



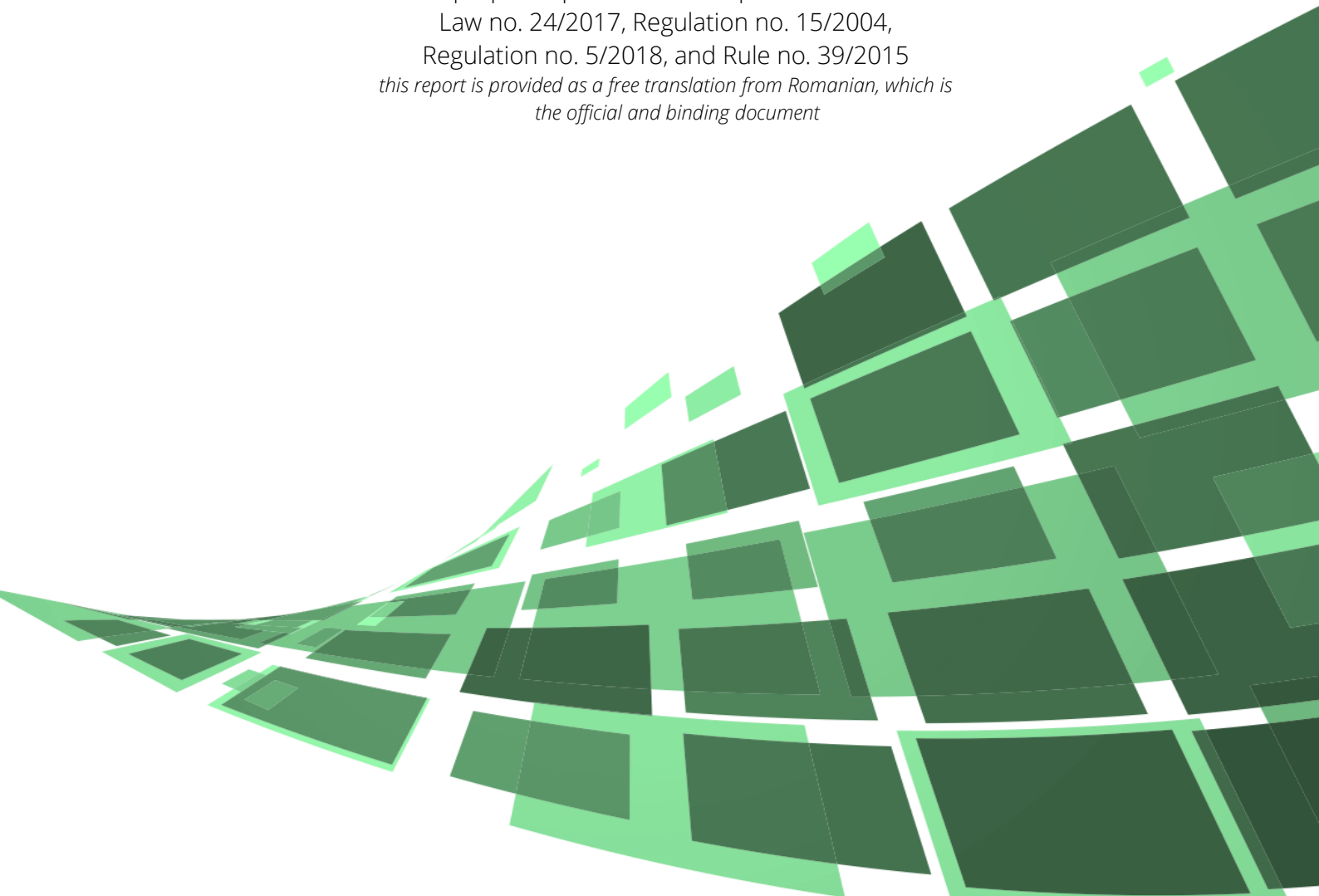
SIF BANAT-CRIȘANA

SOCIETATE DE INVESTIȚII FINANCIARE

QUARTERLY REPORT

— AS AT SEPTEMBER 30, 2019 —

prepared pursuant to the provisions of
Law no. 24/2017, Regulation no. 15/2004,
Regulation no. 5/2018, and Rule no. 39/2015
*this report is provided as a free translation from Romanian, which is
the official and binding document*



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<ul style="list-style-type: none"> ▪ Condensed interim standalone financial statements as at September 30, 2019, prepared pursuant to 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 Financial Supervisory Authority from Financial Instruments and Investments Sector - unaudited 	
<ul style="list-style-type: none"> ▪ Net assets statement as at September 30, 2019 – prepared pursuant to annex 16 of the Regulation no. 15/2004 	
<ul style="list-style-type: none"> ▪ Detailed statement of investments as at September 30, 2019 – prepared pursuant to annex 17 of the Regulation no. 15/2004 	

1. GENERAL INFORMATION

CORPORATE NAME	Societatea de Investiții Financiare Banat-Crișana S.A. (hereinafter referred to as “SIF Banat-Crișana” or “the Company”)
COMPANY TYPE	<ul style="list-style-type: none"> ▪ closed-end investment company self-managed, with a diversified investment policy investment policy, endorsed by the Financial Supervisory Authority by Endorsement no. 258 / 14.12.2005 and as AIFM with Authorization no. 78/09.03.2018 ▪ set-up as a joint stock company in November 1996 pursuant to the provisions of Law no. 133/1996 for the conversion of the Private Property Funds (FPP) into Financial Investment Companies (SIF) ▪ Romanian legal entity with private capital
SHARE CAPITAL	<ul style="list-style-type: none"> ▪ RON 51,746,072.40 – subscribed and paid-in capital ▪ 517,460,724 shares issued, 517,371,068 outstanding shares ▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none"> ▪ J02/1898/1992 at Trade Registry of the Arad Court ▪ Unique Fiscal Registration Code RO 2761040 ▪ Number in ASF AFIAA Register PJR07.1AFIAA/020007/09.03.2018 ▪ Number in ASF SIIR Register PJR09SIIR/020002/2006 ▪ Legal Entity Identifier (LEI Code) 254900GAQ2XT8DPA7274
MAIN ACTIVITY	<p>Main activity is, as per the classification of economic activities in the national economy (CAEN): financial intermediation, except insurance and pension funding (CAEN code 64), and the main object of activity: Other financial intermediation n.c.a. (CAEN code 6499):</p> <ul style="list-style-type: none"> ▪ carrying out financial investments in order to maximize the value of own shares in accordance with the regulations in force; ▪ management of investment portfolio and exercising all of the rights related to the instruments in which investments are made; ▪ risk management; ▪ other activities auxiliary and associated to the collective investment activity, in accordance with the regulations in force.
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB) – Premium category - ticker SIF1
FINANCIAL AUDITOR	PricewaterhouseCoopers Audit S.R.L for the financial years 2016 – 2018 Deloitte Audit S.R.L. , starting with 2019 financial year
DEPOSITARY BANK	BRD - Groupe Société Générale
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	Arad , 35A Calea Victoriei 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
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2. MAIN FINANCIAL AND OPERATIONAL INFORMATION

MAIN BALANCE SHEET ITEMS [RON mn]			
	30.09.2018	31.12.2018	30.09.2019
Total assets, of which	2,612.07	2,452.94	2,792.32
Total financial assets	2,585.71	2,427.11	2,741.61
Equity (own capital)	2,435.60	2,321.42	2,634.93
Total current liabilities	16.29	1.62	4.55

FINANCIAL PERFORMANCE [RON mn]			
	30.09.2018	31.12.2018	30.09.2019
Operational income	101.27	114.88	110.44
Gains on investments	(20.24)	(16.05)	39.43
Operating expenses	12.07	17.93	11.94
Gross profit	68.96	80.89	137.93
Net profit	65.46	77.19	126.54

PERFORMANCE OF SHARES AND NET ASSET			
	30.09.2018	31.12.2018	30.09.2019
Share price (end of period, RON)	2.4500	2.0400	2.4500
NAV/S* (RON)	5.1782	4.3067	4.9745
Accounting net asset / share (RON)	4.7068	4.4863	5.0929
Nominal value of share (RON)	0.10	0.10	0.10
Number of outstanding shares**	517,460,724	517,371,068	517,371,068

* calculated acc. to ASF regulations

** number of shares not including treasury stock

OPERATIONAL DATA			
	30.09.2018	31.12.2018	30.09.2019
Number of permanent employees, end of period	34	34	34
Branch offices	1	1	1

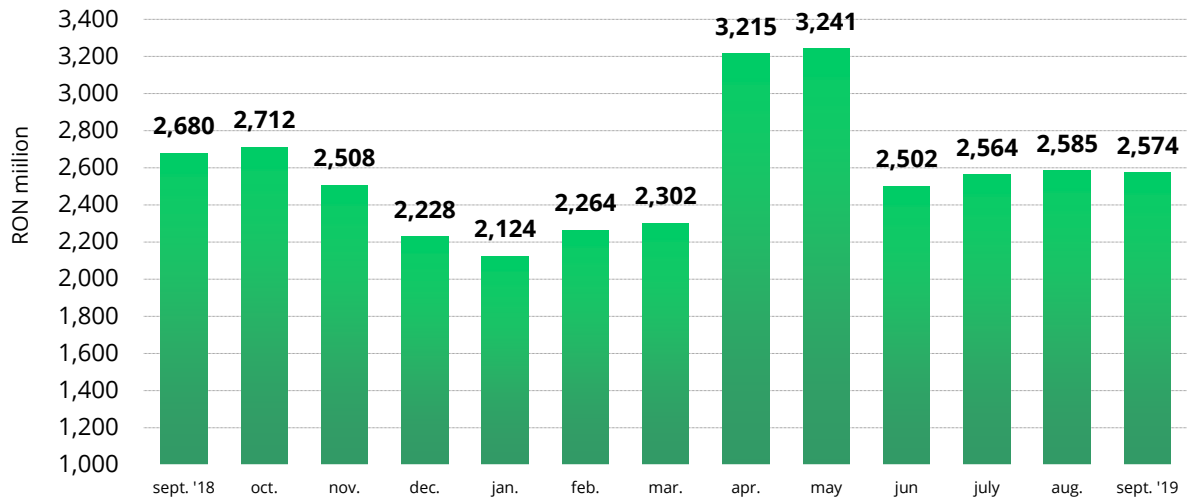
3. PORTFOLIO AS AT SEPTEMBER 30, 2019

Net Asset Value

SIF Banat-Crișana's net asset value (NAV), reached **RON 2,573.66 mn** at the end of the Q3 2019, 2.86% higher as compared to RON 2,502.12 mn at the end of H1 2019 and 3.95% below the value recorded as at September 2018. Net asset value per share (NAV/S) was of **RON 4.9745** as at September 30, 2019 (June 30, 2019: RON 4.8363).

NET ASSET VALUE

September 2018 - September 2019



Monthly values for net asset were calculated by SIF Banat-Crișana and certified by BRD Groupe Société Générale. The valuation of assets for the calculation of net asset value of SIF Banat-Crișana was performed pursuant to ASF Regulation no. 9/2014 (art. 113-122) ASF Regulation no. 10/2015 and ASF Regulation no. 2/2018.

The monthly reports for the net asset value were submitted to the Bucharest Stock Exchange and ASF – Financial Investments and Instruments Sector and published on SIF Banat-Crișana's website www.sif1.ro within 15 days from the end of the reporting month, as per the regulations in force.

Net asset statement as at September 30, 2019, prepared pursuant to annex 16 of the Regulation no. 15/2004, is presented as annex to this report.

The methodology for calculating the net asset value

During H1 2019, the calculation of net asset value was performed under the provisions of art. 113-122 of ASF Regulation no. 9/2014, ASF Regulation no. 10/2015 and ASF Regulation no. 2/2018.

Per these regulations:

- shares and securities referred to in art. 3 par. (1) pt. 26 letter c) from GEO no. 32/2012 admitted to trading and traded in the last 30 trading days on a regulated market or in trading systems other than regulated markets, are evaluated: (i) at the closing price of the market section considered the main market, for the day for which the calculation is made, in the case of shares admitted to trading on the respective regulated market; or (ii) at the reference price for the day for which the calculation is made, in the case of shares traded under trading systems other than regulated markets.
- The securities not admitted to trading on a regulated market or not traded during the last 30 trading days are valued at the accounting (book) value per share recorded in the most recent annual financial statements, or equity value comprised in the monthly reports submitted to BNR

(the Romanian central bank) for credit institutions.

- In the case of joint stock companies not admitted to trading on a regulated market or on an alternative system, in which SIF Banat-Crișana holds more than 33% of the share capital, these shares are valued in the net asset of SIF Banat-Crișana exclusively in accordance with international valuation standards based on an evaluation report, updated at least annually. These companies are presented in a separate annex within the Detailed Statement of the Portfolio.
- Fixed income financial instruments are evaluated by the method based on the daily recognition of the interest and the amortization of the discount / premium for the period passed from the date of the placement.
- The shares of companies in insolvency, judicial liquidation or reorganization procedure are evaluated at zero value until the end of the procedure.
- The values of the non-portfolio items considered in the calculation of the net asset are in accordance with the International Financial Reporting Standards ("IFRS").

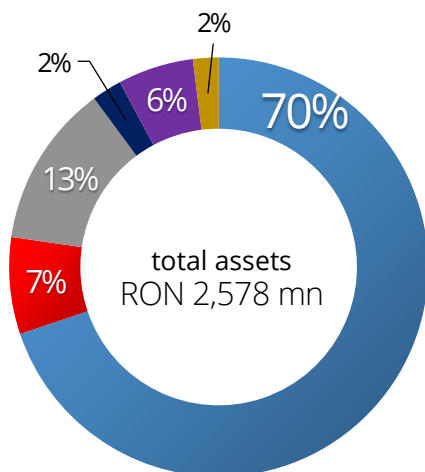
The valuation methods applied by the Company to evaluate the financial assets in the portfolio are presented on Company's website, www.sif1.ro, in the section *Investments > Net Asset > Net asset value calculation methodology*. The changes in valuation policies and methods are communicated to investors and the Financial Supervisory Authority, in accordance with the regulations in force.

Portfolio structure

The strategy for asset allocation aims to maximize the performance of the portfolio under the prudential conditions established by the regulations incident to the operation of the Company. The prudential conditions applicable to the investments of the Company are set by Capital Market Law no. 297/2004, amended and supplemented by GEO no. 32/2012, and Regulation no. 15/2004 regarding authorization and operation of asset management companies, collective investment undertakings and depositories.

ASSETS UNDER MANAGEMENT as at September 30, 2019

assets class breakdown (weight in total assets)



- listed shares*: 70%
value **RON 1,800.18 mn** (June 30, 2019: RON 1,745.61 mn)
- unlisted shares: 7%
value **RON 192.62 mn** (June 30, 2019: RON 203.58 mn)
- unlisted non-UCITS securities: 13%
value **RON 324.31 mn** (June 30, 2019: RON 300.50 mn)
- corporate bonds: 2%
value **RON 59.71 mn** (June 30, 2019: RON 59.49 mn)
- bank deposits and cash available: 6%
value **RON 150.71 mn** (June 30, 2019: RON 172.17 mn)
- receivables and other assets: 2%
value **RON 50.72 mn** (June 30, 2019: RON 24.76 mn)

*the category also includes listed non-UCITS securities (SIFs); values calculated pursuant to the provisions of ASF Regulation no. 9/2014 (art. 113-122) and ASF Regulation no. 10/2015; the amounts for fixed income financial instruments include interest receivables

Total assets value¹ of SIF Banat-Crișana, calculated as per ASF regulations as at September 30, 2019, was of **RON 2,578 million**, up 2.88% as compared to June 30, 2019, when it reached RON 2,506.12 million. Compared to that date, the value of listed shares rose 3.13%.

The value of the stock portfolio (listed and unlisted shares) accounted for **77.29%** of SIF Banat-Crișana's total assets as at September 30, 2019, amounting to **RON 1,993 million**.

The detailed statement of SIF Banat-Crișana's investments as at June 30, 2019, prepared pursuant to Regulation no. 15/2004 (Annex 17), is presented as annex to this report.

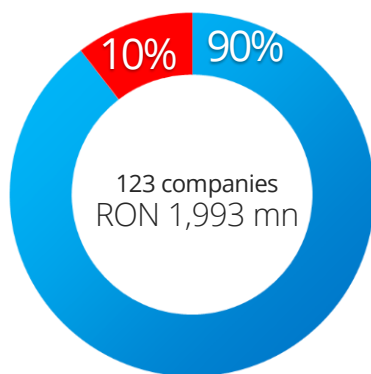
At the end of Q3 2019, SIF Banat-Crișana held *majority holdings* - over 50% of the issuer's share capital - in 13 companies, with a total value of RON 547 million, representing 21.25% of NAV.

The companies in which SIF Banat-Crișana holds majority stakes and the control are classified as subsidiaries according to the International Financial Reporting Standards.

During H1 2019, the Company re-analysed the criteria regarding the classification as an investment entity and concluded that they are met, except for the subsidiaries that provide investment services (SAI Muntenia Invest SA and Administrare Imobiliare SA). Thus, in accordance with IAS 27 and IFRS 10, the Company measures all its subsidiaries at fair value through profit or loss, except for subsidiaries that provide investment services, which will continue to be consolidated.

STOCK PORTFOLIO as at September 30, 2019

on liquidity



■ listed companies: 90%

RON 1,800 mn (June 30, 2019: RON 1,746 mn) value of stakes held in 45 companies (June 30, 2019: 46)

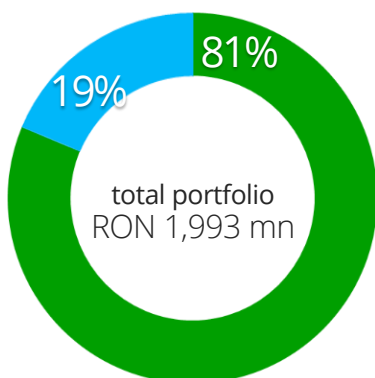
■ unlisted companies: 10%

RON 192.6 mn (June 30, 2019: RON 204 mn) value of stakes held in 78 companies (June 30, 2019: 79)

values calculated acc. to ASF Reg. no. 9/2014 (art. 113-122) and ASF Reg. no. 10/2015; percentages in the chart represent the stake of the category in the stock portfolio

STOCK PORTFOLIO as at September 30, 2019

geographical exposure



■ Romania: 81%

RON 1,620 mn (June 30, 2019: RON 1,561.97 mn) value of holdings in 121 de companies (June 30, 2019: 123)

■ foreign: 19%

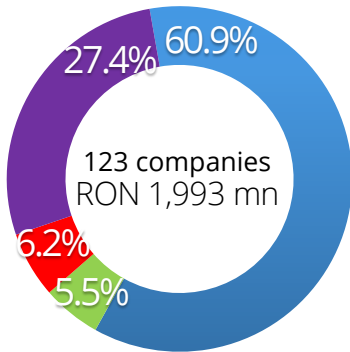
RON 373 mn (June 30, 2019: RON 387.22 mn) value of holdings in 2 companies (June 30, 2019: 2): Austria (1 company – Erste Bank), Cyprus (1 company – SIF Imobiliare)

values calculated acc. to ASF Reg. no. 9/2014 (art. 113-122) and ASF Reg. no. 10/2015; percentages in the chart represent the stake of the category in the stock portfolio

¹ calculated pursuant to the provisions of ASF Regulation no. 9/2014 (art. 113-122) and ASF Regulation no. 10/2015

STOCK PORTFOLIO as at September 30, 2019

breakdown by stake held

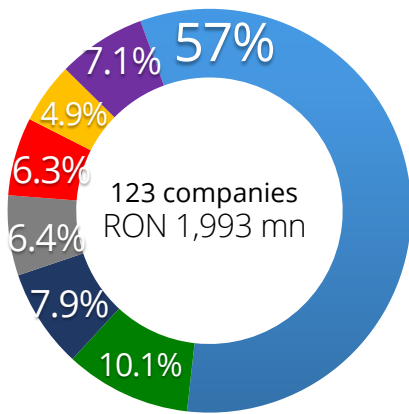


- up to 5%
stakes **up to 5%** in **44** companies
worth **RON 1,213 mn** (June 30, 2019: RON 1,143 mn)
- 5-33%
stakes **between 5 and 33%** in **63** companies
worth **RON 109.5 mn** (June 30, 2019: RON 122 mn)
- 33-50%
stakes **between 33 and 50%** in **3** companies
worth **RON 123.2 mn** (June 30, 2019: RON 129 mn)
- above 50%
stakes **between 33 and 50%** in **3** companies
worth **RON 123.2 mn** (June 30, 2019: RON 129 mn)
- majority stakes, above 50%, in **13** companies
worth **RON 546.9 mn** (June 30, 2019: RON 554 mn)

values calculated acc. to ASF Reg. no. 9/2014 (art. 113-122) and ASF Reg. no. 10/2015; percentages in the chart represent the stake of the category in the stock portfolio

STOCK PORTFOLIO as at September 30, 2019

breakdown by sector



- banking-financial: 57%
stakes in **14** companies worth **RON 1,143 mn**
(June 30, 2019: RON 1,091 mn)
- commerce - real-estate: 10.1%
stakes in **12** companies worth **RON 201 mn**
(June 30, 2019: RON 200 mn)
- energy - utilities: 7.9%
stakes in **11** companies worth **RON 158 mn**
(June 30, 2019: RON 150 mn)
- cardboard and paper: 6.4%
stakes in **5** companies worth **RON 128 mn**
(June 30, 2019: RON 132 mn)
- pharmaceuticals: 6.3%
stakes in **2** companies worth **RON 125 mn**
(June 30, 2019: 131 mn)
- tourism and public-food services: 4.9%
stakes in **4** companies worth **RON 97 mn**
(June 30, 2019: RON 94 mn)
- other industries: 7.1%
stakes in **75** companies worth **RON 141 mn**
(June 30, 2019: RON 151 mn)

values calculated acc. to ASF Reg. no. 9/2014 (art. 113-122) and ASF Reg. no. 10/2015; percentages in the chart represent the stake of the category in the stock portfolio

TOP 10 COMPANIES IN SIF BANAT-CRIȘANA PORTFOLIO as at September 30, 2019

Issuer	Activity	Stake held [%]	Value of holding* [RON]	% of NAV
1 Banca Transilvania	banking - financial	4.5177	565.53	21.97%
2 Erste Group Bank AG	banking - financial	0.3362	208.29	8.09%
3 BRD - Groupe Soci�t� G�n�rale	banking - financial	1.9537	194.97	7.58%
4 SIF Imobiliare Plc	financial services applicable to real estate	99.9997	164.44	6.39%
5 Vrancart	cardboard and paper	75.0633	127.78	4.96%
6 Biofarm	pharmaceuticals	36.7471	117.68	4.57%
7 SIF Moldova	other financial intermediations	4.9991	72.43	2.81%
8 SNGN Romgaz	energy - utilities	0.4078	58.07	2.26%
9 CONPET	energy - utilities	6.5000	44.91	1.74%
10 SIF Hoteluri	tourism and public food services	98.9997	42.00	1.63%
TOTAL			1,596.11	62.02%

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

4. THE SHARES ISSUED BY BANAT-CRIȘANA

CHARACTERISTICS OF THE SHARES ISSUED BY SIF BANAT-CRIȘANA

Total number of issued shares (September 30, 2019)	517,460,724
Outstanding shares (September 30, 2019)	517,371,068
Nominal value	RON 0.1000 / share
Type of shares	common, ordinary, registered, dematerialized, indivisible
Trading market	Regulated spot market of Bucharest Stock Exchange (BVB or BSE), Premium category , listed since November 1, 1999
BVB (BSE) symbol (ticker)	SIF1
Bloomberg BBGID	BBG000BMN388
ISIN	ROSIFAACNOR2
Part of indices	BVB (BSE) indices: BET-XT, BET-FI, BET-BK and BET-XT-TR

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

Pursuant to art. 286¹ par. (1) of Capital Market Law no. 297/2004, as amended by Law no. 11/2012, any person may acquire under any title or may hold, alone or together with the persons acting in concert with such person, shares issued by the Company, but not more than 5% of the share capital. The voting right is suspended for the shares held by shareholders that exceed this limit, pursuant to art. 286¹ par. (2) of Law no. 297/2004 and CNVM/ASF Instruction no. 6/2012 issued in application of art. 286¹ of Law no. 297/2004.

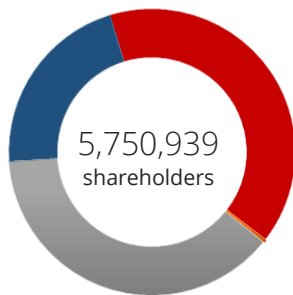
Since its set-up, SIF Banat-Crișana has not issued bonds or other debt instruments.

At the date of this report, SIF Banat-Crișana holds 89,656 own shares, purchased in October 2018 in the buyback program approved by EGM Resolution no. 2 art. 2 of April 26, 2018.

As at June 30, 2019, SIF Banat-Crișana has 5,750,939 shareholders, according to the data reported by Depozitarul Central SA Bucharest, the company that keeps the shareholders registry.

SHAREHOLDERS' STRUCTURE

as per holdings, as at September 30, 2019



■ 40.18%
Romanian individuals
(5,748,701 shareholders)

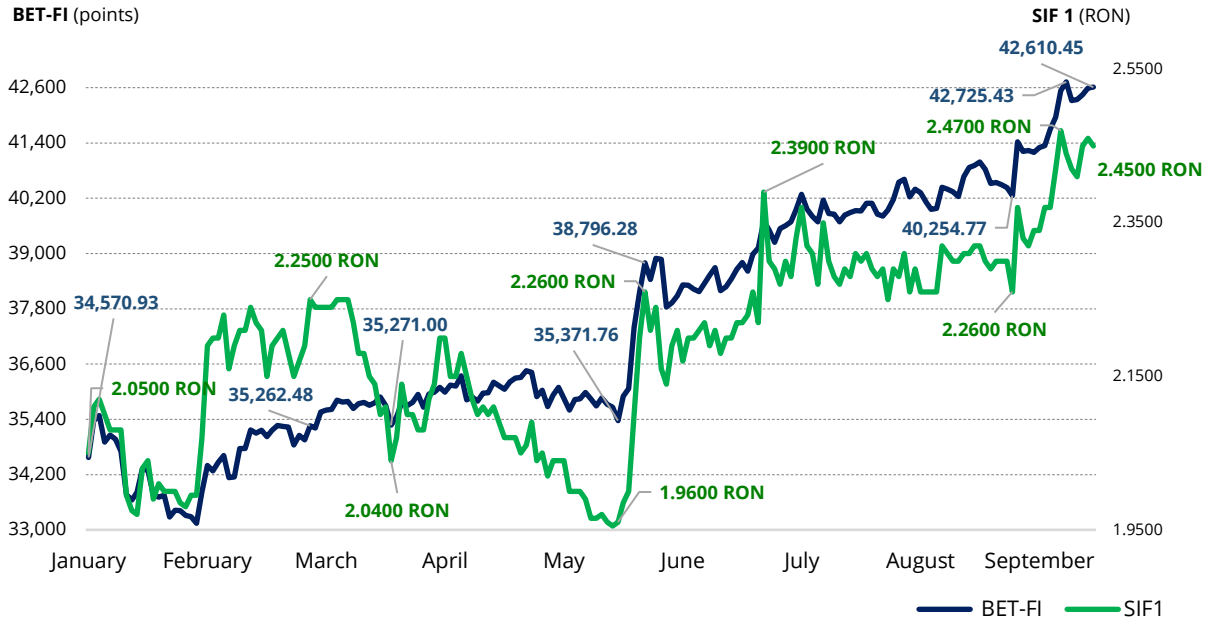
■ 38.16%
Romanian legal entities
(157 shareholders)

■ 0.02%
treasury stock
(following the acquisitions
made in October 2018, the
company holds 89,656 own
shares)

■ 0.34%
non-resident individuals
(2,051 shareholders)

■ 21.30%
non-resident legal entities
(29 shareholders)

SIF1 vs. BET-FI PERFORMANCE IN 2019



highlighted values were recorded at the close of trading sessions

5. MANAGEMENT OF SIGNIFICANT RISKS

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 includes the foreign currency risk, the interest rate risk and the price risk of the equity instruments.

The company uses a variety of policies and procedures for managing and measuring the types of risk to which it is exposed. These policies and procedures are presented in detail in the subchapters dedicated to each type of risk in *Note 4* of the Standalone financial statements as at September 30, 2019.

Financial risks

Market risk

Market risk is the risk that changes in market prices, such as stock prices, interest rates and exchange rates, affect the revenues or the value of the financial instruments held. The market risk of equity instruments represents the risk that the value of such an instrument will fluctuate as a result of changes in market prices, either due to factors specific to the issuer's activity or to factors affecting all instruments traded on the market.

The market risk of equity instruments mainly results from the shares held, measured at fair value, both through the profit and loss account and through other elements of the overall result. The entities in which the Company owns shares operate in various industries. The objective of market risk management is to control and manage market risk exposures within acceptable parameters, in order to optimize profitability. The Company's strategy for managing the market risk is driven by its investment objective, and the market risk is managed in accordance with the policies and procedures used.

The Company is exposed to the following market risk categories:

Price risk

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

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.

A positive change 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 112,182,109 (December 31, 2018: RON 92,903,098), a negative change of 10% having an equal net impact on the opposite direction.

A positive change 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 118,987,942 (December 31, 2018: RON 107,464,995), a negative change of 10% with an equal net impact on an opposite direction.

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

The impact on the Company's net profit (through interest revenues) of a change of $\pm 1.00\%$ in the interest rate related to variable interest-bearing assets and liabilities and expressed on other currencies corroborated with a change of $\pm 1.00\%$ in the interest rate related to variable interest bearing assets in RON is of RON 1,768,370 (December 31, 2018: RON 615,400).

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.

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

Company's net asset in foreign currency as at September 30, 2019 are of RON 327,610,363 (December 31, 2018: RON 325,868,403). A variation of $\pm 5\%$ of euro currency vs. RON would generate a net impact in Company's profit and loss account of $\pm 5,011,270$ RON, respectively of $\pm 8,748,365$ RON.

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.

The Company's maximum exposure to credit risk is in the amount of RON 238,825,720 as at September 30, 2019.

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 structure of assets and liabilities was analysed on the basis of the period remaining from the balance sheet date to the contractual maturity date, both on September 30, 2019 and December 31, 2018. The company has a liquidity surplus of RON 2.76 billion as at September 30, 2019. (December 31, 2018: RON 2.43 billion), its structure on maturities is presented in Note 4 of the standalone financial statements as at September 30, 2019.

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.

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.

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 the first six months of 2019 has 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.

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. Recently, both the ECB and the Federal Reserve (which reduced the reference interest rate by 0.25% at the meeting on July 31, 2019) reiterated their willingness to intervene through monetary stimulus measures if the pace of economic activity does not ensure convergence to expected inflation target. Thus, these exceptional measures and the willingness to maintain them in the foreseeable future signal the persistence of risks despite the positive developments in recent years.

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.

There were no operational risk incidents as defined in the Operational Risk Nomenclature at SIF Banat-Crișana level in Q3 2019.

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 2,634,925,357 as at September 30, 2019 (RON 2,321,420,613 as at December 31, 2018).

Leverage

Leverage means any method by which the Company increases the exposure of the portfolio under management either by borrowing cash or securities, or by derivative financial positions or by any other means. The leverage effect is expressed as the ratio between the global exposure of the portfolio of financial instruments (calculated by both the gross method and the commitment method) and the value of the net assets.

In Q3 2019, the Company did not use the leverage effect for the portfolio under management, lacking instruments to generate such an effect, there were no financial instruments financing operations (SFTs) and there were no transactions with financial instruments of total return swap type, as defined by EU Regulation 2365/2015.

The leverage indicator calculated by the gross method was of 97.12% and by the commitment method it was 100.00%.

The risk of exceeding the legal limits of prudential holding

The investment policy of SIF Banat-Crișana is subject to the constraints imposed by the ASF regulations. Currently, the Company has a diversified investment policy characteristic of Other Collective Investment Undertakings (Romanian: AOPC) in accordance with the provisions of CNVM Regulation no. 15/2004, allowing a classification of the assets portfolio in the category of MEDIUM RISK.

As at September 30, 2019, SIF Banat-Crișana's assets portfolio complied with the legal provisions in force regarding the holding limits stipulated by Law 297/2004, Law 24/2017, ASF/CNVM Regulation no. 15/2004, and ASF Norm no. 14/2013.

Throughout 2019, the assets under management complied with the prudential legal limits.

6. SIGNIFICANT EVENTS DURING Q3 2019

Registration with the Trade Register Office of the financial auditor

SIF Banat-Crișana informed that, on July 15, 2019, the Trade Register Office attached to the Arad Court communicated to the company the Resolution no. 11109/12.07.2019 granting the company's request and ordering the registering in the Trade Register of the mentions regarding the appointment of the financial auditor Deloitte Audit S.R.L. as financial auditor of the company, as per the Resolution of the Ordinary General Meeting of SIF Banat-Crișana's Shareholders no. 1 of June 20, 2019. (*Current Report of July 16, 2019*)

Litigations

On July 22, 2019, SIF Banat-Crișana informed that before the Arad Tribunal was constituted the case file no. 1583/108/2019, concerning the application for the annulment of the Resolution of the Ordinary General Meeting of Shareholders of SIF Banat-Crișana no. 1 of June 20, 2019, in contradiction with Flaros S.A. The Court set the first trial date for September 23, 2019.

On July 30, 2019, SIF Banat-Crișana informed that before the Arad Tribunal was constituted the case file no. 1648/108/2019, concerning the application for the annulment of the Resolution of the Ordinary General Meeting of Shareholders of SIF Banat-Crișana no. 1 of June 20, 2019, in contradiction with SIF Oltenia S.A. The Court has not set the trial date.

On September 23, 2019, SIF Banat-Crișana informed the investors that in the case file no. 1583/108/2019 at the Arad Tribunal, having as object the application for the annulment of the Decision of the Ordinary General Meeting of SIF Banat-Crișana Shareholders no. 1 of June 20, 2019, in contradiction with Flaros S.A., the court postponed the trial of the case for the term of November 4, 2019.

Statement of Holdings according to Instruction 6/2012

Under the provisions of art. 2, par. (2) of CNVM Instruction no. 6/2012, issued in application of the provisions of art. 286¹ of Law No. 297/2004 on capital market:

- on July 23, 2019, SIF Banat-Crișana submitted the Affidavit on SIF Oltenia S.A. shareholding, following the reduction of the shareholding below 5% of the share capital, according to the ASF Decision no. 601 / 23.04.2019 (*Current Report of July 23, 2019*).
- On July 29, 2019 SIF Banat-Crișana submitted the Affidavit on SIF Oltenia S.A. shareholding upon reaching the percentage of 5.001124% in the stake held in the share capital of SIF Oltenia S.A. represented by the shares held in concert (*Current Report of July 29, 2019*).

SIF Banat-Crișana fulfilled all the obligations of communication and publication of the of Ownership statement, in accordance with the provisions of art. 2 of the Instruction no. 6/2012. The information is published on SIF Banat-Crișana's website in the *Investor Relations* sections.

Authorization by ASF of the amendment in Company's Articles of Association

SIF Banat-Crișana informed the investors that the Financial Supervisory Authority (ASF), by ASF Authorization no. 92/24.07.2019, authorized the amendment made in the Company's Articles of Association, as per Resolution of the Extraordinary General Meeting of SIF Banat-Crișana's Shareholders no. 1/20.06.2019, following the updated of Art. 14 Incompatibilities. (*Current Report of July 25, 2019*).

The updated Articles of Association is available on SIF Banat-Crișana's website, in the section *About SIF Banat-Crișana > Corporate Governance > Reference Documents*.

Auditor report as per Art. 82 of Law no. 24/2017

SIF Banat-Crișana, in compliance with the provisions of article 82 of Law no. 24/2017 and article 144 of ASF Regulation no. 5/2018, published for the shareholders the *Limited Independent Assurance Report*

on the information included in the current reports prepared by the company in accordance with the provisions of Law no. 24/2017 and Regulation no. 5/2018, prepared by the financial auditor Deloitte Audit SRL concerning the transactions reported by the company during 01.01.2019 - 30.06.2019 with SIFI BH RETAIL S.A., a company in which SIF IMOBILIARE PLC, a SIF Banat-Crișana subsidiary, holds 99.9% of the share capital. (Current Report of July 31, 2019).

Change of depository bank

As per the provisions of art. 87 paragraph (4) of ASF Regulation no. 9/2014, SIF Banat-Crișana informed the shareholders that, on July 30, 2019, signed the addendum to the Depository and Custody Contract no. 1148/25.09.2017 with BRD - Groupe Société Générale S.A., arranging its termination by the agreement of the parties, and accordingly notified the Financial Supervisory Authority (ASF).

At the same time, the Board of Directors of SIF Banat-Crișana approved the conclusion of a new depository contract with Banca Comercială Română, a credit institution authorized by ASF to conduct depository activities. *(Current Report of August 1, 2019)*

The new depository contract was submitted for the approval of ASF and will enter into force thereafter, according to the regulated procedures. At the date of this report, the documentation is under authority's review.

Request for convening by the court of OGM at SIF Oltenia S.A.

SIF Banat-Crișana informed the shareholders that, on September 6, 2019, together with SIF Muntenia SA, through its Asset Management Company SAI Muntenia Invest SA, sent to the Dolj Law Court the request for authorization to convene the Ordinary General Meeting of Shareholders of SIF Oltenia S.A. pursuant to art. 119 paragraph (3) of the Companies Law no. 31/1990.

The request for authorization submitted to the court refers to the agenda requested and registered at SIF Oltenia S.A. under no. 5071 / 11.06.2019, presented in the current report of SIF Oltenia SA dated June 11, 2019, published on the BVB website. *(Current Report of September 6, 2019)*

7. FINANCIAL POSITION AND RESULTS AS AT SEPTEMBER 30, 2019

SIF Banat-Crișana prepared the accounting report as at September 30, 2019 pursuant to ASF Rule no. 39/2015 for the approval of Accounting Regulations compliant to the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments sector and considering the provisions of IFRS 9 - Financial Instruments, applicable as of January 1, 2018.

The accounting report as at September 30, 2019, has not been audited by the financial auditor, as it is not a legal or statutory requirement.

The following are a summary of Company's financial position and results as at September 30, 2019:

Condensed standalone statement of financial position - extract

	31.12.2018	30.09.2019
<i>(all amounts denominated in RON)</i>		
Cash and cash equivalents	29,230,410	150,717,366
Bank deposits, including interest	6,044,457	-
Financial assets at fair value through profit and loss	1,105,989,265	1,183,857,883
Financial assets at fair value through other comprehensive income	1,279,345,173	1,400,506,971
Financial assets at amortized cost	6,505,683	6,527,844
Investment property and tangible assets	23,332,032	23,163,913
Other assets	2,496,233	27,544,476
Total assets	2,452,943,252	2,792,318,453
Liabilities	131,522,639	157,393,096
Equity (own capital)	2,321,420,613	2,634,925,357
Total liabilities	2,452,943,252	2,792,318,453

The value of **total assets** held as at September 30, 2019, was of RON 2,792.3 million, 13.8% higher than the value of assets as at 2018-year end.

The progress of main items as compared to the beginning of the period:

- **Cash and cash equivalents** are higher as compared to 2018 year-end, as during the first 9 months of the year the Company only partially reinvested the proceeds from the sale of shares (mainly Erste Bank) and the dividends collected from the companies in the portfolio, the amounts being kept in short-term liquid investments (cash available and deposits with maturity < 3 months).

- **Bank deposits** – As at September 30, 2019, the Company had no amounts placed for investments with an initial maturity over 3 months.

- **Financial assets at fair value through profit and loss**, amounting to RON 1,183.9 million, are higher as compared to December 31, 2018 with RON 78 million, following the increase of the stake held in Biofarm with RON 44 million lei and of the recording of positive fair value differences for investments in fund units.

- **Financial assets at fair value through other comprehensive income**, amounting to RON 1,400.5 million, are above the level recorded on December 31, 2018, with RON 121 million provided that the amounts derecognised in this category after the sale of shares were lower than the positive fair value differences recorded as a result of the fair value measurement of the portfolio of financial assets as at September 30, 2019.

- **Other assets** substantially rose as compared to the beginning of the period. As at September 30, 2019, this category contains, within the Receivables category, the amount transferred to SSIF Swiss Capital as a guarantee, related to the operations of repurchasing SIF Banat-Crișana S.A.'s own shares.

- **Equity** significantly rose as compared to December 31, 2018, mainly because of the positive fair value differences on the securities portfolio, recorded in other comprehensive income as of September 30, 2019 and the net result for the period. At the same time with the recording of the fair value differences were, a deferred tax liability was recognized, operation which explains the increase of the Company's liabilities as compared to the end of the previous year.

Condensed standalone statement of profit and loss and other items of comprehensive income - extract

<i>(all amounts denominated in RON)</i>	30.09.2018	30.09.2019
Income		
Dividend income	97,919,594	105,781,188
Interest income	3,133,997	4,526,500
Other operational revenues	219,612	128,747
Gain on investments		
Net gain on foreign exchange	106,945	1,403,973
Net gain/(loss) on financial assets at fair value through profit and loss	(19,793,660)	38,024,031
Net gain/(loss) on sale of assets	(553,308)	-
Expenses		
Expenses related to fees, commissions	(2,393,051)	(2,463,778)
Other operating expenses	(9,677,316)	(9,471,329)
Profit before tax	68,962,812	137,929,332
Income tax	(3,507,159)	(11,388,357)
Net profit	65,455,653	126,540,975
Other comprehensive income	68,021,599	185,773,769
Total comprehensive income for the period	133,477,252	312,314,744

Progress of **revenues** having significant weight:

- **Dividend income** is higher as compared to the first nine months of the previous year, mainly from the dividends collected from the stakes in banking companies (Banca Transilvania, BRD; Erste Bank).

- **Interest income** is higher as compared to the same period of the previous year, given the rise of monetary investments and the change of fixed-income investments from bank deposits to corporate bonds, in terms of significantly more favourable returns.

Gain on investments had the following progress:

- **Net result on foreign exchange** recorded as at September 30, 2019, is a favourable one, resulting from the corporate bonds held, and has a positive progress over the same period of the similar period of the previous year, given the significant increase in investments in this type of instruments during Q1 2019.

- **Net gain / (loss) on financial assets at fair value through profit or loss (FVTPL):** The gain was mainly due to the fair value measurement as at September 30, 2019 of this category of financial assets. Structurally, the positive differences recorded in the valuation of the fund units offset the negative differences of fair value registered for listed shares (subsidiaries and associated entities) and corporate bonds.

Expenses as at September 30, 2019 are below those recorded for the corresponding period of 2018.

Net profit as at September 30, 2019 amounting to RON 126.5 million is significant above the net result of the first 3 quarters of 2018, as both the revenues (from dividends) and the gains (from the marking-to-market of the financial assets in FVTPL category) recorded a significant positive contribution over the similar period of the year 2018.

Total comprehensive income as at September 30, 2019 in the amount of RON 312.3 million is the effect of recognition in other comprehensive income of the fair value increase of the financial assets portfolio classified as FVTOCI (assets at fair value through other comprehensive income).

Financial ratios as at September 31, 2019
(as per pt. A of Annex no. 13 to ASF Regulation no. 5/2018)

Ratio	Calculation	Result as at 30.09.2019
1. Current liquidity ratio ¹⁾	Current assets/Current liabilities	39.1
2. Debt to equity ratio ²⁾	Debt / Equity x 100	not applicable
	Debt / Capital employed x 100	not applicable
3. Accounts receivables turnover ³⁾	Average clients' accounts / Turnover x 270	25
4. Non-current assets turnover ⁴⁾	Turnover / Non-current assets	0.057

¹⁾ **Current liquidity ratio** provides the guarantee of covering current liabilities from current assets. The acceptable recommended value is approximately 2, and the recorded value at the end of the first nine months of 2019 was of 39.1. This is due to the high level of current assets as at September 30, 2019, as there were significant amounts of liquidity in bank accounts.

²⁾ **Debt to equity ratio** indicates the effectiveness of the credit risk management, revealing potential financing or liquidity issues, with impact on fulfilling the assumed commitments. The Company had no borrowings as at September 30, 2019, and therefore this indicator is zero.

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

In determining the average balance of clients, the receivables were considered at gross value. The weight in total receivables is of the dividends to be collected from portfolio companies and interest receivable on securities.

For the turnover, the company's total revenues as at September 30, 2019 was used.

Turnover ratio calculated as at September 30, 2019, was of 25 days.

⁴⁾ **Non-current assets turnover** measures the efficiency in managing the non-current assets, by examining the value of the turnover (for SIF Banat-Crișana - the total operating income) generated by a certain portion of non-current assets. In determining the ratio, the gross value of financial assets was considered. As at September 30, 2019, this ratio has a value of 0.057.

8. EVENTS AFTER THE REPORTING PERIOD

- As per Regulation no. 5/2018 and Law no. 24/2017 on issuers of financial instruments and market operations, the Company informed the investors that in the case file no. no. 1648/108/2019, to be judged by the Tribunal of Arad having as object the request for the annulment of the Resolution of the Ordinary General Meeting of SIF Banat-Crișana Shareholders no. 1 of June 20, 2019, in contradiction with SIF Oltenia S.A., the court ordered the joining with the file case no. 1583/108/2019 before the Tribunal of Arad, having as object the request for the annulment of the Resolution of the Ordinary General Meeting of SIF Banat-Crișana Shareholders no. 1 of June 20, 2019, in contradiction with Flaros S.A., which has the trial date November 4, 2019. *(Current Report of October 3, 2019)*
- As per Regulation no. 5/2018 and Law no. 24/2017 on issuers of financial instruments and market operations, the Company informed the shareholders that, pursuant to the provisions of Law no. 31/1990 and Company's Articles of Association, in the meeting held on October 3, 2019, the Board of Directors of SIF Banat-Crișana decided:
 - Approval of relocating the premises of SIF Banat-Crișana's Bucharest branch having the registration number in Trade Register J40/4282/1998, unique registration code 14045541, from the former address in Bucharest, sector 1, No. 175 Calea Floreasca, 7th floor, room A1, to the new address in Bucharest, sector 2, No. 46-48 Serghei Vasilevici Rahmaninov Str., 3rd floor.
 - Approval of updating art. 2 paragraph (2) of the SIF Banat-Crișana's Articles of Association, following the relocation of Bucharest branch.

The updated Articles of Association was submitted to the Financial Supervisory Authority to be authorized.

- As per Regulation no. 5/2018 and Law no. 24/2017 on issuers of financial instruments and market operations, the Company informed the shareholders upon the conclusion of the lease agreement for the space located in Bucharest, sector 2, No. 46-48 Serghei Vasilevici Rahmaninov Str., 3rd floor, owned by the company Administrare Imobiliare S.A. Bucharest, a transaction regulated under the provisions of Article 82 of Law 24/2017. The value of the legal act comprises rent of 3,179.50 eur/month + VTA; operating costs of 794.97 euro/month + VTA. *(Current Report of October 7, 2019)*
- On October 4, 2019 the Financial Supervisory Authority transmitted to the company the results and conclusions of the periodic control carried out at SIF Banat-Crișana between 13.05-31.05.2019. By Decision No. 1203 / 02.10.2019 ASF set for the Company a plan of measures with implementation deadlines. The recommendations and measures will be assumed and implemented by the Company within the deadlines specified by the authority.
- As per Regulation no. 5/2018 and Law no. 24/2017 on issuers of financial instruments and market operations, the Company informed the shareholders upon the receiving on October 8, 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. *(Current Report of October 9, 2019).*
- As per Regulation no. 5/2018 and Law no. 24/2017 on issuers of financial instruments and market operations, the Company informed the investors that, from the information published on the portal of the courts, in the hearing held on October 15, 2019, Dolj Tribunal admitted the request submitted in the case file no. 6001/63/2019 and authorized the convening of the Ordinary General Meeting of SIF OLTENIA SA by the shareholders SIF Banat-Crișana and SIF Muntenia. At the same time, the Court set the date of holding the general meeting within 60 days from the moment the sentence is final, establishing that the shareholder SIF BANAT-CRIȘANA SA through legal representative to preside the assembly of the Ordinary General

Meeting of SIF OLTENIA SA. The sentence of the Dolj Court is not final, it can be appealed within 30 days after its communication. (*Current Report of October 15, 2019*).

- As per the Resolution of the EGM held on April 26, 2018, published in the Official Gazette of Romania Part IV, Nr.1893 / 17.05.2018, two buyback programs were approved, namely Program I - for 17,460,724 shares and Program II - for 1,400,000 shares.

On September 18, 2018, the Board of Directors decided to initiate buyback Program II through market transactions. The program was initiated on October 2, 2018 and, by decision of the Board of Directors on October 24, 2018, the program was suspended in the absence of trading volumes on SIF1 to cover the completion of the program. During the period it was carried out, 89,656 shares were repurchased at an average gross price of RON 2.49 / share.

In October 2019, the Board of Directors decided the simultaneous execution, through a public tender offer, of the Buyback Program I and II of mentioned above, the public tender offer document being submitted for the authorization of the Financial Supervisory Authority.

By the ASF Decision no. 1263 of 16.10.2019, the document of public tender offer initiated by SIF Banat-Crișana for the buyback of shares issued by the Company was approved, the offer having the following characteristics:

- The number of shares subject to the offer is 18,771,068 shares, representing 3.6275% of the share capital
- The nominal value: RON 0,10 / share
- The purchase price is: RON 2.50 / share
- Public offer period: 22.10.2019 - 04.11.2019
- Intermediary: SSIF Swiss Capital SA
- Subscription venues: according to the information contained in the tender document.

On October 17, 2019, the announcement and the public offer document for the buyback of shares issued by SIF Banat-Crișana were published.

At the date of this report the offer is in progress.

9. ANNEXES

Condensed interim standalone financial statements as at September 30, 2019, prepared pursuant to 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 Financial Supervisory Authority from Financial Instruments and Investments Sector - unaudited

Net asset statement as at September 30, 2019,
prepared pursuant to annex 16 to Regulation no. 15/2004

Detailed statement of investments as at September 30, 2019,
prepared pursuant to annex 17 to Regulation no. 15/2004

The quarterly report prepared as at September 30, 2019, was approved by the Board of Directors of SIF Banat-Crișana in the meeting held on October 28, 2019.

Bogdan-Alexandru DRĂGOI
Chairman and CEO