



SIF BANAT-CRIȘANA

SOCIETATE DE INVESTIȚII FINANCIARE

PRELIMINARY FINANCIAL RESULTS

— AS AT DECEMBER 31, 2019 —

CONTENTS

1	Company presentation	2
2	Statement of main items of the financial position and the preliminary results as at December 31, 2019	3
Annexes:		
Annex 1	Separate Statement of Financial Position as at December 31, 2019 <i>(preliminary unaudited)</i>	5
Annex 2	Separate Statement of Profit and Loss and Other Comprehensive Income as at December 31, 2019 <i>(preliminary unaudited)</i>	6
Annex 3	Statement of changes in equity as at December 31, 2019 <i>(preliminary unaudited)</i>	7
Annex 4	Cash flow statement as at December 31, 2019 <i>(preliminary unaudited)</i>	9

This report presents the preliminary unaudited financial results of SIF Banat-Crișana as at December 31, 2019, prepared in compliance to the Norm 39/2015 issued by the Financial Supervisory Authority (ASF). The financial results presented herein are preliminary and subject to subsequent adjustments.

This English version of the report is a convenience translation of the Romanian language "Preliminary financial results as at December 31, 2019". The Romanian version of the report is the official document.

1. COMPANY PRESENTATION

COMPANY NAME	Societatea de Investiții Financiare Banat-Crișana S.A. (hereinafter referred to as "SIF Banat-Crișana" or "the Company")
COMPANY TYPE	<ul style="list-style-type: none"> ▪ closed-end investment company self-managed, with a diversified investment policy investment policy, endorsed by the Financial Supervisory Authority by Endorsement no. 258 / 14.12.2005 and as AIFM with Authorization no. 78/09.03.2018, equivalent to closed-ended AIF ▪ set-up as a joint stock company in November 1996 pursuant to the provisions of Law no. 133/1996 for the conversion of the Private Property Funds (FPP) into Financial Investment Companies (SIF) ▪ Romanian legal entity with private capital
SHARE CAPITAL	<ul style="list-style-type: none"> ▪ RON 51,746,072.40 – subscribed and paid-in capital ▪ 517,460,724 shares issued; 514,542,363 outstanding shares ▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none"> ▪ Number in Trade Register J02/1898/1992 ▪ Tax Identification Code RO 2761040 ▪ Number in ASF AFIAA Register PJR07.1AFIAA / 020007 / 09.03.2018 ▪ Number in ASF SIIRS Register PJR09SIIR/020002/2006 ▪ Legal Entity Identifier (LEI) 254900GAQ2XT8DPA7274
MAIN ACTIVITY	<p>Main activity is, as per the classification of economic activities in the national economy (CAEN): financial intermediation, except for insurance and pension funds (CAEN code 64), and the main object of activity: Other financial intermediation n.c.a. (CAEN code 6499):</p> <ul style="list-style-type: none"> ▪ carrying out financial investments in order to maximize the value of own shares in accordance with the regulations in force; ▪ management of investment portfolio and exercising all of the rights related to the instruments in which investments are made; ▪ risk management; ▪ other activities auxiliary and associated to the collective investment activity, in accordance with the regulations in force.
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB or BSE) – Premium category - ticker SIF1
FINANCIAL AUDITOR	Deloitte Audit S.R.L. starting with 2019 financial year (PricewaterhouseCoopers Audit S.R.L. for 2016 – 2018 financial years)
DEPOSITARY BANK	Banca Comercială Română (BCR) , starting with November 2019 (BRD - Groupe Société Générale during January 2014 – October 2019)
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	Bucharest 46-48 S. V. Rahmaninov Str., 3rd floor, sector 2, 020199, Bucharest

2. STATEMENT OF MAIN ITEMS OF THE FINANCIAL POSITION AND THE PRELIMINARY RESULTS AS AT DECEMBER 31, 2019

SIF Banat-Crișana publishes the preliminary unaudited financial results as at December 31, 2019, prepared in compliance to the Norm 39/2015 for the approval of the Accounting Regulations compliant with IFRS adopted by EU applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority (ASF) Financial Instruments and Investments Sector.

Total assets held by SIF Banat-Crișana as at December 31, 2019, amounting to RON 2,926.7 million, are up 19.3% as compared to 2018, as an effect of the fair value increase related to the financial assets with the highest weight in the managed portfolio (stakes in financial and energy companies), on the back of the upward evolution of the stock markets.

Within the total assets, the main weight is held by the financial assets, of 99%, comparable to 2018. These mainly consist of financial assets measured at fair value through profit or loss (holdings in subsidiaries and associates, bonds issued by subsidiaries and fund units) and the financial assets measured at fair value through other comprehensive income (shares and corporate bonds). Measurement at fair value is carried out in accordance with the provisions of IFRS 13, using either the available market quotation for listed assets (which meet active market conditions) or valuation reports prepared by authorized valuers, as per International Valuation Standards (for unlisted or listed holdings but without an active market).

Cash and cash equivalents comprise mostly short-term placements in bank deposits, having an initial duration of up to 3 months. The increase versus 2018 is primarily a consequence of steering the net cash from financial assets trades towards short term fixed income instruments.

Total liabilities are above those at the end of 2018, up 35.7%, mainly as an effect of the recognition of a deferred income tax, related to the positive taxable changes recognized in other comprehensive income, as a result of the measurement at fair value of the financial assets during 2019.

As at December 31, 2019, *equity* amounted to RON 2,748.2 million, up 18.4% vs. the value recorded at the end of the previous year, on the back of:

- The upsurge of the *Net profit* compared to 2018, due both to the contribution of the income elements (dividends, interest) and especially to the component of investment gains (positive changes in fair value related to the financial assets measured at fair value through profit or loss), mainly driven by the investments held in fund units;
- The increase of *Other reserves* is due to the transfer of the net profit of the year 2018 in the reserves, as own funding sources;
- The item *changes in the fair value of the financial assets measured through other comprehensive income* rose 35% compared to the end of 2018, following the recognition of the positive changes of fair value related to the financial assets highlighted in this category (shares in companies where SIF Banat-Crișana holds a minority position - mainly the banking and energy sector, shares in the 2 consolidated subsidiaries, corporate bonds).

Dividend income, interest income and other income as at December 31, 2019 (preliminary) amounted to RON 121.5 million, up 5.8% as compared to 2018. The increase is mainly due to the upturn in the volume of dividends collected from stakes in banks held by the Company and directing the investments in fixed income instruments to corporate bonds.

Gain on investment in the financial year 2019, favourable as compared to 2018, is mainly the effect of recognizing within the revenues the fair value changes of assets measured at fair value through profit or loss.

Other operating expenses, including operating expenses, are 28.7% above those of the previous year's, having a slower yoy progress compared to the growth of the company's net profit (+106%) or to the increase of the value surplus of the financial assets at fair value through other comprehensive income (+35%).

The preliminary net profit for the financial year 2019 is of RON 159.5 million, up 106.6% as compared to the prior year's result, mainly as a result of the influences detailed above.

Other comprehensive income includes changes in fair value of financial assets at fair value through other comprehensive income, up as compared to the previous year mainly as an effect of the positive dynamics of the fair value of the portfolio of financial assets listed on the Stock Exchange (stakes in the financial and the energy sector).

Bogdan-Alexandru DRĂGOI

Chairman and CEO

Dorel BABA

Financial Reporting Manager

Separate statement of financial position
- preliminary unaudited -

<i>in RON</i>	December 31, 2019	December 31, 2018
Assets		
Cash and cash equivalents	117,203,806	29,230,410
Bank deposits	4,512,500	6,044,457
Financial assets at fair value through profit and loss	1,220,126,673	1,105,989,265
Financial assets at fair value through other comprehensive income (shares)	1,503,213,414	1,274,462,535
Financial assets at fair value through other comprehensive income (bonds)	5,053,633	4,882,639
Financial assets at amortized cost	49,911,172	6,505,683
Investment property	20,047,164	20,128,515
Tangible assets	4,080,130	3,203,517
Assets representing rights of use of assets reflected according to IFRS 16	1,117,902	-
Other financial assets	1,191,647	2,277,307
Other assets	220,299	218,926
Total assets	<u>2,926,678,339</u>	<u>2,452,943,252</u>
Liabilities		
Dividends to be paid	-	5,495
Deferred income tax	169,850,613	129,889,043
Liabilities recognised according to IFRS 16	1,121,202	-
Current income tax	4,451,293	
Other financial liabilities	3,041,305	1,614,345
Other liabilities and deferred revenues	10,473	13,757
Total liabilities	<u>178,474,885</u>	<u>131,522,640</u>
Equity		
Statutory share capital	51,746,072	51,746,072
Treasury shares	(7,295,461)	(223,486)
Loss on repurchase of own shares	(134,838)	(559)
Benefits granted in equity instruments	-	2,380,000
Retained earnings	812,306,354	683,411,583
Other reserves	997,961,099	920,774,872
Reserves from revaluation of tangible assets	1,176,569	105,016
Legal reserves	10,349,214	10,349,214
Reserves from fair value changes in assets measured at fair value through other comprehensive income	882,094,444	652,877,901
Total equity	<u>2,748,203,454</u>	<u>2,321,420,613</u>
Total liabilities and equity	<u>2,926,678,339</u>	<u>2,452,943,252</u>

Bogdan-Alexandru DRĂGOI
Chairman and CEO

Dorel BABA
Financial Reporting Manager

Separate statement of profit and loss and other comprehensive income
- preliminary unaudited -

<i>in RON</i>	Dec. 31, 2019	Dec. 31, 2018
Revenues		
Dividend income	115,088,023	110,224,602
Interest income – assets at amortized cost, assets at fair value through other comprehensive income	2,374,141	2,680,780
Interest income – assets at fair value through profit or loss	3,678,040	1,719,092
Other operating revenues	397,308	252,136
Gain/(Loss) on investment		
Gain / (Loss) on investment property	(81,351)	86,351
Gain / (Loss) on foreign exchange	1,961,301	92,468
Gain / (Loss) on financial assets at fair value through profit and loss	74,073,706	(14,950,272)
Net profit / (Loss) on sale of assets	-	(1,282,416)
Expenses		
Fees and charges	(3,322,619)	(3,248,280)
Other operating expenses	(18,913,441)	(14,682,344)
Profit before income tax	175,255,109	80,892,117
Income tax	(15,760,578)	(3,705,890)
Net profit for the period	159,494,532	77,186,227
Other comprehensive income		
Amounts that are or may be transferred to profit or loss		
Amounts that may be transferred to profit or loss (debt instruments)	41,503	(28,769)
Amounts transferred to profit or loss (debt instruments)	-	1,282,416
Amounts that are or may be transferred to retained earnings		
Change in fair value of shares measured through other comprehensive income	329,488,683	(106,586,424)
Change of reserve from revaluation of fixed assets	1,071,553	7,222
The effect of income tax on items above	(53,727,177)	22,127,427
Other comprehensive income	276,874,562	(83,198,128)
Total comprehensive income for the period	436,369,094	(6,011,901)
Earnings per share		
Basic	0.309	0.149
Diluted	0.309	0.149

Bogdan-Alexandru DRĂGOI
Chairman and CEO

Dorel BABA
Financial Reporting Manager

Denominated in RON

	Share capital	Treasury stock	Losses from the repurchase of own shares	Legal reserves	Reserves from value changes in financial assets at fair value through other comprehensive income	Reserves from revaluation of fixed assets	Other reserves	Benefits granted in equity instruments	Retained earnings	Total
Balance at December 31, 2019	51,746,073	(223,487)	(559)	10,349,214	652,877,901	105,016	920,774,871	2,380,000	683,411,583	2,321,420,613
Comprehensive income										
Profit for the period									159,494,532	159,494,532
Other comprehensive income										
Reserve from revaluation of financial assets transferred to profit and loss										
Reserve from revaluation of financial assets transferred to retained earnings					(54,738,485)				54,738,485	-
Change of legal reserve					329,538,091					329,538,091
Revaluation of tangible assets						1,071,553				1,071,553
Related deferred tax					(45,583,064)				(8,152,018)	(53,735,082)
Total comprehensive income for the period					229,216,543	1,071,553			206,080,998	436,369,094
Other reserves - own sources							77,186,227		(77,186,227)	-
Dividends payable for 2018										
Dividends written-off										
Change in benefits granted		3,499,788	64,684					(2,380,000)		1,184,473
Repurchase of own shares		(10,571,763)	(198,963)							(10,770,726)
Cancellation of own shares										
Total transactions with shareholders recognized directly in equity		(7,071,974)	(134,279)				77,186,227	(2,380,000)	(77,186,227)	(9,586,253)
Balance at December 31, 2019	51,746,073	(7,295,461)	(134,837)	10,349,214	882,094,444	1,176,569	997,961,098	-	812,306,354	2,748,203,454

Denominated in RON

	Share capital	Treasury stock	Losses from the redemption of own shares	Legal reserves	Reserves from revaluation of financial assets available for sale	Reserves from value changes in financial assets at fair value through other comprehensive income	Reserves from revaluation of fixed assets	Other reserves	Benefits granted in equity instruments	Retained earnings	Total
Balance as at December 31, 2017	52,000,000	(4,748,190)	(124,659)	10,976,985	1,251,829,179	0	97,794	835,775,929	0	145,433,106	2,291,240,143
Effect of transition to IFRS 9					(1,251,829,179)	1,176,253,311				94,173,757	18,597,889
Balance at January 1, 2018 - restated	52,000,000	(4,748,190)	(124,659)	10,976,985	0	1,176,253,311	97,794	835,775,929	0	239,606,863	2,309,838,033
Effect of IFRS 10 – change of fair value for deconsolidated subsidiaries						(376,323,691)				376,323,691	0
<i>Profit for the period</i>	-			-		-				77,186,227	77,186,227
Reserve from revaluation of financial assets transferred to profit or loss	-			-		1,282,416				-	1,282,416
Reserve from revaluation of financial assets transferred to retained earnings						(71,300,623)				71,300,623	0
Change in reserve	-			(627,771)		(106,620,673)				627,771	(106,620,673)
Revaluation of tangible assets							7,222			(7,222)	-
Related deferred tax						29,587,161				(7,454,254)	22,132,907
Total comprehensive income for the period	-	-	-	(627,771)		(523,375,410)	7,222	-	-	517,976,836	(6,019,123)
Other reserves – own sources								69,553,194	-	(69,553,194)	0
Dividends payable for 2017	-			-		-				-	-
Dividends written-off	-			-		-	-	15,445,748		-	15,445,748
Repurchase of own shares		(223,486)	(559)						2,380,000	(4,618,922)	(2,462,967)
Cancelation of own shares	(253,928)	4,748,190	124,659								4,618,921
Total transactions with shareholders recognized directly in equity	(253,928)	4,524,704	124,100	-		-	-	84,998,942	2,380,000	(74,172,116)	17,601,702
Balance at December 31, 2018	51,746,073	(223,486)	(559)	10,349,214	0	652,877,901	105,016	920,774,871	2,380,000	683,411,583	2,321,420,613

Bogdan-Alexandru DRĂGOI
Chairman and CEO

Dorel BABA
Financial Reporting Manager

Cash flow statement

- preliminary unaudited -

Denominated in RON

	Dec. 31, 2019	Dec. 31, 2018
Operating activities		
Net profit for the period	159,494,532	77,186,227
<i>Adjustments for:</i>		
Depreciation of tangible and intangible assets	271,833	281,866
Net (gain)/loss from disposal of tangible assets	1,585	4,557
Gain from valuation of investment property	81,351	(86,351)
Net profit from sale of assets (debt instruments)	-	1,282,416
(Net gain)/Net loss from financial assets at fair value through profit or loss	(74,073,706)	14,950,272
Dividend income	(115,088,023)	(110,224,602)
Interest income	(6,052,181)	(4,399,872)
Interest on purchase of assets reflected according to IFRS 16	7,622	-
Expense with / (income from) foreign exchange of financial assets	(1,231,751)	(10,086)
Benefits granted in equity instruments	1,414,000	2,380,000
Income tax	15,760,578	3,705,890
Changes in operating assets and liabilities		
Change in other assets (claims, etc.)	(85,847)	17,207
Change in other financial liabilities	1,393,549	(2,083,394)
Income tax paid	(19,121,966)	(25,588,823)
Net cash used in operating activities	(37,228,425)	(42,584,692)
Investment activities		
Payments for acquisition of financial assets measured at fair value through other comprehensive income (shares, bonds)	(6,586,167)	(101,077,286)
Proceeds from sales of financial assets measured at fair value through other comprehensive income (shares, bonds)	107,323,972	172,710,266
(Placements) / Proceeds from bank deposits with term greater than three months	1,500,000	(1,200,000)
Proceeds from sale / repurchase of assets at fair value through profit or loss account (fund units, bonds)	84,852,486	23,466,399
Payments for purchase of assets at fair value through profit or loss account (fund units, bonds, shares)	(123,637,912)	(145,923,864)
Proceeds / (Payments) from/for sale of assets measured at amortized cost	(42,995,700)	-
Payments for purchases of tangible assets	(49,697)	(58,870)
Dividends collected	110,293,952	106,528,122
Interest collected	5,277,106	6,274,164
Net cash from investment activities	135,978,041	60,718,931
Financing activities		
Dividends paid	(5,495)	-
Repurchase of own shares	(10,770,725)	(224,045)
Net cash used in financing activities	(10,776,220)	(224,045)
Net increase / (decrease) in cash and cash equivalents	87,973,396	17,910,193
Cash and cash equivalents at January 1	29,230,410	11,320,217
Cash and cash equivalents at December 31	117,203,806	29,230,410

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