

SOCIETATEA DE INVESTIȚII FINANCIARE MUNTENIA S.A.

HALF YEAR REPORT

30 June 2019



Report prepared according to Law no. 24/2017, F.S.A. Regulations no. 5/2018 and 15/2004,
BSE Code and FSA Rule no. 39/2015

GENERAL INFORMATION

Company Name	Societatea de Investiții Financiare Muntenia S.A.
Headquarters	16, Splaiul Unirii. Bucharest, district 4, cod 040035, Romania
Sole Registration Code	3168735
Trade Registry Registration Number	J40/27499/1992
LEI Code	2549007DHG4WLBMAAO98
F.S.A. Registry Number	PJR09SIIR/400005
Subscribed and paid up share capital	80,703,652 lei
Number of shares issued	807,036,515
Characteristics of the shares	Common, nominative, indivisible, dematerialized
Face value	0.1 lei
Regulated Market on which the securities issued are traded	Bucharest Stock Exchange, main segment, premium category, SIF4 symbol
Main object of activity	<ul style="list-style-type: none"> - making financial investments, in order to maximize the value of its own shares, according to the regulations in force; - managing the investment portfolio and exercising all the rights associated with the instruments in which it invests; - risk management CAEN 6499- Other financial service activities
Shareholding structure	100% private
Free capitalization	100%
Depository and custodian services	BRD Groupe Societe Generale
Shares and shareholders registry	Depozitarul Central S.A.
Financial auditor	KPMG Audit S.R.L.
Contact	16, Splaiul Unirii. Bucharest, district 4, cod 040035, Romania Tel: +4021-3873210; +4021- 3873208 Fax: +4021-3873265; +4021-3873209 www.sifmuntenia.ro e-mail: relatii@sifmuntenia.ro; sai@munteniainvest.ro

Pursuant to the Articles of Incorporation of SIF MUNTENIA SA, as approved by the General Shareholders Meeting of 1997 and approved by the NSC by Decision no. 1039/02.05.2006, the administration of SIF MUNTENIA was assigned to Societatea de Administrare a Investițiilor MUNTENIA INVEST SA.



Authorised by NSC Decision no. D6924/17.07.1997
 Reauthorised by NSC Decision no. 110/13.01.2004
 Registered in the NSC Registry under no. PJR05SAIR/400006/21.12.2017 following the registration as AIFM PJR07 1AFIAI/400005.
 Address: 16 Splaiul Unirii, Sector 4, Bucharest, Romania
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TABLE OF CONTENTS

1	GENERAL INFORMATION	4
2	THE ECONOMIC ENVIRONMENT IN THE FIRST HALF OF THE YEAR 2019, WITH INFLUENCE ON THE ACTIVITY OF SIF MUNTENIA	5
3	ACTIVITY ANALYSIS	8
3.1	SHARES SUB-PORTFOLIO	12
3.2	OTHER SUB-PORTFOLIOS	20
4	RISK MANAGEMENT.....	21
5	SHARES ISSUED BY SIF MUNTENIA	23
6	FINANCIAL ACCOUNTING STATEMENT	26
7	THE EXECUTION OF THE REVENUE AND EXPENDITURE BUDGET	31
8	SUBSEQUENT EVENTS.....	32

1 GENERAL INFORMATION

SIF Muntenia S.A. (the "Company") is a Romanian legal entity, constituted as a joint stock company with fully private capital. The operation of the company is regulated by the provisions of the ordinary Romanian laws and those of special character, applicable in the field of financial investment companies, as well as the provisions of its articles of incorporation.

SIF Muntenia is a collective investment body operating in Romania in accordance with the provisions of the Companies Law no. 31/1990, Law no. 297/2004 regarding the capital market, Law no. 74/2015 regarding the managers of alternative investment funds and Law no. 24/2017 regarding issuers of financial instruments and market operations. The Company is registered in the FSA Register of Financial Instruments and Investments in the Alternative/Closed Investment Companies section.

During the first semester of 2019 there were no reorganizations, mergers or divisions of the activity of SIF Muntenia S.A.

SIF Muntenia uses, in a professional way, financial instruments with significant effects on the valuation of assets, liabilities, financial position and profit or loss. The acquisitions and disposals of assets carried out by the Company, in the first half of 2019, refer to the transactions of sale and purchase of financial securities. Details on these transactions are presented below in this Report.

During the period ended June 30, 2019, the Company continues to meet the conditions to be an investment entity, as there have been no changes to the classification criteria as an investment entity.

In applying the investment policy of SIF Muntenia S.A., its administrator, S.A.I. Muntenia Invest S.A. does not perform securities financing transactions (SFTs) nor does it use total return swap instruments, as defined by the U.E Regulation. 2365/2015.

S.A.I. Muntenia Invest S.A., as administrator of SIF Muntenia, does not intend to offer other investment related activities, either directly or through a subsidiary, which would represent a separate economic activity or a separate source of income for the investment entity SIF Muntenia.

2 THE ECONOMIC ENVIRONMENT IN THE FIRST HALF OF THE YEAR 2019, WITH INFLUENCE ON THE ACTIVITY OF SIF MUNTENIA

INTERNAL ECONOMIC FRAMEWORK

The evolutions registered by the Romanian financial system in 2018 indicate the situation in the last part of the expansion phase of the financial cycle, which requires an increased monitoring of the activity of SIF Muntenia regarding systemic risks, under the existence of early warning elements regarding the evolution of the risk of bad reimbursement of credits contracted by the non-governmental sector, according to the data issued by the National Bank of Romania.

The latest systemic risk assessments for financial stability¹ in Romania do not indicate the presence of serious risks. However, overall, systemic risks increased in intensity compared to the evaluation at the end of 2018.

The risk regarding the tension of the macroeconomic balances continued to manifest, in the context of the deterioration of the current account balance and of the uncertainties regarding the conduct of the fiscal policy. *Demand surplus* reveals rising inflationary pressures, with effects on the external balance as well. The current account deficit increased, registering the highest value at European level, and its financing was realized only partially from non-debt flows. Although with a diminished contribution, *consumption* remained the main engine of economic growth. In contrast, investment activity has narrowed, while net exports have continued to erode *real GDP dynamics*. These elements determined the reclassification of the risk regarding the tension of the internal macroeconomic balances from the category of moderate systemic risks to that of high risks, with growth prospects in the next period.

In line with the slowdown of the growth rate of the economy, the potential GDP trajectory is projected at slightly decelerating values for the current and next year, due to the deterioration of the labor force contributions and the total productivity of the factors. According to the European Commission's Spring Forecast², from a regional perspective, the potential GDP growth in Romania is below the estimated rate for Poland and Hungary, but above that of the Czech Republic or Bulgaria. At the same time, the values remain above the EU average.

Analyzing the recent evolution of the dynamics of consumer prices, it was shown that the annual rate of inflation remained constant in May, at 4.10%, significantly above the target range proposed by the National Bank of Romania³. Thus, during the first two months of the second quarter, it continued to go in the opposite direction to the forecasts, slightly increasing compared to the 4.03% level, reached in March 2019. Based on the evolution of the economy up to date, it has been decided to maintain the monetary interest rate policy at the level of 2.50%, while maintaining strict control over the *liquidity of the money market* (according to data presented by the NBR, the annual CPI inflation rate will reach 4.2% at the end of 2019 and 3.3% at the end of 2020).

The *demographic* problem is a concern for Romania. The resident population maintained the downward trend (-0.6% in 2018, compared to 2017), amid the deepening of the negative natural increase and the amplification of the phenomenon of emigration, especially in the category of young people up to 35 years old. The high intensity of emigration among young people, together with the aging phenomenon of the population, can significantly influence future economic and social developments in Romania.

The profitability of the banking sector has strengthened its upward trajectory, against the backdrop of the favorable macroeconomic framework and the continued significant reduction in net spending with impairment adjustments. The ability of the Romanian banking sector to sustain the long-term profitability recently registered in the existing structure is limited. The challenges are also associated with fiscal measures for taxing assets, starting in 2019.

The new legislative provisions of GEO no. 19/2019 are likely to make the investment behavior of private sector agents unpredictable and, at the same time, to complicate, through certain punctual regulations, the monetary transmission, with implications on the general framework of monetary policy. Possible consequences could be, on the one hand, the decrease in the medium and long term of the potential GDP dynamics, by a contraction in the volume of investments carried out in the economy, and on the other hand, in the achievement of a less balanced dosage of the economic policies in Romania, necessary to mitigate the cyclical fluctuations of the economic activity.

¹ Report on financial stability, year IV (XIV), no.7 (17), June 2019, NBR

² European economic forecast, Spring 2019, European Commission

³ Monetary policy meeting of the BoD of National Bank of Romania, 4 July 2019

EXTERNAL ECONOMIC FRAMEWORK

The main risks to financial stability at international level, with negative implications on a sustainable economic growth in the medium term, are:

- debt sustainability in the public and private sectors,
- financial imbalances in China and potential contagion effects,
- volatile capital flows in emerging markets and
- possible price corrections in the residential real estate sector.

Internationally, economic and financial developments are characterized by a high degree of uncertainty, as vulnerabilities continue to accumulate, especially with regard to the indebtedness of the private and public sectors, and economic activity has become more temperate. There are prerequisites for these vulnerabilities to increase in the coming period in the context in which the tendency of normalization of financial conditions started by the main central banks globally over the past year has faded, amid the slowdown of economic growth.

The developments in the USA are of interest to Romania, as long as there is a connection between the economic cycles of the two states, and the dynamics on the US financial market are already manifesting on the Romanian one, including from the perspective of the yields of the state securities.

These elements highlight once again the need to maintain internal economic balances within adequate limits, but also to reduce the uncertainty associated with the implemented policies, in order to avoid deteriorating investor confidence in future economic developments.

In the euro area, the European Central Bank identifies as main risks for the following period:

- reassessment of the risk premium on international financial markets,
- challenges regarding debt sustainability,
- the risk regarding the banking intermediation capacity and
- increased risk taking in the non-banking financial sector.

The process of exit from the EU of Great Britain continues to be characterized by uncertainty, both in terms of when it will take place and how it will take place. In April this year, the European Council decided to grant the United Kingdom a flexible extension of the EU exit deadline, until 31st October 2019. The possibility of a Brexit without agreement remains a significant risk for trade relations between the EU and the UK, although both sides have taken steps to counter a potential adverse impact. The direct effects on Romania are not expected to be significant, from the perspective of the reduced commercial connections and the low presence in the local banking sector of the British credit institutions.

The deterioration of investor confidence in emerging economies, including from the perspective of uncertainties regarding the economic developments in the EU and the US, remains as one of the high systemic risks to the financial stability in Romania.

According to the above, there is the potential of experiencing indirect effects in Romania, due to the diminution of the prospects of economic growth in the Member States, respectively by the increase of the risk premiums, due to the propagation of the lack of confidence among the investors in the international markets.

CAPITAL MARKET

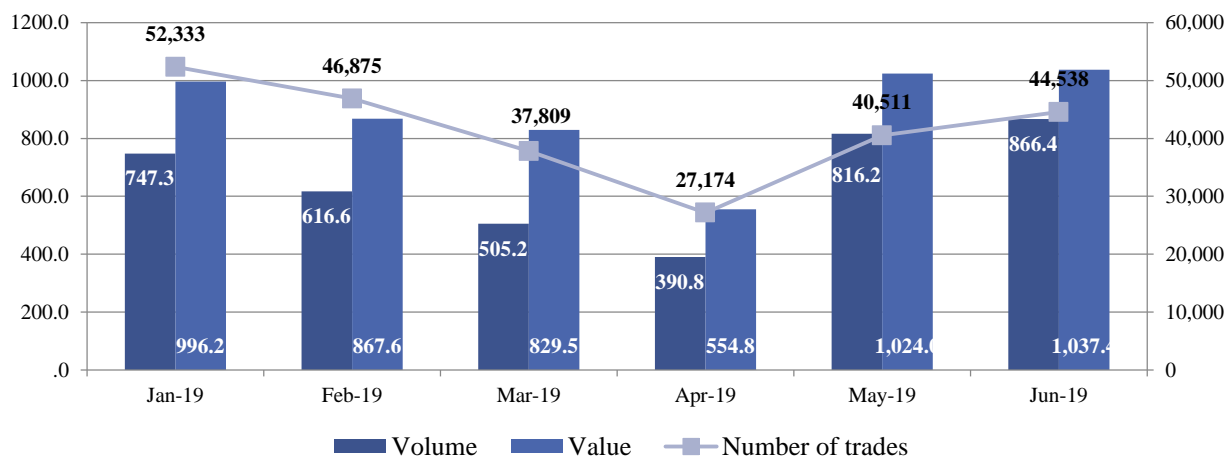
In the first semester of the current year, the capital market returned to the positive territory, the indices of the Bucharest Stock Exchange registering significant increases, mainly due to the additional clarifications regarding the new announced taxes and the Second Pillar of Pensions.

The Bucharest Stock Exchange reached historical highs for the BET - Total Return (BET-TR) index, after it exceeded the value of 14,000 points at the end of June 2019⁴. From the beginning of the year, the growth was almost 30%. BET-TR is the index that also includes the dividends offered by the companies from BET, the main index of the local capital market, which includes the 16 most traded companies, except for the SIFs. It has grown by almost 20% in the first six months. It is the second fastest growth rate in the main indices of the capital markets in the European Union. Moreover, all the indexes from the BSE had double-digit increases after the first 6 months.

After the first semester, the market value of the Romanian companies was 20.8 billion euros compared with 18.1 billion euros at the end of last year (15% increase). The market capitalization of all listed companies on the regulated market of the BSE exceeded 34.8 billion euros in the last trading session of June 2019, compared with 30.6 billion euros at the end of 2018, up 14%.

The graph below shows the evolution of the market (shares), on the main segment, in the first semester of 2019.

Chart no. 2.1. Evolution of shares trades in H1 2019 (in mill. - volume / value)



Source: Bucharest Stock Exchange

⁴ Monthly Report, June 2019, Bucharest Stock Exchange

3 ACTIVITY ANALYSIS

The strategic priorities for 2019 are:

- Continue the restructuring of the portfolio and its efficient management so as to ensure sustainable long-term growth.
- Continue the investment process, focusing on investments in Romania and listed shares.

The main milestones, from the financial point of view, of the evolutions of SIF Muntenia's asset/share, between June 2018 and June 2019, are presented below.

in lei	H1 2019	2018	H1 2018
Total certified asset	1,513,122,985	1,348,139,755	1,541,555,097
Net Asset Value (NAV)	1,435,495,600	1,257,619,659	1,428,147,579
Net asset value per share (NAV per SHARE)	1.7787	1.5583	1.7696

Table no. 3.1. Evolution of the certified asset

The asset certified by the Depositary, respectively BRD-Groupe-Societe Generale, is calculated according to the valuation rules⁵, approved by S.A.I. Muntenia Invest, based on the applicable legal regulations. SIF Muntenia reported a total asset value (TA) increasing by 12.2% at the end of the first half of 2019 compared to 2018 and a decrease of 1.8% compared to the same period of the previous year. NAV and NAV per SHARE registered an increase of 14.1% at the end of June 2019 compared to the end of 2018 (an increase of 0.5% compared to the similar period of 2018).

in lei	H1 2019	2018	H1 2018
Closing price end of period	0.630	0.598	0.766
Market capitalization (mill. lei)	508.43	482.61	618.19
Net asset discount	64.6%	61.6%	56.7%

Table no. 3.2. Evolution of SIF4 share

The closing price of SIF Muntenia shares increased by 5.4% in the first semester of 2019 compared to the end of 2018 and registered a decrease of 17.8% compared to the same period of the previous year. The liquidity of transactions with SIF4 shares remained low - the total trading value of SIF Muntenia shares in the first half of 2019 was 9.7 million lei, traded shares representing 1.96% of the number of shares issued (REGS market).

in lei	H1 2019	2018	H1 2018
Total asset	1,521,865,607	1,345,677,683	1,353,871,986
Total liabilities	77,627,386	90,524,072	113,407,518
Equity	1,444,238,221	1,255,153,611	1,240,464,468
Gross Profit	63,736,199	27,149,402	39,218,025

Table no. 3.3. Financial result

The total asset calculated according to the accounting regulations registered an increase of 13.1% compared to the one registered at the end of 2018, while the total liabilities decreased by 14.2% (mainly due to the dividends to be paid). Shareholders' equity registered on 30.06.2019 vs. 31.12.2018 an increase with 15.1%, details being found in the Notes to the Interim Financial Statements on 30.06.2019.

⁵ <http://www.sifmuntenia.ro/en/investments/net-asset-value/rules-applied-nav-calculation/>

ASSET ALLOCATION

The allocation of SIF Muntenia's assets was closer to a **strategic allocation**, which follows a long-term target portfolio structure - within certain limits, which are defined annually by the administration programs and approved by the shareholders.

The financial instruments in which the company invested belonged to the investments allowed by the legislation in force, incident to the Romanian capital market. The portfolio of SIF Muntenia was within the applicable legal limits and the indicative limits, defined by SIF Muntenia's diversified balanced target portfolio, approved by the SIF Muntenia Administration Program for 2019.

Chart no. 3.1. Target portfolio, for 2019, according to the Management Program

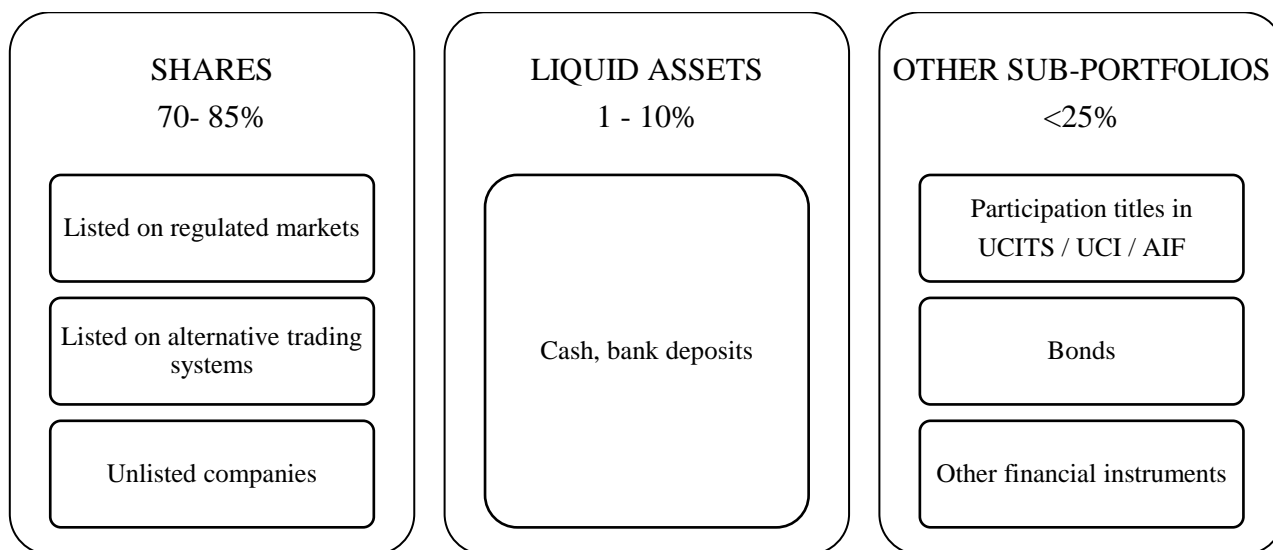
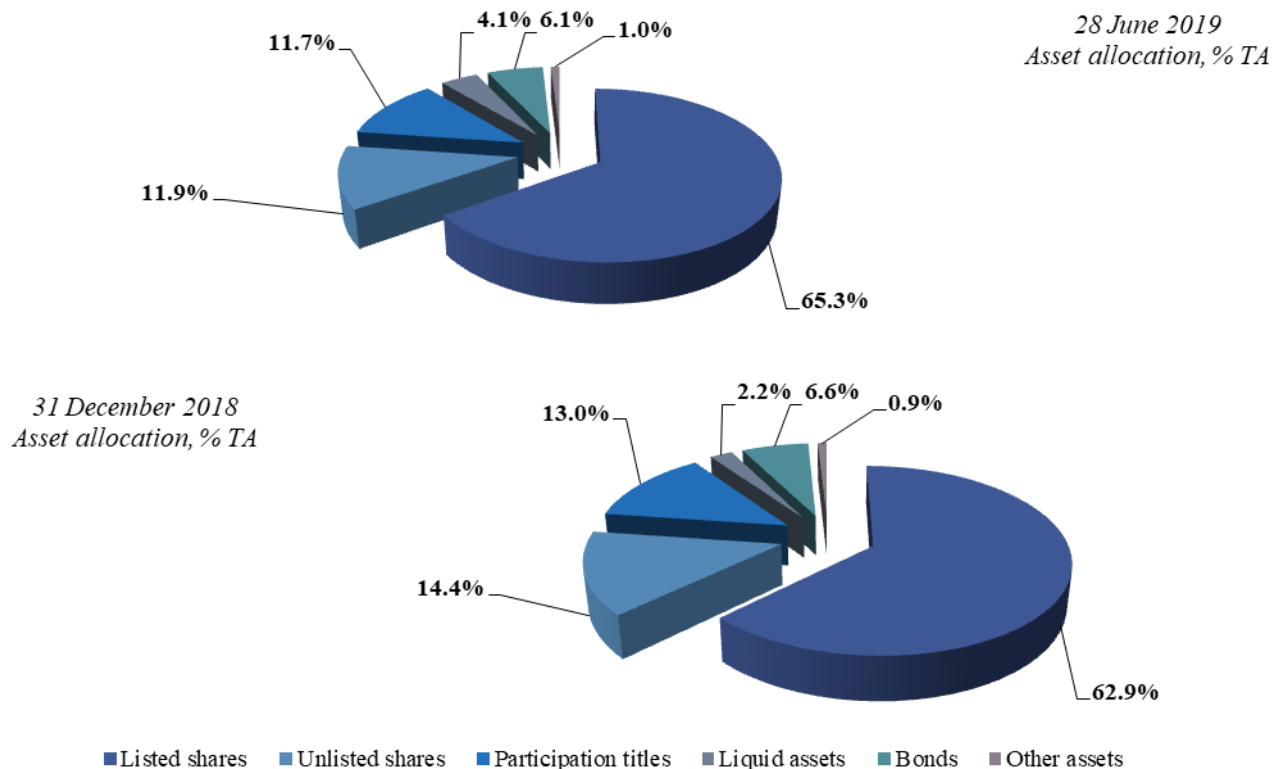


Chart no. 3.2. Assets allocation in SIF Muntenia portfolio, 28 June 2019 compared to 31 December 2018.



The main sub-portfolios⁶ that form SIF Muntenia's portfolio are presented below, in value and as a percentage of the total asset.

in LEI / %	H1 2019		2018		H1 2018	
Listed shares	987,772,209	65.3%	847,312,992	62.9%	1,056,681,943	68.5%
Unlisted shares	180,516,095	11.9%	193,558,597	14.4%	181,522,321	11.8%
Listed bonds	84,355,733	5.6%	82,557,980	6.1%	83,205,662	5.4%
Unlisted bonds	7,798,862	0.5%	6,693,865	0.5%	1,194,046	0.1%
Cash available	1,453,721	0.1%	733,446	0.1%	975,272	0.1%
Bank deposits	60,279,825	4.0%	29,369,735	2.2%	23,649,810	1.5%
Participation titles	176,430,189	11.7%	175,856,515	13.0%	172,797,697	11.2%
Other assets	14,516,351	1.0%	12,056,625	0.8%	21,528,346	1.4%
TOTAL ASSET	1,513,122,985	100%	1,348,139,755	100%	1,541,555,097	100%

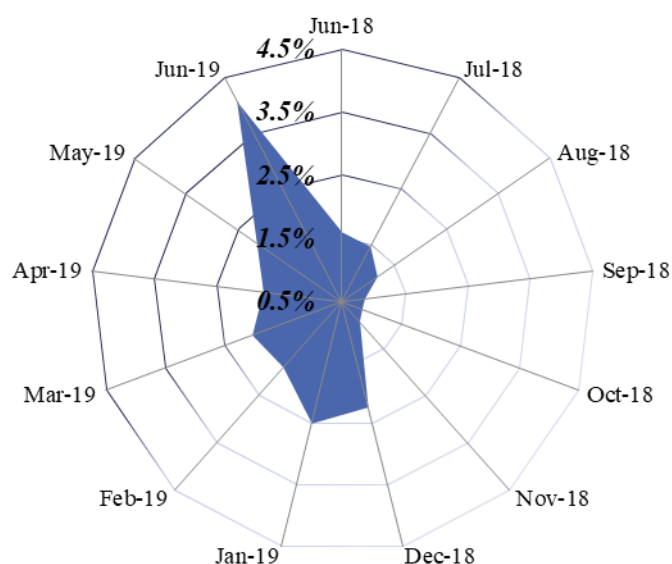
Table no. 3.4. *SIF Muntenia portfolio (value/percentage comparison)*

The main evolution that was manifested in the structure of the portfolio in the first half of 2019 was the continuation of the investment process, especially in the shares sub-portfolio (the purchase of listed shares amounted to 21.46 million lei, and the sales of shares to 6.33 million lei). In addition, dividends were received in the amount of 41.97 million lei from the companies in the portfolio.

Participation titles in UCITS / UCI / AIF sub-portfolio has undergone modifications, participation titles amounting to 11.86 million lei being repurchased.

The *liquidity degree* of the portfolio, defined as the ratio between liquidity plus bank deposits and total assets, was within the limits required by prudent liquidity risk management.

Chart no. 3.3. *The liquidity degree of the portfolio*



⁶ Detailed statement of SIF Muntenia investments on 28 June 2019, prepared in accordance with Annex 17 of Regulation no. 15/2004, is annexed to this report

Geographic exposures in which investments are concentrated

In the first half of 2019, SIF Muntenia investments were made only in financial instruments issued and traded in Romania. On 30 June 2019, the exposure on financial instruments whose issuers do not have fiscal residence in Romania was 7.62% of the net assets⁷ calculated according to the FSA provisions (30.06.2018: 5.54%).

TOTAL ASSET AND NET ASSET

The monthly values of the net assets were published, for the information of the shareholders, on the website www.sifmuntenia.ro and reported according to the legal provisions to the FSA - The Financial Instruments and Services Sector and the Bucharest Stock Exchange (B.S.E.), no later than 15 calendar days from the end of the reporting month.

The values of total assets, net assets and liabilities for the period 1 January 2019 – 30 June 2019 were calculated in accordance with Regulation no. 9/2014 issued by the FSA, using accounting elements related to accounting reports in accordance with FSA Norme 39/2015.

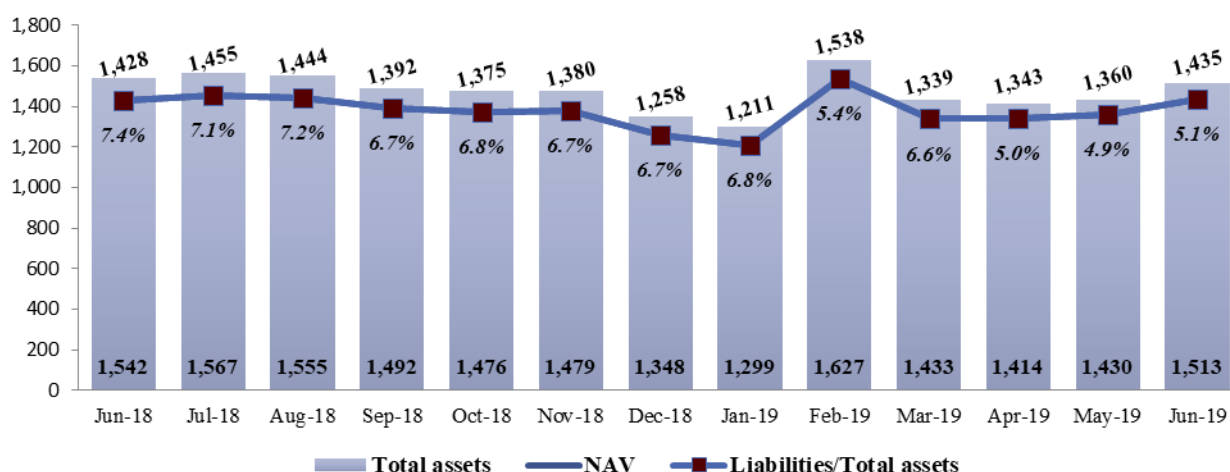
SIF Muntenia' total asset, net asset and liabilities (lei and equivalent in euros at the ECB exchange rate) and the changes in value and percentage in the first half of 2019 and in the last year (in million lei), are presented below.

in lei	H1 2019	2018	H1 2018
Total certified asset	1,513,122,985	1,348,139,755	1,541,555,097
Total liabilities	77,627,386	90,520,096	113,407,518
Net asset	1,435,495,600	1,257,619,659	1,428,147,579
Net Asset Value per Share	1.7787	1.5583	1.7696
<i>ECB exchange rate</i>	<i>4.7343</i>	<i>4.6635</i>	<i>4.6631</i>
Total certified asset in euro	319,608,598	289,083,254	330,585,897
Net asset in euro	303,211,795	269,672,919	306,265,699

Table no. 3.5. Total asset and net asset (value comparison)

The graph below shows the evolution of the total asset and the net asset during the period June 2018 - June 2019, elements that evolve positively, after the December 2018 episode.

Chart no. 3.4. Total asset evolution, NAV and total liabilities / total asset (%) between June 2018 - June 2019 (million lei)



⁷ According to art. 3 para. (3) lett. (d) and article 24 Of Directive 2011/61/EU.

3.1 SHARES SUB-PORTFOLIO

Investments in shares, especially those listed on organized markets and alternative trading systems, remained the most important, both in terms of value and income in SIF Muntenia's portfolio.

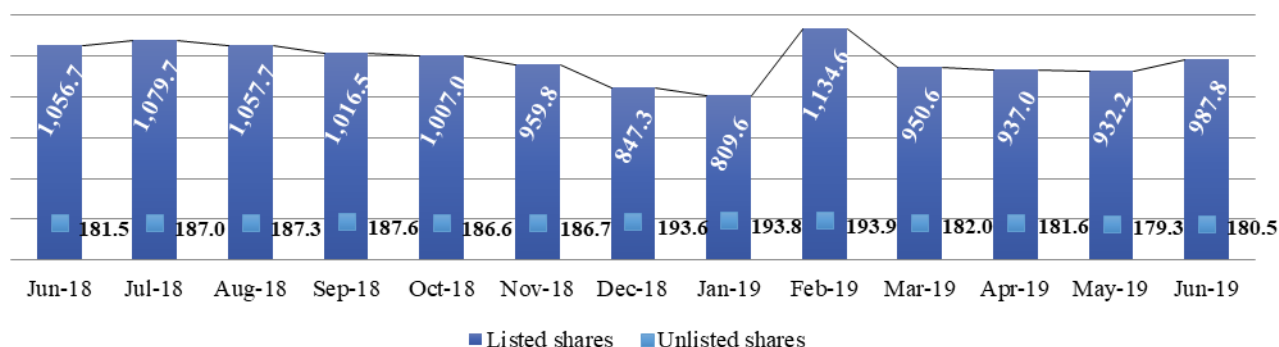
The administration of this sub-portfolio has pursued the objectives presented in the Administration Program approved for 2019.

The contribution of the shares sub-portfolio in total asset increased over the last year, with an increase in listed shares and a decrease in the contribution and net asset value of unlisted shares, as shown in the graph below.

in lei	H1 2019	2018	H1 2018
Listed shares, of which:	987,772,209	847,312,992	1,056,681,943
- listed on the BSE	744,861,081	647,312,412	686,627,925
- listed on ATS	95,106,533	105,950,884	218,186,303
Unlisted shares	180,516,095	193,558,597	181,522,321
TOTAL	1,168,288,304	1,040,871,589	1,238,204,264

Table no. 3.6. Evolution of shares sub-portfolio value on its main components

Chart no. 3.5. Evolution of listed and unlisted shares⁸ (monthly series)



TRANSACTIONS AND OTHER EVENTS IN THE SHARES SUB- PORTFOLIO

In the first half of 2019, the following operations were recorded regarding the sub-portfolio shares:

- shares listed on organized markets were purchased for 21.46 million lei (mainly, BRD - Groupe Societe Generale S.A., Banca Transilvania S.A.);
- listed shares were sold for 6.33 million lei (mainly, S.N. Nuclearelectrica S.A. and Banca Transilvania S.A.);
- the stakes held in Minerva S.A. (5.84 million lei), Galeriile Victoria S.A. Bucharest (0.63 million lei) and Chimopar S.A. Bucharest (1.65 mil. Lei) were sold in full;
- the companies Foraj Sonde București Internațional S.A. and Transchim S.A. Bucharest were de-registered.

⁸According to art. 192¹ of Regulation no. 2/2018 for the modification and completion of some normative acts, the evaluation of the unlisted shares in which SIF Muntenia holds over 33% of the share capital is made, exclusively, according to the Evaluation Standards, based on an evaluation report

Dividends

In the first half of 2019, dividends were received in the amount of 41.97 million lei.

The gross income from dividends in the first half of 2019 was 46.42 million lei.

According to the Valuation Rules used to evaluate the financial securities in SIF Muntenia's portfolio, the dividends are recorded in the assets of the entities managed on the first day when the investors who buy the shares no longer benefit from the dividend or on the first day when the investors who buy the shares can no longer participate in capital increase.

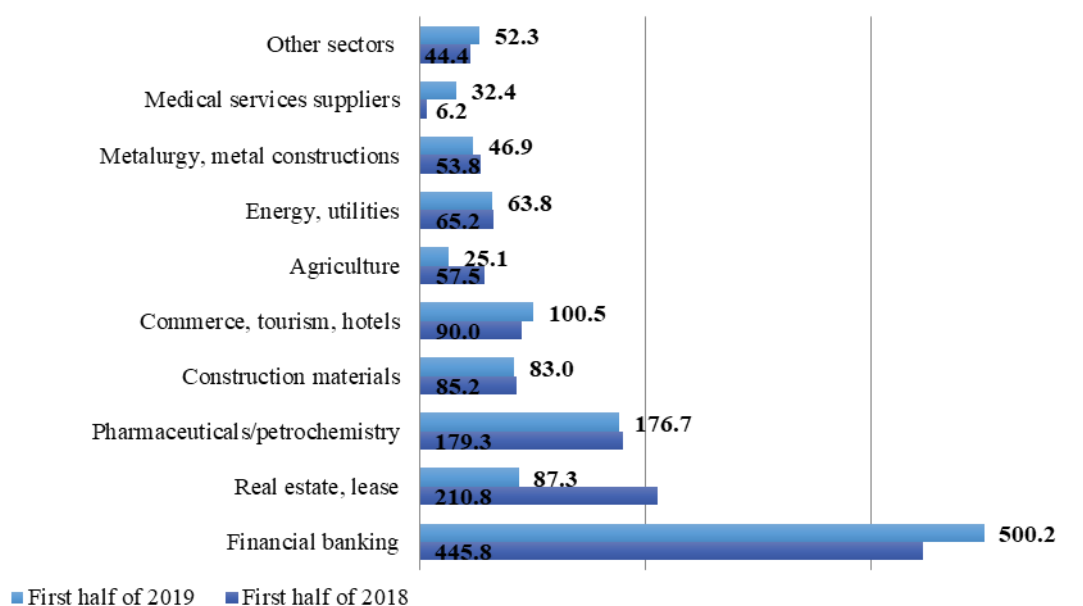
In accordance with these valuation rules, the dividend income for a series of investments at which the ex-dividend date is after 30 June 2019, will be recognized during the second half of 2018.

The payment of dividends, in compliance with the legal provisions, is and will be made by the Depozitarul Central, and the payment agent designated by SIF Muntenia S.A. is Banca Comercială Română S.A. In the first half of 2019, dividends (including the related dividend tax) were paid to the shareholders of SIF Muntenia in the amount of lei 1.11 million, dividends for the years 2015, 2016 and 2017.

STRUCTURE BY ACTIVITY SECTORS

The shares in companies with activity in the financial-banking sector continued to hold the largest share in the total assets of SIF Muntenia.

Chart no. 3.6. *The main sectors of activity in which SIF Muntenia has participations in shares (Jun.2019 compared to Jun.2018, asset values, million Lei)*



The decrease in value of the *Real estate sector, lease* is mainly due to the exit from the companies Metav S.A. and Minerva S.A.

TOP 10 PARTICIPATIONS FROM SIF MUNTENIA PORTFOLIO

The first 10 participations, with a total value of 831,78 million lei, represent a weight of 54.97% in the total asset of SIF Muntenia, on 30 June 2019.

	I	II	III	IV	V
1.	Banca Transilvania S.A.	Financial - banking	303.13	20.03	2.63
2.	Biofarm S.A.	Pharmaceuticals	172.32	11.39	50.98
3.	BRD – Groupe Societe Generale	Financial - banking	72.57	4.80	0.82
4.	SIF Banat-Crișana	Other monetary intermediation activities	57.16	3.78	4.98
5.	CI-CO S.A.	Real estate, lease	44.39	2.93	97.34
6.	FIROS S.A.	Construction materials industry	43.69	2.89	99.69
7.	S.N.G.N. Romgaz-S.A. Mediaș	Energy - utilities	39.56	2.61	0.32
8.	SIF Oltenia	Other monetary intermediation activities	36.02	2.38	3.00
9.	Muntenia Medical Competences S.A.	Medical services	32.42	2.14	99.76
10.	Romaero S.A. București	Manufacture of aircraft and spacecraft	30.52	2.02	23.24
	TOTAL		831.78	54.97	

Table no. 3.7. *Top 10 participations in shares as at 30.06.2019*

Legend

I- Name

II- Field of activity

III- Participation value, in lei million, calculated according to the F.S.A. regulations

IV- % in the total asset of SIF4

V- % of the share capital of the company owned by SIF4

1. Banca Transilvania (individual statements)

in lei (mill. lei)	2018	2017	2016
Operating income	1,801	1,378	999
Total assets	74,119	59,302	51,770
Net profit of the period	1,219	1,186	1,228

Table no. 3.8 *Banca Transilvania S.A. financial results (value comparison)*

The net profit of Banca Transilvania S.A. at the end of 2018 reached 1,219 million lei, up 2.78% compared to the same period last year. Amid the background of operating revenues increasing by 34.35% and higher operating expenses by 38.16%, the operating profit from 2018 reached 1,801 million lei, increasing by 30.81% from that obtained in the similar period of the previous year (1,378 million lei).

The total value of Banca Transilvania's assets increased by 24.99% in 2018 compared to the value of the assets at the end of 2017, thus reaching 74,119 million lei. The Bank's total liabilities amounted to 66,708 million lei as of 31 December 2018, with 27.47% above the level at the end of the previous year.

The non-performing exposures rate is 4.97% at 31 December 2018. The Bank's solvency, without the profit of 2018, is 18.59.

Emergency Ordinance no. 19/2019 was published in the Monitorul Oficial no. 245 of 29 March 2019, the date on which the emergency ordinance entered into force. The way of applying and calculating the tax has been significantly changed compared to the original provision. Banca Transilvania has estimated a tax on assets of 136 million lei for the financial year 2019.

SIF Muntenia S.A. received from Banca Transilvania a net dividend of 20.6 million lei in the first half of 2019 (2018: 14.46 million lei).

2. Biofarm S.A. București

in lei (mill. lei)	2018	2017	2016
Sales income	184.24	170.23	152.12
Total asstes	285.46	262.38	239.26
Net profit of the period	38.42	36.02	29.48

Table no. 3.9 *Biofarm S.A. financial results* (value comparison)

The turnover of the company from the sale of finished products and goods, in value of 184.24 million lei, increased compared to the one realized in 2017 by 8.23% and is composed mainly of revenues from sales of finished products on the domestic market. The operating result shows an increase of approx. 1.54% compared to the budget for 2018 and is 9.26% higher than the one recorded in 2017.

The net profit realized in 2018 is influenced by the increase of the tax on profit by 31.55% compared to the year 2017; thus, the profit realized by the company in the year 2018, in the amount of 38.42 million lei, registers an increase of approx. 6.65% compared to 2017.

According to the investment plan for 2019, approved in the OGMS of 23.04.2019, Biofarm intends to finalize the investments started in 2018 in Gura Badicului factory, both for the works related to the building, but also for equipment and installations. Thus, for the year 2019 the company has provided in the investment program a total amount of 36,991,243 lei, of which the amount of 27,222,754 lei is taken from the BRE approved for 2018.

The gross dividend approved in the OGMS of 23.04.2019 is 0.01 lei / share. SIF Muntenia will receive from Biofarm, according to the number of shares on 30.06.2019, dividends amounting to 5.02 million lei in the second half of 2019 (2018: 9.545 million lei).

3. BRD – Groupe Societe Generale

in lei (mill. lei)	2018	2017	2016
Net operating profit	1,581	1,254	1,324
Total assets	54,089	53,491	50,658
Net profit of the period	1,546	1,380	728

Table no. 3.10 *BRD – Groupe Societe Generale financial results* (value comparison)

In 2018, the net profit of the Bank increased by 12% compared to 2017, reaching 1,546 million lei, due to the continuous commercial development, the improvement of the operational performance and the net cost of the positive risk.

The Bank's total assets increased by 1.12% in 2018, reaching 54,089 million lei. The Bank's equity increased by 4.25% in December 2018 compared to the same period of last year, mainly due to the growth of other elements of the global result. The bank's total liabilities increased by 0.64% in 2018 compared to their value at the end of 2017. The net operating profit increased by 26.07%, reaching RON 1,581.28 million in 2018 compared to the same period of last year.

The cost / income indicator was further improved, reaching 47.8% (-5.1%), compared with 52.9% in 2017. The coverage rate for non-performing loans remained at an adequate level, at 74.2 % at the end of December 2018, unchanged compared to the end of 2017. The solvency rate was 19.6% at the end of December 2018.

Emergency Ordinance no. 19/2019 was published in the Monitorul Oficial no. 245 of 29 March 2019, the date on which the emergency ordinance entered into force. The way of applying and calculating the tax has been significantly changed compared to the original provision. BRD has estimated a tax on financial assets for fiscal year 2019 of 79 million lei (67 million lei, net of the income tax).

SIF Muntenia S.A. received from BRD Groupe Societe Generale a net dividend of 8.543 million lei as of 31 May 2019, the date of payment (2018: 5.651 million lei).

4. SIF Banat Crișana

in lei (mill. lei)	2018	2017	2016
Income	114.88	84.93	107.16
Total assets	2,452.94	2,488.15	2,110.19
Net profit of the period	77.19	69.55	81.36

Table no. 3.11 *SIF Banat-Crișana S.A. financial result* (value comparison)

The total revenues registered as of 31.12.2018 are up 29.2% compared to the similar period of 2017, while the value of the net profit realized on 31.12.2018 is increasing by 11% compared to the value recorded at the end of 2017 .

The value of the total assets held on 31.12.2018 was 2,452.94 million lei, decreasing by 1.41% compared to the end of 2017.

The share capital of the company was reduced, according to the decision of the General Shareholders' Meeting of 26 April 2018, from 52,000,000 lei to 51,746,072.4 lei, by canceling a number of 2,539,276 own shares acquired by the company in the redemption programs carried out.

5. CI-CO S.A. București

in lei (mill. lei)	2018	2017	2016
Operating income	10.52	10.62	9.90
Operating profit	2.28	2.49	10.25
Net profit of the period	1.85	2.14	10.38

Table no. 3.12 *CI-CO S.A. București financial results* (value comparison)

In the financial year of 2018, the company registered a turnover of 10.22 million lei, increasing by 5% compared to 2017 and by 2% compared to the approved revenue and expenditure budget for 2018.

The revenues from the rent of the spaces in the amount of 7.60 million lei represent about 74% of the turnover and increased by 7% compared to the previous year (2017: 7.12 million lei), as a result of the renegotiation of the contracts with the tenants.

The result of the activity of CI-CO S.A. in 2018 was a net profit of 1.85 million lei, 14% lower than the profit of 2017, being mainly influenced by the increase of the expenses with the depreciation of the tangible assets, the recording of some expenses related to the financial investments and a tax on profit increased by 0.11 million lei from the budget.

On 04.06.2019, SIF Muntenia received the amount of 1.68 million lei as net dividend from the profit of 2018 (2017: 2.09 million lei).

6. Firos S.A. București

in lei (mill. lei)	2018	2017	2016
Operating income	66.12	54.33	44.67
Operating profit	3.43	3.18	1.99
Total assets	64.28	64.85	54.02
Net profit of the period	3.22	2.74	1.64

Table no. 3.13 *Firos S.A. București financial results* (value comparison)

In 2018, the turnover increased by 21.06% compared to the one of 2017, an increase due, in large part, to the increase in revenues from the trading activity with various construction materials, complementary to the products made by the company.

The net profit realized at the end of 2018 is 17.54% higher than the one achieved in 2017 and 58.73% higher than the budgeted profit for 2018.

SIF Muntenia will receive from Firos a net dividend of 1.4 million lei on 25.10.2019, the date of payment (2018: 1.4 million lei).

7. SNGN Romgaz S.A. Mediaș (consolidated statements)

in lei (mill. lei)	2018	2017
Turnover	5.004,20	4.585,19
Total assets	9,134.90	10,918.59
Net profit of the period	1.366,17	1.803,63

Table no. 3.14 SNGN Romgaz S.A. Mediaș financial results (value comparison)

In 2018, natural gas production was 3.4% higher than in the previous year, respectively 5,333 million cubic meters. According to the annual report of the company, Romgaz had a market share of 50.67% of deliveries in gas consumption from domestic production and a share of 45.98% of deliveries in total Romanian consumption.

Revenues from natural gas production and delivery increased by 20.27%, an increase that offset the decrease in revenues from the sale of electricity (-28.75%) and the decrease in revenues from storage services (-37.28%), amid the reduction with 26% of the storage tariffs approved by ANRE, starting with 1 April 2018. The most important increases in expenses were recorded by the cost of goods sold (301.05%, due to the increase in the cost of gas) and amortization and depreciation (28.18% , against the background of the depreciation adjustments of the exploited gas fields and for the assets related to the current power station at Iernut).

Thus, the net consolidated profit registered was of 1.37 billion lei, compared to the net profit registered in 2017, of 1.8 billion lei.

The value of the investments made was 1,188.50 million lei (of which 569 million lei in the new Iernut power station), compared to 781.8 million lei in the previous year.

On 24.06.2019, SIF Muntenia received net dividends amounting to 4.87 million lei. (2018: 7.49 million lei).

8. SIF Oltenia

in lei (mill. lei)	2018	2017	2016
Income	117.60	103.09	142.11
Total assets	1,982.61	1,816.44	1,632.41
Net profit of the period	96.26	74.30	101.27

Table no. 3.15 SIF Oltenia financial results (value comparison)

The total revenues registered on 31.12.2018 are increasing by about 14% compared to those registered in 2017. The value of the net profit realized on 31.12.2018 is increasing by 29.6% compared to its value at the end of 2017.

The value of the total assets held as of 31.12.2018 was 1,982.61 million lei, increasing by 9.14% compared to the end of 2017.

In the first semester of 2019, SIF Muntenia received net dividends in the amount of 2.48 million lei. (2018: 1.16 million lei).

9. Muntenia Medical Competences S.A.

in lei (mill. lei)	2018	2017	2016
Operating income	18.12	16.14	13.82
Total assets	27.20	26.13	25.01
Net profit of the period	0.79	0.79	(12.69)

Table no. 3.16 Muntenia Medical Competences S.A. financial results (value comparison)

Compared to 2017, the turnover registered by the company increased by 12.25%, mainly due to the increase of the revenues from the specialized ambulatory services (20.3%), laboratory (+ 21.5%), imaging (20,4%) and continuous hospitalization (30.9%), while incomes from day hospitalization and those from medical recovery decreased.

The highest share in the expenses registered by the company is the expenses with the personnel, which marked an increase of 17.32% compared to the year 2017, against the background of the increase of the salaries in the state medical system. Thus, the net profit obtained by the company in 2018 was 787,421 lei, similar to the one registered in the previous year, of 787,142 lei.

10. Romaero S.A. București

in lei (mill. lei)	2018	2017	2016
Operating income	112.96	60.83	55.22
Operating result	(26.14)	(40.38)	(50.98)
Total assets	888.31	786.42	804.82
Net result of the period	(35.31)	(39.39)	(60.28)

Table no. 3.17 *Romaero S.A. București financial results* (value comparison)

The operating loss recorded in 2018 is 35.28% lower than the one recorded in 2017, but is higher by approx. 1% than the value provided in the BRE for 2018 (25,876 million lei). If we adjust the operating loss with the depreciation expenses, the value adjustments on the current assets and the expenses with the fiscal accessories, including the provisions related to the fiscal accessories, we obtain a positive value of the EBITDA indicator, of approx. 9.2 million lei, compared with the negative values of this indicator from previous years.

The gross loss recorded on 31.12.2018 is about 36% higher than the value foreseen in the BRE for 2018 (25.9 million lei), this being mainly caused by the financial loss of 9.17 million lei.

The Board of Directors of Romaero S.A. convened the EGMS for 08/09.07.2019 having on the agenda the approval to start the procedure for offsetting certain payment obligations to the general consolidated budget, by passing to the private property of the state the real estate properties (land and related constructions), located in Romaero SA patrimony.

CONTROLLED COMPANIES / SUBSIDIARIES

Considering the definitions presented in Law no. 24/2017, regarding the issuers of financial instruments and market operations, regarding the notions of "group", "parent company" and "subsidiaries", we inform that the company holds, on 30.06.2019, shares representing 50% and over 50% of the share capital of some issuers, to a number of 14 companies, all of which are operational.

During the first semester of 2019, the administrator of SIF Muntenia S.A. undertook the necessary diligence on the conditions necessary to be fulfilled in order for SIF Muntenia to maintain its status as an investment entity. As a conclusion of this process, SIF Muntenia fulfills these conditions and, consequently, it is not necessary to draw up consolidated financial statements.

Subsidiaries are analytically monitored, constantly aiming to increase their fair value by taking immediate measures, especially in the case of non-compliance with the indicators from the revenue and expenditure budgets approved by the SGM. Their growth is constantly being pursued, both in terms of the result and of the position in the market in which they operate, so that the fair value does not have negative influences on the annual result recorded by SIF Muntenia.

All the subsidiaries are based in Romania. For them, SIF Muntenia's holding percentage in the capital of the company is not different from the percentage of the number of votes held.

At 30.06.2019 the net asset value of these companies, according to the provisions of the FSA, was 430.29 million lei (30.06.2018: 499.13 million lei), and the percentage of the total assets of SIF Muntenia was 28.44% (30.06.2018: 32.28%).

Of the 14 branches:

- Two subsidiaries are listed on the Bucharest Stock Exchange: Biofarm S.A. (BIO), Casa Bucovina Club de Munte S.A. (BCM);
- Five subsidiaries do not have shares listed on an organized capital market or an alternative trading system (Firos S.A., Fondul Român de Garantare a Creditelor pentru Întreprinzătorii Privati - IFN S.A., Gecsatherm S.A., Muntenia Medical Competences S.A., Voluthema Property Developer S.A.);
- Seven subsidiaries are listed on AERO, the alternative trading system of the BSE: Avicola București S.A. (AVBW), Bucur S.A. (BUCV), CI-CO S.A. (CICO), Mindo S.A. (MINO), Germina Agribusiness S.A. (SEOM), Semrom Oltenia S.A. (SEOL), Unisem S.A. (UNISEM)

	I	II	III	IV	V
1.	Biofarm S.A. București	172.32	11.39	Manufacture of pharmaceutical preparations	50.98
2.	CI-CO S.A. București	44.39	2.93	Renting and operating of own or leased real estate	97.34
3.	Firos S.A. București	43.69	2.89	Production of mortars	99.69
4.	Muntenia Medical Competences S.A.	32.42	2.14	Specialized healthcare activities	99.76
5.	Avicola S.A. București*	25.10	1.66	Poultry	99.40
6.	Unisem S.A. București	21.20	1.40	Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	76.91
7.	Bucur S.A. București	17.55	1.16	Other retail sale in non-specialised stores	67.98
8.	Semrom Oltenia S.A. Craiova	14.68	0.97	Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	88.49
9.	Voluthema Property Developer S.A.	14.38	0.95	Renting and operating of own or leased real estate	69.11
10.	Gecsatherm S.A.	11.93	0.79	Manufacture of fiber glass	50.00
11.	Germina Agribusiness S.A.**	10.54	0.70	Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	90.68
12.	Fondul roman de garantare a creditelor pentru întreprinzătorii privați - IFN S.A.	9.45	0.62	Other lending activities	53.60
13.	Casa de Bucovina-Club de Munte S.A.	8.09	0.53	Hotels and similar accommodation	67.17
14.	Mindo S.A. Dorohoi	4.56	0.30	Production of mortars	98.02
	TOTAL	430.29	28.44		

Table no. 3.18. List of subsidiaries and their net certified asset value as at 30.06.2019

* Avicola S.A. Bucharest is in the process of delisting from the BSE market - the ATS segment, according to the decisions of the EGMS of 3 April 2019

** Semrom Muntenia S.A. has changed its name to Germina Agribusiness S.A., according to the decision of the EGMS of Semrom Muntenia no. 51 / 24.4.2019.

Legend

I - Name

II - Value of participation, in lei million, calculated according to the F.S.A. regulations

III - % in TA of SIF

IV - Domain of activity

V - % of the share capital of the company owned by SIF4

TRANSACTIONS WITH AFFILIATED PARTIES

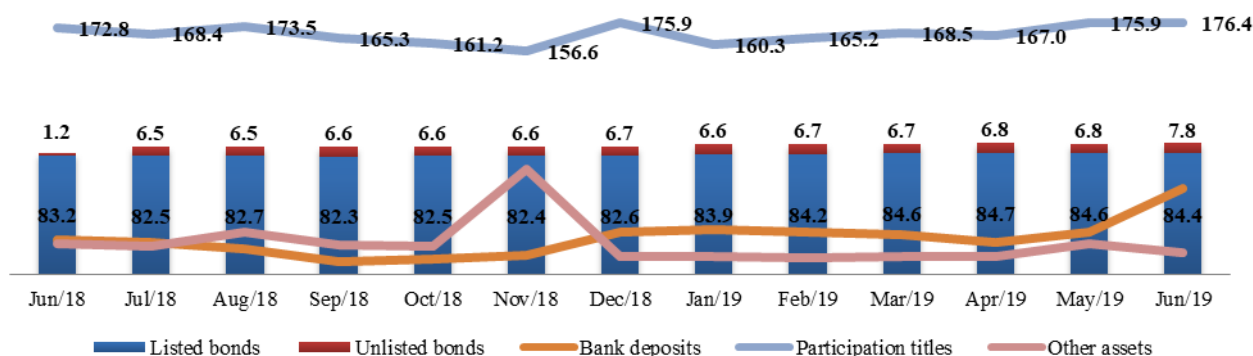
As of 1 January 2019, in accordance with IFRS 16 “Leasing contracts”, as a tenant, based on the lease for the space destined for the registered office, concluded with Voluthema Property Developer S.A, the Company has recognized an asset related to the right to use the underlying asset and a lease debt arising from this contract. The total cash outflows related to the contract amounted to 70,652 lei (details in Note 15 to the Interim Financial Statements on 30.06.2019).

The conditions of these commercial transactions were the normal ones for the activity of Voluthema Property Developer, and from a value point of view the effect on the financial position, both of SIF Muntenia and its subsidiary, was negligible, under the limit of 50,000 euros defined by the incident legislation for the mandatory reporting.

There were no changes in the transactions between related parties, described in the last annual report that could have a substantial effect on the financial position or results of the issuer in the first 6 months of the current financial year.

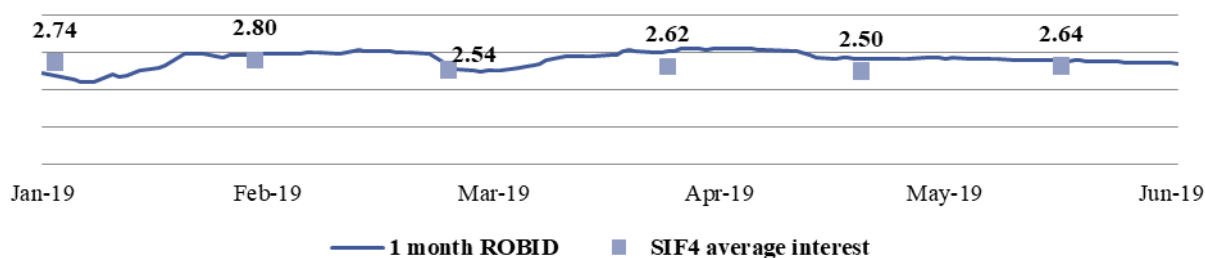
3.2 OTHER SUB-PORTFOLIOS

Chart no. 3.7. Evolution of SIF Muntenia's other sub-portfolio value during the last year (mill. lei)



BANK DEPOSITS

Chart no. 3.8. 1 month ROBID (maximum 3.10%, minimum 2.21%) compared to the monthly average interest for SIF Muntenia deposits



During the first half of the year, the average interest rate on deposits made by SIF Muntenia had the same tendency as ROBID 1M. At the end of the first semester, SIF Muntenia holds, at present value, 60.28 million lei in bank deposits, representing 3.98% of the total certified assets. The credit institutions where these deposits are made up are part of well-capitalized Groups, both at national and European level.

BONDS

In the second quarter of 2019, a number of 10,000 unlisted bonds, with a nominal value of 100 lei, issued by Capital Leasing IFN S.A., were purchased through a private bond placement. Main activity area of Capital Leasing IFN S.A. is financial leasing, CAEN CODE 6491. The bond issue is guaranteed, the maturity is 36 months from the date of subscription, and the interest is fixed, respectively 8.9%/year in lei. According to the issue prospectus, within a maximum of 12 months from the date of issue, the newly issued bonds will be the subject of an application for admission to trading within the alternative trading system, administered by the Bucharest Stock Exchange.

During the analyzed period, the coupon was issued at the bond issue of Transylvania Bank in the amount of 35,632 lei (7,618 eur), the coupon of the bond issue issued by Medinfarm S.A. Ploiești, in the amount of 183,573 lei and the coupon of the bond issue issued by Impact Developer & Contractor S.A., amounting to 135,713 (28,671 eur).

PARTICIPATION TITLES

In the first semester of the current year, the sub-portfolio of participation titles has undergone modifications, the participation titles being repurchased at Omnitrend FII, for which 11.86 million lei were collected.

4 RISK MANAGEMENT

Risk management is the totality of the activities aimed at identifying, quantifying, monitoring and controlling risks, so as to ensure that the principles of the general risk policy are respected. The risk management system of SIF Muntenia includes a set of analyzes, charts for diversifying the exposures of the financial instruments in the portfolio, together with the identification and evaluation of the financial risks, as well as proposals to mitigate the effects of the risks related to the investment and general activity of SIF Muntenia S.A.

The administrator has developed the risk profile of SIF Muntenia according to the requirements provided by the EU Regulation no. 231/2013 regarding the risk management system. This risk profile is developed in a detailed system of limits/key risk indicators.

In this regard, during the first semester of 2019, the following categories of potential or existing risks to which SIF Muntenia S.A is exposed were analyzed and evaluated:

- market risk (position risk, currency risk, long-term interest rate risk; concentration risk is analyzed here as well);
- credit risk (related to the financial quality of the issuers and the credit risk of the counterparty);
- liquidity risk;
- operational risk.

At the level of SIF Muntenia, the financial and operational risks were evaluated, monitored and treated in order to reduce their impact according to the classification presented above. When establishing this risk classification structure, the magnitude of the impact of the respective risk was considered in the event that it would materialize on the value of the assets held.

(a) Market risk

Market risk is the risk of recording losses arising from fluctuations in the market value of positions in the portfolio of financial instruments, fluctuations that can be attributed to changes in market variables: stock prices, exchange rates, interest rates or commodity prices, which might change the value of the financial instruments held.

For the measurement and evaluation of market risks, tradable portfolio VaR is calculated. It has a value of 3.35% and falls within the limits of low risk, according to the Risk Profile.

The currency risk calculated at the end of the first semester of 2019 is 6.02%. It is slightly above the average risk degree (4.01-6%), assumed by the risk profile. We mention that in the SIF Muntenia portfolio there are exposures in other currencies (USD and GBP), but at very small dimensions.

The calculated parameters related to the concentration risk are within the risk degree assumed by the Fund's Risk Profile.

As regards the long-term interest rate risk (due to exposure to adverse interest rate fluctuations), on 30 June 2019, in the fund's portfolio, there was a single issue of variable rate bonds, that of Banca Transilvania (0.08% of the total certified asset), having a insignificant impact on the risks that may influence the company's revenues. SIF Muntenia's bank deposits are interest-bearing assets, which are generally invested at short-term interest rates and are not exposed to a major risk of change. The company does not use derivative financial instruments to protect against interest rate fluctuations.

(b) Credit risk

The indicators that determine the value of the exposures to the securities issued by the listed and unlisted companies in the portfolio, which present a high level of risk, are calculated by comparison to the value of SIF Muntenia's equity. Thus, the exposure rate for high-risk bankruptcy listed issuers is 1.48%, and the exposure rate for high-risk bankruptcy unlisted issuers is 1.21%. These indicators fall into very low risk, although the risk profile is set to a medium risk degree.

Counterparty risk - the possibility of insolvency of the institutions providing services (such as asset custody) or situations in which transactions with shares / bonds issued by issuers unlisted on a regulated market or on an alternative system are considered. The results of the analyzes fit SIF Muntenia in the low risk area. The absence of a portfolio of derivatives or pending transactions (not settled) places SIF Muntenia SA in the same area of very low risk.

(c) Liquidity risk

The main indicator for calculating liquidity is: "Liquid assets / Liabilities (30 days)", which currently has a value of 37.02 and expresses that SIF Muntenia can meet its current obligations from its liquid assets. This indicator is at a very low risk level according to the Risk Profile of SIF Muntenia, which means that the value of cash or cash equivalent represents at least five times the value of the debts over 30 days.

Another liquidity indicator sought is the grouping of assets in the liquidity bands specified in ESMA Guide 869/2014 (118, 119), respectively the percentage of the fund's portfolio that can be liquidated in each of the specified liquidity periods. The calculations for the entire SIF Muntenia portfolio show that it is in the medium risk degree, with an optimal level of assets that can be converted into cash within the time horizon analyzed in relation to the proposed level.

(d) Operational risk

Operational risks take into account the losses caused either by the use of inadequate processes, internal systems or human resources, which cannot fulfill their function properly, or by external events and actions. For SIF Muntenia, the value of the potential aggregate loss due to the materialization of the operational risks is non-existent, since most of the operational risks that have arisen have affected the activity of the administrator and not the administered fund.

CLASSIFICATION OF THE CATEGORIES OF ASSETS IN THE PORTFOLIO WITHIN THE LEGAL HOLDING LIMITS

The holding limits for the SIF Muntenia portfolio are defined by the applicable law, respectively:

1. Article 188 of NSC Regulation no. 15/2004 regarding the authorization and functioning of investment management companies, collective investment undertakings and depositors - in relation to the exposure conditions of UCI with a diversified investment policy;
2. Article 9 of the FSA Norm no. 14/2013 - in connection with direct and indirect investments in promissory notes;
3. Limits resulting from the provisions of Law 297/2004 on voting rights in entities supervised by the FSA;
4. Limits provided in art. 3 (2) of Directive 2011/61 / EU (legislation on alternative investment fund managers).

The holding limits for points (1) to (3) of the above list have been respected throughout the first semester of 2019. We continue to detail the risk analysis according to the requirements provided by the legislation regarding the managers of alternative investment funds.

LIMITS REFERRED TO IN ART. 3 (2) OF DIRECTIVE 2011/61 / EU

The total assets managed at the end of the first semester of 2019 of the AIF entities (SIF Muntenia) were 1,513,122,985.79 lei. Their value in Euro is 319,608,598.06 (at the ECB's rate of RON 4.7343 from the last working day of June 2019), below the threshold of 500 million euros, for which it would be necessary to request authorization in accordance with the relevant procedures of Directive 2011/61 / EU.

LEVERAGE

S.A.I. Muntenia Invest S.A.'s policy is not to use the leverage effect in the administration process for SIF Muntenia, respectively, it does not use any method of increasing the AIF exposure provided in Annex no. 1 of Regulation 231/2013 of the European Commission. From the analysis of SIF Muntenia portfolio, it appears that there is no derivative financial instrument or that any method is used to increase the exposure, according to the Annex mentioned above.

Regarding *Systemic and contagion risk*, it is part of the objectives of the National Bank of Romania to impose additional capital requirements on systemically important institutions and consists in increasing their capacity to absorb losses, with positive effects on reducing the systemic risk generated by the size of the institutions, respectively the probability of manifesting some financial difficulties and diminishing the severity of their potential impact.

Regarding the rating ratings, it should be noted that at the end of January 2019, Fitch Ratings affirmed the IDR (Long-term Issuer Default Rating) rating for Transilvania Bank's long-term financing at 'BB +', with a stable outlook, as well as the rating level of viability of the bank to 'bb +'. It is worth noting that during the last year the bank has improved these levels (from BB to BB + and from bb to bb +).

Regarding the exposure of SIF Muntenia in Banca Transilvania, we appreciate that the bank's performance, the complex evaluations of the NBR, as well as the rating agencies' ratings lead to a permanent monitoring of the systemic risk generated by this exposure

5 SHARES ISSUED BY SIF MUNTENIA

The subscribed and paid-up share capital is 80,703,651.5 lei, divided into 807,036,515 common shares, with a nominal value of 0.1000 Lei / share.

MAIN CHARACTERISTICS OF SIF MUNTENIA SHARES

All shares are ordinary. There have been no changes in the number of shares issued in the first half of 2019.

Since its establishment, SIF Muntenia has not acquired and has not owned at any time its own shares, mentioning that in the Shareholders' Meeting of 22 April 2019, the shareholders have approved a program to redeem its own shares (details in the *GENERAL MEETING OF SHAREHOLDERS* section).

SIF Muntenia has not issued bonds and / or other debt securities, having no obligations of this nature. The entire activity is financed only through own funds.

The shares issued by SIF Muntenia are listed on the Bucharest Stock Exchange, the main segment, in the premium category, in accordance with the provisions of the BSE Decision no. 200/1999 and is traded on this market starting with 01.11.1999.

The record of the shares and shareholders of SIF Muntenia is kept by Depozitarul Central S.A. Bucharest, company authorized by the FSA.

According to the legislation in force, it is forbidden to acquire shares that will lead to a holding of more than 5% of the total share capital or voting rights according to Law no. 297/2004 regarding the capital market modified by Law no. 11/2012. If a shareholder holds more than 5% of the total share capital, he will not have the right to vote for the shares held above the specified share, but he has the right to receive dividends for these shares.

Main market Bucharest Stock Exchange, main segment, premium category

Included in indexes BET-BK | BET-FI | BET-XT | BET-XT-TR

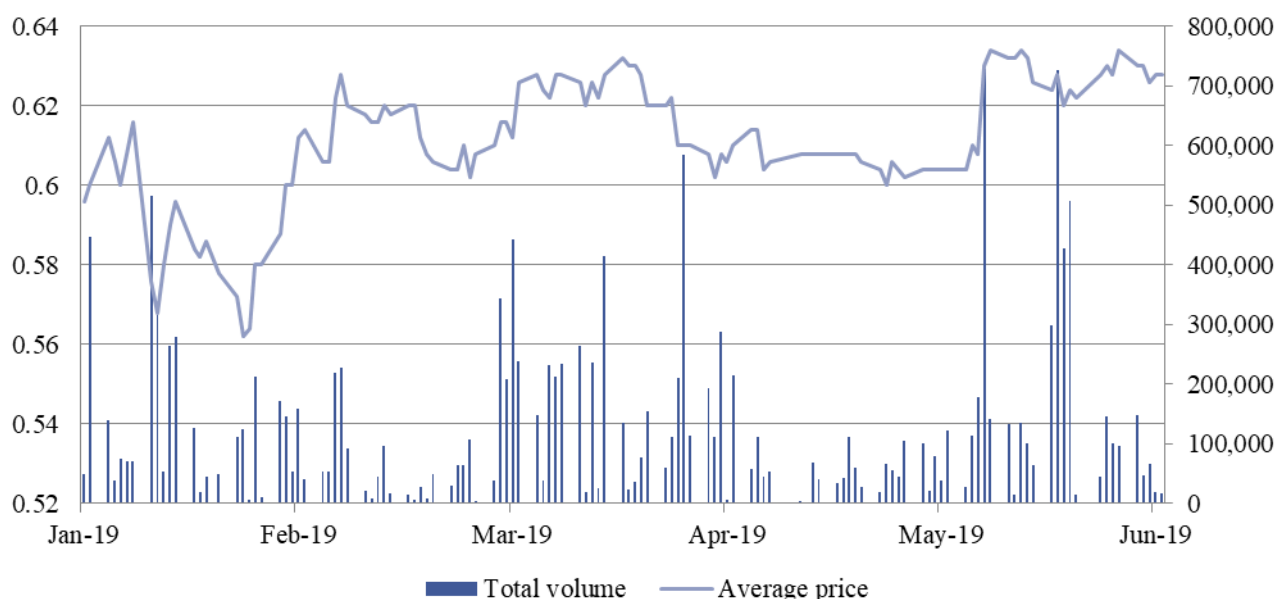
	H1 2019	2018	H1 2018
Closing price REGS lei	0.630	0.598	0.766
NAV per SHARE lei	1.7787	1.5583	1.7696
Net asset discount (%)	64.6	61.6	56.7
Market capitalization (mill. lei)	508.43	482.61	618.19

Table no. 5.1. *SIF Muntenia share performance*

	REGS	DEAL	TOTAL
Number of trades	4,756	1	4,757
Number of traded shares (mill. lei)	15.84	36.90	52.74
Total trading value (mill. lei)	9.70	21.77	31.47
% total number of shares	1.96	2.70	4.66

Table no. 5.2. *Trades with SIF Muntenia shares in H1 2019*

Chart no. 5.1. Average trading price and trading volume on REGS in H1 2019



SIF MUNTENIA SHAREHOLDERS

The table below shows the synthetic structure of SIF Muntenia shareholder, as of 30 June 2019.

30/06/2018			
	Number of shareholders	Shares held	% held in total shares
Resident individuals	5,944,816	496,989,871	61.58%
Non resident individuals	1,949	2,396,613	0.30%
Resident entities	165	223,304,914	27.67%
Non resident entities	21	84,345,117	10.45%
TOTAL	5,946,951	807,036,515	100%

Table no. 5.3. Shareholding structure as at 30.06.2019

Source: Depozitarul Central S.A.

The sections on investor relations on SIF Muntenia's website include up-to-date information on *corporate governance* and provide access to the documents governing the governance of the company. Governance information is reported periodically through the corporate governance statement within the annual report and permanently updated through current reports and the website. In this section, the forecasting policy and the dividend distribution policy and other rights for shareholders are presented.

The sections on the *rules* on the S.A.I. Muntenia Invest S.A.'s website include up-to-date information on the remuneration policy and practices, rules and procedures regarding the policy of issuing orders and rules for valuing assets within managed portfolios.

The obligations of transparency, reporting and information to shareholders and institutions of the capital market were observed and ensured through press releases distributed in financial profile newspapers with national coverage, by publishing periodic and continuous reports of the information provided electronically, both on www.sifmuntenia.ro website, as well as on the electronic system of the capital market on which the shares of SIF Muntenia are listed, through the official storage mechanism of the FSA, by informing the FSA and by carrying out an activity of written and electronic correspondence with the shareholders through the specialized compartment of S.A.I. Muntenia Invest S.A.

GENERAL MEETINGS OF SHAREHOLDERS

The main attributions of the general meetings of the shareholders are presented in the Articles of Incorporation of SIF Muntenia, updated following the decision of the SGEM as of 22 April 2019, annexed to this report and which can also be consulted on the SIF Muntenia website, www.sifmuntenia.ro.

S.A.I. Muntenia Invest S.A., the administrator of SIF Muntenia, published the convening notice for the Shareholders General Ordinary and Extraordinary Meetings on 22/23 April 2019, made available and published according to the legal regulations the materials submitted for approval, drew up the participation and voting procedures, made available to shareholders the special proxy and voting forms by correspondence and provided all forms of advertising, according to the legal provisions, for the voting results for each item on the agenda and the decisions adopted by the SGM (Bursa, Monitorul Oficial, company website).

On 15 March 2019, the convening of the SGEM was published, for the approval of the modification of the Articles of Incorporation of the company, according to the Annex that can be found on the company's website (<http://www.sifmuntenia.ro>), at the section dedicated to this general meeting of shareholders. The convening notice was completed, at the request of the FSA and published in the new form on 01.04.2019.

On 14 March 2019, the convening of the SGOM on the balance sheet for the year 2018 and the proposals for distributing the profit obtained in 2018.

On 22 April 2019, the Extraordinary and Ordinary General Meeting of the Shareholders of SIF Muntenia were held. The current report of 23 April 2019 is available for consultation on the company's website, www.sifmuntenia.ro, in the dedicated section.

Within the SGOM of 22 April 2019, held at the first convocation, with the direct participation, by representative or by correspondence of the shareholders holding 248,493,908 shares, representing 30.7909% of the total number of 807,036,515 voting rights, were approved :

- The financial statements for the financial year 2018,
- Allocation of the entire net profit for the financial year 2018, in the amount of 22,799,383 lei to "Other reserves", in order to start a Redemption Program,
- The administration program and the Income and expenditure budget for 2019,
- Carrying out the accounting records corresponding to prescribing the right to request the payment of unclaimed dividends for three years from the date of their eligibility, in the amount of 22,463,568.69 lei and the transfer to reserves of this amount,
- Remuneration of the Shareholders' Representatives Council members for the financial year 2019,
- Date of 05.09.2019 as the date of registration and of the date of 04.09.2019 as date ex date, in accordance with the provisions of art. 86, s. 1 of Law no. 24/2017, respectively the provisions of the FSA Regulation no. 5/2018.

In the EGMS on 22 April 2019, held at the first convocation, with the direct participation, by representative or by correspondence of the shareholders holding 247,472,866 shares, representing 30.6644% of the total number of 807,036,515 voting rights, the following were approved:

- Carrying out a Program for the redemption of its shares by SIF Muntenia SA, under the conditions specified in the paragraph below.
- Modification of the Articles of Incorporation of the company.

From its own sources of financing as provided by law, the Company will carry out a repurchase program of a number of 37,036,515 shares, representing 4.59% of the share capital, in order to reduce the share capital by canceling the repurchased shares. The share redemption program will be carried out in accordance with the applicable legal provisions, with the following main characteristics:

- The minimum price per share: 0,1 lei.
- The maximum price per share: 1.56 lei
- Duration of the program: maximum 18 months from the date of publication of the decision in Part IV of the Monitorul Oficial al Romaniei.
- The payment of redeemed shares will be made from the sources provided by law.

The Board of Directors of S.A.I. Muntenia Invest S.A. will take the necessary steps to implement and carry out the repurchase program of SIF Muntenia's own shares, within the deadline and in compliance with the conditions approved

by the Extraordinary General Meeting of Shareholders. The company will properly inform the investors about the implementation of the repurchase programs of its own shares, in compliance with the applicable legal framework.

6 FINANCIAL ACCOUNTING STATEMENT

SIF Muntenia prepared the interim financial statements on 30.06.2019 in accordance with the FSA Rule no. 39/2015 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to the entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investment Sector, as subsequently amended and supplemented.

The interim financial statements as of 30.06.2019 are not audited.

Below we will present a summary of the interim financial statement of SIF Muntenia S.A. on 30 June 2019. For details, you can consult the Notes to the Interim Financial Statements on 30 June 2019, annexed to this report.

STATEMENT OF FINANCIAL POSITION

(in LEI)	30 June 2019	31 December 2018
Assets		
Cash and current accounts	1,795,535	1,079,966
Deposits at banks	60,300,568	29,381,709
Financial assets at fair value through profit or loss	724,959,243	710,614,051
Financial assets at fair value through other elements of comprehensive result	710,066,047	585,329,963
Financial assets measured at amortized cost	11,332,475	10,171,781
Other assets	13,411,739	9,100,213
Total assets	1,521,865,607	1,345,677,683
Liabilities		
Dividends to be paid	43,805,394	66,635,384
Deferred income tax liabilities	31,213,348	19,427,363
Other liabilities	2,608,644	4,461,325
Total liabilities	77,627,386	90,524,072
Equity		
Share capital	80,703,652	80,703,652
Hyperinflation effect- IAS 29	803,294,017	803,294,017
Retained Result	435,545,133	355,279,975
Reserves from revaluation of financial assets at fair value through other elements of comprehensive result	124,695,419	15,875,967
Total equity	1,444,238,221	1,255,153,611
Total liabilities and equity	1,521,865,607	1,345,677,683

Table no. 6.1. Statement of financial position

The value of the assets as of 30 June 2019 is increasing by 176.19 million lei, respectively 13.09%, compared to the value at 31 December 2018.

The main elements of the asset evolved as compared to the end of 2018, as follows:

- *Cash and cash equivalents* (including deposits placed at banks) increased as against 31.12.2018 by 31.63 million lei, due to the mix of exposures that forms the Company's portfolio, (%TA 06.2019 - 4.08%, 12.2018 - 2.26%);
- *The financial assets at fair value through profit or loss* are above the level recorded on 31 December 2018, due to the market evolution of the investments registered in this asset class. As a mention, we should restate that some bonds, fund units and subsidiaries form this category of assets. At the end of the first semester of 2019, the equity package held at Biofarm S.A Bucharest, at fair value, represented 11.32% of total accounting assets (31.12.2018: 12.13%);
- *The financial assets at fair value through other elements of the comprehensive result* are increasing by 124.74 million lei, respectively 21.31%, an increase due to the investments made by the company in the first half of 2019. On 30.06.2019 the package held at Banca Transilvania SA represented 19.92% of the total accounting assets of SIF Muntenia (31.12.2018: 18.33%).

Equity holds the majority share in the structure of liabilities. It registered a significant increase compared to the beginning of the year, mainly due to the positive differences of fair value of the elements registered in *the Reserves category from the revaluation of the financial assets to fair value through other elements of the comprehensive result* as of 30 June 2019.

Net assets difference according to accounting regulations / net assets certified by the Depositary

Considering that the accounting records are in accordance with the FSA Rule no. 39/2015 and the monthly calculation of the net asset is based on rules established in accordance with the FSA Regulation no. 9/2014, as of 30.06.2019, there are differences between the value of the net asset according to the accounting records and the net asset certified by the Depositary.

A centralizer of the differences between the net asset according to the accounting records and the certified net asset (million lei) is presented below.

Explanation	Amount
Net asset according to accounting records	1,444,24
Net asset certified according to the FSA regulations	1,435.50
Differences, of which:	8.74
Fair value difference for the shares portfolio	0.36
Difference of valuation, adjustment for impairment of bonds	9.13
Adjustment difference for depreciation of debtors from withdrawals from unlisted companies	(2.53)
Difference due dividends from closed companies, investment funds	1.78

Table no. 6.2. *Differences in net certified asset / net asset according to accounting records*

STATEMENT OF LOSS OR PROFIT AND OTHER ITEMS OF THE COMPREHENSIVE RESULT

In LEI	30.06.2019	30.06.2018
Income		
Dividend income	46,416,022	34,378,069
Interest income	733,540	297,460
Other operational income	530,441	375,413
Gain on investment		
Net gain from foreign exchange differences	150,655	2,000
Net gain from revaluation of financial assets at fair value through profit or loss	26,222,891	13,326,698
Expenses		
Net income from the reversal of adjustments for the impairment of assets	146,159	1,608,302
Administrative expenses		
Management fees	(8,700,000)	(8,700,000)
Expenses with remuneration of the Shareholders Representatives Council and with staff salaries	(250,031)	(642,005)
Other operational expenses	(1,491,493)	(1,427,912)
Interest rate expenses related to the lease contract liability	(21,985)	-
Profit before tax	63,736,199	39,218,025
Profit tax	(2,536,347)	(5,123,369)
Net profit for the period	61,199,852	34,094,656
Other elements of comprehensive result		
Elements that may not be restated to profit or loss		
Revaluation at fair value of financial assets at fair value through other elements of comprehensive result, net of deferred tax	105,421,189	22,414,765
Reserve related to financial assets at fair value through other elements of comprehensive result, transferred to retained earnings	3,398,263	7,064,688
Other elements of comprehensive result	108,819,452	29,479,453
Total comprehensive result for the period	170,019,304	63,574,109

Table no. 6.3. *Statement of profit or loss and other comprehensive income*

The evolution of significant elements that make up the statement of profit or loss and other elements of the overall result is as follows:

- The *income from dividends* increased significantly compared to 30.06.2018, with 12.04 million lei, respectively 35.02%, the main source being the investments in companies in the financial-banking field;

- The *Interest income* category recorded an increase of 0.44 million lei, determined by the increase in interest on bank deposits and current accounts and the interest on the bonds recorded at amortized cost;

- *Investment gains* are structured as follows:

o *The net gain from exchange rate differences* increased by RON 0.15 million compared to the same period of the previous year and is largely related to the corporate bonds denominated in EUR from SIF Muntenia portfolio;

o *The net gain from the revaluation of financial assets at fair value* (mark to market) *through profit or loss* is almost 100% higher than the value recorded in the similar period of 2018.

The combined effect of the elements presented above is the increase of the net positive result on 30.06.2019 with 27.11 million lei compared to the similar period of 2018.

STATEMENT OF CASH FLOWS

When preparing the cash flow statement, cash and cash equivalents were considered: cash from the petty cash, current accounts at banks, deposits with an initial maturity of less than 90 days.

In LEI	30.06.2019	30.06.2018
Operating activities		
Profit before tax	63,736,199	39,218,025
<i>Adjustments:</i>		
Net income from the reversal of adjustments for the impairment of assets	(146,159)	(1,608,302)
Net gain from the revaluation of financial assets at fair value through profit or loss	(26,222,891)	(13,326,698)
Dividend income	(46,416,022)	(34,378,069)
Interest income	(733,540)	(297,460)
Net gain from foreign exchange differences	(150,655)	(2,000)
Interest expenses related to the lease contract liability	21,985	-
Other adjustments	94,686	36,852
Changes in assets and liabilities related to the operating activity		
Changes in financial assets at fair value through profit or loss	11,842,067	8,214,047
Changes in financial assets at fair value through other items of comprehensive result	(6,975,229)	(11,123,860)
Changes in financial assets measured at amortized cost	(999,999)	133,784
Changes in other assets	(1,253,376)	(4,777,312)
Changes in other liabilities	(2,711,943)	(164,560)
Net placements in deposits with maturity over three months	(14,592,500)	(8,990,000)
Dividends received	41,970,172	30,831,329
Interest received	700,229	330,620
Tax on profit paid	-	(8,438,961)
Net cash resulting from/(used in) operating activities	18,163,024	(4,342,566)
Investment activities		
Payments for the purchase of tangible and intangible assets	(177)	(116)

In LEI	30.06.2019	30.06.2018
Net cash used in investment activities	(177)	(116)
Financing activities		
Dividends paid, including tax on dividends paid	(1,111,437)	(1,425,842)
Leasing payments, including interest	(70,652)	-
Net cash used in financing activities	(1,182,089)	(1,425,842)
Net increase/(decrease) in cash and cash equivalents	16,980,758	(5,768,524)
The effect of exchange rate changes on cash and cash equivalents	(1,495)	(1,235)
Cash and cash equivalents as of 1 January	20,401,928	19,074,391
Cash and cash equivalents as of 30 June	37,381,191	13,304,632

Table no. 6.4. *Cash flow statement*

In the first semester of 2019, the operating activity generated cash as a result of dividend receipts from portfolio companies and from the sale of shares (details in the relevant chapters).

Careful monitoring of the portfolio of SIF Muntenia and the decisions taken in the investment activity resulted in a net variation of cash flows, on 30 June 2019, amounting to 16.98 million lei.

ECONOMIC-FINANCIAL INDICATORS

Indicator denomination	Method of calculation	H1 2019	2018	H1 2018
Current liquidity	Current assets / Current liabilities	2.11	1.39	1.20
Turnover of fixed assets	Turnover / fixed assets	0.0760	0.1693	0.0962
Debt ratio	Borrowed capital / Equity x 100 Borrowed capital / Used capital x 100	Not the case		
Turnover of liabilities - clients	Average customer balance / Turnover x 180	Not the case		
Net profit / Net assets (calculated according to FSA regulations) (%)	-	4.26	1.81	2.39
ROA (%)	Net profit / Total accounting assets	4.02	1.69	2.52
ROE (%)	Net profit / equity	4.24	1.82	2.75

Table no. 6.5. *Financial – economic indexes*

Legend

Current assets = current assets plus expenses in advance

Current debts = debts under one year

Turnover = related to SIF Muntenia's field of activity, revenues from current activity = total revenues

ROA (Return on assets) is one of the main profitability indicators of a company and it measures the efficiency of the utilization of the assets, from the point of view of the obtained profit and shows how many units bring, in the form of profit, a unit invested in assets.

ROE (Return on equity) is one of the most important indicators that measure the performance of a company. The indicator is calculated as a ratio between the net profit obtained by the company and its equity, practically expressing the manner and efficiency with which the shareholders invested their money.

7 THE EXECUTION OF THE REVENUE AND EXPENDITURE BUDGET

The revenue and expenditure budget for the financial year 2019 was approved in SG from 22 April 2019, by Decision no. 4.

In LEI	REB 2019	Achieved H1 2019	%
1. Total income	53,100,000	47,680,003	89.8
1.1. Investment income	53,000,000	47,149,562	89.0
1.1.1 Divided gross income	52,000,000	46,416,022	89.3
1.1.2 Interest income	1,000,000	733,540	73.4
1.2 Other income	100,000	530,441	530.4
2. Total expenses	22,200,000	10,549,117	47.5
2.1 Management expenses	17,400,000	8,700,000	50.0
2.2 Third party expenses	2,500,000	1,154,678	46.2
2.3 Portfolio management expenses	1,500,000	275,010	18.3
2.4 SRC expenses	700,000	333,649	47.7
2.5 Other expenses	100,000	85,780	85.8
3. Net profit from the valuation of financial assets at fair value through profit or loss		26,605,313	
4. Gross Profit	30,900,000	63,736,199	206.3
5. Profit tax (current and deferred), including dividend income tax		2,536,347	
6. Net Profit		61,199,852	

Table no. 7. *Achievement of REB.*

Total income realized on 30.06.2019 is realized in proportion of 89.8% of the total budget for the year 2019. These are mainly composed of income from dividends, in the amount of 46.42 million lei and interest income, in value of 0.73 million lei.

The Total expenditure category has a share of 47.5% of the total budgeted expenditures for the current year and is mainly composed of the following subcategories of expenses:

- the expenses with the management represent the monthly fee of the administrator according to the administration contract in force,
- expenses with services provided by third parties include expenses with service providers (BRD - depositary, custodian, Central Depository, FSA fees and taxes, company financial auditor, internal auditor, expenses for investor relations, expenses with mandatory advertising, payments to the trade register)
- the portfolio management expenses include the fees of the transactions with the intermediaries, expenses with the banking services, the notarial expenses, with debt recovery services, the court expenses, with the evaluation services performed by external evaluators, etc.

The gross profit, in the amount of 63.74 million lei, exceeds the budgeted values for the year 2019 by 106.3%, mainly as a result of the evolution of the fair value of the assets that are evaluated by profit or loss.

8 SUBSEQUENT EVENTS

There were no events subsequent to the date of the report, relevant to the activity of SIF Muntenia.

ANNEXES

- The interim financial statements as of 30 June 2019 prepared in accordance with the provisions of the FSA Rule no. 39/28 December 2015, as subsequently amended and supplemented, not audited, which include:
 - Statement of financial position,
 - Statement of profit or loss and other elements of the comprehensive result,
 - Statement of changes in equity,
 - Statement of cash flows,
 - Notes to the interim financial statements.
- Statement on the responsibility for drawing up the interim financial statements on 30.06.2019
- The detailed situation of SIF Muntenia investments on 28 June, 2019, prepared in accordance with annex no.17 of the Regulation no. 15/2004.
- Updated Articles of Incorporation

SIF Muntenia S.A. by its manager
S.A.I. Muntenia INVEST S.A.

General Director,
Marian Nicușor BUICĂ

SIF Muntenia S.A. by its manager
S.A.I. Muntenia INVEST S.A.

Chief Accountant,
Irina MIHALCEA