SIF Banat-Crișana S.A.

Condensed interim standalone financial statements as at March 31, 2019

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

unaudited

FREE TRANSLATION
from Romanian which is the official and binding version

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Condensed statement of profit or loss and other comprehensive income
as at March 31, 2019

Denominated in RON	*Note*	**March 31, 2019**	**March 31, 2018**
Income			
Dividend income	*5*	13,557,288	7,828,241
Interest income	*6*	1,611,943	949,109
Other operating revenues		34,801	144,519
Investment gains			
Gains on investment property		-	-
(Loss) Net gain from foreign exchange differences		1,666,998	47,551
Net profit / (Loss) from financial assets at fair value through profit and loss	*7*	(5,122,358)	2,432,955
Profit/(Loss) from sale of assets	*8*	-	(377,150)
Expenses			
Commissions expenses	*9*	(755,425)	(867,202)
Other operating expenses	*10*	(3,573,389)	(2,623,443)
Profit before tax		**7,419,859**	**7,534,580**
Income tax	*11*	(787,418)	(269,881)
Net profit for the period		**6,632,441**	**7,264,699**
Other comprehensive income			
Fair value reserve financial assets:			
Amount transferred to profit or loss (equity instruments)		0	377,124
Change in fair value of the shares measured by other comprehensive income		30,977,768	132,079,790
Effect of the income tax related to them		(5,447,507)	(21,347,078)
Change of reserve from revaluation to fixed assets			
Other comprehensive income		**25,530,261**	**111,109,836**
Total comprehensive income for the period		**32,162,702**	**118,374,535**
Earnings per share			
Basic		0.013	0.014
Diluted		0.013	0.014

The condensed interim financial statements were approved by the Board of Directors on May 14, 2019 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, CEO

Ștefan Doba
Economic Director

Condensed statement of financial position *as at March 31, 2019*

Denominated in RON	*Note*	March 31, 2019	December 31, 2018
Assets			
Cash and cash equivalents	*12*	79,957,781	29,230,410
Bank deposits	*13*	4,539,125	6,044,457
Financial assets at fair value through profit or loss	*14*	1,152,339,387	1,105,989,265
Financial assets at fair value through other comprehensive income	*15*	1,261,877,908	1,279,345,173
Financial assets at amortized cost	*16*	6,543,245	6,505,683
Investment property	*17*	20,128,515	20,128,515
Tangible assets (property, plant and equipment)		3,148,356	3,203,517
Other financial assets	*18*	13,726,960	2,277,307
Other assets		259,443	218,926
Total assets		**2,542,520,720**	**2,452,943,252**
Liabilities			
Dividends payable		-	5,495
Deferred income tax liabilities	*19*	129,915,461	129,889,043
Other financial liabilities	*20*	12,880,295	1,614,344
Other liabilities and deferred revenues		12,079	13,757
Total liabilities		**142,807,835**	**131,522,639**
Equity			
Statutory share capital	*21*	51,746,072	51,746,072
The effect of applying IAS 29 on the share capital	*21*	645,164,114	645,164,114
Treasury shares	*21*	(223,486)	(223,486)
Losses from the repurchase of own shares		(559)	(559)
Benefits granted in equity instruments		3,272,500	2,380,000
Reserves set-up from the application of Law no. 133/1996		2,105,675,691	2,105,675,691
The effect of applying IAS 29 to equity elements on retained earnings		(2,605,353,717)	(2,605,353,717)
Accumulated profit		735,281,094	683,411,583
Other reserves		775,288,784	775,288,784
Reserves from revaluation of tangible assets		105,016	105,016
Legal reserves		10,349,214	10,349,214
Differences from the change in fair value of financial assets measured by other items of comprehensive income		678,408,162	652,877,901
Total equity		**2,399,712,885**	**2,321,420,613**
Total liabilities and equity		**2,542,520,720**	**2,452,943,252**

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Bogdan-Alexandru Drăgoi
Chairman, CEO

Ștefan Doba
Economic Director

Condensed Statement of Changes in Equity *as at March 31, 2019*

Denominated in RON	Inflated share capital	Treasury shares	Losses from the repurchase of own shares	Legal reserves	Reserves from the application of Law no. 133/1996 (including hyperinflation)	Changes from revaluation of financial assets through other comprehensive income	Reserves from revaluation of fixed assets	Other reserves	Benefits granted in equity instruments	Accumulated profit	The effect of applying IAS 29 on items of equity on retained earnings	Total
Balance at January 1, 2019	**696,910,187**	**(223,487)**	**(559)**	**10,349,214**	**2,105,675,691**	**652,877,901**	**105,016**	**775,288,783**	**2,380,000**	**683,411,583**	**(2,605,353,718)**	**2,321,420,613**
Comprehensive income												
Profit for the period	-			-	-	-				6,632,441	-	6,632,441
Other comprehensive income												
Reserve from revaluation of assets available for sale transferred to profit or loss	-			-	-	-				-	-	-
Reserve from revaluation of financial assets transferred to retained earnings						(53,272,718)				53,272,718		0
Change in reserve from revaluation of financial assets through other comprehensive income	-			-	-	84,250,486				-	-	84,250,486
Revaluation of tangible assets												-
Related deferred tax						(5,447,507)				(8,035,648)		(13,483,155)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**25,530,261**	**-**	**-**	**-**	**51,869,511**	**-**	**77,399,772**
Other reserves – own sources												**0**
Transactions with shareholders recognized directly in equity												
Dividends payable for 2018	-			-	-	-				-	-	-
Dividends written-off	-			-	-	-	-			-	-	-
Repurchase of own shares									892,500			892,500
Cancellation of treasury shares		0									-	0
Total transactions with shareholders recognized directly in equity	**0**	**0**	**0**	-	-	-	-	-	892,500	**-**	**-**	**892,500**
	696,910,187	**(223,487)**	**(559)**	**10,349,214**	**2,105,675,691**	**678,408,162**	**105,016**	**775,288,783**	**3,272,500**	**735,281,094**	**(2,605,353,718)**	**2,399,712,885**
Balance at March 31, 2019	**696,910,187**	**(223,487)**	**(559)**	**10,349,214**	**2,105,675,691**	**652,877,901**	**105,016**	**775,288,783**	**2,380,000**	**683,411,583**	**(2,605,353,718)**	**2,321,420,613**

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Bogdan-Alexandru Drăgoi — Chairman, CEO

Ștefan Doba — Economic Director

Condensed Statement of Changes in Equity *as at March 31, 2019*

Denominated in RON	Inflated share capital	Treasury shares	Losses from the repurchase of own shares	Legal reserves	Reserves from the application of Law no. 133/1996 (including hyperinflation)	Changes from revaluation of financial assets through other comprehensive income	Reserves from revaluation of fixed assets	Other reserves	Accumulated profit	The effect of applying IAS 29 on items of equity on retained earnings	Total
Balance at December 31, 2017	**700,330,055**	**(4,748,190)**	**(124,659)**	**10,976,985**	**2,105,675,691**	**1,251,829,179**	**97,794**	**690,289,841**	**145,433,106**	**(2,608,519,658)**	**2,291,240,143**
Balance as at January 1, 2018 - restated	**700,330,055**	**(4,748,190)**	**(124,659)**	**10,976,985**	**2,105,675,691**	**1,176,253,311**	**97,794**	**690,289,841**	**239,606,863**	**(2,608,519,658)**	**2,309,838,033**
Comprehensive income											
Profit for the period	-			-	-	-			7,264,699	-	7,264,699
Other comprehensive income											
Reserve from revaluation of assets available for sale transferred to profit or loss	-			-	-	377,124			-	-	377,124
Reserve from revaluation of financial assets transferred to retained earnings						(67,553,902)			67,553,902		0
Change in reserve from revaluation of financial assets through other comprehensive income	-			-	-	199,633,692			-	-	199,633,692
Revaluation of tangible assets											-
Related deferred tax						(21,347,078)			(10,717,547)		(32,064,625)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**111,109,836**	**-**	**-**	**64,101,054**	**-**	**175,210,890**
Transactions with shareholders recognized directly in equity											
Dividends payable for 2017	-			-	-	-			-	-	-
Dividends written-off	-			-	-	-	-		-	-	-
Cancellation of treasury shares		0								-	0
Total transactions with shareholders recognized directly in equity	**0**	**0**	**0**	-	-	-	-	-	**-**	**-**	**0**
Balance at March 31, 2018	**700,330,055**	**(4,748,190)**	**(124,659)**	**10,976,985**	**2,105,675,691**	**1,287,363,147**	**97,794**	**690,289,841**	**303,707,917**	**(2,608,519,658)**	**2,485,048,923**

The condensed interim financial statements were approved by the Board of Directors on May 14, 2019 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, CEO

Ștefan Doba
Economic Director

Condensed cash flow statement ***as at March 31, 2019***

Denominated in RON	***Note***	**March 31, 2019**	**March 31, 2018**
Operating activities			
Net profit for the period		**6,632,441**	**7,264,699**
Adjustments for:			
Depreciation of tangible and intangible assets		62,715	70,585
Net (gain)/loss from disposal of tangible assets		1,585	0
Gain from valuation of investment property		0	0
(Reversals) / Expenses on adjustments for impairment		0	0
Net profit from sale of assets (debt instruments)	*8*	0	377,150
(Net gain)/Net loss from financial assets at fair value through profit or loss		5,122,357	(2,432,955)
Dividend income	*5*	(13,557,288)	(7,828,241)
Interest income	*6*	(1,611,943)	(949,109)
Expense with / (income from) foreign exchange differences financial assets		(967,035)	0
Benefits granted in equity instruments		892,500	0
Income tax	*11*	787,418	269,881
Changes in operating assets and liabilities			
Change in other assets (claims, etc.)		(54,012)	(1,329,521)
Change in other liabilities		(853,531)	(1,599,752)
Income tax paid		0	0
Net cash used in operating activities		**-3,544,793**	**-6,157,261**
Investment activities			
Payments for acquisition of shares in subsidiaries and other financial assets (shares, fund units, govt. bonds)	*14, 15*	(71,570,314)	(117,181,230)
Proceeds from sales of financial assets (shares, govt. bonds)		102,817,178	120,245,164
(Placements) / Proceeds from term deposits greater than three months		1,500,000	2,400,000
Proceeds from sale of assets at fair value through profit or loss account		20,668,827	0
Proceeds / (Payments) from sale of assets measured at amortized cost		0	2,848
Proceeds for sale of tangible assets and investment property		0	0
Payments for purchases of tangible assets		(7,734)	(4,600)
Dividends collected		0	0
Interest collected		869,702	2,215,766
Net cash from investment activities		**54,277,659**	**7,677,948**
Financing activities			
Dividends paid		(5,495)	
Repurchase of own shares		0	
Net cash used in financing activities		**(5,495)**	**0**
Net increase / (decrease) in cash and cash equivalents		**50,727,371**	**1,520,687**
Cash and cash equivalents at January 1		29,230,410	11,320,217
Cash and cash equivalents at the end of the period		**79,957,781**	**12,840,904**

The condensed interim financial statements were approved by the Board of Directors on May 14, 2019 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, CEO

Ștefan Doba
Economic Director

Selected explanatory notes to the condensed financial statements *as at March 31, 2019*

1. Reporting entity

Societatea de Investiții Financiare Banat–Crișana SA ("the Company") was established based on Law no. 133/1996 by the reorganization and transformation of Fondul Proprietății Private Banat-Crișana and it is a joint stock company operating under Law 31/1990 and Law no. 297/2004.

SIF Banat–Crișana is headquartered in Arad, 35A Calea Victoriei, Arad county, postal code 310158, tel.: +40257 304 438, fax: +40257 250 165. The registration number in the Trade Register is: J02/1898/1992, and the tax identification number is: RO 2761040

The main activity of the company:

- carrying out financial investments in order to maximize the value of own shares in accordance with the regulations in force;
- management of investment portfolio and exercising all of the rights related to the instruments in which investments are made;
- risk management;
- other activities auxiliary and associated to the collective investment activity, in accordance with the regulations in force.

The Company's shares are listed on the Bucharest Stock Exchange since November 1st, 1999 and are traded on a regulated market, Premium category, with the market symbol SIF1.

The custodian bank of the Company, starting 29.01.2014, is BRD Groupe Société Générale, replacing ING Bank NV Amsterdam Bucharest Branch, and the company providing registry services is Depozitarul Central SA Bucharest.

The Interim financial statements, condensed, prepared as at the end of March 31, 2019, are not audited or reviewed.

2. Basis of preparation

(a) Statement of compliance

Pursuant to Rule no. 39/2015 issued by the Financial Supervisory Authority (ASF) of Financial Instruments and Investments Sector, starting with the annual financial statements for the financial year 2015, the entities authorized, regulated and supervised by ASF - Financial Instruments and Investments Sector, shall use the International Financial Reporting Standards adopted by the European Union EU ("IFRS") as the official accounting regulations.

December 31, 2015 is the date of transition to IFRS as an accounting basis, at this date by restatements were performed and accounted for the operations determined by the transition from CNVM Regulation no. 4/2011 to IFRS accounting regulations.

These condensed interim financial statements as at March 31, 2019, have been prepared pursuant to the requirements of IAS 34 "Interim Financial Reporting" and should be read together with the separate financial statements for 2018 prepared in accordance with Rule no. 39/2015 for the approval of the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the ASF of Financial Instruments and Investments Sector (The Rule).

Pursuant to Regulation no. 1606/2002 of the European Parliament and the EU Council of July 19, 2002, and Law no. 24/2017 on issuers of financial instruments and market operations, the company is required to prepare and submit to the Financial Supervisory Authority (ASF) annual consolidated financial statements pursuant to IFRS, within 4 months from the end of the financial year. The Company prepared and published consolidated financial statements for the financial year 2018.

As per the requirements of Law no. 24/2017 and the ASF Regulation no. 5 on Issuers of Financial Instruments and Market Operations, the Company prepared and published the consolidated interim financial statements for the H1 2018 within 3 months of its end.

During Q1 2018, the Company reanalysed the criteria for the classification of as an investment entity and ascertained that the requirements are met, except for subsidiaries providing investment services (SAI Muntenia Invest, Administrare Imobiliare SA). Thus, in accordance with IAS 27 and IFRS 10, starting with financial year 2018, the Company measures all its subsidiaries at fair value through profit or loss, except for subsidiaries providing investment-related services, that will continue to be consolidated. Under these circumstances, the Company will prepare two sets of financial statements: standalone and consolidated financial statements, in accordance with IFRS 10 and IAS 27.

(b) Presentation of the financial statements

The Company adopted a presentation based on liquidity in the condensed interim statement of financial position and a presentation of income and expenses according to their nature in the interim condensed statement of comprehensive income, considering that these methods of presentation provide information that is reliable and more relevant than the information presented on other methods allowed by IAS 1 "Presentation of financial statements".

(c) Basis of measurement

The condensed interim financial statements are prepared on a fair value basis convention, for the financial assets and liabilities, at fair value through profit or loss or by other comprehensive income.

Other financial assets and liabilities as well as non-financial assets and liabilities are stated at amortized cost, revaluated amount or historical cost.

(d) Functional and presentation currency

The Company's management considers that the functional currency, as defined by IAS 21 "The effects of changes in Foreign Exchange Rates", is the Romanian Leu (RON or lei). The condensed interim financial statements are presented in RON, rounded to the nearest unit, which is the presentation currency chosen by the Company's management.

(e) Use of estimates and judgements

The preparation of the condensed interim financial statements pursuant to IFRS requires that management makes estimates, judgements, and assumptions that affect the application of accounting policies as well as the reported value of assets, liabilities, income and expenses.

Such estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the given circumstances. The result of these estimates forms the basis of judgments used in assessing the carrying value of assets and liabilities for which no other evaluation sources are available. Actual results may differ from the estimated values.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period or if the period of the revision and future periods are affected the revision affects both current and future periods.

Judgments made by the management in applying IFRS that have a significant impact on the separate financial statements and the estimates that involve a significant risk of a material adjustment in the next year are presented in the *Notes to the condensed interim financial statements*.

(f) Changes in the accounting policies

The accounting policies adopted are consistent with those used in the previous year.

3. Significant accounting policies - extract

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

Assets and financial liabilities

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

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

Selected explanatory notes to the condensed financial statements *as at March 31, 2019*

(i) Classification

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

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

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

Business model

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

Model of assets held for collecting

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

Model of assets held for collecting and sale

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

Other business model

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

SPPI test

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

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

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

There are also ratios that, although they would require a registration at fair value, can comply, under certain circumstances, with the SPPI criterion and so the respective assets should be accounted for at amortized cost:
• the existence of an anticipated reimbursement option or extension of the asset term;
• assets without recourse that should guarantee the debt reimbursement
• contractually related instruments.

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

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

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

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

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

Financial instruments measured at amortized cost

A financial asset must be measured at amortized cost if both conditions below are complied with:
(a) the financial asset is held within a business model whose goal is to hold financial assets in order to collect the contractual cash flows and
(b) the contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of the principal and of the interest corresponding to the principal owed.

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

(ii) Recognition

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

(iii) Measurement

After the initial recognition, the entity must measure the financial assets according to pt. 4.1.1 – 4.1.5 of IFRS 9 at:
a) Amortized cost;
b) Fair value through other comprehensive income; or
c) Fair value through profit or loss.

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

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

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

Measurement at amortized cost

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

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

Measurement at fair value

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

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

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

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

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

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

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

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

The assessment techniques are used consistently.

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

(iv) Identification and measurement of value impairment

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

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

Every reporting day, the Company measures the provision for losses corresponding to a financial instrument at a value equal to:
- The credit losses forecasted for a 12-month period, if the credit risk has not increased significantly as of the initial recognition;
- The credit losses forecasted during the entire life, if the credit risk has increased significantly as of the initial recognition.

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

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

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

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

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

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

(v) Derecognition

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

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

The Company derecognizes a financial liability when the contractual obligations ended or when the contractual obligations are cancelled or expire. Derecognition of financial assets and liabilities is accounted for using the weighted average cost method.

(vi) Reclassifications

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

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

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

(vii) Gains and losses

Gains or losses resulting from a change in the fair value of a financial asset or of a financial liability that is not part of a hedging relationship are recognized as follows:
a) The gains or losses generated by financial assets or financial liabilities classified as being measured at fair value through profit or loss are recognized in profit or loss;
b) The gains or losses generated by a financial asset at fair value through other comprehensive income are recognized at other comprehensive income.

When the assets are derecognized, the accumulated losses or gains previously recognized in other comprehensive income:
- are reclassified from equity in profit or loss, in the case of debt instruments;
- are transferred to retained earnings, in case of equity instruments (shares).

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

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

Other financial assets and liabilities

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

4. Management of significant risks

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

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

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

4.1 Financial risks

(a) Market risk

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

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

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

Concentration risk

Concentration risk relates to all assets held by the Company, regardless of Company intention to hold these assets, and through diminishing this risk is intended to avoid large exposure against the same debtor/entity at Company level.

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

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

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

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

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

(i) Equity Price risk

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

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

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

A positive variation of 10% in the price of financial assets at fair value through profit or loss (shares of subsidiaries, associates and fund units) would lead to an increase in profit after tax by RON 108,887,692 (December 31, 2018: RON 92,903,098), a negative variation of 10% having an equal net impact on the opposite direction.

A positive variation of 10% in the prices of financial assets measured at fair value through other comprehensive income, investments in shares and unit funds would lead to an increase in equity, net of tax, of RON 108,065,083 (December 31, 2018: RON 107,464,995), a negative variation of 10% with an equal net impact on an opposite direction.

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

As it can be noticed from the table below, as at March 31, 2019, the Company mainly held shares in companies in the banking-financial and insurance field, having a weight of 50.8 % on the total portfolio, decreasing compared to the 51.2% as at December 31, 2018.

in RON	**March 31, 2019**	**%**	**December 31, 2018**	**%**
Financial brokerage and insurance	1,026,008,269	50.8%	1,047,441,047	51.2%
Manufacturing industry	325,215,264	16.1%	333,231,839	16.3%
Hotels and restaurants	126,700,202	6.3%	126,746,145	6.2%
Wholesale and retail trade, repair of motor vehicles	29,907,258	1.5%	37,902,258	1.9%
Production and supply of energy, gas and water	28,123,203	1.4%	27,242,153	1.3%
Extractive industry	63,647,518	3.2%	54,416,217	2.7%
Other activities	2,964,881	0.1%	2,901,664	0.1%
Financial services applicable to real estate	344,682,950	17.1%	344,682,950	16.9%
Constructions	667,239	0.0%	667,238	0.0%
Transportation and storage	59,680,696	3.0%	57,659,329	2.8%
Rental of property investment	10,572,133	0.5%	10,570,630	0.5%
Agriculture, forestry and fishing	378,546	0.0%	378,546	0.0%
TOTAL	**2,018,548,159**	**100%**	**2,043,840,016**	**100%**

As at March 31, 2019 and December 31, 2018, the Company holds fund units at the closed investment funds Active Plus, Optim Invest, Certinvest Shares, Star Value and Romania Strategy Fund (as at December 31, 2018 also Omnitrend closed investment fund). The Company is exposed to price risk in terms of placements made with different degrees of risk by these Investment Funds, the fair value of the investments in these assets being as at March 31, 2019 of RON 280,314,428 (December 31, 2018: RON 295,681,969).

(ii) Interest rate risk

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

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

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

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

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

The following table shows the annual interest rates earned by the Company for interest-bearing assets Q1 2019:

	RON interval		**EUR interval**	
Financial assets	**Min**	**Max**	**Min**	**Max**
Cash and cash equivalents	1.00	3.00	-	-
Financial assets at fair value through profit and loss*	5.03	5.15	6.00	6.00
Financial assets at fair value through other comprehensive income**	-	-	5.75	5.75
Investments measured at amortized cost	-	-	5.98	6.01

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

The following table shows the annual interest rates earned by the Company for interest-bearing assets during Q1 2019:

	RON interval		**EUR interval**	
Financial assets	**Min**	**Max**	**Min**	**Max**
Cash and cash equivalents	0.45	1.50	-	-
Financial assets at fair value through profit and loss	3.85	3.97	6.00	6.00
Financial assets at fair value through other comprehensive income*	3.25	5.75	5.75	5.75
Investments measured at amortized cost	-	-	5.98	5.98

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

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

in RON	**March 31, 2019**
Cash and cash equivalent	44,000,000
Bank deposits	4,500,000
Financial assets at fair value through profit and loss – corporate bonds	109,238,670
Financial assets at fair value through comprehensive income – corporate bonds	4,900,921
Investments measured at amortized cost – corporate bonds	6,461,212
TOTAL	**169,100,803**

in RON	**December 31, 2018**
Cash and cash equivalent	15,500,000
Bank deposits	6,000,000
Financial assets at fair value through profit and loss – corporate bonds	40,562,280
Financial assets at fair value through comprehensive income – corporate bonds	4,872,610
Investments measured at amortized cost – corporate bonds	6,327,044
TOTAL	**73,261,933**

The impact on the Company's net profit and equity of a change of ± 1.00% in the interest rate related to variable interest-bearing assets and liabilities and expressed on other currencies corroborated with a change of ± 1.00% in the interest rate related to variable interest bearing assets in RON is RON 1,420,447 (December 31, 2018: RON 615,400.

(iii) Currency risk

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

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

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

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

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

Financial assets exposed to foreign currency risk (in RON) *in RON*	**March 31, 2019**
Cash and cash equivalent	33,025,444
Bank deposits	-
Financial assets at fair value through profit and loss*	86,263,356
Financial assets at fair value through comprehensive income**	230,444,445
Investments measured at amortized cost	6,543,245
TOTAL	**356,276,490**

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

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

Financial assets exposed to foreign currency risk (in RON) *in RON*	**December 31, 2018**
Cash and cash equivalent	9,025,982
Bank deposits	-
Financial assets at fair value through profit and loss*	20,255,448
Financial assets at fair value through comprehensive income**	290,081,290
Investments measured at amortized cost	6,505,683
TOTAL	**325,868,403**

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

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

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

	March 31, 2019		December 31, 2018	
	Impact on P&L account	**Impact on OCI**	**Impact on P&L account**	**Impact on OCI**
EUR increase with 5% (2018: 5%)	5,284,946	9,678,667	1,229,820	12,456,653
EUR decrease with 5% (2018: 5%)	-5,284,946	-9,678,667	-1,229,820	-12,456,653
Total	**-**	**-**	**-**	**-**

(b) Credit risk

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

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

As at December 31, 2018 and December 31, 2017, the Company did not have any security interests as insurance, nor any other credit enhancement.

As at December 31, 2018 and December 31, 2017, the Company did not record outstanding financial assets, but they are not impaired. Below we present our financial assets with exposure to credit risk:

March 31, 2019	**Current accounts**	**Bank deposits**	**Bonds issued by financial entities** (measured at amortized cost)	**Corporate bonds** (measured at FVOCI)	**Corporate bonds** (measured at FVTPL)	**Other financial assets**	**Total**
Current and not impaired							
Rating AAA to A-							
BBB+	34,584,800	19,000,000					53,587,800
BBB	24,051						24,051
BB+	1,319,010	29,500,000	6,461,212				37,280,222
Baa1	4,253						4,253
Ba3	3,352						3,352
C	103						103
NR	1,442			4,900,921	109,238,670	13,726,960	127,867,993
TOTAL	**35,940,011**	**48,500,000**	**6,461,212**	**4,900,921**	**109,238,670**	**13,726,960**	**218,743,723**

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

The Company's maximum exposure to credit risk is of RON 218,743,723 as at March 31, 2019 (December 31, 2018: RON 89,816,329) and can be analysed as follows:

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

	Credit rating			March 31, 2019	December 31, 2018
BRD - Groupe Société Générale	BBB+	BRD - Groupe Société Générale	Fitch	53.539.736	23.940.933
Banca Transilvania	BB+	Banca Transilvania	Fitch	30.819.010	11.197.124
Banca Comercială Română	BBB+	Banca Comercială Română	Fitch	47.389	46.776
Intesa Sanpaolo Romania*	BBB	Intesa Sanpaolo Italia	Fitch	24.051	24.299
Raiffeisen Bank Romania	Baa1	Raiffeisen Bank Romania	Moody's	4.253	4.367
Alpha Bank Romania	Ba3	Alpha Bank Romania	Moody's	3.352	3.554
Bancpost**	C	Eurobank Ergasias Athens	Fitch	-	1.064
UniCredit Tiriac	BBB+	UniCredit Tiriac	Fitch	675	983
Banca Comercială Feroviara	NR			1.442	1.501
Piraeus Bank Romania***	C	Piraeus Bank Athens	Fitch	103	284
TOTAL				**84.440.011**	**35.220.885**

* For banks for which there is no rating, the parent company's rating was considered
** At the end of year 2018, the taking over of Bancpost by Banca Transilvania was completed.
***In 2018, the local subsidiary of Piraeus Bank Greece was taken over by the American investment fund JC Flowers, the name of the bank was changed to First Bank

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

Of other financial assets category, the financial assets, amounting to RON 13,726,960 (December 31, 2018: 34,519) are not past due and not impaired.

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

The company has no outstanding claims.

(c) Liquidity risk

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

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

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

in RON	Carrying amount	Less than 3 months	3 to 12 months	More than 1 year	No fixed maturity
March 31, 2019					
Financial assets					
Cash and cash equiv.	**79,957,781**	79,946,635		-	11,146
Bank deposits	**4,539,125**	-	4,539,125		-
Financial assets at fair value through profit and loss	**1,152,339,387**	335,389	798,585	109,238,670	1,041,966,744
Financial assets at fair value through other comprehensive income	**1,261,877,908**	81,145	-	4,900,921	1,256,895,842
Financial assets at amortized cost	**6,543,245**	-	82,033	6,461,212	-
Other financial assets	**13,726,960**	13,726,960	-	-	-
Total financial assets	**2,518,984,406**	**94,090,129**	**5,419,743**	**120,600,803**	**2,298,873,732**
Financial liabilities					
Dividends payable	**-**	-	-	-	-
Other financial liabilities	**12,880,295**	12,880,295		-	-
Total financial liabilities	**12,880,295**	**12,880,295**	**-**	**-**	**-**
Liquidity surplus	**2,506,104,111**	**81,209,834**	**5,419,743**	**120,600,803**	**2,298,873,732**

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

4.2 Other risks

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

The main types of risks the Company is exposed to are:
- taxation risk;
- economic environment risk;
- operational risk.

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

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

(a) Taxation risk

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

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

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

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

(b) Economic environment risk

SIF Banat-Crișana's management cannot predict all the effects of the financial crisis with an impact on the financial sector in Romania, but has confidence in that in Q1 2019 adopted the necessary measures for the Company's sustainability and development under the present state of the financial market by monitoring its cash flows and adapting its investment policies.

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

SIF Banat-Crișana adopted risk management policies through which risks are managed actively, by implementing specific risk identification, evaluation, measurement and control procedures meant to provide reasonable assurance with respect to the achievement of the Company's objectives, thus seeking a consistent balance between risk and expected profit. The risk management aims at: (i) identifying and assessing significant risks with major impact in achieving the target investment and developing activities to counter the risk identified; (ii) adapting the risk management policies to the developments in the financial capital market, monitoring performance and improving risk management procedures; (iii) reviewing investment decisions in line with the development of the capital and money market; (iv) compliance with the legislation in force.

The Euro area economy has experienced a significant recovery in recent years, both in terms of GDP growth (with annualized increases of more than 1.5%) and the progressive reduction of unemployment and the return of inflation to the ECB target (2%). However, the ECB has also maintained during the latest period (at the meeting in January 2019) both the benchmark interest rate in absolute historical absolutes (0%) and the commitment to fully reinvest the amounts cashed on the maturity date of the financial instruments acquired in the quantitative easing program, the duration of this program being dependent on the sustainability of the inflation rate to the 2% target set by the ECB. Maintaining these exceptional measures, considering the recent macroeconomic data that indicate a slowdown of the economic activity in the main economies of the Euro area (including technical recession in Italy), signals the persistence of some risks despite positive developments in recent years.

(c) Operational risk

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

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

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

(d) Capital adequacy

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

The Company's equity includes the share capital, different types of reserves and the retained earnings. The equity amounted to RON 2,399,712,885 as at March 31, 2018 (RON 2,321,420,613 as at December 31, 2018).

5. Dividend income

Please note that in accordance with IFRS 9 and due to the fact that the Company has opted to measure participations by other comprehensive income, dividends from these shareholdings are recognized as income unless they are a substantially recovery of the cost of investment. Dividend income is recorded as gross value. The tax rates for dividends for H1 2018 from resident and non-resident companies were 5% and zero (2018: 5% and zero). The breakdown of dividend income on the main counterparties is shown in the table below:

Denominated in RON	**March 31, 2019**	**March 31, 2018**
SAI Muntenia Invest SA	13,557,288	7,748,450
Hercules SA Satu Mare	0	79,791
Total	**13,557,288**	**7,828,241**

6. Interest income

denominated in RON	**March 31, 2019**	**March 31, 2018**
Interest income on deposits and current accounts	180,350	81,498
Interest income on bonds measured at amortized cost	96,786	94,379
Interest income on assets measured through profit and loss	1,263,691	358,058
Interest income on assets measured through other comprehensive income (govt. and corporate bonds)	71,116	415,174
	1,611,943	**949,109**

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

denominated in RON	**March 31, 2019**	**March 31, 2018**
Profit / (Loss) from measurement / disposal of fund units	5,369,919	2,482,952
Profit / (Loss) from measurement of bonds (Vrancart)	(2,765,610)	(49,997)
Profit / (Loss) from measurement of shares in subsidiaries and associates	(7,726,667)	
Gain / (Loss) from sale of shares held for short term		
Total	**(5,122,358)**	**2,432,955**

On March 31, 2019, the Company measured equity holdings, shareholdings in subsidiaries and associates (measured at level 1) and liabilities held at subsidiaries through the profit and loss resulting a value decrease in the amount of RON 4.3 million.

During Q1 2019 units of fund were redeemed by the closed-end investment fund Omnitrend amounting to RON 20.7 mn, RON 0.8 mn below the current book value.

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

denominated in RON	**March 31, 2019**	**March 31, 2018**
Acquisition cost for financial assets (government bonds)	0	(15,421,340)
Proceeds from sale	0	15,044,190
Total	**0**	**(377,150)**

Please note that under IFRS 9 and due to the fact that the Company has opted to measure holdings through other items of comprehensive income, gain from sale of shares until March 31, 2019, in the amount of RON 53,272,719, is reflected in retained earnings.

9. Fees and commissions expenses

denominated in RON	**March 31, 2019**	**March 31, 2018**
ASF commissions	511,799	599,281
Depository fees	73,226	92,434
Fees payable to SSIF (financial institutions)	112,667	133,239
Registry fees	36,000	36,000
Other fees and commissions	21,733	6,248
Total	**755,425**	**867,202**

10. Other operating expenses

denominated in RON	**March 31, 2019**	**March 31, 2018**
Expenses with other taxes and fees and assimilated payments	60,660	91,030
Expenses with salaries and other personnel expenses	2,940,980	1,940,550
Amortization expenses	62,715	70,584
Expenses for external services	509,034	521,279
Total	**3,573,389**	**2,623,443**

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

In the period ended on Mach 31, 2019, the average number of employees was of 34 (March 31, 2018: 36), and the number of employees recorded at the end of the reporting period was of 34 (March 31, 2018: 35).

All employees are members of the pension plan of the Romanian State. The company does not operate any other pension scheme or post-retirement benefits and, consequently, has no other obligations concerning pensions. Furthermore, the Company is not bound to provide additional benefits to employees after their retirement.

11. Income tax

denominated in RON	**March 31, 2019**	**March 31, 2018**
Current income tax		
Current income tax (16%)	787,418	265,891
Tax on dividend (0%, 5%)	-	3,990
Tax exemption on transactions with ownership greater than 10%		
Deferred tax expense / (income)		
Financial assets available for sale		
Financial assets at fair value through profit or loss		
Tangible assets / Investment property		
Total income tax recognized in profit or loss	**787,418**	**269,881**

The effective tax rate used to calculate the deferred tax of the Company was of 16%.

Reconciliation of profit before tax with expense on income tax in the profit and loss account:

denominated in RON	**March 31, 2019**	**March 31, 2018**
Profit before tax	**7,419,859**	**7,534,580**
Tax under statutory tax rate of 16% (2018: 16%)	1,187,177	1,205,533
Income tax effect of:		
Tax on dividend (0%, 5%)	0	3,990
Non-deductible expenses and similar items	1,792,305	372,418
Non-taxable income	(2,169,166)	(1,252,519)
Revenue related items	13,457,839	15,875,796
Amounts of sponsorship within legal limits and other deductions	-24,000	-60,642
Tax recognized in retained earnings	(13,456,737)	(15,874,694)
Income tax	**787,418**	**269,881**

12. Cash and cash equivalents

denominated in RON	**March 31, 2019**	**December 31, 2018**
Cash in hand and other valuables	11,146	9,526
Current accounts in banks	35,940,010	13,720,884
Deposits at banks with original maturity less than 3 months	44,006,625	15,500,000
Cash and cash equivalents with maturity less than 3 months	**79,957,781**	**29,230,410**

Current bank accounts and bank deposits are permanently available to the Company and are not restricted.

13. Bank deposits

denominated in RON	**March 31, 2019**	**December 31, 2018**
Bank deposits with maturity more than 3 months	4,500,000	6,000,000
Interest on deposits	39,125	44,457
Cash and cash equivalents with maturity greater than 3 months	**4,539,125**	**6,044,457**

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

denominated in RON	**March 31, 2019**	**December 31, 2018**
Shares	761,652,316	769,377,480
Fund units	280,314,428	295,681,969
Corporate bonds (including the interest)	110,372,643	40,929,816
Total	**1,152,339,387**	**1,105,989,265**

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

The movement of the financial assets measured at fair value through profit and loss account as at March 31, 2019 is presented in the table below:

denominated in RON	Shares	Fund units	Corporate bonds in subsidiaries	Total
January 1, 2019	**769,377,480**	**295,681,969**	**40,929,816**	**1,105,989,265**
Acquisitions	1,503	0	70,713,000	70,714,503
Sales		-21,455,948		-21,455,948
Attached interest			766,438	766,438
Change in fair value (including foreign exchange differences)	-7,726,667	6,088,407	-2,036,610	-3,674,871
March 31, 2019	**761,652,316**	**280,314,428**	**110,372,644**	**1,152,339,387**

As at March 31, 2019, the holdings in subsidiaries and associates classified at Level 1 were measured at fair value, the difference being an unfavourable one, amounting to RON 7.7 million.

During the period fund units were redeemed in the amount of RON 21.5 million, by Omnitrend clod end investment fund.

Purchases of corporate bonds amounting to RON 70.7 million include the equivalent of 7,500 bonds issued by BIFI BH retail, denominated in euro.

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

denominated in RON	March 31, 2019	December 31, 2018
Shares at fair value	1,256,895,841	1,274,462,535
Corporate bonds (including attached interest)	4,982,067	4,882,639
Total	**1,261,877,908**	**1,279,345,173**

The measurement of shares at fair value was done by multiplying the number of shares held as at the reporting date with the closing price on the last trading day of the reporting period or the price determined by other valuation methods, respectively valuation performed by certified evaluators. As at March 31, 2019, the category of shares that are classified as measured at fair value includes mainly the value of shares held in Banca Transilvania, SIF Imobiliare PLC, Erste Group Bank AG, BRD-Groupe Société Générale (December 31, 2018: Banca Transilvania, SIF Imobiliare Plc, Erste Group Bank AG, BRD-Groupe Groupe Société Générale).

As at March 31, 2019, was established the fair value for the financial instruments valued at level 1 (quoted).

The movement of financial assets measured at fair value through other comprehensive income in the reporting period ended on March 31, 2019 is presented in the table below:

denominated in RON	Shares at fair value	Corporate bonds	Total
January 1, 2019	**1,274,462,535**	**4,882,639**	**1,279,345,174**
Acquisitions	855,811		855,811
Sales	-102,748,546		-102,748,546
Attached interest		71,116	71,116
Change in fair value	84,326,041	-75,555	84,250,486
Foreign exchange differences		103,867	103,867
March 31, 2019	**1,256,895,841**	**4,982,067**	**1,261,877,908**

Purchases of shares during the current period, amounting to RON 0.8 million, mainly include the acquisition of Intercontinental SA Bucharest.

Sales of shares amounting to RON 102.7 million include mainly the sale of shares in Erste Bank (RON 93.3 million) and Minerva SA (RON 8.8 million).

The gain on transactions amounting to RON 53.3 million was recognized in retained earnings.

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

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

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

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

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

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

The Company uses the following hierarchy of methods to measure fair value:

- Level 1: quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs: quoted market prices in active markets for similar instruments; valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques largely based on unobservable input.

The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices or on prices quoted by intermediaries (brokers).

The fair value of the financial instruments for which there is no active market (Level 2 and 3) and those that are not traded is determined by external valuators and authorized valuators within the Valuation department of the Company, using the strategy set by the management of the issuer and valuation techniques that meet the requirements of IFRS 13 and the ANEVAR Valuation Standards, in line with best valuation practices. These techniques include: techniques based on the present net value, the discounted cash flow method, the method of comparisons with similar instruments for which there is an observable market price and using the method approved by ASF namely a percentage of the net assets of these companies, reduced by a discount for minority ownership and a discount for lack of liquidity.

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

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

March 31, 2019

denominated in RON	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss - shares	199,841,362	0	561,810,955	761,652,317
Financial assets at fair value through profit and loss – fund units			280,314,428	280,314,428
Financial assets at fair value through profit and loss - bonds	38,132,059	72,240,585		110,372,643
Financial assets at fair value through other comprehensive income - shares	1,130,173,103	16,138,348	110,584,390	1,256,895,841
Financial assets at fair value through other comprehensive income – corporate bonds	4,982,067			4,982,067
Investment property			20,128,515	20,128,515
Land and buildings			2,745,899	2,745,899
	1,399,630,963	**16,138,348**	**998,972,742**	**2,414,742,053**

December 31, 2018

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

There have been no transfers between levels of fair value during the first three months of 2019.

16. Financial assets measured at amortized cost

denominated in RON	**March 31, 2019**	**December 31, 2018**
Bonds	6,461,212	6,327,044
Interest attached related to bonds	82,033	178,639
Total	**6,543,245**	**6,505,683**

Outstanding securities (bonds) at March 31, 2019 include:
- corporate bonds issued by Banca Transilvania denominated in EURO, amounting to RON 6.4 million, purchased in May 2013, convertible in Banca Transilvania shares, with maturity in May 2020, with an annual variable interest rate based on $EURIBOR_{6\ months}$ + a margin set at 6.25%;

17. Investment property

denominated in RON	March 31, 2019	December 31, 2018
Balance at January 1	**20,128,515**	**20,042,164**
Entries		
Sales		
Changes in fair value		86,351
Balance at the end of period	**20,128,515**	**20,128,515**

The balance of real investment property includes the value of the building and the land acquired following the withdrawals from companies and the value of the buildings held after the closure of some branches, measured at fair value.

18. Other financial assets

denominated in RON	March 31, 2019	December 31, 2018
Sundry debtors	14,983,189	1,440,881
Current income tax receivables	0	2,126,352
Other financial assets	150,133	116,436
Impairment for depreciation of sundry debtors	-1,406,362	-1,406,362
Total	**13,726,960**	**2,277,307**

19. Deferred tax liabilities

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

March 31, 2019

denominated in RON	Assets	Liabilities	Net
Financial assets at FVOCI	-	799,207,592	-799,207,592
Tangible assets and investment property	-	12,764,034	-12,764,034
Total	**0**	**811,971,626**	**-811,971,626**
Net temporary differences - 16% rate			(811,971,626)
Deferred tax liabilities			**(129,915,461)**

2018

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

Deferred tax liabilities in balance for the period ended March 31, 2019 in the amount of RON 129,915,461 (2018: 129,889,043) include:

- deferred income tax recognized directly through the decrease in equity amounting to RON 119,418,885 (2018: 113,971,379), being wholly generated by reserves for financial assets measured at fair value through other comprehensive income (FVOCI)

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

20. Other financial liabilities

denominated in RON	March 31, 2019	December 31, 2018
Payables to employees and related contributions	648,480	1,195,933
Taxes and fees	12,126,024	8,606
Internal suppliers	105,790	409,805
Total	**12,880,295**	**1,614,344**

21. Capital and reserves

(a) Share capital

As at March 31, 2019, the share capital of SIF Banat-Crișana amounts to RON 51,746,072, divided into 517,460,724 shares with the nominal value of RON 0.1 and it is the result of direct subscriptions to the share capital of the company, by converting into shares the amounts due as dividends under Law no. 55/1995 and pursuant to Law no. 133/1996. As at March 31, 2019 the number of shareholders was of 5,753,602 (December 31, 2018: 5,754,670).

The shares issued by SIF Banat-Crișana are traded on the Bucharest Stock Exchange since November 1999. The records of shares and shareholders is kept by Depozitarul Central S.A. Bucharest.

All shares are ordinary shares, were subscribed and fully paid as March 31, 2019 and December 31, 2018. All shares have equal voting rights and a nominal value of RON 0.1/share. The number of shares authorized to be issued is equal to the shares issued.

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

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

The EGM of April 26, 2018, approved the execution of a buyback program for the repurchase of 1,400,000 own shares ("Program II") by the Company, for their distribution free of charge to the members of the Company's management (administrators, directors) in order to build their loyalty as well and to reward their activity in the Company, according to performance criteria to be determined by the Board of Directors.

Following the resolution of EGM of April 26, 2018, the Board approved the "Stock-Option Plan" by which were offered to administrators and directors of the Company a total of 1,400,000 SIF1 shares. The vesting (transfer) of shares will be made when the conditions of the "Stock-option Plan" are met and each beneficiary exercise his/her option, after a period of 12 months from signing the payment agreements.

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

Reconciliation of the share capital in accordance with IFRS with the share capital in accordance with the statutory share capital is shown in the table below:

denominated in RON	March 31, 2019	December 31, 2018
Statutory share capital	51,746,072	51,746,072
The effect of applying IAS 29 on share capital	645,164,114	645,164,114
Restated capital	**696,910,187**	**696,910,187**

(b) Reserves set up following the application of Law no. 133/1996

The reserve for the initial portfolio was set up under the application of Law no. 133/1996, as the difference between the portfolio value and the subscribed capital contribution to the company. These reserves are treated as an initial contribution (share premium) and are not used when selling the financial assets. Reconciliation of the reserve related to the initial portfolio according to IFRS with the reserve according to the accounting regulations applicable up to the date of application of ASF Rule no. 39/2015 is presented in the following table:

denominated in RON	**March 31, 2019**	**December 31, 2018**
Reserves from the application of Law no. 133/1996	145,486,088	145,486,088
The effect of applying IAS 29 on reserves set up following the application of Law no. 133/1996	1,960,189,603	1,960,189,603
Reserves set-up from the application of Law no. 133/1996	**2,105,675,691**	**2,105,675,691**

The effect of hyperinflation over the share capital amounting to RON 645,164,111 and over the reserve set-up following the application of Law no. 133/1996 amounting to RON 1,960,189,603 was recorded by reducing the retained earnings, resulting in an accumulated loss related to applying IAS 29 on the capital items in the amount of RON 2,605,353,717 at the end of each period presented.

(c) Differences from changes in fair value of financial assets measured through other comprehensive income

This reserve comprises cumulative net changes in the fair values of financial assets measured through other comprehensive income from the date of their classification in this category to the date they have been derecognized or impaired.

Reserves are recorded net of related deferred tax.

(d) Legal reserves

Pursuant to the legal requirements, the Company set-up legal reserves in the amount of 5% of recorded profit according to applicable accounting standards up to 20% of the share capital as per the Articles of Association. The legal reserve as at March 31, 2019, amounts to RON 10,349,214 (December 31, 2018: RON 10,349,214). In the financial year 2018 and as at March 31, 2019, the Company has no longer set-up legal reserves from the distributed profit, as these reached the upper limit of 20% of the share capital, as per the Articles of Association.

Legal reserves cannot be distributed to shareholders.

(e) Dividends

During the first three months of 2019 there was no approval of dividend distribution. In 2018, it was not approved the distribution of dividends from the profit of the financial year 2017.

22. Earnings per share

The calculation of basic earnings per share was made based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares:

denominated in RON	**March 31, 2019**	**March 31, 2018**
Profit attributable to ordinary shareholders	6,632,441	7,264,699
Weighted average number of ordinary shares	517,371,068	517,460,724
Basic earnings per share	**0.013**	**0.014**

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

23. Contingent assets and liabilities

(a) Litigations

As at March 31, 2019 the Legal Office of the Company reported 90 litigations pending in Courts. The Company had legal standing in 78 lawsuits, and passive legal standing in 12 lawsuits.

In most lawsuits in which the Company acts as plaintiff, the subject of litigation is the cancellation / ascertainment of cancellation of decisions taken by the General Meetings of Shareholders in portfolio companies, recovery of non-collected dividends or insolvency proceedings of portfolio companies.

(b) Other liabilities
not the case

24. Related parties

The parties are considered related if one party has the ability to control the other party or to exercise a significant influence over its financial and operational decision making.

The Company has identified the following related parties in the course of business:

Key management personnel

March 31, 2019

- As at March 31, 2019, the Board of Directors of SIF Banat-Crișana was comprised of 5 members: Bogdan-Alexandru Drăgoi - Chairman, Radu Răzvan Străuț - Vice-Chairman, Sorin Marica, Marcel Heinz Pfister and Ionel Marian Ciucioi.
- As at March 31, 2019, the members of the executive team of SIF Banat-Crișana are: Bogdan-Alexandru Drăgoi – CEO (General Director), Radu Răzvan Străuț - Deputy General Director, Teodora Sferdian - Deputy General Director, Laurențiu Riviș – Director.

December 31, 2018

- As at December 31, 2018, the Board of Directors of SIF Banat-Crișana was comprised of 5 members: Bogdan-Alexandru Drăgoi - Chairman, Radu Răzvan Străuț - Vice-Chairman, Sorin Marica, Marcel Heinz Pfister and Ionel Marian Ciucioi.
- As at December 31, 2018, the members of the executive team of SIF Banat-Crișana were: Bogdan-Alexandru Drăgoi – CEO (General Director), Radu Răzvan Străuț - Deputy General Director, Teodora Sferdian - Deputy General Director and Laurențiu Riviș – Director.

During the period of the interim reporting, there were no transactions carried out and no advances and loans were granted to managers and administrators of the Company, except for work related travel advances.

The Company has not received and has not given guarantees in favour of any related party.

Subsidiaries
As at March 31, 2019 and December 31, 2018, the Company held stakes in 13 companies. The reduction in the number of subsidiaries included in the scope of consolidation is the result of the classification of the Company as an investment entity, after which the subsidiaries performing investment services for the Company (SAI Muntenia and AISA) remained in the scope of consolidation and the other subsidiaries were deconsolidated.

Associated entities
The number of entities in which the Company holds stakes between 20% and 50% of the capital as at March 31, 2019 is 24 (December 31, 2018: 25), of which:
a. Two entities (Gaz Vest SA Arad, Biofarm SA Bucharest), in which the Company exercises significant influence;
b. 9 (December 31, 2018: 9) entities that do not qualify as associates, because the Company does not exercise significant influence in those companies;
c. 13 (December 31, 2018: 14) entities in insolvency / liquidation / bankruptcy.

Transactions with related parties during the interim reporting period:

During the first three months of 2019, the Company made the following transactions with affiliated parties:
- recording and collecting dividend income from SAI Muntenia in the amount of RON 13,557,288;
- proceeds from Vrancart SA, interest on corporate bonds in the amount of RON 497,253;
- paid to the company Administrare Imobiliare SA (the management company of SIF Imobiliare) the total amount of RON 39,302, representing the rent and operating expenses for the rented space, and to the company Gaz Vest SA Arad the amount of RON 34,737 representing natural gas.

25. Events after the interim period

- **April 25, 2019** – The company informed the shareholders that, in the meeting held on 22.04.2019, the Board of Directors, approved the prolonging of the duration of the Stock Option Plan.

- April 25, 2019 - The company informed the shareholders upon the receiving on April 25, 2019, from Societatea de Investiții Financiare (SIF) Oltenia S.A. of - *Reporting of major shareholdings as per art. 69 par. (1) of Law no. 24/2017 and ASF Regulation no. 5/2018.*