



SIF BANAT-CRIȘANA

QUARTERLY REPORT

— AS OF SEPTEMBER 30, 2022 —

prepared pursuant to the provisions of
Law no. 24/2017, Law no. 74/2015, Law no. 243/2019,
ASF Regulation no. 10/2015, ASF Regulation no. 7/2020,
ASF Regulation no. 5/2018, and ASF Rule no. 39/2015
*this report is provided as a free translation from Romanian, which is
the official and binding document*



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1. GENERAL INFORMATION

CORPORATE NAME	Societatea de Investiții Financiare Banat-Crișana S.A. (hereinafter referred to as “SIF Banat-Crișana” or “the Company”)
COMPANY TYPE	<ul style="list-style-type: none"> ▪ joint stock company, Romanian legal entity with entire private capital ▪ established as a self-managed investment company, authorized by the Financial Supervisory Authority as Alternative Investment Fund Manager (AIFM) - Authorization no. 78 / 09.03.2018, and as closed-ended alternative investment fund, diversified, addressed to retail investors (AIFRI) - Authorization no. 130 / 01.07.2021
SHARE CAPITAL	<ul style="list-style-type: none"> ▪ RON 51,542,236.30 – subscribed and paid-in capital ▪ 515,422,363 shares issued; 507,510,056 outstanding as of 30.09.2022 ▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none"> ▪ Number in Trade Register J02/1898/1992 ▪ Tax Identification Code RO 2761040 ▪ Number in ASF AFIAA Register PJR07.1AFIAA / 020007 / 09.03.2018 ▪ Number in ASF FIAIR Register PJR09FIAIR / 020004 / 01.07.2021 ▪ Legal Entity Identifier (LEI) 254900GAQ2XT8DPA7274
MAIN ACTIVITY	<p>Main activity is, as per the classification of economic activities in the national economy (CAEN): financial intermediation, except for insurance and pension funds (CAEN code 64), and the main object of activity: Other financial intermediation n.c.a. (CAEN code 6499):</p> <ul style="list-style-type: none"> ▪ portfolio management ▪ risk management ▪ other activities carried out within the collective management of an investment fund, allowed by the legislation in force
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB) – Premium category - ticker SIF1
FINANCIAL AUDITOR	Deloitte Audit S.R.L.
DEPOSITARY BANK	Banca Comercială Română (BCR)
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	Arad , 35A Calea Victoriei 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
BRANCH OFFICE	SIF Banat-Crișana SA Arad-Bucharest Branch-Rahmaninov 46-48 S. V. Rahmaninov Str., 3rd floor, sector 2, 020199, Bucharest

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

2. MAIN FINANCIAL AND OPERATIONAL INFORMATION

MAIN BALANCE SHEET ITEMS [RONm]		
	31.12.2021	30.09.2022
Total assets, of which	3,607.39	3,129.30
Total financial assets	3,579.13	3,094.11
Equity (own capital)	3,416.13	2,996.07
Total liabilities	191.26	133.23

FINANCIAL PERFORMANCE [RONm]		
	30.09.2021	30.09.2022
Operating income	125.61	172.51
Gain/(Loss) on investment	224.53	(143.13)
Operating expenses	14.94	14.45
Gross profit / (Loss)	335.20	14.93
Net profit / (Loss)	321.60	7.27

PERFORMANCE OF SHARES AND NET ASSET		
	31.12.2021	30.09.2022
Share price (end of period, RON)	2.5400	2.4500
NAV/S* (RON)	6.7170	5.8902
Accounting net asset / share (RON)	6.7311	5.9035
Nominal value of share (RON)	0.1	0.1
Number of shares issued	515,422,363	515,422,363
Number of outstanding shares	507,510,056	507,510,056

* calculated acc. to ASF regulations

** calculated considering the shares repurchased by the Company

OPERATIONAL DATA		
	31.12.2021	30.09.2022
Number of permanent employees	34	32
Branch offices	1	1

SHAREHOLDING STRUCTURE as of September 30, 2022		
	number of shareholders	holdings
Romanian individuals	5,739,622	39.70%
Non-resident individuals	2,113	0.33%
Romanian legal entities	113	38.69%
SIF Banat-Crișana	1	1.54%
Non-resident legal entities	25	19.74%
TOTAL	5,741,874	100%

3. PORTFOLIO AS OF SEPTEMBER 30, 2022

Investment objective and policy

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

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

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

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

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

Analysing the factors and elements generating effects on the investment activity and on the areas in which SIF Banat-Crișana has exposures, the objectives pursued during Q3 2022 continued the investment strategy approved by the shareholders, having as major lines of action:

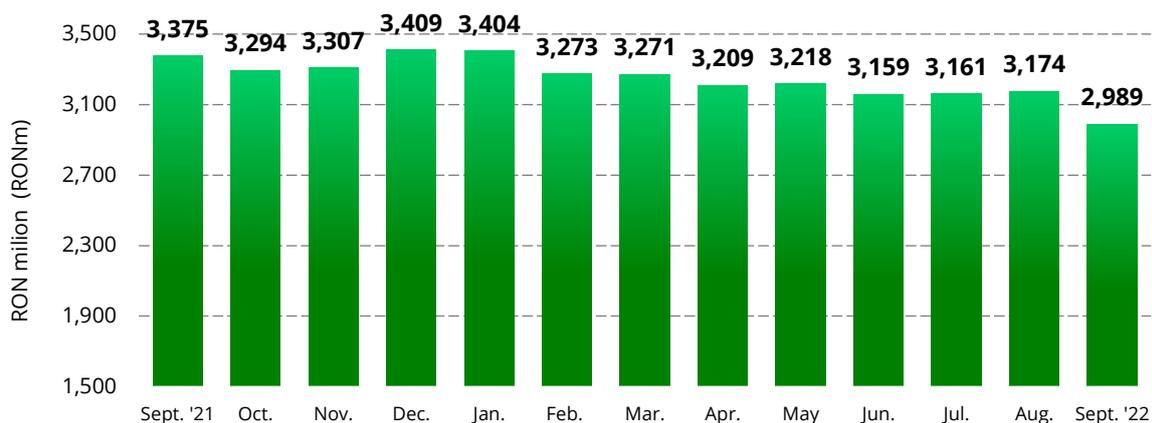
- calibration of the portfolio on financial assets / instruments that benefit from an inflationary context
- continuing the portfolio restructuring by reducing minority interests that do not fit the Company's investment strategy
- active management in majority interests do develop the business and their performance
- maintaining a diversified portfolio
- integrating the sustainability risk
- maintaining transparency and good corporate governance

Net Asset Value

SIF Banat-Crișana's net asset value (NAV) was of **RON 2,989.34m** as of September 30, 2022, down 5.66% vs. RON 3,158.63m, the value recorded as of June 30, 2022, and 12.92% lower as compared to September 30, 2021. Net asset value per share (NAV/S) was of **RON 5.8902** as of September 30, 2022 (June 30, 2022: RON 6.2238/share).

NET ASSET VALUE

SEPTEMBER 2021 - SEPTEMBER 2022



The calculation of NAV and NAV/S is performed by SIF Banat-Crișana with a monthly frequency, the values being certified by the depositary bank Banca Comercială Română (BCR). Throughout Q3 2022, the evaluation of assets for the calculation of the net asset of SIF Banat-Crișana was carried out in full compliance with the regulations issued by the Financial Supervision Authority.

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

The methodology for calculating the net asset value

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

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

The statement of SIF Banat-Crișana's assets and liabilities as of September 30, 2022, prepared as per the provisions of annex 10 to Regulation no. 7/2020 is presented as annex to this report.

Throughout Q3 2022, the valuation of assets for the calculation of net asset value was carried out in accordance with the regulations issued by the Financial Supervisory Authority, the provisions of ASF Regulation no. 10/2015 and of ASF Regulation no. 9/2014 (art. 113-122), with subsequent amendments and completions.

As per these regulations:

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

- a) At the closing price of the market segment considered as the main market or the reference price provided in trading systems other than regulated markets including alternative systems by the operator of that trading system for the day for which the calculation is made;
- b) By way of exception from the provisions of letter a) above, in the case of joint stock companies admitted to trading on a regulated market or a multilateral trading system with a liquidity considered by SIF Banat-Crișana, based on a judgment of prudential value in relation to the active market defined by International Financial Reporting Standard 13 - Fair value measurement (IFRS 13), as irrelevant for the application of the marking to market valuation method, the shares of those companies will be measured in the assets of SIF Banat-Crișana in accordance with the evaluation standards in force, according to the law, based on an evaluation report. SIF Banat-Crișana maintained in Q3 2022 this valuation method for the following portfolio companies: SIF Imobiliare PLC (symbol SIFI), SIF Hoteluri SA (symbol CAOR), and IAMU SA (symbol IAMU).

- Securities not admitted to trading on a regulated market or not traded in the last 30 trading days are valued at the book (accounting) value per share resulting from the last annual financial statements, respectively the value of equity included in the monthly reports to BNR (National Bank of Romania) for credit institutions.

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

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

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

- The values of non-portfolio items taken into account in the calculation of net assets are in accordance with International Financial Reporting Standards ("IFRS").

The valuation methods applied by the Company to evaluate the financial assets in the portfolio are presented on Company's website, www.sif1.ro, in the operating documents as AIFRI, namely Simplified Prospectus, Rules of the Fund in the section *Corporate Governance* › *AIFRI*, and in the section *Investments* › *Net Asset* › *Net asset value calculation methodology*.

Portfolio structure

The investment limits and restrictions incidental to the operations carried out by SIF Banat-Crișana during Q3 2022 complied with the applicable legal provisions, established by Law no. 243/2019 on the regulation of alternative investment funds, given that in accordance with the provisions of this law SIF Banat-Crișana is classified as a Closed, Diversified Alternative Investment Fund addressed to retail investors (AIFRI).

During the reporting period, no violations of the regulated prudential investment limits were registered.

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

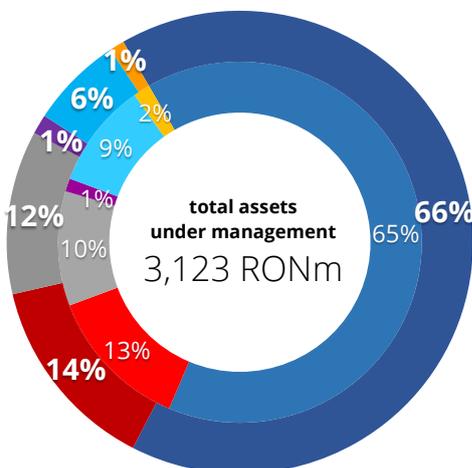
Total value of assets under SIF Banat-Crișana management as of September 30, 2022, was of **RON 3,123m**, 15.27% lower than the value recorded for December 31, 2021, the decline being determined by the decrease in the stock market quotations of the main holdings in the portfolio.

The value of the stock portfolio (listed and unlisted shares) accounted for **80%** of SIF Banat-Crișana's total assets as of September 30, 2022, amounting to **RON 2,489.34m**. As of September 30, 2022,

SIF Banat-Crișana held *majority stakes* - over 50% of the issuer's share capital - in 13 companies, with a total value of RON 1,031.24m, representing 41% of stock portfolio value (34.5% of NAV).

ASSETS UNDER MANAGEMENT as of September 30, 2022

breakdown on classes (weight on total assets)



■ **listed shares**
value **2,058.32 RONm**
(31.12.2021: 2,328.99 RONm)

■ **unlisted shares**
value **431.02 RONm**
(31.12.2021: 466.21 RONm)

■ **unlisted fund units**
value **357.08 RONm**
(31.12.2021: 369.18 RONm)

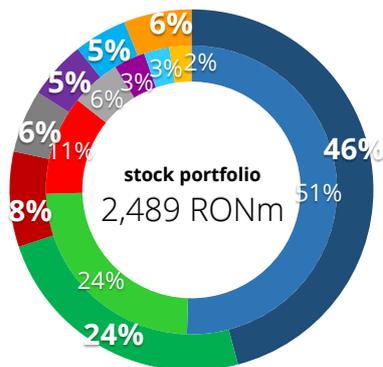
■ **corporate bonds**
value **42.81 RONm**
(31.12.2021: 42.38 RONm)

■ **bank deposits + cash available**
value **200.75 RONm**
(31.12.2021: 339.36 RONm)

■ **receivables and other assets**
value **32.59 RONm**
(31.12.2021: 54.07 RONm)

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

STOCK PORTFOLIO - breakdown by sector



■ **banking - financial**
stakes in **13** companies, worth **1,142.09 RONm**
(31.12.2021: 13 companies, worth 1,411.53 RONm)

■ **commerce - real-estate**
stakes in **12** companies, worth **598.04 RONm**
(31.12.2021: 12 companies, worth 672.83 RONm)

■ **pharmaceuticals**
stakes in **2** companies, worth **212.20 RONm**
(31.12.2021: 2 companies, worth 310.57 RONm)

■ **cardboard and paper**
stakes in **4** companies, worth **140.04 RONm**
(31.12.2021: 4 companies, worth 154.97 RONm)

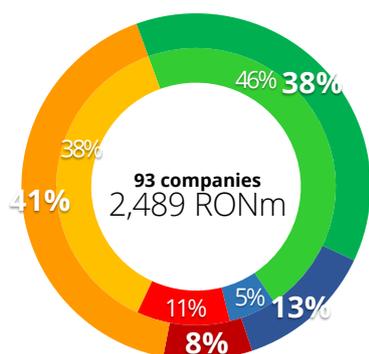
■ **hospitality (hotels and restaurants)**
stakes in **4** companies, worth **129.51 RONm**
(31.12.2021: 4 companies, worth 97.65 RONm)

■ **energy - utilities**
stakes in **5** companies, worth **117.69 RONm**
(31.12.2021: 6 companies, worth 79.31 RONm)

■ **other industries and activities**
stakes in **53** companies, worth **149.76 RONm**
(31.12.2021: 57 companies, worth 68.34 RONm)

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

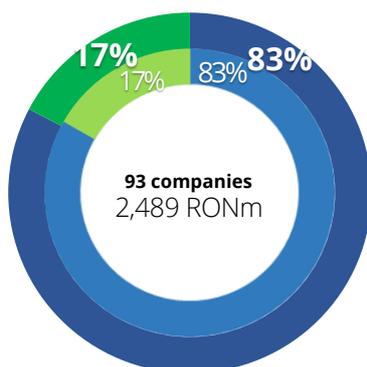
STOCK PORTFOLIO - breakdown by stake held



- up to 5%
stakes in **29** companies, worth **934.72 RONm**
(31.12.2021: 32 companies, worth 1,289.29 RONm)
- 5-33%
stakes in **48** companies, worth **318.43 RONm**
(31.12.2021: 50 companies, worth 154.67 RONm)
- 33-50%
stakes in **3** companies, worth **204.95 RONm**
(31.12.2021: 3 companies, worth 301.99 RONm)
- over 50%
majority stakes in **13** companies, worth **1,031.24 RONm**
(31.12.2021: 13 companies, worth 1,049.23 RONm)

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

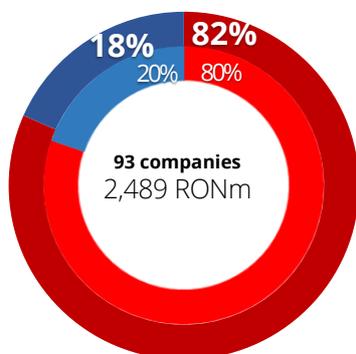
STOCK PORTFOLIO - breakdown on liquidity



- listed companies
2,058.32 RONm (31.12.2021: 2,328.99 RONm) value of shareholdings in **32** companies
(31.12.2021: 34)
- unlisted companies
431.02 RONm (31.12.2021: 466.21 RONm) value of shareholdings in **61** companies
(31.12.2021: 64)

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

STOCK PORTFOLIO - geographical exposure



- Romania
2,031.50 RONm (31.12.2021: 2,244.03 RONm) value of shareholdings in **91** companies
(31.12.2021: 96)
- foreign markets
457.83 RONm (31.12.2021: 551.16 RONm) value of shareholdings in **2** companies
(31.12.2021: 2): Austria (1 company – Erste Bank), Cyprus (1 company – SIF Imobiliare)

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

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

Company (symbol)	Sector	Stake	Value of holding* [RON]	% of NAV
1 Banca Transilvania (TLV)	banking - financial	4.78%	564,516,429	18.88%
2 SIF Imobiliare Plc (SIFI)	real estate	99.99%	345,788,703	11.57%
3 SIF1 IMG B	real estate	99.92%	209,731,386	7.02%
4 Biofarm (BIO)	pharmaceuticals	36.75%	204,946,668	6.86%
5 SIF Muntenia (SIF4)	financial (AIF)	17.93%	170,906,244	5.72%
6 BRD Groupe Société Générale (BRD)	banking - financial	1.95%	151,132,017	5.06%
7 Vrancart (VNC)	cardboard and paper	75.50%	139,472,026	4.67%
8 Erste Group Bank AG (EBS)	banking - financial	0.23%	112,045,360	3.75%
9 OMV Petrom (SNP)	energy - utilities	0.35%	81,871,904	2.74%
10 SAI Muntenia Invest	financial (AIFM)	99.98%	78,694,262	2.63%
TOTAL			2,059,104,999	68.88%

* calculated pursuant to ASF Reg. no. 9/2014, no. 10/2015, and no. 7/2020

4. THE SHARES ISSUED BY BANAT-CRIȘANA

CHARACTERISTICS OF THE SHARES ISSUED BY SIF BANAT-CRIȘANA

Total number of issued shares (Sept. 30, 2022)	515,422,363
Outstanding shares (Sept. 30, 2022)	507,510,056
Nominal value	RON 0.1000 / share
Type of shares	common, ordinary, registered, dematerialized, indivisible
Trading market	Regulated spot market of Bucharest Stock Exchange (BVB or BSE), Premium category , listed since November 1, 1999
Trading venue (MIC)	XBSE
BVB (BSE) symbol (ticker)	SIF1
Bloomberg BBGID	BBG000BMN388 (SIF1:RO)
ISIN	ROSIFAACNOR2
Reuters	SIF1.BX
Part of indices	BVB (BSE) indices: BET-FI BET-XT BET-XT-TR BET-BK BET-XT-TRN

Bucharest Stock Exchange (BVB) indices that SIF1 is part of:

BET-FI (BUCHAREST EXCHANGE TRADING – INVESTMENT FUNDS) is the first sectorial index of BVB and reflects the overall trend of prices of financial investment funds (SIFs and Fondul Proprietatea) traded on the BVB regulated market. Change of BET-FI in Q3 2022: -5.78%, and YTD: -9.54%. Weight of SIF1 in BET-FI: 18.29% (September 2022).

BET-BK (BUCHAREST EXCHANGE TRADING BENCHMARK INDEX) is a price index weighted by the free-float capitalization of the most liquid companies listed on the regulated market of BVB, which can be used as a benchmark by fund managers, and other institutional investors, the calculation methodology reflecting the legal requirements and the investment limits of funds. Change of BET-BK in Q3 2022: -11.06% and YTD -20.59%. Weight of SIF1 in BET-BK: 2.54% (September 2022).

BET-XT (BUCHAREST EXCHANGE TRADING EXTENDED INDEX) is a blue-chip index and reflects the evolution of the prices of the 25 most liquid stocks traded in the regulated market, including the SIFs, the maximum weight of a ticker in the index being of 15%. Change of BET-XT in Q3 2022: -12.57% and YTD: -17.46%. Weight of SIF1 in BET-XT: 2.57% (September 2022).

BET-XT-TR (BUCHAREST EXCHANGE TRADING EXTENDED TOTAL RETURN) is the total return version of BET-XT index, which includes the 25 most traded Romanian companies listed on BVB, tracking the price changes of its constituent companies, and is adjusted to also reflect the dividends paid by them. Performance of BET-XT-TR in Q3 2022: -10.33% and YTD: -9.87%. Weight of SIF1 in BET-XT-TR: 2.83% (September 2022).

BET-XT-TRN (BUCHAREST EXCHANGE TRADING EXTENDED NET TOTAL RETURN) is the net total return version of market reference index BET. BET-TRN tracks the price performance of its constituent companies and is adjusted to reflect the reinvestment of the net dividends paid by them. Performance of BET-XT-TR in Q3 2022: -10.42% and YTD: -10.29%. Weight of SIF1 in BET-XT-TR: 2.83% (September 2022).

SIF1 shares on Bucharest Stock Exchange (BVB/BSE)

During January - September 2022, SIF1 shares were traded on Bucharest Stock Exchange (BVB or BSE) in 189 trading sessions.

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

The highest daily volume of SIF1 shares traded on the main regular market (REGS) during 2022 was of 5,553,521 shares, recorded on January 17.

Liquidity for SIF1 title was lower than in the previous year, as there were traded a total of 16,646,148 shares on the main regular market, representing 3.23% of the total shares issued, while during 166 of the 189 trading sessions the transferred volume was below 100,000 units. The total value of shares traded in 2022 on the Regular market was of RON 40,592,630.

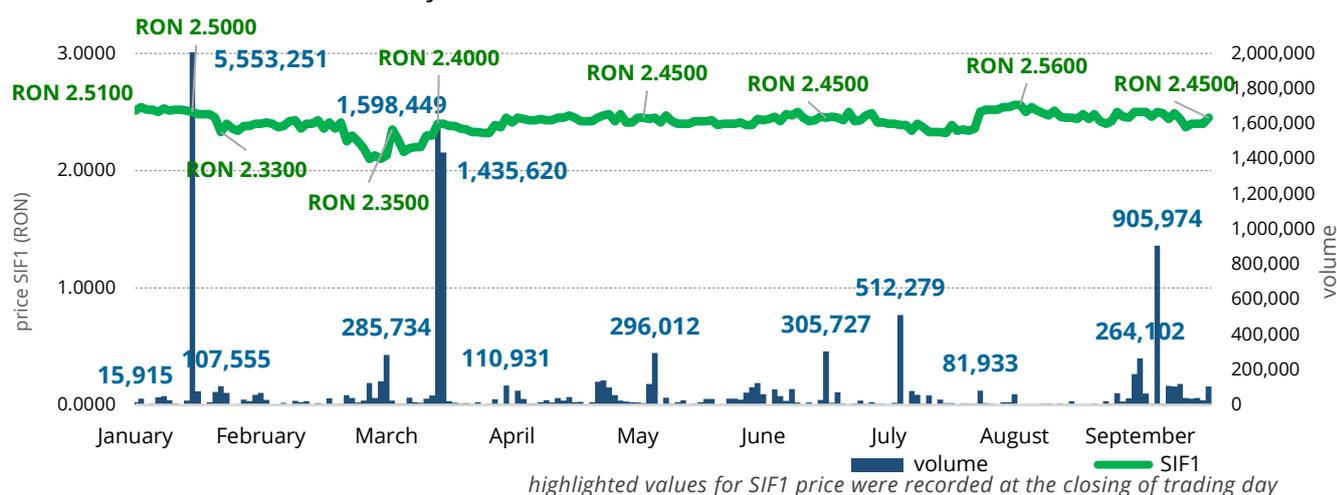
On „DEAL” market 4 transactions were performed, with a total of 13,784,559 shares, worth RON 34.32m.

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

SIF1 SHARES ON BVB							
	2017	2018	2019	2020	2021	Q3 2022	
Price (RON, end of session)							
Lowe	1.8520	1.9800	1.9550	1.8450	2,1700	2.1000	
High	2.8200	3.0600	2.8800	2.9900	2,8300	2.5600	
End of period	2.7700	2.0400	2.7300	2.2000	2,5400	2.4500	
Net Profit per Share (RON)	0.134	0.149	0.309	0.179	0,754	0.0143	
Price / Net Profit per Share	20.7	13.7	8.9	12.29	3,36	171.33	
VAN per share (RON)	5.0111	4.3067	5.2959	5.6051	6,7170	5.8902	
Dividend (RON/share)	-	-	-	-	-	0.06	
Mk Cap* (RON mn)	1,440.40	1,055.62	1,412.67	1,133.93	1,309.17	1,262.78	

* calculated using the closing price in the last trading session of the period

SIF1 PRICE AND VOLUME DURING JANUARY - SEPTEMBER 2022



SIF1 vs. BET-FI PERFORMANCE DURING JANUARY - SEPTEMBER 2022



As of September 30, 2022, SIF Banat-Crișana has 5,741,874 shareholders, according to the data reported by Depozitarul Central SA Bucharest, the company keeping the shareholders registry.

SHAREHOLDERS STRUCTURE
as per holdings as of September 30, 2022



■ 39.70%
Romanian individuals
(5,739,622 shareholders)

■ 38.69%
Romanian legal entities
(113 shareholders)

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

■ 0.33%
non-resident individuals
(2,113 shareholders)

■ 19.74%
non-resident legal entities
(25 shareholders)

Dividend distribution from the net profit during FY 2019 - 2021

The financial year for which the distribution was made	2019	2020	2021
Net Profit (RONm)	159.49	92.12	387
Total issued shares	517,460,724	515,422,363	515,422,363
Gross dividend payable (RONm)*	-	-	30.45
Net dividend payable (RONm)	-	-	29.24
Gross dividend per share (RON)	-	-	0.06
Dividend payout ratio	-	-	7.87%
Payments as of September 30, 2022	-	-	65.44%

* as approved by the Ordinary General Meeting of Shareholders

5. THE MANAGEMENT OF SIGNIFICANT RISKS

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

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

Risk profile and risk limits

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

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

Risk appetite

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

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

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

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

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

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

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

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

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

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

Main risks for the Company

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

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

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

a) Market risk

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

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

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

As of 30.09.2022, VaR for the PROXI-85 portfolio was 11.18% of the market value of RON 1,737.099 million. *Tracking-error*, indicating active management and representing the risk for the part of the PROXI-85 portfolio other than the BET-BK benchmark, was 5.74% and *Expected shortfall (Conditional VaR)*, which indicates the potential loss of the portfolio in extreme cases of exceeding the 99% confidence level, was of 13.95%, higher as compared to the data for 2021 year-end.

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

Only small stake of net assets (1.37%) is placed in corporate bonds, whose interest rates are unlikely to vary significantly. Thus, the Company is subject to limited exposure to changes in fair value or future cash flows due to fluctuations in prevailing market interest rate levels.

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

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

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

The company traded in both Romanian currency (Leu or RON) and foreign currency (Euro) during January – September 2022, the Romanian currency fluctuated compared to foreign currencies, the average value of EUR/RON rate for 2022 was of 4.9347 vs. 4.9208, the average for 2021. The value of Company's portfolio exposure to currency risk represents a weight of 19.99% of total assets as of September 2022. Starting from July 2022, the value of SIF Imobiliare PLC was entered into the calculation of exposure to currency risk, according to the request made by the ASF control team following the periodic control carried out, thus the exposure increased compared to the end of 2021. Through the investment program initiated in 2022, transactions totalling more than RON 300m were carried out, the main source of financing being assets with high liquidity (current accounts and deposits in EUR), assets with reserve liquidity were not sold.

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

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

The main source of risk for the portfolio remains the portfolio of shareholdings in banking-financial sector, the issuers in the banking sector and issued financial instruments (equity instruments, deposits, and current accounts) have a weight of 33.05% in TA as of 30.09.2022. The exposure decrease is mainly due to the decline of the prices of listed bank shares (TLV, EBS and BRD) and of the capital market in general due to the withdrawal of investors towards safer saving instruments such as government bonds having higher yields due to events outside of the stock market (energy crisis, inflationary context, armed conflict that marked the entire continent). Banks are most exposed to systemic and contagion risk in crisis situations, a positive aspect of these holdings is the liquidity of the investment.

b) Liquidity risk

The company carefully maintains a level of liquidity appropriate to its underlying obligations, based on an assessment of the relative liquidity of the assets on the market, prudently considering the period required for liquidation and the price or value at which those assets can be liquidated, as well as their sensitivity to market risks or other market factors.

In the risk management process, the liquidity of the financial instruments portfolio is analysed separately from the liquidity risk related to the Company's payment obligations.

The liquidity risk related to the company's payment obligations is very low, as current debts (including the distribution of dividends starting with July 2022) can be immediately covered by the current account balance and short-term deposits. The liquidity indicator (gross LCR) is 17.32, indicating a value of assets higher than the value of current liabilities.

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

The value of assets with a liquidation period in the short intervals up to 30 days decreased to 10.16% of TA (from 11.88% of TA in December 2021), amidst the decline in the prices of listed bank shares (EBS) and the investment program carried out in the first quarter. Assets with a liquidation period in

the interval of more than 365 days stand for 81.34% of TA (from 83.88% of TA in December 2021) along with the decrease of liquidity for TLV shares.

The Company has implemented procedures and policies that establish appropriate actions to measure liquidity to assess the quantitative and qualitative risks of the positions and expected investments that have a significant impact on the liquidity profile of the asset portfolio, to properly measure their effects on the global liquidity profile, including by simulating liquidity crisis situations (LST).

The liquidity buffer was 11.07% of TA with a minimum limit of 7% of total assets.

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

c) Credit risk

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

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

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

Diversification of exposures in the banking sector level is made through placements in short and medium-term deposits and keeping liquidity in euro currency. In conditions of inflation and the lack of liquidity in the interbank market, banks offer short-term interest rates close to the ROBID/ROBOR reference rates, and with the increase in the EURIBOR interest rate by the European Central Bank ECB, the interest rates offered in euros are positive.

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

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

d) Operational risk

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

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

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

As the pandemic risk on the health and safety of employees remained, the Business Continuity Plan is active at the Company level, the measures provided for being strictly respected and applied so that syncope in the operational activity can be timely prevented.

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

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

The ML/TF risk assessment for SIF Banat-Crișana, performed based on the business relationships carried out during 2022 indicate a low ML/TF risk profile. Simplified customer awareness and normal business relationship monitoring measures were applied. The total residual risk remaining after the internal controls have been applied to the inherent risk leads to the conclusion that the exposure of SIF Banat-Crișana to the risk of ML / TF is low.

e) Other risks the Company is exposed to

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

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

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

The movement of SIF1 quotation was in line with the evolution of the capital market during January - September 2022. Traded volumes are lower compared to the same period in 2021, with 88% of the 189 trading days recording trading volumes <100K, with the average daily traded volume in 2022 being 88,075 shares. Thus, the reputational risk assessment falls within the **low risk level** for the third quarter. At the moment there is a direct relationship between the evolution of the price of SIF1 at the BVB and the market liquidity, the general decrease of the indices from the BVB recorded in September is due to the withdrawal of investors to safer saving instruments such as government bonds having higher yields.

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

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

Regulatory (compliance) risk is uncontrollable and unquantifiable in that neither the triggering event nor the level of impact can be anticipated. The regulatory risk assessment is part of the medium risk appetite. From a qualitative point of view, the management of regulatory risk will be achieved by permanently adapting policies, rules, and procedures to changes occurred and by reducing or increasing the level of activities where appropriate.

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

The taxation risk remained medium in Q3 2022, but it could increase in the next period by the practical implementation of the procedures of the new tax regulations applicable from January 1, 2023, as the

rules for applying the changes to the Fiscal Code were not clear or did not include all the issues of concern. The interpretation of the texts, they could vary from entity to entity and there is a risk that in certain situations the tax authorities will adopt a position different from that of the Company and/or portfolio companies. Also, the increase in the tax rate of dividends distributed/paid between Romanian legal entities, as well as for those distributed/paid to non-residents from 5% to 8% could have an unfavourable impact on cash-flow forecasts for the following year.

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

The quarter under review was the third in which the war in Ukraine was ongoing and the second in which it was constant throughout the period. Although the war appears to be far from over, the markets' interest has begun to shift to inflation and the measures central banks have begun to take to combat it.

The CPI indicator is an indicator that shows the past. But if we also look at other indicators, such as the price of raw materials that can be used to some extent as an indirect indicator for inflation, a significant decrease is observed. Inflation is likely to fall faster than official forecasts now show. In the near future the problem will not be inflation but the results of companies which will decrease with the slowdown of economic activity. It is not possible to predict the duration of this situation, with poor or below expectations for companies, but in such an environment, strong increases in share prices are excluded. Companies will also be more cautious to cash outflows and dividend payments, which have been on a downward trend in recent years.

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

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

No exceedances of the risk limits for the risks under monitoring were reported during the reporting period 2022, thus the overall risk profile stood in the medium level.

Sustainability Risk – implementing SFDR

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

In October 2022, SIF Banat-Crișana as an AIFM revised the *Policy on the management of significant risks* and the *Policy on the integration of risks related to sustainability in the investment decision-making process*. These policies have been completed with the definition of the processes of identification, assessment and management of sustainability risks, the definition of the Company's objective and strategy regarding sustainability risk, and the integration of sustainability risk at the level of the investment decision has been separated from the integration into the management system of risks (separation by processes and responsibilities). Thus, the requirement of Regulation (EU) no. 1255/2021 on the integration of risks related to sustainability in the risk policy has been met.

The policy on the integration of sustainability risks in the investment decision-making process is available on the company's website, www.sif1ro, in the *Corporate Governance* section.

As presented in the *Simplified Prospectus* and the *Rules of the Fund*, documents that formed the basis of SIF Banat-Crișana's authorization as FIAIR, the Company analyses the sustainability risk of issuers with respect to the criteria applied to determine whether an economic activity qualifies and

contributes substantially to one or more of the sustainability objectives to provide long-term value to the investments made.

SIF Banat-Crișana does not currently take into account the potential negative effects of investment decisions on sustainability factors, as described in this process under EU Regulation 2088/2019, and will make sure that, with the uniform application of the requirements for the disclosure of information on the manner and extent to which the activities of non-financial undertakings are associated with economic activities that qualify as environmentally sustainable, to disclose as per the provisions of Delegated Regulation (EU) 2021/2178 the non-financial information on the proportion of exposures aligned to the taxonomy.

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

Internal mechanisms to ensure monitoring of exposure limits

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

Periodic monitoring and reporting

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

Prior verification at the time of investment

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

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

Exposures higher than 10% on instruments issued by the same issuer are on Banca Transilvania SA (largest weight TA of 18.08%) and SIF Imobiliare PLC (weight of 11.07% in TA). These holdings together represent an exposure of 29.15% of the TA, without exceeding the upper limit of 80%.

Falling within the limit provided for in art. 35 paragraph (2) section b) of Law 243/2019, the limit of 40% of assets in securities and monetary instruments issued by entities belonging to the group: SIF1 and its subsidiaries represent a holding of 34.26% of TA. The increase in weight compared to the previous reporting period is due to the decrease in the total asset value by 6.39% in September.

On 30.09.2022 SIF Banat-Crișana holds 9,878,329 shares issued by Depozitarul Central, a stake of 3.9057% of the share capital of the issuer, and 142,500 shares issued by the Central Counterparty CCP.RO, a stake of 1.7857% in the share capital of the issuer.

As of 30.09.2022, SIF Banat-Crișana holds 410,637 shares issued by the market operator Bucharest Stock Exchange, a stake of 5.1016% in the share capital of the issuer.

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

Leverage

By the Simplified Prospectus and the Rules of SIF Banat-Crișana, as a FIAIR, the Company has stipulated that it does not use substantially (continuously and consistently) the leverage effect, defined as any method by which the AIFM increases the exposure of an AIF it manages either by loan of cash or securities, or by positions of derivative financial instruments or by any other means, in the process of portfolio management, respectively the methods used to increase the portfolio exposure will comply with the average risk profile decided.

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

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

Throughout 2022, the Company did not use leverage for its portfolio under management, not having the tools to generate such an effect. As of September 30, 2022, the leverage indicator by the gross method had the value of 97.92% (vs. 96.30% / Q2 2022 and 99.77% / Q4 2021) and by the commitment method 100%.

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

Crisis simulations

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

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

6. SIGNIFICANT EVENTS DURING Q3 2022

Payment of the dividends for 2021

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

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

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

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

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

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

The current report detailing the methods and terms of dividend is available on SIF Banat-Crișana's website, www.sif1.ro, in *Investor Relations* section, on the website of BVB¹ and on the website of Depozitarul Central².

Approval of acquisition of a qualified participation in SIF Banat-Crișana

On August 3, 2022, the Financial Supervisory Authority communicated to the Company the Decision no. 1040/03.08.2022, approving the project of acquisition and SIF Oltenia SA attaining the quality of significant shareholder of SIF Banat-Crișana SA, by purchasing a qualified direct participation representing at least 10% of the share capital and of the total voting rights of SIF Banat-Crișana SA. SIF Banat-Crișana informed the investors on the ASF Decision by the current report published on August 4, 2022.

On September 12, 2022, SIF Banat-Crișana received from SIF Oltenia a *Report on major holdings* according to art. 71 par. (1) of Law no. 24/2017 (R) and ASF Regulation no. 5/2018 (Annex 18), notifying the exceedance of the 10% threshold of the total voting rights in SIF Banat-Crișana, reaching a stake of 10.08% compared to the previous shareholding of 5.55%. SIF Banat-Crișana duly informed the shareholders by the current report published on September 13, 2022.

Publication of the Consolidated Report for H1 2022

On September 30, 2022, SIF Banat-Crișana published and made available to the public the Consolidated semi-annual report for H1 2022, prepared in accordance with the provisions of Law no. 24/2017, Law no. 74/2015, Law no. 243 /2019, ASF Regulation no. 5/2018, ASF Regulation no. 10/2015, ASF Regulation no. 7/2020, and ASF Rule no. 39/2015. The report is also available on the company's website at www.sif1.ro.

¹ <https://bvb.ro/FinancialInstruments/SelectedData/NewsItem/SIF1-Announcement-on-the-payment-by-SIF-Banat-Crisana-of-the-dividends-for-2021/A2E56>

² <https://www.depozitarulcentral.ro/Emitenti/Dividende>

7. FINANCIAL POSITION AND RESULTS AS OF SEPTEMBER 30, 2022

SIF Banat-Crișana has prepared the financial statements as of September 30, 2022, 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, and considering the provisions of IFRS 9 – Financial Instruments, a standard applicable beginning January 1, 2018.

The interim condensed financial statements as of September 30, 2022, are not audited, as there is no legal or statutory requirement.

The following present information the main elements of the financial position and results of the Company as of September 30, 2022:

Condensed standalone statement of financial position

Standalone statement of financial position - extract		
<i>denominated in RON</i>	31/12/2021	30/09/2022
Cash and cash equivalents, bank deposits	339,358,760	200,761,053
Financial assets at fair value through profit and loss (FVTPL)	1,680,415,609	1,511,304,527
Financial assets at fair value through other comprehensive income (FVTOCI)	1,559,352,399	1,382,041,408
Investment property and tangible assets (property, plant, and equipment)	16,793,582	16,587,001
Other assets	11,465,709	18,606,797
Total assets	3,607,386,059	3,129,300,785
Liabilities	191,259,774	133,235,040
Equity (own capital)	3,416,126,285	2,996,065,745
Total liabilities	3,607,386,059	3,129,300,785

Total assets value held as of September 30, 2022, was of RON 3,129.3m, 13.3% lower vs. the value of assets at the end of 2021.

The main patrimonial elements changed compared to the beginning of the period as follows:

- **Cash and cash equivalents** are down by RON 138.6m compared to 2021-year end, given that the Company adopted an investment policy based on acquisitions during the first 9 months of the year, with significant acquisitions of listed financial assets (RON 295.7m).

- **Financial assets at fair value through profit and loss (FVTPL)**, amounting to RON 1,511.3m are 10.1% lower vs. December 31, 2021, due to the effect of recording differences in fair value for the shares held in subsidiaries and associated entities and fund units in the first nine months of the year. Significant impact in the dynamics of this category had the unfavourable evolution of the market quotations of the listed holdings held (Vrancart and Biofarm).

- **Financial assets at fair value through other comprehensive income (FVTOCI)**, amounting to RON 1,382m, are with RON 177m below the level recorded on December 31, 2021, as a result of recording the unfavourable fair value differences of the financial assets investment portfolio (mainly listed shares in financial-banking companies) as of September 30, 2022, noting that acquisitions of shares during first three quarters of 2022 were recognized mainly under this category of assets.

- The **Other assets** category increased compared to the beginning of the period, influenced by the dividends recorded but not yet collected from some companies in the portfolio.

- The volume of **equity** (own capital) significantly decreased vs. December 31, 2021, mainly due to the unfavourable fair value differences related to the securities portfolio, recorded in other comprehensive income as of September 30, 2022, and the impact of gain/loss on investment on the net result recorded on that date. The decrease in the volume of the fair value reserve also explains

the reduction in the Company's debts compared to the end of the previous year, due to the adjustment of the deferred income tax liability.

Condensed statement of profit and loss and other comprehensive income

Standalone statement of profit or loss and other comprehensive income - extract		
<i>denominated in RON</i>	30/09/2021	30/09/2022
Income		
Dividend income	122.805.794	166.177.167
Interest income	2.446.581	5.749.773
Other operating revenues	355.864	580.858
Gain / (Loss) on investment		
Gain on investment property	874	-
Gain/(loss) from foreign exchange differences	2.214.087	(193.502)
Gain / (Loss) on financial assets at fair value through profit and loss	222.311.898	(142.932.553)
Expenses		
Commissions expenses	(3.942.024)	(3.218.439)
Other operating expenses	(10.993.340)	(11.232.354)
Profit /(Loss) before tax	335.199.734	14.930.950
Income tax	(13.603.194)	(7.660.691)
Net Profit/(Loss) for the period	321.596.540	7.270.260
Other comprehensive income	307.981.924	(398.335.133)
Total comprehensive income for the period	629.578.464	(391.064.873)

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

- **Dividend income** is significantly higher than in the corresponding period of the previous year, mainly on the back of the resumption of dividend distribution by banking companies and dividends collected from subsidiaries. Dividend income, amounting to RON 166m, exceeds by 18% the budgeted value for the entire year 2022, both as an effect of additional dividends distributed by companies in the portfolio and of those recorded as a result of the stakes held in the energy sector (SNP Petrom), purchased in the first part of the year.

- **Interest income** is higher vs. the same period of the previous year, given the significant increase in the bonus interest rate on monetary investments and the variable interest rate on bonds held. Their level is significantly supplemented by the financing component associated with the two contracts for the sale of shares with deferred payment carried out during this period. As of September 30, interest income is 15% greater than their budgeted level for the entire year 2022.

Gain / (loss) on investment had the following evolution:

- **The net result from exchange rate differences** recorded as of September 30, 2021, is slightly unfavourable, related to cash in foreign currency held. Its level decreased as compared to the same period of the previous year, on the back of a conjunctural rise of the RON vs EUR during Q3 2022.

- **Gain / (Loss) on financial assets at fair value through profit and loss (FVTPL)** is unfavourable, as compared to the positive result for this item as of September 30, 2021. The loss was exclusively due to the valuation at fair value as of September 30, 2022, of the listed shares (subsidiaries and associates), fund units and bonds. The downward movement of global stock markets has negatively influenced the market value of shares listed locally held in the portfolio and recorded in this category, being particularly penalized companies from sectors significantly affected by the increase in raw material prices and energy costs. In the first 9 months of the previous year, the upward evolution of the quotations of the same issuers significantly influenced the gain on investment level reported by the Company. When establishing the Budget for 2022, a negative impact of RON 20m related to this category was considered, in the context of a prudent approach and based on the information available at the time of drafting the budget.

Expenses as of September 30, 2022, are lower vs. the corresponding period of 2021, representing 45% of the total expenses budgeted for the entire 2022, savings being achieved in most of the main categories of operating expenses.

Net Profit as of September 30, 2022, amounting to RON 7.3m, is the result of the unfavourable impact of the MTM of the listed holdings, impacting most of the recurring income (dividends, interest) achieved in the first 9 months of the year. The level of net profit is significantly below the budgeted level for the year 2022, the unpredictable movement of the capital markets representing the main factor of uncertainty in sizing the impact of the mark-to-market gain/loss on the net result of the financial year. Considering the internal estimates of the gain/loss on investment, based on the market quotes available at the date of publication of the quarterly reporting, it is unlikely that the net profit will be achieved at the budgeted level.

Total comprehensive income as of September 30, 2022, is negative, amounting to RON -391m, and it is the effect of recognizing in other comprehensive income of the fair value decrease of the portfolio of financial assets classified in FVTOCI (assets at fair value assets through other comprehensive income - mainly interests in the banking financial sector). The effective mitigation of these influences is an extremely difficult approach, conditioned both by the investment strategy (these assets representing the main source of recurring income), and by the relationship between the level of liquidity available in the market and the value of the shareholdings owned by SIF Banat-Crișana.

Financial ratios as of September 30, 2022

Ratio	Calculation method	Result as at 30.09.2022
1. Current liquidity ratio ¹⁾	Current assets/Current liabilities	9.34
	Debt / Equity x 100	not applicable
2. Debt to equity ratio ²⁾	Debt / Capital employed x 100	not applicable
3. Accounts receivables turnover ³⁾	Average clients' accounts / Turnover x 270	22.2
4. Non-current assets turnover ⁴⁾	Turnover / Non-current assets	0.0594

¹⁾ **Current liquidity ratio** provides the guarantee of covering current liabilities from current assets. The acceptable recommended value is approximately 2, and the recorded value at the end of the first nine months of 2022 was of 9.34. This is due to the high level of current assets as of September 30, 2022, as there were significant amounts of liquidity in bank accounts and deposits.

²⁾ **Debt to equity ratio** indicates the effectiveness of the credit risk management, revealing potential financing or liquidity issues, with impact on fulfilling the assumed commitments. The Company had no loans as of September 30, 2022, and therefore this indicator is zero.

³⁾ **The accounts-receivable turnover** indicates the effectiveness of the company in collecting its receivables, respectively the number of days until the debtors pay their debt to the company.

The weight in total receivables is held by dividends receivable from portfolio companies and other receivables.

For the turnover, the company's total income as of September 30, 2022, was used.

Turnover ratio calculated as of September 30, 2022, was of 22 days.

⁴⁾ **Non-current assets turnover** measures the efficiency of management of the non-current assets, by examining the value of the turnover (for SIF Banat-Crișana - the total operating income) generated by a certain portion of non-current assets. In determining the ratio, the gross value of financial assets was considered. As of September 30, 2022, this ratio has a value of 0.0594.

8. EVENTS AFTER THE REPORTING PERIOD

Payment of auction price by a SIF Banat-Crișana subsidiary

In continuation of the current report published on May 19, 2022, SIF Banat-Crișana informed the investors on the fact that on October 28, 2022, the company SIF SPV TWO S.A., a subsidiary of SIF Banat-Crișana, paid the auction price for the acquisition by transfer of assets of "Belvedere Cigarette Factory", assets awarded in the auction organized by the judicial administrator CITR Ilfov Branch SPRL within the insolvency procedure of the company INTERAGRO S.A.. The financing of the acquisition was mostly provided by SIF Banat-Crișana, as well as by two of its subsidiaries. The value of the financing directly provided by SIF Banat-Crișana represents less than 5% of company's net assets value, according to the last standalone financial report published.

Once the SIF Banat-Crișana subsidiary completes the steps for the conclusion of the sale-purchase documents and the related entries in the land register, SIF Banat-Crișana will inform the investors accordingly.

SIF SPV TWO S.A. is a company established in 2018, having as main activity the renting and subletting of own or leased properties, SIF Banat-Crișana holding a stake of 99.99% of its share capital.

9. ANNEXES

- Annex 1** **Condensed interim standalone financial statements** as of September 30, 2022, prepared pursuant to the ASF Rule no. 39/2015 for the approval of accounting regulations in accordance with the International Financial Reporting Standards applicable to entities authorised, regulated, and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector – unaudited
- Annex 2** **Net asset statement** as of September 30, 2022, prepared pursuant to Annex 10 of Regulation no. 7/2020
- Annex 3** **Detailed statement of investments** as of September 30, 2022, pursuant to Annex 11 of Regulation no. 7/2020

The quarterly report prepared as of September 30, 2022, was approved by the Board of Directors of SIF Banat-Crișana in the meeting held on November 14, 2022.

Bogdan-Alexandru DRĂGOI
Chairman and CEO