



SIF BANAT-CRIȘANA

SOCIETATE DE INVESTIȚII FINANCIARE

PRELIMINARY FINANCIAL RESULTS

— AS OF DECEMBER 31, 2020 —

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This report presents the preliminary unaudited financial results of SIF Banat-Crișana as of December 31, 2020, prepared in compliance to the Norm 39/2015 issued by the Financial Supervisory Authority (ASF). The financial results presented herein are preliminary and subject to subsequent adjustments.

This English version of the report is a convenience translation of the Romanian language "Preliminary financial results as of December 31, 2020". The Romanian version of the report is the official document.

1. COMPANY PRESENTATION

COMPANY NAME	Societatea de Investiții Financiare Banat-Crișana S.A. (hereinafter referred to as "SIF Banat-Crișana" or "the Company")
COMPANY TYPE	<ul style="list-style-type: none"> ▪ joint stock company, established as self-managed investment company, authorized by the Financial Supervisory Authority as AIFM (Authorization no. 78 / 09.03.2018), classified as per the provisions of Law no. 243/2019 as closed-ended alternative investment fund, diversified, addressed to retail investors (AIFRI) ▪ Romanian legal entity with private capital
SHARE CAPITAL	<ul style="list-style-type: none"> ▪ RON 51,542,236.30 – subscribed and paid-in capital ▪ 515,422,363 shares issued; 514,542,363 outstanding shares ▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none"> ▪ Number in Trade Register J02/1898/1992 ▪ Tax Identification Code RO 2761040 ▪ Number in ASF AFIAA Register PJR07.1AFIAA / 020007 / 09.03.2018 ▪ Number in ASF SIIRS Register PJR09SIIR/020002/2006 ▪ Legal Entity Identifier (LEI) 254900GAQ2XT8DPA7274
MAIN ACTIVITY	<p>Main activity is, as per the classification of economic activities in the national economy (CAEN): financial intermediation, except for insurance and pension funds (CAEN code 64), and the main object of activity: Other financial intermediation n.c.a. (CAEN code 6499):</p> <ul style="list-style-type: none"> ▪ portfolio management ▪ risk management; ▪ other activities carried out within the collective management of an investment fund, allowed by the legislation in force
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB or BSE) – Premium category - ticker SIF1
FINANCIAL AUDITOR	Deloitte Audit S.R.L.
DEPOSITARY BANK	Banca Comercială Română (BCR)
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	Arad , 35A Calea Victoriei, 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
BRANCH	Bucharest 46-48 S. V. Rahmaninov Str., 3rd floor, sector 2, 020199, Bucharest

CONTACT *Investor Relations*: **email** investitori@sif1.ro **tel** +40257 304 446 **www.sif1.ro**

2. STATEMENT OF MAIN ITEMS OF THE FINANCIAL POSITION AND THE PRELIMINARY RESULTS AS OF DECEMBER 31, 2020

SIF Banat-Crișana publishes the preliminary unaudited financial results as of December 31, 2020, prepared according to the Norm 39/2015 for the approval of the Accounting Regulations compliant with IFRS adopted by EU applicable to entities authorized, regulated, and supervised by the Financial Supervisory Authority (ASF) of Financial Instruments and Investments Sector.

Total assets held by SIF Banat-Crișana as of December 31, 2020, amounting to RON 2,883.8 million, are 1.5% lower as compared to 2019, in the context of a decrease in the value of investments held in listed shares (amidst a partial recovery from the declines of the first quarter of the year), a decrease balanced by positive net differences in the valuation of unlisted shareholdings, both existing in the portfolio and those purchased during the year 2020.

Within the total assets, the dominant weight is of the financial assets, of 99%, comparable to 2019. These mainly consist of financial assets measured at fair value through profit or loss (holdings in subsidiaries and associates, bonds issued by subsidiaries, and fund units) and the financial assets measured at fair value through other comprehensive income (shares and corporate bonds). Measurement at fair value is carried out in accordance with the provisions of IFRS 13, using either the available market quotation for listed assets (which meet active market conditions) or valuation reports prepared by authorized valuers, as per International Valuation Standards (for unlisted or listed holdings but without an active market). The increase in the item *Financial assets measured at fair value through profit or loss* compared to 2019 is due both to the recognition of differences in fair value on December 31, 2020, and to investments made in 2020 in classified assets (according to IFRS 9 and IFRS 10) under this category. The item *Financial assets measured at fair value through other comprehensive income (shares)* is mainly influenced by: (1) the effect of the movements of the stock prices during 2020 on the Company's minority interest portfolio and (2) the net divestments made within this category of assets during 2020 (mainly issuers in the energy sector).

Cash and cash equivalents comprise mostly short-term placements in bank deposits with maturity of up to 3 months. The increase versus 2019 is primarily a consequence of steering the proceeds from dividends and net surplus from financial assets (including maturity of corporate bond investments) to short-term monetary investments.

Total liabilities are 13.8% below those existing at the end of 2019, as a result of:

(1) the adjustment of the deferred income tax liability related to negative differences in fair value (deductible) recognized in other comprehensive income, as a result of the fair value measurement of financial assets during 2020, respectively

(2) of the payment during 2020 of the profit tax due for 2019. At the end of the financial year 2020, the Company does not record a current debt regarding the profit tax, under the conditions of a fiscal favourable structure of the net result for 2020, determined by a lower contribution of taxable income in total net profit compared to the previous financial year.

As of December 31, 2020, *equity* amounted to RON 2,729.9 million, standing approximately at the level recorded in the previous year, given that dividend income and amounts recognized in net investment income, resulting from the measurement at fair value (level 1 and level 3) of investments in financial assets at fair value through profit or loss, almost entirely offset the decreases in other comprehensive income (mainly minority interest in listed shares). Structurally:

- The reducing of retained earning is mainly determined by the difference between the current result of 2020 (RON 92 million) and the result of the previous year (RON 159 million), transferred to Other reserves, following the decision of the General Meeting of Shareholders to capitalize

it as own funding sources. (see page 7 *Statement of changes in equity* - Retained earnings column);

- *The difference in changes in the fair value of financial assets measured by other comprehensive income*, down 13.1% compared to the end of 2019, reflects the impact of the recognition of unfavourable net fair value differences related to financial assets recorded in this category (shares in minority interest held by SIF Banat-Crișana, shares in the two consolidated subsidiaries, corporate bonds).

Dividend income, interest income and other income as of December 31, 2020 (preliminary) amounted to RON 94.84 million, down 22% as compared to 2019. Their decrease is due to the impact of the COVID 19 pandemic on the dividend policy of the largest holdings in Company's portfolio, the distribution of dividends being either stopped or their level significantly reduced as compared to previous years. Structurally, the decrease in dividends distributed by banks was partially offset by the collection of higher dividends from subsidiaries and associates. Making investments in corporate bonds in euros generated interest income RON 2.8 million higher than in 2019.

Gain on investment in the financial year 2020 is with RON 48 million below 2019 and is mainly the effect of recognizing in the income the fair value differences related to the financial assets measured at fair value through profit and loss account.

Other operating expenses includes operating expenses, which stood approximately at the previous year's level. *Commissions and fees expenses* are above those recorded in 2019, while significant transactions (both purchases and sales) were made during 2020.

The preliminary net profit for the financial year 2020 is of RON 92.1 million, 42.2% lower as compared to the prior year's result, mainly as a result of the influences detailed above.

Other comprehensive income includes changes in fair value of financial assets at fair value through other comprehensive income, lower as compared to the previous year mainly as an effect of the negative dynamics of the fair value of the portfolio of financial assets measured at fair value through other comprehensive income listed on the Stock Exchange.

Bogdan-Alexandru DRĂGOI
Chairman and CEO

Dorel BABA
Financial Reporting Manager

Standalone statement of financial position
- preliminary unaudited -

<i>in RON</i>	December 31, 2020	December 31, 2019
Assets		
Cash and cash equivalents	150,710,816	117,203,806
Bank deposits	-	4,512,500
Financial assets at fair value through other comprehensive income (bonds)	5,111,504	5,053,633
Financial assets at amortized cost	-	43,426,691
Other financial assets	5,973,797	1,191,647
Other assets	189,805	220,299
Financial assets at fair value through profit and loss	1,394,390,304	1,226,791,154
Financial assets at fair value through other comprehensive income (shares)	1,309,319,391	1,503,213,414
Assets representing rights of use of assets reflected according to IFRS 16	889,240	1,117,902
Investment property	13,180,199	20,047,164
Tangible assets	4,006,587	4,080,130
Total assets	<u>2,883,771,643</u>	<u>2,926,678,339</u>
Liabilities		
Current income tax	-	4,451,293
Other financial liabilities	6,673,694	3,041,305
Other liabilities and deferred revenues	26,797	10,473
Debts from leasing contracts	934,521	1,121,202
Deferred income tax	146,231,940	169,850,613
Total liabilities	<u>153,866,952</u>	<u>178,474,885</u>
Equity		
Statutory share capital	51,542,236	51,746,072
Treasury shares	(2,199,867)	(7,295,461)
Loss on repurchase of own shares	(40,659)	(134,838)
Benefits granted in equity instruments	1,867,063	-
Retained earnings	743,318,231	812,306,354
Other reserves	1,157,455,631	997,961,099
Reserves from revaluation of tangible assets	1,176,569	1,176,569
Legal reserves	10,308,447	10,349,214
Reserves from fair value changes in assets measured at fair value through other comprehensive income	766,477,039	882,094,444
Total equity	<u>2,729,904,691</u>	<u>2,748,203,454</u>
Total liabilities and equity	<u>2,883,771,643</u>	<u>2,926,678,339</u>

Bogdan-Alexandru DRĂGOI
Chairman and CEO

Dorel BABA
Financial Reporting Manager

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

<i>in RON</i>	Dec. 31, 2020	Dec. 31, 2019
Revenues		
Dividend income	85,778,801	115,088,023
Interest income – assets at amortized cost, assets at fair value through other comprehensive income	6,410,296	2,374,141
Interest income – assets at fair value through profit or loss	2,478,903	3,678,040
Other operating revenues	172,715	397,308
Gain/(Loss) on investment		
Gain / (Loss) on investment property	2,769,835	(81,351)
Gain / (Loss) on foreign exchange	2,156,143	1,961,301
Gain / (Loss) on financial assets at fair value through profit and loss	22,890,072	74,073,706
Net profit / (Loss) on sale of assets		-
Expenses		
Fees and charges	(8,794,811)	(3,322,619)
Other operating expenses	(19,678,132)	(18,913,441)
Profit before income tax	94,183,822	175,255,109
Income tax	(2,061,416)	(15,760,578)
Net profit for the period	92,122,406	159,494,532
Other comprehensive income		
Amounts that are or may be transferred to profit or loss		
Amounts that may be transferred to profit or loss (debt instruments)	(29,465)	41,503
Amounts transferred to profit or loss (debt instruments)	-	-
Amounts that are or may be transferred to retained earnings		
Change in fair value of shares measured through other comprehensive income	(135,855,548)	329,488,683
Change of reserve from revaluation of tangible assets	-	1,071,553
The effect of income tax on items above	23,596,781	(53,727,177)
Other comprehensive income	(112,288,232)	276,874,562
Total comprehensive income for the period	(20,165,826)	436,369,094
Earnings per share		
Basic	0.179	0.309
Diluted	0.179	0.309

Bogdan-Alexandru DRĂGOI
Chairman and CEO

Dorel BABA
Financial Reporting Manager

Denominated in RON

	Share capital	Treasury shares	Losses from the repurchase of own shares	Benefits granted in equity instruments	Retained earnings	Other reserves	Reserves from revaluation of tangible assets	Legal reserves	Reserves from value changes in financial assets at fair value through other comprehensive income	Total
Balance on December 31, 2020	51,746,073	(7,295,461)	(134,837)	-	812,306,354	997,961,099	1,176,569	10,349,214	882,094,444	2,748,203,454
Comprehensive income										
<i>Profit for the period</i>	-	-	-	-	92,122,406	-	-	-	-	92,122,406
Other comprehensive income										
Reserve from revaluation of financial assets transferred to profit and loss	-	-	-	-	-	-	-	-	-	-
Reserve from revaluation of financial assets transferred to retained earnings	-	-	-	-	3,942,196	-	-	-	(3,942,196)	-
Change of reserve	-	-	-	-	40,767	-	-	(40,767)	(135,890,625)	(135,890,625)
Revaluation of tangible assets	-	-	-	-	-	-	-	-	-	-
Related deferred tax	-	-	-	-	(613,024)	-	-	-	24,215,417	23,602,393
Total comprehensive income for the period	-	-	-	-	95,492,346	-	-	(40,767)	(115,617,405)	(20,165,826)
Other reserves - own sources	-	-	-	-	(159,494,532)	159,494,532	-	-	-	-
Dividends payable for 2019	-	-	-	-	-	-	-	-	-	-
Dividends written-off	-	-	-	-	-	-	-	-	-	-
Change in benefits granted	-	-	-	1,867,063	-	-	-	-	-	1,867,063
Repurchase of own shares	-	-	-	-	-	-	-	-	-	-
Cancelation of own shares	(203,836)	5,095,594	94,179	-	(4,985,937)	-	-	-	-	-
Total transactions with shareholders recognized directly in equity	(203,836)	5,095,594	94,179	1,867,063	(164,480,469)	159,494,532	-	-	-	1,867,063
Balance on December 31, 2020	51,542,237	(2,199,867)	(40,659)	1,867,063	743,318,231	1,157,455,631	1,176,569	10,308,447	766,477,039	2,729,904,691

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Denominated in RON

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

Bogdan-Alexandru DRĂGOI
Chairman and CEO

Dorel BABA
Financial Reporting Manager

Cash flow statement

- preliminary unaudited -

Denominated in RON

	Dec. 31, 2020	Dec. 31, 2019
Operating activities		
Net profit for the period	92,122,406	159,494,532
<i>Adjustments for:</i>		
Depreciation of tangible and intangible assets	508,825	271,833
Net (gain)/loss from disposal of tangible assets	33,012	1,585
Gain from valuation of investment property	(2,769,835)	81,351
(Reversals) / Expenses with adjustments for impairment of assets	-	-
Net profit from sale of assets (debt instruments)	-	-
(Net gain)/Net loss from financial assets at fair value through profit or loss	(22,890,072)	(74,073,706)
Dividend income	(85,778,801)	(115,088,023)
Interest income	(8,889,199)	(6,052,181)
Interest on purchase of assets reflected according to IFRS 16	68,104	7,622
Expense with / (income from) foreign exchange financial assets	(1,109,575)	(1,231,751)
Benefits granted in equity instruments	1,867,063	1,414,000
Income tax	2,061,416	15,760,578
Changes in operating assets and liabilities		
Change in other assets (claims, etc.)	47,345	(85,847)
Change in other financial liabilities	3,630,709	1,423,686
Income tax paid	(4,451,293)	(19,121,966)
Net cash used in operating activities	(25,549,895)	(37,198,288)
Investment activities		
Payments for acquisition of financial assets measured at fair value through other comprehensive income (shares, bonds)	(7,459,123)	(6,586,167)
Proceeds from sales of financial assets measured at fair value through other comprehensive income (shares, bonds)	65,497,597	107,323,972
(Placements) / Proceeds from bank deposits with term greater than three months	4,500,000	1,500,000
Proceeds from sale / repurchase of assets at fair value through profit or loss account (fund units, bonds)	9,899,346	84,852,486
Payments for purchase of assets at fair value through profit or loss account (fund units, bonds, shares)	(159,436,657)	(123,637,912)
Proceeds / (Payments) from/for sale of assets measured at amortized cost	43,746,000	(42,995,700)
Proceeds from sale of tangible assets and investment property	9,636,800	-
Payments for purchases of tangible assets	(216,528)	(49,697)
Dividends collected	83,779,746	110,293,952
Interest collected	9,364,509	5,277,106
Net cash from investment activities	59,311,690	135,978,041
Financing activities		
Lease payments	(254,785)	(30,137)
Dividends paid	-	(5,495)
Repurchase of own shares	-	(10,770,725)
Net cash used in financing activities	(254,785)	(10,806,357)
Net increase / (decrease) in cash and cash equivalents	33,507,010	87,973,396
Cash and cash equivalents on January 1	117,203,806	29,230,410
Cash and cash equivalents on December 31	150,710,816	117,203,806

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