



SIF BANAT-CRIȘANA

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CONSOLIDATED HALF YEAR REPORT

JANUARY 1 – JUNE 30, 2021

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

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

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1. GENERAL INFORMATION ON SIF BANAT-CRIȘANA GROUP

1.1 PRESENTATION OF THE GROUP

This report presents SIF Banat-Crișana's consolidated financial results as of the end of first semester, ended on June 30, 2021, prepared in accordance with the International Financial Reporting Standards adopted by the European Union, 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 ASF from the Financial Instruments and Investments Sector.

The Company's consolidated financial statements prepared for the first semester 2021 include the Company and its subsidiaries (hereinafter referred to as "Group"). For H1 2021, the Group comprises SIF Banat-Crișana (parent company), SAI Muntenia S.A. and Administrare Imobiliare S.A..

1.2 ENTITIES INCLUDED IN THE CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the Company. The control exists when the Company is exposed or has rights to the variable return based on its participation in the investee entity and could influence those revenues through its authority over the entity in which it invested. When assessing control, potential voting rights that are exercisable or convertible at that time are considered.

The financial statements of subsidiaries are included in the consolidated financial statements from the moment the exertion of control begins and until its termination. Accounting policies of subsidiaries have been changed to align them with those of the Group.

The list of investments in subsidiaries as of June 30, 2021, and December 31, 2020, is as follows:

No.	Company name	Stake held (%)	
		June 30, 2021	December 31, 2020
1	(SIF Imobiliare PLC Nicosia)	99.99	99.99
2	(SIFI SPV TWO)	99.99	99.99
3	SAI Muntenia Invest SA Bucharest	99.98	99.98
4	(SIF1 IMGB)	99.92	99.92
5	(Napomar SA Cluj Napoca)	99.43	99.43
6	(SIF Hoteluri SA Oradea)	99.00	99.00
7	(Azuga Turism SA Bucharest)	98.94	98.94
8	Administrare Imobiliare SA	97.40	97.40
9	(Silvana SA Cehu Silvaniei) – bankruptcy	96.28	96.28
10	(Iamu SA Blaj)	76.70	76.70
11	(Vrancart SA Adjud)	75.06	75.06
12	(Central SA Cluj)	74.53	74.53
13	(Uniteh SA Timișoara)*	36.34	36.34
14	(SIFI Cj Logistic)*	5.53	5.53
15	(Ario SA Bistrița) – bankruptcy	93.64	93.64

* the majority shareholder in Uniteh SA and SIFI Cj Logistic is SIF Imobiliare Plc

The subsidiaries shown in brackets in the table above were excluded from the consolidation following the periodic analysis of the status of investment entity according to IFRS 10.

The companies Ario SA Bistrița and Silvana SA Cehu Silvaniei are in bankruptcy, so the voting rights held by SIF Banat-Crișana do not give authority over the investee entity and were therefore excluded from the consolidation.

Associated entities

Associated entities are those companies in which the Company can exercise significant influence, but not the control on the financial and operating policies.

The entities in which the Company holds stakes between 20% and 50% as of June 30, 2021, is of 19 (December 31, 2020: 19), of which:

- two entities (Gaz Vest SA Arad, Biofarm SA Bucharest), on which exerts a significant influence, removed from the consolidation beginning January 1, 2018, following the classification of the Company as an investment entity;
- 4 entities (December 31, 2020: 4) that do not qualify as associates because the Company does not exercise significant influence in those companies;
- 13 entities (December 31, 2020: 13) in insolvency / liquidation / bankruptcy.

Transactions excluded on consolidation

Settlements and transactions within the Group, and unrealized profits arising from intragroup transactions, are fully eliminated from the consolidated financial statements.

The accounting policies disclosed in the consolidate financial statements as of December 31, 2020 (and in condensed form in the consolidated financial statements as of June 30, 2021) have been consistently used over all the periods presented in the consolidated financial statements and have been consistently applied by all entities within the Group.

2. PRESENTATION OF THE ENTITIES WITHIN THE GROUP

2.1 INFORMATION OF THE ACTIVITY OF SIF BANAT-CRIȘANA

CORPORATE NAME	Societatea de Investiții Financiare Banat-Crișana S.A. (hereinafter referred to as "SIF Banat-Crișana" or "the Company")
COMPANY TYPE	<ul style="list-style-type: none">▪ joint stock company, established as self-managed investment company, authorized by the Financial Supervisory Authority as Alternative Investment Fund Manager (AIFM) – Authorization no. 78/09.03.2018, classified as per the provisions of Law no. 243/2019 as a closed-ended alternative investment fund, diversified, addressed to retail investors (AIFRI)▪ Romanian legal entity with entire private capital
SHARE CAPITAL	<ul style="list-style-type: none">▪ RON 51,542,236.30 – subscribed and paid-up capital▪ 515,422,363 shares issued, entirely outstanding▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none">▪ J02/1898/1992 at Trade Registry▪ Unique Registration Code 2761040▪ Number in ASF AFIAA Register PJR07.1AFIAA / 020007 / 09.03.2018▪ Legal Entity Identifier (LEI Code) 254900GAQ2XT8DPA7274
MAIN ACTIVITY	Main activity is, as per the classification of economic activities in the national economy (NACE): financial intermediation, except insurance and pension funds (NACE code 64), and the main object of activity: Other financial intermediation n.c.a. (NACE code 6499): a) portfolio management; b) risk management; c) other activities other activities carried within the collective management of an investment fund, permitted 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

KEY FINANCIAL AND OPERATIONAL INFORMATION FOR SIF BANAT-CRIȘANA

MAIN BALANCE SHEET ITEMS [RONm]			
	30.06.2020	31.12.2020	30.06.2021
Total assets, of which	2,560.23	2,883.77	3,353.02
Total financial assets	2,539.74	2,859.53	3,323.63
Equity	2,434.84	2,729.90	3,153.95
Total liabilities	125.39	153.87	199.07

FINANCIAL PERFORMANCE [RONm]			
	30.06.2020	31.12.2020	30.06.2021
Income	40.09	94.84	31.07
Gain / (Loss) on investments	(76.99)	27.82	207.59
Expenses	8.68	28.47	10.55
Gross profit / (Loss)	(45.59)	94.18	228.10
Net profit / (Loss)	(46.09)	92.12	216.93

FINANCIAL INDICATORS [%]			
	30.06.2020	31.12.2020	30.06.2021
ROE (net profit / equity)	(1.89)	3.37	6.88
ROA (net profit / total assets)	(1.80)	3.19	6.47
Gross profit margin (gross profit / total revenues)	(44.58)	30.47	95.16

PERFORMANCE OF SHARES AND NET ASSET		
	31.12.2020	30.06.2021
Share price (end of period, RON)	2.2000	2.7400
NAV/S* (RON)	5.6051	6.4184
Accounting net asset / share (RON)	5.3055	6.1192
Nominal value of share (RON)	0.1	0.1
Number of shares issued	515,422,363	515,422,363
Number of outstanding shares	514,542,363	515,422,363

* calculated acc. to ASF regulations

OPERATIONAL DATA		
	31.12.2020	30.06.2021
Number of permanent employees, end of period	34	34
Branch offices	1	1

SHAREHOLDING STRUCTURE as of June 30, 2021		
	number of shareholders	holdings
Romanian individuals	5,743,462	40.34%
Non-resident individuals	2,084	0.34%
Romanian legal entities	127	38.99%
Non-resident legal entities	25	20.33%
TOTAL	5,745,698	100%

MILESTONES OF SIF BANAT-CRIȘANA'S ACTIVITY IN H1 2021

Portfolio management

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

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

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

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

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

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

Analysing the factors and elements generating effects on the investment activity and on the areas in which SIF Banat-Crișana has exposures, the objectives pursued during H1 2021 continued the investment strategy approved by the shareholders, having as major lines of action:

- improving portfolio quality by taking advantage of investment projects in sound businesses or assets, in conditions of optimizing the portfolio risk-return balance;
- continuing the portfolio restructure by reducing exposure on minority shareholdings that do not fit in the Company's investment strategy and in the "core" portfolio;
- active management in the majority shareholdings for the development of the business and their performances;
- efficient portfolio management and maximising its performances, complying with all the regulatory requirements;
- adapting the activity to the major social and economic challenges;
- maintaining transparency and a good corporate governance.

SIF Banat-Crișana's net asset value (NAV) reached **RON 3,308m** at the end of the H1 2021, 14.71% higher as compared to RON 2,884m at 2020-year end. Net asset value per share (NAV/S) was of **RON 6.4184** at the end of H1 2021, as compared to RON 5.6051, the value recorded as of December 31, 2020.

Monthly values for net asset are calculated by SIF Banat-Crișana and certified by the depositary bank, Banca Comercială Română (BCR).

The monthly reports for the net asset value (NAV) were submitted to the Bucharest Stock Exchange and Financial Supervisory Authority – Financial Investments and Instruments Sector, and published on SIF Banat-Crișana's website **www.sif1.ro** no later than 15 days from the end of the reporting month, as per the regulations in force.

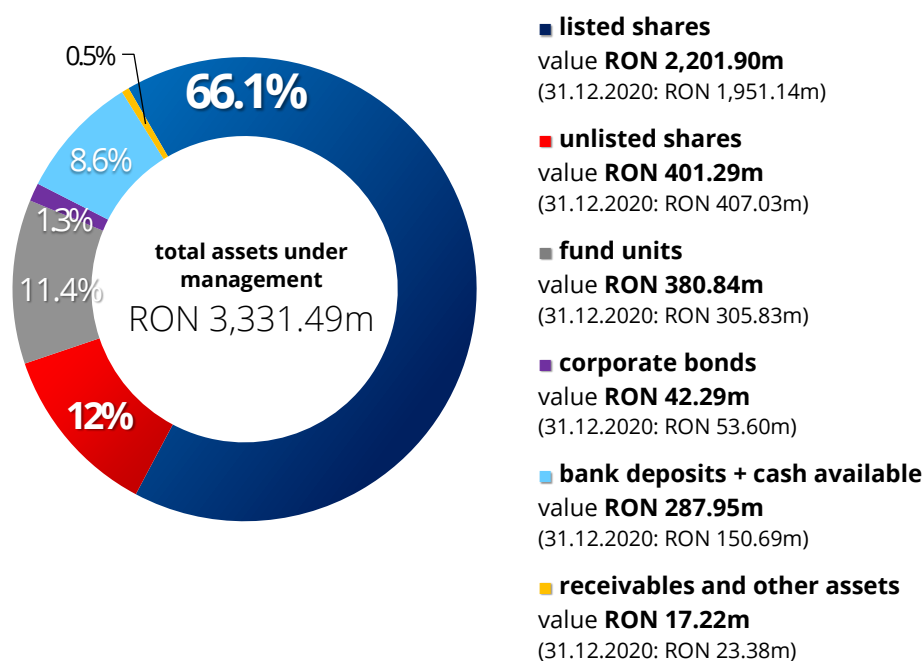
During H1 2021, the valuation of assets for the calculation of the SIF Banat-Crişana net asset value (NAV) was performed according to the regulations issued by the Financial Supervisory Authority (ASF), complying with the provisions of ASF Regulation no. 9/2014 (art. 113-122) amended and supplemented by ASF Regulation no. 2/2018 and ASF Regulation no. 20/2020 and the provisions of the FSA Regulation no. 10/2015.

In the matter of investment policy, during the reporting period, for the company are incidental the provisions of Law no. 243/2019 on the regulation of alternative investment funds, applicable to SIF Banat-Crişana classified as a closed, diversified Alternative Investment Fund, addressed to retail investors (FIAIR).

During the first half of 2021, the regulated prudential investment limits were observed.

ASSETS UNDER MANAGEMENT as of June 30, 2021

(breakdown on assets, weight on total assets)



Note: values calculated as of June 30, 2021, acc. to ASF Reg. no. 9/2014, no. 10/2015, no. 2/2018

Total assets value of SIF Banat-Crişana, calculated as per ASF regulations as of June 30, 2021, was of **RON 3,331.49m**, up 15.21% as compared to the value recorded at 2020-year end, when it reached RON 2,891.67m.

The value of the stock portfolio as of June 30, 2021, was of **RON 2,603m** (December 2020: RON 2,358m) having a weight of **78.14%** of SIF Banat-Crişana's total assets under management as of at the end of H1 2021

Detailed information on SIF Banat-Crişana's activity in H1 2021 is presented in the company's report for the period January 1 – June 30, 2021, and in the Standalone Financial Statements as of 30.06.2021, available on the Company's website at www.sif1.ro.

2.2 INFORMATION ON THE ENTITIES INCLUDED IN THE CONSOLIDATION

SAI MUNTENIA INVEST SA Bucharest

SIF Banat-Crişana stake as at 30.06.2021: 99.98%

IFRS indicators (in RON)	H1 2021	2020	H1 2020
Total assets	18,333,499	16,892,692	12,476,846
Equity	13,017,368	11,948,792	8,476,595
Total Income	14,976,651	22,844,496	9,730,279
Net Profit / Loss	7,768,576	6,796,568	3,324,371

Societatea de Administrare a Investițiilor (Investment Management Company) Muntenia Invest SA ("SAI Muntenia Invest SA") was established in 1997, as a joint stock company, and entered in SIF Banat-Crişana's portfolio in 2013.

The company's main activity is the management of collective investment undertakings in transferable securities (UCITS, Ro: OPCVM) established in Romania or in another Member State, and the activity of management of alternative investment funds (AIF), in compliance with the provisions of the relevant legislation. SAI Muntenia Invest is registered at ASF as Alternative Investment Fund Manager since December 2017.

SAI Muntenia Invest does not have subsidiaries, branches, or places of business.

As of June 30, 2021, the subscribed and paid-up share capital of SAI Muntenia Invest is of RON 1,200,000 divided into 120,000 shares with a nominal value of RON 10. During the reporting period, the value of the share capital of SAI Muntenia Invest did not change. SAI Muntenia Invest must comply with the requirements regarding the classification of the initial capital, in accordance with the provisions of art. 8 of GEO no. 32/2012 and the requirements regarding own funds, in accordance with the provisions of art. 22 paragraph (4) of ASF Regulation no. 9/2014.

In H1 2021, the Company's activity was carried out in compliance with the provisions of Law no. 31/1990 on trading companies, Law 24/2017 on the issuers of financial instruments and market operations, Law no. 74/2015 on the managers of alternative investment funds, of applicable ASF/EU regulations and rules, as well as in accordance with the provisions of its articles of incorporation and its own internal regulations.

The current activity of SAI Muntenia Invest SA carried out during H1 2021 was the management of SIF Muntenia S.A. and of closed-end investment fund FDI Plus Invest.

By ASF Authorization no. 151 / 09.07.2021 SIF Muntenia was authorized as an Alternative Investment Fund addressed to Retail Investors, having as depositary bank BRD - Groupe Société Générale S.A. and being under the management of by SAI Muntenia Invest S.A. At the same time, according to Authorization no. 151 / 09.07.2021, ASF authorized the amendments in the Articles of Association of SIF Muntenia in accordance with the EGMS Decision no. 2 / 07.01.2021. The documents related to the FIAIR category are available on the SIF Muntenia website, www.sifmuntenia.ro, in the dedicated section.

FDI Plus Invest operates under the authorization issued by ASF and it is registered in the ASF Registry. FDI Plus Invest has as its primary objective the long-term growth of the capital invested, using an integrated asset allocation and an optimization of the investment structure.

The auditor of the company is KPMG Audit S.R.L.

SAI Muntenia Invest does not meet the criteria for classification as an investment entity in accordance with IFRS 10.

Administrare Imobiliare SA Bucharest

SIF Banat-Crişana stake as at 30.06.2021: 97.4%

IFRS indicators* (in RON)	H1 2021	2020	H1 2020
Total assets	91,424,147	91,473,080	54,640,191
Equity	43,703,280	43,583,699	41,242,405
Total Income	2,260,991	8,535,253	2,141,962
Net Profit / Loss	119,581	2,059,817	585,276

*restated under IFRS for consolidation purposes

The company was established in 2007 under the name of "Dacia Meridian Expres", having a portfolio of assets with which SIF Banat-Crişana withdrew its contribution from various trading companies located in the counties of Arad and Bihor, namely: Aris SA Arad (in 2007), Amet SA Arad (in 2012), and Argus SA Salonta (in 2010).

In 2013, the company changed its corporate name to Administrare Imobiliare SA ("AISA") and its headquarters was moved to Bucharest. In the same year, the company is incorporated into the holding SIF Imobiliare Plc., which holds a stake of 98.9% of AISA share capital.

The main activity of AISA is the business and management consulting activity, providing investment management services to all SIFI group companies: investment management, investment opportunities consultancy, management and administrative consultancy services.

As per its Articles of Incorporation, besides its main activity, AISA could provide other secondary activities, such as: 4110 real estate development (promotion), 6810 purchase and sale of own real estate properties, 6820 - Renting and sub-renting own or rented real estate properties.

In December 2018, as an investment opportunity in the real estate field emerged, a capital increase of AISA in operated, with cash contribution, to capitalize the company and to attract financing sources to capitalize on opportunities appeared on the real estate market. SIF Banat-Crişana is co-opted as shareholder, the cash contribution being of RON 40.12m. Following this transaction, SIF Banat-Crişana becomes a shareholder with a stake of 97.4% in the share capital of AISA while the stake of SIF Imobiliare Plc decreases to 2.6%.

The investment projects (amounting to RON 44.5m) intended by AISA at the time of the share capital increase were completed during 2019 and materialized in the purchase of a building S+P+4E, with an usable area of 1,792.11 sqm, related land of 1,792.11 sqm land in undivided share and an undivided area of the common spaces of 732.81 sqm located in Bucharest, 46-48 Serghei Vasilevici Rahmaninov Str., Sector 2 and a land of 30,447 sqm (with 17,646 sqm of constructions) located in Bucharest, 59 Şos. Vergului, Sector 2.

AISA, as a manager in the companies of the SIFI group, provides services related to investments, but does not represent an investment entity.

For the financial years 2016 – 2020, the financial auditor for AISA was the firm *JPA Audit și Consultanță SRL*. Starting 28.05.2021, was appointed as financial auditor the firm *ARYA Consulting SRL*.

3. SUMMARY OF CONSOLIDATED FINANCIAL DATA FOR THE GROUP AS AT 30.06.2021

The condensed interim consolidated financial statements as of June 30, 2021, enclosed, were prepared pursuant to ASF Rule no. 39/2015 for the approval of Accounting Regulations applicable to entities authorized, regulated, and supervised by the Financial Supervisory Authority (ASF) in the Sector of Financial and Investment Instruments, and are not audited.

3.1 BASES OF PRESENTATION OF CONSOLIDATED STATEMENTS

The Group has adopted a presentation based on liquidity in the consolidated statement of financial position and a presentation of revenues and expenses by their nature in the consolidated statement of comprehensive income.

In 2018, the Company has reviewed the criteria for its classification as an investment entity and concluded that they were met, less for the subsidiaries providing investment relates services (SAI Muntenia Invest, Administrare Imobiliare SA). Thus, as per IAS 27 and IFRS 10, starting with the financial year 2018, the Company measures all its subsidiaries at fair value through profit or loss, except for the two subsidiaries providing investment-related services, that will further be consolidated. Furthermore, the Company has also reviewed the analysis on meeting the classification as investment entity criteria for the years 2020 and 2021, concluding that they are met, and will also apply the exception provided by IFRS 10 regarding the investment entities for the financial statements for the financial year 2020 and 2021.

3.2 CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(extract from the accompanying consolidated financial statements)

[in RON]	June 30, 2021	June 30, 2020
Revenues		
Dividend income	22,490,675	22,333,278
Interest income	2,111,560	5,517,960
Other operating revenues	15,448,909	10,676,878
Gain/(Loss) on investment		
Gain / Loss) on foreign exchange	622,712	1,340,878
Gain / Loss) on financial assets at FVTPL	207,017,003	(80,695,018)
Gain / Loss) on investment property	874	2,466,217
Expenses		
Interest expenses	(216,533)	(204,745)
Commissions expenses	(2,783,101)	(1,545,842)
Other operating expenses	(15,104,817)	(14,013,041)
Reversals / (adjustments) of provisions and impairment adjustments	1,147,271	917,556
Profit before tax	230,734,552	(53,205,880)
Income tax	(12,577,534)	(1,140,909)
Net profit for the financial year	218,157,019	(54,346,788)
Profit is attributed to:		
Parent company	218,155,431	(54,347,620)
Non-controlling interests	1,588	832
Other comprehensive income	204,122,171	(258,693,546)
Total comprehensive income for the period	422,279,190	(313,040,334)
Result per share		
Basic	0.4238	(0.106)
Diluted	0.4238	(0.106)

Significant changes in income, expenses, and other comprehensive income vs. the same period of the previous year are mainly due to events that had a favourable effect on both the financial performance of the parent company and its subsidiaries, namely:

- the increase by 3.9% of recurring revenues in the first half of 2021, amid the increase in other operating revenues (related to subsidiaries included in the scope of consolidation);
- the favourable impact on the *Gain (Loss) on investment* in the first part of 2021 of the fair value measurement of assets included in the category of FVTPL (shares in deconsolidated subsidiaries and associates, bonds issued by subsidiaries, fund units in closed-end and alternative open-ended funds), in the amount of RON 207m, compared to a negative change of the fair value of this category in the comparative period of the previous year, amounting to RON 80.7m.

Structurally, the revenues of the Group in H1 2021 are the result of dividends collected from the shareholdings of the parent company (56% of total operating income), respectively of the revenues of the subsidiaries from the investment management activity (38.6%, representing management fees).

Operating expenses comprise the total operating expenses incurred by the investment management activity carried out by the Group. Their level is about RON 2m higher than the one of H1 2020, mainly due to the increase of commission expenses. Their structure and details are presented the specific notes to the consolidated financial statements that accompany this report.

The category *Other comprehensive income* contains both the gain on transaction recognized directly in equity (retained earnings) and the effect of the fair value measurement of the Group's portfolio of financial securities. Both the result of transactions and the change in the fair value of financial assets are largely attributable to the parent company. The positive progress of this component compared to the previous year is the effect of including in other comprehensive income the amounts resulting from the fair value measurement of the portfolio of favourable value differences resulting from the marking to market shareholdings, classified as Assets at fair value through other comprehensive income, during the first 6 months of 2021.

3.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION (extract from the accompanying consolidated financial statements)

[in RON]

	June 30, 2021	December 31, 2020
ASSETS		
Cash and cash equivalents	317,366,247	187,639,649
Bank deposits	10,064,969	5,453,621
Other financial assets	15,806,696	9,254,479
Other assets	372,328	257,796
Financial assets held for sale	45,718,704	43,727,212
Financial assets at fair value through profit and loss	1,590,139,485	1,394,390,716
Financial assets at fair value through other comprehensive income (shares)	1,345,836,416	1,215,637,345
Investment property	27,746,803	28,498,134
Tangible assets	5,773,343	6,032,529
Total assets	3,358,824,991	2,890,891,482
Liabilities		
Current income tax liabilities	15,772,518	143,012
Other financial liabilities	39,119,794	39,296,691
Other liabilities (including deferred income and leasing liabilities)	59,714	76,762
Borrowings	15,654,663	15,534,842
Provisions for risks and expenses	998,415	2,181,010
Deferred income tax liabilities	176,227,721	146,892,044
Total liabilities	247,832,825	204,124,360
Equity		
Share capital	51,542,236	51,542,236
Treasury shares, including losses from repurchase	-	(2,199,867)
Benefits granted in equity instruments	1,573,730	1,867,063
Retained earnings	924,939,136	740,422,170
Other reserves	1,249,578,037	1,157,455,631
Differences from changes of fair value of financial assets measured TOCI	871,598,555	725,960,324
Other equity elements	11,745,417	11,745,417
Total	3,110,977,111	2,686,752,316
Non-controlling interests	15,055	14,807
Total equity	3,110,992,166	2,686,767,122
Total equity and liabilities	3,358,824,991	2,890,891,483

Significant changes in patrimonial items over the previous year are due to structural changes of the assets of the parent company, effect of:

- Directing, in the first half of 2021, the dividends collected and net divestments from shares measured at fair value through other comprehensive income towards monetary investments (cash and cash equivalents);
- The recognition of favourable differences in fair value for the financial assets portfolio as of June 30, 2021, which explains the increase in financial assets at fair value through profit or loss, respectively the Financial assets at fair value through other comprehensive income in the Assets, respectively of Deferred income tax liabilities and Equity (due to the net profit for the period and the increase in the fair value surplus recognized in equity).

3.4 PRESENTATION ON SEGMENTS

In H1 2021, the Group operated on a single segment, namely the financial activity (2020: 1 segment - financial activity).

4. DESCRIPTION OF MAIN RISKS FOR THE GROUP

The most significant financial risks the Group is exposed to are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate risk and the price risk of equity instruments.

The Group uses a variety of policies and procedures for managing and evaluating the types of risk to which it is exposed, both at the parent company and subsidiary levels. These policies and procedures are detailed in the sub-chapters dedicated to each type of risk under *Note 6* of the attached Consolidated Financial Statements as of June 30, 2021.

4.1 Financial risks

Market risk

Market risk is the risk that changes in market prices, such as price of shares, interest rates and exchange rates to have impact on Group's revenues or the value of financial instruments held. Market risk of (own) equity instruments represent the risk that the value of such instrument to vary following the changes of prices on the market, either due to factors specific to the issuer's activity or factors affecting all instruments traded on the market.

The market risk of equity instruments arises from the Group's investments in shares classified as financial assets at fair value through other comprehensive income, and respectively financial assets at fair value through profit or loss, and from investments in units of closed-end funds (through their holdings in shares). The entities in which the Group holds shares operate in various industries. The objective of market risk management is to control and manage market risk exposures within acceptable parameters, while optimizing returns. The Group's market risk management strategy is driven by its investment objective, and the market risk is managed in accordance with its policies and procedures.

The Group is exposed to the following market risk categories:

Price risk is the risk of losses both on balance sheet and off-balance sheet positions due to asset price developments.

The Group is exposed to the risk that the fair value of the financial instruments held may fluctuate following the changes in market prices, whether due to factors specific to the issuer's activity or factors impacting all instruments traded on the market.

A positive 10% change in the price of financial assets at fair value through profit or loss (shares in subsidiaries, associates, corporate bonds, and fund units) would lead to a profit increase after tax, by RON 148,798,487 (December 31, 2020: RON 130,238,708), a negative variation of 10% having an equal net impact of the opposite sign.

A positive 10% change in fair value prices of other financial assets at fair value through other comprehensive income, investments in shares and corporate bonds, would lead to an increase in equity, net of profit tax, of RON 113,478,966 (December 31, 2020: RON 102,748,567), a negative variation of 10% having an equal net impact of the opposite sign.

Interest rate risk is the risk that the Group's revenues or expenses, or the value of the Group's assets or liabilities fluctuate following the changes in market interest rates.

Interest rate risk consists of the risk of fluctuations in the value of a particular financial instrument due to changes in interest rates and the risk of differences between the maturity of interest-bearing financial assets and that of the interest-bearing debt.

Regarding the Group's interest-bearing financial instruments, the policy is to invest in profitable financial instruments with a maturity of more than one year. With respect to fixed interest rate assets or marketable assets, the Group is exposed to the risk that the fair value of future cash

flows from financial instruments will fluctuate as a result of changes in market interest rates. The Group does not use derivative financial instruments for hedging against interest rate fluctuations.

Impact on the Group's net profit (on the back of income/expenses with/on interest) of a change of $\pm 1.00\%$ in the interest rate on variable-yield assets and liabilities denominated in other currencies corroborated by a change of $\pm 1.00\%$ in the interest rate on assets and liabilities carrying liabilities variable interest rate and denominated in RON is of RON 2,481,975 (December 31, 2020; RON 1,598,879).

For the bonds recorded at fair value (level 1 & level 2) held, a variation of $\pm 5\%$ of their market price determines a net impact in the amount of \pm RON 1,579,716 (December 31, 2020: \pm RON 2,028,749) in the profit or loss account respectively in the amount of \pm RON 217,197 (December 31, 2020: \pm RON 214,311) in other comprehensive income.

Currency risk is the risk of loss or not achieving the expected profit due to unfavourable fluctuations in the exchange rate. The Group invests in financial instruments and performs transactions denominated in currencies other than its functional currency and is thus exposed to the risk that the exchange rate of the domestic currency in relation to another currency will have adverse effects on fair value or future cash flows of that portion of the financial assets and liabilities denominated in another currency.

The Group performed transactions in the reporting periods in both the Romanian currency (Leu) and in foreign currency.

Financial assets exposed to currency risk (in RON)

	June 30, 2021
Cash and cash equivalent	53,632,621
Financial assets at fair value through profit and loss*	25,913,500
Financial assets at fair value through other comprehensive income**	225,444,754
TOTAL	304,990,875
Borrowings and other liabilities (leasing)	(1,177,054)
Total liabilities	(1,177,054)
Net financial assets	303,813,820

* Financial assets at fair value through profit or loss include foreign currency holdings of closed-end investment funds, in proportion to the Group's holding in their net assets.

** Financial assets through other comprehensive income in EUR include investments held abroad, namely Austria - Erste Bank and corporate bonds issued by Impact.

Credit risk

Credit risk is the risk that a counterparty of a financial instrument fails to meet an obligation or financial engagement in which it has entered into a relationship with the Group, resulting in a loss for the Group.

The Group is exposed to credit risk as a result of investments in bonds issued by trading companies, current accounts and bank deposits and other receivables. The management of the Group closely and consistently monitors 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 business.

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

<i>(in RON)</i>	June 30, 2021
Current bank accounts	60,042,020
Bank deposits	267,216,000
Bonds issued by companies (FVTOCI)	5,180,369
Bonds issued by companies (FVTPL)	37,855,296
Other financial assets	15,806,696
TOTAL	386,100,381

Liquidity risk

Liquidity risk is the risk that the Group encounters difficulties in meeting the obligations arising from short-term financial liabilities that fall due by cash or other financial means, or that such obligations are extinguished in an unfavourable manner for the Group.

The Group monitors the evolution of the liquidity level in order to be able to pay its obligations at the date when they become due and continuously analyses the assets and liabilities, depending on the remaining period up to the contractual maturities.

The structure of assets and liabilities was analysed based on the remaining period from the balance sheet date to the contractual maturity date as of June 30, 2021, and is presented in the table below:

<i>In RON</i>	Accounting value	under 3 months	between 3 and 12 months	Over 1 year	Without pre- established maturity
Total financial assets	3,281,144,874	345,411,973	7,334	42,785,331	2,892,940,236
Total financial liabilities	70,586,606	54,897,869	17,090	15,671,647	-
Liquidity excess	3,210,558,268	290,514,104	(9,756)	27,113,684	2,892,940,236

4.2 Other risks

By the nature of its activity, the Group is exposed to various types of risks associated with the financial instruments and the market it invests. The main types of risks to which the Group is exposed are:

- taxation risk;
- business environment risk;
- operational risk.

Taxation risks

Since January 1, 2007, following the accession of Romania to the European Union, the Group has had to comply with the European Union's regulations and, as a result, has prepared itself to apply the changes brought about by European legislation. The group has implemented these changes, but their implementation remains open to fiscal audit for 5 years.

The interpretation of the texts and the practical implementation of the procedures of the new applicable tax regulations may vary and there is a risk that in certain situations the tax authorities will adopt a different position from that of the Group. From the corporate tax point of view, there is a risk that the tax authorities will interpret the accounting treatment that is determined by the transition to IFRS as a basis for accounting.

In addition, the Romanian Government has various agencies authorized to carry out the audit (control) of companies operating in Romania. These controls are similar to tax audits in other countries and can cover not only tax issues but also other legal and regulatory issues of interest to these agencies. The Group may be subject to tax controls as new tax regulations are issued.

Business environment risks

SIF Banat-Crișana's management cannot predict all the effects of the international economic developments impacting on the financial sector in Romania but considers that in the first six months of 2021 has adopted the necessary measures for the sustainability and development of the Company under the conditions existing on the financial market, by monitoring cash flows and suiting the investment policies.

During the first 6 months of 2021, the global economic and financial environment was significantly influenced both by the monetary and fiscal measures adopted mainly by the US to counter the effects of the pandemic, and by the information on the progress of global covid vaccination campaigns and the influence on the pace of complete reopening and returning to "normal" of the economic and social activities. From an investment point of view, the efficient management of the portfolio in this context will have to take into account (1) the sustainability of accelerated increases in financial asset prices (implicitly of global and local stocks) and (2) the increased likelihood of inflation, both against the background of monetary policies over the last decade and the recent direct stimulus of consumption, and its impact on asset returns.

Operational risk

Operational risk is the risk of incurring direct or indirect losses resulting from shortfalls or deficiencies in the Group's procedures, personnel, internal systems, or external events that may impact on its operations. Operational risks arise from all Group activities.

The Group's objective is to manage operational risk to limit its financial losses, not to damage its reputation and to achieve its investment objective to generate benefits for investors.

Capital adequacy

The management's policy on capital adequacy focuses on maintaining a solid capital base to support the Group's continued development and investment objectives.

The Group's equity includes its share capital, various types of reserves, retained earnings and minority interests. The equity amounted to RON 3,110,992,166 as of June 30, 2021.

5. THE MARKET OF SECURITIES ISSUED BY THE GROUP

CHARACTERISTICS OF THE SHARES ISSUED BY SIF BANAT-CRIȘANA

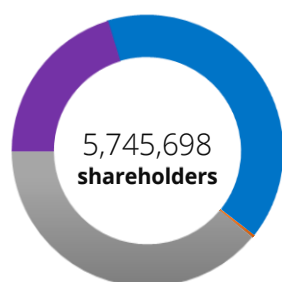
Total number of issued shares (June 30, 2021)	515,422,363
Outstanding shares (June 30, 2021)	515,422,363
Nominal value	RON 0.1000 / share
Type of shares	common, ordinary, registered, dematerialized, indivisible
Trading market	Regulated spot market of Bucharest Stock Exchange (BVB or BSE), Premium category
BVB (BSE) symbol (ticker)	SIF1
Bloomberg BBGID	BBG000BMN388
ISIN	ROSIFAACNOR2
Part of indices	BVB (BSE) indices: BET-FI, BET-XT-TR, BET-XT, BET-BK

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

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

As of June 30, 2021, SIF Banat-Crișana has 5,745,698 shareholders, according to the data reported by Depozitarul Central SA Bucharest, the company that keeps the shareholders registry.

SHAREHOLDERS' STRUCTURE as per holdings, as of June 30, 2021



■ 40.34%
Romanian individuals
(5,743,462 shareholders)

■ 0.34%
non-resident individuals
(2,084 shareholders)

■ 38.99%
Romanian legal entities
(127 shareholders)

■ 20.33%
non-resident legal entities
(25 shareholders)

SIF1 shares on Bucharest Stock Exchange (BVB/BSE)

The liquidity of the SIF1 title was lower in H1 2021 compared to the similar period of 2020, a total of 10,800,051 shares were traded in H1 2021, representing 2.095% of the total shares issued, worth of RON 26,713,451.

A single trade was recorded on the "DEAL" market during the period, with 1.5m shares, worth of RON 3.690m.

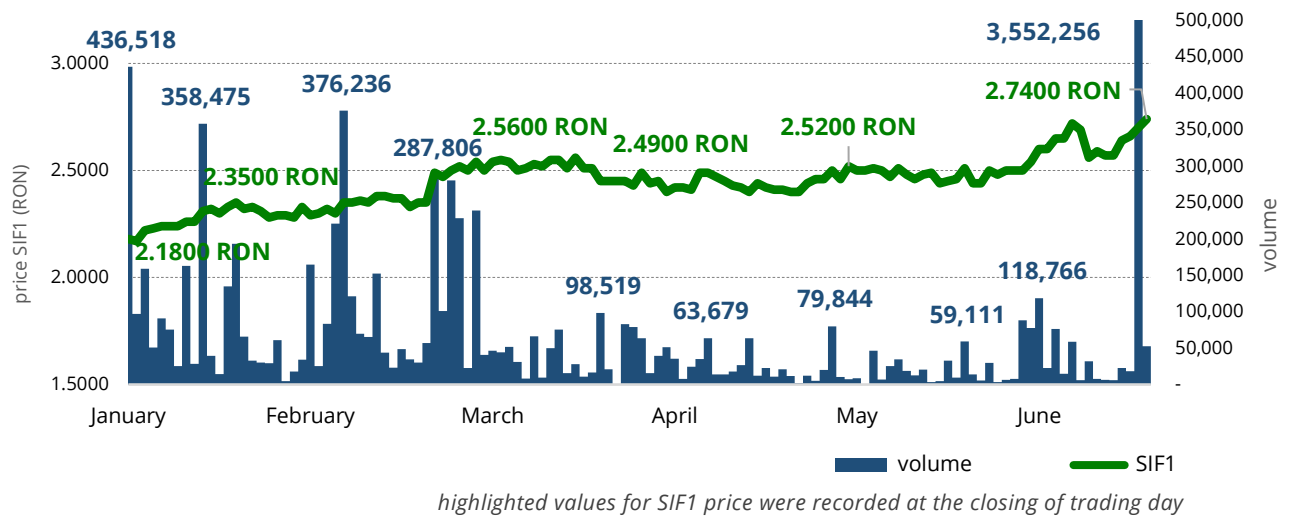
Of the 124 trading days, 54 days were with positive variations (maximum + 5.96% on February 24) and 45 days with negative variations (minimum -4.83% on June 18).

The highest closing price during H1 2021 was of RON 2.7400 per share, in the trading day of June 30, and the lowest closing price was of RON 2.1700 per share, in the trading day of January 5, the trading range between the highest and the lowest price of the period being 26%. The average price of the period was of RON 2.4735 per share.

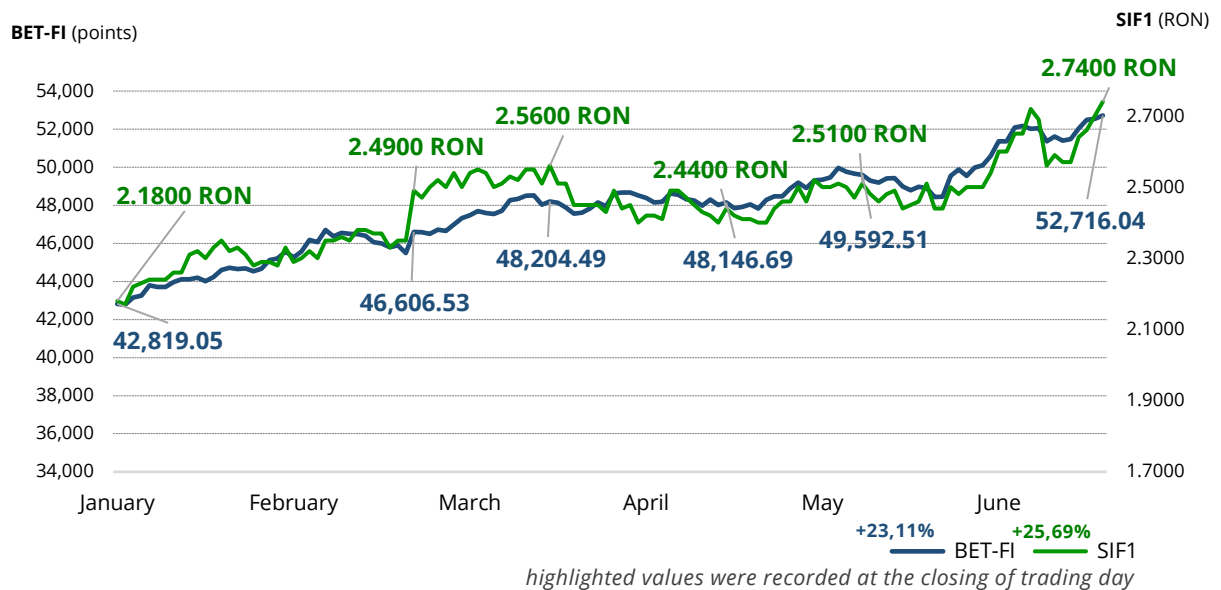
In June 2021, the trading of SIF1 shares picked up momentum, the average daily volume exceeding 200,000 shares compared to the average daily volume of the entire period of 87,000. The increase of the SIF1 share price recorded in June was of 12.3%, half of the increase for the period of 25.69%.

On June 30, 2021, the market capitalization for the SIF1 title, calculated using the closing price, was of RON 1,412.26m.

SIF1 PRICE AND VOLUME DURING JANUARY - JUNE 2021



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



The two subsidiaries included in the consolidation, SAI Muntenia Invest and Administrare Imobiliare, are not listed on an organized capital market or an alternative trading system.

6. CORPORATE GOVERNANCE

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

The Corporate Governance Regulation of SIF Banat-Crișana is available for consultation on company's website, at www.sif1.ro, in the Corporate Governance section.

The status of compliance with the provisions of the Corporate Governance Code issued by Bucharest Stock Exchange Code was presented in the Board of Directors' annual report for 2020, available on company's website, in Corporate Governance section. The same section hosts SIF Banat-Crișana's statement on the application of corporate governance principles, prepared pursuant to the annex of the ASF Regulation no. 9/2019, settling the unitary regulatory framework for the implementation of corporate governance principles to entities authorized, regulated, and supervised by ASF.

SIF Banat-Crișana subsidiaries, in the scope of consolidation, apply principles and policies of internal governance similar to those of the parent company.

Company leadership

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

The Board of Directors

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

Given that on April 24, 2021, the term of office of the directors was to expire, on January 6, 2021, the Ordinary General Meeting of Shareholders was held, electing the members of the Board of Directors of the Company for a new term of 4 years, starting with April 25, 2021, and until April 25, 2025. All five administrators were re-elected: Mr. Bogdan-Alexandru Drăgoi, Mr. Radu-Răzvan Străuț, Mr. Ionel Marian Ciucioi, Mr. Marcel Heinz Pfister and Mr. Sorin Marica.

By Authorization no. 44 of March 18, 2021, the Financial Supervisory Authority authorized the members of the Board of Directors of SIF Banat-Crișana, as per the Ordinary General Meeting of Shareholders Resolution no. 3 of 06.01.2021, for a term of 4 years, starting with 25.04.2021.

Also, the OGM of January 6, 2021, approved:

- the remuneration due to the members of the Board of Directors for the financial year 2021, at the level established by the Resolution of OGM of April 26, 2016;
- the general limits of all the additional remunerations of the members of the board of directors and the general limits of the directors' remuneration, for the financial year 2021, at the level established by the OGM Resolution no. 7 of April 27, 2020;
- Remuneration policy in accordance with the provisions of art. 92¹ of Law no. 24/2017 on issuers of financial instruments and market operations.

The resolutions by the OGM of January 6, 2021, in full, are available for consultation on the Company's website, at www.sif1.ro, in the *Investor Relations* section.

During January 1 and June 30, 2021, the composition of the Board of Directors was the following: Mr. Bogdan Alexandru DRĂGOI – Chairman and CEO, Mr. Radu Răzvan STRĂUȚ - Vice Chairman, Mr. Sorin MARICA - Member, Mr. Marcel Heinz PFISTER – member and Mr. Ionel Marian CIUCIOI - member.

Advisory committees

In H12021, the Board of Directors was assisted in carrying out its responsibilities by the following advisory committees:

The Audit Committee, running in the following composition: Mr. Marcel PFISTER - Chairman of the Committee, Mr. Sorin MARICA – member, and Mr. Ionel Marian CIUCIOI - member.

The Nomination and Remuneration Committee, running in the following composition: Mr. Sorin MARICA - Chairman of the committee, Mr. Marcel PFISTER – member, and Mr. Ionel Marian CIUCIOI - member.

Information on the activity during H1 2021 of the Board of Directors and the committees operating within are presented in the Half-Yearly Report of SIF Banat-Crișana available on company's website, in *Investor Relations* section.

The executive management

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

Following the re-election by the OGM of January 6, 2021, of Mr. Bogdan-Alexandru Drăgoi and of Mr. Radu-Răzvan Străuț as administrators of SIF Banat-Crișana for a new term of office of four years, by ASF Authorization no. 79/April 26, 2021, the Financial Supervisory Authority authorized as directors of SIF Banat-Crișana, according to the Decision of the Board of Directors no. 6/April 25, 2021, Mr. Bogdan-Alexandru Drăgoi and Mr. Radu-Răzvan Străuț. The ASF Authorization entered into force on April 26, 2021, the date of its communication to SIF Banat-Crișana

During H1 2021 no changes occurred in the composition of executive team.

As of June 30, 2021, the composition of the executive team of SIF Banat-Crișana is the following: Mr. Bogdan-Alexandru Drăgoi – Chairman - CEO; Mr. Radu Răzvan Străuț – Vice-Chairman, Deputy General Director; Mrs. Teodora Sferdian - Deputy General Director, and Mr. Laurențiu Riviș - Director.

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 this context, SIF Banat-Crișana's policy on the management of significant risks provides the framework for identifying, assessing, monitoring, and controlling these risks, in order to maintain them at adequate levels based on the Company's risk appetite and its ability to cover, absorb or mitigate these risks.

Through the risk management system, SIF Banat-Crișana assigns a central role to the *risk management function, policies and procedures* related to significant and relevant risk management

for the investment strategy, *measures, processes, and techniques* related to the measurement and management of the risks the Company uses for the portfolio under its management.

The permanent risk management function has a key role in defining the risk policy, monitoring, and measuring risks, ensuring ongoing compliance of the level of risk with the Company's risk profile assumed by the Board of Directors. The person in charge of the administration has access to all relevant information and provides to senior management up-to-date information on the basis of which prompt remedial actions could be taken, if necessary. Mrs. Adina Eleonora Hodăjeu holds the position Responsible Person for risk management in SIF Banat-Crișana, authorized by ASF with Authorization no. 79/09.03.2018.

At Group level, the significant risk management policy includes all the elements necessary for the risk management operations associated with each investment position to identify, assess, manage and monitor them properly, including through the use of appropriate crisis simulation procedures.

SIF Banat-Crișana, a parent company at group level, constantly monitors the control of risks and how they can manifest or materialize in the value or volatility of the portfolio under management.

At consolidated entities level

SIF Banat-Crișana subsidiaries are exposed to a series of risks that are carefully monitored at the level of each company by complying with the policies and procedures approved by their boards of directors. Risk management policies and systems are periodically reviewed to reflect changes in the legislative environment, market conditions and activities carried out.

The risk management policies implemented aim at identifying and analysing the financial and operational risks faced by the company in question, as well as analysing and correcting the risk factors associated with the activity carried out. Companies use policies and procedures to identify, manage and assess the types of risk to which they are exposed and take measures to eliminate or reduce the adverse effects of these risks on the business.

SAI Muntenia Invest SA establishes and maintains, permanently and operatively, the risk management function. As a registered AIFM, procedures have been implemented to guide the risk management activity for SAI Muntenia Invest SA and the managed entities. Thus, the company has implemented a risk management system to identify, evaluate, manage, and monitor, accordingly, all relevant risks, in accordance with the provisions of art. 30-37 of the EU Regulation no. 231/2013.

There is increased attention at group level on strengthening internal control systems and adapting procedures to the ever-changing requirements of each entity.

Compliance check function

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

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

The activity of the Compliance Office was carried out during H1 2021 pursuant to the Plan for Investigation and control for the year 2021 approved by the Board of Directors of SIF Banat-Crișana, of the ASF regulations, the work procedures, and internal regulations. Based on the control activities, the Compliance Officer made recommendations for improving work procedures

and activities were made, as no breaches of the laws, regulations and internal procedures in force have been found.

Resolution of petitions. The shareholders might, in case they have any dissatisfaction with the activity of the company, provided based on the legislation in force or the information provided by the company following their requests, to address SIF Banat-Crișana through a petition. The method of solving the petitions submitted by the shareholders is the one established by the ASF Regulation no. 9/2015, and the procedure to be followed is published on company's website. In accordance with the provisions of the regulation, the unique register of petitions in secure electronic format was set up, in which the transmitted petitions, the problems addressed, and the way of solving are registered. The register of petitions is managed by the representative of the office. During H1 2021, there were no petitions received.

Mr Eugen Cristea holds the position of compliance officer, authorized by ASF Authorization no. 80/09.03.2018.

Internal Audit

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

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

The internal audits missions carried out in the first half of 2021 addressed (i) compliance with the provisions of the collective labour contract; human resources management and personnel remuneration; (ii) compliance with the working procedures, internal regulations and significant risk management policy of SIF Banat-Crișana; (iii) compliance with working procedures, internal regulations and legislation specific to the compliance office; (iv) observance of the procedure regarding the conflicts of interests, respectively of the conflicts of interests in which the members of the management of SIF Banat-Crișana and certain categories of employees are involved; (v) preparation of the annual report on the internal audit activity.

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

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

The activity of internal audit is outsourced to the firm New Audit SRL from Arad.

Observance of shareholders' rights

The shares issued by SIF Banat-Crișana are common, ordinary, nominative, of equal values, issued in dematerialized form and grant equal rights to their holders. The shares are indivisible, and the Company recognizes a single representative for the exercise of the rights resulting from a share. Each share entitles the holder to one vote.

SIF Banat-Crișana provides an equitable treatment for all shareholders, pursuant to the legal provisions and those of Company's Articles of Association, providing them with relevant and up-to-date information enabling them to exercise their rights of a fair manner. Shareholders should exercise their rights in good faith and with respect for the rights and interests of the Company and other shareholders.

Transparency in communication

SIF Banat-Crișana gives great importance to transparency in communication, convinced that public trust is essential for the proper functioning of the company. The company strives to ensure continuous reporting in an objective and comprehensive manner, covering all important aspects of the activity and the results achieved.

The Company's website is a useful platform for communicating with shareholders. In the section dedicated to *Investor Relations*, information of interest to shareholders is available and all communiqués and reports regarding the company's activity are published in Romanian and English.

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

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

Social responsibility, social matters, diversity

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

The SIF Banat-Crișana Group does not have a formalized integrated procedure on diversity policy.

However, at the group level there is a commitment to maintaining the highest ethical standards, promoting a culture of respect, collaboration, and performance where all employees can perform and develop on equal terms in terms of gender, ethnicity, age, etc. The individual needs and abilities of employees to transform them into added value for the organization at the level of human capital are promoted and encouraged.

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

Assessment of matters concerning the employees

The central social objective of the group consists in establishing a positive organizational culture, aiming at providing good working conditions for employees, pay and motivating motivation systems, correct systems and evaluation criteria, efficient information and control systems, full use and efficient of working hours, availability for change, commitment, good communication.

The evolution of the Group's number of employees is presented in the table below:

Company name	Average number of employees		
	2019	2020	June 2021
SIF Banat-Crișana	34	34	34
SAI Muntenia Invest	39	36	30
Administrare Imobiliare	9	5	6
TOTAL	82	75	70

Throughout H1 2021 there were no conflicting matters in the relations between management and employees, neither in SIF Banat-Crișana nor in the companies in the consolidation.

All companies in the consolidation have organizational and operational regulations approved by the Boards of Directors, describing how they are organized and regulating the operation of their compartments, setting competences for each compartment, their duties, and responsibilities.

Assessment of matters concerning the environment

The SIF Banat-Crișana Group does not have an *Integrated Environmental and Social Governance Policy* or *Procedure* but covers the relevant aspects in this area in various corporate documents applicable to each company, specific to their work.

Although the specific activity of SIF Banat-Crișana does not have a negative impact on the environment, the Company is concerned with the use of procedures for proper management of environmental problems in its workflows related to the daily work carried out, the efficient use of energy, and protecting the environment.

Both SIF Banat-Crișana and the companies in the group - SAI Muntenia Invest SA and Administration Imobiliare SA - do not need special environmental permits and do not carry out activities with an impact on the environment.

7. OTHER INFORMATION

Events after the reporting period

Authorization of the Company as Alternative Investment Fund addressed to Retail Investors

During H1 2021, the company completed the process of adapting the company's internal operating documents in accordance with the requirements of Law no. 243/2019 and ASF Regulation no. 7/2020 on alternative investment funds.

Based on the documentation submitted by the company, the Financial Supervisory Authority issued Authorization no. 130 / 01.07.2021 by which SIF Banat-Crișana is authorized as an Alternative Investment Fund addressed to Retail Investors (AIFRI) with Banca Comercială Română as depositary bank.

By the same authorization, the Financial Supervisory Authority (ASF) authorized the changes in Company's Articles of Association, in accordance with Resolution of the Extraordinary General Meeting of SIF Banat-Crișana Shareholders no. 3 of July 6, 2020, and no. 1 of November 2, 2020.

The documents regarding the company operating as AIFRI, containing the *Articles of Association*, *the Simplified Prospectus*, *the Rules of the Fund*, and *the Key Investor Information Document* were published on company's website, www.sif1.ro, in the Corporate Governance section.

Amendment to the disclosure document published by current report of August 17, 2020

On August 2, 2021, The Company informed the investors on the decision of the Board of Directors from July 30, 2021, to prolong the duration of the Share-based payment plan (Stock Option Plan) announced by the Current Report of August 17, 2020. At that date, SIF Banat-Crișana informed the shareholders on the approval of the "Share-based payment plan" ("Stock Option Plan"), by which 880,000 SIF1 shares were offered to members of Company's leadership, as per the Resolution no. 5 of the Extraordinary General Meeting of Shareholders of April 27, 2020.

The updated disclosure document is available for consultation on Company's website, at www.sif1.ro, in the *Investor Relations* section.

Convening the Ordinary and Extraordinary General Meeting of SIF Banat-Crișana Shareholders for October 11 (12), 2021

The Company informed the shareholders that in the meeting held on September 2, 2021, the Board of Directors convened the Ordinary General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders for October 11 (12), 2021. The Convening Notices are published on the website of the Company, in the *Investor Relations* section.

Approval of the Public Tender Offer Document for SIF1 shares

The company informed the shareholders and investors that, to implement the EGMS Resolutions no. 3 and 4 of April 27, 2020, and no. 3 of November 2, 2020, filed at the Financial Supervisory Authority the Public Offer Document for the purchase of own shares issued by SIF Banat-Crișana, together with the related documentation. SSIF SWISS CAPITAL S.A. was appointed as intermediary for the Public Tender Offer for shares issued by SIF Banat-Crișana. On September 22, by Decision no. 1166/22.09.2021, ASF approved the offer document for the buyback of 30,880,000 shares, for the price of RON 2.70 / share, during the period 29.09.2021-12.10.2021.

This report is accompanied by the following annex:

ANNEX 1 Condensed interim consolidated financial statements as of June 30, 2021, prepared pursuant to Rule no. 39/2015 for the approval of the Accounting Regulations compliant to the International Financial Reporting Standards, applicable to entities authorized, regulated, and supervised by the ASF – Financial Instruments and Investments Sector – **unaudited**

The version prepared in Romanian of the consolidated report of the Board of Directors (which is the official and binding version) was approved by the Board of Directors of SIF Banat-Crişana in the meeting held on September 29, 2021.

Radu-Răzvan STRĂUȚ

Vice-Chairman, Deputy General Director