



# SIF BANAT-CRIȘANA

SOCIETATE DE INVESTIȚII FINANCIARE

---

**SIF BANAT-CRIȘANA**

---

**HALF YEAR REPORT**

---

**JANUARY 1 – JUNE 30, 2019**

---

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

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

# CONTENTS

<b>GENERAL INFORMATION</b>	<b>3</b>
<b>MAIN FINANCIAL AND OPERATIONAL INFORMATION</b>	<b>4</b>
<b>1. ANALYSIS OF THE ACTIVITY OF SIF BANAT-CRIȘANA</b>	<b>5</b>
Net asset value	5
Analysis of the portfolio	5
Portfolio structure	7
Stock portfolio management	7
Acquisitions and disposals of assets	15
<b>2. THE SHARES ISSUED BY SIF BANAT-CRIȘANA</b>	<b>16</b>
<b>3. CORPORATE GOVERNANCE</b>	<b>19</b>
<b>4. FINANCIAL RESULTS AS AT JUNE 30, 2019</b>	<b>31</b>
<b>5. OTHER SIGNIFICANT INFORMATION</b>	<b>35</b>
<b>6. ANNEXES</b>	
<b>Annex 1</b> Condensed interim financial statements as at June 30, 2019, prepared pursuant to the Financial Supervisory Authority Rule no. 39/2015 for the approval of accounting regulations in accordance with the International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector - unaudited	
<b>Annex 2</b> Net asset statement as at June 30, 2019, prepared pursuant to Regulation no. 15/2004 (Annex 16)	
<b>Annex 3</b> Detailed statement of investments as at June 30, 2019, pursuant to Regulation no. 15/2004 (Annex 17)	
<b>Annex 4</b> Statement of the responsible persons	

## GENERAL INFORMATION

CORPORATE NAME	<b>Societatea de Investiții Financiare Banat-Crișana S.A.</b> (hereinafter referred to as "SIF Banat-Crișana" or "the Company")
COMPANY TYPE	<ul style="list-style-type: none"> <li>▪ closed-end investment company self-managed with diversified investment policy, endorsed by the Financial Supervisory Authority by Endorsement no. 258 / 14.12.2005</li> <li>▪ 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</li> <li>▪ Romanian legal entity with private capital</li> </ul>
SHARE CAPITAL	<ul style="list-style-type: none"> <li>▪ RON 51,746,072.40 – subscribed and paid-in capital</li> <li>▪ 517,460,724 shares issued; 517,371,068 outstanding shares</li> <li>▪ RON 0.10 per share nominal value</li> </ul>
REGISTRATIONS	<ul style="list-style-type: none"> <li>▪ J02/1898/1992 at Trade Registry of the Arad Court</li> <li>▪ Unique Registration Code 2761040</li> <li>▪ Number in ASF AFIAA Register PJR07.1AFIAA/020007/09.03.2018</li> <li>▪ Number in ASF SIIR Register PJR09SIIR/020002/2006</li> <li>▪ Legal Entity Identifier (LEI Code) 254900GAQ2XT8DPA7274</li> </ul>
MAIN ACTIVITY	<p>Main activity is, as per the classification of economic activities in the national economy (CAEN): financial intermediation, except insurance and pension 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"> <li>▪ carrying out financial investments in order to maximize the value of own shares in accordance with the regulations in force;</li> <li>▪ management of investment portfolio and exercising all of the rights related to the instruments in which investments are made;</li> <li>▪ risk management;</li> <li>▪ other activities auxiliary and associated to the collective investment activity, in accordance with the regulations in force.</li> </ul>
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB) – Premium category - ticker <b>SIF1</b>
FINANCIAL AUDITOR	PricewaterhouseCoopers Audit S.R.L for the financial years 2016 – 2018 <b>Deloitte Audit S.R.L.</b> , starting with 2019 financial year
DEPOSITARY BANK	BRD - Groupe Société Générale
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	<b>Arad</b> , 35A Calea Victoriei 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
BRANCH OFFICE	<b>Bucharest</b> 175 Calea Floreasca, 7th floor, room A1, S1, 014459, Bucharest

## MAIN FINANCIAL AND OPERATIONAL INFORMATION

<b>MAIN BALANCE SHEET ITEMS [RON mn]</b>			
	<b>30.06.2018</b>	<b>31.12.2018</b>	<b>30.06.2019</b>
Total assets, of which	2,573.26	2,452.94	2,698.89
Total financial assets	2,544.44	2,427.11	2,674.07
Equity	2,398.77	2,321.42	2,553.43
Total current liabilities	16.48	1.62	3.93

<b>FINANCIAL PERFORMANCE [RON mn]</b>			
	<b>30.06.2018</b>	<b>31.12.2018</b>	<b>30.06.2019</b>
Income	80.79	114.88	102.54
Gains on investments	(20.66)	(16.05)	21.03
Expenses	7.83	17.93	8.37
Gross profit	52.31	80.89	115.20
Net profit	50.79	77.19	107.45

<b>FINANCIAL INDICATORS [%]</b>			
	<b>30.06.2018</b>	<b>31.12.2018</b>	<b>30.06.2019</b>
ROE (net profit / equity)	2.12	3.32	4.21
ROA (net profit / total assets)	1.97	3.15	3.98
Gross profit margin (gross profit / total revenues)	50.86	37.49	81.27

<b>PERFORMANCE OF SHARES AND NET ASSET</b>			
	<b>30.06.2018</b>	<b>31.12.2018</b>	<b>30.06.2019</b>
Share price (end of period, RON)	2.5300	2.0400	2.2200
NAV/S* (RON)	4.6035	4.3067	4.8363
Accounting net asset / share (RON)	4.6130	4.4863	4.9345
Nominal value of share (RON)	0.1	0.1	0.1
Number of shares issued	520,000,000	517,460,724	517,460,724
Number of outstanding shares	517,460,724	517,371,068	517,371,068

\* calculated acc. to ASF regulations

<b>OPERATIONAL DATA</b>			
	<b>30.06.2018</b>	<b>31.12.2018</b>	<b>30.06.2019</b>
Number of permanent employees, end of period	34	34	34
Branch offices	1	1	1

<b>SHAREHOLDING STRUCTURE as at June 30, 2018</b>		
	number of shareholders	holdings
Romanian individuals	5,750,166	40.34%
Non-resident individuals	2,037	0.34%
Romanian legal entities	150	37.98%
SIF Banat-Crișana (treasury stock) **	1	0.02%
Non-resident legal entities	25	21.33%
<b>TOTAL</b>	<b>5,752,379</b>	<b>100%</b>

\*\* own shares repurchased in 2018

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

# 1. ANALYSIS OF THE ACTIVITY OF SIF BANAT-CRIȘANA

## Analysis of the portfolio

SIF Banat-Crișana's investment strategy aims for the maximizing of portfolio performance, 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 invested capital.

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

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

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.

## Net Asset Value

SIF Banat-Crișana's net asset value (NAV), key performance indicator for the activity of the Company, reached **RON 2,502 mn** at the end of the H1 2019, 12% higher as compared to RON 2,228 mn at 2018-year end and 5% up compared to the same period of the previous year. Net asset value per share (NAV/S) was of **RON 4.8363** as at June 30, 2019, as compared to RON 4.3067, the value recorded for 2018-year end, respectively 4.6036 as at June 30, 2018.

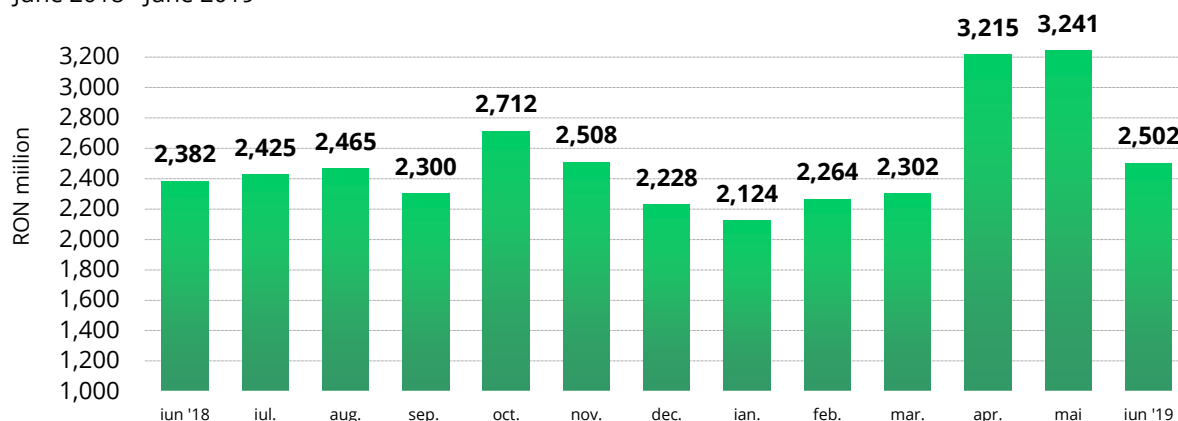
Monthly values for net asset were calculated by SIF Banat-Crișana and certified by BRD Groupe Société Générale. The valuation of assets for the calculation of net asset value of SIF Banat-Crișana was performed pursuant to ASF Regulation no. 9/2014 and ASF Regulation no. 10/2015.

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

Net asset statement as at June 30, 2019, prepared pursuant to annex 16 of the Regulation no. 15/2004, is presented as annex to this report.

## NET ASSET VALUE

June 2018 - June 2019

**The methodology for calculating the net asset value**

During H1 2019, the calculation of net asset value was performed under the provisions of art. 113-122 of ASF Regulation no. 9/2014, ASF Regulation no. 10/2015 and ASF Regulation no. 2/2018.

Per these regulations:

- shares and securities referred to in art. 3 par. (1) pt. 26 letter c) from GEO no. 32/2012 admitted to trading and traded in the last 30 trading days on a regulated market or in trading systems other than regulated markets, are evaluated: (i) at the closing price of the market section considered the main market, for the day for which the calculation is made, in the case of shares admitted to trading on the respective regulated market; or (ii) at the reference price for the day for which the calculation is made, in the case of shares traded under trading systems other than regulated markets.
- The securities not admitted to trading on a regulated market or not traded during the last 30 trading days are valued at the accounting (book) value per share recorded in the most recent annual financial statements, or equity value comprised in the monthly reports submitted to BNR (the Romanian central bank) for credit institutions.
- In the case of joint stock companies not admitted to trading on a regulated market or on an alternative system, in which SIF Banat-Crișana holds more than 33% of the share capital, these shares are valued in the net asset of SIF Banat-Crișana exclusively in accordance with international valuation standards based on an evaluation report, updated at least annually. These companies are presented in a separate annex within the Detailed Statement of the Portfolio.
- Fixed income financial instruments are evaluated by the method based on the daily recognition of the interest and the amortization of the discount / premium for the period passed from the date of the placement.
- The shares of companies in insolvency, judicial liquidation or reorganization procedure are evaluated at zero value until the end of the procedure.
- The values of the non-portfolio items considered in the calculation of the net asset are in accordance with the International Financial Reporting Standards ("IFRS").

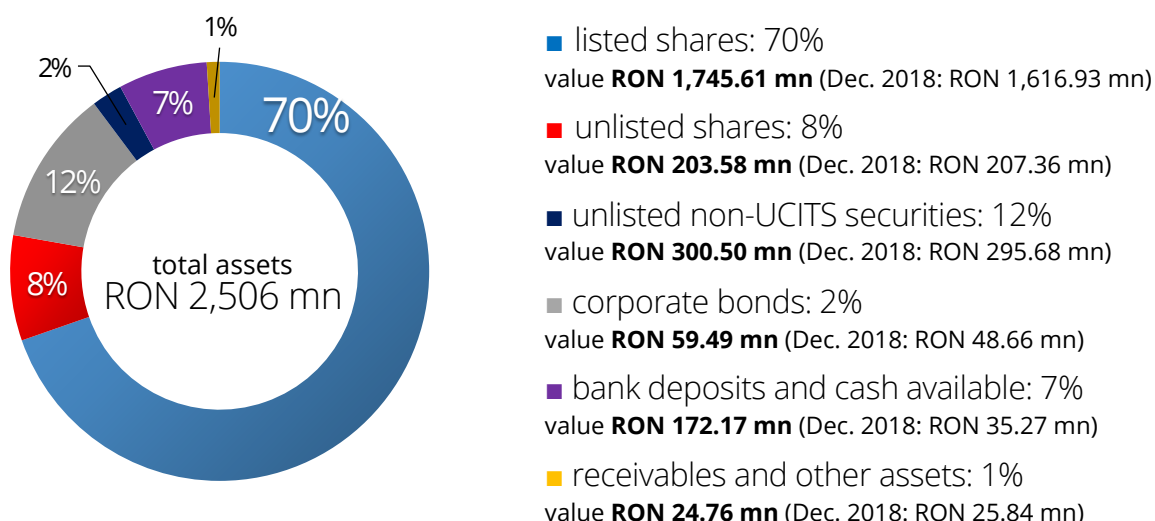
The valuation methods applied by the Company to evaluate the financial assets in the portfolio are presented on Company's website, [www.sif1.ro](http://www.sif1.ro), in the section *Investments > Net Asset > Net asset value calculation methodology*. The changes in valuation policies and methods are communicated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

## Portfolio structure

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

### ASSETS UNDER MANAGEMENT as at June 30, 2019

assets class breakdown (weight in total assets)



*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 value<sup>1</sup> of SIF Banat-Crișana, calculated as per ASF regulations as at June 30, 2019, was of **RON 2,506.12 million**, up 12,39% as compared to the value recorded at the end of 2018, when it reached RON 2,229.80 million. Compared to that date, the value of listed shares rose 7.96%.

The value of the stock portfolio (listed and unlisted shares) accounted for **77.78%** of SIF Banat-Crișana's total assets as at June 30, 2019, amounting to **RON 1,949.19 million**.

The detailed statement of SIF Banat-Crișana's investments as at June 30, 2019, prepared pursuant to Regulation no. 15/2004 (Annex 17), is presented as annex to this report.

## Stock portfolio management

At the end of H1 2019, SIF Banat-Crișana held *majority holdings* - over 50% of the issuer's share capital - in 13 companies, with a total value of RON 553.63 million, representing 28.40% of NAV.

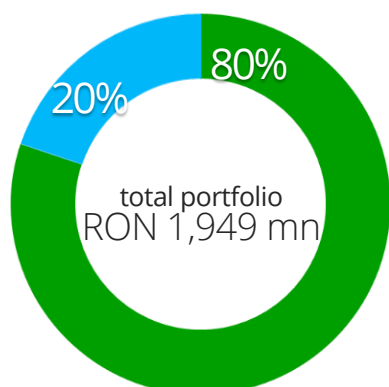
The companies in which SIF Banat-Crișana holds majority stakes and the control are classified as subsidiaries according to the International Financial Reporting Standards.

During H1 2019, the Company re-analysed the criteria regarding the classification as an investment entity and concluded that they are met, except for the subsidiaries that provide investment services (SAI Muntenia Invest SA and Administrare Imobiliare SA). Thus, in accordance with IAS 27 and IFRS 10, the Company measures all its subsidiaries at fair value through profit or loss, except for subsidiaries that provide investment services, which will continue to be consolidated.

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

**STOCK PORTFOLIO**

geographical exposure



■ Romania: 80%

**RON 1,561.97 mn** (31 dec. 2018: RON 1,383.59 mn) value of holdings in 123 de companies (31 dec. 2018: 128)

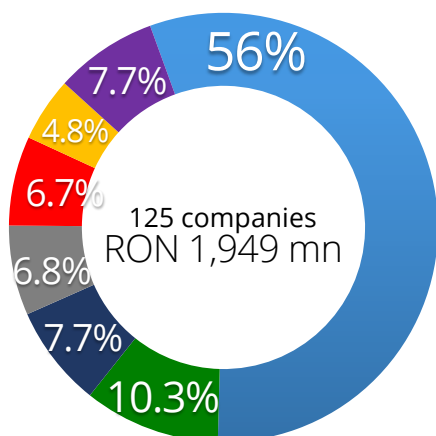
■ foreign: 20%

**RON 387.22 mn** (31 dec. 2018: RON 440.76 mn) value of holdings in 2 companies (31 dec. 2018: 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*

**STOCK PORTFOLIO**

breakdown by sector



■ financial-banking: 56%

stakes in **14** companies worth **RON 1,091.09 mn** (31 Dec. 2018: RON 1,036.42 mn)

■ commerce – real-estate: 10.3%

stakes in **13** companies worth **RON 200.27 mn** (31 Dec. 2018: RON 241.22 mn)

■ energy - utilities: 7.7%

Stakes in **11** companies worth **RON 149.63 mn** (31 Dec. 2018: RON 128.47 mn)

■ cardboard and paper: 6.8%

stakes in **5** companies worth **RON 132 mn** (31 Dec. 2018: RON 150.41 mn)

■ pharma: 6.7%

stakes in **2** companies worth **RON 131.28 mn** (31 Dec. 2018: 81.27 mn)

■ tourism and public-food services: 4.8%

stakes in **4** companies worth **RON 94.37 mn** (31 Dec. 2018: RON 72.44 mn)

■ other industries: 7.7%

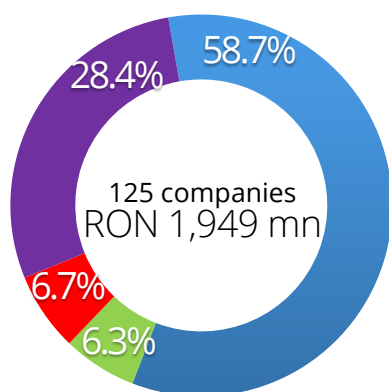
stakes in **76** companies worth **RON 150.54 mn** (31 Dec. 2018: RON 114.14 m)

*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 **44** companies  
worth **RON 1,143.25 mn** (31 Dec. 2018: RON 1,079.88 mn)

## ■ 5-33%

stakes **between 5 and 33%** in **65** companies  
worth **RON 122.40 mn** (31 Dec. 2018: RON 213.99 mn)

## ■ 33-50%

stakes **between 33 and 50%** in **3** companies  
worth **RON 129.91 mn** (31 Dec. 2018: RON 5.54 mn)

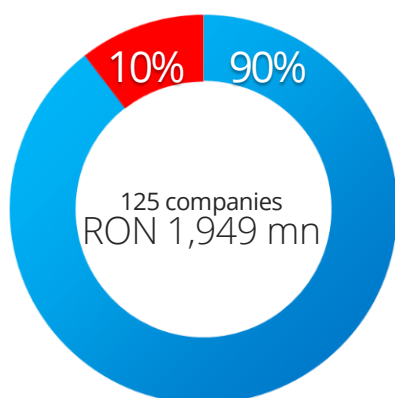
## ■ above 50%

**majority stakes, above 50%**, in **13** companies  
worth **RON 553.63 mn** (31 Dec. 2018: RON 524.96 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



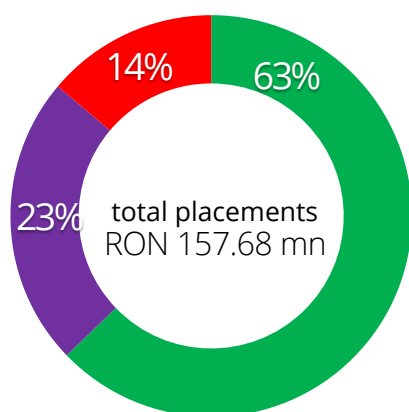
## ■ listed companies: 90%

**RON 1,745.61 mn** (31 Dec. 2018: RON 1,616.96 mn) value of stakes held in 46 companies (31 Dec. 2018: 47)

## ■ unlisted companies: 10%

**RON 203.58 mn** (31 Dec. 2018: RON 207.39 mn) value of stakes held in 79 companies (31 Dec. 2018: 83)

*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*

**PORTFOLIO OF FIXED INCOME FINANCIAL INSTRUMENTS**

## ■ bank deposits in RON

**RON 99 mn** (31 Dec. 2018: RON 21.50 mn)

## ■ corporate bonds in RON

**RON 36.87 mn** (31 Dec. 2018: RON 36.87 mn)

## ■ corporate bonds in EUR

equivalent of **RON 21.81 mn** (31 Dec. 2018: RON 11.22)

*values calculated as at 30.06.2019 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*

Presentation of the largest holdings in the portfolio

**TOP 10 COMPANIES IN SIF BANAT-CRIȘANA PORTFOLIO** as at June 30, 2019

Emitent	Domeniu de activitate	Value of holding* June 30, 2019 [RON]	% of NAV
1 Banca Transilvania	banking - financial	520,985,251	20.82%
2 Erste Group Bank AG	banking - financial	223,330,044	8.93%
3 BRD - Groupe Société Générale	banking - financial	172,099,882	6.88%
4 SIF Imobiliare Plc	financial services applicable to real estate	163,889,591	6.55%
5 Vrancart	cardboard and paper	127,004,233	5.08%
6 Biofarm	pharmaceuticals	124,199,129	4.96%
7 SIF Moldova	other financial intermediations	67,111,151	2.68%
8 SNGN Romgaz	energy – utilities	50,607,677	2.02%
9 SAI Muntenia Invest	other financial intermediations	48,758,246	1.95%
10 CONPET	energy – utilities	44,906,652	1.79%
<b>TOTAL</b>		<b>1,542,891,857</b>	<b>61.66%</b>

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

## 1. BANCA TRANSILVANIA

Results of the bank (RON mn)	Q1 2019	Q1 2018	Δ
NII	749.4	543.3	37.9%
Net fee and commission income	186.7	163.2	14.4%
Other operational revenues	52.7	93.7	-43.8%
Net banking income	988.8	800.2	23.6%
Operating expenses	490.1	386.0	27.0%
CoR	+106.1	+50.9	
Net result (a.m.)	507.5	389.0	+30.5%
ROE	24.8 %		
Loans/Deposits	59.1 %		
NIM	3.87 %		
Cost/Income	49.6 %		
NPL (EBA)	4.9 %		

As at June 30, 2019, SIF Banat-Crișana held a stake of 4.52% of Banca Transilvania's share capital.

Gross profit at group level in Q1 2018 of RON 507.5m (+ 30.5% yoy), incomparable yoy as a result of the completion of the merger with BancPost in 2018, in the context of a positive contribution of the risk cost of RON 106.1mn and the non-recognition of the cost with the tax on bank assets according to GEO 19/2019, a tax that will be recognized in the financial statements at 31.12.2019 and which is estimated by the management to be in total value of RON 136 mn.

Total assets of the group assets reached RON 75.9 bn on March 2019, up 2.35% QoQ.

NPL rate, as per EBA, is of 4.9%, a coverage level with provisions of 94% (and of 134% considering the guarantees).

CAR level stood to a comfortable 18.67% rate without the Q1 2019 result (above the minimum of 14% indicated in the dividend policy), respectively 19.67% 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 (EUR mn)	Q1 2019	Q1 2018	Δ
NII	1,160.9	1,082.6	7.2%
Net fee and commission income	487.7	478.6	1.9%
Net income from transactions	153.3	11.3	1257%
Operational result	656.0	590.2	11.1%
Operating income	1,771.7	1,655.1	7.0%
Operating expenses	-1,115.6	-1,065.0	4.8%
CoR	35.8	54.4	
Net result (a.m.)	377.0	336.1	+12.2%
CET1	13.2 %		
ROE	11.1 %		
Loans/Deposits	91.4 %		
NIM	2.18 %		
Cost/Income	60.0 %		
NPL	3.0 %		

As at June 30, 2019, SIF Banat-Crișana held a stake of 0.34% of Erste Bank's share capital.

The Group recorded a in Q1 2019 a net profit of EUR 377 mn, + 12.2% YoY. At operational level, net interest income increased YoY by 7.2% to EUR 1,160.9 mn, and fees and commissions income by 1.9% to 487.7 mn.

General and administrative expenses increased by 4.8%, having a lower progress than the revenues.

NPL level continued its descent, from 3.2% in 2018 to 3%, the coverage being of 74.2% (vs. 73% YoY).

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 (RON mn)	Q1 2019	Q1 2018	Δ
NII	513.5	465.5	10.3%
Net fee and commission income	184.4	184.1	0.2%
Net income from transactions	76.4	67.5	13.1%
Net banking income	784.3	724.2	8.3%
Operating expenses	442.1	385.0	14.9%
CoR	+25.9	+152.8	
Net result (a.m.)	297.7	411.3	-27.6%
ROE	15.4 %		
Loans/Deposits	65.4 %		
Cost/Income	56.6 %		
NPL	4.0 %		

As at June 30, 2019, SIF Banat-Crișana owns 1.95% of the share capital of BRD-Groupe Société Générale.

BRD Group posted a quarterly net profit of RON 298 mn, 27.6% lower yoy, due to a much smaller positive impact of the risk cost, respectively of RON 26 mn vs. RON 153 mn in 1Q 2018.

Operating costs increased at a higher rate than revenues (14.9% vs. 8.3%), and costs with contributions to the guarantee and resolution funds doubled in 2019 vs 2018 (RON 72 mn vs RON 35 mn). Personnel expenses rose by 8.6% and, on the revenue side, only the net interest income increased by 10.3%, while the expenses of expenses and commissions stood at the same level.

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

## 4. SIF IMOBILIARE PLC

	2015*	2016*	2017*	2018*
<b>Revenues</b> [EUR mn]	12.35	10.38	7.85	7.52
<b>Gross profit</b> [EUR mn]	8.61	4.47	4.59	10.03
<b>Net profit</b> [EUR mn]	6.37	4.35	4.28	9.49

\* 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 7.23% 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. Also that year, SIF Imobiliare Plc participated in the establishment of a new trading company that entered into its portfolio: SIFI Properties (99.9%) having as object of activity real-estate development (promotion) (CAEN code 4110). In the same year, the portfolio restructuring process was continued, by starting two merger projects, namely SIFI B One (absorbent), to merge with SIFI CS Retail SA, Urban SA and Agrorent SA as absorbed companies and the second merger project Cora SA (absorbent) with Central SA (absorbed).

In 2017, the two merging projects aforementioned were completed. In 2018, the analysis of business opportunities was further carried on, with the aim of improving the performance of the global portfolio of SIF Imobiliare Plc, as well as rationalizing and revising the operational processes at the level of the affiliates, in order to increase their efficiency, as well as to make a quantitative leap in the performance measures, such as return on investment, cost reduction and improved service quality.

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

## 5. VRANCART S.A. ADJUD

	2016	2017	2018	Q1 2019
<b>Turnover</b> [RON mn]	232.3	325.0	355.4	90.0
<b>Operating profit</b> [RON mn]	24.2	30.1	23.5	7.2
<b>Net profit</b> [RON mn]	20.5	25.4	16.8	5.3
<b>Dividends</b> [RON mn]	14.0	11.3	9.8	-

\*consolidated statements; source: Company report submitted to BVB

SIF Banat-Crișana owns 75.06% of the share capital of Vrancart SA as at June 30, 2019. Vrancart group also comprises Rom Paper Brașov (100%).

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

For Q1 2019, according to Company's report, the turnover increased by + 2%. Under these conditions, the operating profit for the period was of RON 7.2 mn, an increase of 54% compared to the one achieved in the same period of the previous year. The net profit for Q1 2019 was of RON 5.3 mn, up 5% compared to the corresponding period of 2018.

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

## 6. BIOFARM

	2016	2017	2018	Q1 2019*
<b>Turnover</b> [RON mn]	152.1	170.2	184.2	48.6
<b>Operating profit</b> [RON mn]	35.0	43.0	46.2	20.4
<b>Net profit</b> [RON mn]	29.5	36.0	38.4	16.2
<b>Dividends</b> [RON mn]	16.7	18.7	9.8	-

\* source: Company report submitted to BVB

During H1 2019, SIF Banat-Crișana purchased 133,270,532 shares, thus as at June 30, 2019, SIF Banat-Crișana holds a stake of 36.75% of the share capital of Biofarm.

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

In Q1 2019, turnover rose +12% and net profit recorded +36.5% upsurge.

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

## 7. SIF MOLDOVA

	2016	2017	2018	Q1 2019*
<b>Net profit</b> [RON mn]	123.3	164.7	50.1	1.7
<b>Dividends</b> [RON mn]	45.6	49.8	30.2	-

\* 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 18.06 – 01.07.2019 a public tender offer for the purchase of 12,700,000 own shares at a price of RON 1.85 / 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.

	2016	2017	2018	Q1 2019*
<b>Turnover</b> [RON mn]	3,411.9	4,585.2	5,004.2	1,713.1
<b>Operating profit</b> [RON mn]	1,258.7	2,115.9	1,531.9	630.8
<b>Net profit</b> [RON mn]	1,024.6	1,802.2	1,366.2	541.9
<b>Dividends</b> [RON mn]	2,220.3	2,640.1	1,607.2	

\* financial statements for Q1 2019, source: Company report submitted to BVB

As at June 30, 2019, 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.

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 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. SAI MUNTENIA INVEST

	2016	2017	2018
<b>Operating revenues</b> [RON mn]	17.8	18.7	17.4
<b>Operating profit</b> [RON mn]	8.6	9.0	7.5
<b>Net profit</b> [RON mn]	7.5	7.7	6.7

The company was established in 1997 and SIF Banat-Crișana owns, as at 31.12.2018, 99.98% of the share capital of SAI Muntenia

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

## 10. CONPET

	2016	2017	2018	Q1 2019*
<b>Turnover</b> [RON mn]	381.6	376.7	385.1	98.8
<b>Operating profit</b> [RON mn]	80.3	83.1	66.2	15.4
<b>Net profit</b> [RON mn]	71.5	74.4	60.7	14.4
<b>Dividends</b> [RON mn]	228.6	69.6	64.7	-

\* financial statements for Q1 2019, source: Company report submitted to BVB

As at June 30, 2019, SIF Banat-Crișana holds a stake of 6.5% in the share capital of Conpet.

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

The operating revenues increased in Q1 2019 compared to the same period of the previous year while the operating expenses followed a similar trend. On the one hand, the increase in personnel expenses, on the other hand the increase in energy and the increase in gas prices were the

determining factors that impacted the company's recent results. The net result for the first 3 months of 2019 slightly exceeds the budgeted values as well as the results obtained during the similar period of the previous year. 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.

## Acquisitions and disposals of assets

During H1 2019, the following purchases of financial assets were made:

- acquisitions of listed shares, amounting to RON 49,560,642, of which in subsidiaries RON 1,503 (Uniteh) and associated entities RON 44,423,496 lei (Biofarm);
- fund units of Optim Invest Closed Fund, amounting to RON 8,499,912 lei;
- corporate bonds (SIFI BH Retail SA), amounting to RON 70,713,000 (RON equivalent of EUR 15,000,000 at the date of acquisition).

Assets disposed during H1 2019 include:

- sales of shares listed on foreign markets in a total amount of RON 93,881,872, with a gain of RON 50,222,166;
- sales of listed and unlisted shares on the domestic markets in a total amount of RON 9,450,445, with a gain of RON 2,593,696;
- early redemption of 6,400 SIFI BH Retail SA bonds, amounting to 12,800,000 euros (equivalent to RON 60,962,560 at the exchange rate of the redemption date), with an accrued interest of 248,285 euro (equivalent to RON 1,182,507 at the exchange rate on the date of redemption);
- partial redemptions of fund units, with a total redemption value of RON 20,668,827, with RON 787,121 below the fair value as of December 31, 2018.

## 2. THE SHARES ISSUED BY BANAT-CRIȘANA

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

Total number of issued shares (June 30, 2019)	<b>517,460,724</b>
Outstanding shares (June 30, 2019)	<b>517,371,068</b>
Nominal value	<b>RON 0.1000 / share</b>
Type of shares	<b>common, ordinary, registered, dematerialized, indivisible</b>
Trading market	<b>Regulated spot market of Bucharest Stock Exchange (BVB or BSE), Premium category, listed since November 1, 1999</b>
BVB (BSE) symbol (ticker)	<b>SIF1</b>
Bloomberg BBGID	<b>BBG000BMN388</b>
ISIN	<b>ROSIFAACNOR2</b>
Part of indices	<b>BVB (BSE) indices: BET-XT, BET-FI, BET-BK and BET-XT-TR</b>

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

Pursuant to art. 286<sup>1</sup> 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. 286<sup>1</sup> par. (2) of Law no. 297/2004 and CNVM/ASF Instruction no. 6/2012 issued in application of art. 286<sup>1</sup> of Law no. 297/2004.

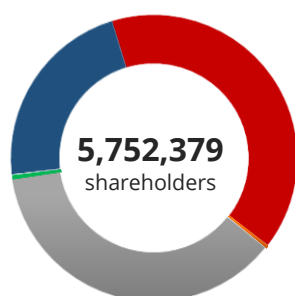
Since its set-up, SIF Banat-Crișana has not issued bonds or other debt instruments.

At the date of this report, SIF Banat-Crișana holds 89,656 own shares, purchased in October 2018 in the buyback program approved by EGM Resolution no. 2 art. 2 of April 26, 2018.

As at June 30, 2019, SIF Banat-Crișana has 5,752,379 shareholders, according to the data reported by Depozitarul Central SA Bucharest, the company that keeps the shareholders registry.

### SHAREHOLDERS' STRUCTURE

as per holdings, as at June 30, 2019



■ 40.34%

Romanian individuals  
(5,750,166 shareholders)

■ 0.34%

non-resident individuals  
(2,037 shareholders)

■ 37.98%

Romanian legal entities  
(150 shareholders)

■ 21.33%

non-resident legal entities  
(25 shareholders)

■ 0.02%

treasury stock  
(following the acquisitions  
made in October 2018, the  
company holds 89,656 own  
shares)



## PROGRESS OF DIVIDEND DISTRIBUTION

	2016*	2017*	2018*
Net profit (RON mn)	81.36	69.55	77.19
No. of shares	548,849,268	520,000,000	517,460,724
Gross dividend payable * (RON mn)	-	-	-
Net dividend payable (RON mn)	-	-	-
Gross dividend per share (RON)	-	-	-
Dividend payout ratio	-	-	-

\*2016, 2017 and 2018 with no dividend distribution, according to GMS decision of April 20, 2017, April 26, 2018, and April 22, 2019

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

The liquidity of the SIF1 title was higher compared to the similar period of 2018, in H1 2019, a number of 17,824,557 shares were traded, representing 3.445% of the total shares issued, worth of RON 38,662,270.

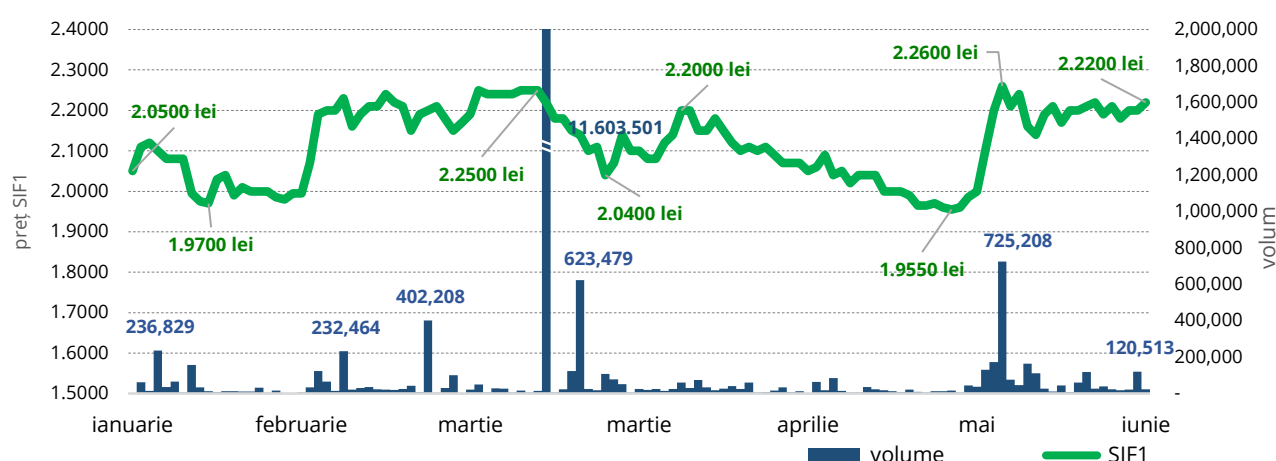
On the "DEAL" market there were 3 transactions, a total of 6,884,294 shares were transferred, totalling RON 14.09 million.

In the first half of 2019, the price of SIF1 shares was between RON 1.9500 and RON 2.2500, up YTD by 8%. Compared to the constantly increasing trend of the BET-FI index whose component it is, the SIF1 movement was characterized by wide positive price changes at the beginning of February and the end of May, of the 122 trading days, 50 days had with positive changes (a maximum of +5.8% on February 5) and 45 days with negative variations (a minimum of -4.09% on January 14)

The highest price SIF1 title was traded in H1 2019 was of RON 2,2700 per share, in the trading session of March 4, and the lowest price was of RON 1,8150 per share, during the trading session of January 15, the spread between the highest and lowest prices of the period was of 16%. The average price of the period was of RON 2,1690 per share.

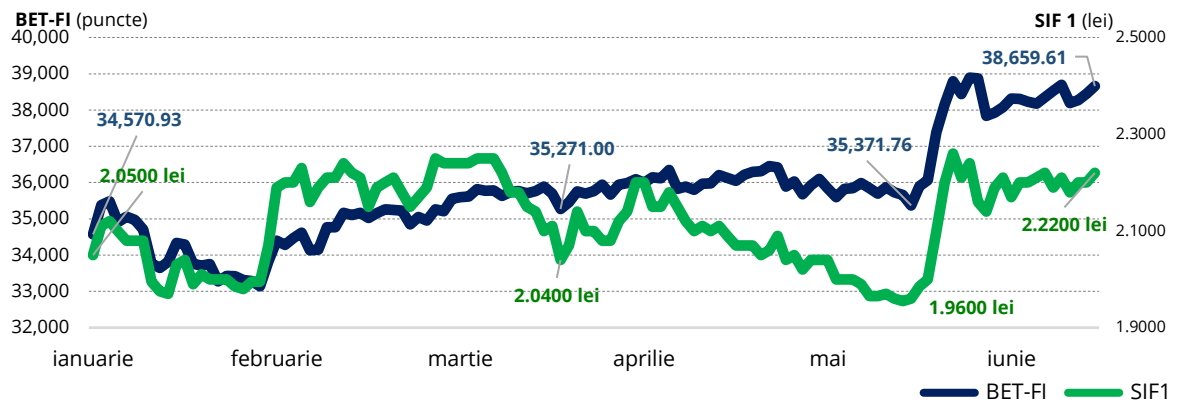
On June 28, 2019 (the last trading day of H1 2019), the market capitalization for the SIF1 title, calculated at the closing price, was of RON 1,148.76 million (RON 1,148.56 million for the outstanding shares).

## SIF1 PRICE AND VOLUME IN H1 2019



highlighted values were recorded at the closing of trading day

## SIF1 vs BET-FI PERFORMANCE IN H1 2019



*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).

During H1 2019, the Board of Directors approved the revision of the Corporate Governance Regulation of SIF Banat-Crișana, the document is available for consultation on the company's website at [www.sif1.ro](http://www.sif1.ro), in the *Corporate Governance* section.

The status of compliance with the provisions of the Corporate Governance Code issued by Bucharest Stock Exchange Code was presented in the Board of Directors' annual report for 2018, 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 2018, the document is available on company's website, in *Corporate Governance* section.

#### Administration and management of the Company

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

#### The Board of Directors

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

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

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

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

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

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

During January 1 – June 30, 2019, the Company was administered by a Board of Directors (administrators) composed of five members: Mr. Bogdan Alexandru DRĂGOI – Chairman and CEO, Mr. Radu Răzvan STRĂUȚ - Vice Chairman, Mr. Sorin MARICA - Member, Mr. Marcel Heinz PFISTER – member and Mr. Ionel Marian CIUCIOI - member.

The activity of the Board of Directors during H1 2019

During H1 2019, the Board of Directors of SIF Banat-Crișana met in 33 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 2019, the Board of Directors issued a total of 77 resolutions concerning the current activity of the company. All decisions were taken by the vote "for" of the majority of those present.

Of the 77 resolutions issued by the Board of Directors during the period under review 40 resolutions had well defined objective, requiring its fulfilment and 37 were resolutions for the approval of procedures, mandatory reports and activity reports.

#### The Audit Committee

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

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

As at June 30, 2019, the composition of the Audit Committee was as follows: Mr. Marcel PFISTER – chairman of the committee, Mr. Sorin MARICA – member, and Mr. Ionel Marian CIUCIOI - member.

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

During H1 2019, the Audit Committee met in 7 sessions.

These meetings were held for the monitoring of the financial reporting process, namely the annual financial statements prepared pursuant to the International Financial Reporting Standards (IFRS) approved by ASF Rule no. 39/2015 and the annual consolidated financial statements; monitoring condensed interim accounting quarterly reporting; approval the 2019 plan for the internal audit; selection of the financial auditor; the analysis of the offers received and expressing the justified preference for the auditor subject to the approval of the GMS; preparation of the activity report of the Audit Committee for 2018 and submitting it to ASF.

#### The Nomination and Remuneration Committee

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

The Nomination and Remuneration Committee is comprised of at least at least two members elected from non-executive members of the Board of Directors, subject to the condition of independence provided for by the Company Law. Membership of the Committee does not prevent members from participating in the work of other Committees of the Board of Directors. The Committee meets regularly, at least twice a year, and exceptionally if appropriate.

As at June 20, 2019, the composition of NRC was the following: Mr. Sorin MARICA – Chairman of the Committee, Mr. Marcel PFISTER – member and Mr. Ionel Marian CIUCIOI – member.

During H1 2019, the Nomination and Remuneration Committee submitted the reports to the Board of Directors based on which recommended to the Board of Directors to amend the Stock Option Plan and the Stock Based Payment Agreement model so that the exercise of the right to receive free shares can be done after 15 months from the signature of the Payment Agreement concluded between the Company and the Beneficiary, but no more than 17 months from the date of signing the agreement; recommended to the Board of Directors the administration to propose to the ordinary general meeting of the shareholders of SIF Banat-Crișana, convened for April 22 (23), 2019: (a) to approve the maintenance of the remuneration due to the members of the Board of Directors for the current financial year at the amount of RON 10,000 net per month, approved by the Resolution of the OGM of April 26, 2016 and (2) approval of the general limits of all the additional remuneration of the members of the Board of Directors and of the general limits of the directors' remuneration at 0.42% of the average annual net asset value; ascertained that the members of the management structure, the persons holding key positions and the compliance officer possess the knowledge, skills and professional experience and comply with the requirements of reputation, honesty, integrity and governance provided by the ASF Regulation no. 1/2009 and the internal regulations of the company, necessary to fulfil the specific duties of the functions they hold.

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.

During H1 2019 no changes occurred in the composition of executive team.

As at June 30, 2019, 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

### **Risk management system**

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

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

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

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.

### **Risk profile and risk limits**

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 statement on risk appetite is a formal articulation of the Company's willingness to accept risk. The risk appetite of the company is clearly connected to the general business strategy and the business plan.

Given the level of risk from the Company's existing portfolio (in particular as a result of the investment risk materialization), the general strategic objectives defined by a diversified and active investment policy at the level of the managed portfolio, market conditions (turbulent economic environment) such as and the result of the stress test conducted in 2018 can quantify the evolution of the total assets managed by SIF Banat-Crișana at the level of the **volatility indicator**.

Total Asset Volatility encompasses the value increases and decreases previously recorded by the assets under management, the indicator describes the relationship between the potential of increasing the value of the asset and the risk of decreasing with the same value, under the influence of changes recorded by the prices of all financial instruments in the portfolio and of the exchange rates fluctuations.

The company uses the annualized volatility indicator as a warning indicator designed to notify the occurrence of risks and lead to further evaluating them.

For this risk indicator, the following ranges of values corresponding to the low, medium and high tolerance levels are used, respectively the tolerance limit up to which SIF Banat-Crișana is willing to accept the risk:

Name of risk indicator	Tolerance limits			Risk tolerance	Risk appetite
	Low	Medium	High		
<b>Annualized volatility</b>	<10%	10% - 20%	>20%	Max. 20%	medium

The tolerance limits to which the warning indicator relates have the following meanings:

- **Low** - Small changes in the value of assets under normal market conditions, new, slightly volatile investments and developed risk management practices (optimal portfolio diversification). The company may record low decreases in the value of assets.
- **Medium** - Changes in the value of assets under normal market conditions, volatile investments and satisfactory risk management practices through portfolio diversification. The company may record moderate decreases in the value of assets.
- **High** - High changes in asset value, highly volatile investments and inadequate risk management practices. The company may record great decreases in the value of assets.

**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 annually assessed 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 2019, corresponding to an average risk appetite.**

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

During H1 2019 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 2019, SIF Banat-Crișana's portfolio of assets fell within the holding limits specified in the ASF / CNVM Regulation no. 15/2004.

Leverage

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

The leverage indicator on June 28, 2019, by the gross method is 96.14% (excluding cash and cash equivalents as per the requirements of AFIA regulations) and by the commitment method is of 100%.

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

2019 and the Company performed no transaction of *total return swap* type, as defined by EU Regulation 2365/2015.

#### Crisis simulations

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

In 2019, the Risk Management department will perform a crisis simulation for exceptional circumstances in the second half of the year, according to the Annual Plan on risk management activity, with the prior approval of the methodology by the Board of Directors and complying to the approved working procedures.

#### Compliance

SIF Banat-Crișana has implemented in its functional structure and permanently and operationally maintains the function of compliance checking, that is carried out independently of other activities. The Compliance Office is subordinated to the Board of Directors and has as main responsibilities:

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

The activity of the Compartment for internal control / compliance was carried out during H1 2019 pursuant to the Plan for Investigation and control for the year 2019 approved by the Board of Directors of SIF Banat-Crișana, of the ASF regulations, the work procedures and internal regulations.

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

During the control/compliance checking activity conducted in H1 2019, the following issues were addressed:

- compliance with the legal provisions and the working procedures regarding the *protection of individuals with regard to the processing of personal data*;
- 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 actions of control ascertained the compliance with current legislation, regulations and internal procedures for the controlled operations. Following the control activities, recommendations for improving work procedures and activities were made.

*Resolution of petitions.* The shareholders might, in case they have any dissatisfaction with the activity of the company, provided based on the legislation in force or the information provided by the company following their requests, to address SIF Banat-Crișana through a petition. The method of



solving the petitions submitted by the shareholders is the one established by the ASF Regulation no. 9/2015 and the procedure to be followed is published on the company's website. In accordance with the provisions of the regulation, the unique register of petitions in secure electronic format was set up, in which the transmitted petitions, the problems complained about and the way of solving are registered. The register of petitions is managed by the representative of the compartment. During H1 2019, there were no petitions recorded.

*ASF periodic control* According to the ASF Decision no. 508 / 08.04.2019, between 13 and 31 May 2019, an ASF team performed a periodic control, addressing the activity SIF Banat-Crișana carried out between May 17, 2016 and May 13, 2019, in order to verify compliance with the legal provisions in force in the instrument sector and financial investments applicable to the activity carried out.

Until the date of drawing up the half-yearly report, the Financial Supervisory Authority has not transmitted the conclusions of the control and the control report.

### Internal Audit

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

The activity of internal audit is carried out grounded on an audit program prepared in accordance with the objectives of the company, endorsed by the Audit Committee and approved by the Board of Directors. The activity of internal audit of SIF Banat-Crișana has been outsourced to the company New Audit SRL from Arad.

The internal audits missions carried out in the first half of 2019 addressed:

- compliance with the working procedures related to administrative activities;
- organizing the meetings of the Board of Directors and the degree of fulfilment of its decisions;
- management of the portfolio of money market financial instruments and investments in municipal and corporate bonds, substantiating the investment / divestment decisions in these instruments and compliance with the approved competence limits;
- trading of securities, compliance with the short-term investment policy and approved working procedures;
- compliance with the procedure regarding conflict of interests, respectively of conflict of interests in which the members of SIF Banat-Crișana management and certain categories of employees are involved.

The audit reports comprising the mission, its findings, conclusions, recommendations and proposals of the Internal Auditor were presented to the Audit Committee and the Company's Board of Directors.

There were no significant situations identified to require the intervention of the Board of Directors.

Internal Audit considers that the activities and operations conducted by SIF Banat-Crișana in the first half of 2019, 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. 286<sup>^</sup>1 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. 286<sup>1</sup> par. (2) of Law no. 297/2004 and CNVM/FSA Instruction no. 6/2012 issued in application of art. 286<sup>1</sup> 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 2019, the Board of Directors convened the ordinary general meeting of shareholders (OGM) and the extraordinary general meeting of shareholders (EGMS) for April 22 (23), 2019., and the OGM and EGM for June 20 (21), 2019.

Ordinary general meeting of shareholders held on April 22, 2019

The ordinary general meeting of shareholders (OGM) gathered statutorily on the first call on April 22, 2019, with the direct participation, or by representative or by correspondence of shareholders holding 154,927,270 shares, representing 29.95% of the share capital, of which 14,777,376 shares with suspended voting rights.

The Agenda was published in the Official Gazette of Romania, part IV, no. 1227 on March 19, 2019, in the national newspaper BURSA no. 51 (6346) of March 19, 2019, and in the local newspaper JURNAL ARĂDEAN no. 8282 of March 19, 2019, on company's website, [www.sif1.ro](http://www.sif1.ro), and on the website of Bucharest Stock Exchange.

With the necessary quorum and majority, provided by the law and the Articles of Association, recorded in the minutes concluded during the works, the ordinary general meeting has approved: the standalone financial statements for 2018, based on the discussions and the reports submitted by the Board of Directors, the Chairman and the financial auditor; appropriation of 2018 profit in the amount of RON 77,186,227, to *Other reserves*, for own financing sources, to support a share repurchase program; the consolidated financial statements for 2018, based on the discussions and the reports submitted by the Board of Directors and the financial auditor; the discharge from liability of the Board of Directors for the financial year 2018; Budget and Activity Plan for 2019; for the financial year 2019 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 reduction of the general limits of all the additional remuneration of the members of the Board of Directors and of the general limits of the directors' remuneration to 0.42% of the average value of annual net asset; the date of September 20, 2019 as registration date (September 19, 2019 as ex-date) as per the provisions of art. 86 par. 1 of Law 24/2017, of ASF Regulation no. 5/2018.

Extraordinary general meeting of shareholders held on April 22, 2019

The EGM of SIF Banat-Crișana gathered statutorily with the direct participation or by correspondence of the shareholders holding 141,677,421 shares, representing 27.38% of the total voting rights, of which 14,777,376 shares with suspended voting rights.

The Agenda was published in the Official Gazette of Romania, part. IV, no. 1227 of March 19, 2019 in the national newspaper Bursa no. 51 (6346) of March 19, 2019, the local newspaper Jurnal Arădean no. 8282 of March 19, 2019 and posted on Company's website [www.sif1.ro](http://www.sif1.ro) and on Bucharest Stock Exchange website.

With the required quorum and majority as provided by law and company's Articles of Association, recorded in the minutes of the meeting, the extraordinary general meeting decided: approval of Company's carrying out a buyback program ("Program I") to reduce its share capital, for 15,000,000 shares at most, with the minimum price per share of RON 0.1 and the maximum price per share of RON 4.38 and a Program Duration of a maximum of 18 months after publication of the decision in the Official Gazette of Romania, Part IV; approval of Company's carrying out a buyback program ("Program II") in compliance with applicable legal provisions for a maximum number of shares that may be repurchased: 880,000 shares at most for the minimum price per share of RON 0.1 and the maximum price per share of RON 4.38, with the Program Duration of maximum of 18 months after the publication of the decision in the Official Gazette of Romania, Part IV; approval of using the shares purchased under Program II for the repurchase 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; approval of May 15, 2019 as the registration date (May 14, 2019 as ex-date), in accordance with the provisions of Article 86 par. (1) of Law no. 24/2017 and of ASF Regulation no. 5/2018.

For the OGM of SIF Banat-Crișana convened for June 20 (21), 2019, on May 29, 2019, a request for supplementing the agenda was submitted to the company, filed by a group of shareholders consisting of SIF Oltenia S.A., Alimentara Slatina S.A., Flaros S.A., Mercur S.A., Univers S.A., Voltalim S.A. and Tudor Ciurezu, that together hold 5% of the share capital of SIF Banat-Crișana.

Pursuant to art. 117<sup>^</sup>1 par. 1 of Law no. 31/1990 on trading companies, republished, as subsequently amended and supplemented, to art. 92 par. (3) of Law no. 24/2017 and of Art. 189 of ASF regulation no. 5/2018, considering the request to supplement the agenda of the OGM of SIF Banat-Crișana filed by a group of shareholders holding together 5% of the share capital and the request of shareholders to amend the voting procedure for the general meeting of shareholders in order to eliminate the requirements considered excessive in expressing the vote by correspondence, such as the obligation of the shareholders to legalize the shareholder's signature by the notary public on the correspondence voting form, the Board of Directors of SIF Banat-Crișana supplemented the agenda of the OGM convened for June 20, 2019, at 10:00 hours and the agenda of the EGM convened for June 20, 2019 at 12:00 hours, and changed the voting procedures applicable to the general shareholders' meetings, mentioned in the initial convening notice, in order to remove the formalities of legalizing the signature on the voting papers and the apostille's formalities on foreign documents.

Ordinary general meeting of shareholders held on June 20, 2019

The OGM of SIF Banat-Crișana, with the direct participation or by correspondence of the shareholders holding 201,516,004 shares, representing 38.95% of the total voting rights, with the Convening Notice published in the Official Gazette of Romania, part. IV, no. 2036 of May 15, 2019, in the national newspaper Ziarul Financiar no. 5166 of May 16, 2019 and the local newspaper Jurnal Arădean no. 8320 of May 16, 2019, posted on Company's website [www.sif1.ro](http://www.sif1.ro) and on Bucharest Stock Exchange website, with the supplemented agenda published in the Official Gazette of Romania, part. IV, no. 2341 of June 5, 2019, Ziarul Financiar no. 5180 of June 5, 2019 and the local newspaper Jurnal Arădean no. 8334 of June 5, 2019, posted on Company's website [www.sif1.ro](http://www.sif1.ro) and on Bucharest Stock Exchange website.

With the required quorum and majority as provided by law and company's Articles of Association, decided upon: the approval of appointing Deloitte Audit S.R.L. as financial auditor with a duration of the contract of 2 (two) years and empowerment of the board of directors to negotiate and conclude the audit contract; the approval of July 10, 2019 as the registration date (July 9, 2019 as ex-date), in accordance with the provisions of Article 86 par. (1) of Law no. 24/2017 and of ASF Regulation no. 5/2018; and rejected the resolutions submitted by the group of shareholders concerning the proposal for the distribution as dividends of the amount of RON 77,619,108.60 from the profit of the year 2016, allocated under the chapter "Other reserves" and unused according to the destination; the proposal for preparing and implementing by the Board of Directors and the Executive Management of SIF Banat-Crișana S.A. of a plan of measures for the recovery of the damage created by the decision of SIF Banat-Crișana S.A. not bringing a civil action in the criminal proceedings of criminal file no. 2218/D/P/2018, the proposal for the revocation on a fair basis, in accordance with the provisions of art. 137<sup>^</sup>1 par. 4 of the Law 31/1990 of the administrators: Mr. Drăgoi Alexandru Bogdan, Chairman of the Board of Directors and Mr. Străuț Răzvan Radu, Vice-Chairman of the Board of Directors who exercises the executive management of the company: General Director (CEO) and respectively Deputy General Director. Ensuring the executive management of the company during the transition period since the revocation of the two members of the Board of Directors until the ASF has authorized the new Board of Directors by the substitutes of the General Director and Deputy General Director; the proposal that in the event of the revocation of the two members of the Board of Directors, to be approved the instruction to the remaining Board members to promptly convene the OGM for the election of two administrators for the completion of the Board.

Extraordinary general meeting of shareholders held on June 20, 2019

The EGM of SIF Banat-Crișana, with the direct participation or by correspondence of the shareholders holding 175,235,718 shares, representing 33.87% of the total voting rights, with the Convening Notice published in the Official Gazette of Romania, part. IV, no. 2036 of May 15, 2019, in the national newspaper Ziarul Financiar no. 5166 of May 16, 2019 and the local newspaper Jurnal Arădean no. 8320 of May 16, 2019, posted on Company's website [www.sif1.ro](http://www.sif1.ro) and on Bucharest Stock Exchange website, with the supplemented agenda published in the Official Gazette of Romania, part. IV, no. 2341 of June 5, 2019, Ziarul Financiar no. 5180 of June 5, 2019 and the local newspaper Jurnal Arădean no. 8334 of June 5, 2019, posted on Company's website [www.sif1.ro](http://www.sif1.ro) and on Bucharest Stock Exchange website, with the required quorum and majority as provided by law and company's Articles of Association, decided upon the amending the Company's Article of Association, to correlate it with the provisions of art. 8 of the ASF Regulation no. 10/2015, as amended by Regulation 14/2015, Regulation 5/2016, Regulation 13/2017 and Regulation 2/2018.

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 Decisions no. 5160, 561, 558 of April 18, 2019 and 831 to 834 of June 19, 2019.

**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](http://www.sif1.ro).

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

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

**Financial calendar for 2019:**

- February 28* - Presentation of the preliminary financial results for 2018;
- April 22 (23)* - General Meeting of Shareholders for the approval of the standalone and consolidated financial statements for 2018;
- April 23* - Presentation of 2018 Annual Report – standalone and consolidated financial statements for 2018;
- May 15* - Presentation of the quarterly report – financial results for Q1 2019;
- August 14* - Presentation of the half yearly report and standalone financial results for H1 2019;
- September 27* - Presentation of the half-yearly report and consolidated financial statements for H1 2019;
- November 6* - Presentation of the quarterly report and financial results for Q3 2019.

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.

During February 27-28, 2019, SIF Banat-Crișana participated, represented at top-management level by Mr. Bogdan Drăgoi, Chairman - CEO at the 6th annual Romania Investor Days in London. The event, organised By Wood & Company in partnership with Fondul Proprietatea, was attended by 106 institutional investors representing 54 investment houses, and 40 representatives from 16 companies, who participated in 308 investor meetings in total.

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 22, 2019, decided not to distribute dividends, allocating the net profit for the 2018 financial year, in the amount of RON 77,186,227, to *Other reserves*, for own financing sources, to support a program for the repurchase of own shares.

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

**Financial reporting**

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

SIF Banat-Crișana has prepared standalone and consolidated financial statements as at December 31, 2018 in accordance with IFRS and ASF Rule no. 39/2015. These were audited by PricewaterhouseCoopers Audit SRL and approved by OGM of April 22, 2019 and are available on Company's website [www.sif1.ro](http://www.sif1.ro).

Based on the requirements of Law no. 24/2017 and the ASF Regulation no. 5/2018 on Issuers of Financial Instruments and Market Operations, the Company will prepare and submit the consolidated interim financial statements for H1 2019 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 2019, SIF Banat-Crișana financially supported the organizing the event "International Finance and Banking Conference - FI BA 2019" 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](http://www.sif1.ro), in the section dedicated to *Corporate Governance*.

## 4. FINANCIAL RESULTS AS AT JUNE 30, 2019

SIF Banat-Crișana has prepared condensed interim standalone financial statements as at June 30, 2019 pursuant to the Norm no. 39/2015 for the approval of accounting regulations in accordance with the International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector. These are presented in full, accompanied by notes, in Annex 1 to this report.

The condensed interim standalone financial statements as at June 30, 2019, 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 2019:

### 4.1. Standalone statement of financial position

<b>Standalone statement of financial position</b>		
<i>denominated in RON</i>	<b>30/06/2019</b>	<b>31/12/2018</b>
<b>Assets</b>		
Cash and cash equivalents	172,192,363	29,230,410
Bank deposits	-	6,044,457
Financial assets at fair value through profit and loss	1,165,595,158	1,105,989,265
Financial assets at fair value through other comprehensive income	1,329,683,020	1,279,345,173
Financial assets at amortized cost	6,602,842	6,505,683
Investment property	20,128,515	20,128,515
Tangible assets (property, plant and equipment)	3,089,928	3,203,517
Other assets	1,595,297	2,496,233
<b>Total assets</b>	<b>2,698,887,122</b>	<b>2,452,943,252</b>
<b>Liabilities</b>		
Dividends payable	-	5,495
Deferred income tax liabilities	141,523,582	129,889,043
Other liabilities, deferred income, provisions for risks and expenses	3,938,091	1,628,101
<b>Total liabilities and other</b>	<b>145,461,673</b>	<b>131,522,639</b>
<b>Equity</b>		
Statutory share capital	51,746,072	51,746,072
The effect of applying IAS 29 on the share capital	645,164,114	645,164,114
Own shares (including losses from repurchase)	(224,045)	(224,045)
Benefits in equity instruments	3,570,000	2,380,000
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	(2,605,353,717)	(2,605,353,717)
Accumulated profit	758,450,719	683,411,583
Legal reserves, reserves from revaluation of tangible assets	10,454,230	10,454,230
Other reserves	852,475,011	775,288,784
Fair value assets valued through other comprehensive income	731,467,374	652,877,901
<b>Total equity</b>	<b>2,553,425,449</b>	<b>2,321,420,613</b>
<b>Total liabilities and equity</b>	<b>2,698,887,122</b>	<b>2,452,943,252</b>

*Cash and cash equivalents* include all liquid investments of the Company in term deposits, current accounts and cash in hand. Their level is significantly rose as compared to 2018-year end, as dividends from portfolio companies were collected in the first six months of 2019, and shares were sold, the liquidity being directed in short-term money market placements.

*Financial assets at fair value through profit or loss* comprises the Company's holdings in the deconsolidated subsidiaries starting with the financial year 2018 (in accordance with IFRS 10), associates (in accordance with IAS 27), investments in fund units issued by closed-end investment funds and alternative open-ended funds and the company's placements in fixed income instruments issued by subsidiaries. The increase of this category compared to the end of 2018 is the combined effect of the investments made in 2019 in shares issued by associates, in bonds issued by subsidiaries and in the increase of the market value of the fund units held in the portfolio.

*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 bonds denominated in euro (issued by Impact SA). The increase of this category compared to December 31, 2018 is due to the recording of fair value differences on March 31 and June 30, favourable differences that were higher than the book value of shares sold and derecognised in H1 2019.

*Financial assets at amortized cost* as at 30 June 2019 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 2018 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, 2019 is of RON 20.1 million. Tangible assets held by the Company are those used while performing operational and administrative activities.

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

*Equity* weights the most in the liability structure. The growth is the effect of the inclusion in the other comprehensive income of the amounts resulted from the fair value measurement of the portfolio of the (positive) value differences resulting from the marking-to-market the holdings held and of the net profit for the first six months of 2019.

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

<b>Standalone statement of profit or loss and other comprehensive income</b>		
<i>denominated in RON</i>	<b>30/06/2019</b>	<b>30/06/2018</b>
<b>Income</b>		
Dividend income	99,295,226	78,752,410
Interest income	3,161,382	1,861,764
Other operating revenues	85,698	180,677
<b>Investment gains</b>		
(Loss) / Net gain from foreign exchange differences	1,088,931	92,770
Net profit from sale of assets	-	(553,308)
Net Profit/(Loss) from financial assets at fair value through profit and loss	19,941,711	(20,200,830)
<b>Expenses</b>		
Commissions expenses	(1,645,436)	(1,649,491)
Other operating expenses	(6,725,878)	(6,176,293)
<b>Profit before tax</b>	<b>115,201,633</b>	<b>52,307,699</b>
Income tax	(7,756,484)	(1,517,266)
<b>Net profit for the period</b>	<b>107,445,150</b>	<b>50,790,433</b>
<b>Other comprehensive income</b>		
Fair value reserve (financial assets at fair value through other comprehensive income)		
Amount transferred to profit or loss	-	553,308
Changes in fair value of assets at fair value through other items of comprehensive income	148,460,370	45,453,165
The effect of the income tax related to them	(25,090,683)	2,667,838
<b>Other comprehensive income</b>	<b>123,369,687</b>	<b>48,674,311</b>
<b>Total comprehensive income for the period</b>	<b>230,814,836</b>	<b>99,464,744</b>



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

*Dividend income* rose in H1 2019, from higher dividends distributed by issuers in the portfolio (Banca Transilvania, SAI Muntenia) and of the recording between January-June of the dividends distributed by Romgaz, SIF2 and SIF5, distributions that in 2018 occurred in the second half of the year.

*Interest income* includes interest on bank deposits, corporate and government bonds. In H1 2019, the volume of interest income is significantly higher than that of the corresponding period of the previous year, as the Company reallocated a significant portion of available liquidity to corporate bonds, at yields higher than the amounts invested in bank deposits.

*The Other Operating revenues* category includes, as a rule, the Company's proceeds from rents, the recovery of court fees and other occasional revenues. In H1 2019, the amounts received are lower as compared to H1 2018, comprising exclusively recurring amounts (rents).

The impact of *investment gains* realized in H1 2019 is favourable and is, mostly, the effect of the fair value measurement of assets included in the *fair value through profit or loss* category (shares in deconsolidated subsidiaries and associates, bonds issued by subsidiaries, fund units in closed-end funds and open-ended alternative funds). The amounts recognized for earnings in the first half of 2019 are mainly due to the positive change in the fair value of the fund units held (RON 17.9 million).

*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 asset, the monthly commission paid to ASF. The volume of this category of expenditure stood at the level recorded in the similar period of 2018.

The category of *Other operating expenses* includes the costs of staff and management salaries, those on taxes and fees and other expenses incurred in activity of the Company. This category recorded an increase of 8.9% compared to the first 6 months of the previous year.

#### 4.3 Cash flow statement

Cash flow statement		
denominated in RON	June 30, 2019	June 30, 2018
<b>Operating activities</b>		
Net profit for the period	107,445,150	50,790,433
Adjustments for:		
Amortization of tangible and intangible assets	124,254	139,888
Net (gain) / Loss from disposal of tangible assets	1,585	4,557
Net profit from sale of assets	-	553,308
(Net gain)/Net loss from financial assets at fair value through profit or loss	(19,941,711)	20,200,831
Dividend income	(99,295,226)	(78,752,410)
Interest income	(3,161,382)	(1,861,766)
Expenses with / (income from) other provisions and adjustments	(780,552)	(3,370)
Benefits granted in equity instruments	1,190,000	-
Income tax	7,756,484	1,517,266
<b>Changes in operating assets and liabilities related to operating activities</b>		
Change in other assets	63,674	(1,132,641)
Change in other liabilities	(853,730)	(802,489)
Income tax paid	(12,117,804)	(25,588,823)
<b>Net cash from / (used in) operating activities</b>	<b>(19,569,258)</b>	<b>(34,935,216)</b>
<b>Investment activities</b>		
Payments for acquisition of shares in subsidiaries and other financial assets (shares, fund units, bonds)	(128,773,554)	(133,183,428)
Proceeds from sale of financial assets (shares)	103,332,318	136,544,019
(Placements)/Proceeds from deposits with term greater than three months	6,000,000	4,800,000
Net proceeds/(payments) from sale of assets at fair value through profit or loss (fund units, bonds)	84,698,625	16,000,255
Payments for purchases of tangible assets (property, plant and equipment)	(11,703)	(25,899)
Dividends collected	94,354,698	71,686,360
Interest collected	2,936,322	3,456,155

<b>Cash flow statement</b>		
<i>denominated in RON</i>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
<b>Net cash flow proceeds / (used in) investment activities</b>	<b>162,536,706</b>	<b>99,277,463</b>
<b>Financing activities</b>		
Dividends paid	(5,495)	-
<b>Net cash from / (used in) financing activities</b>	<b>(5,495)</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>142,961,953</b>	<b>64,342,248</b>
Cash and cash equivalents at January 1st	29,230,410	11,320,217
<b>Cash and cash equivalents at June 30th</b>	<b>172,192,363</b>	<b>75,662,465</b>

The decrease in H1 2019, as compared to the same period of the previous year, of the net cash used in operating activities is mainly due to payments made as income tax due by the Company, as a result of the transactions carried out during the first 6 months of the year, given that in the first 6 months of 2018, the payment of income tax included the effect of the transition to IFRS 9.

During H1 2019, investment activity generated a higher cash surplus as compared to H1 2018. Compared to the previous year, the cash flows related to the investment activity were maintained from a structural point of view: the payments for the acquisition of financial assets (shares, fund units, corporate bonds) stood approximately at the same level as in the first half of 2018, the sources of financing of these payments being mainly the same (selling shares, increasing dividend receipts compared to the previous period). The cash surplus compared to the similar period of the previous year comes from the early repurchase of the investments in bonds issued by companies, liquidities reinvested in monetary investments of the nature of cash equivalents.

As at June 30, 2019 *Cash and cash equivalents* show a significant upsurge compared to the same period of the previous year, given the larger amounts available at the beginning of the period (RON 29.2 million vs. RON 11.3 million), the surplus generated by the investment activity (RON 162.5 million lei vs. RON 99.3 million) and the reduction of the volume of liquidities required for the operating activity (mainly the payment of income tax).

## 5. OTHER SIGNIFICANT INFORMATION

### Human resources

The number of SIF Banat-Crișana's employees as at June 30, 2019, was of 34, of which 29 working at the headquarters in Arad and 5 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 2019, the Collective Labour Contract for the current year was registered at the Territorial Labour Inspectorate Arad. During the same period of time, elections were held for the appointment of employees' representatives, for a two-year term. There were no conflicting elements in the relations between the management and the employees.

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

### Litigations

As at June 30, 2019, as documented in the records of SIF Banat-Crișana's Legal Dept., the Company was involved in 97 litigations. The Company had locus standi in 86 disputes, passive capacity to stand trial in 11 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.

### Amendments to the constitutive documents

In H1 2019, SIF Banat-Crișana's Articles of Association was amended in accordance with the Resolution of the Extraordinary General Meeting of Shareholders no. 1 of 20.06.2019, in order to correlate with the provisions of art. 8 of the ASF Regulation no. 10/2015, as amended by Regulation 14/2015, Regulation 5/2016, Regulation 13/2017 and Regulation 2/2018, as follows: - art. 14 is amended and will have the following content: art. 14 shall be amended to read as follows:

*"Art. 14 Incompatibilities.*

*(1) The persons elected in the Board of Directors shall meet the requirements laid down in Law 31/1990 republished and the capital market legislation and not to be members of the board of directors / supervisory board or managers / members of the executive board of another AIFM/investment management company/investment company or credit institution acting as depositary for SIF Banat-Crișana, not to be members of the board of directors/supervisory board of the SSIF with which SIF Banat-Crișana concluded a financial intermediation contract and not to be employed or have any kind of contractual relationship with another SAI or investment company, except for other entities belonging to the same group;*

*(2) The persons appointed as directors (managers) and the persons replacing them in office shall not be members of the board of directors / supervisory board or managers / members of the executive board of other AIFM or of credit institutions acting as depositary for SIF Banat-Crișana, not to be members of the board of directors / supervisory board, managers or members of the executive board of the investment firm (SSIF) with which SIF Banat-Crișana concluded a financial intermediation contract and not to be employed or have any kind of contractual relationship with another AIFM, except for other entities belonging to the same group."*

The amendment of the Articles of Association was submitted for the authorization of the Financial Supervisory Authority, as per the regulations in force.

## Events after the reporting period

- **July 16, 2019** – The Company reported that, on July 15, 2019, the Trade Register Office attached to the Arad Court communicated to the company the Resolution no. 11109/12.07.2019 granting the company's request and ordering the registering in the Trade Register of the mentions regarding the appointment of the financial auditor Deloitte Audit S.R.L. as financial auditor of the company, in accordance with the Resolution of the Ordinary General Meeting of SIF Banat-Crișana's Shareholders no. 1 of June 20, 2019.

- **July 22, 2019** – The Company reported that before the Arad Tribunal was constituted the file case no. 1583/108/2019, concerning the application for the annulment of the Resolution of the Ordinary General Meeting of Shareholders of SIF Banat-Crișana no. 1 of June 20, 2019, in contradiction with Flaros S.A. The Court set the first trial date for September 23, 2019.

- **July 23, 2019** – The Company reported by the Affidavit on on S.I.F. Oltenia S.A. shareholding, upon the reduction of the stake below 5% of the share capital, according to the ASF Decision no. 601/23.04.2019.

- **July 25, 2019** – The Company reported that the Financial Supervisory Authority, by ASF Authorization no. 92/24.07.2019, authorized the amendment made in the Company's Articles of Association, as per Resolution of the Extraordinary General Meeting of SIF Banat-Crișana's Shareholders no. 1/20.06.2019.

- **July 29, 2019** – The Company reported by the Affidavit on S.I.F. Oltenia S.A. shareholding, that the total concerted shareholding is of 5.001124% of the share capital.

- **July 30, 2019** – The Company reported that before the Arad Tribunal was constituted the file case no. 1648/108/2019, concerning the application for the annulment of the Resolution of the Ordinary General Meeting of Shareholders of SIF Banat-Crișana no. 1 of June 20, 2019, in contradiction with SIF Oltenia S.A. The Court has not set the trial date.

- **July 31, 2019** – The Company, in compliance with the provisions of article 82 of Law no. 24/2017 and article 144 of ASF Regulation no. 5/2018, submitted the Limited Independent Assurance Report on the information included in the current reports prepared by the company in accordance with the provisions of Law no. 24/2017 and Regulation no. 5/2018, prepared by the financial auditor Deloitte Audit SRL concerning the transactions reported by the company during 01.01.2019 - 30.06.2019 with SIFI BH RETAIL S.A., a company in which SIF IMOBILIARE PLC, a SIF Banat-Crișana subsidiary, holds 99.9% of the share capital.

- **August 1, 2019** – As per the provisions of art. 87 paragraph (4) of ASF Regulation no. 9/2014, SIF Banat-Crișana informed the shareholders that, on July 30, 2019, has signed the addendum to the Depository and Custody Contract no. 1148/25.09.2017 with BRD - Groupe Société Générale S.A., arranging its termination by the agreement of the parties, and accordingly notified the Financial Supervisory Authority (ASF).

At the same time, the Board of Directors of SIF Banat-Crișana approved the conclusion of a new depository contract with Banca Comercială Română, a credit institution authorized by ASF to conduct depository activities. The new depository contract will be subject for the approval of ASF and will enter into force thereafter, according to the regulated procedures.

SIF Banat-Crișana will further inform the shareholders on the process of changing the depository bank.

## 6. ANNEXES

- Annex 1** Condensed interim financial statements as at June 30, 2019, prepared pursuant to the ASF Rule no. 39/2015 for the approval of accounting regulations in accordance with the International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector - unaudited
- Annex 2** Net asset statement as at June 30, 2019, prepared pursuant to Regulation no. 15/2004 (Annex 16)
- Annex 3** Detailed statement of investments as at June 30, 2019, pursuant to Regulation no. 15/2004 (Annex 17)
- Annex 4** Statement of the responsible persons

The half-yearly report was approved by the Board of Directors of SIF Banat-Crișana in the meeting held on August 13, 2019.

**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 standalone financial statements  
as at June 30, 2019**

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

**unaudited**

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

# CONTENTS

## **Condensed interim financial statements**

Condensed statement of profit or loss and other comprehensive income	1
Condensed statement of financial position	2
Condensed statement of changes in equity	3 – 4
Condensed cash flow statement	5
Selected explanatory notes to the condensed financial statements	6 – 33

**Condensed statement of profit or loss and other comprehensive income  
as at June 30, 2019**

*Denominated in RON*

	<i>Note</i>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
<b>Income</b>			
Dividend income	5	99,295,226	78,752,410
Interest income	6	3,161,382	1,861,764
Other operating revenues		85,698	180,677
<b>Investment gains</b>			
Gains on investment property		-	-
Net gain from foreign exchange differences		1,088,931	92,770
Net profit / (Loss) from financial assets at fair value through profit and loss	7	19,941,711	(20,200,830)
Profit/(Loss) from sale of assets	8	-	(553,308)
<b>Expenses</b>			
Commissions expenses	9	(1,645,436)	(1,649,491)
Other operating expenses	10	(6,725,878)	(6,176,293)
<b>Profit before tax</b>		<b>115,201,633</b>	<b>52,307,699</b>
Income tax	11	(7,756,484)	(1,517,266)
<b>Net profit for the period</b>		<b>107,445,150</b>	<b>50,790,433</b>
<b>Other comprehensive income</b>			
Fair value reserve financial assets:			
Amount transferred to profit or loss (debt instruments)			553,308
Change in fair value of the shares measured by other comprehensive income		148,460,370	45,453,165
Effect of the income tax related to them		(25,090,683)	2,667,838
Change of reserve from revaluation property, plant and equipment			
<b>Other comprehensive income</b>		<b>123,369,687</b>	<b>48,674,311</b>
<b>Total comprehensive income for the period</b>		<b>230,814,836</b>	<b>99,464,744</b>
<b>Earnings per share</b>			
Basic		0.208	0.098
Diluted		0.208	0.098

The condensed interim financial statements were approved by the Board of Directors on August 13, 2019 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi  
Chairman, CEO

Dorel Baba  
Economic Director



## Condensed statement of financial position as at June 30, 2019

<i>Denominated in RON</i>	<i>Note</i>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
<b>Assets</b>			
Cash and cash equivalents	12	172,192,363	29,230,410
Bank deposits	13	-	6,044,457
Financial assets at fair value through profit or loss	14	1,165,595,158	1,105,989,265
Financial assets at fair value through other comprehensive income	15	1,329,683,020	1,279,345,173
Financial assets at amortized cost	16	6,602,842	6,505,683
Investment property	17	20,128,515	20,128,515
Tangible assets (property, plant and equipment)		3,089,928	3,203,517
Other financial assets	18	1,441,781	2,277,307
Other assets		153,516	218,926
<b>Total assets</b>		<b><u>2,698,887,122</u></b>	<b><u>2,452,943,252</u></b>
<b>Liabilities</b>			
Dividends payable		-	5,495
Deferred income tax liabilities	19	141,523,582	129,889,043
Other financial liabilities	20	3,927,690	1,614,344
Other liabilities and deferred revenues		10,401	13,757
<b>Total liabilities</b>		<b><u>145,461,673</u></b>	<b><u>131,522,639</u></b>
<b>Equity</b>			
Statutory share capital	21	51,746,072	51,746,072
The effect of applying IAS 29 on the share capital	21	645,164,114	645,164,114
Treasury shares	21	(223,486)	(223,486)
Losses from the repurchase of own shares		(559)	(559)
Benefits granted in equity instruments		3,570,000	2,380,000
Reserves set-up from the application of Law no. 133/1996	21	2,105,675,691	2,105,675,691
The effect of applying IAS 29 to equity elements on retained earnings	21	(2,605,353,717)	(2,605,353,717)
Accumulated profit		758,450,719	683,411,583
Other reserves		852,475,011	775,288,784
Reserves from revaluation of tangible assets		105,016	105,016
Legal reserves		10,349,214	10,349,214
Differences from the change in fair value of financial assets measured by other items of comprehensive income		731,467,374	652,877,901
<b>Total equity</b>		<b><u>2,553,425,449</u></b>	<b><u>2,321,420,613</u></b>
<b>Total liabilities and equity</b>		<b><u>2,698,887,122</u></b>	<b><u>2,452,943,252</u></b>

The condensed interim financial statements were approved by the Board of Directors on August 13, 2019 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi  
Chairman, CEO

Dorel Baba  
Economic Director

## Condensed Statement of Changes in Equity as at June 30, 2019

Denominated in RON

	Inflated share capital	Treasury shares	Losses from the repurchase 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
<b>Balance at January 1, 2018</b>	<b>696,910,187</b>	<b>(223,487)</b>	<b>(559)</b>	<b>10,349,214</b>	<b>2,105,675,691</b>	<b>652,877,901</b>	<b>105,016</b>	<b>775,288,783</b>	<b>2,380,000</b>	<b>683,411,583</b>	<b>(2,605,353,718)</b>	<b>2,321,420,613</b>
<b>Comprehensive income</b>												
<i>Profit for the period</i>	-			-	-	-				107,445,150	-	107,445,150
<i>Other comprehensive income</i>												
Reserve from revaluation of financial assets transferred to profit or loss	-			-	-	-				-	-	-
Reserve from revaluation of financial assets transferred to retained earnings	-			-	-	95,644,508				52,815,861	-	148,460,370
Change in reserve	-			-	-							-
Revaluation of tangible assets						(17,055,035)				(8,035,648)		(25,090,683)
Related deferred tax												
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,589,473</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>152,225,363</b>	<b>-</b>	<b>230,814,836</b>
Other reserves – own sources								77,186,227		(77,186,227)		-
<b>Transactions with shareholders recognized directly in equity</b>												
Dividends payable for 2018	-			-	-	-				-	-	-
Dividends written-off	-			-	-	-	-			-	-	-
Repurchase of own shares									1,190,000			1,190,000
Cancellation of treasury shares		-									-	-
<b>Total transactions with shareholders recognized directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,186,227</b>	<b>1,190,000</b>	<b>(77,186,227)</b>	<b>-</b>	<b>1,190,000</b>
<b>Balance at June 30, 2019</b>	<b>696,910,187</b>	<b>(223,487)</b>	<b>(559)</b>	<b>10,349,214</b>	<b>2,105,675,691</b>	<b>731,467,375</b>	<b>105,016</b>	<b>852,475,011</b>	<b>3,570,000</b>	<b>758,450,718</b>	<b>(2,605,353,718)</b>	<b>2,553,425,449</b>

The condensed interim financial statements were approved by the Board of Directors on August 13, 2019 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi  
Chairman, CEO

Dorel Baba  
Economic Director

## Condensed Statement of Changes in Equity *as at June 30, 2019*

*Denominated in RON*

	Inflated share capital	Treasury shares	Losses from the repurchase 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
<b>Balance at December 31, 2017</b>	<b>700,330,055</b>	<b>(4,748,190)</b>	<b>(124,659)</b>	<b>10,976,985</b>	<b>2,105,675,691</b>	<b>1,251,829,179</b>	<b>97,794</b>	<b>690,289,841</b>	<b>0</b>	<b>145,433,106</b>	<b>2,291,240,143</b>	<b>2,291,240,143</b>
<b>Balance as at January 1, 2018 - restated</b>	<b>700,330,055</b>	<b>(4,748,190)</b>	<b>(124,659)</b>	<b>10,976,985</b>	<b>2,105,675,691</b>	<b>1,176,253,311</b>	<b>97,794</b>	<b>690,289,841</b>	<b>0</b>	<b>239,606,863</b>	<b>2,309,838,033</b>	<b>2,309,838,033</b>
<b>Comprehensive income</b>												
<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 assets transferred to retained earnings as per IFRS 9						(70,186,930)				70,186,930		0
Change in fair value for 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												-
Related deferred tax						2,667,838				(11,132,023)		(8,464,185)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(397,836,310)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>486,169,031</b>	<b>-</b>	<b>88,332,722</b>
Other reserves – own sources								69,553,194	-	(69,553,194)		0
<b>Transactions with shareholders recognized directly in equity</b>												
Dividends payable for 2017				-	-	-				-	-	-
Dividends written-off	-			-	-	-	-			-	-	-
Repurchase of own shares									595,000			595,000
Cancellation of treasury shares											-	0
<b>Total transactions with shareholders recognized directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>595,000</b>	<b>-</b>	<b>-</b>	<b>595,000</b>
<b>Balance at June 30, 2018</b>	<b>700,330,055</b>	<b>(4,748,190)</b>	<b>(124,659)</b>	<b>10,976,985</b>	<b>2,105,675,691</b>	<b>778,417,001</b>	<b>97,794</b>	<b>759,843,035</b>	<b>595,000</b>	<b>656,222,700</b>	<b>(2,608,519,658)</b>	<b>2,398,765,755</b>

The condensed interim financial statements were approved by the Board of Directors on August 13, 2019 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi  
Chairman, CEO

Dorel Baba  
Economic Director

## Condensed cash flow statement as at June 30, 2019

Denominated in RON

	Note	June 30, 2019	June 30, 2018
<b>Operating activities</b>			
Net profit for the period		107,445,150	50,790,433
Adjustments for:			
Depreciation of tangible and intangible assets		124,254	139,888
Net (gain)/loss from disposal of tangible assets		1,585	4,557
Gain from valuation of investment property		0	0
Net profit from sale of assets (debt instruments)	8	0	553,308
(Net gain)/Net loss from financial assets at fair value through profit or loss		(19,941,711)	20,200,831
Dividend income	5	(99,295,226)	(78,752,410)
Interest income	6	(3,161,382)	(1,861,766)
Expense with / (income from) foreign exchange differences financial assets		(780,552)	(3,370)
Benefits granted in equity instruments		1,190,000	0
Income tax	11	7,756,484	1,517,266
<b>Changes in operating assets and liabilities</b>			
Change in other assets (claims, etc.)		63,674	(1,132,641)
Change in other liabilities		(853,730)	(802,489)
Income tax paid		(12,117,804)	(25,588,823)
<b>Net cash used in operating activities</b>		<b>(19,569,258)</b>	<b>(34,935,216)</b>
<b>Investment activities</b>			
Payments for acquisition of shares in subsidiaries and other financial assets (shares, fund units, govt. bonds)	14, 15	(128,773,554)	(133,183,428)
Proceeds from sales of financial assets (shares, govt. bonds)		103,332,318	136,544,019
(Placements) / Proceeds from term deposits greater than three months		6,000,000	4,800,000
Proceeds from sale of assets at fair value through profit or loss account		84,698,625	16,000,255
Proceeds / (Payments) from sale of assets measured at amortized cost		0	0
Proceeds for sale of tangible assets and investment property		0	0
Payments for purchases of tangible assets		(11,703)	(25,899)
Dividends collected		94,354,698	71,686,360
Interest collected		2,936,322	3,456,155
<b>Net cash from investment activities</b>		<b>162,536,706</b>	<b>99,277,463</b>
<b>Financing activities</b>			
Dividends paid		(5,495)	
Repurchase of own shares		0	
<b>Net cash used in financing activities</b>		<b>(5,495)</b>	<b>0</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>142,961,953</b>	<b>64,342,248</b>
Cash and cash equivalents at January 1		29,230,410	11,320,217
<b>Cash and cash equivalents at the end of the period</b>		<b>172,192,363</b>	<b>75,662,465</b>

The condensed interim financial statements were approved by the Board of Directors on August 13, 2019 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi  
Chairman, CEO

Dorel Baba  
Economic Director

## **Selected explanatory notes to the condensed financial statements *as at June 30, 2019***

### **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, authorized as AIFM as per Law no. 74/2015.

SIF Banat-Crișana is headquartered in Arad, 35A Calea Victoriei, Arad county, postal 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 is BRD Groupe Société Générale, and the company providing registry services is Depozitarul Central SA Bucharest.

The interim financial statements, condensed, prepared as at the end of June 30, 2019, are not audited or reviewed.

### **2. Basis of preparation**

#### **(a) Statement of compliance**

Pursuant to Rule 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 the operations determined by the transition from CNVM Regulation no. 4/2011 to IFRS accounting regulations.

These condensed interim financial statements as at June 30, 2019, have been prepared pursuant to the requirements of IAS 34 "Interim Financial Reporting" and should be read together with the standalone financial statements for 2018 prepared in accordance with Rule 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 Rule).

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 2018.

As per the requirements of Law no. 24/2017 and the ASF Regulation no. 5 on Issuers of Financial Instruments and Market Operations, the Company has to prepare and publish consolidated interim financial statements for H1 2019 within 3 months of the end of the period.

During H1 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, starting with financial year 2018, the Company measures 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

## **Selected explanatory notes to the condensed financial statements as at June 30, 2019**

circumstances, the Company will prepare two sets of financial statements: standalone and consolidated financial statements, in accordance with IFRS 10 and IAS 27. At the same time, in May 2019, the Company reviewed the analysis regarding the fulfilment of the classification criteria as an investment entity, concluding that they are met, and that it will also apply the exception provided by IFRS 10 regarding the investment entities for the financial statements related to the financial year 2019.

### **(b) Presentation of the financial statements**

The Company adopted a presentation based on liquidity in the condensed interim 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.

## **3. Significant accounting policies - extract**

The accounting policies used in these condensed interim financial statements are the consistent with those of the standalone financial statements prepared as at December 31, 2018.

### **Assets and financial liabilities**

#### **Financial assets, as per IFRS 9, include the following:**

- investments in equity instruments (e.g. shares)
- investments in debt instruments (e.g. securities, bonds, loans)
- trade receivables and other receivables;
- cash and cash equivalents;
- derivatives;
- shareholdings in subsidiaries, associates and joint ventures - subject to IFRS 10 / IAS 27 / IAS 28.

## Selected explanatory notes to the condensed financial statements as at June 30, 2019

### (i) Classification

Financial assets held are classified by the Company as per IFRS 9 "Financial Instruments" in financial assets and financial liabilities.

The Company classifies **financial assets** as being measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss on the basis of:

- (a) the entity's business model for the management of financial assets;
- (b) the characteristics of the contractual cash flows of the financial asset.

### Business model

- Represents the manner in which an entity manages its financial assets to generate cash flows: *collecting, sale of assets, or both*;
- Determining it is factually realized considering: *the manner of assessment and reporting of its performance*, the existing *risks* and their *management*, respectively the way of *compensating the management* (based on the fair value or the cash flows associated with these investments);

#### *Model of assets held for collecting*

- Managed to generate cash flows by collecting the principal and interest over the life of the instrument;
- It is not necessary to hold them until maturity;
- There are categories of sales transactions that are compatible with this model: those due to credit risk increase, miscalculated or insignificant value sales, or sales close to the maturity of the instruments;
- The accounting of these assets (assuming that the SPPI criterion is also met and the fair value option has not been selected) is carried at amortized cost (using the effective interest method, interest, impairment gains or losses and exchange rate differences - in profit and loss).

#### *Model of assets held for collecting and sale*

- Managed both to generate cash flows from collecting and by selling (all) the assets;
- Sales are of high frequency and value compared to the previous model, without specifying a certain threshold for fitting into this model;
- The purpose of these sales may be: managing current liquidity needs, maintaining a certain structure of returns or decisions to optimize the entity's balance sheet (correlating the duration of financial assets with that of financial liabilities).
- The accounting of these assets (assuming that the SPPI criterion is met and the fair value option has not been selected) is made at fair value through other comprehensive income (using the effective interest rate method, interest, gains or losses from impairment) and foreign exchange differences - in profit and loss / change in the fair value of these instruments - in other comprehensive income, amounts recognized in other comprehensive income are recycled through profit or loss on derecognition of the asset).

#### *Other business model*

- Assets managed for the purpose of cash flow from sales;
- Collecting cash flows associated with these investments is incidental, it is not the purpose of holding them;
- Assets whose performance is managed and reported on the basis of their fair value;
- Debt instruments acquired for sale in the near future are intended for short-term profit or are derivatives;
- Their accounting is at fair value through profit and loss account.

### SPPI test

It comprises criteria that evaluates to what extent the structure of the cash flows of a debt instrument classifies within the model of the base credit agreement (the interest reflects to a great extent the value in time of money and credit risk).

There are some ratios that indicate the case in which the liabilities instruments held should be measured at fair value through profit and loss:

- non-standard interest rate;
- presence of the leverage effect;
- hybrid instruments (including an incorporated derivative).

## **Selected explanatory notes to the condensed financial statements *as at June 30, 2019***

There are also ratios that, although they would require a registration at fair value, can comply, under certain circumstances, with the SPPI criterion and so the respective assets should be accounted for at amortized cost:

- the existence of an anticipated reimbursement option or extension of the asset term;
- assets without recourse that should guarantee the debt reimbursement
- contractually related instruments.

### **Financial assets measured at fair value through profit or loss (FVTPL)**

A financial asset must be measured at fair value through profit or loss, except if it is measured at amortized cost or at fair value through other comprehensive income.

### **Financial assets measured at fair value through other comprehensive income (FVOCI)**

A financial asset, such as debt instruments, must be measured at fair value through other comprehensive income if both conditions presented below are met:

- a) the financial asset is held within a business model whose goal is achieved by collecting the contractual cash flows and the sale of financial assets and
- b) the contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of the principal and of the interest corresponding to the principal owed. The company can make an irrevocable choice upon the initial recognition in case of certain investments in equity instruments that otherwise would have been evaluated at the fair value through profit or loss to present the subsequent modifications of the fair value in other comprehensive income (according to pt. 5.7.5 and 5.7.6 of IFRS 9 – Financial Instruments).

### **Financial instruments measured at amortized cost**

A financial asset must be measured at amortized cost if both conditions below are met:

- (a) the financial asset is held within a business model whose goal is to hold financial assets in order to collect the contractual cash flows and
- (b) the contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of the principal and of the interest corresponding to the principal owed.

**Financial liabilities** – They are measured at amortized cost, except for the financial liabilities classified at fair value through profit or loss.

### **(ii) Recognition**

The assets and liabilities are recognized on the date when the Company becomes a contractual party to the conditions of the respective instrument. When the Company recognizes a financial asset for the first time, it must classify it according to pt. 4.1.1 - 4.1.5 (at amortized cost, at fair value through profit or loss or at fair value through other comprehensive income) of IFRS 9 and to assess it according to pt. 5.1.1-5.1.3. (a financial asset or financial liability is measured at fair value adding or subtracting the transaction costs, directly attributable to the acquisition or issue of the asset or liability).

### **(iii) Measurement**

After the initial recognition, the entity must measure (assess) the financial assets according to pt. 4.1.1 – 4.1.5 of IFRS 9 at:

- a) Amortized cost;
- b) Fair value through other comprehensive income; or
- c) Fair value through profit or loss.

After the initial recognition, the entity must measure the financial liabilities according to pt. 4.2.1-4.2.2 of IFRS 9. Thus, the Company will classify all financial liabilities at amortized cost, except for:

- a) the financial liabilities measured at fair value through profit or loss;
- b) the financial liabilities that appear when the transfer of a financial asset does not qualify for derecognition;
- c) financial collateral contracts valued at the highest of the loss provision value (Section 5.5 of IFRS 9) and the amount initially recognized less accumulated income (recognized under IFRS 15);



## **Selected explanatory notes to the condensed financial statements *as at June 30, 2019***

- d) commitments to provide a loan at an interest rate below the market value measured at the highest of the loss provision value (Section 5.5 of IFRS 9) and the amount initially recognized less accumulated income (recognized under IFRS 15)
- e) Contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies.

### **Measurement at amortized cost**

The amortized cost of a financial asset or of a financial liability is the value at which the financial asset or the financial liability is measured after the initial derecognition minus the reimbursement of principal, plus or minus the accumulated amortization using the effective interest method for each difference between the initial value and the value at due date, and minus any reduction (direct or by the use of an adjustment account) for impairment or un-recoverability.

The effective interest rate represents the rate that updates exactly the future payments and proceeds in cash during the forecasted life of the financial instrument or, where applicable, during a shorter period, up to the level of the net carrying amount of the financial asset or of the financial liability. For the calculation of the effective interest rate, the entity must estimate the cash flows considering all contractual conditions of the financial instrument but must not consider the future losses from the changes in credit risk. The calculation includes all fees paid or cashed by the contracting parties that make integral part of the effective interest rate, transaction costs and all the other premiums and discounts.

### **Measurement at fair value**

Fair value represents the price that would be received upon the sale of an asset or paid to extinguish a debt within a transaction developed under normal conditions between the participants in the principal market, on the measurement date, or in the absence of the principal market, on the most advantageous market to which the Company has access at that date.

The company measures the fair value of a financial instrument using the prices quoted on an active market for that instrument. A financial instrument has an active market if for that instrument quoted prices are readily available and regularly. The company measures the instruments quoted on the active markets using the closing price.

A financial instrument is considered as being quoted on an active market when the quoted prices are readily available and regularly from an exchange, dealer, broker, association within the industry, a service for establishing the prices or a regulatory agency, and these prices reflect the transactions occurring actually and regularly, developed under objective market conditions.

Within the category of shares quoted on an active market, all those shares admitted to trading on the Stock Exchange or on the alternative market having frequent transactions are included. The market price used to determine the fair value is the closing price of the market on the last trading day before the measurement date.

The fund units are measured according to the Unitary Net Asset Value, calculated by the fund administrator using the closing quotations for the quoted financial instruments. If the Company notices that there is no active market for the fund holding, it recurs for measurement to the public financial statements of the fund holding, respectively to the net asset value. According to the net asset, a corrected Unitary Net Asset Value is obtained used to evaluate the units in the financial statements of SIF Banat-Crișana.

Government securities (bonds) are measured based on the market quotation available on Bloomberg for the respective item, multiplied by the unit nominal value.

In the absence of a price quotation on an active market, the Company uses measurement techniques. The fair value of the financial assets not traded on an active market is determined by authorized valuers, within the current assessment compartment within the Company and by external valuers.

The valuation techniques include techniques based on the use of observable inputs, such as the quoted price of the identical element held by another party as asset, on a market that is not active, and for the assets for which the observable prices are not available, measurements techniques based on the analysis of the updated cash flows, and other measurement methods used regularly by the market participants. These include the method of comparisons with similar instruments for which there is an observable market price or the percentage method of the net assets of these companies adjusted with a discount for minority ownership and a discount for lack of liquidity, using at maximum the market information, being based at

## **Selected explanatory notes to the condensed financial statements *as at June 30, 2019***

minimum on the specific company information. The Group uses evaluation techniques that maximize the use of observable data and minimize the use of non-observable data.

The assessment techniques are used consistently.

The value resulted through the use of a measurement model is adjusted depending on the number of factors, because the valuation techniques do not reflect reliably all factors considered by the market participants when closing a transaction. The adjustments are recorded so that to reflect the risk models, the differences between the sale and purchase quotations, the liquidity risks as well as other factors. Company's management considers that these adjustments are necessary to present a correct measure of the value of the financial instruments held at fair value in the statement of financial position.

### **(iv) Identification and measurement of value impairment**

The Company must recognize a provision for the forecasted losses from credit corresponding to a financial asset that is measured according to pt. 4.1.2 or 4.1.2A of IFRS 9 (debt instruments measured at amortized cost or at the fair value through other comprehensive income), a receivable resulting from a leasing agreement, a credit commitment and a financial guarantee agreement.

The Company applies the impairment provisions for the recognition of the provision for losses corresponding to the assets measured at fair value through other comprehensive income (debt instruments that meet the criteria of pt. 4.1.2A of IFRS 9 – assets held in order to collect the cash flows and sales, whose cash flows represent exclusively principal reimbursement or interest payments). The provision so determined is recognized considering other comprehensive income and does not reduce the carrying amount of the financial asset from the statement of the financial position.

On each reporting date, the Company measures the provision for losses corresponding to a financial instrument at a value equal to:

- The credit losses forecasted for a 12-month period, if the credit risk has not increased significantly as of the initial recognition;
- The credit losses forecasted during the entire life, if the credit risk has increased significantly as of the initial recognition.

The Company recognizes in profit or loss, as earnings or losses from impairment, the value of the forecasted, recognized or reversed losses, required to adjust the provision for losses on the reporting date up to the level imposed by the provisions of IFRS 9.

The Company assesses the expected credit losses of a financial instrument so that it represents:

- An impartial value, resulted from the weighting of more possible results depending on the probabilities related thereto;
- The time value of money;
- Reasonable information available at no cost or disproportionate effort at reporting date.

The Company may assume that the risk credit for a financial instrument has not increased significantly as of the initial recognition if the financial instrument is considered to have a low credit risk on the reporting date. A financial instrument is considered to have a low credit risk if:

- The debtor has a high capacity to meet the obligations associated with short-term contractual cash flow;
- Unfavourable changes in the business and the business environment may, but not necessarily, reduce the debtor's ability to meet its obligations.

In the assessment of low credit risk for issuers, no real collateral is taken into account. At the same time, financial instruments are not considered to be low-risk only because they have a lower risk than the other instruments issued by the debtor or in comparison with the credit risk prevailing in the geographical region or the jurisdiction in which it operates. In the credit risk assessment, the company uses both external credit risk ratings and internal ratings that are consistent with generally accepted definitions of credit risk.

### **(v) Derecognition**

The Company derecognizes a financial asset when the rights to receive cash flows from that financial asset expires, or when the Company transferred the rights to receive the contractual cash flows corresponding to that financial asset in a transaction in which it transferred significantly all risks and benefits of the ownership right.

## **Selected explanatory notes to the condensed financial statements *as at June 30, 2019***

Any interest in the financial assets transferred retained by the Company or created for the Company is recognized separately as an asset or liability.

The Company derecognizes a financial liability when the contractual obligations ended or when the contractual obligations are cancelled or expire.

Derecognition of financial assets and liabilities is accounted for using the weighted average cost method.

### **(vi) Reclassifications**

If the Company reclassifies the financial assets according to pt. 4.4.1 of IFRS 9 (as a result of changing the business model for the management of its financial assets), then all the affected financial assets will be reclassified. The financial liabilities cannot be reclassified after the initial recognition.

The Company applies the reclassification of financial assets prospectively as of the reclassification date. The eventual earnings, losses or interests previously recognized will not be restated.

If a reclassification occurs, the Company proceeds as follows:

- When reclassifying an asset in the amortized cost category to fair value through profit or loss, the fair value is determined at the date of reclassification. The difference between the amortized cost and the fair value is recognized in profit or loss;
- When reclassifying an asset in the fair value through profit or loss category to the amortized cost, the fair value at the date of reclassification becomes the new gross carrying amount;
- When reclassifying an asset in the amortized cost category to fair value through other comprehensive income, fair value is determined at the date of reclassification. The difference between the amortized cost and the fair value is recognized in other comprehensive income, without adjusting the effective interest rate or the expected loss from the borrowing;
- When reclassifying an asset in the fair value category by other elements of the comprehensive income to the amortized cost, the reclassification is carried at the fair value of the asset from the reclassification date. Amounts previously recognized in other comprehensive income are eliminated in relation to the fair value of the asset, without affecting the profit or loss account. The actual interest rate and the expected loss on credit are not adjusted as a reclassification effect;
- When reclassifying an asset in the fair value through profit or loss category to fair value through other comprehensive income, the asset continues to be measured at its fair value;
- When reclassifying an asset of fair value through other comprehensive income to fair value through profit or loss, the financial asset continues to be measured at fair value. Amounts previously recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment (as per IAS1).

### **(vii) Gains and losses**

Gains or losses resulting from a change in the fair value of a financial asset or of a financial liability that is not part of a hedging relationship are recognized as follows:

- a) The gains or losses generated by financial assets or financial liabilities classified as being measured at fair value through profit or loss are recognized in profit or loss;
- b) The gains or losses generated by a financial asset at fair value through other comprehensive income are recognized at other comprehensive income.

When the assets are derecognized, the accumulated losses or gains previously recognized in other comprehensive income:

- are reclassified from equity in profit or loss, in the case of debt instruments;
- are transferred to retained earnings, in case of equity instruments (shares).

When the financial assets are impaired or derecognized and the financial liabilities are accounted for at amortized cost, and through their amortization process, the Company recognizes the gains or the loss in the income statement.

As regards the recognized financial assets using the settlement date accounting, no change of the fair value of the asset to be received during the period between the trading date and the settlement date is recognized for the assets carried at cost or at amortized cost (except for impairment losses). But for the assets accounted for at fair value, the change in fair value must be recognized in profit or loss or in equity, as the case may be.

## **Selected explanatory notes to the condensed financial statements *as at June 30, 2019***

### **Other financial assets and liabilities**

Other financial assets and liabilities are measured at amortized cost using the effective interest method.

### **4. Management of significant risks**

The risk management policy can be found in the Company organizational structure and it encompasses both general and specific risks, as set forth in Law no. 297/2004 and the Regulation of the National Securities Commission (CNVM) no. 15/2004, as amended and completed.

The most significant financial risks to which the Company is exposed to are the credit risk, the liquidity risk and the market risk. The market risk includes the foreign currency risk, the interest rate risk and the price risk of the equity instruments. This note provides information on the Company's exposure to each of the above-mentioned risks, the Company's objectives and policies, and the risk assessment and risk management processes.

The company uses a variety of policies and procedures for managing and measuring the types of risk to which it is exposed. These policies and procedures are presented in the subchapter dedicated to each type of risk.

#### **4.1 Financial risks**

##### **(a) Market risk**

Market risk is the present or future risk of recording losses balance and off-balance sheet related due to adverse movements in market price (such as stock prices, interest rates, foreign exchange rates). Company's management sets the limits on the value of risk that may be accepted, which are monitored on a daily basis. However, the use of this approach does not prevent losses outside these limits in the event of more significant market movements.

Position risk is associated with financial instruments portfolio held by the Company with intention to benefit from positive evolution of prices of underlined financial assets or potential dividends/coupons issued by entities. The Company is exposed to general position risk as well as specific, due to short term investments made in bonds, shares and fund units.

The management has monitored and is permanently observing the reduction of adverse effects related to this financial risk, through an active procedure of diversifying prudently the investment portfolio and by using one or more technics of diminishing of the risk through trading activity or market prices evolution related to financial instruments held by the Company.

##### **Concentration risk**

Concentration risk relates to all assets held by the Company, regardless of their holding period, and through diminishing this risk is intended to avoid a too large exposure against the same debtor/entity at Company level.

The management policy of diversifying exposures is applied to the portfolio structure, business structure as well as the structure of financial risks exposure. Thus, this diversifying policy implies: avoiding excessive exposures against the same debtor/issue, country or geographical area; diversifying business structure implies avoiding at Company's level the excessive exposure against specific type of business/sector; diversifying the structure of financial risks intends to avoid excessive exposure against the same financial risk.

The market risk of equity instruments is mainly the result of shares measured at fair value through other comprehensive income and through profit or loss. Entities in which the Company holds shares operate in various industries.

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

The Company's strategy for managing market risk is driven by its investment objective, and market risk is managed in accordance with its policies and procedures.

The Company is exposed to the following categories of market risk:

## Selected explanatory notes to the condensed financial statements as at June 30, 2019

### (i) Equity Price risk

Price risk is the risk of decline both in value of a security or portfolio related to changes in asset prices.

The Company is exposed to the risk of fair value of financial instruments fluctuation due to changes in market prices, whether caused by factors specific to the activity of its issuer or factors affecting all instruments traded in the market.

The Board of Directors monitors the market risk management and internal procedures, which require that when price risks are not consistent with the Company's investment policy and principles, it shall proceed to rebalance the portfolio.

A positive change of 10% in the price of financial assets at fair value through profit or loss (shares of subsidiaries, associates and fund units) would lead to an increase in profit after tax by RON 110,752,130 (December 31, 2018: RON 92,903,098), a negative change of 10% having an equal net impact on the opposite direction.

A positive change of 10% in the prices of financial assets measured at fair value through other comprehensive income, investments in shares and unit funds would lead to an increase in equity, net of tax, of RON 113,692,481 (December 31, 2018: RON 107,464,995), a negative change of 10% with an equal net impact on an opposite direction.

The company holds shares in companies operating in various sectors, such as:

As it can be noticed from the table below, as at June 30, 2019, the Company mainly held shares in companies in the banking-financial and insurance field, having a weight of 50.6% on the total portfolio, decreasing as compared to the 51.2% as at December 31, 2018.

in RON	June 30, 2019	%	December 31, 2018	%
Financial intermediation and insurance	1,083,787,166	50.6%	1,047,441,047	51.2%
Manufacturing industry	372,007,266	17.4%	333,231,839	16.3%
Hotels and restaurants	139,366,047	6.5%	126,746,145	6.2%
Wholesale and retail trade, repair of motor vehicles	32,339,186	1.5%	37,902,258	1.9%
Production and supply of energy, gas and water	25,291,310	1.2%	27,242,153	1.3%
Extractive industry	64,774,668	3.0%	54,416,217	2.7%
Other activities	3,020,966	0.1%	2,901,664	0.1%
Financial services applicable to real estate	348,746,547	16.3%	344,682,950	16.9%
Constructions	207,671	0.0%	667,238	0.0%
Transportation and storage	60,769,588	2.8%	57,659,329	2.8%
Rental of property investment	10,180,520	0.5%	10,570,630	0.5%
Agriculture, forestry and fishing	369,746	0.0%	378,546	0.0%
<b>TOTAL</b>	<b>2,140,860,680</b>	<b>100%</b>	<b>2,043,840,016</b>	<b>100%</b>

As at June 30, 2019 and December 31, 2018, the Company holds fund units at the closed investment funds Active Plus, Optim Invest, Certinvest Shares, Star Value and Romania Strategy Fund (as at December 31, 2018 also Omnitrend closed investment fund). The Company is exposed to price risk in terms of placements made with different degrees of risk by these Investment Funds, the fair value of the investments in these assets being as at June 30, 2019 of RON 300,585,243 (December 31, 2018: RON 295,681,969).

### (ii) Interest rate risk

Interest rate risk is the risk that revenues or expenses, or the value of assets or liabilities of the Company will fluctuate due to changes in market interest rates.

As regards the interest-bearing financial instruments: the interest rate risk consists of the risk of fluctuation recorded in the value of a financial instrument due to changes in interest rates and risk differences between the maturity of interest-bearing financial assets and interest-bearing liabilities. However, the interest rate risk may also affect the value of assets bearing fixed interest rates (e.g. bonds) so that an increase in interest rate on the market will determine a decrease in the value of future cash flows generated by them and may lead to their price reduction if it increases the preference of investors to place their funds in bank deposits

## Selected explanatory notes to the condensed financial statements as at June 30, 2019

or other instruments whose interest has grown, and vice versa - a reduction in interest rate on the market may increase the price of shares and bonds and will lead to an increase in the fair value of future cash flows.

With respect to the Company's interest-bearing financial instruments, the policy is to invest in profitable financial instruments, with due date over 1 year. With respect to the fixed interest-bearing assets or tradable assets, the Company is exposed to the risk that fair value of future cash flows related to financial instruments will fluctuate as a result of changes in market interest rates. However, most financial assets of the Company are in stable currencies whose interest rates are unlikely to vary significantly.

Thus, the Company will be subject to limited exposure to the fair value interest rate risk or to future cash flows due to fluctuations in the prevailing levels of market interest rates.

The Company does not use derivative financial instruments to protect itself against interest rate fluctuations.

The following table shows the annual interest rates earned by the Company for interest-bearing assets H1 2019:

Financial assets	RON interval		EUR interval	
	Min	Max	Min	Max
Cash and cash equivalents	1.00	3.00	-	-
Financial assets at fair value through profit and loss*	5.03	5.39	6.00	6.00
Financial assets at fair value through other comprehensive income**	-	-	5.75	5.75
Investments measured at amortized cost	-	-	5.98	6.01

\* In the financial assets at fair value through profit and loss are included bonds, denominated in RON and foreign currency, issued by subsidiaries of SIF Banat-Crișana.

\*\* Corporate bonds are included in the financial assets at fair value through other items of comprehensive income.

The following table shows the annual interest rates earned by the Company for interest-bearing assets during H1 2018:

Financial assets	RON interval		EUR interval	
	Min	Max	Min	Max
Cash and cash equivalents	0.45	2.20	-	-
Financial assets at fair value through profit and loss	3.85	4.28	-	-
Financial assets at fair value through other comprehensive income*	3.25	5.75	5.75	5.75
Investments measured at amortized cost	-	-	5.98	5.98

\* Financial assets at fair value through all items of comprehensive income include government bonds (interest is the nominal coupon, not yield on acquisition / adjudication) and corporate bonds

The following table shows a summary Company's exposure to the interest rate risk. The table includes the Company's assets and liabilities at the carrying amounts classified by the most recent date of the change in the interest rate and the maturity date.

in RON	June 30, 2019
Cash and cash equivalent*	172,126,172
Bank deposits	-
Financial assets at fair value through profit and loss – corporate bonds	48,213,890
Financial assets at fair value through comprehensive income – corporate bonds	4,971,855
Investments measured at amortized cost – corporate bonds	6,423,634
<b>TOTAL</b>	<b>231,735,551</b>

\* Within the cash equivalents short-term investments in bank deposits (maturity less than 3 months) in the amount of RON 99 million are included

## Selected explanatory notes to the condensed financial statements as at June 30, 2019

in RON

December 31, 2018

Cash and cash equivalent	15,500,000
Bank deposits	6,000,000
Financial assets at fair value through profit and loss – corporate bonds	40,562,280
Financial assets at fair value through comprehensive income – corporate bonds	4,872,610
Investments measured at amortized cost – corporate bonds	6,327,044

**TOTAL**

**73,261,933**

The impact on the Company's net profit and equity of a change of  $\pm 1.00\%$  in the interest rate related to variable interest-bearing assets and liabilities and expressed on other currencies corroborated with a change of  $\pm 1.00\%$  in the interest rate related to variable interest bearing assets in RON is of RON 1,946,579 (December 31, 2018: RON 615,400).

### (iii) Currency risk

Currency risk is the risk of loss or failure to achieve the estimated profit as a result of unfavourable exchange rate fluctuations. The Company invests in financial instruments and enters into transactions which are denominated in currencies other than the functional currency, thus being exposed to risks that the exchange rate of the national currency in relation to another currency may adversely affect the fair value or future cash flows of that share of financial assets and liabilities denominated in other currencies.

In the reporting periods the company conducted transactions in Romanian currency (RON) and in foreign currencies. The Romanian currency has fluctuated compared to the foreign currencies EUR and USD.

The financial instruments used enable the conservation of the value of monetary assets held in RON, by making investments and collecting interest according to their maturity.

The Company has not entered into any fix derivative transaction during the financial years presented.

The Company's assets and liabilities in RON and foreign currencies at June 30, 2019 and December 31, 2018 can be analysed as follows:

*Financial assets exposed to foreign currency risk (in RON)*

in RON

June 30, 2019

Cash and cash equivalent	71,596,043
Bank deposits	-
Financial assets at fair value through profit and loss*	32,751,532
Financial assets at fair value through comprehensive income**	228,311,298
Investments measured at amortized cost	6,602,842

**TOTAL**

**339,261,715**

\* Financial assets at fair value through profit or loss include euro bonds issued by SIFI BH Retail and foreign exchange holdings of closed-end investment funds, proportional to the Company's holding in their net assets.

\*\* Financial assets at fair value through other comprehensive income in EUR result include holdings held abroad, namely Austria - Erste Bank and corporate bonds issued by Impact.

*Financial assets exposed to foreign currency risk (in RON)*

in RON

December 31, 2018

Cash and cash equivalent	9,025,982
Bank deposits	-
Financial assets at fair value through profit and loss*	20,255,448
Financial assets at fair value through comprehensive income**	290,081,290
Investments measured at amortized cost	6,505,683

**TOTAL**

**325,868,403**

\* The financial assets at fair value through profit or loss include foreign exchange holdings of closed-end investment funds, proportional to the Company's holding in their net assets.

\*\* Financial assets at fair value through other comprehensive income in EUR result include holdings held abroad, namely Austria - Erste Bank and corporate bonds issued by Impact.

## Selected explanatory notes to the condensed financial statements as at June 30, 2019

The following table shows the sensitivity of profit or loss as well as equity to possible changes at the end of the reporting period of the exchange rates in line with the reporting currency, consistently maintaining all other variables:

	June 30, 2019		December 31, 2018	
	Impact on P&L account	Impact on OCI	Impact on P&L account	Impact on OCI
EUR increase with 5% (2018: 5%)	4,869,130	9,379,862	1,229,820	12,456,653
EUR decrease with 5% (2018: 5%)	(4,869,130)	(9,379,862)	-1,229,820	-12,456,653
<b>Total</b>	-	-	-	-

### (b) Credit risk

Credit risk is the risk that a counterparty of a financial instrument fails to meet its contractual obligations, or a financial engagement in which it has entered into a relationship with the Company, resulting in a loss for the Company. The Company is exposed to credit risk as a result of investments in bonds issued by commercial companies or the Romanian State, current accounts and bank deposits and other receivables.

The management of the Company closely monitors and expands the exposure to credit risk so that it does not suffer losses as a result of the concentration of credit in a particular sector or field of activity.

As at June 30, 2019 and December 31, 2018, the Company did not have any security interests as insurance, nor any other credit enhancement.

As at June 30, 2019 and December 31, 2018, the Company did not record outstanding financial assets, but they are not impaired.

Below we present the financial assets with exposure to credit risk:

June 30, 2019	Current accounts	Bank deposits	Bonds issued by financial entities (measured at amortized cost)	Corporate bonds (measured at FVOCI)	Corporate bonds (measured at FVTPL)	Other financial assets	Total
<i>Current and not impaired</i>							
Rating AAA to A-							
BBB+	72,187,103	18,000,000					90,187,103
BBB	23,645						23,645
BB+	906,735	81,000,000	6,602,842				88,509,577
Baa1	3,848						3,848
Ba2	3,236						3,236
NR	1,606			4,981,254	48,851,003	1,441,781	55,275,643
<b>TOTAL</b>	<b>73,126,172</b>	<b>99,000,000</b>	<b>6,602,842</b>	<b>4,981,254</b>	<b>48,851,003</b>	<b>1,441,781</b>	<b>234,003,052</b>



## Selected explanatory notes to the condensed financial statements as at June 30, 2019

December 31, 2018	Current accounts	Bank deposits	Bonds issued by financial entities (measured at amortized cost)	Corporate bonds (measured at FVOCI)	Corporate bonds (measured at FVTPL)	Other financial assets	Total
<i>Current and not impaired</i>							
Rating AAA to A-							
BBB+	10,988,692	13,000,000					23,988,692
BBB	24,299						24,299
BB+	2,698,188	8,500,000	6,505,683				17,703,871
Baa2	4,367						4,367
Ba3	3,554						3,554
C	284						284
NR	1,501			4,882,639	40,929,816	2,277,307	48,091,262
<b>TOTAL</b>	<b>13,720,885</b>	<b>21,500,000</b>	<b>6,505,683</b>	<b>4,882,639</b>	<b>40,929,816</b>	<b>2,277,307</b>	<b>89,816,329</b>

The Company's maximum exposure to credit risk is of RON 234,003,052 as at June 30, 2019 (December 31, 2018: RON 89,816,329) and can be analysed as follows:

Exposure of current accounts and deposits placed at banks (excluding interest accrued)

	Credit rating			June 30, 2019	December 31, 2018
BRD - Groupe Société Générale	BBB+	BRD - Groupe Société Générale	Fitch	90,139,571	23,940,933
Banca Transilvania	BB+	Banca Transilvania	Fitch	81,906,735	11,197,124
Banca Comercială Română	BBB+	Banca Comercială Română	Fitch	46,993	46,776
Intesa Sanpaolo Romania*	BBB	Intesa Sanpaolo Italia	Fitch	23,645	24,299
Raiffeisen Bank Romania	Baa1	Raiffeisen Bank Romania	Moody's	3,848	4,367
Alpha Bank Romania	Ba2	Alpha Bank Romania	Moody's	3,236	3,554
Bancpost**	C	Eurobank Ergasias Athens	Fitch	-	1,064
UniCredit Tirioc	BBB+	UniCredit Tirioc	Fitch	538	983
Banca Comercială Feroviara	NR			1,483	1,501
Piraeus Bank Romania***	NR	J. C. Flowers	Fitch	123	284
<b>TOTAL</b>				<b>172,126,172</b>	<b>35,220,885</b>

\* For banks for which there is no rating, the parent company's rating was considered

\*\* At the end of year 2018, the taking over of Bancpost by Banca Transilvania was completed.

\*\*\*In 2018, the local subsidiary of Piraeus Bank Greece was taken over by the American investment fund JC Flowers, the name of the bank was changed to First Bank

The cash and cash equivalent and bank deposits are not past due and not impaired. The corporate bonds are not past due and not impaired.

Of other financial assets category, sundry debtors, amounting to RON 1,313,517 (December 31, 2018: 34,519) are not past due and not impaired.

As at June 30, 2019 the Company considers impaired the value of the receivables (within sundry debtors) amounting to RON 1,406,362 (December 31, 2018 RON 1,406,362 representing dividends and penalties due from the companies in the portfolio and not collected for the previous periods.

### (c) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations arising from short-term financial liabilities that are settled by payment of cash or other financial means, or the risk that such obligations are extinguished in an unfavourable manner for the Company.

The company monitors the progress of its liquidity levels to be able to meet its payment obligations at due date and constantly analyses its assets and liabilities, based on the remaining period to the contractual maturities.

## Selected explanatory notes to the condensed financial statements *as at June 30, 2019*

The breakdown of assets and liabilities was analysed based on the remaining period from the balance sheet date to contractual maturity date, both as at June 30, 2019 and December 31, 2018, as follows:

*in RON*

	Book value	Less than 3 months	3 to 12 months	More than 1 year	No fixed maturity
<b>June 3, 2019</b>					
<b>Financial assets</b>					
Cash and cash equiv.	172,192,363	172,179,153	-	-	13,210
Bank deposits	-	-	-	-	-
Financial assets at fair value through profit and loss	1,165,595,158	364,838	272,275	48,213,890	1,116,744,155
Financial assets at fair value through other comprehensive income	1,329,683,020	-	9,399	4,971,855	1,324,701,766
Financial assets at amortized cost	6,602,842	179,208	6,423,634	-	-
Other financial assets	1,441,781	1,441,781	-	-	-
<b>Total financial assets</b>	<b>2,675,515,164</b>	<b>174,164,980</b>	<b>6,705,308</b>	<b>53,185,745</b>	<b>2,441,459,131</b>
<b>Financial liabilities</b>					
Dividends payable	-	-	-	-	-
Other financial liabilities	3,927,690	3,927,690	-	-	-
<b>Total financial liabilities</b>	<b>3,927,690</b>	<b>3,927,690</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liquidity surplus</b>	<b>2,671,587,474</b>	<b>170,237,290</b>	<b>6,705,308</b>	<b>53,185,745</b>	<b>2,441,459,131</b>

*in RON*

	Book value	Less than 3 months	3 to 12 months	More than 1 year	No fixed maturity
<b>December 31, 2018</b>					
<b>Financial assets</b>					
Cash and cash equiv.	29,230,410	29,230,410	-	-	-
Bank deposits	6,044,457	3,030,457	3,014,000	-	-
Financial assets at fair value through profit and loss	1,105,989,265	-	-	40,929,816	1,065,059,449
Financial assets at fair value through other comprehensive income	1,279,345,173	-	-	4,882,639	1,274,462,535
Financial assets at amortized cost	6,505,683	-	-	6,505,683	-
Other financial assets	2,277,307	2,277,307	-	-	-
<b>Total financial assets</b>	<b>2,429,392,294</b>	<b>34,538,174</b>	<b>3,014,000</b>	<b>52,318,137</b>	<b>2,339,521,984</b>
<b>Financial liabilities</b>					
Dividends payable	5,495	5,495	-	-	-
Other financial liabilities	1,614,344	1,614,344	-	-	-
<b>Total financial liabilities</b>	<b>1,619,839</b>	<b>1,619,839</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liquidity surplus</b>	<b>2,427,772,455</b>	<b>32,918,335</b>	<b>3,014,000</b>	<b>52,318,137</b>	<b>2,339,521,984</b>

### 4.2 Other risks

By the nature of the business object, the Company is exposed to various types associated to financial instruments and to market on which it invests.

The main types of risks the Company is exposed to are:

- taxation risk;
- economic environment risk;
- operational risk.

The risk management takes into account the maximization of the Company profit related to the risk level it is exposed to.

## **Selected explanatory notes to the condensed financial statements *as at June 30, 2019***

The Company uses various management and measurement policies and procedures for the risk types it is exposed to. These policies and procedures are presented in the subchapter dedicated to each type of risk.

### **(a) Taxation risk**

Starting with 1 January 2007, following Romania's accession to the European Union, the Company had to comply with the EU regulations and, therefore, prepared to implement changes brought by the European legislation. The Company has implemented these changes, but their implementation remains open to tax audit for 5 years.

Interpretation of texts and practical implementation of the procedures of the new applicable tax regulations could vary and there is a risk that in some cases the tax authorities might adopt a position different from that of the Company.

In terms of income tax there is a risk of different interpretation by the tax authorities to accounting treatments that were determined by the transition to IFRS as an accounting basis.

In addition, the Romanian Government has several agencies authorized to conduct audits (controls) of companies operating in Romania. These controls are similar to tax audits in other countries and may extend not only to tax matters but also to other legal and regulatory issues of interest to these agencies. The Company may be subject to tax audits as new tax regulations are issued.

### **(b) Economic environment risk**

SIF Banat-Crișana's management cannot predict all the effects of the financial crisis with an impact on the financial sector in Romania, but has confidence in that in the first six months of 2019 has adopted the necessary measures for the Company's sustainability and development under the present state of the financial market by monitoring its cash flows and adapting its investment policies.

Risk avoidance and mitigation of their effects is ensured by the company through an investment policy which complies with prudential rules imposed by the applicable laws and regulations in force.

SIF Banat-Crișana has adopted risk management policies through which risks are managed actively, by implementing specific risk identification, evaluation, measurement and control procedures meant to provide reasonable assurance with respect to the achievement of the Company's objectives, thus seeking a consistent balance between risk and expected profit.

The risk management aims at: (i) identifying and assessing significant risks with major impact in achieving the target investment and developing activities to counter the risk identified; (ii) adapting the risk management policies to the developments in the financial capital market, monitoring performance and improving risk management procedures; (iii) reviewing investment decisions in line with the development of the capital and money market; (iv) compliance with the legislation in force.

The Euro area economy has experienced a significant recovery in recent years, both in terms of GDP growth (with annualized increases of more than 1.5%) and the progressive reduction of unemployment and the return of inflation to the ECB target (2%). However, the ECB has also maintained during the latest period (at the meeting in January 2019) both the benchmark interest rate in absolute historical absolutes (0%) and the commitment to fully reinvest the amounts cashed on the maturity date of the financial instruments acquired in the quantitative easing program, the duration of this program being dependent on the sustainability of the inflation rate to the 2% target set by the ECB. Recently, both the ECB and the Federal Reserve (which reduced the reference interest rate by 0.25% at the meeting on July 31, 2019) reiterated their willingness to intervene through monetary stimulus measures if the pace of economic activity does not ensure convergence to expected inflation target. Thus, these exceptional measures and the willingness to maintain them in the foreseeable future signal the persistence of risks despite the positive developments in recent years.

### **(c) Operational risk**

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

The Company's objective is to manage the operational risk so as to limit financial loss, not damage its reputation and achieve the investment objective of generating returns for investors.

## Selected explanatory notes to the condensed financial statements as at June 30, 2019

The primary responsibility for implementation and development of control over the operational risk lies with the Board of Directors. This responsibility is supported by the development of general standards of operational risk management, including controls and processes within service providers and service commitments with service providers.

### (d) Capital adequacy

The management policy with respect to capital adequacy focuses on maintaining a sound capital base in order to support the ongoing development of the Company and attain the investment objectives.

The Company's equity includes the share capital, different types of reserves and the retained earnings. The equity amounted to RON 2,553,425,449 as at June 30, 2019 (RON 2,321,420,613 as at December 31, 2018).

## 5. 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 from resident and non-resident companies were 5% and zero (2018: 5% and zero). The breakdown of dividend income on the main counterparties is shown in the table below:

<i>Denominated in RON</i>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Banca Transilvania	36,980,164	27,065,775
BRD	22,329,415	22,329,415
SAI Muntenia Invest SA	13,557,288	7,748,450
Erste Group Bank AG	9,634,942	11,552,853
SNGN ROMGAZ	6,553,851	0,00
CONPET PLOIESTI	4,202,445	4,525,377
SIF OLTENIA	1,741,243	0
SIF MOLDOVA	1,539,758	0
SNP Petrom	968,377	717,316
SNTGN Transgaz	949,683	1,989,686
ELECTRICA S.A.	479,975	475,833
ROMPETROL WELL SERVICES	99,754	0
UNITEH TIMISOARA	96,730	0
Comelf	75,744	87,451
Spumotim	61,990	24,156
BT Asset Management	0	2,000,000
Hercules SA Satu Mare	0	79,791
Others	23,867	156,307
<b>Total</b>	<b>99,295,226</b>	<b>78,752,410</b>

## 6. Interest income

<i>denominated in RON</i>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Interest income on deposits and current accounts	419,566	137,122
Interest income on bonds measured at amortized cost	193,961	190,005
Interest income on assets measured through profit and loss	2,405,597	744,020
Interest income on assets measured through other comprehensive income (govt. and corporate bonds)	142,258	790,617
	<b>3,161,382</b>	<b>1,861,764</b>

## Selected explanatory notes to the condensed financial statements *as at June 30, 2019*

### 7. Profit/(Loss) on measurement of assets through profit and loss

<i>denominated in RON</i>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Profit / (Loss) from measurement / disposal of fund units	20,350,886	(16,449,116)
Profit / (Loss) from measurement of bonds	(2,765,610)	461,941
Profit / (Loss) from measurement of shares in subsidiaries and associates	2,356,435	(4,213,629)
Gain / (Loss) from sale of shares held for short term	-	(26)
<b>Total</b>	<b>19,941,711</b>	<b>(20,200,830)</b>

During H1 2019 fund units fund were redeemed by the closed-end investment fund Omnitrend amounting to RON 20.7 mn, RON 0.8 mn below the current book value.

### 8. Net profit /(loss) from sale of assets

<i>denominated in RON</i>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Gain/ (Loss) from sale of government bonds		(553,308)
<b>Total</b>	<b>-</b>	<b>(553,308)</b>

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 until June 30, 2019, in the amount of RON 52,815,861, is reflected in retained earnings.

### 9. Fees and commissions expenses

<i>denominated in RON</i>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
ASF commissions	1,200,250	1,205,077
Depository fees	222,273	226,680
Fees payable to SSIF (financial institutions)	112,854	133,239
Registry fees	72,000	72,000
Other fees and commissions	38,059	12,495
<b>Total</b>	<b>1,645,436</b>	<b>1,649,491</b>

### 10. Other operating expenses

<i>denominated in RON</i>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Expenses with other taxes and fees and assimilated payments	120,919	93,610
Expenses with salaries and other personnel expenses	5,415,876	4,542,597
Amortization expenses	124,254	139,888
Expenses for external services	1,064,830	1,400,197
<b>Total</b>	<b>6,725,878</b>	<b>6,176,293</b>

<i>denominated in RON</i>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Expenses with salaries	4,034,741	3,753,892
Expenses with stock option plan	1,190,000	595,000
Expenses with insurance and social care	133,610	133,960
Other personnel expenses	57,525	59,745
<b>Total</b>	<b>5,415,876</b>	<b>4,542,597</b>

## Selected explanatory notes to the condensed financial statements as at June 30, 2019

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

In the period ended on June 30, 2019, the average number of employees was of 34 (June 30, 2018: 35), and the number of employees recorded at the end of the reporting period was of 34 (June 30, 2018: 34).

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.

### 11. Income tax

<i>denominated in RON</i>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
<b>Current income tax</b>		
Current income tax (16%)	3,951,731	(1,354,570)
Tax on dividend (0%, 5%)	3,804,752	2,871,835
Tax exemption on transactions with ownership greater than 10%		
<b>Expense on / (income) deferred tax</b>		
Financial assets available for sale		
Financial assets at fair value through profit or loss		
Tangible assets / Investment property		
<b>Total income tax recognized in profit or loss</b>	<b>7,756,484</b>	<b>1,517,266</b>

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>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
<b>Profit before tax</b>	<b>115,201,633</b>	<b>52,307,699</b>
<b>Tax under statutory tax rate of 16% (2018: 16%)</b>	<b>18,432,261</b>	<b>8,369,232</b>
<b>Income tax effect of:</b>		
Tax on dividend (0%, 5%)	3,804,752	2,871,835
Non-deductible expenses and similar items	2,417,139	4,091,828
Non-taxable income	(16,875,872)	(13,733,891)
Revenue related items	13,458,348	16,481,372
Expenses related items		(147,033)
Deferred tax	(5,420,497)	(5,200,112)
Amounts of sponsorship within legal limits and other deductions	(24,000)	(83,942)
Tax recognized in retained earnings	(8,035,648)	(11,132,023)
<b>Income tax</b>	<b>7,756,484</b>	<b>1,517,266</b>

### 12. Cash and cash equivalents

<i>denominated in RON</i>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Cash in hand and other valuables	13,329	9,526
Current accounts in banks	73,126,172	13,720,884
Deposits at banks with original maturity less than 3 months	99,052,863	15,500,000
<b>Cash and cash equivalents with maturity less than 3 months</b>	<b>172,192,363</b>	<b>29,230,410</b>

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, 2019

### 13. Bank deposits

<i>denominated in RON</i>	June 30, 2019	December 31, 2018
Bank deposits with maturity more than 3 months	0	6,000,000
Interest on deposits	0	44,457
<b>Cash and cash equivalents with maturity greater than 3 months</b>	<b>0</b>	<b>6,044,457</b>

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

<i>denominated in RON</i>	June 30, 2019	December 31, 2018
Shares	816,158,912	769,377,480
Fund units	300,585,243	295,681,969
Corporate bonds (including the interest)	48,851,003	40,929,816
<b>Total</b>	<b>1,165,595,158</b>	<b>1,105,989,265</b>

As the Company met the classification criteria as an "investment entity", it measures all its subsidiaries at fair value through profit or loss, except for subsidiaries that provide investment-related services, that will continue to be consolidated.

The movement of the financial assets measured at fair value through profit and loss account as at June 30, 2019 is presented in the table below:

<i>denominated in RON</i>	Shares	Fund units	Corporate bonds in subsidiaries	Total
<b>January 1, 2019</b>	<b>769,377,480</b>	<b>295,681,969</b>	<b>40,929,816</b>	<b>1,105,989,265</b>
Acquisitions	44,424,999	8,499,912	70,713,000	123,637,912
Sales		(21,455,948)	(60,904,960)	(82,360,908)
Attached interest			269,577	269,577
Change in fair value (including foreign exchange differences)	2,356,433	17,859,309	(2,156,430)	18,059,312
<b>June 30, 2019</b>	<b>816,158,912</b>	<b>300,585,243</b>	<b>48,851,003</b>	<b>1,165,595,158</b>

Acquisitions of shares amounting to RON 44.4 million mainly include purchases of Biofarm shares.

As at June 30, 2019, the holdings in subsidiaries and associates were measured at fair value, the difference being a favourable one, amounting to RON 10.1 million (vs. value as at March 31, 2019) and respectively RON 2.4 million (vs. value as at December 31, 2018).

During H1 2019 fund units in closed end Investment Fund Optim Invest were purchased, amounting to RON 8.5 million.

During the period fund units were redeemed with the book value of RON 21.5 million, by Omnitrend closed end investment fund.

Purchases of corporate bonds amounting to RON 70.7 million include the equivalent of 7,500 bonds issued by BIFI BH retail, denominated in euro. The amount of RON 60.9 million represents the early repurchase of 6,400 bonds issued by SIFI BH Retail SA.

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

## Selected explanatory notes to the condensed financial statements as at June 30, 2019

<i>denominated in RON</i>	Shares	Fund units	Corporate bonds in subsidiaries	Total
<b>January 1, 2018</b>	<b>338</b>	-	-	<b>338</b>
<b>January 1, 2018 - restated</b>	<b>95,026,202</b>	<b>230,404,039</b>	<b>36,989,473</b>	<b>362,419,714</b>
Acquisitions	5,423,872	140,499,992		145,923,864
Reclassifications from assets valued at fair value through other comprehensive income	635,959,310			635,959,310
Sales	-338	-23,369,673		-23,370,011
Change in interest receivable			103,047	103,047
Change in fair value	32,968,434	-51,852,389	3,837,295	-15,046,661
<b>December 31, 2018</b>	<b>769,377,480</b>	<b>295,681,969</b>	<b>40,929,815</b>	<b>1,105,989,264</b>

In 2018, the company concluded it meets the criteria for declaring itself an investment entity and thus reclassified its holdings in subsidiaries, from assets measured by other comprehensive income, to assets measured at fair value through profit and loss. The fair value of these investments at the date of reclassification was of RON 635,959,310.

The purchases of shares amounting to RON 5.4 million mainly include the value of the shares in Uniteh SA Timișoara (RON 5.3 million), classified in the category of shares held in subsidiaries.

During the year 2018, fund units in the amount of RON 140.5 million were purchased, of which RON 74.5 million in Certinvest Actiuni Fund, RON 29 million in Romania Strategy Fund, RON 15 million in Omnitrend Fund, RON 12 million in Active Plus Fund and RON 10 million in closed end Star Value Investment Fund.

The sales of fund units include the repurchase of fund units by Optim Invest Fund in the amount of RON 18.5 million and Omnitrend in the amount of RON 4.8 million.

### 15. Financial assets measured at fair value through other comprehensive income

<i>denominated in RON</i>	June 30, 2019	December 31, 2018
Shares at fair value	1,324,701,766	1,274,462,535
Corporate bonds (including attached interest)	4,981,254	4,882,639
<b>Total</b>	<b>1,329,683,020</b>	<b>1,279,345,173</b>

The measurement of shares 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 certified appraisers. As at June 30, 2019, 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, BRD-Groupe Société Générale (December 31, 2018: Banca Transilvania, Erste Group Bank AG, BRD-Groupe Groupe Société Générale).

The movement of financial assets measured at fair value through other comprehensive income in the reporting period ended on June 30, 2019 is presented in the table below:

<i>denominated in RON</i>	Shares at fair value	Corporate bonds	Total
<b>January 1, 2019</b>	<b>1,274,462,535</b>	<b>4,882,639</b>	<b>1,279,345,173</b>
Acquisitions	5,135,642	0	5,135,642
Sales	(103,332,318)	0	(103,332,318)
Change of interest receivable	-	(630)	(630)
Change in fair value (including foreign exchange differences)	148,435,906	99,245	148,535,152
<b>June 30, 2019</b>	<b>1,324,701,766</b>	<b>4,981,254</b>	<b>1,329,683,020</b>



## Selected explanatory notes to the condensed financial statements *as at June 30, 2019*

Purchases of shares during the current period, amounting to RON 5.1 million, mainly include the acquisition of Intercontinental SA Bucharest shares.

Sales of shares amounting to RON 103.3 million include mainly the sale of shares in Erste Bank (RON 93.9 million) and Minerva SA (RON 8.8 million).

The gain on transactions amounting to RON 52.8 million was recognized in retained earnings.

The movement in 2018 of financial assets available for sale is shown in the table below:

<i>denominated in RON</i>	<b>Shares at fair value</b>	<b>Govt. bonds at fair value</b>	<b>Corporate bonds</b>	<b>Shares at cost</b>	<b>Fund units</b>	<b>Total</b>
<b>January 1, 2018</b>	<b>2,079,884,448</b>	<b>64,044,407</b>	<b>41,901,964</b>	<b>23,956,501</b>	<b>230,404,038</b>	<b>2,440,191,358</b>
<b>January 1, 2018 – restated</b>	<b>2,027,772,253</b>	<b>64,044,407</b>	<b>4,912,490</b>	<b>0</b>	<b>0</b>	<b>2,096,729,150</b>
Acquisitions	101,077,286	0				101,077,286
Reclassifications in assets measured at FVTPL	(635,959,310)					(635,959,310)
Sales	(111,649,280)	(62,228,956)				(173,878,235)
Change in interest receivable		(2,007,441)	9			(2,007,432)
Change in fair value	(106,778,414)	191,989	-29,860			(106,616,285)
<b>December 31, 2018</b>	<b>1,274,462,535</b>	<b>(0)</b>	<b>4,882,639</b>	<b>0</b>	<b>0</b>	<b>1,279,345,173</b>

The decrease in the volume of these financial assets as at January 1, 2018 compared to 2017 year-end is due to the reclassification, under IFRS 9 Financial Instruments, of fund units, shares held in associates and bonds purchased from a subsidiary, in the category of assets at FVTPL.

Purchases of shares in 2018, amounting to RON 101.1 million include mainly the acquisition of Conpet shares (RON 48.3 million), Administrare Imobiliare SA București (RON 40.1 million), Banca Transilvania (RON 8.1 million), Erste Bank (RON 4.1 million) and Central SA Cluj (RON 0.4 million).

Sales of shares amounting to RON 111.6 million include mainly the sale of shares issued by Erste Bank (RON 98.8 million), Compa (RON 1.9 million), Celhart Donaris (RON 1.7 million), Hora Reghin (RON 1.5 million), SIF Moldova (RON 1.3 million), Bermas (RON 1.3 million), Silvarom (RON 1.3 million), Hercules (RON 1.1 million), Cotroceni Park RON 0.8 million), etc.

Gain on transactions amounting to RON 71.3 million was recognized in retained earnings.

During the year 2018 government bonds were sold, amounting to 62.2 million lei.

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 appraisers and authorized appraisers within the Appraisal dept. of the Company, using the strategy set by the management of the issuer and appraisal techniques that meet the requirements of IFRS 13 and the ANEVAR Valuation Standards, in line with best valuation practices. These techniques include: 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.

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

## Selected explanatory notes to the condensed financial statements as at June 30, 2019

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

### June 30, 2019

*denominated in RON*

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss - shares	251,203,361	-	564,955,551	816,158,912
Financial assets at fair value through profit and loss - fund units	300,585,243	-	-	300,585,243
Financial assets at fair value through profit and loss - bonds	38,161,508	10,689,495	-	48,851,003
Financial assets at fair value through other comprehensive income - shares	1,210,944,087	12,998,817	100,758,862	1,324,701,766
Financial assets at fair value through other comprehensive income - corporate bonds	4,981,254	-	-	4,981,254
Investment property	-	-	20,128,515	20,128,515
Land and buildings	-	-	2,718,383	2,718,383
	<b>1,805,875,454</b>	<b>23,688,312</b>	<b>688,561,311</b>	<b>2,518,125,077</b>

### December 31, 2018

*denominated in RON*

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss - shares	207,568,029		561,809,452	769,377,481
Financial assets at fair value through profit and loss - fund units			295,681,969	295,681,969
Financial assets at fair value through profit and loss - bonds	40,929,816			40,929,816
Financial assets at FVOCI - shares	1,139,744,797	16,138,348	118,579,391	1,274,462,536
Financial assets at FVOCI - corporate bonds	4,882,639			4,882,639
Financial assets at amortized cost - corporate bonds	6,505,683			6,505,683
Investment property			20,128,515	20,128,515
Land and buildings			2,773,415	2,773,415
	<b>1,399,630,963</b>	<b>16,138,348</b>	<b>998,972,742</b>	<b>2,414,742,053</b>

During the first 6 months of 2019, the fund units were transferred between the levels of fair value, from level 3 to level 1 (unit value of net assets determined based on observable market data for fund holdings).

## 16. Financial assets measured at amortized cost

*denominated in RON*

	June 30, 2019	December 31, 2018
Bonds	6,423,634	6,327,044
Interest attached related to bonds	179,208	178,639
<b>Total</b>	<b>6,602,842</b>	<b>6,505,683</b>

Outstanding securities (bonds) at June 30, 2019 include:

- corporate bonds issued by Banca Transilvania denominated in EURO, amounting to RON 6.4 million, purchased in May 2013, convertible in Banca Transilvania shares, with maturity in May 2020, with an annual variable interest rate based on EURIBOR<sub>6 months</sub> + a margin set at 6.25%;

## Selected explanatory notes to the condensed financial statements *as at June 30, 2019*

### 17. Investment property

<i>denominated in RON</i>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
<b>Balance at January 1</b>	<b>20,128,515</b>	<b>20,042,164</b>
Entries		
Sales		
Changes in fair value		86,351
<b>Balance at the end of period</b>	<b>20,128,515</b>	<b>20,128,515</b>

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.

### 18. Other financial assets

<i>denominated in RON</i>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Sundry debtors	2,719,879	1,440,881
Current income tax receivables	0	2,126,352
Other financial assets	128,264	116,436
Impairment for depreciation of sundry debtors	(1,406,362)	(1,406,362)
<b>Total</b>	<b>1,441,781</b>	<b>2,277,307</b>

### 19. Deferred tax liabilities

Deferred tax assets and liabilities at June 30, 2019 and December 31, 2018 are generated by the elements detailed in the following tables:

#### June 30, 2019

<i>denominated in RON</i>	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Financial assets at FVOCI	-	871,758,345	(871,758,345)
Tangible assets and investment property	-	12,764,035	(12,764,035)
<b>Total</b>	<b>0</b>	<b>884,522,380</b>	<b>(884,522,380)</b>
Net temporary differences - 16% rate			(884,522,380)
<b>Deferred tax liabilities</b>			<b>(141,523,582)</b>

#### 2018

<i>denominated in RON</i>	<u>Assets</u>	<u>Liabilities</u>	<u>Net</u>
Financial assets at FVOCI	-	799,042,481	(799,042,481)
Tangible assets and investment property	-	12,764,034	(12,764,034)
<b>Total</b>	<b>-</b>	<b>811,806,515</b>	<b>(811,806,515)</b>
Net temporary differences - 16% rate	-	-	<b>(811,806,515)</b>
<b>Deferred tax liabilities</b>	-	-	<b>(129,889,043)</b>

Deferred tax liabilities in balance for the period ended June 30, 2019 in the amount of RON 141,523,582 (2018: 129,889,043) include:

- deferred income tax recognized directly through the decrease in equity amounting to RON 131,026,413 (2018: 113,971,379), being wholly generated by reserves for financial assets measured at fair value through other comprehensive income (FVOCI)

- the deferred tax related mainly to the differences from inflation of the financial assets and the impairment adjustments, amounting to RON 10,496,576 recognized in the retained earnings.

## Selected explanatory notes to the condensed financial statements as at June 30, 2019

### 20. Other financial liabilities

<i>denominated in RON</i>	<b>June 30, 2019</b>	<b>December 31, 2018</b>
Payables to employees and related contributions	701,676	1,195,933
Taxes and fees	3,175,459	8,606
Internal suppliers	50,555	409,805
<b>Total</b>	<b>3,927,690</b>	<b>1,614,344</b>

### 21. Capital and reserves

#### (a) Share capital

As at June 30, 2019, the share capital of SIF Banat-Crișana amounts to RON 51,746,072, divided into 517,460,724 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, 2019 the number of shareholders was of 5,752,379 (December 31, 2018: 5,754,670).

The shares issued by SIF Banat-Crișana 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, 2019 and December 31, 2018. 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.

The Extraordinary General Meeting of Shareholders of April 26, 2018, approved the reduction of SIF Banat-Crișana's share capital, as per art. 207 par. (1) letter c) of Law no. 31/1990, from RON 52,000,000 to RON 51,746,072.40, following the cancelation of 2,539,276 own shares repurchased by the Company in the buyback programs of 2016 and 2017.

The EGM of April 26, 2018, approved the execution of a buyback program for the repurchase of 17,460,724 own shares ("Program I") by the Company, to reduce its share capital.

The EGM of April 26, 2018, approved the execution of a buyback program for the repurchase of 1,400,000 own shares ("Program II") by the Company, for their 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.

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 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.

On September 28, 2018, SIF Banat-Crișana reported on the initiation, on October 2, 2018, of the Buyback Program II through daily transactions in the market, according to the resolution of the EGM no. 2 art. 2 of 26.04.2018. The program was suspended by the Company on October 29, 2018.

The EGM of April 22, 2019, approved the execution of a buyback program for the repurchase of 15,000,000 own shares ("Program I") by the Company, to reduce its share capital and the repurchase of 800,000 own shares at most ("Program II") by the Company, for their 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.

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:

<i>denominated in RON</i>	<b>June 30, 2019</b>	<b>December 31, 2018</b>
Statutory share capital	51,746,072	51,746,072
The effect of applying IAS 29 on share capital	645,164,114	645,164,114
<b>Restated capital</b>	<b>696,910,187</b>	<b>696,910,187</b>

## Selected explanatory notes to the condensed financial statements as at June 30, 2019

### **(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 of ASF Rule no. 39/2015 is presented in the following table:

<i>denominated in RON</i>	<b>June 30, 2019</b>	<b>December 31, 2018</b>
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
<b>Reserves set-up from the application of Law no. 133/1996</b>	<b>2,105,675,691</b>	<b>2,105,675,691</b>

The effect of hyperinflation over the share capital amounting to RON 645,164,111 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 2,605,353,717 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, 2019, amounts to RON 10,349,214 (December 31, 2018: RON 10,349,214). In the financial year 2018 and as at June 30, 2019, 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 the first three months of 2019 there was no approval for dividend distribution. In 2018, it was not approved the distribution of dividends from the profit of the financial year 2017.

## **22. 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>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Profit attributable to ordinary shareholders	107,445,150	50,790,433
Weighted average number of ordinary shares	517,371,068	517,460,724
<b>Basic earnings per share</b>	<b>0.208</b>	<b>0.098</b>

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

## **Selected explanatory notes to the condensed financial statements as at June 30, 2019**

### **23. Contingent assets and liabilities**

#### **(a) Litigations**

As at June 30, 2019 the Legal Office of the Company reported 97 litigations pending in Courts. The Company had legal standing in 86 lawsuits, and passive legal standing in 11 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

### **24. 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, 2019*

- As at June 30, 2019, 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, 2019, 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, 2018*

- As at December 31, 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 December 31, 2018, the members of the executive team of SIF Banat-Crişana were: Bogdan-Alexandru Drăgoi – CEO (General Director), Radu Răzvan Străuț - Deputy 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, 2019 and December 31, 2018, the Company held stakes in 13 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, 2019 is of 23 (December 31, 2018: 25), of which:

- a. Two entities (Gaz Vest SA Arad, Biofarm SA Bucharest), in which the Company exercises significant influence;
- b. 8 (December 31, 2018: 9) entities that do not qualify as associates, because the Company does not exercise significant influence in those companies;
- c. 13 (December 31, 2018: 14) entities in insolvency / liquidation / bankruptcy.

## **Selected explanatory notes to the condensed financial statements *as at June 30, 2019***

### **Transactions with related parties during the interim reporting period:**

During the first six months of 2019, the Company made the following transactions with affiliated parties:

- recording as dividend income from:
  - SAI Muntenia, amounting to RON 13,557,288
  - Uniteh SA, amounting to RON 96,730
- proceeds from Vrancart SA, interest on corporate bonds in the amount of RON 954,600;
- payments to the company Administrare Imobiliare SA (the management company of SIF Imobiliare) of the total amount of RON 90,958, representing the rent and operating expenses for the rented space, and to the company Gaz Vest SA Arad the amount of RON 45,065 representing natural gas;
- 7,500 bonds issued by the company SIFI BH Retail SA worth of RON 70,713,000 were purchased, of which 6,400 were redeemed, with a value of RON 60,904,960. The interest received on the bonds amounted to RON 1,181,419, transactions were reported on the market according to Law no. 24/2017.

During H1 2019, the stakes were enlarged, by the acquisition of shares, in the companies:

- Uniteh SA - from 36.33% to 36.34%, purchase of 51 shares with a value of RON 1,503,
- Biofarm SA - from 23.22% to 36.75%, purchase of 133,270,532 shares with a value of RON 44,423,496.

### **25. Events after the interim period**

- **July 16, 2019** – The Company reported that, on July 15, 2019, the Trade Register Office attached to the Arad Court communicated to the company the Resolution no. 11109/12.07.2019 granting the company's request and ordering the registering in the Trade Register of the mentions regarding the appointment of the financial auditor Deloitte Audit S.R.L. as financial auditor of the company, in accordance with the Resolution of the Ordinary General Meeting of SIF Banat-Crișana's Shareholders no. 1 of June 20, 2019.

- **July 22, 2019** – The Company reported that before the Arad Tribunal was constituted the file case no. 1583/108/2019, concerning the application for the annulment of the Resolution of the Ordinary General Meeting of Shareholders of SIF Banat-Crișana no. 1 of June 20, 2019, in contradiction with Flaros S.A. The Court set the first trial date for September 23, 2019.

- **July 23, 2019** – The Company reported by the Affidavit on S.I.F. Oltenia S.A. shareholding, upon the reduction of the stake below 5% of the share capital, according to the ASF Decision no. 601/23.04.2019.

- **July 25, 2019** – The Company reported that the Financial Supervisory Authority, by ASF Authorization no. 92/24.07.2019, authorized the amendment made in the Company's Articles of Association, as per Resolution of the Extraordinary General Meeting of SIF Banat-Crișana's Shareholders no. 1/20.06.2019.

- **July 29, 2019** – The Company reported by the Affidavit on S.I.F. Oltenia S.A. shareholding, that the total concerted shareholding is of 5.001124% of the share capital.

- **July 30, 2019** – The Company reported that before the Arad Tribunal was constituted the file case no. 1648/108/2019, concerning the application for the annulment of the Resolution of the Ordinary General Meeting of Shareholders of SIF Banat-Crișana no. 1 of June 20, 2019, in contradiction with SIF Oltenia S.A. The Court has not set the trial date.

- **July 31, 2019** – The Company, in compliance with the provisions of article 82 of Law no. 24/2017 and article 144 of ASF Regulation no. 5/2018, submitted the Limited Independent Assurance Report on the information included in the current reports prepared by the company in accordance with the provisions of Law no. 24/2017 and Regulation no. 5/2018, prepared by the financial auditor Deloitte Audit SRL concerning the transactions reported by the company during 01.01.2019 - 30.06.2019 with SIFI BH RETAIL S.A., a company in which SIF IMOBILIARE PLC, a SIF Banat-Crișana subsidiary, holds 99.9% of the share capital.

- **August 1, 2019** – As per the provisions of art. 87 paragraph (4) of ASF Regulation no. 9/2014, SIF Banat-Crișana informed the shareholders that, on July 30, 2019, has signed the addendum to the Depository and Custody Contract no. 1148/25.09.2017 with BRD - Groupe Société Générale S.A., arranging its termination by the agreement of the parties, and accordingly notified the Financial Supervisory Authority (ASF).

At the same time, the Board of Directors of SIF Banat-Crișana approved the conclusion of a new depository contract with Banca Comercială Română, a credit institution authorized by ASF to conduct

## **Selected explanatory notes to the condensed financial statements *as at June 30, 2019***

depository activities. The new depository contract will be subject for the approval of ASF and will enter into force thereafter, according to the regulated procedures.

SIF Banat-Crişana will further inform the shareholders on the process of changing the depository bank.



**STATEMENT OF**  
**assets and liabilities of SIF Banat-Crișana as at 28.06.2019 - recalculated**

annex no. 16

DESIGNATION	VALUE (RON)
<b>1. Non-current assets</b>	<b>772,175,097</b>
1.1 Intangible assets	11,605
1.2 Tangible assets	23,222,970
1.3 Financial assets	748,940,522
1.3.1 Listed shares	190,346,121
1.3.2 Unlisted shares	203,576,005
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	54,515,513
1.3.8 Newly issued securities	-
1.3.9 Units of UCITS and / or non-UCITS	300,502,883
1.3.10 Other financial assets	-
<b>2. Current assets</b>	<b>1,733,805,501</b>
2.1 Inventories	2,239
2.2 Receivables, of which:	1,374,927
2.2.1 Dividends receivables	1,068,922
2.2.2 Receivables rights	-
2.2.3 Other receivables	306,005
2.3 Cash and equivalents	73,126,224
2.4 Short term financial investments	1,560,247,904
2.4.1 Listed shares	1,438,850,107
2.4.2 Unlisted shares	-
2.4.3 Municipal bonds	-
2.4.4 Corporate bonds	4,979,687
2.4.5 Units of UCITS and / or non-UCITS	116,418,110
2.5 Newly issued securities	-
2.6 Government securities	-
2.7 Bank deposits	99,040,954
2.8 Certificates of deposit	-
2.9 Other current assets	13,252
<b>3. Derivatives</b>	<b>-</b>
<b>4. Prepaid expenses</b>	<b>135,145</b>
<b>5. Total assets</b>	<b>2,506,115,743</b>
<b>6. Total liabilities</b>	<b>145,451,272</b>
6.1 Loans from bond issues	-
6.2 Amounts owed to credit institutions	-
6.3 Advances received from clients	-
6.4 Trade payables	36,349
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	145,414,923
- deferred income tax	141,523,582
<b>7. Provisions for expenses</b>	<b>-</b>
<b>8. Deferred income, of which:</b>	<b>10,401</b>
8.1 Investment subsidies	-
8.2 Deferred income	10,401
<b>9. Shareholders' equity, of which:</b>	<b>2,553,425,449</b>
9.1 Share capital	51,746,072
9.2 Share capital premiums	-
9.3 Revaluation differences	105,016
9.4 Reserves	2,968,499,916
** 9.5 Treasury shares	-224,045
9.6 Retained earnings	585,727,789
9.7 Result for the period (YTD)	107,445,150
9.8 Profit appropriation	-
9.9 Retained earnings adoption of IAS 29 for the first time	-2,540,075,937
9.10 Items treated as capital	645,164,114
9.11 Other elements of equity	735,037,374
<b>10. Total liabilities</b>	<b>2,698,887,122</b>
<b>11. Net asset</b>	<b>2,502,177,651</b>
*** 12. Number of outstanding shares	517,371,068
<b>13. Net asset value per share NAV/S</b>	<b>4.8363</b>
<b>14. Number of companies in the portfolio, of which:</b>	<b>125</b>
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	79

\* The statement of assets and liabilities was recalculated by evaluating the non-portfolio items according to the balance sheet used in the preparation of the standalone financial statements as at 30.06.2019.

\*\* The value of own shares repurchased in Buyback Program 2 approved by GMS of April 26, 2018, executed between 02.10.2018 - 26.10.2018

\*\*\* 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"

"NOTE:

We inform the investors that SIF Banat-Crișana's Net Asset Value as at June 28, 2019, recorded a decrease of 22.8% as compared to the value calculated as at May 31, 2019. The decline is mainly caused by the decrease of the value of SIF Imobiliare PLC stock, valued at RON 164 million (calculated at book value) as at June 28, 2019, as compared to RON 990 million as at May 31, 2019 (calculated at market value).

SIF Imobiliare PLC is an issuer listed on the Bucharest Stock Exchange on the AeRO market (traded under market symbol SIFI) but having a very low liquidity. In the last 30 business days before June 28, 2019, there were no transactions with SIFI shares.

In SIF Banat-Crișana portfolio, the shares issued by SIF Imobiliare PLC are evaluated in accordance with the provisions of the ASF Regulation no. 9/2014 and the ASF Regulation no. 2/2018, depending on whether there are transactions with SIFI securities in the last 30 trading days (working days).

As per the provisions of ASF Regulation no. 9/2014, art. 113, letter (a) pt. 2:

"Art. 113 - Financial instruments admitted to trading and traded in the last 30 trading days (working days) on a regulated market or in trading systems other than regulated markets, from a Member State, including in an alternative trading system in Romania, and those admitted at the official rate of stock exchange or an alternative trading system from a third State shall be valued as follows: [...]

2. at the reference price of the day for which the calculation is made, in the case of shares listed in trading systems other than regulated markets, including in other alternative trading systems, provided by the operator of that trading system for each of the segments of that system. The price used as the reference price shall be calculated on the basis of the trading day of the day for which the asset is calculated, used as a benchmark in the opening of the trading session of the following day."

As there were no transactions in the last 30 trading days, the value of SIFI securities is calculated in accordance with the provisions of Article 115 paragraph (2) and paragraph (1) letter (a) pt. (1) of the ASF Regulation no. 9/2014, at the book value per share, as it results from the last approved financial statements."@

This statement is provided as a free translation from Romanian, which is the official and binding version

SIF Banat-Crișana

Depository bank

BRD Groupe Société Générale

**Assets in SIF Banat-Crişana portfolio assessed by  
valuation methods compliant with International Valuation Standards**

as at: 28.06.2019 - recalculated

No.	Company name	Fiscal code	Symbol	Nr. of shares held	No./date Evaluation report	Value	
						RON / share	total
Unlisted shares (closed)							
1	AZUGA TURISM	28330211		786,882	585-A/27.02.2019	35.0000	27,540,870
2	NAPOMAR	199176		10,256,241	510/f/20.03.2019	2.9851	30,615,905
3	CENTRAL	199230		53,120	510/e/20.03.2019	547.6632	29,091,869
4	SAI MUNTENIA INVEST	9415761		119,976	510/d/20.03.2019	406.4000	48,758,246
5	Administrare Imobiliare SA	20919450		16,049,741	64/11.01.2019	2.4396	39,154,948

**SIF Banat-Crişana**

Certified by depositary bank  
**BRD Groupe Société Générale**

## SIF Banat-Crişana's assets as at 28.06.2019 - recalculated

RON

ITEM	Beginning of the reporting period 31.12.2018				End of the reporting period 28.06.2019				Differences
	% of net asset	% of total assets	Currency	RON	% of net asset	% of total assets	Currency	RON	
I. Total assets	100.07	100.00	20,438,788	2,209,364,078	100.16	100.00	93,862,496	2,412,253,247	276,312,876
1. Securities and money market instruments, out of which:	67.66	67.61	-	1,507,591,885	65.11	65.01	-	1,629,196,228	121,604,343
1.1. Securities and money market instruments admitted or traded on a regulated market from Romania, out of which:	54.86	54.82	-	1,222,393,234	56.19	56.10	-	1,405,866,184	183,472,950
1.1.1. Shares issued by companies admitted to trading	54.86	54.82	-	1,222,393,234	56.19	56.10	-	1,405,866,184	183,472,950
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	12.80	12.79	-	285,198,651	8.93	8.91	-	223,330,044	-61,868,606
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:	11.49	11.48	11,412,807	244,641,719	10.51	10.50	22,266,453	240,804,752	7,016,680
3.1. Shares issued by companies not admitted to trading	9.31	9.30	-	207,399,383	8.14	8.12	-	203,576,005	-3,823,379
3.2. Corporate bonds	2.18	2.18	11,412,807	37,242,336	2.38	2.37	22,266,453	37,228,748	10,840,058
4. Bank deposits, of which:	0.97	0.97	0	21,544,457	3.96	3.95	0	99,040,954	77,496,497
4.1. Bank deposits made with credit institutions in Romania	0.97	0.97	0	21,544,457	3.96	3.95	0	99,040,954	77,496,497
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	0.62	0.62	9,025,982	4,697,116	2.92	2.92	71,596,043	1,530,181	59,403,126
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	0.00	0.00	0	-	-	-	0	-	0
7.1. Municipal bonds not traded	-	-	-	-	-	-	-	-	-
7.2. REPO with govt. bonds denominated in RON and foreign currency	-	-	-	-	-	-	-	-	-
7.3. Govt. bonds	0.00	0.00	0	-	-	-	0	-	0
8. UCITS and non UCITS equity securities	18.18	18.17	-	405,053,186	16.66	16.64	-	416,920,992	11,867,806
9. Other assets (amounts in transit, receivables from distributors, brokerage houses, etc.)	1.16	1.16	-	25,835,714	0.99	0.99	-	24,760,139	-1,075,576

SIF Banat-Crişana

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

Certified by depositary bank  
BRD Groupe Société Générale

# **Net Asset Value / Share**

as at 28.06.2019 - recalculated

RON

ITEM	Current period [28.06.2019]	Corresponding period of the previous year [29.06.2018]	Differences
Net Asset	2,502,177,651	2,382,154,943	120,022,708
Number of issued, outstanding shares	517,371,068	517,460,724	-89,656
Unitary net asset value	4.8363	4.6035	0.2328

**SIF Banat-Crişana**

Certified by depositary bank

**BRD Groupe Société Générale**

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

**Securities admitted or traded on a regulated market in Romania**  
as at 28.06.2019 - recalculated

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 [%]
<b>LISTED SHARES</b>										
<b>traded in the last 30 days</b>										
1	BANCA TRANSILVANIA	TLV	28.06.19	217,530,376	1.00	2.3950	520,985,251	4.5177	20.79	20.82
2	BRD - GROUPE SOCIETE GENERALE	BRD	28.06.19	13,615,497	1.00	12.6400	172,099,882	1.9537	6.87	6.88
3	VRANCART	VNC	28.06.19	774,416,054	0.10	0.1640	127,004,233	75.0633	5.07	5.08
4	BIOFARM	BIO	28.06.19	362,096,587	0.10	0.3430	124,199,129	36.7471	4.96	4.96
5	S.N.G.N. ROMGAZ S.A.	SNG	28.06.19	1,571,667	1.00	32.2000	50,607,677	0.4078	2.02	2.02
6	CONPET	COTE	28.06.19	562,740	3.30	79.8000	44,906,652	6.5000	1.79	1.79
7	SIF HOTELURI	CAOR	24.06.19	31,820,906	2.50	1.3200	42,003,596	98.9997	1.68	1.68
8	SNTGN TRANSGAZ	TGN	28.06.19	43,845	10.00	360.0000	15,784,200	0.3724	0.63	0.63
9	OMV PETROM	SNP	28.06.19	35,865,800	0.10	0.3950	14,166,991	0.0633	0.57	0.57
10	ELECTRICA S.A.	EL	28.06.19	657,500	10.00	11.3000	7,429,750	0.1901	0.30	0.30
11	ANTIBIOTICE	ATB	28.06.19	14,167,736	0.10	0.5000	7,083,868	2.1104	0.28	0.28
12	COMELF	CMF	26.06.19	1,211,907	0.58	2.0800	2,520,767	5.3919	0.10	0.10
13	ROMPETROL WELL SERVICES	PTR	28.06.19	5,541,900	0.10	0.3420	1,895,330	1.9921	0.08	0.08
14	COMPA	CMP	28.06.19	2,342,529	0.10	0.7600	1,780,322	1.0705	0.07	0.07
15	SSIF BRK FINANCIAL GROUP SA	BRK	28.06.19	2,867,075	0.25	0.0810	232,233	0.8489	0.01	0.01
<b>On an alternative trading system</b>										
16	IAMU	IAMU	19.06.2019	7,286,299	2.50	4.8800	35,557,139	76.6967	1.42	1.42
17	COMPANIA HOTELIERA INTERCONTINENTAL ROMANIA	RCHI	28.05.2019		0.10	0.2200	24,803,945	13.5260	0.99	0.99
18	UNITEH	UNIT	25.06.2019	158,573	2.50	36.0000	5,708,628	36.3399	0.23	0.23
19	PETROCART	PTRC	25.06.2019	11,852,163	0.50	0.4200	4,977,908	30.1767	0.20	0.20
20	IPROEB	IPRU	28.06.2019	4,097,615	0.30	0.8700	3,564,925	8.6135	0.14	0.14
21	SATURN	SATU	25.06.2019	346,926	2.50	9.5000	3,295,797	17.5385	0.13	0.13
22	ARGUS	UARG	28.06.2019	1,790,432	1.50	1.6600	2,972,117	5.0039	0.12	0.12
23	URBANA	URBA	11.06.2019	13,208	9.20	49.0000	647,192	16.5830	0.03	0.03
24	REVA	REVA	19.06.2019	74,777	2.50	8.3000	620,649	5.0112	0.02	0.02
25	PROSPECTIUNI	PRSN	28.06.2019	5,198,500	0.10	0.0675	350,899	0.7240	0.01	0.01
26	ANTECO	ANTE	24.05.2019	7,042,220	0.10	0.0440	309,858	17.2036	0.01	0.01
27	ELVILA	ELV	28.06.2019	13,085	1.00	0.8500	11,122	0.0492	0.00	0.00
28	PROFESSIONAL IMO PARTNERS	PPLI	12.06.2019	1	1.00	2.6600	3	-	0.00	0.00

**1,215,520,062**

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

<b>On an alternative trading system</b>										
2	SIF IMOBILIARE	SIFI	25.04.19	4,499,961	4.47	36.4202248	163,889,591	99.9997	6.54	6.55
3	MOBEX	MOBG	17.10.18	295,844	2.50	28.3832593	8,397,017	17.4504	0.34	0.34
4	SOMPLAST	SOPL	17.10.17	2,303,180	2.50	3.18928681	7,345,502	70.7511	0.29	0.29
5	ARCELOR MITTAL HUNEDOARA	SIDG	09.01.19	5,921,324	2.00	0.64009541	3,790,212	2.9820	0.15	0.15
6	SILVANA	SIVX	19.08.09	1,443,772	2.50	1.8448647	2,663,564	96.2832	0.11	0.11
7	FAMOS	FAMS	29.09.08	31,131	2.50	69.8334411	2,173,985	5.9061	0.09	0.09
8	TRANSGEX	TRNG	16.10.15	143,978	2.50	5.36492058	772,431	2.7040	0.03	0.03
9	INDUSTRIA SARMEI CAMPIA TURZII	INSI	11.12.18	4,604,082	0.10	0.1671484	769,565	4.1320	0.03	0.03
10	PRIMACONSTRUCT	PCTM	03.04.19	90,685	2.50	6.00159552	544,255	15.6969	0.02	0.02
11	SOMETRA	SOMR	31.12.18	1,217,602	2.50	0	-	4.5814	0.00	0.00
12	ARMAX GAZ	ARAX	30.06.17	18,500	10.00	0	-	0.3012	0.00	0.00
13	TALC DOLOMITA	TALD	09.10.15	167,108	2.50	0	-	7.8944	0.00	0.00
14	ICSH	ICSH	26.03.12	84,500	2.50	0	0	1.2891	0.00	0.00

**190,346,121**

<b>ISSUERS of UCITS and non-UCITS TYPE</b>										
1	SIF MOLDOVA	SIF2	28.06.19	50,649,925	0.10	1.3250	67,111,151	4.9991	2.68	2.68
2	SIF OLTENIA	SIF5	28.06.19	40,123,500	0.10	0.6300	25,277,805	4.9717	1.01	1.01
3	SIF MUNTENIA	SIF4	28.06.19	11,608,287	0.10	2.0700	24,029,154	2.0009	0.96	0.96

**116,418,110**

**SIF Banat-Crișana**

Certified by depositary bank

**BRD Groupe Société Générale**

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

**Securities admitted or traded on a regulated market in a member state**  
as at 28.06.2019 - recalculated

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 [%]
<b>LISTED SHARES</b>										
1	ERSTE GROUP BANK AG	EBS	28.06.2019	1,445,000	0.00	154.5537	223,330,044	0.3362	8.91	8.93

Certified by depositary bank

**BRD Groupe Société Générale**

**SIF Banat-Crișana**

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

Instruments mentioned at art.187 letter a) - Unlisted shares  
as at 28.06.2019 - recalculated

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 [%]
<b>UNLISTED SHARES</b>									
1	SAI MUNTENIA INVEST	119,976	22 Jul 2013	151.3009	406.4000	48,758,246	99.9800	1.95	1.95
2	ADMINISTRARE IMOBILIARE	16,049,741	21 Dec 2018	2.5000	2.4396	39,154,948	97.3981	1.56	1.56
3	NAPOMAR	10,256,241	30 Nov 1997	2.5219	2.9851	30,615,905	99.4348	1.22	1.22
4	CENTRAL	53,120	1 Nov 1999	226.1045	547.6632	29,091,869	67.0783	1.16	1.16
5	AZUGA TURISM	786,882	13 Feb 2013	37.5155	35.0000	27,540,870	98.9354	1.10	1.10
6	GAZ VEST	105,068	23 Aug 2002	100.0000	135.0897	14,193,609	25.8185	0.57	0.57
7	BT ASSET MANAGEMENT	716,570	27 Jan 2005	1.0000	5.1535	3,692,842	10.0000	0.15	0.15
8	EXIMBANK	414,740	30 Nov 1997	6.0000	8.6174	3,573,970	0.3108	0.14	0.14
9	DEPOZITARUL CENTRAL	9,878,329	4 Nov 1998	0.1000	0.1252	1,236,869	3.9057	0.05	0.05
10	MOBICOM	16,393	30 Nov 1997	2.5000	58.9966	967,131	24.1095	0.04	0.04
11	IFB FINWEST	7,976,121	21 Dec 2000	0.1749	0.0955	762,083	8.6736	0.03	0.03
12	AMIS MOB	12,607	11 Dec 2003	2.5399	53.3780	672,936	8.1220	0.03	0.03
13	MOBIROM	11,589	30 Nov 1997	2.7675	53.9520	625,249	9.0289	0.02	0.02
14	SPUMOTIM	12,398	30 Nov 1997	2.5000	50.0332	620,311	3.9864	0.02	0.02
15	TREMULA BRAILA	17,465	30 Nov 1997	2.5000	28.8966	504,680	13.4561	0.02	0.02
16	CTCE	8,501	30 Nov 1997	2.5000	35.2027	299,258	23.2357	0.01	0.01
17	BIZOOFRUCT	39,424	30 Nov 1997	2.5000	7.5071	295,958	4.4235	0.01	0.01
18	COMAT MARAMURES	19,909	30 Nov 1997	2.5000	12.2171	243,230	10.0002	0.01	0.01
19	COMMETCAR	14,862	30 Nov 1997	2.5000	13.2789	197,351	10.0002	0.01	0.01
20	GRUP BIANCA TRANS	562,400	26 Sep 2006		0.3341	187,887	5.1783	0.01	0.01
21	APRO HOREA	8,220	30 Nov 1997	2.5000	16.5096	135,709	13.5427	0.01	0.01
22	FORESTIERA	42,269	12 Jun 1998	2.5000	2.9900	126,385	25.7520	0.01	0.01
23	STREIUL	9,344	30 Nov 1997	2.5000	4.2707	39,906	17.4419	0.00	0.00
24	MOLIDUL	90,579	30 Nov 1997	2.5000	0.2292	20,757	21.6326	0.00	0.00
25	MODERN	3,302	30 Nov 1997	2.5000	5.4648	18,045	2.4485	0.00	0.00
26	TRANSILVANIA AIUD	46,779	30 Nov 1997	2.5000	-	-	20.1873	0.00	0.00
27	PROIECT	2,162	30 Nov 1997	8.0000	-	-	10.0000	0.00	0.00
28	SUINPROD GALDA	143,084	30 Nov 1997	2.5000	-	-	27.0910	0.00	0.00
29	MINIERA CUART	17,396	29 Dec 2006	2.5000	-	-	3.3999	0.00	0.00
30	AGROINDUSTRIALA NADLAC	66,406	30 Nov 1997	2.5000	-	-	29.9996	0.00	0.00
31	COMMIXT	10,543	30 Nov 1997	2.5000	-	-	28.9667	0.00	0.00
32	AGROINDUSTRIALA INEU	59,755	30 Nov 1997	2.5008	-	-	11.5001	0.00	0.00
33	SANEVIT	535,217	30 Nov 1997	0.2495	-	-	8.9696	0.00	0.00
34	EDIL CONSTRUCTII	1,771,625	27 Aug 2007	0.8283	-	-	3.8504	0.00	0.00
35	TEHNOLOGIE MOBILA STIL	9,000	20 Sep 2004	2.5000	0.00	0.00	4.5523	0.00	0.00
36	AMIS IMPEX	12,607	11 Dec 2003	2.5399	0.00	0.00	8.0936	0.00	0.00
37	TREMULA	66,112	8 Apr 2002	2.5000	0.00	0.00	17.9898	0.00	0.00
38	LEMN-MOL-FA	37,146	8 May 2001	1.9783	0.00	0.00	13.0184	0.00	0.00
39	IPEGM	9,913	16 Jul 1999	2.5000	0.00	0.00	3.4000	0.00	0.00
40	COMBINATUL DE UTILAJ GREU	409,572	24 Mar 1999	4.0000	0.00	0.00	5.0221	0.00	0.00
41	AUTODANUBIUS	11,653	30 Nov 1997	2.5000	0.00	0.00	14.0387	0.00	0.00
42	FORESTA PRIM GHEORGHIEI	17,202	1 Jul 1998	2.5000	0.0000	0	14.7522	0.00	0.00
43	FORTOP	39,226	1 Jul 1998	2.5000	0.0000	0	12.4859	0.00	0.00
44	MOCARS	119,969	25 Nov 1998	5.5408	0.0000	0	9.6836	0.00	0.00
45	AGROPRODUCT RESITA	72,720	30 Nov 1997	2.5000	0.0000	0	30.0045	0.00	0.00
46	MOBILA USI	1,262,796	13 Jan 2005	0.1000	0.0000	0	32.4520	0.00	0.00
47	ERGOLEMN	9,637	30 Nov 1997	11.0608	0.0000	0	12.9584	0.00	0.00
48	EXFOR	399,654	30 Nov 1997	2.5000	0.0000	0	24.2311	0.00	0.00
49	FOREMAR	28,047	30 Nov 1997	40.0000	0.0000	0	10.5405	0.00	0.00
50	REGNA FOREST	33,118	30 Nov 1997	2.5000	0.0000	0	7.0103	0.00	0.00
51	MEBIS	346,637	30 Nov 1997	2.5000	0.0000	0	26.7806	0.00	0.00
52	BRAFOR	5,928,744	30 Nov 1997	0.1000	0.0000	0	2.6874	0.00	0.00
53	ROSTRAMO	434,501	30 Nov 1997	2.4988	0.0000	0	10.0371	0.00	0.00
54	CONTOR GROUP	2,900,049	27 Nov 2007	0.6628	0.0000	0	1.4962	0.00	0.00
55	METALURGICA	50,436	30 Nov 1997	2.5000	0.0000	0	28.4090	0.00	0.00
56	AGROMECA GATAIA	13,585	30 Nov 1997	4.1242	0.0000	0	23.9097	0.00	0.00
57	SILVANIA FOREST	30,111	30 Nov 1997	2.5000	0.0000	0	0.6049	0.00	0.00
58	LASPERESIA	20	30 Nov 1997	2.5000	0.0000	0	1.9455	0.00	0.00
59	AVERSA	142,699	22 Oct 2004	1.1799	0.0000	0	2.1416	0.00	0.00
60	MOBISAL	550	30 Nov 1997	9.1900	0.0000	0	2.7500	0.00	0.00
61	HICART	4,576	24 Jun 1998	2.5000	0.0000	0	0.7939	0.00	0.00
62	ARIO	3,523,021	30 Nov 1997	4.3027	0.0000	0	93.6407	0.00	0.00
63	FORTPRES - CUG	103,523	30 Nov 1997	2.5000	0.0000	0	1.3598	0.00	0.00
64	VINALCOOL	232,433	30 Nov 1997	0.1000	0.0000	0	6.7973	0.00	0.00
65	RETEAUA LIBRARIILOR "BIBLIOFOR"	1,275	30 Nov 1997	2.5000	0.0000	0	10.0047	0.00	0.00
66	REMAT CARAS SEVERIN	24,257	30 Nov 1997	2.5000	0.0000	0	7.8287	0.00	0.00
67	SIMATEC	42,886	30 Nov 1997	2.5000	0.0000	0	18.8217	0.00	0.00
68	MOBIMET	14,695	30 Nov 1997	2.5000	0.0000	0	28.8749	0.00	0.00
69	BANCA INTERNATIONALA A RELIGIILOR	186,849	30 Nov 1997	1.2704	0.0000	0	0.9342	0.00	0.00
70	UZINA ARDEALUL	55,593	30 Nov 1997	2.5000	0.0000	0	29.5075	0.00	0.00
71	IFOR	101,803	30 Nov 1997	2.5000	0.0000	0	15.3525	0.00	0.00

72	ARCER	83,213	30 Nov 1997	2.5000	0.0000	0	19.7002	0.00	0.00
73	ELBAC	8,299,560	30 Nov 1997	0.1000	0.0000	0	32.4500	0.00	0.00
74	MOPAL	251,067	30 Nov 1997	61.0533	0.0000	0	21.8936	0.00	0.00
75	CUART	4,516	30 Nov 1997	2.5000	0.0000	0	3.3999	0.00	0.00
76	BANCA COMERCIALA ROMANA	1	30 Nov 1997	0.1000	0.0000	0	-	0.00	0.00
77	SOMES	1,653,350	30 Nov 1997	2.0993	0.0000	0	13.1191	0.00	0.00
78	COMAR	40,601	30 Nov 1997	2.5000	0.0000	0	34.9415	0.00	0.00

ISSUERS WITH BALANCE SHEET NOT SUBMITTED									
79	SIF SPV TWO	119,988.0000	2 Nov 2018	1.0000	0.0000	0	99.9900	0.00	0.00

**203,576,005**

ISSUERS of UCITS and non-UCITS TYPE									
1	Fondul Inchis de Investitii ACTIVE PLUS	15,050.2178	4 Mar 2014	8,396.5368	10,605.9100	159,621,255	76.4216	6.37	6.38
2	Fondul Inchis de investitii OPTIM INVEST	3,494.6900	8 May 2017	8,190.6100	10,133.3600	35,412,952	23.2591	1.41	1.42
3	FII STAR VALUE	9,382.0000	9 Feb 2018	1,065.8700	977.8300	9,174,001	18.8875	0.37	0.37
4	FIA CERTINVEST ACTIUNI	305.2000	23 Mar 2018	244,053.3693	217,496.7700	66,380,014	70.1892	2.65	2.65
5	ROMANIA STRATEGY FUND	58,000.0000	12 Dec 2018	500.0000	515.7700	29,914,660	50.8772	1.19	1.20

**300,502,883**

\* The average price determined as the ratio between the acquisition value (calculated based on the initial value in the portfolio plus, if the case, any subsequent increase in value arising from share capital increase, new acquisitions, diminished by potential sales) and the number of shares held at the reporting date (influenced by possible share splits, consolidations and shares acquired free of charge). Impairment differences calculated on the basis of IAS 29 "Financial reporting in hyperinflationary economies" have not been included.

**SIF Banat-Crişana**

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

Certified by depositary bank

**BRD Groupe Société Générale**



**Bonds or other debt instruments as at**  
28.06.2019 - recalculated

**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
<b>Marketable, issued or guaranteed by the state or central public administration authorities</b>											
<b>Marketable, issued by companies</b>											
1	ROIMPCDBC030	210	19.12.2017	12.12.2022	4,971,855	783	7,832	4,979,687	0.20	0.20	IMPACT
2	ROVRJUDBC011	368,748	17.03.2017	17.03.2024	36,874,800	5,445	353,948	37,228,748	1.49	1.49	VRANCART ADJUD
<b>Non-marketable, issued by companies</b>											
1		1,100	23.01.2019	23.01.2021	10,417,220	1,712	268,850	10,686,070	0.43	0.43	SIFI BH Retail
2	ROTLVADBC015	2,260,999	22.05.2013	22.05.2020	6,423,634	1,073	177,062	6,600,696	0.26	0.26	TRANSILVANIA

Certified by depositary bank

**BRD Groupe Société Générale**

**SIF Banat-Crişana**

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

**Bank deposits**

as at 28.06.2019 - recalculated

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 [%]
<b>BANCA TRANSILVANIA</b>								
1	18/06/2019	09/07/2019	20,000,000	1,250	13,750	20,013,750	0.80	0.80
2	18/06/2019	09/07/2019	10,000,000	625	6,875	10,006,875	0.40	0.40
3	18/06/2019	09/07/2019	10,000,000	625	6,875	10,006,875	0.40	0.40
4	18/06/2019	09/07/2019	5,000,000	313	3,438	5,003,438	0.20	0.20
5	18/06/2019	09/07/2019	6,000,000	375	4,125	6,004,125	0.24	0.24
6	18/06/2019	09/07/2019	3,000,000	188	2,063	3,002,063	0.12	0.12
7	18/06/2019	09/07/2019	2,000,000	125	1,375	2,001,375	0.08	0.08
8	28/06/2019	19/07/2019	10,000,000	625	625	10,000,625	0.40	0.40
9	28/06/2019	19/07/2019	4,000,000	250	250	4,000,250	0.16	0.16
10	28/06/2019	19/07/2019	3,000,000	188	188	3,000,188	0.12	0.12
11	28/06/2019	19/07/2019	2,000,000	125	125	2,000,125	0.08	0.08
12	28/06/2019	19/07/2019	6,000,000	375	375	6,000,375	0.24	0.24
<b>BRD</b>								
1	28/06/2019	05/07/2019	3,000,000.00	142	141.67	3,000,142	0.12	0.12
2	28/06/2019	12/07/2019	6,000,000.00	300	300.00	6,000,300	0.24	0.24
3	28/06/2019	12/07/2019	5,000,000.00	250	250.00	5,000,250	0.20	0.20
4	28/06/2019	12/07/2019	4,000,000.00	200	200.00	4,000,200	0.16	0.16

**99,040,954****SIF Banat-Crișana**

Certified by depositary bank

**BRD Groupe Société Générale***this statement is provided as a free translation from Romanian, which is the official and binding version*

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

as at 28.06.2019 - recalculated

RON

<b>Item</b>	<b>30.06.2017</b>	<b>29.06.2018</b>	<b>28.06.2019</b>
Net Asset	2,203,598,768	2,382,154,943	2,502,177,651
NAV / share	4.2541	4.6035	4.8363

**SIF Banat-Crişana**

Certified by depositary bank

**BRD Groupe Société Générale***this statement is provided as a free translation from Romanian, which is the official and binding version*



## SIF BANAT-CRIȘANA

ADDRESS CALEA VICTORIEI 35A ARAD 310158 ROMANIA • TEL +40257 304 438 • FAX +40257 250 165 • EMAIL SIFBC@SIF1.RO • INTERNET WWW.SIF1.RO

### 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, 2019, regarding the extent to which they fairly present, in all material respects, the financial position of SIF Banat-Crișana SA as at June 30, 2019, 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 Rule 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 Rule no. 39/2015;
- b) The condensed interim financial statements prepared as at June 30, 2019 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  
Dorel BABA



## SIF BANAT-CRIȘANA

ADDRESS CALEA VICTORIEI 35A ARAD 310158 ROMANIA • TEL +40257 304 438 • FAX +40257 250 165 • EMAIL SIFBC@SIF1.RO • INTERNET WWW.SIF1.RO

PRESS RELEASE

### **Availability of SIF Banat-Crișana H1 2019 Report**

**August 14, 2019, Arad** | SIF Banat-Crișana informs the investors that the Report for the first half of 2019 will be made available to the public starting August 14, 2019, on Company's website at [www.sif1.ro](http://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 Rule no. 39/2015.

Note that the financial statements as at June 30, 2019 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](mailto:investitori@sif1.ro).

**Bogdan-Alexandru Drăgoi**  
Chairman and CEO

Compliance Officer, Eugen Cristea