, the company operates a network of over 3,800 km of pipelines under a concession agreement with ANRM. The company's main clients are OMV Petrom and Lukoil. Established more than 110 years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

Income generated by the company stood in Q1 2018 compared to the same period of the previous year, while operating expenses increased due to conjunctural circumstances. On the one hand, the increase in personnel expenses, on the other hand the increase in energy prices and the increase of gas prices were the determinants that affected the recent results of the company. The net result for the first three months of 2018 slightly exceeds the budgeted figures but shows a decrease compared to Q1 2017 as a result of the cost increase. The company has a stable, solid patrimonial structure.

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

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

PORTOFOLIO OF FIXED INCOME FINANCIAL INSTRUMENTS



■ bank deposits in RON

RON 57.96 mn (Dec. 31, 2017: RON 15 mn)

■ corporate bonds in RON

RON 36.87 mn (Dec. 31, 2017: RON 36.87 mn)

■ corporate bonds in EUR

equivalent of **RON 11.22 mn** (Dec. 31, 2017: RON 11.21 mn)

■ govt. bonds

RON 35.21 mn (Dec. 31, 2017: 62.12)

values calculated as at 30.06.2018 pursuant to ASF Reg. no 9/2014 and no.

10/2015; weight in portfolio of fixed income financial instruments, amounts do not include interest receivables

Acquisitions and disposals of assets

During H1 2018, the following purchases of financial assets were made:

- direct investments amounting to RON 398,400 lei for the increase of the share capital in subsidiaries (Central);
- acquisitions of listed shares, amounting to RON 48,319,057 (Conpet);
- fund units of the Alternative Investments Fund of the open-end type Certinvest Shares, in the amount of RON 74,500,000;
- fund units of the Star Value closed-end Investment Fund, amounting to RON 9,999,992.

Assets disposed during H1 2018 include:

- sales of shares listed on foreign markets in a total amount of RON 98,827,726, with a profit of RON 63,390,956;
- sales of shares listed on foreign markets in the total amount of RON 4,934,672, with a loss of RON 98,704;
- the sale of govt. bonds denominated in RON for a total amount of RON 27,380,601, with a loss of RON 553,508;
- the partial redemption of fund units issued by the Optim Invest Investment Fund, with a loss of RON 2,491,314 (compared to the fair value on March 31, 2018), respectively a gain of RON 2,259,130 (compared to the subscription value).

2. THE SHARES ISSUED BY BANAT-CRIȘANA

CHARACTERISTICS OF THE SHARES ISSUED BY SIF BANAT-CRIȘANA

Total number of issued shares (June 30, 2018)	520,000,000
Outstanding shares (June 30, 2018)	517,460,724
Nominal value	RON 0.1000 / share
Type of shares	common, ordinary, registered, dematerialized, indivisible
Trading market	Regulated spot market of Bucharest Stock Exchange (BVB or BSE), Premium category, listed since November 1, 1999
BVB (BSE) symbol (ticker)	SIF1
Bloomberg BBGID	BBG000BMN388
ISIN	ROSIFAACNOR2
Part of indices	BVB (BSE) indices: BET-XT, BET-FI, BET-BK and BET-XT-TR

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

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

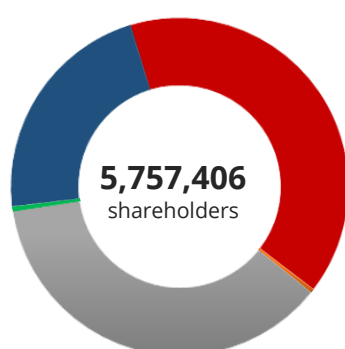
Since its set-up, SIF Banat-Crișana has not issued bonds or other debt instruments.

Following the public tender offers from 2016 and 2017, SIF Banat-Crișana holds at the date of this report, 2,539,276 own shares, that are to be cancelled, for the reduction of the share capital, as per the decision of the EGM held on April 26, 2018.

The procedure for authorizing the reduction of the share capital is pending approval of the Financial Supervisory Authority. Details regarding the share capital reduction approved by the EGM of April 26, 2018 are included in *Cap. 5. Other significant information*.

SHAREHOLDERS' STRUCTURE

as per holdings, on June 30, 2018



■ 40.15%
Romanian individuals
(5,755,215 shareholders)

■ 0.36%
non-resident individuals
(2,005 shareholders)

■ 36.89%
Romanian legal entities
(154 shareholders)

■ 22.11%
non-resident legal entities
(31 shareholders)

■ 0.49%
treasury stock
(following the public tender
offers from 2016 and 2017,
the company holds 2,539,276
own shares)

SIF1 shares on Bucharest Stock Exchange (BVB/BSE)

Liquidity for SIF1 was noticeably low during H1 2018, with a total of 5,643,423 shares traded, representing 1.085% of total shares issued (1.091% of outstanding shares), the total value of shares traded during H1 2018 was worth of RON 15,464,494.

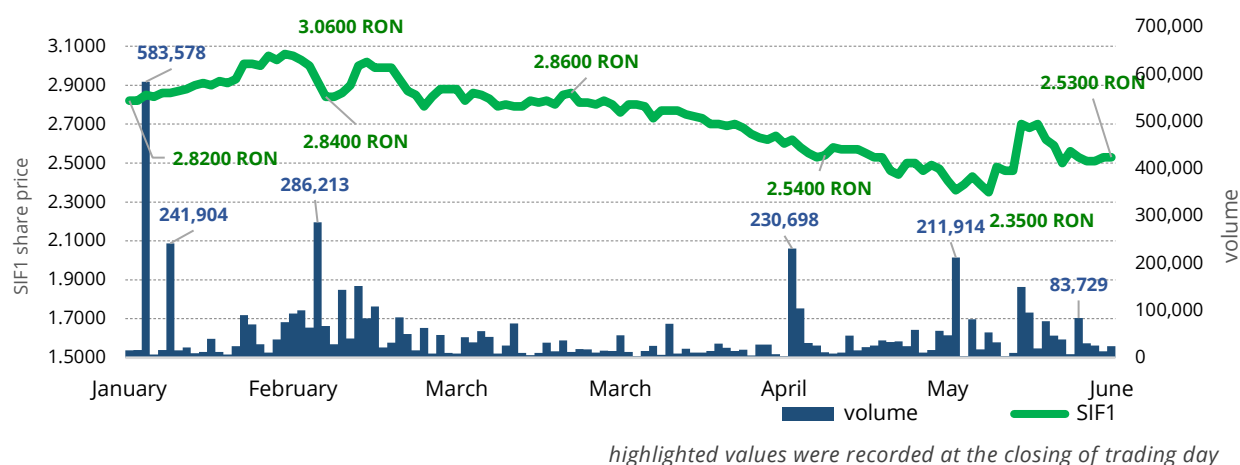
A single transaction was concluded on the "DEAL" market, with 410,000 shares, worth of RON 1.19 mn.

During H1 2018, the price of SIF1 was on a downward trend, following the course of BET-FI index, from RON 2.8200 (the closing price on January 3rd, the first trading session of the year) to RON 2.5300, the closing price on June 29, down 10.28%.

The highest price for the period, of RON 3.0600 per share was reached during the trading session of January 31, and the lowest, when the price dropped to RON 2.3500 per share, was recorded in the trading session of June 7, the spread between the highest and the lowest price for the period was of 30%. The average price of the period was of RON 2.7403 per share.

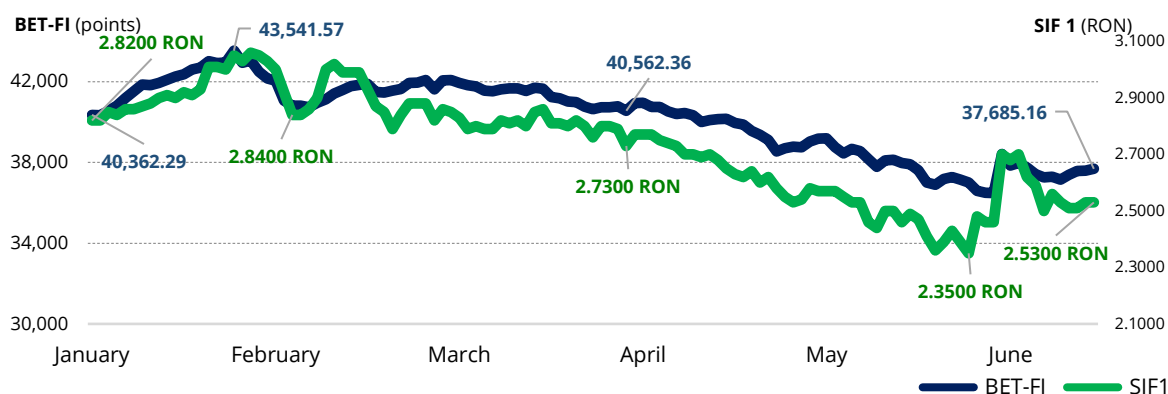
As at June 29, 2018, market capitalization for SIF1 calculated using the closing price was of RON 1,315.6 mn (RON 1,309.2 mn calculated only for the outstanding shares).

SIF1 PRICE AND VOLUME IN H1 2018



highlighted values were recorded at the closing of trading day

SIF1 vs. BET-FI PERFORMANCE IN H1 2018



highlighted values were recorded at the closing of trading day

3. CORPORATE GOVERNANCE

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

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 2017, available on company's website, in *Corporate Governance* section.

By Regulation no. 2/2016, the Financial Supervisory Authority (ASF) settled the unitary regulatory framework for the implementation of corporate governance principles to entities authorized, regulated and supervised by ASF. SIF Banat-Crișana's statement on the application of corporate governance principles, prepared pursuant to the annex of the Regulation no. 2/2016, was presented in the Board of Directors' annual report for 2017, the document is available on company's website, in *Corporate Governance* section.

Administration and management of the Company

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

The Board of Directors

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

The Ordinary General Meeting of the Shareholders held on April 20, 2017 elected as administrators for a four-year term, starting with 24.04.2017, the following: Mr. Bogdan-Alexandru Drăgoi, Mr. Radu Răzvan Străuț, Mr. Sorin Marica and Mr. Marcel Heinz Pfister. Following the secret vote cast by the shareholders in the Ordinary General Assembly on April 20, 2017, only four candidates met a vote of at least 50% plus one of the votes cast, a condition required by the Company's Articles of Association and the law, for decisions of the ordinary general meeting to be adopted. By the Endorsement no. 405 / 13.07.2017, the Financial Supervisory Authority endorsed the amendments occurred in SIF Banat-Crișana documents following the change in the composition of the Board of Directors of the company.

Changes in the composition of the Board of Directors during H1 2018

During 1-16 January, the composition of the Board of Directors was the following: Mr. Bogdan Alexandru Drăgoi - Chairman, Mr. Radu Răzvan Străuț - Vice Chairman, Mr. Sorin Marica - Member, Mr. Marcel Heinz Pfister - member.

In accordance with the provision of Art. 137² of Law no. 31/1990 on trading companies and Art. 7 par. (1) of the Company's Articles of Association, the Board of Directors, in the meeting of January 16, 2018, approved the appointment of Mr. Ionel-Marian CIUCIOI as provisional administrator of SIF Banat-Crișana until the assembly of the general meeting shareholders, being authorized in this capacity by ASF Endorsement no. 99 / 04.04.2018.

The OGM of April 26, 2018 elected Ionel Marian CIUCIOI as administrator on the vacant seat in the Board of Directors, for a term equal to the remaining period until the expiry of the term of office of the administrators in office, respectively until 24.04.2021.

The Company has taken the necessary steps for the authorization by ASF of Mr. Ionel Marian CIUCIOI

as administrator (member of the Board), the authorization was not issued until the date of this report.

During April 26, June 30, 2018, the company was administered by a Board of Directors composed of five members: Bogdan-Alexandru DRĂGOI – Chairman – CEO (General Director), Radu-Răzvan STRĂUȚ – Vice-Chairman, Sorin MARICA – member, Marcel Heinz PFISTER – member, and Ionel Marian CIUCIOI – member (pending authorization).

The activity of the Board of Directors during H1 2018

During H1 2018, the Board of Directors of SIF Banat-Crișana met in 19 sessions, pursuant to the statutory provisions.

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

During H1 2018, the Board of Directors issued a total of 65 resolutions concerning the current activity of the company. All decisions were taken by the vote "for" of the majority of those present.

Of the 65 resolutions issued by the Board of Directors during the period under review:

- 20 resolutions had well defined objective, requiring its fulfilment;
- 45 were resolutions for the approval of procedures, mandatory reports and activity reports, of which: (i) 13 resolutions for the approval of internal regulations and working procedures; (ii) 11 resolutions for the approval of mandatory annual, quarterly and half-yearly periodic reports submitted to ASF, BVB, MFP; (iii) 21 resolution for the approval of the activity reports issued by company's compartments.

Analysing the fulfilment of the 65 decisions taken by the Board of Directors results that they were fully executed.

The Audit Committee

The Board of Directors created therein, with an advisory capacity, an Audit Committee comprised of non-executive directors.

The Audit Committee assists the Board in fulfilling its responsibilities in matters of financial reporting, internal control and risk management. The Committee supports the Board in monitoring the trustworthiness and integrity of the financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting standards the Company applied.

During January 1 – June 8, 2018, the composition of the Audit Committee was as follows: Mr. Marcel PFISTER – chairman of the committee and Mr. Sorin MARICA - member.

In the meeting held on June 8, 2018, the Board of Directors approved the following composition of the Audit Committee: Mr. Marcel PFISTER - Chairman of the Committee, Mr. Sorin MARICA - Member, Mr. Ionel Marian CIUCIOI - Member. Mr. Ionel Marian CIUCIOI will exercise his powers within the committee as of the date of authorization as administrator by the Financial Supervisory Authority.

The Nomination and Remuneration Committee

The Board of Directors created therein, with an advisory capacity, a Nomination and Remuneration Committee, comprised of non-executive directors.

The existence of a Nomination and Remuneration Committee within the Board of Directors is a requirement for all listed companies, the purpose of the body being to assist the BoD by establishing the principles for selecting candidates for the Board, selecting candidates for election or re-election as a member of the Board, submitting proposals on the remuneration of directors and members of the Board and submitting proposals subject to the decision of the Board.

Concerning the coordination of the remuneration activity, the Committee shall periodically review and submit to Board the policy on the remuneration of administrators and directors.

During January 1 – June 8, 2018, the composition of the Nomination and Remuneration Committee was as follows: Mr. Răzvan STRĂUȚ – chairman of the committee and Mr. Sorin MARICA - member.

In the meeting held on June 8, 2018, the Board of Directors approved the composition of the Nomination and Remuneration Committee: Mr. Sorin MARICA - Chairman of the Committee, Mr. Marcel PFISTER - Member, Mr. Ionel Marian CIUCIOI - Member. Mr. Ionel Marian CIUCIOI will exercise his powers within the committee as of the date of authorization as administrator by the Financial Supervisory Authority.

The executive leadership

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

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

Changes in the composition of executive team during H1 2018

Between January – May 2018, directors (executives) of the company were: Mr. Bogdan-Alexandru Drăgoi - CEO, Mrs. Theodora Sferdian - Deputy General Director, and Mr. Laurențiu Riviș - Director.

SIF Banat-Crișana's Board of Directors, in the meeting of January 25, 2018, according to the provisions of art. 7 par. (15) of Company's Articles of Association decided to maintain the decisions of the Board of Directors dated 24.04.2017, reconfirming the appointment of Radu Răzvan Străuț, Vice-Chairman of the Board of Directors, as Deputy General Director of SIF Banat-Crișana and the delegation of the management of the company under art. 143 of Law no. 31/1990.

The Financial Supervisory Authority, by Authorization no. 146/17.05.2018, authorized the changes occurred in SIF Banat-Crișana's documents following the change in the composition of the company's management, by the appointment of Radu Răzvan Străuț as Director of SIF Banat-Crișana, as per the Decision of the Board of Directors no. 1 of 25.01.2018.

As at June 30, 2018, the composition of the executive team of SIF Banat-Crișana is the following: Mr. Bogdan-Alexandru Drăgoi – Chairman - CEO; Mr. Radu Răzvan Străuț – Vice-Chairman, Deputy General Director; Mr. Teodora Sferdian - Deputy General Director; Mr. Laurențiu Riviș - Director.

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

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

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

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

By Authorization no. 79/09.03.2018, Mrs. Adina Eleonora Hodăjeu has been endorsed by ASF as

responsible person for risk management in SIF Banat-Crișana, registered in ASF Registry with number PFR13.2FARA / 020053.

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

An extensive review of the *management of significant risks policy* as well as the procedures on their identification, assessment, measurement and control was conducted in the first part of 2018. Thus, the revised and newly prepared documents were approved by the Board of Directors by Decision no. 1 / 02.21.2018.

The main risks for the Company

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

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

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

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

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

The Board of Directors approved the classification of the Company's overall risk at a MEDIUM level in 2018, corresponding to an average risk appetite.

During H1 2018 there were not noticed exceedances of the risk limits at the level of the overall risk profile.

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

The risk of exceeding the legal limits of prudential holdings

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

During H1 2018, SIF Banat-Crișana's portfolio of assets fell within the holding limits specified in the ASF / CNVM Regulation no. 15/2004.

Leverage

The Company ensures that its overall exposure to the financial instruments in the managed portfolio does not exceed the total value of the assets managed.

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

No financial instrument financing operations (SFTs) were carried out by SIF Banat-Crișana during H1 2018 and the Company performed no transaction of *total return swap* type, as defined by EU Regulation 2365/2015.

Internal Control

The activity of the Compartment for internal control / compliance was carried out during H1 2018 pursuant to the Plan for Investigation and control for the year 2018, as approved by the Board of Directors of SIF Banat-Crișana in the meeting held on January 30, 2018, of the provisions of Regulation no. 9 and no. 15/2004, the work procedures and internal regulations. By the ASF Authorization no. 80 / 09.03.2018 the representative of the internal control compartment was authorized as compliance officer / representative of the compliance compartment, the internal control function being transformed into the compliance checking function. The compliance / verification activities continued to be carried out in accordance with the approved Control Plan for 2018.

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

During the control/compliance checking activity conducted in H1 2018, were addressed the following:

- compliance with the capital market legislation and working procedures in the activities for preparing and transmitting the list of persons with access to inside information; in the redaction, transmittal and publication of mandatory reports, of requests for ASF endorsements;
- the manner of complying with the provisions of the procedure of insider information regime, personal transactions and managing / avoiding conflicts of interest;
- the observance of regulations and procedure for the calculation of net asset value, and the status compliance of holdings limits for the portfolio, under Law 297/2004 (as amended by Government Ordinance 32/2012) and Regulation no. 15/2004.

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

Internal Audit

SIF Banat-Crișana establishes and permanently and operatively maintains the internal audit function, which runs independently of other functions and activities, reporting directly to the Board of Directors. The activity of internal audit is carried out grounded on an audit program prepared in accordance with the objectives of the company, endorsed by the Audit Committee and approved by the Board of Directors. The activity of internal audit of SIF Banat-Crișana has been outsourced to the company New Audit SRL from Arad.

Internal audit is conducted regularly, in order to provide an independent assessment of the

operations carried out, their control and management processes, considering the possible exposure to risk on various business segments (security of assets, compliance with regulations and contracts, integrity of financial and operational information, etc.) makes recommendations to improve the systems, controls and procedures, to provide efficient and effective operations and observes the proposed corrective actions and the attained results.

The internal audits missions carried out in the first half 2018 addressed:

- compliance with document archiving procedures;
- transactions with securities, compliance with short-term investment policy and approved work procedures;
- human resource management, compliance with the Collective Labour Contract, internal regulation and approved procedures;
- observance of the procedure regarding conflicts of interest, respectively conflicts of interest involving the members of SIF Banat-Crișana's management and certain categories of employees.

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 2018, subject to the audit, are consistent with the policies, programs and management of the company, pursuant to the legislation and internal regulations.

Observance of shareholders' rights

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

Pursuant to art. 286¹ par. (1) of Capital Market Law no. 297/2004, as amended by Law no. 11/2012, any person may acquire under any title or may hold, alone or together with the persons acting in concert with such person, shares issued by the Company, but not more than 5% of the share capital.

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

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

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

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

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

During H1 2018, the Board of Directors convened the ordinary general meeting of shareholders (OGM) and the extraordinary general meeting of shareholders (EGMS) for April 26 (27), 2018.

The OGM held on April 26, 2018: The ordinary general meeting of shareholders (OGM) gathered statutorily on the first call on April 26, 2018, with the direct participation, or by representative or by correspondence of shareholders holding 174,705,993 shares, representing 33.76% of the share capital. The resolution of the OGM was submitted to ASF, BVB and communicated to the investors by the Current Report of April 26, 2018, available on company's website, www.sif1.ro

The OGM held on April 26, 2018, approved the resolutions submitted by the Board of Directors concerning:

- the separate financial statements for 2017;
- appropriation of 2017 profit in the amount of RON 69,553,195, to *Other reserves*, to support a share repurchase program;
- the consolidated financial statements for 2017;
- the discharge from liability of the Board of Directors for the financial year 2017;
- Budget and Activity Plan for 2018;
- maintaining the monthly remuneration for the members of the Board in the amount approved by the ordinary general meeting of shareholders of April 26, 2016;
- the general limits of all additional remunerations for the directors and administrators;
- election of Mr. Ionel Marian CIUCIOI as administrator on the vacant seat in the Board of Directors, with a term of office equal to the term remaining until the expiry of the current administrators, i.e. 24.04.2021;
- the date of September 21, 2018 as registration date (September 20, 2018 as ex-date) as per the provisions of art. 86 par. 1 of Law 24/2017, of CNVM Regulation no. 6/2009 and CNVM Regulation no. 1/2006.

The EGMS held on April 26, 2018: The extraordinary general meeting of shareholders (EGM) gathered statutorily on April 26, 2018 at the first call, with the direct participation, or by representative or by correspondence of shareholders holding 177.078.546 shares, representing 34.22% of the share capital. The resolution of the EGM was submitted to ASF, BVB and communicated to the investors by the Current Report of April 26, 2018, available on company's website, www.sif1.ro

The EGMS held on April 26, 2018 approved the resolutions submitted by the Board of Directors concerning:

- the reduction of company's share capital, pursuant to art. 207 par. (1) letter c) of Law no. 31/1990, from RON 52,000,000 to RON 51,746,072.4, following the cancellation of 2,539,276 own shares acquired by the company, in the buyback programs;
- carrying out a buyback program ("Program I") to reduce the company's share capital, for a maximum number of shares that may be repurchased of 17,460,724 shares at most; with the minimum price per share of RON 1; and a maximum price per share of RON 4.81; with the program duration of maximum 18 months after publication of the decision in the Official Gazette of Romania, Part IV, and the shares acquired under the Program I to be paid from sources permitted by law;
- carrying out a buyback program ("Program II") for the distribution free of charge to the members of the Company's management (administrators, directors) in order to build their loyalty as well and to reward their activity in the Company, according to performance criteria to be determined by the Board of Directors, for a maximum number of shares that may be repurchased of 1,400,000 shares at most; with the minimum price per share of RON 1 and the maximum price per share of RON 4.81; with the duration of the program of maximum of 18 months after publication of the decision in the Official Gazette of Romania, Part IV; and the shares acquired under the Program II to be paid from sources permitted by law;
- the use of the shares purchased under Program II for the redemption of own shares for their distribution free of charge to members of the company's management (administrators, directors)

- in a "Stock Option Plan", in compliance with applicable law;
- the date of May 16, 2018 as registration date (May 15, 2018 as ex-date) as per the provisions of art. 86 par. 1 of Law 24/2017, of CNVM Regulation no. 6/2009 and CNVM Regulation no. 1/2006.

For the general meetings of shareholders, the suspension of voting rights for the holdings above the legal and statutory threshold of 5% of the share capital was performed pursuant to the legal provisions, as per ASF Decision no. 517/25.04.2018.

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

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

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

Financial calendar for 2018:

- February 15* - Presentation of the preliminary financial results for 2017;
- April 26 (27)* - General Meeting of Shareholders for the approval of the separate and consolidated financial statements for 2017;
- April 27* - Presentation of 2017 Annual Report – separate and consolidated financial statements for 2017;
- May 15* - Presentation of the quarterly report – financial results for Q1 2018;
- August 14* - Presentation of the half yearly report and individual financial results for H1 2018;
- September 28* - Presentation of the half-yearly report and consolidated financial statements for H1 2018;
- November 6* - Presentation of the quarterly report and financial results for Q3 2018.

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

In May 23 and 24, 2018, SIF Banat-Crișana participated, represented at top-management level by Mr. Bogdan Drăgoi, Chairman - CEO at the "CEE Investor Days" conference organized in New York by the stock exchanges from Bucharest, Warsaw and Prague in collaboration with the Wood & Company independent brokerage firm. In the two days of the event, 34 companies from Poland, the Czech Republic and Romania met with 84 institutional investors representing the largest 59 investment houses in the US.

Also, SIF Banat-Crișana was a partner of several events organized by various media companies, such as the meeting with the economic press organized by the editor of "Piața Financiară" magazine in February 2018 in Predeal, the conference "The Future of the Romanian Capital Market" organized by the publisher of "Bursa" daily newspaper, or "The New Market 2018", organized by the editor of the business daily magazine wall-street.ro, both took place in Bucharest in March.

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

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

The OGM held on April 26, 2018, decided not to distribute dividends, allocating the net profit for the 2017 financial year, in the amount of RON 69,553,195, to *Other reserves*, to support a program for the repurchase of own shares.

The payment of the dividends for the financial year 2014 continued during H1 2018, made under the ASF Regulation no. 3/2015 through the Central Depository and Banca Transilvania as paying agent. SIF Banat-Crișana has fulfilled all legal formalities for informing the shareholders regarding the payment of dividends, the payment procedure being available on Company's website.

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

Financial reporting

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

SIF Banat-Crișana has prepared separate and consolidated financial statements as at December 31, 2017 in accordance with IFRS and ASF Norm no. 39/2015. These were audited by PricewaterhouseCoopers Audit SRL and approved by OGM of April 26, 2018 and are available on Company's website www.sif1.ro.

During Q1 2018, the management of SIF Banat-Crișana reanalysed the criteria for the classification of the company as an investment entity and the situation of the exemption from the preparation of consolidated financial statements, taking into account the provisions of IFRS 10 "Consolidated financial statements".

Based on the analysis conducted, the Company's management ascertained that the Company meets the requirements to be classified as an investment entity. As such, from 2018, the Company will apply the IFRS 10 consolidation exception applicable to investment entities, except for subsidiaries providing investment services (SAI Muntenia Invest, Administrare Imobiliare SA). Thus, in accordance with IAS 27 and IFRS 10, from the date that the Company's management has concluded that the Company meets the criteria for classification as an "investment entity", the Company values all its subsidiaries at fair value through profit or loss, with the exception of subsidiaries providing investment-related services, that will continue to be consolidated. Under these circumstances, the Company will prepare two sets of financial statements: separate and consolidated financial statements, in accordance with IFRS 10 and IAS 27.

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

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

In SIF Banat-Crișana there is operational an internal procedure, approved by the Board of Directors, concerning the conflict of interest and personal transactions, as required by ASF regulations and EU regulations applicable to alternative investment fund managers and concerning market abuse. The procedure includes rules on the Company concerning security and confidentiality of information, mainly dealing and preventing fraudulent practices and refraining from action of market manipulation.

Diversity policy

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

Social responsibility

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

In H1 2018, SIF Banat-Crișana financially supported the organizing the event "International Finance and Banking Conference - FI BA 2018" in March in Bucharest, by the Romanian Association of Finance and Banking - ROFIBA together with the Faculty of Finance, Insurance, Banking and Stock Exchange from Academy of Economic Studies in Bucharest.

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

4. FINANCIAL RESULTS AS AT JUNE 30, 2018

SIF Banat-Crișana has prepared condensed interim separate financial statements as at June 30, 2018 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 separate financial statements as at June 30, 2018, 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 2018:

4.1. Separate statement of financial position

Separate statement of financial position		
<i>denominated in RON</i>	30/06/2018	31/12/2017
Assets		
Cash and cash equivalents	75,662,465	11,320,217
Bank deposits	-	4,814,586
Financial assets at fair value through profit and loss	1,046,691,884	338
Financial assets at fair value through other comprehensive income	1,415,585,468	2,440,191,357
Financial assets at amortized cost	6,498,626	6,499,764
Investment property	20,042,164	20,042,164
Tangible assets (property, plant and equipment)	3,311,977	3,435,599
Other assets	5,467,432	1,841,146
Total assets	2,573,260,016	2,488,145,171
Liabilities		
Dividends payable	15,494,323	15,586,380
Deferred income tax liabilities	158,011,790	176,433,120
Other liabilities, deferred income, provisions for risks and expenses	988,149	4,885,528
Total liabilities	174,494,262	196,905,028
Equity		
Statutory share capital	52,000,000	52,000,000
The effect of applying IAS 29 on the share capital	648,330,055	648,330,055
Own shares (including losses from redemption)	(4,872,849)	(4,872,849)
Benefits in equity instruments	595,000	-
Reserves set-up from the application of Law no. 133/1996 (including effect of IAS 29)	2,105,675,691	2,105,675,691
The effect of applying IAS 29 on retained earnings	(2,608,519,657)	(2,608,519,657)
Accumulated profit	656,222,700	145,433,105
Legal reserves, reserves from revaluation of tangible assets	11,074,779	11,074,779
Other reserves	759,843,036	690,289,841
Fair value assets valued through other comprehensive income	778,417,002	1,251,829,179
Total equity	2,398,765,755	2,291,240,143
Total liabilities and equity	2,573,260,016	2,488,145,171

Cash and cash equivalents include all liquid investments of the Company in term deposits, current accounts and cash in hand. Their level is significantly higher as compared to 2017-year end, as dividends from portfolio companies were collected in the first six months of 2018, liquidity directed in short-term money market placements.

Financial assets at fair value through profit or loss comprises the Company's holdings in the deconsolidated subsidiaries starting with the financial year 2018 (in accordance with IFRS 10), associates (in accordance with IAS 27), investments in fund units issued by closed-end investment funds and alternative open-ended funds and the company's placements in fixed income instruments issued by subsidiaries.

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

(SAI Muntenia and Administrare Imobiliare SA) and investments in govt. securities denominated in RON and bonds denominated in euro (issued by Impact SA).

Financial assets at amortized cost as at 30 June 2018 represent the company's placements in bonds denominated in euro issued by banking companies (Banca Transilvania). The difference in value of this category as compared to the end of 2017 is given exclusively by the exchange rate differences recorded on a monthly basis in their account.

Investment property, Tangible assets and Other assets mainly include land and buildings acquired by the Company following the withdrawal from companies in the portfolio (Hidrotim) or withdrawal of the contribution in kind (Azuga Turism). The value of Company's investment property at fair value as at June 30, 2018 is of RON 20 million. Tangible assets held by the Company are those used while performing operational and administrative activities, at headquarters.

Deferred income tax liabilities represent the tax payable / recoverable in future periods related to taxable temporary differences / deductibles between the carrying amount and the tax of an asset or liability. The decrease of this item as compared to the end of the previous year is mainly due to the reclassification in the retained earnings of previously recognized amounts in other equity (fair value differences - fund units, sold shares - Erste) and, consequently, the recognition of a current tax on profit and diminishing deferred income tax.

Equity weight the most in the liability structure. The growth is the effect of the inclusion in the other comprehensive income the amounts resulted from the fair value measurement of the portfolio of the (positive) value differences resulting from the marking-to-market the holdings held.

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

Separate statement of profit or loss and other comprehensive income		
<i>denominated in RON</i>	30/06/2018	30/06/2017
Income		
Dividend income	78,752,410	39,730,571
Interest income	1,861,764	1,625,138
Other operating revenues	180,677	74,879
Investment gains		
(Loss) / Net gain from foreign exchange differences	92,770	(1,214)
Net profit from sale of assets	(553,308)	(62,672)
Net Profit/(Loss) from financial assets at fair value through profit and loss	(20,200,830)	9
Gain on investment property	-	-
Expenses		
Commissions expenses	(1,649,491)	(1,233,402)
Other operating expenses	(6,176,293)	(4,743,534)
Profit before tax	52,307,699	35,389,775
Income tax	(1,517,266)	(2,088,649)
Net profit for the period	50,790,433	33,301,127
Gain on transactions recognized in retained earnings acc. to IFRS 9	70,186,930	
Related tax	(11,132,023)	
Net gain from transactions recognized in retained earnings	59,054,907	
Items that are or may be reclassified to profit or loss		
Fair value reserve (financial assets at fair value through other comprehensive income)		
Amount transferred to profit or loss	553,308	(351,232)
Amount transferred to retained earnings	(70,186,930)	
Changes in fair value of assets at fair value through other items of comprehensive income	45,453,165	197,389,837
The effect of the income tax related to them	13,799,861	(28,796,237)
Other comprehensive income	(10,380,596)	168,242,368
Total comprehensive income for the period	99,464,745	201,543,495

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

Dividend income rose in H1 2018, from higher dividends distributed by issuers in the portfolio (BRD) and recording in advance, as compared to the same period last year of dividends distributed by Banca Transilvania.

Interest income includes interest on bank deposits, corporate and government bonds. In H1 2018, the volume of interest income is higher than that of the corresponding period of the previous year, as the Company reallocated a significant portion of available liquidity to government or corporate bonds, at yields higher than the amounts invested in bank deposits.

The Other Operating revenues category includes, as a rule, the Company's proceeds from rents, the recovery of court fees and other occasional revenues. In H1 2018, the amounts received are higher as compared to H1 2017.

The impact of *investment gains* realized in H1 2018 is unfavourable and is, mostly, the effect of the fair value measurement of assets included in the *fair value through profit or loss* category (shares in deconsolidated subsidiaries and associates, bonds issued by Vrancart, fund units in closed-end funds and open-ended alternative funds). Please note that for most assets in this category, the Company records a surplus over their cash purchase cost but, given the mandatory reclassification under IFRS 9 and IFRS 10, accruals existing at 31 December 2017, were included in retained earnings.

Commissions expenses include fees payable to regulatory agencies, the depositary and the stock exchange, the largest share is that of 0.0078% of the net assets, the monthly commission paid to ASF. The increase compared to H1 2016 is explained by the increase in commissions payable to ASF, following the constant increase of the net asset value reported by SIF Banat-Crișana.

The category of *Other operating expenses* includes the costs of staff and management salaries, those on taxes and fees and other expenses incurred in activity of the Company. The increase as compared to the first six months of the previous year is mainly due to the personnel expenses.

For H1 2018, SIF Banat-Crișana SA recorded a gross profit of **RON 52,307,699**, 47.8% higher than H1 2017, and a net profit of **RON 50,790,433**, an upsurge of 52.5% compared to H1 2017.

4.3 Cash flow statement

Cash flow statement		
denominated in RON	June 30, 2018	June 30, 2017
Operating activities		
Net profit for the period	50,790,433	33,301,127
Adjustments for:		
Amortization of tangible and intangible assets	139,888	99,495
Net (gain) / Loss from disposal of tangible assets	4,557	14,913
Gain from valuation of investment property	-	-
(Reversals) / Expenses on adjustments for impairment	-	-
Net profit from sale of assets	553,308	62,672
(Net gain)/Net loss from financial assets at fair value through profit or loss	20,200,831	(9)
Dividend income	(78,752,410)	(39,730,571)
Interest income	(1,861,766)	(1,625,138)
Expenses with / (income from) other provisions and adjustments	(3,370)	-
Income tax	1,517,266	2,088,649
Changes in operating assets and liabilities related to operating activities		
Change in other assets	(1,132,641)	137,530
Change in other liabilities	(802,489)	(2,098,345)
Income tax paid	(25,588,823)	-
Net cash from / (used in) operating activities	(34,935,216)	(7,749,678)
Investment activities		
Payments for acquisition of shares in subsidiaries and other financial assets (shares, fund units, bonds)	(133,183,428)	(128,742,899)
Proceeds from sale of financial assets (shares, bonds)	136,544,019	69,415,700
(Placements)/Proceeds from deposits with term greater than three months	4,800,000	40,872,333
Net proceeds/(payments) from sale of assets at fair value through profit or loss	16,000,255	-
Proceeds/(payments) for purchase of assets valued at amortized cost	-	(17,365)
Payments for purchases of tangible assets (property, plant and equipment)	(25,899)	(55,188)
Dividends collected	71,686,360	32,884,660
Interest collected	3,456,155	3,636,799
Net cash flow proceeds / (used in) investment activities	99,277,463	17,994,040

Cash flow statement		
<i>denominated in RON</i>	June 30, 2018	June 30, 2017
Financing activities		
Dividends paid	-	-
Net cash from / (used in) financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	64,342,248	10,244,362
Cash and cash equivalents at January 1st	11,320,217	16,372,090
Cash and cash equivalents at June 30th	75,662,465	26,616,452

The increase in H1 2018, as compared to the corresponding period of the previous year, of the net cash used in operating activities is mainly attributable to payments made as income tax payable by the Company as a result of the adoption of IFRS 9 and transactions carried out in the first six months of the year.

During H1 2018, investment activity generated a higher cash surplus as compared to H1 2017. Structurally, as compared to the previous year, the cash flows related to the investment activity changed as follows: payments for the acquisition of financial assets (shares, fund units, corporate bonds) stood at the same level as in H1 2017, but the funding sources for these payments were different. If H1 2017 these purchases were financed from the change of monetary placements (bank deposits) and dividends collected, in the first six months of 2017 the financing of these payments came mainly from the sale of financial assets (Erste shares, government bonds, redemption of fund units), and dividends collected.

As at June 30, 2018 *Cash and cash equivalents* show a significant upsurge compared to the same period of the previous year, mainly due to directing the cash surplus from investment activity to short-term money placements.

Tangible assets of the company

SIF Banat-Crișana owns the premises for carrying out the operational and administrative activities of the company located in Arad (headquarters). The company also owns real estate in the cities of Bucharest, Cluj-Napoca and Timișoara, following the closing-down of its branch-offices in 2008 (Timișoara) respectively in 2015 (Cluj-Napoca). At the same time, following the withdrawal of the contribution in kind to the share capital of Azuga Turism, SIF Banat-Crișana owns a land located in Bușteni, and following the withdrawal from the company Hidrotim S.A., SIF Banat-Crișana came into possession of a building and its land in Timișoara. The aforementioned buildings (except for the headquarters in Arad included in tangible assets) are accounted for under IFRS as investment property at fair value, amounting to RON 20,042,164 as at June 30, 2018 (December 31, 2017: RON 20,042,164).

The net book value as at June 30, 2018, of tangible assets in the construction category is of RON 2,780,454, the amount of wear (determined on linear depreciation) is of 26.3%. The Company carried out the last revaluation of tangible assets on December 31, 2015, in view of the harmonization of the accounting values with the market values and the utility values of the assets held in the patrimony.

The Company has no property rights issues over its tangible assets.

5. OTHER SIGNIFICANT INFORMATION

Human resources

The number of SIF Banat-Crișana's employees as at June 30, 2018, was of 34, of which 30 working at the headquarters in Arad and 4 at Bucharest branch.

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

The employment relationships are regulated by the Individual Labour Contracts and by the Collective Labour Contract. In H1 2018, the amendment for the prolongation of validity with one year for the Collective Labour Contract was registered at the Territorial Labour Inspectorate in Arad. There were no conflicting aspects throughout the first half of 2018 in the relations between management and employees.

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

Considering performance as essential for sustaining a successful business, its assessment is a priority thus in the first part of the year the review of employees' performance for 2017 was completed, and the objectives for 2018 were set out.

Litigations

As at June 30, 2018, as documented in the records of SIF Banat-Crișana's Legal Dept., the Company was involved in 92 litigations. The Company had locus standi in 77 disputes, passive capacity to stand trial in 15 disputes.

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

Information concerning the implementation of AIFM Law

In the process of implementing the legal provisions concerning alternative investment fund managers (Law no. 74/2015) SIF Banat-Crișana has revised the provisions of its articles of incorporation, procedures and internal regulations to align them with the provisions of Law no. 74/2015 and has taken all necessary measures to comply with the AIFM Law.

In March 2018, the course of authorizing the Company as Alternative Investment Fund Manager (AIFM) by the Financial Supervisory Authority was completed, as well as the authorization of the persons holding the key functions of risk management and compliance officer. At the same time, the Company's Articles of Association have been endorsed in accordance with the AIFM legislation.

On March 9, 2018, the Financial Supervisory Authority transmitted to SIF Banat-Crișana the following documents:

- Authorization no. 78/09.03.2018 through which SIF Banat-Crișana is authorized as Alternative Investment Fund Manager (AIFM);
- Endorsement no. 76/09.03.2018 approving the amendments to the SIF Banat-Crișana's Articles of Association;
- Authorization no. 79/09.03.2018 authorizing Mrs. Adina-Eleonora HODĂJEU holding the key function of risk management for SIF Banat-Crișana;
- Authorization no. 80/09.03.2018 authorizing Mr. Ioan-Eugen CRISTEA in the key function of compliance officer for SIF Banat-Crișana;

- Decision no. 332/09.03.2018 withdrawing Mr. Ioan-Eugen CRISTEA the authorization as Representative of Internal Control Compartment for SIF Banat-Crișana.

Amendments to the constitutive documents

By Endorsement no. 76 / 09.03.2018 ASF approved the amendments made in the Articles of Association, according to the EGM Decision no. 2 of 25.04.2016, regarding the completion of the object of activity of the company for the authorization of SIF Banat-Crișana as AIFM;

By Endorsement no. 99 / 04.04.2018 ASF approved the amendments made in SIF Banat-Crișana's documents (including the Articles of Association) following the appointment of Mr. Ciucioi Ionel Marian as provisional administrator.

The buyback programs approved by EGM of April 26, 2018

The EGM of April 26, 2018 approved the execution of two buyback programs, in compliance with the applicable legal provisions and having the following main characteristics:

Program I

The Company will repurchase shares under the Program to reduce its share capital; the maximum number of shares that may be repurchased is of 17,460,724 shares at most; the minimum price per share: RON 1; the maximum price per share: RON 4.81; the duration of the: maximum of 18 months after publication of the decision in the Official Gazette of Romania, Part IV; the shares acquired under the Program I will be paid from sources permitted by law.

Program II

The Company will repurchase shares under the Program II for the distribution free of charge to the members of the Company's management (administrators, directors) in order to build their loyalty as well and to reward their activity in the Company, according to performance criteria to be determined by the Board of Directors; the maximum number of shares that may be repurchased: 1,400,000 shares at most; the minimum price per share: RON 1; the maximum price per share: RON 4.81; the duration of the program: maximum of 18 months after publication of the decision in the Official Gazette of Romania, Part IV; the shares acquired under the Program II will be paid from sources permitted by law.

The EGM of April 26, 2018 approved the use of the shares purchased under Program II for the redemption of own shares for their distribution free of charge to members of company's management (administrators, directors) in a "Stock Option Plan", in compliance with applicable law, the Board of Directors being empowered to take all necessary measures and to fulfil all the formalities required for the approval and implementation of the "Stock Option Plan".

On May 21, 2018, the company announced by means of a current report and a "Disclosure document" prepared according to CNVM Regulation no. 1/2006 (Annex no. 21), that the Board of Directors approved the "Stock Option Plan", by which 1,400,000 SIF1 shares were offered to the Company's administrators and directors.

The vesting (transfer of shares) will be made when the conditions in the "Stock option plan" are met and the option is exercised by each beneficiary, after a term of 12 months has passed since the signing of the payment agreements.

The shares that are the object of the offer will be repurchased by SIF Banat-Crișana, in accordance with the resolution of the EGM of April 26, 2018.

The Board of Directors of SIF Banat-Crișana will take the necessary steps to implement and carry out the buyback programs within the term and in compliance with the conditions approved by the extraordinary general meeting of shareholders. The Company will appropriately inform the investors

about the implementation of the buyback programs, in compliance with the applicable legal framework.

The reduction of the share capital

The EGM of SIF Banat-Crișana, held on April 26, 2018 approved the reduction of the share capital of SIF Banat-Crișana, pursuant to art. 207 par. (1) letter c) of Law no. 31/1990, from RON 52,000,000 to RON 51,746,072.4, following the cancellation of 2,539,276 own shares acquired by the company, in the buyback programs. Subsequently to the reduction, the share capital of SIF Banat-Crișana will have a value of RON 51,746,072.4, divided into 517,460,724 shares with a value of RON 0.10/share.

The Article 3 par. (1) of Company's Articles of Association shall be amended as a result of the reduction of the share capital and shall read as follows: *"The share capital of the company amounts to RON 51,746,072.4 and is divided into 517,460,724 shares of RON 0.10 each, allotted to shareholders as it results from the records entered in the shareholders' register."*

The Company submitted, within the legal term, to the approval of the Financial Supervisory Authority the operation of share capital reduction approved by the EGM of April 26, 2018, the company's request being still pending resolution. Until the date of this report, ASF did not issue the necessary endorsement to implement the operation of share capital reduction.

Events after the reporting period

There were none.

6. ANNEXES

- Annex 1** Condensed interim financial statements as at June 30, 2018, prepared 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 - unaudited
- Annex 2** Net asset statement as at June 30, 2018, prepared pursuant to Regulation no. 15/2004 (Annex 16)
- Annex 3** Detailed statement of investments as at June 30, 2018, pursuant to Regulation no. 15/2004 (Annex 17)
- Annex 4** Amendments to the Articles of Association in H1 2018
- Annex 5** Authorizations issued by ASF in H1 2018 concerning changes in leadership structure
- Annex 6** Statement of the responsible persons

The half-yearly report was approved by the Board of Directors of SIF Banat-Crișana in the meeting held on August 13, 2018.

Bogdan-Alexandru DRĂGOI
Chairman and CEO

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

SIF Banat-Crişana S.A.

**Condensed interim separate financial statements
as at June 30, 2018**

Prepared pursuant to Norm no. 39/2015 for the approval of accounting regulations in accordance with the International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector

unaudited

*FREE TRANSLATION
from Romanian which is the official and binding version*

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**Condensed Statement of profit or loss and other comprehensive income
for the first semester ended June 30, 2018**

<i>Denominated in RON</i>	<i>Note</i>	June 30, 2018	June 30, 2017
Income			
Dividend income	4	78,752,410	39,730,571
Interest income	5	1,861,764	1,625,138
Other operating revenues		180,677	74,879
Investment gains			
Gains on investment property		-	-
(Loss) Net gain from foreign exchange differences		92,770	(1,214)
Net profit / (Loss) from financial assets at fair value through profit and loss	6	(20,200,830)	9
Profit/(Loss) from sale of assets	7	(553,308)	(62,672)
Expenses			
Commissions expenses	8	(1.649.491)	(1,233,402)
Other operating expenses	9	(6.176.293)	(4,743,534)
Profit before tax		52,307,699	35,389,775
Income tax	10	(1,517,266)	(2,088,649)
Net profit for the period		50,790,433	33,301,127
Gain on transactions recognized in retained earnings acc. to IFRS 9	7, 14	70,186,930	
Related tax		(11,132,023)	
Net gain recognized in retained earnings		59,054,907	
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Fair value reserve (financial assets):			
Amount transferred to profit or loss		553,308	(351,232)
Amount transferred to retained earnings (equity instruments)		-70,186,930	
Change in fair value of the shares measured by other comprehensive income		45,453,165	197,389,837
Effect of the income tax related to them		13,799,861	(28,796,237)
Reserves from revaluation to fixed assets		-	-
Other comprehensive income		(10,380,596)	168,242,368
Total comprehensive income for the period		99,464,745	201,543,495
Earnings per share			
Basic		0.098	0.062
Diluted		0.098	0.062

The condensed interim financial statements were approved by the Board of Directors on August 13, 2018 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, CEO

Ștefan Doba
Economic Director

Condensed statement of financial position as at June 30, 2018

Denominated in RON

	Note	June 30, 2018	December 31, 2017
Assets			
Cash and cash equivalents	11	75,662,465	11,320,217
Bank deposits	12	-	4,814,586
Financial assets at fair value through profit or loss	13	1,046,691,884	338
Financial assets at fair value through other comprehensive income	14	1,415,585,468	2,440,191,357
Financial assets at amortized cost	15	6,498,626	6,499,764
Investment property	16	20,042,164	20,042,164
Tangible assets (property, plant and equipment)		3,311,977	3,435,599
Other financial assets	17	5,322,057	1,627,078
Other assets		145,375	214,068
Total assets		2,573,260,016	2,488,145,171
Liabilities			
Dividends payable		15,494,323	15,586,380
Deferred income tax liabilities	18	158,011,790	176,433,120
Other financial liabilities	19	982,862	3,703,802
Other liabilities and deferred revenues		5,287	1,181,726
Total liabilities		174,494,262	196,905,028
Equity			
Statutory share capital	20	52,000,000	52,000,000
The effect of applying IAS 29 on the share capital	20	648,330,055	648,330,055
Own shares	20	(4,748,190)	(4,748,190)
Losses from the redemption of own shares		(124,659)	(124,659)
Benefits granted in equity instruments		595,000	-
Reserves set-up from the application of Law no. 133/1996		2,105,675,691	2,105,675,691
The effect of applying IAS 29 to equity elements on retained earnings		(2,608,519,657)	(2,608,519,657)
Accumulated profit		656,222,700	145,433,105
Other reserves		759,843,036	690,289,841
Reserves from revaluation of tangible assets		97,794	97,794
Legal reserves	20	10,976,985	10,976,985
Differences from the change in fair value of financial assets measured by other items of comprehensive income		778,417,002	1,251,829,179
Total equity		2,398,765,755	2,291,240,143
Total liabilities and equity		2,573,260,016	2,488,145,171

The condensed interim financial statements were approved by the Board of Directors on August 13, 2018 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, CEO

Ștefan Doba
Economic Director

Condensed Statement of Changes in Equity *as at June 30, 2018*

Denominated in RON

	Inflated share capital	Own shares	Losses from the redemption of own shares	Legal reserves	Reserves from the application of Law no. 133/1996 (including hyperinflation)	Changes from revaluation of financial assets through other comprehensive income	Reserves from revaluation of fixed assets	Other reserves	Benefits granted in equity instruments	Accumulated profit	The effect of applying IAS 29 on items of equity on retained earnings	Total
Balance at December 31, 2017	700,330,055	-4,748,190	-124,659	10,976,985	2,105,675,691	1,251,829,179	97,794	690,289,841	0	145,433,106	-2,608,519,658	2,291,240,143
Balance as at January 1, 2018 - restated	700,330,055	-4,748,190	-124,659	10,976,985	2,105,675,691	1,176,253,311	97,794	690,289,841	0	239,606,863	-2,608,519,658	2,309,838,033
Comprehensive income												
<i>Profit for the period</i>	-			-	-	-				50,790,433	-	50,790,433
<i>Other comprehensive income</i>												
Reserve from revaluation of assets available for sale transferred to profit or loss	-			-	-	553,308				-	-	553,308
Reserve from revaluation of financial assets transferred to retained earnings acc. to IFRS 9						(70,186,930)				70,186,930		0
Change in fair value related to subsidiaries						(376,323,691)				376,323,691		0
Change in reserve from revaluation of financial assets through other comprehensive income	-			-	-	45,453,165				-	-	45,453,165
Revaluation of tangible assets						2,667,838				(11,132,023)		(8,464,185)
Related deferred tax												
Total comprehensive income for the period	-	-	-	-	-	(397,836,310)	-	-	-	486,169,031	-	88,332,722
Other reserves – own sources								69,553,194	-	(69,553,194)		0
Transactions with shareholders recognized directly in equity												
Dividends payable for 2017	-			-	-	-				-	-	-
Dividends written-off	-			-	-	-	-			-	-	-
Redemption of own shares									595,000			595,000
Total transactions with shareholders recognized directly in equity	0	0	0	-	-	-	-	-	595,000	-	-	595,000
Balance at June 30, 2018	700,330,055	-4,748,190	-124,659	10,976,985	2,105,675,691	778,417,001	97,794	759,843,035	595,000	656,222,700	-2,608,519,658	2,398,765,755

The condensed interim financial statements were approved by the Board of Directors on August 13, 2018 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, CEO

Ștefan Doba
Economic Director

Condensed Statement of Changes in Equity *as at June 30, 2018*

<i>Denominated in RON</i>	Inflated share capital	Own shares	Losses from the redemption of own shares	Legal reserves	Reserves from the application of Law no. 133/1996 (including hyperinflation)	Reserves from revaluation of financial assets available for sale	Reserves from revaluation of fixed assets	Other reserves	Accumulated profit	The effect of applying IAS 29 on items of equity on retained earnings	Total
Balance at January 1, 2017	739,183,919	(52,443,756)	(734,130)	10,976,985	2,105,675,691	982,963,061	97,794	608,927,140	204,087,976	(2,644,488,595)	1,954,246,085
Comprehensive income											
Profit for the period	-			-	-	-			33,301,127	-	33,301,127
Other comprehensive income											
Reserve from revaluation of assets available for sale transferred to profit or loss	-			-	-	(351,232)			-	-	(351,232)
Change in reserve from revaluation of assets available for sale	-			-	-	197,389,837			-	-	197,389,837
Revaluation of property, plant and equipment											-
Related deferred tax						(28,796,237)					(28,796,237)
Total comprehensive income for the period	-	-	-	-	-	168,242,368	-	-	33,301,127	-	201,543,495
Other reserves – own sources								81,362,701	(81,362,701)		
Transactions with shareholders recognized directly in equity											
Dividends payable for 2016	-			-	-	-			-	-	-
Dividends written-off	-			-	-	-	-		-	-	-
Redemption of own shares											-
Total transactions with shareholders recognized directly in equity	-	-	-	-	-	-	-	-	-	-	-
Balance at June 30, 2017	739,183,919	(52,443,756)	(734,130)	10,976,985	2,105,675,691	1,151,205,429	97,794	690,289,841	156,026,401	(2,644,488,595)	2,155,789,580

The condensed interim financial statements were approved by the Board of Directors on August 13, 2018 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, CEO

Ștefan Doba
Economic Director

Condensed cash flow statement as at June 30, 2018

Denominated in RON	Note	June 30, 2018	June 30, 2017
Operating activities			
Net profit for the period		50,790,433	33,301,127
Adjustments for:			
Depreciation of tangible and intangible assets		139,888	99,495
Net (gain)/loss from disposal of tangible assets		4,557	14,913
Gain from valuation of investment property		0	0
(Reversals) / Expenses on adjustments for impairment		0	0
Net profit from sale of assets (debt instruments)	10	553,308	62,672
(Net gain)/Net loss from financial assets at fair value through profit or loss		20,200,831	-9
Dividend income	7	-78,752,410	-39,730,571
Interest income	8	-1,861,766	-1,625,138
Expense with / (income from) foreign exchange differences financial assets		-3,370	0
Income tax		1,517,266	2,088,649
Changes in operating assets and liabilities			
Change in other assets (claims, etc.)		-1,132,641	137,530
Change in other liabilities		-802,489	-2,098,345
Income tax paid		-25,588,823	-
Net cash used in operating activities		-34,935,216	-7,749,678
Investment activities			
Payments for acquisition of shares in subsidiaries and other financial assets (shares, fund units, govt. bonds)	10,2	-133,183,428	-128,742,899
Proceeds from sales of financial assets (shares, govt. bonds)		136,544,019	69,415,700
(Placements) / Proceeds from term deposits greater than three months		4,800,000	40,872,333
Proceeds from sale of assets at fair value through profit or loss account		16,000,255	0
(Payments) for purchase of assets at fair value through profit or loss account			
Proceeds / (Payments) from sale of assets measured at amortized cost		0	-17,365
Proceeds for sale of tangible assets and investment property		0	
Payments for purchases of tangible assets		-25,899	-55,188
Dividends collected		71,686,360	32,884,660
Interest collected		3,456,155	3,636,799
Net cash from investment activities		99,277,463	17,994,040
Financing activities			
Dividends paid		0	0
Repurchase of own shares		0	0
Net cash used in financing activities		0	0
Net increase / (decrease) in cash and cash equivalents		64,342,248	10,244,362
Cash and cash equivalents at January 1		11,320,217	16,372,090
Cash and cash equivalents at June 30		75,662,465	26,616,452

The condensed interim financial statements were approved by the Board of Directors on August 13, 2018 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, CEO

Ștefan Doba
Economic Director

Selected explanatory notes to the condensed financial statements *as at June 30, 2018*

1. Reporting entity

Societatea de Investiții Financiare Banat-Crișana SA ("the Company") was established based on Law no. 133/1996 by the reorganization and transformation of Fondul Proprietății Private Banat-Crișana and it is a joint stock company operating under Law 31/1990 and Law no. 297/2004.

SIF Banat-Crișana is headquartered in Arad, 35A Calea Victoriei, Arad county, code 310158, tel.: +40257 304 438, fax: +40257 250 165. The registration number in the Trade Register is: J02/1898/1992, and the tax identification number is: RO 2761040

The main activity of the company:

- carrying out financial investments in order to maximize the value of own shares in accordance with the regulations in force;
- management of investment portfolio and exercising all of the rights related to the instruments in which investments are made;
- risk management;
- other activities auxiliary and associated to the collective investment activity, in accordance with the regulations in force.

The Company's shares are listed on the Bucharest Stock Exchange since November 1st, 1999 and are traded on a regulated market, Premium category, with the market symbol SIF1.

The custodian bank of the Company, starting 29.01.2014, is BRD Groupe Société Générale, replacing ING Bank NV Amsterdam Bucharest Branch, and the company providing registry services is Depozitarul Central SA Bucharest.

The Interim financial statements, condensed, prepared for the first semester ended June 30, 2018, are not audited or reviewed.

2. Basis of preparation

(a) Statement of compliance

Pursuant to Norm no. 39/2015 issued by the Financial Supervisory Authority (ASF) of Financial Instruments and Investments Sector, starting with the annual financial statements for the financial year 2015, the entities authorized, regulated and supervised by ASF - Financial Instruments and Investments Sector, shall use the International Financial Reporting Standards adopted by the European Union EU ("IFRS") as the official accounting regulations.

December 31, 2015 is the date of transition to IFRS as an accounting basis. At this date by restatements were performed and accounted for from CNVM Regulation no. 4/2011 to IFRS accounting regulations.

These condensed interim financial statements for H1 ended on June 30, 2018, have been prepared pursuant to the requirements of IAS 34 "Interim Financial Reporting" and should be read together with the separate financial statements for 2017 prepared in accordance with Norm no. 39/2015 for the approval of the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the ASF of Financial Instruments and Investments Sector (The Norm).

Pursuant to Regulation no. 1606/2002 of the European Parliament and the EU Council of July 19, 2002, and Law no. 24/2017 on issuers of financial instruments and market operations, the company is required to prepare and submit to the Financial Supervisory Authority (ASF) annual consolidated financial statements pursuant to IFRS, within 4 months from the end of the financial year. The Company prepared and published consolidated financial statements for the financial year 2017.

During Q1 2018, the Company reanalysed the criteria for the classification of as an investment entity and ascertained that the requirements are met, except for subsidiaries providing investment services (SAI Muntenia Invest, Administrare Imobiliare SA). Thus, in accordance with IAS 27 and IFRS 10, from the date that the Company's management has concluded that the Company meets the criteria for classification as an "investment entity", the Company values all its subsidiaries at fair value through profit or loss, except for subsidiaries providing investment-related services, that will continue to be consolidated. Under these circumstances, the Company will prepare two sets of financial statements: separate and consolidated financial statements, in accordance with IFRS 10 and IAS 27.

Based on the requirements of Law no. 24/2017 and the ASF Regulation no. 5/2018 on Issuers of Financial

Selected explanatory notes to the condensed financial statements as at June 30, 2018

Instruments and Market Operations, the Company will prepare and submit the consolidated interim financial statements for H1 2018 within 3 months of its end.

(b) Presentation of the financial statements

The Company adopted a presentation based on liquidity in the condensed statement of financial position and a presentation of income and expenses according to their nature in the interim condensed statement of comprehensive income, considering that these methods of presentation provide information that is reliable and more relevant than the information presented on other methods allowed by IAS 1 "Presentation of financial statements".

(c) Basis of measurement

The condensed interim financial statements are prepared on a fair value basis convention, for the financial assets and liabilities, at fair value through profit or loss or by other comprehensive income.

Other financial assets and liabilities as well as non-financial assets and liabilities are stated at amortized cost, revaluated amount or historical cost.

(d) Functional and presentation currency

The Company's management considers that the functional currency, as defined by IAS 21 "The effects of changes in Foreign Exchange Rates", is the Romanian Leu (RON or lei). The condensed interim financial statements are presented in RON, rounded to the nearest unit, which is the presentation currency chosen by the Company's management.

(e) Use of estimates and judgements

The preparation of the condensed interim financial statements pursuant to IFRS requires that management makes estimates, judgements, and assumptions that affect the application of accounting policies as well as the reported value of assets, liabilities, income and expenses.

Such estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the given circumstances. The result of these estimates forms the basis of judgments used in assessing the carrying value of assets and liabilities for which no other evaluation sources are available. Actual results may differ from the estimated values.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period or if the period of the revision and future periods are affected the revision affects both current and future periods.

Judgments made by the management in applying IFRS that have a significant impact on the separate financial statements and the estimates that involve a significant risk of a material adjustment in the next year are presented in the *Notes to the condensed interim financial statements*.

(f) Changes in the accounting policies

The accounting policies adopted are consistent with those used in the previous year, updated as a result of applying IFRS 9 and IFRS 10.

3. Significant accounting policies

The accounting policies used in these condensed interim financial statements are the consistent with those of the separate financial statements prepared as at December 31, 2017, changed with the provisions of IFRS 9 "Financial Instruments" in force starting January 1, 2018, and the amendments to IFRS 10 "Consolidated financial statements".

The disclosure of investments in the Company's financial statements is in accordance with both the requirements of IFRS 9 and the requirements of IFRS 10 (after 1 January 2018) regarding the classification and measurement of financial instruments held by the Company.

Main changes in accounting policies resulting from the application of IFRS 9 are:

- *Financial assets are classified into three measurement categories:*

- (i) subsequently measured at *amortized cost*,
- (ii) subsequently measured at *fair value through other comprehensive income* (FVOCI), and

Selected explanatory notes to the condensed financial statements as at June 30, 2018

(iii) subsequently measured at *fair value through profit or loss* (FVTPL);

- *Classification of debt instruments* is determined by the entity's business model for the management of financial assets and contractual cash flows representing only principal and interest payments (SPPI). If a debt instrument is held to be cashed, it can be valued at the amortized cost if it also meets the SPPI requirement.

- *Debt instruments that meet the SPPI requirement*, held in a portfolio by an entity, both to collect cash flows of assets and to sell assets, may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI should be measured at FVTPL (e.g.: derivatives). Embedded derivatives are no longer separate from financial assets, but will be included in the assessment of the SPPI status.

- *Investments in equity instruments* are measured at fair value. The management may make an irrevocable choice to present changes in fair value in other comprehensive income, provided that the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

- *Elimination of impairment testing* of equity instruments (shares);

- *Recognition in retained earnings of gain from transactions* of share sales measured at fair value through other items of comprehensive income.

- For shares that were accounted for under IAS 39 at cost as at December 31, 2017 the Company has developed a methodology for determining fair value by dividing these investments in shares the following categories: (i) holdings where there are market comparatives – will be measured using fair value techniques (ii) holdings in companies where there is no market comparatives, measured using the method approved by ASF, i.e. a percentage of the net assets of these companies, reduced by a discount for minority holding and a discount for the lack of liquidity.

- Most of the requirements in IAS 39 for classification and measurement of financial liabilities have been carried forward unchanged in IFRS 9. The key change is that an entity should disclose the effects of changes in the credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

- *IFRS 9 introduces a new model for recognizing impairment losses* - for the projected credit loss model (ECL). There is a "three-step" approach, which is based on changing the quality of the financial asset from the initial recognition. In practice, the new rules mean that entities will have to experience an immediate loss of 12 months ECL on the initial recognition of financial assets that are not impaired (or expected loss over the life of trade receivables). If there has been a significant increase in credit risk, depreciation is measured using the expected lifetime loss rather than for the next 12 months. The model includes operational simplifications for both leasing and commercial receivables.

- *Hedge accounting requirements have been modified to align the accounting more closely with risk management*. The Standard provides entities with an accounting policy option between applying IFRS 9 hedge accounting requirements and continuing to apply IAS 39 for all hedging instruments, as this standard currently does not deal with macro-accounting.

Investments held by the Company as an investment entity will be presented as follows:

i) *Investments in subsidiaries* excluded from consolidation are measured at fair value through profit or loss as per IFRS 9;

ii) *Investments in subsidiaries (SAI Muntenia and AISA)* included in the scope of consolidation will be measured as per IFRS 9 and measured at fair value through other items of comprehensive income.

iii) *Investments in associates* are measured at fair value through profit or loss, as per IFRS 9;

iv) *Investments in equity instruments (other than in subsidiaries and associates)* - at fair value through other items of comprehensive income;

v) *Investments in debt instruments (bonds)*

Government and corporate bonds will be classified and measured as per IFRS 9, after business model analysis and SPPI test execution:

Selected explanatory notes to the condensed financial statements as at June 30, 2018

- Government and corporate bonds - at fair value through other elements of comprehensive income, as a result of documenting the business model *"Hold to collect & sell"* and passing the SPPI test;
- Corporate bonds issued by subsidiaries and associates - at fair value through profit or loss, consistently treated with the method of valuation of subsidiaries and associates, as per the provisions of IFRS 10, paragraph 31, and the Company's business model, in line with the exit strategy for those investments; and
- Corporate bonds other than those issued by subsidiaries and associates - at amortized cost consistent with those detailed in Section B.1 (iv) *"Investments in debt instruments (bonds)"*.

vi) Investments in fund units

Fund units will be classified at fair value through profit or loss, and those are ineligible for the irrevocable choice to present them in other items of comprehensive income. Under IFRS 9, even if investments in such instruments can be assimilated to equity investments for accounting purposes, they do not meet the definition of equity as set out in IAS 32. Thus, the financial instruments that give the holder the right to place the instruments back to the issuer in return for a consideration in cash or in another financial asset represent a financial liability of the issuer. Moreover, the respective investments representing debt instruments as per IFRS 9, it is unlikely that these investments will pass the SPPI test.

Comparative financial information

Pursuant to Norm no. 39/2015 issued by the Financial Supervisory Authority of Financial Instruments and Investments Sector, starting with the annual financial statements for the financial year 2015, the entities authorized, regulated and supervised by the FSA - Financial Instruments and Investments Sector, shall use the International Financial Reporting Standards adopted by the European Union EU ("IFRS") as the official accounting regulations.

Starting January 1, 2018, the Company applies IFRS 9 Financial Instruments. This Standard provides that if an entity prepares interim financial statements in accordance with IAS 34 Interim Financial Reporting, the entity does not need to apply the provisions of this Standard for interim periods prior to the date of initial application if this is impracticable (as defined in IAS 8).

In accordance with the transitional provisions of IFRS 9, the Company has decided not to reverse prior periods.

Changes as compared to 2017 to the classification and measurement of financial instruments held by the Company as a result of the application of IFRS 9 as of January 1, 2018 are presented in the table below:

Category of assets	Classification under		Final balance Dec. 31, 2017 (IAS 39)			Initial balance Jan. 1, 2018 (IFRS 9)
	IAS 39	IFRS 9		Revaluation Other	Reclassification Mandatory	
Cash and cash equivalents (including bank deposits)	L&R	Amortized cost	16,134,803			16,134,803
Debt instruments (govt. and corporate bonds)	AFS	FVTOCI	67,163,649	(343,234)		66,820,415
Debt instruments (fund units and corporate bonds)	AFS	FVTPL (mandatory)	267,129,024			267,129,024
Debt instruments (corporate bonds)	HTM	Amortized cost	6,321,346			6,321,346
TOTAL DEBT INSTRUMENTS			356,748,822	(343,234)	-	356,405,588
Equity instruments (speculative)	HFT	FVTPL (mandatory)	338			338
Equity instruments (associated)	AFS	FVTPL	95,025,865			95,025,865
Equity instruments (total shares including subsidiaries)	AFS	FVTOCI	2,008,815,084		18,957,169	2,027,772,253
TOTAL EQUITY INSTRUMENTS			2,103,841,287		18,957,169	2,122,798,456
Debt claims	L&R	FVTPL (mandatory)	1,627,078			1,627,078
TOTAL DEBT CLAIMS			1,627,078			1,627,078
TOTAL FINANCIAL ASSETS			2,462,217,187			2,480,831,122

Following the adoption of IFRS 9 as of January 1, 2018, the fair value reserve for the financial assets available for sale (fund units) was recognized in the retained earnings.

For shares that under IAS 39 were accounted for at cost at December 31, 2017, the Company has developed a fair value measurement methodology during the transition to IFRS 9.

Selected explanatory notes to the condensed financial statements *as at June 30, 2018*

4. Dividend income

Please note that in accordance with IFRS 9 and due to the fact that the Company has opted to measure participations by other comprehensive income, dividends from these shareholdings are recognized as income unless they are a substantially recovery of the cost of investment. Dividend income is recorded as gross value. The tax rates for dividends for H1 2018 from resident and non-resident companies were 5% and zero (2017: 5% and zero). The breakdown of dividend income on the main counterparties is shown in the table below:

<i>Denominated in RON</i>	June 30, 2018	June 30, 2017
Banca Transilvania	27,065,775	-
BRD	22,329,415	9,939,313
Erste Group Bank AG	11,552,853	11,916,603
SAI Muntenia Invest SA	7,748,450	7,497,000
CONPET Ploiești	4,525,377	1,435,618
BT Asset Management	2,000,000	2,000,000
SNTGN Transgaz	1,989,686	2,031,339
SNP Petrom	717,316	537,987
ELECTRICA S.A.	475,833	487,536
Gaz Vest	-	2,408,666
Iproeb	-	301,469
Comelf	87,451	199,965
PREBET AIUD	-	125,072
Hercules SA Satu Mare	79,791	123,409
Spumotim	24,156	30,995
Others	156,307	695,599
Total	78,752,410	39,730,572

5. Interest income

<i>denominated in RON</i>	June 30, 2018	June 30, 2017
Interest income on deposits and current accounts	137,122	177,307
Interest income on bonds measured at amortized cost	190,005	186,767
Interest income on assets measured through profit and loss	744,020	306,180
Interest income on assets measured through other comprehensive income (govt. and corporate bonds)	790,617	954,884
	1,861,764	1,625,138

6. Profit/(Loss) from valuation of assets through profit and loss

<i>denominated in RON</i>	June 30, 2018	June 30, 2017
Profit / (Loss) from valuation / disposal of fund units	-16,449,116	
Profit / (Loss) from valuation of bonds (Vrancart)	461,941	
Profit / (Loss) from valuation of shares in subsidiaries and associates	-4,213,629	
Gain / (Loss) from sale of shares held for short term	-26	9
Total	-20,200,831	9

Selected explanatory notes to the condensed financial statements as at June 30, 2018

Under IFRS 9, and as the Company has concluded that it meets the criteria of IFRS 10 to declare an investment entity, as at June 30, 2018, the Company measured the holdings in fund units, shares and bonds in subsidiaries and associate entities, through profit and loss account, resulting a decrease in value of RON 17.7 mn.

If the Company had applied IFRS 10 in 2017 as well, at the end of H1 2017 the differences in fair value related to these holdings, which were favourable, in the amount of RON 26.4 mn, would have increased the net result as at June 30, 2017 with this amount, and would have diminished the position of other comprehensive income, the total comprehensive income for the period remaining unchanged.

During H1 2018, fund units were redeemed by closed-end investment fund Optim Invest in the amount of RON 18.5 mn, with RON 2.5 mn below the current book value, respectively RON 2.3 mn above the subscription value.

7. Net profit /(loss) from sale of assets

<i>denominated in RON</i>	June 30, 2018	June 30, 2017
Gain / (Loss) from sale of govt. bonds	-553,308	-95,856
Gain / (Loss) from sale of shares		33,184
Total	-553,308	-62,672

Please note that under IFRS 9 and due to the fact that the Company has opted to measure holdings through other items of comprehensive income, gain from sale of shares during H1 2018, in the net amount of RON 70,186,930, is reflected in retained earnings. Given that this amount is relevant to the understanding of the Company's financial performance, that amount is presented on a separate line in the condensed statement of profit or loss.

During H1 2018 govt. bonds were sold in the amount of RON 27.4 million with a loss of RON 0.5 million.

During H1 2017 were sold shares held in Fondul Proprietatea and govt. bonds that were classified as available for sale.

8. Fees and commissions expenses

<i>denominated in RON</i>	June 30, 2018	June 30, 2017
ASF commissions	1,205,077	965,944
Depository fees	226,680	182,142
Fees payable to SSIF	133,239	716
Registry fees	72,000	72,000
Other fees and commissions	12,495	12,600
Total	1,649,491	1,233,402

8. Other operating expenses

<i>denominated in RON</i>	June 30, 2018	June 30, 2017
Expenses with other taxes and fees and assimilated payments	93,610	115,379
Expenses with salaries and other personnel expenses	4,542,597	3,475,691
Amortization expenses	139,888	99,495
Expenditure on external services and other expenses	1,400,197	1,052,970
Total	6,176,293	4,743,534

In other operating expenses are included personnel expenses, expenditure with taxes and fees, amortization expenses and other expenses on external services.

Selected explanatory notes to the condensed financial statements as at June 30, 2018

In the period ended on June 30, 2018, the average number of employees was of 35 (June 30, 2017: 36), and the number of employees recorded at the end of the reporting period was of 34 (June 30, 2017: 37).

The company makes payments to institutions of the Romanian state account for the pensions of its employees. All employees are members of the pension plan of the Romanian State. The company does not operate any other pension scheme or post-retirement benefits and, consequently, has no other obligations concerning pensions. Furthermore, the Company is not bound to provide additional benefits to employees after their retirement.

10. Income tax

<i>denominated in RON</i>	June 30, 2017	June 30, 2017
Current income tax		
Current income tax (16%)	-1,354,570	1,317,387
Tax on dividend (0%, 5%)	2,871,835	769,510
Tax exemption on transactions with ownership greater than 10%		0
Deferred tax expense / (income)		
Financial assets available for sale		1,801
Financial assets at fair value through profit or loss		-49
Tangible assets / Investment property		0
Total income tax recognized in result of the period	1,517,266	2,088,649

The effective tax rate used to calculate the deferred tax of the Company was of 16%.

Reconciliation of profit before tax with expense on income tax in the profit and loss account:

<i>denominated in RON</i>	June 30, 2018	June 30, 2017
Profit before tax	52,307,699	35,389,775
Tax under statutory tax rate of 16% (2016: 16%)	8,369,232	5,662,364
Income tax effect of:		
Tax on dividend (0%, 5%)	2,871,835	769,510
Non-deductible expenses and similar items	4,091,828	816,192
Non-taxable income	-13,733,891	-5,139,372
Revenue related items	16,481,372	2,203
Costs related items	-147,033	
Deferred tax	-5,200,112	1,752
Amounts of sponsorship within legal limits and other deductions	-83,942	-24,000
Tax recognized in retained earnings	-11,132,023	
Income tax	1,517,266	2,088,649

11. Cash and cash equivalents

<i>denominated in RON</i>	June 30, 2018	December 31, 2017
Cash in hand and other valuables	35,801	8,651
Current accounts in banks	17,633,191	1,111,566
Deposits at banks with original maturity less than 3 months	57,993,473	10,200,000
Cash and cash equivalents with maturity less than 3 months	75,662,465	11,320,217

Current bank accounts and bank deposits are permanently available to the Company and are not restricted.

Selected explanatory notes to the condensed financial statements *as at June 30, 2018*

12. Bank deposits

<i>denominated in RON</i>	June 30, 2018	December 31, 2017
Bank deposits with maturity greater than 3 months	-	4,800,000
Attached interest on deposits		14,586
Cash and cash equivalents with maturity greater than 3 months	-	4,814,586

13. Financial assets measured at fair value through profit and loss account

<i>denominated in RON</i>	June 30, 2018	December 31, 2017
Shares	726,771,544	338
Unit funds	282,443,709	
Corporate bonds (including attached interest)	37,476,631	
Total	1,046,691,884	338

Following the application of IFRS 9 as of January 1, 2018, the holdings in associates, fund units and bonds held at related parties have been reclassified as assets at fair value through profit and loss.

The movement of the financial assets measured at fair value through profit and loss account during H1 2018 is presented in the table below:

<i>denominated in RON</i>	Shares	Fund units	Corporate bonds in subsidiaries	Total
January 1, 2018	338	-	-	338
January 1, 2018 - restated	95,026,202	230,404,039	36,989,473	362,419,714
Acquisitions		84,499,992		84,499,992
Reclassifications of assets measured at fair value through other items of comprehensive income	635,959,310			635,959,310
Sales	-338	-18,491,257		-18,491,595
Attached interest			25,217	25,217
Change in fair value	-4,213,629	-13,969,065	461,941	-17,720,754
June 30, 2018	726,771,545	282,443,709	37,476,631	1,046,691,884

At the end of Q1 2018, the Company ascertained that it meets the criteria to declare an investment entity and thus reclassified its holdings in subsidiaries from assets measured through other items of comprehensive income to assets measured at fair value through profit and loss. The fair value of these holdings at the date of reclassification amounted to RON 635,959,310.

On June 30, 2018, the holdings in subsidiaries and associates were measured at fair value, the difference being unfavourable in the amount of RON 4,213,629.

In H1 2018 fund units were purchased in the amount of RON 84,499,992, out of which RON 74.5 million in Certinvest Shares Fund and RON 10 million in Star Value closed-end investment fund.

Sales of fund units include the redemption of fund units by Optim Invest fund.

Selected explanatory notes to the condensed financial statements *as at June 30, 2018*

14. Financial assets measured at fair value through other comprehensive income

<i>denominated in RON</i>	June 30, 2018	December 31, 2017
Shares at fair value	1,376,423,221	2,079,884,448
Shares at cost	-	23,956,501
Unit funds at fair value	-	230,404,038
Government securities (including attached interest)	34,258,840	64,044,407
Corporate bonds (including attached interest)	4,903,407	41,901,964
Total	1,415,585,468	2,440,191,358

The measurement at fair value was done by multiplying the number of shares held as at the reporting date with the closing price on the last trading day of the reporting period or the price determined by other valuation methods, respectively valuation performed by valuers. As at June 30, 2018, the category of shares that are classified as measured at fair value includes mainly the value of shares held in Banca Transilvania, Erste Group Bank AG, SIF Imobiliare PLC, BRD-Groupe Société Générale (December 31, 2017: Erste Group Bank AG, Banca Transilvania, SIF Imobiliare PLC, BRD-Groupe Groupe Société Générale).

As at June 30, 2018, the fair value for all financial instruments was established.

The movement of financial assets measured at fair value through other comprehensive income in the reporting period ended June 30, 2018 is presented in the table below:

<i>denominated in RON</i>	Shares at fair value	Govt. bonds at fair value	Corporate bonds	Shares at cost	Fund units	Total
January 1, 2018	2,079,884,448	64,044,407	41,901,964	23,956,501	230,404,038	2,440,191,358
January 1, 2018 - restated	2,027,772,253	64,044,407	4,912,490	0	0	2,096,729,150
Acquisitions	48,683,436	0				48,683,436
Reclassifications in assets measured at fair value through other profit and loss	-635,959,310					-635,959,310
Sales	-110,339,859	-27,380,600				-137,720,459
Attached interest		-1,601,216	-768			-1,601,984
Change in fair value	46,266,701	-803,750	-8,315			45,454,635
June 30, 2018	1,376,423,221	34,258,841	4,903,407	0	0	1,415,585,468

The decrease of the volume of these financial assets as at January 1, 2018 as compared to 2017 year-end is due to the reclassification, under IFRS 9 Financial Instruments, of fund Units, of shares held in associated entities and bonds purchased from a subsidiary, into the category of assets measured at fair value through profit or loss account.

Purchases of shares during H1 2018, amounting to RON 48.7 mn, mainly include the acquisition of Conpet shares (RON 48.3 mn) and shares of Central SA Cluj (RON 0.4 mn).

Sales of shares amounting to RON 110.4 mn include mainly the sale of shares in Erste Bank (RON 98.8 mn), Compa (RON 1.9 mn), Celhart Donaris (RON 1.7 mn), Hora Reghin (RON 1.5 mn), SIF Moldova (RON 1.3 mn), Bermas (RON 1.3 mn), Silvarom (RON 1.3 mn), Hercules (RON 1.1 mn), etc.

The gains from transactions amounting to RON 70.2 mn were recognized in retained earnings.

In H1 2018, government bonds were sold amounting to RON 27.4 mn.

The movement in 2017 of financial assets available for sale is shown in the table below:

Selected explanatory notes to the condensed financial statements *as at June 30, 2018*

<i>denominated in RON</i>	Shares at fair value	Shares at cost	Fund units at fair value	Govt. bonds at fair value	Corporate bonds	Total
January 1, 2017	1,815,185,159	24,550,341	64,499,755	103,690,723	0	2,007,925,978
Acquisitions 2017	21,350,207	0	94,999,951	39,996,019	41,749,985	198,096,162
Sales 2017	-8,075,842	-460,904	0	-76,378,341		-84,915,087
Attached interest				-1,203,363	274,508	-928,855
Set-up of adjustments						
impairment losses	-31,836	-132,936	4,077,417			3,912,645
Change in fair value	251,456,761	0	66,826,915	-2,060,631	-122,529	316,100,515
December 31, 2017	2,079,884,449	23,956,501	230,404,038	64,044,408	41,901,964	2,440,191,358

Acquisitions of shares in 2017, in a total amount of RON 21,350,207 mainly include purchases on the "deal" market amounting to RON 8.4 mn (Intercontinental Bucharest), direct acquisition of SAI Muntenia shares amounting to RON 0.03 mn and the completion of the share capital increase operation of Vrancart SA with the amount of RON 12.9 mn.

Disposals of shares in total amount of RON 8,536,746 include the book value of the securities sold (Fondul Proprietatea RON 2.8 mn, Turism Felix RON 2.5 mn, Şantierul Naval RON 0.8 mn, Nuclearelectrica RON 0.5 mn, etc.).

In 2017 fund units were purchased in the amount of RON 95 mn, of which in Active Plus closed-end investment fund amounting to RON 60 mn) and Optim Invest closed-end investment fund amounting to RON 35 mn.

During 2017, government securities were purchased in the amount of RON 40 mn.

Purchases of corporate bonds during 2017, amounting to RON 41.7 mn include bonds issued by Vrancart in the amount of RON 36.8 mn and Impact bonds amounting to RON 4.9 mn.

The Company uses the following hierarchy of methods to measure fair value:

- Level 1: quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs: quoted market prices in active markets for similar instruments; valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques largely based on unobservable input.

The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices or on prices quoted by intermediaries (brokers).

The fair value of the financial instruments for which there is no active market (Level 2 and 3) and those that are not traded is determined by external valuers and authorized valuers within the Valuation department of the Company, using the strategy set by the management of the issuer and valuation techniques including techniques based on the present net value, the discounted cash flow method, the method of comparisons with similar instruments for which there is an observable market price and using the method approved by ASF namely a percentage of the net assets of these companies, reduced by a discount for minority ownership and a discount for lack of liquidity.

Valuation techniques are used consistently, there are no changes in their application.

An analysis of the financial instruments and investment property recognized at fair value according to the valuation method is presented in the table below:

Selected explanatory notes to the condensed financial statements as at June 30, 2018

June 30, 2018

denominated in RON

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss - shares	203,538,036	0	523,233,509	726,771,545
Financial assets at fair value through profit and loss – fund units			282,443,709	282,443,709
Financial assets at fair value through profit and loss - bonds		37,476,631		37,476,631
Financial assets at fair value through other comprehensive income - shares	1,287,876,602	19,861,842	68,684,778	1,376,423,222
Financial assets at fair value through other comprehensive income – govt. bonds	34,258,840			34,258,840
Financial assets at fair value through other comprehensive income – corporate bonds	4,903,407			4,903,407
Financial assets measured at amortized cost – corporate bonds	6,498,626			6,498,626
Investment property			20,042,164	20,042,164
Land and buildings			2,259,358	2,259,358
	1,537,075,512	57,338,473	896,663,518	2,491,077,502

December 31, 2017

denominated in RON

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	338	-	-	338
Financial assets available for sale at fair value – shares	1,506,589,226	8,976,610	564,318,611	2,079,884,447
Financial assets available for sale at fair value – fund units	-	-	230,404,039	230,404,039
Financial assets available for sale at fair value – govt. bonds	64,044,407	-	-	64,044,407
Financial assets available for sale at fair value – corporate bonds	4,912,490	36,989,473	-	41,901,964
Investments held to maturity	6,499,764	-	-	6,499,764
Investment property		-	20,042,164	20,042,164
Land and buildings	-	-	2,883,532	2,883,532
	1,582,046,226	45,966,083	817,648,345	2,445,660,655

There have been no transfers between levels of fair value during H1 2018.

15. Financial assets measured at amortized cost

denominated in RON

	June 30, 2018	December 31, 2017
Bonds	6,323,245	6,321,346
Interest attached related to bonds	175,381	178,418
Total	6,498,626	6,499,764

Outstanding securities (bonds) at June 30, 2018 include:

- corporate bonds issued by Banca Transilvania denominated in EURO, amounting to RON 6.3 mn, purchased in May 2013, convertible into Banca Transilvania shares, with maturity in May 2020, and an annual variable interest rate based on EURIBOR_{6 months} + a margin set at 5.979%;

Selected explanatory notes to the condensed financial statements as at June 30, 2018

16. Investment property

denominated in RON

	June 30, 2018	December 31, 2017
Balance at January 1	20,042,164	19,466,667
Entries		
Transfer from tangible assets		
Exits		-281,324
Changes in fair value		856,821
Balance at the end of period	20,042,164	19,466,667

The balance of real investment property includes the value of the building and the land acquired following the withdrawals from companies and the value of the buildings held after the closure of some branches, measured at fair value.

17. Other financial assets

denominated in RON

	June 30, 2018	December 31, 2017
Sundry debtors	5,668,820	1,575,659
Current income tax receivables	1,015,985	1,317,387
Other financial assets	54,861	151,641
Impairment for depreciation of sundry debtors	-1,417,610	-1,417,610
Total	5,322,057	1,627,078

18. Deferred tax liabilities

Deferred tax assets and liabilities at June 30, 2018 and December 31, 2017 are generated by the elements detailed in the following tables:

H1 2018

denominated in RON

	Assets	Liabilities	Net
Financial assets at fair value through profit or loss	0	-	0
Financial assets available for sale	-	974,868,455	-974,868,455
Tangible assets and investment property	-	12,705,224	-12,705,224
Total	0	987,573,679	-987,573,679
Net temporary differences - 16% rate			(987,573,679)
Net temporary differences - 10% rate			0
Deferred tax liabilities			(158,011,789)

2017

denominated in RON

	Assets	Liabilities	Net
Financial assets at fair value through profit or loss	-	-	-
Financial assets available for sale	-	1,090,001,769	(1,090,001,769)
Tangible assets and investment property	-	12,705,224	(12,705,224)
Total	-	1,102,706,993	(1,102,706,993)
Net temporary differences - 16% rate		-	(1,102,706,993)
Net temporary differences - 10% rate		-	-
Deferred tax liabilities		-	(176,433,120)

Deferred tax liabilities in balance for the period ended June 30, 2018 in the amount of RON 158,011,789 (2017: RON 176,433,120) include:

- deferred income tax recognized directly through the decrease in equity amounting to RON 140,890,702 (2017: RON 154,031,379), being wholly generated by reserves for financial assets measured at fair value through other comprehensive income (FVOCI)

Selected explanatory notes to the condensed financial statements as at June 30, 2018

- the deferred tax related mainly to the differences from inflation of the financial assets and the impairment adjustments, amounting to RON 17,121,087 recognized in the retained earnings.

19. Other financial liabilities

denominated in RON

	June 30, 2018	December 31, 2017
Payables to employees and related contributions	601,542	3,267,972
Taxes and fees	9,499	9,117
Internal suppliers	371,820	426,712
Total	982,862	3,703,802

20. Capital and reserves

(a) Share capital

The share capital of SIF Banat-Crişana as per the Articles of Association amounts to RON 52,000,000, divided into 520,000,000 shares with the nominal value of RON 0.1 and it is the result of direct subscriptions to the share capital of the company, by converting into shares the amounts due as dividends under Law no. 55/1995 and pursuant to Law no. 133/1996. As at June 30, 2018 the number of shareholders was 5,764,374 (December 31, 2017: 5,760,880).

The shares issued by SIF Banat-Crişana are traded on the Bucharest Stock Exchange since November 1999. The records of shares and shareholders is kept by Depozitarul Central S.A. Bucharest.

All shares are ordinary shares, were subscribed and fully paid as June 30, 2018 and December 31, 2017. All shares have equal voting rights and a nominal value of RON 0.1/share. The number of shares authorized to be issued is equal to the shares issued.

Following the approval of the General Meeting of Shareholders of April 2016, in August 2016 were repurchased a total of 30,849,268 shares (with a total of 28,849,268 shares to be reduced the share capital and 2,000,000 shares were to be distributed to employees and managers). The total redemption value of the shares was of RON 52,443,756.

Following the approval by the General Meeting of Shareholders of October 2016, in September 2017 were repurchased a total of 539,276 shares, with the value of which to be reduced the share capital.

During 2017, the share capital was reduced by 28,849,268 shares with a value of RON 2,884,927.

Following the resolution of EGM of April 26, 2018, the Board approved the "Stock-Option Plan" by which were offered to administrators and directors of the Company a total of 1,400,000 SIF1 shares.

The shares that are the object of the offer are to be repurchased SIF Banat-Crişana, as per the resolution of the EGM of April 26, 2018.

Vesting (transfer) of shares will be made when the conditions of the "Stock-option Plan" are met and each beneficiary exercise his/her option, after a period of 12 months from signing the payment agreements.

Reconciliation of the share capital in accordance with IFRS with the share capital in accordance with the statutory share capital is shown in the table below:

denominated in RON

	June 30, 2018	December 31, 2017
Statutory share capital	52,000,000	52,000,000
The effect of applying IAS 29 on share capital	648,330,055	648,330,055
Restated capital	700,330,055	700,330,055

(b) Reserves set up following the application of Law no. 133/1996

The reserve for the initial portfolio was set up under the application of Law no. 133/1996, as the difference between the portfolio value and the subscribed capital contribution to the company. These reserves are treated as an initial contribution (share premium) and are not used when selling the financial assets. Reconciliation of the reserve related to the initial portfolio according to IFRS with the reserve according to the accounting regulations applicable up to the date of application FSA Norm no. 39/2015 is presented in the following table:

Selected explanatory notes to the condensed financial statements as at June 30, 2018

<i>denominated in RON</i>	June 30, 2018	December 31, 2017
Reserves from the application of Law no. 133/1996	145,486,088	145,486,088
The effect of applying IAS 29 on reserves set up following the application of Law no. 133/1996	1,960,189,603	1,960,189,603
Reserves set-up from the application of Law no. 133/1996	2,105,675,691	2,105,675,691

The effect of hyperinflation over the share capital amounting to RON 684,298,992 and over the reserve set-up following the application of Law no. 133/1996 amounting to RON 1,960,189,603 was recorded by reducing the retained earnings, resulting in an accumulated loss related to applying IAS 29 on the capital items in the amount of RON 2,644,488,595 at the end of each period presented.

(c) Differences from changes in fair value of financial assets measured through other comprehensive income

This reserve comprises cumulative net changes in the fair values of financial assets measured through other comprehensive income from the date of their classification in this category to the date they have been derecognized or impaired.

Reserves are recorded net of related deferred tax.

(d) Legal reserves

Pursuant to the legal requirements, the Company set-up legal reserves in the amount of 5% of recorded profit according to applicable accounting standards up to 20% of the share capital as per the Articles of Association. The legal reserve as at June 30, 2018, amounts to RON 10,976,985 (December 31, 2017: RON 10,976,985). The Company has no longer set-up legal reserves from the distributed profit, as these reached the upper limit of 20% of the share capital, as per the Articles of Association.

Legal reserves cannot be distributed to shareholders.

(e) Dividends

During H1 2018 there was no approval of dividend distribution. In 2017, it was not approved the distribution of dividends from the profit of the financial year 2016.

21. Earnings per share

The calculation of basic earnings per share was made based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares:

<i>denominated in RON</i>	June 30, 2018	June 30, 2017
Profit attributable to ordinary shareholders	50,790,433	33,301,127
Weighted average number of ordinary shares	517,460,724	518,000,000
Basic earnings per share	0.098	0.064

Diluted earnings per share equals basic earnings per share, as the Company did not record potential ordinary shares.

22. Contingent assets and liabilities

(a) Litigations

As at June 30, 2018 the Legal Office of the Company reported 92 litigations pending in Courts. The Company had legal standing in 77 lawsuits, and passive legal standing in 15 lawsuits.

In most lawsuits in which the Company acts as plaintiff, the subject of litigation is the cancellation / ascertainment of cancellation of decisions taken by the General Meetings of Shareholders in portfolio companies, recovery of non-collected dividends or insolvency proceedings of portfolio companies.

(b) Other liabilities

not the case

Selected explanatory notes to the condensed financial statements as at June 30, 2018

23. Related parties

The parties are considered related if one party has the ability to control the other party or to exercise a significant influence over its financial and operational decision making.

The Company has identified the following related parties in the course of business:

Key management personnel

June 30, 2018

- As at June 30, 2018, the Board of Directors of SIF Banat-Crişana was comprised of 5 members: Bogdan-Alexandru Drăgoi - Chairman, Radu Răzvan Străuț - Vice-Chairman, Sorin Marica, Marcel Heinz Pfister and Ionel Marian Ciucioi.
- As at June 30, 2018, the members of the executive team of SIF Banat-Crişana are: Bogdan-Alexandru Drăgoi – CEO (General Director), Radu Răzvan Străuț - Deputy General Director, Teodora Sferdian - Deputy General Director, Laurențiu Riviș – Director.

December 31, 2017

- As at December 31, 2017, the Board of Directors of SIF Banat-Crişana was comprised of 4 members: Bogdan-Alexandru Drăgoi - Chairman, Radu Răzvan Străuț - Vice-Chairman, Sorin Marica, and Marcel Heinz Pfister.
- As at December 31, 2017, the members of the executive team of SIF Banat-Crişana were: Bogdan-Alexandru Drăgoi – CEO (General Director), Teodora Sferdian - Deputy General Director and Laurențiu Riviș – Director.

During the period of the interim reporting, there were no transactions carried out and no advances and loans were granted to managers and administrators of the Company, except for work related travel advances.

The Company has not received and has not given guarantees in favour of any related party.

Subsidiaries

As at June 30, 2018 and December 31, 2017, the Company held stakes in 11 companies. The reduction in the number of subsidiaries included in the scope of consolidation is the result of the classification of the Company as an investment entity, after which the subsidiaries performing investment services for the Company (SAI Muntenia and AISA) remained in the scope of consolidation and the other subsidiaries were deconsolidated.

Associated entities

The number of entities in which the Company holds stakes between 20% and 50% of the capital as at June 30, 2018 is 26 (December 31, 2017: 27), of which:

- a. Two entities (Gaz Vest SA Arad, Biofarm SA Bucharest), in which the Company exercises significant influence;
- b. 9 (December 31, 2017: 10) entities that do not qualify as associates, because the Company does not exercise significant influence in those companies;
- c. 15 entities in insolvency / liquidation / bankruptcy.

Transactions with related parties during the interim reporting period:

During the first half of 2018, the Company made the following transactions with affiliated parties:

- proceeds from SAI Muntenia dividends in the amount of RON 7,748,450;
- proceeds from Vrancart SA, interest on corporate bonds in the amount of RON 718,803;
- participation in the share capital increase at Central SA Cluj with the amount of RON 398,400;
- paid to the company Administrare Imobiliare SA (the management company of SIF Imobiliare) the total amount of RON 74,340, representing the rent and operating expenses for the rented space, and to the company Gaz Vest SA Arad the amount of RON 30,660 lei representing natural gas.

24. Events after the period of interim report

There were none.

STATEMENT OF
assets and liabilities of SIF Banat-Crişana
H1 Report - 29.06.2018

annex no. 16

DESIGNATION	VALUE [RON]
1. Non-current assets	676,069,070
1.1 Intangible assets	12,698
1.2 Tangible assets	23,358,668
1.3 Financial assets	652,697,704
1.3.1 Listed shares	173,055,493
1.3.2 Unlisted shares	153,540,764
1.3.3 Government securities	-
1.3.4 Certificates of deposit	-
1.3.5 Bank deposits	-
1.3.6 Municipal bonds	-
1.3.7 Corporate bonds	43,657,757
1.3.8 Newly issued securities	-
1.3.9 Units of UCITS and / or non-UCITS	282,443,690
1.3.10 Other financial assets	-
2. Current assets	1,722,442,434
2.1 Inventories	2,239
2.2 Receivables, of which:	3,123,471
2.2.1 Dividends receivables	1,995,629
2.2.2 Receivables rights	-
2.2.3 Other receivables	1,127,842
2.3 Cash and equivalents	17,635,107
2.4 Short term financial investments	1,607,704,052
2.4.1 Listed shares	1,477,919,649
2.4.2 Unlisted shares	-
2.4.3 Municipal bonds	-
2.4.4 Corporate bonds	4,902,636
2.4.5 Units of UCITS and / or non-UCITS	124,881,768
2.5 Newly issued securities	-
2.6 Government securities	35,953,352
2.7 Bank deposits	57,990,486
2.8 Certificates of deposit	-
2.9 Other current assets	33,726
3. Derivatives	-
4. Prepaid expenses	125,912
5. Total assets	2,398,637,415
6. Total liabilities	174,488,975
6.1 Loans from bond issues	-
6.2 Amounts owed to credit institutions	-
6.3 Advances received from clients	-
6.4 Trade payables	130,639
6.5 Bills of exchange payable	-
6.6 Amounts owed to group companies	-
6.7 Amounts owed to related parties	-
6.8 Other liabilities, of which	174,358,336
- deferred income tax	158,011,790
7. Provisions for expenses	-
8. Deferred income, of which:	5,287
8.1 Investment subsidies	-
8.2 Deferred income	5,287
9. Shareholders' equity, of which:	2,398,170,755
9.1 Share capital	52,000,000
9.2 Share capital premiums	-
9.3 Revaluation differences	97,794
9.4 Reserves	2,876,495,712
* 9.5 Own shares	-4,872,849
9.6 Retained earnings	540,154,487
9.7 Result for the period (YTD)	50,790,433
9.8 Profit appropriation	-
9.9 Retained earnings adoption of IAS 29 for the first time	-2,543,241,877
9.10 Items treated as capital	648,330,055
9.11 Other elements of equity	778,417,002
10. Total liabilities	2,572,665,016
11. Net asset	2,382,154,943
** 12. Number of outstanding shares	517,460,724
13. Net asset value per share NAV/S	4.6035
14. Number of companies in the portfolio, of which:	131
14.1 Companies admitted to trading on a regulated market	20
14.2 Companies admitted to trading on an alternative trading system	26
14.3 Unlisted companies	85

* The value of own shares repurchased through public tender offers
between 02.08.2016 - 23.08.2016 and 30.08.2017 - 20.09.2017

** Pursuant to Art.123, par. (3) of the ASF Regulation no. 9/2014, on the calculation of NAV, this item represents:

"The total number of issued and outstanding shares, less treasury stock"

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SIF Banat-Crişana

Depository bank

BRD Groupe Société Générale

SIF Banat-Crişana's assets
as at June 29, 2018

RON

ITEM	Beginning of the reporting period 29.12.2017				End of the reporting period 29.06.2018				Differences
	% of net asset	% of total assets	Currency	RON	% of net asset	% of total assets	Currency	RON	
I. Total assets	100.79	100.00	12,371,479	2,601,166,538	100.69	100.00	23,480,078	2,375,157,336	-214,900,602
1. Securities and money market instruments, out of which:	74.19	73.61	-	1,923,896,672	69.31	68.83	-	1,650,975,141	-272,921,531
1.1. Securities and money market instruments admitted or traded on a regulated market from Romania, out of which:	57.20	56.75	-	1,483,235,708	54.79	54.41	-	1,305,208,917	-178,026,791
1.1.1. Shares issued by companies admitted to trading	57.20	56.75	-	1,483,235,708	54.79	54.41	-	1,305,208,917	-178,026,791
1.1.2. Municipal bonds	-	-	-	-	-	-	-	-	-
1.1.3. Bonds issued by banking companies	-	-	-	-	-	-	-	-	-
1.2. Securities and money market instruments admitted or traded on a regulated market from a member state	16.99	16.86	-	440,660,964	14.51	14.42	-	345,766,224	-94,894,740
1.3. Securities and money market instruments admitted on a stock exchange from a state not a member or negotiated on another regulated market from a state not a member, that operates on a regular basis and is recognized and opened to the public	-	-	-	-	-	-	-	-	-
2. Newly issued securities	-	-	-	-	-	-	-	-	-
3. Other securities and money market instruments mentioned at art. 187 letter a): securities (by category and by type of issuer) and money market instruments (by category), of which:	8.29	8.23	11,398,829	203,682,644	8.48	8.43	11,400,212	190,700,945	-12,980,315
3.1. Shares issued by companies not admitted to trading	6.42	6.37	-	166,551,134	6.45	6.40	-	153,540,764	-13,010,370
3.2. Corporate bonds	1.87	1.86	11,398,829	37,131,509	2.04	2.02	11,400,212	37,160,181	30,055
4. Bank deposits, of which:	0.58	0.57	0	15,013,818	2.43	2.42	0	57,990,486	42,976,669
4.1. Bank deposits made with credit institutions in Romania	0.58	0.57	0	15,013,818	2.43	2.42	0	57,990,486	42,976,669
4.2. Bank deposits made with credit institutions of a member state	-	-	-	-	-	-	-	-	-
4.3. Bank deposits made with credit institutions of a non-member state	-	-	-	-	-	-	-	-	-
5. Derivatives financial instruments traded on a regulated market:	-	-	-	-	-	-	-	-	-
5.1. Derivatives financial instruments traded on a regulated market from Romania, on categories	-	-	-	-	-	-	-	-	-
5.2. Derivatives financial instruments traded on a regulated market from a member state, on categories	-	-	-	-	-	-	-	-	-
5.3. Derivatives financial instruments traded on a regulated market from a non-member state, on categories	-	-	-	-	-	-	-	-	-
5.4. Derivatives traded outside the regulated markets, on categories	-	-	-	-	-	-	-	-	-
6. Current accounts and cash	0.04	0.04	972,650	141,492	0.74	0.74	12,079,866	5,555,241	16,520,965
7. Money market instruments, others than those traded on a regulated market, according to art. 101 par. (1) letter g) of Law no. 297/2004	2.52	2.51	0	65,472,656	1.51	1.50	0	35,953,352	-29,519,304
7.1. Municipal bonds not traded	-	-	-	-	-	-	-	-	-
7.2. REPO with govt. bonds denominated in RON and foreign currency	-	-	-	-	-	-	-	-	-
7.3. Govt. bonds	2.52	2.51	0	65,472,656	1.51	1.50	0	35,953,352	-29,519,304
8. UCITS and non UCITS equity securities	14.18	14.07	-	367,634,503	17.10	16.98	-	407,325,458	39,690,955
9. Other assets (amounts in transit, receivables from distributors, brokerage houses, etc.)	0.98	0.97	-	25,324,755	1.12	1.11	-	26,656,713	1,331,958

SIF Banat-Crişana

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Depository
BRD Groupe Société Générale

Net Asset Value / Share
as at 29.06.2018

RON

ITEM	Current period [29.06.2018]	Corresponding period of the previous year [30.06.2017]	Differences
Net Asset	2,382,154,943	2,203,598,768	178,556,175
Number of issued, outstanding shares	517,460,724	518,000,000	-539,276
Unitary net asset value	4.6035	4.2541	0.3495

Note: non-portfolio items for the calculation of net asset portfolio are recognized under IFRS

SIF Banat-Crişana

Depository bank
BRD Groupe Société Générale

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Securities admitted or traded on a regulated market in Romania
as at 29.06.2018

No.	Issuer	Symbol	Date of last trading session	No. of shares held [units]	Nominal value [RON]	Value of share [RON]	Total value [RON]	Stake in the issuer's share capital [%]	Stake in SIFBC total asset [%]	Stake in SIFBC net asset [%]
LISTED SHARES										
traded in the last 30 days										
1	BANCA TRANSILVANIA	TLV	29.06.18	192,630,200	1.00	2.4000	462,312,480	4.4370	19.27	19.41
2	BRD - GROUPE SOCIETE GENERALE	BRD	29.06.18	13,615,497	1.00	13.1200	178,635,321	1.9537	7.45	7.50
3	VRANCART	VNC	29.06.18	774,416,054	0.10	0.1600	123,906,569	75.0633	5.17	5.20
4	BIOFARM	BIO	29.06.18	228,826,055	0.10	0.3480	79,631,467	23.2222	3.32	3.34
5	S.N.G.N. ROMGAZ S.A.	SNG	29.06.18	1,571,667	1.00	37.3500	58,701,762	0.4078	2.45	2.46
6	SIF HOTELURI	CAOR	07.06.18	31,820,906	2.50	1.8000	57,277,631	98.9997	2.39	2.40
7	CONPET	COTE	29.06.18	562,740	3.30	90.0000	50,646,600	6.5000	2.11	2.13
8	SNTGN TRANSGAZ	TGN	29.06.18	43,845	10.00	328.0000	14,381,160	0.3724	0.60	0.60
9	OMV PETROM	SNP	29.06.18	35,865,800	0.10	0.3205	11,494,989	0.0633	0.48	0.48
10	ANTIBIOTICE	ATB	29.06.18	14,167,736	0.10	0.5140	7,282,216	2.1104	0.30	0.31
11	ELECTRICA S.A.	EL	29.06.18	657,500	10.00	9.8400	6,469,800	0.1901	0.27	0.27
12	COMELF	CMF	22.06.18	1,211,907	0.58	2.0800	2,520,767	5.3919	0.11	0.11
13	COMPA	CMP	29.06.18	2,342,529	0.10	0.9200	2,155,127	1.0705	0.09	0.09
14	ROMPETROL WELL SERVICES	PTR	26.06.18	5,541,900	0.10	0.3180	1,762,324	1.9921	0.07	0.07
15	SSIF BRK FINANCIAL GROUP SA	BRK	29.06.18	2,867,075	0.25	0.0800	229,366	0.8489	0.01	0.01
On an alternative trading system										
16	IAMU	IAMU	28.06.2018	7,286,299	2.50	4.5200	32,934,071	76.6967	1.37	1.38
17	COMPANIA HOTELIERA INTERCONTINENTAL ROMANIA	RCHI	25.06.2018	88,401,642	0.10	0.1520	13,437,050	10.6055	0.56	0.56
18	PETROCART	PTRC	20.06.2018	7,486,723	0.50	1.5000	11,230,085	30.1767	0.47	0.47
19	SATURN	SATU	06.06.2018	346,926	2.50	12.0000	4,163,112	17.5385	0.17	0.17
20	I PROEB	IPRU	28.06.2018	4,097,615	0.30	0.9280	3,802,587	8.6135	0.16	0.16
21	ARGUS	UARG	28.06.2018	1,790,432	1.50	1.6400	2,936,308	5.0039	0.12	0.12
22	MOBEX	MOBG	22.06.2018	295,844	2.50	8.5000	2,514,674	17.4504	0.10	0.11
23	ARCELOR MITTAL HUNEDOARA	SIDG	26.06.2018	5,921,324	2.00	0.3800	2,250,103	2.9820	0.09	0.09
24	REVA	REVA	06.06.2018	74,777	2.50	7.7000	575,783	5.0112	0.02	0.02
25	PROSPECTIUNI	PRSN	29.06.2018	5,198,500	0.10	0.0840	436,674	0.7240	0.02	0.02
26	ANTECO	ANTE	24.05.2018	7,042,220	0.10	0.0450	316,900	17.2036	0.01	0.01
27	COMAT CARAS SEVERIN	OMSE	20.06.2018	24,884	2.50	5.0000	124,420	20.4056	0.01	0.01
28	ELVILA	ELV	28.06.2018	13,085	1.00	1.8400	24,076	0.0492	0.00	0.00
29	PROFESSIONAL IMO PARTNERS	PPLI	07.06.2018	1	1.00	2.8000	3	-	0.00	0.00

1,132,153,424

Not traded in the last 30 days										
1	UCM	UCM	06.12.2011	1,071,837	0.10	0.0000	0	0.9750	0.00	0.00

On an alternative trading system										
2	SIF IMOBILIARE	SIFI	29.03.18	4,499,961	4.47	34.9132341	157,108,192	99.9997	6.55	6.60
3	SOMPLAST	SOPL	17.10.17	2,303,180	2.50	3.38241823	7,790,318	70.7511	0.32	0.33
4	SILVANA	SIVX	19.08.09	1,443,772	2.50	2.65838616	3,838,104	96.2832	0.16	0.16
5	FAMOS	FAMS	29.09.08	31,131	2.50	68.995094	2,147,886	5.9061	0.09	0.09
6	TRANSGEX	TRNG	16.10.15	143,978	2.50	5.47301428	787,994	2.7040	0.03	0.03
7	PRIMA CONSTRUCT	PCTM	26.11.15	90,685	2.50	5.98941846	543,150	15.6969	0.02	0.02
8	URBANA	URBA	25.09.17	13,208	9.20	39.4173064	520,624	16.5830	0.02	0.02
9	INDUSTRIA SARMEI CAMPIA TURZII	INSI	30.10.17	4,604,082	0.10	0.06933528	319,225	4.1320	0.01	0.01
10	SOMETRA	SOMR	27.12.17	1,217,602	2.50	0	-	4.5814	0.00	0.00
11	ARMAX GAZ	ARAX	30.06.17	18,500	10.00	0	-	0.3012	0.00	0.00
12	TALC DOLOMITA	TALD	09.10.15	167,108	2.50	0	-	7.8944	0.00	0.00
13	ICSH	ICSH	26.03.12	84,500	2.50	0	0	1.2891	0.00	0.00

173,055,493

ISSUERS of UCITS and non-UCITS TYPE										
1	SIF MOLDOVA	SIF2	29.06.18	50,649,925	0.10	1.3800	69,896,897	4.9991	2.91	2.93
2	SIF MUNTENIA	SIF4	29.06.18	40,123,500	0.10	0.7660	30,734,601	4.9717	1.28	1.29
3	SIF OLTENIA	SIF5	29.06.18	11,603,000	0.10	2.0900	24,250,270	1.9999	1.01	1.02

124,881,768

SIF Banat-Crișana

Depository bank
BRD Groupe Société Générale

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**Securities admitted or traded on a regulated market in a member state
as at 29.06.2018**

No.	Issuer	Symbol	Date of last trading session	No. of shares held [units]	Nominal value [RON]	Value of share [RON]	Total value [RON]	Stake in the issuer's share capital [%]	Stake in SIFBC total asset [%]	Stake in SIFBC net asset [%]
LISTED SHARES										
1	ERSTE GROUP BANK AG	EBS	29.06.2018	2,075,000	-	166.6343	345,766,224	0.4828	14.42	14.51

SIF Banat-Crișana

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Depository bank

BRD Groupe Société Générale

Instruments mentioned at art.187 letter a) - Unlisted shares
as at 29.06.2018

No.	Issuer	No. of shares held [units]	Date of acquisition	Price of acquisition [RON]	Value of share [RON]	Total value [RON]	Stake in issuers's share capital [%]	Stake in SIFBC total asset [%]	Stake in SIFBC net asset [%]
UNLISTED SHARES									
1	AZUGA TURISM	786,882	13 Feb 2013	37.3316	40.8864	32,172,809	98.9354	1.34	1.35
2	NAPOMAR	10,256,241	6 Jul 2007	2.5202	2.9015	29,758,708	99.4348	1.24	1.25
3	CENTRAL	53,120	1 Oct 2004	1,212.8364	439.4051	23,341,201	67.0783	0.97	0.98
4	SAI MUNTENIA INVEST	119,976	22 Jul 2013	192.6210	164.7529	19,766,392	99.9800	0.82	0.83
5	MINERVA	1,077,348	1 Oct 2004	7.9884	16.5745	17,856,453	18.5892	0.74	0.75
6	GAZ VEST	105,068	1 Oct 2004	202.6999	135.0897	14,193,609	25.8185	0.59	0.60
7	BT ASSET MANAGEMENT	716,570	27 Jan 2005	0.2791	5.4950	3,937,581	10.0000	0.16	0.17
8	EXIMBANK	414,740	1 Oct 2004	6.9350	7.6394	3,168,369	0.3108	0.13	0.13
9	DEPOZITARUL CENTRAL	9,878,329	1 Oct 2004	0.0927	0.1222	1,206,689	3.9057	0.05	0.05
10	NORD CONSTRUCTII	31,820	1 Oct 2004	37.2464	32.6073	1,037,563	44.3101	0.04	0.04
11	COTROCENI PARK	11,276	9 May 2005	-	82.8946	934,720	0.0582	0.04	0.04
12	MOBICOM	16,393	1 Oct 2004	37.3427	56.6154	928,097	24.1095	0.04	0.04
13	IFB FINWEST	15,952,242	22 Dec 2004	0.0304	0.0524	835,286	8.6736	0.03	0.04
14	AMIS MOB	12,607	1 Oct 2004	31.7813	63.4979	800,518	8.1220	0.03	0.03
15	MOBIROM	11,589	1 Oct 2004	37.1166	54.7687	634,714	9.0289	0.03	0.03
16	SPUMOTIM	12,398	1 Oct 2004	37.3427	47.9770	594,819	3.9864	0.02	0.02
17	TREMULA BRAILA	17,465	1 Oct 2004	37.3427	30.9917	541,271	13.4561	0.02	0.02
18	CTCE	8,501	1 Nov 1999	21.8334	35.1328	298,664	23.2357	0.01	0.01
19	CRISUL SUPERMARKET	9,680	21 Aug 1999	37.3427	30.7245	297,413	4.9987	0.01	0.01
20	BIZOOFRUCT	39,424	12 Aug 1999	37.3427	7.5036	295,823	4.4235	0.01	0.01
21	COMAT MARAMURES	19,909	1 Oct 2004	37.3427	12.7715	254,267	10.0002	0.01	0.01
22	COMMETCAR	14,862	1 Oct 2004	37.3427	13.6226	202,459	10.0002	0.01	0.01
23	GRUP BIANCA TRANS	562,400	26 Sep 2006	0.0500	0.3292	185,133	5.1783	0.01	0.01
24	APRO HOREA	8,220	18 Nov 1998	37.3427	15.9279	130,928	13.5427	0.01	0.01
25	FORESTIERA	42,269	1 Oct 2004	37.3427	2.9900	126,385	25.7520	0.01	0.01
26	MOLIDUL	90,579	1 Oct 2004	37.3427	0.2012	18,223	21.6326	0.00	0.00
27	MODERN	3,302	1 Oct 2004	37.3427	5.3692	17,729	2.4485	0.00	0.00
28	FORTPRES - CUG	103,523	31 Mar 2006	37.3427	0.0477	4,942	1.3598	0.00	0.00
29	AGROINDUSTRIALA SAGU	137,537	1 Nov 1999	37.3427	-	-	23.6199	0.00	0.00
30	SUINPROD GALDA	143,084	1 Nov 1999	37.3427	-	-	27.0910	0.00	0.00
31	TRANSILVANIA AIUD	46,779	16 Jun 1999	37.3427	-	-	20.1873	0.00	0.00
32	COMMIT	10,543	1 Nov 1999	37.3427	-	-	28.9667	0.00	0.00
33	CAPRIS	3,803	30 Nov 1997	-	-	-	4.5665	0.00	0.00
34	AGROINDUSTRIALA NADLAC	66,406	1 Nov 1999	37.3427	-	-	29.9996	0.00	0.00
35	PROIECT	2,162	13 May 1998	59.7483	0.00	0.00	10.0000	0.00	0.00
36	TREMULA	66,112	1 Oct 2004	30.5483	0.00	0.00	17.9898	0.00	0.00
37	AGROPRODUCT RESITA	72,720	1 Oct 2004	37.3427	0.00	0.00	30.0045	0.00	0.00
38	MOCARS	119,969	1 Oct 2004	37.3427	0.00	0.00	9.6836	0.00	0.00
39	FORTOP	39,226	1 Oct 2004	37.3427	0.00	0.00	12.4859	0.00	0.00
40	FORESTA PRIM GHEORGHIEI	17,202	1 Oct 2004	37.3427	0.00	0.00	14.7522	0.00	0.00
41	AUTODANUBIUS	11,653	1 Oct 2004	37.3427	0.00	0.00	14.0387	0.00	0.00
42	COMBINATUL DE UTILAJ GREU	409,572	1 Oct 2004	7.6841	0.0000	0	5.0221	0.00	0.00
43	TEHNOLOGIE MOBILA STIL	9,000	1 Oct 2004	2.5000	0.0000	0	4.5523	0.00	0.00
44	LEMN-MOL-FA	37,146	1 Oct 2004	3.7345	0.0000	0	13.0184	0.00	0.00
45	AGROINDUSTRIALA INEU	59,755	1 Nov 1999	37.3427	0.0000	0	11.5001	0.00	0.00
46	AMIS IMPEX	12,607	1 Oct 2004	28.3540	0.0000	0	8.0936	0.00	0.00
47	ROSTRAMO	434,501	27 Nov 2007	37.4294	0.0000	0	10.0371	0.00	0.00
48	MOBILA USI	1,262,796	13 Jan 2005	0.1000	0.0000	0	32.4520	0.00	0.00
49	EDIL CONSTRUCTII	1,771,625	27 Aug 2007	0.8083	0.0000	0	3.8504	0.00	0.00
50	ARADEANCA	89,069	24 Mar 1999	15.2317	0.0000	0	39.1607	0.00	0.00
51	SANEVIT	535,217	30 Nov 1997	0.4332	0.0000	0	8.9696	0.00	0.00
52	IPEGM	9,913	1 Oct 2004	7.1038	0.0000	0	3.4000	0.00	0.00
53	ERGOLEMN	9,637	1 Oct 2004	37.9493	0.0000	0	12.9584	0.00	0.00
54	EXFOR	399,654	1 Oct 2004	37.3427	0.0000	0	24.2311	0.00	0.00
55	FOREMAR	28,047	28 Nov 2004	37.3427	0.0000	0	10.5405	0.00	0.00
56	REGNA FOREST	33,118	1 Oct 2004	37.3427	0.0000	0	7.0103	0.00	0.00
57	MEBIS	346,637	1 Oct 2004	37.3427	0.0000	0	26.7806	0.00	0.00
58	BRAFOR	5,928,744	1 Oct 2004	1.1645	0.0000	0	2.6874	0.00	0.00
59	RETEAUA LIBRARIILOR "BIBLIOFOR"	1,275	1 Oct 2004	37.3430	0.0000	0	10.0047	0.00	0.00
60	CONTOR GROUP	2,900,049	27 Nov 2007	0.2858	0.0000	0	1.4962	0.00	0.00
61	BANCA COMERCIALA ROMANA	1	1 Oct 2004	-	0.0000	0	-	0.00	0.00
62	METALURGICA	50,436	1 Oct 2004	37.3427	0.0000	0	28.4090	0.00	0.00
63	AGROMEC GATAIA	13,585	1 Oct 2004	37.3427	0.0000	0	23.9097	0.00	0.00
64	SILVANIA FOREST	30,111	1 Oct 2004	37.3427	0.0000	0	0.6049	0.00	0.00
65	LASPERESIA	20	1 Oct 2004	37.3425	0.0000	0	1.9455	0.00	0.00
66	AVERSA	142,699	30 Dec 2004	1.1799	0.0000	0	2.1416	0.00	0.00
67	MOBILSAL	550	1 Oct 2004	-	0.0000	0	2.7500	0.00	0.00
68	HICART	4,576	1 Oct 2004	37.3427	0.0000	0	0.7939	0.00	0.00
69	UZINA ARDEALUL	55,593	1 Nov 1999	37.3427	0.0000	0	29.5075	0.00	0.00
70	SOMES	1,653,350	17 Nov 2004	24.7763	0.0000	0	13.1191	0.00	0.00

71	AGROCOM CLUJ	231,276	1 Oct 2004	37.3427	0.0000	0	7.0791	0.00	0.00
72	VINALCOOL	232,433	31 Mar 2006	1.4937	0.0000	0	6.7973	0.00	0.00
73	REMAT CARAS SEVERIN	24,257	1 Oct 2004	37.3427	0.0000	0	7.8287	0.00	0.00
74	STREIUL	9,344	1 Oct 2004	37.3427	0.0000	0	17.4419	0.00	0.00
75	MOBIMET	14,695	1 Oct 2004	37.6049	0.0000	0	28.8749	0.00	0.00
76	BANCA INTERNATIONALA A RELIGIILOR	110,965	1 Oct 2004	12.2842	0.0000	0	0.5548	0.00	0.00
77	COMAR	40,601	25 Apr 2006	37.3417	0.0000	0	34.9415	0.00	0.00
78	IFOR	101,803	1 Oct 2004	37.3427	0.0000	0	15.3525	0.00	0.00
79	ARIO	3,523,021	23 May 2005	4.7145	0.0000	0	93.6407	0.00	0.00
80	ARCER	83,213	1 Nov 1999	37.3427	0.0000	0	19.7002	0.00	0.00
81	ELBAC	8,299,560	1 Nov 1999	1.4937	0.0000	0	32.4500	0.00	0.00
82	MOPAL	251,067	1 Oct 2004	37.3427	0.0000	0	21.8936	0.00	0.00
83	CUART	4,516	1 Oct 2004	37.3427	0.0000	0	3.3999	0.00	0.00
84	MINIERA CUART	17,396	29 Dec 2006	2.5000	0.0000	0	3.3999	0.00	0.00
85	SIMATEC	42,886	1 Oct 2004	37.3427	0.0000	0	18.8217	0.00	0.00

153,540,764

ISSUERS of UCITS and non-UCITS TYPE									
1	Fondul Inchis de Investitii ACTIVE PLUS	13,912.4621	4 Mar 2014	7,790.9514	11,817.4800	164,410,243	74.9759	6.85	6.90
2	Fondul Inchis de investitii OMNITREND	2,595.5500	10 Mar 2014	10,227.4525	10,122.5100	26,273,481	18.2824	1.10	1.10
3	Fondul Inchis de investitii OPTIM INVEST	1,173.3100	8 May 2017	8,190.6100	10,010.7478	11,745,711	34.5784	0.49	0.49
4	Fondul Inchis de investitii STAR VALUE	9,382.0000	9 Feb 2018	1,065.8700	953.1600	8,942,547	20.7962	0.37	0.38
5	Fondul Inchis de investitii CERTINVEST	305.2611	27 Mar 2018	247,641.6200	232,822.6700	71,071,709	68.7112	2.96	2.98

282,443,690

SIF Banat-Crişana

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Depository bank

BRD Groupe Société Générale

Bonds or other debt instruments as at 29.06.2018

Annex 17
Table 10

No.	Series and number of the issue	No. of units	Date of acquisition	Maturity date	Initial value [RON]	Daily interest [RON]	Cumulative interest [RON]	Current value[RON]	Stake in SIFBC total asset [%]	Stake in SIFBC net asset [%]	Intermediary bank
Marketable, issued or guaranteed by the state or central public administration authorities											
1	RO1521DBN041	3168	21.06.2016	22.03.2021	16,199,193	1,410	141,041	16,187,240	0.67	0.68	Raiffesen Bank
4	RO1521DBN045	3873	17.10.2017	08.03.2022	19,597,621	1,804	205,640	19,766,112	0.82	0.83	Raiffesen Bank
Marketable, issued by companies											
1	ROIMPCDBC030	210	19.12.2017	12.12.2022	4,894,155	771	1,820	4,902,636	0.20	0.21	IMPACT
2	ROVRJUDBC011	368,748	17.03.2017	17.03.2024	36,874,800	4,324	285,381	37,160,181	1.55	1.56	VRANCART ADJUD
Non-marketable, issued by companies											
1	ROTLVADBC015	2,260,999	22.05.2013	22.05.2020	6,323,245	1,050	174,331	6,497,576	0.27	0.27	TRANSILVANIA

Depository bank
BRD Groupe Société Générale

SIF Banat-Crişana

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Bank deposits as at 29.06.2018

No.	Name of the bank / Starting date	Maturity date	Initial value [RON]	Daily interest [RON]	Cumulative interest [RON]	Current value [RON]	Stake in SIFBC total asset [%]	Stake in SIFBC net asset [%]
BRD								
1	18/06/2018	02/07/2018	10,000,000	500	6,000	10,006,000	0.42	0.42
2	18/06/2018	02/07/2018	10,000,000	500	6,000	10,006,000	0.42	0.42
3	18/06/2018	02/07/2018	10,000,000	500	6,000	10,006,000	0.42	0.42
4	18/06/2018	02/07/2018	10,000,000	500	6,000.00	10,006,000	0.42	0.42
5	18/06/2018	02/07/2018	10,000,000	500	6,000.00	10,006,000	0.42	0.42
6	29/06/2018	02/07/2018	7,960,000	486	486.44	7,960,486	0.33	0.33

57,990,486

SIF Banat-Crişana

Depository bank
BRD Groupe Société Générale

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**Evolution of the net asset and the net asset unitary value in the last 3 years
as at 29.06.2018**

				RON
Item	30.06.2016	30.06.2017	29.06.2018	
Net Asset	1,776,537,346	2,203,598,768	2,382,154,943	
NAV / share	3.2368	4.2541	4.6035	

SIF Banat-Crișana

**Depository bank
BRD Groupe Société Générale**

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ARTICLES OF ASSOCIATION OF SOCIETATEA DE INVESTIȚII FINANCIARE BANAT-CRIȘANA SA

FREE TRANSLATION

prepared for the convenience of English-speaking readers, as translation of the original document issued in Romanian, which is the official and binding version; for purposes of interpretation the Romanian text shall be authoritative and final

Article 1 Name of the company, legal form and duration of the company

- (1) The name of the company is "SOCIETATEA DE INVESTIȚII FINANCIARE BANAT-CRIȘANA SA" (*Financial Investment Company Banat-Crișana*).
- (2) The legal form of the company is joint stock company.
- (3) The Company is the successor Fondul Proprietății Private I (*Private Property Fund I*) Banat-Crișana Arad, reorganized and transformed pursuant to the provision of no.133/1996.
- (4) Company's operation is regulated by the provisions of ordinary and special laws, applicable to the field of financial investment companies, as well as the provisions of these Articles of Incorporation.
- (5) The Company is self-managed.
- (6) The Company is headquartered in: Arad, 35A Calea Victoriei, Arad County. The company will be able to establish branches, subsidiaries, agencies, representations, places of business, both in the country and abroad, in compliance with the legal requirements concerning the authorisation and advertisement.
- (7) The operating time of the company is unlimited.

Article 2 Object of the company

- (1) The main field of business activity is: Financial intermediation except for the activities of insurance and those of pension funds, CAEN code 64, and the main object of the company is Other financial intermediation n.c.a., CAEN code 6499 as follows:
 - (a) carrying out financial investments to maximize the value of own shares in accordance with the regulations in force;
 - (b) management of investment portfolio and exercising all the rights associated to the instruments in which investments are made;
 - (c) risk management;
 - (d) other activities auxiliary and associated to the collective investment activity, in accordance with the regulations in force
- (2) The Bucharest branch of Societatea de Investiții Financiare Banat-Crișana, unincorporated, located in Bucharest, sector 1, 175 Calea Floreasca, 7th floor, room A1, carry out the same object of activity as the parent company.

Article 3 Share capital and shares

- (1) The share capital of the company amounts to RON 52,000,000, and is divided into 520,000,000 shares of RON 0.10 each, appropriated per shareholders as shown in the records entered in the shareholders' registry.
- (2) The shares issued by the company are registered, of equal value, issued in dematerialized form and grant equal rights to their holders. The nominal value of a share is RON 0.10. The shares are indivisible, and the company admits a sole representative to exercise the rights attached to a share.
- (3) Any person may acquire under any title or may hold, individually or together with persons acting in concert, shares issued by the investment companies resulting from the transformation of private property funds, but not exceeding 5% of the share capital of the financial investment companies;
- (4) The exercise of the voting right is suspended for the shares held by shareholders exceeding the limits set out in paragraph (3);
- (5) The persons referred to in paragraph (3) are bound, in term of maximum 3 working days upon reaching the 5% threshold, to inform the company, ASF, and the regulated market where the respective shares are being traded;
- (6) Within 3 months from exceeding the threshold of 5% of the share capital of the financial investment companies, the shareholders in this situation are required to sell the shares exceeding the holding limit.

Article 4 The Shareholders

- (1) The first shareholders of the company were the citizens who subscribed ownership certificates and nominative privatization vouchers (in Romanian: *cupoane nominative de privatizare*) to Fondul Proprietății Private I "Banat-Crișana" Arad and the citizens entitled to receive shares pursuant to art. 4 par. 1 of Law no. 133/1996.

Free translation prepared for the convenience of English-speaking readers, as translation of the original document issued in Romanian, which is the official and binding version; for purposes of interpretation the Romanian text shall be authoritative and final



(2) May also become shareholders the persons that purchase shares on the regulated market or subscribe in the public offer of share capital increase.

Article 5 Rules on the issuance, holding and sale of shares

- (1) New shares may be issued pursuant to the legal regulations for the increase of share capital;
- (2) Shares may be ordinary or preference shares, per law;
- (3) The record of company's shares and shareholders is kept by the authorized central depository, pursuant to the provision of the law;
- (4) The shares held by the shareholders will be nominative, dematerialized and registered by entry in the account;
- (5) The shares are freely negotiable;
- (6) Trading of shares shall be performed only on the regulated market on which they are listed.

Article 6 The General Meeting of Shareholders

- (1) The General Meeting of Shareholders is the supreme governing body of the company.
- (2) The general meetings are ordinary and extraordinary.
- (3) The Ordinary General Meeting shall be convened at least once a year no later than four months after the end of the financial year.
- (4) The extraordinary general meeting shall be convened whenever needed.
- (5) Besides debating other issues on the agenda, the Ordinary General Meeting shall:
 - a) discuss, approve or amend the financial statements based on the reports of the Board of Directors (administrators) and the financial auditor, and set the dividend.
 - b) elect and revoke the administrators;
 - c) appoint or dismiss the financial auditor and set the minimum duration of the contract for the financial audit;
 - d) determine the remuneration for the current year for the administrators;
 - e) to decide upon the activity of the administrators;
 - f) to determine the income and expenditure budget and, where appropriate, the operational plan for the succeeding financial year;
 - g) to decide on the pledge, lease or closing of one several units of the company.
- (6) The General Meeting of Shareholders shall empower the Board of Directors to buyback SIF's shares at the prices set by the Board of Directors pursuant to ASF regulations.
- (7) The Extraordinary General Meeting is convened for:
 - (a) the increase of share capital, which shall be carried out only through public offer of shares based on a prospectus approved by ASF and pursuant to the legal provisions in force;
 - (b) the change of the company's object of activity;
 - (c) the change of the legal form of the company;
 - (d) relocation of the headquarters of the company;
 - (e) merger with other companies;
 - (f) the capital reduction or its replenishment by issuing new shares;
 - (g) the early dissolution of the company;
 - (h) the conversion of shares from one category to another;
 - (i) the removal or change in the company's shareholding limit;
 - (j) any other amendment to the articles of association or any other decision requiring the approval of an extraordinary general meeting.
- (8) The Extraordinary General Meeting has delegated to the Board of Directors the exercise of its powers to:
 - (a) increase the share capital;
 - (b) change the object of the company, except for the field and the main business of the company, which remain within the exclusive competence of the extraordinary general meeting;
 - (c) establish or close branches, subsidiaries, representative offices and other places of business.
- (9) Convening the general meeting of shareholders shall be done considering the legal provisions in force and the provisions of these Articles of Association;
- (10) The General Meeting shall be convened by publishing a notice in the Official Gazette and in a newspaper of wide circulation with at least 30 days before the date of the meeting.
- (11) The Ordinary and the Extraordinary General Meeting shall be convened by the Board of Directors, pursuant to the applicable law.
- (12) The shareholders registered as at the reference date have the right to participate in the general meeting of shareholders.
- (13) Shareholders who are to benefit from dividends or other rights and who are affected by the decisions of



the general meeting of shareholders will be identified based on the list provided by the register company as at the date set by the general meeting of shareholders.

(14) Shareholders may attend the general meeting of shareholders directly or may be represented by other shareholders, based on a special or general empowerment. Shareholders may also vote by correspondence pursuant to legal provisions applicable.

(15) The right to vote. Each action entitles to one vote.

(16) To validate the discussions of the ordinary general meeting it is required the presence of shareholders representing at least one quarter of the share capital. The decisions of the ordinary general meeting shall be taken by the majority of the votes cast.

(17) If the requirements of validity are not met, a second call of the meeting shall take place, this meeting having the authority to discuss the issues on the agenda regardless of the share capital represented by the shareholders present, and decisions are to be taken by the majority.

(18) To validate the decisions of the extraordinary general meeting it is required for the first call the presence of shareholders holding at least a quarter of the total number of voting rights, and for the subsequent calls, the presence of shareholders representing at least one fifth of the total of voting rights. The decisions are taken by a majority of votes held by shareholders that are present or represented. The decision to change the main activity of the company, to reduce or increase the share capital, to change the legal form, to merge, split or dissolve the company shall be taken by a majority of at least two thirds of the voting rights held by the shareholders that are present or represented.

(19) The resolutions of the ordinary and extraordinary meetings may also be adopted based on the votes cast by correspondence and/or other consultation procedure specified by Instructions and Regulations of ASF concerning the shareholders' consultation. The Board of Directors is responsible for determining the procedure for voting by correspondence.

(20) The resolutions of the general meeting are taken by show of hands or by secret ballot. Shareholders may also vote by correspondence. The secret vote is compulsory for the election or revocation of the Board of Directors (administrators), for taking decisions regarding the liability of administrators, and for the appointment of the financial auditor.

(21) The members of the Board of Directors may not vote on the basis of the shares they own, either personally or through representatives, for their own discharge of liabilities or on issues concerning their persons or their activity.

(22) The shareholder which, in respect of a certain operation, has an interest contrary to that of the company's, shall abstain from the deliberations concerning that operation.

(23) A shareholder failing to meet this provision shall be liable for damages to the company, if without his/her/its vote the required majority would not have been met.

(24) The decisions taken by the general meeting compliant to the law and the company's Articles of Association are also mandatory for the shareholders who did not attend the meeting or voted against.

(25) The general meeting of shareholders shall be presided by the Chairman of the Board of Directors, and in his absence, by the Vice-Chairman.

(26) Upon the request of Societatea de Investiții Financiare Banat-Crișana SA, the central depository that keeps records of company's shareholders, shall provide the necessary data and information for the the organization and the conduct of the general meeting of shareholders, pursuant to the legal and conventional provisions in force.

(27) The general meeting of shareholders elects from amongst the shareholders one to three secretaries to verify the attendance list and the representation of shareholders, their voting right, and to draft the minutes of the meeting, which will be recorded in a sealed and stamped register and will be signed by the chairman of the general meeting and by the secretaries.

Article 7 The Board of Directors

(1) The company is administrated by board of directors comprised of 5 members elected by the general meeting for a period of 4 years, with the possibility to be re-elected. In case of vacancy of one or more administrators, the other administrators shall appoint interim administrators until the assembly of the general meeting.

(2) The nominal composition of the Board of Directors is:

- a) Drăgoi Bogdan-Alexandru, Romanian citizen, domiciled in the municipality of Bucharest;
- b) Străuț Radu Răzvan, Romanian citizen, domiciled in the municipality of Brad;
- c) Marica Sorin, Romanian citizen, domiciled in the municipality of Bucharest;
- d) Pfister Marcel Heinz, Swiss citizen, domiciled in Triesten, Liechtenstein;
- e) Ciucioi Ionel-Marian, Romanian citizen, domiciled in the municipality of Bucharest.



(3) The members of the Board of Directors (administrators) must have a good reputation and enough experience to ensure the sound and prudent management of the company. The administrators have to meet the general requirements provided by Company Law no. 31/1990 supplemented with the special ones provided by the applicable capital market legislation and ASF regulations.

(4) The administrators will be remunerated for their activity, as approved by the general meeting of shareholders.

(5) The administrators must conclude a professional liability insurance, under the terms provided by law;

(6) The Board of Directors elects from amongst its members a Chairman and a Vice-Chairman. The Chairman of the Board of Directors also holds the position of General Director (CEO) of the company. The Board of Directors elected Mr. Drăgoi Bogdan-Alexandru as Chairman.

(7) The Board of Directors meets at the company's headquarters or other venue indicated in the convening notice once a month or whenever necessary, as convened by the Chairman, or in his absence thereof, by the Vice-Chairman.

(8) The Board of Directors may also be convened at the reasoned request of at least 2 of its members or of the general director. In this case, the agenda is set by the authors of the request. The Chairman is bound to agree on such request.

(9) The convening the Board members shall ensure at least 5 days before the date set for the ordinary meeting and 1 day before the extraordinary meeting. The Chairman shall preside the meetings. In the absence of the Chairman, the meeting will be presided by the Vice-Chairman.

(10) For the validity of the decisions of the Board of Directors a presence of at least half of its members is necessary. The members of the Board may also attend the meetings by electronic means, telephone, conference-calls, video-conferences, about which an indication shall be made in the minutes of the meeting. In exceptional cases, justified by the urgency of the situation and the interest of the Company, the decisions of the Board of Directors, except for those concerning the annual financial statements or the authorized capital, may be taken by the unanimous vote expressed in writing (email and fax included) of the members of the Board, without a meeting of the Board of Directors being necessary.

(11) The decisions of the Board of Directors shall be taken by an absolute majority of the attending members. In case of a tie, the Chairman of the Board of Directors, or respectively the Vice-Chairman in case of a reasoned absence of the Chairman, shall have the casting vote.

(12) The Board of Directors has the power to decide during the interval between general meetings regarding the management of the company, except for the decisions that the law or the Articles of Association indicate exclusively for the general meeting.

(13) The Board of Directors decides upon:

a) the strategy and the investment and development policy of the company;

b) submits for the approval of the general shareholders meeting, within legal period, the report on the company's activity, its financial position and income statement for the previous year, and the draft of company's budget;

c) submits for approval to the general meeting of shareholders the adjustment of the income and expenditure budget, depending on the fluctuations in the economy;

d) the acts of acquisition, disposal, swaps or collateralization of assets classified as current assets of the company, whose value exceeds individually or cumulatively, during a financial year, 20% of the total fixed assets, less the receivables, will be concluded by the administrators or directors of the company only after their prior approval of the extraordinary general meeting of shareholders under the provisions of Art. 241, paragraph 1 of Law 297/2004;

e) the company's regulation for organization and functioning, its fund management policies and strategies;

f) setting the accounting policies and financial control system, as well as approving of financial planning;

g) the preparation of the annual report, the organizing of the general meeting of shareholders and implementing its decisions;

h) appointment and removal of directors and establishing their powers;

i) solving any other issues set by the general meeting of shareholders;

(14) The duties and powers of the Chairman of the Board shall be established by internal regulations.

(15) The Board of Directors delegates some of its powers to the executive directors, at the same time setting their remuneration, within the general limits approved by the General Meeting of Shareholders. Company directors shall meet the minimum requirements concerning integrity, qualification and professional experience required by the applicable regulations and legal provisions in force.

(16) The Chairman – CEO, and in his absence, the Vice-Chairman, represents the company in dealings with third parties.



(17) The members of the Board of Directors are entitled to recover the costs incurred in exercising their mandate.

(18) The General Meeting of Shareholders shall annually determine the amount of remuneration to be paid to the administrators.

(19) The revocation of the Board of Directors will be possible only on duly justified reasons, by the ordinary

(20) Concerning the shares issued pursuant to Article 4 of Law no.133/1996, owned by the original holders, they can be repurchased by the company, exceeding the limit laid down by Article 103 of Law no. 31/1990, by the for the purpose of adjusting the price of company's own shares on the capital market.

(21) The Board of Directors has the responsibility to ensure the establishment and implementation of corporate governance principles regarding, but not limited to:

a) the strategic management of the company and fulfilling the set objectives;

b) formulation of company's business plan and evaluation of the financial position thereof;

c) ensuring that an appropriate framework to verify the information submitted to the regulatory and supervisory entity, upon request, concerning specific actions undertaken by the company and the verification of the manner the specific law is applied concerning the submitting of reports to regulatory and supervisory entity;

d) the adequacy, efficiency and update of risk management system;

e) the adequacy, efficiency and update of internal control-compliance system, to ensure its independence from operational and organizational and support structures within the company;

f) compliance with the requirements concerning outsourcing / delegating operational activities or functions;

g) establishing and reviewing the remuneration policy so as to ensure that all commitments relating to remuneration are correctly and responsibly structured and that the remuneration policy allows and promotes an effective risk management without leading to risk-taking exceeding the company's risk tolerance;

h) establishing the communication strategy with stakeholders, complying with the legal requirements;

i) establishing relevant criteria for monitoring the results of the executive management and the company as a whole and to annually evaluate the application of the criteria;

j) approval of company's risk appetite and tolerance limits, and the procedure for identifying, assessing, monitoring, managing and reporting the significant risks the company is or might be exposed to;

k) ensuring the preparation and implementing of clear action plans ensuring business continuity and for emergency situations and their bi-annual evaluation in order to eliminate risks or minimize them;

l) ensuring the development of ethical and professional standards to ensure a professional and responsible behavior in the company in order to prevent the occurrence of conflicts of interest.

Article 8 Financial audit and internal audit

(1) Financial Statements and those concerning company's operations shall be audited by a financial auditor, in compliance with the specific requirements established by the applicable legal provisions.

(2) The financial auditor shall be appointed by the General Meeting of Shareholders, which will set the duration of the term of office. Financial auditor's work shall be conducted pursuant to the legal provisions in force, under a service contract to be approved by the Board of Directors;

(3) The company shall organize the internal audit pursuant to the legal provisions in force.

Article 9 Company's personnel.

(1) The company's organization and the establishment plan with the payroll limits are approved by the Board of Directors.

(2) The members of the personnel are employed by the General Director.

Article 10 Loans. The company may temporarily borrow funds, in compliance with the regulations in force.

Article 11 Investments of the company

(1) Societatea de Investiții Financiare Banat-Crișana SA may acquire and hold investments only under the provisions of the regulations in force.

(2) The company will conduct financial investments complying to the prudential rules concerning the investment policy provided by the applicable regulations in force.

Article 12 Reports

The company shall publish reports and statements set by the regulations in force and comply with all reporting requirements established by law, regulations of the supervisory authority and of the regulated market on which the shares issued by the company are traded.



Article 13 Transparency

- (1) The company shall provide all necessary facilities and information to enable shareholders to exercise their legal and statutory rights pursuant to the applicable legal provisions.
- (2) The Company shall provide equal treatment for all the shareholders who hold shares of the same class.

Article 14 Incompatibilities

- (1) The persons elected as members of the Board of Directors must meet the requirements provided by the Law 31/1990 and capital market legislation and must not be members in another Board of Directors, supervisory board or directorate of other investment company or investment management company (SAI), to be employed or have any contractual relationship with such entity;
- (2) may not hold managing positions in the company: members of the Board of a depositary, of its executive management, holders of 5% or more of the share capital of that depositary, including the persons involved;
- (3) may not hold managing positions in the company: members of the board of a financial investment services company, of its executive management, holders of 5% or more of the shares of financial investment services companies including the persons involved.

Article 15 Net assets of the company. Net assets shall be calculated in compliance with applicable regulations. Valuation of assets managed by the company and the calculation of the net assets shall be carried out compliant to the legal regulations in force.

Article 16 Depositary

- (1). The company shall conclude a contract for custodian services with a depositary endorsed by ASF. The services to be provided by the depositary shall be laid down in the contract for custodian services.
- (2) The depositary may be replaced, ensuring the investors' protection in such case, pursuant to the regulations in force.

Article 17 Dissolution of the company

- (1) Dissolution of the company shall occur in cases expressly provided by law. In case of dissolution, the company will be liquidated.
- (2) The liquidation shall follow the procedure prescribed by the law. After its completion, the liquidators will request the Company be struck-off from the Trade Register.

Article 18 Litigations. Litigations of the company with natural or legal persons fall within the jurisdiction of the courts in Romania. They may be settled by arbitration.

Article 19 Matters not covered

- (1) Matters not covered in these Articles of Association, concerning company's operation, merger, division, association with other companies, dissolution and liquidation, fall under the provisions of Law 31/1990, republished, and the special regulations in matters of financial investment companies.
- (2) Any laws subsequently issued that remove or restrict the limitations explicitly set for currently for the financial investment companies, the clauses thereof of these Articles of Association shall be deemed amended by law.

Article 20 Amendment of the Articles of Association

- (1) The amendment of the Articles of Association shall be performed pursuant to the procedure laid down by the regulations in force and under the conditions of the Articles of Association.
- (2) The Chairman of the Board is empowered take the legal steps for the signing of the amended Articles of Association and request the registration with Arad Trade Register Office.

These Articles of Association have been rewritten today 10.04.2018, in 5 (five) original copies.

Chairman of SIF Banat-Crișana SA
Drăgoi Bogdan-Alexandru



SIF BANAT-CRIȘANA

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STATEMENT

This statement is given pursuant to the provision of Art. 65 par. 2 (c) of Law no. 24/2017, for the condensed interim financial statements of SIF Banat-Crișana SA prepared as at June 30, 2018, regarding the extent to which they fairly present, in all material respects, the financial position of SIF Banat-Crișana SA as at June 30, 2018, and the result of Company's operations as at that date, in accordance with the requirements of the accounting standards in Romania, namely Accounting Law no. 82/1991, republished, and ASF Norm no. 39/2015 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority, from the Financial Instruments and Investments Sector.

We take the responsibility for the fair presentation of the financial statements pursuant to the legal regulations listed above. We knowingly and confidently confirm that:

- a) The accounting policies used for the preparing of the condensed interim financial statements are in accordance with Accounting Regulations approved by ASF Norm no. 39/2015;
- b) The condensed interim financial statements prepared as at June 30, 2018 provide a fair and accurate view of the assets, liabilities, financial position and profit or loss and other comprehensive income and other information related to the activity of the Company;
- c) The company operates in terms of continuity;
- d) The report of the Board of Directors provides an accurate analysis of the development and the performance of the company, and a description of the main risks and uncertainties specific to the activity carried out.

Chairman and CEO
Bogdan-Alexandru DRĂGOI

Economic Director
Ștefan DOBA



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PRESS RELEASE

Availability of SIF Banat-Crișana H1 2018 report

August 14, 2018, Arad | SIF Banat-Crișana informs the investors that the Report for the first half of 2018 will be made available to the public starting August 14, 2018, at 08:30 hours, on Company's website at www.sif1.ro and at Company's headquarters in Arad, 35A Calea Victoriei.

The half-yearly report was prepared pursuant to the provisions of Law no. 24/2017, the CNVM/ASF Regulations no. 5/2018 and no. 15/2004 and ASF Norm no. 39/2015.

Note that the financial statements as at June 30, 2018 are not audited by the financial auditor of the company.

Further information can be obtained from Investor Relations Office, tel: +40257 304 446 / +40257 250 165, e-mail: investitori@sif1.ro.

Bogdan-Alexandru Drăgoi
Chairman and CEO

Compliance Officer, Eugen Cristea