SIF Banat-Crișana S.A.

Condensed interim standalone financial statements as of September 30, 2020

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 of September 30, 2020

Denominated in RON	*Note*	September 30, 2020	September 30, 2019
Income			
Dividend income	*5*	49,237,370	105,781,188
Interest income (assets at amortized cost, assets at FVTOCI)	*6*	5,638,180	1,480,171
Interest income (assets at FVTPL)	*6*	1,930,520	3,046,329
Other operating revenues		137,753	128,747
Gain/(Loss) on investment			
Gain/(Loss) on investment property	*16*	2,466,217	-
Gain/(Loss) on foreign exchange differences		2,055,628	1,403,973
Gain/(Loss) on financial assets at FVTPL	*7*	(89,355,261)	38,024,031
Expenses			
Commissions expenses	*8*	(2,803,799)	(2,463,778)
Other operating expenses	*9*	(11,070,991)	(9,471,329)
Profit/(Loss) before tax		**(41,764,383)**	**137,929,332**
Income tax	*10*	(665,276)	(11,388,357)
Net profit/(loss) for the period		**(42,429,659)**	**126,540,975**
Other comprehensive income			
Items that are or could be transferred to profit or loss			
Amounts that could be transferred to profit or loss (debt instruments)		(89,048)	62,454
Amounts transferred to profit or loss (debt instruments)			-
Items that are or could be transferred to retained earnings			
Change of fair value related to financial assets measured through other comprehensive income		(266,046,071)	222,332,990
Change of reserve from revaluation items of tangible assets			-
Effect of income tax related to them		40,250,038	(36,621,675)
Other comprehensive income		**(225,885,081)**	**185,773,769**
Total comprehensive income for the period		**(268,314,740)**	**312,314,744**
Earnings per share			
Basic		(0,082)	0,245
Diluted		(0,082)	0,245

The condensed interim financial statements were approved by the Board of Directors on November 9, 2020, and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, CEO

Dorel Baba
Financial Reporting Manager

Condensed statement of financial position *as of September 30, 2020*

Denominated in RON	*Note*	September 30, 2020	December 31, 2019
Assets			
Cash and cash equivalents	11	225,051,636	117,203,806
Bank deposits	12	-	4,512,500
Financial assets at fair value through profit or loss	13	1,129,410,454	1,226,791,154
Financial assets at fair value through other comprehensive income (shares)	14	1,189,307,533	1,503,213,414
Financial assets at fair value through other comprehensive income (bonds)	14	5,115,022	5,053,633
Financial assets at amortized cost	15	29,387,620	43,246,691
Investment property	16	12,876,581	20,047,164
Tangible assets (items of property, plant, and equipment)		4,088,467	4,080,130
Assets representing rights to use the underlying assets under leasing contract		946,405	1,117,902
Other financial assets	17	16,775,499	1,191,647
Other assets		136,749	220,299
Total assets		**2,613,095,966**	**2,926,678,339**
Liabilities			
Deferred income tax liabilities	18	129,540,572	169,850,613
Liabilities on leasing contract		986,556	1,121,202
Liability on current income tax		-	4,451,293
Other financial liabilities	19	1,775,901	3,041,305
Other liabilities and deferred revenues		30,292	10,473
Total liabilities		**132,333,321**	**178,474,885**
Equity (own capital)			
Share capital	20	51,746,072	51,746,072
Treasury shares	20	(7,295,461)	(7,295,461)
Losses from the repurchase of own shares		(134,838)	(134,838)
Benefits granted in equity instruments		852,865	-
Retained earnings	20	613,910,181	812,306,354
Other reserves	20	1,157,455,631	997,961,099
Reserves from revaluation of tangible assets		1,176,569	1,176,569
Legal reserves	20	10,349,214	10,349,214
Reserves from revaluation of financial assets designated at FVTOCI	14. 20	652,702,412	882,094,444
Total equity (own capital)		**2,480,762,645**	**2,748,203,454**
Total liabilities and equity		**2,613,095,966**	**2,926,678,339**

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Bogdan-Alexandru Drăgoi	Dorel Baba
Chairman, CEO	Financial Reporting Manager

Condensed Statement of Changes in Equity *as of September 30, 2020*

Denominated in RON	**Share capital**	**Treasury shares**	**Losses from the repurchase of own shares**	**Legal reserves**	**Reserves from the revaluation of financial assets at fair value through other comprehensive income**	**Reserves from revaluation of fixed assets**	**Benefits granted in equity instruments**	**Other reserves**	**Accumulated profit**	**Total**
Balance on January 1, 2020	**51,746,072**	**(7,295,461)**	**(134,838)**	**10,349,214**	**882,094,444**	**1,176,569**	**-**	**997,961,099**	**812,306,354**	**2,748,203,454**
Profit/(Loss) for the period	-			-					(42,429,659)	(42,429,659)
Reserve from revaluation of financial assets transferred to profit or loss	-			-						
Reserve from revaluation of financial assets transferred to retained earnings					(3,823,451)				3,823,451	-
Change in reserve	-			-	(266,131,013)					(266,131,013)
Revaluation of tangible assets										
Related deferred tax					40,562,432				(295,433)	40,266,999
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(229,392,032)**	**0**	**0**	**0**	**(38,901,641)**	**(268,293,674)**
Other reserves – own sources								159,494,532	(159,494,532)	**-**
Dividends payable for 2019	-			-						
Dividends written-off	-			-						
Change of granted benefits							852,865			852,865
Cancellation of treasury shares		-								
Total transactions with shareholders recognized directly in equity	**-**	**-**	**-**	-			**852,865**	**159,494,532**	**(159,494,532)**	**852,865**
Balance on September 30, 2020	**51,746,072**	**(7,295,461)**	**(134,838)**	**10,349,214**	**652,702,412**	**1,176,569**	**852,865**	**1,157,455,631**	**613,910,181**	**2,480,762,645**

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Condensed Statement of Changes in Equity *as of September 30, 2020*

Denominated in RON	Share capital	Treasury shares	Losses from the repurchase of own shares	Legal reserves	Reserves from the revaluation of financial assets at fair value through other comprehensive income	Reserves from revaluation of fixed assets	Other reserves	Benefits granted in equity instruments	Retained earnings	Total
Balance on January 1, 2019	**51,746,072**	**(223,487)**	**(559)**	**10,349,214**	**652,877,901**	**105,016**	**920,774,872**	**2,380,000**	**683,411,583**	**2,321,420,613**
Comprehensive income										
Profit for the period	-			-	-				126.540.975	126.540.975
Other comprehensive income										
Reserve from revaluation of financial assets transferred to profit or loss	-			-	-				-	-
Reserve from revaluation of financial assets transferred to retained earnings					(54,407,954)				54,407,954	-
Change in reserve	-			-	222,407,340					222,407,340
Revaluation of tangible assets										-
Related deferred tax					(28,534,437)				(8,099,133)	(36,633,571)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**139,464,949**	**-**	**-**	**-**	**172,849,795**	**312,314,744**
Transactions with shareholders, recognized directly in equity										
Dividends payable for 2018	-			-	-				-	-
Dividends written-off	-			-	-	-			-	-
Change of granted benefits								1,190,000		1,190,000
Cancellation of treasury shares		-								-
Total transactions with shareholders recognized directly in equity	**-**	**-**	**-**	-	-	-	77,186,227	1,190,000	(77,186,227)	1,190,000
Balance on September 30, 2019	**51,746,072**	**(223,487)**	**(559)**	**10,349,214**	**792.342.850**	**105.016**	**997.961.099**	**3.570.000**	**779.075.151**	**2.634.925.357**

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Condensed cash flow statement *as of September 30, 2020*

Denominated in RON	*Note*	September 30, 2020	September 30, 2019
Operating activities			
Net profit/(loss) for the period		**(42,429,659)**	**126,540,975**
Adjustments for:			
Depreciation of tangible and intangible assets		380,473	185,476
(Gain)/loss from disposal of tangible assets		20,068	1,585
(Gain)/loss from evaluation/disposal of property investment	*16*	(2,466,217)	-
(Gain)/Loss from financial assets at fair value through profit or loss	*7*	89,355,261	(38,024,030)
Dividend income	*5*	(49,237,370)	(105,781,188)
Interest income	*6*	(7,568,700)	(4,526,500)
Expenses on interest on leasing contract		50,959	-
Expenses/(income) on foreign exchange differences financial assets		(1,088,982)	(854,258)
Benefits granted in equity instruments		852,865	1,190,000
Income tax	*10*	665,276	11,388,357
Changes in operating assets and liabilities			
Change in other assets (claims, etc.)		(15,708,891)	(27,174,591)
Change in other financial liabilities		(1,272,063)	(894,125)
Income tax paid		(4,451,293)	(15,292,554)
Net cash used in operating activities		**(32,898,274)**	**(53,240,854)**
Investment activities			
Payments for acquisition of financial assets measured at FVTOCI (shares, bonds)	*14*	(7,354,965)	(5,149,676)
Proceeds from sales of financial assets measured at FVTOCI (shares, bonds)		55,235,842	106,558,504
(Placements) / Proceeds from term deposits greater than three months		4,500,000	6,000,000
Proceeds from sale/repurchase of assets at FVTPL (fund units, bonds)		8,246,243	84,852,486
Payments for purchase of assets at FVTPL (fund units, bonds, shares)	*13*	(329,448)	(123,637,913)
Proceeds/(Payments) for sale assets at amortized cost		14,527,200	-
Proceeds from sale of tangible assets and investment property		9,636,800	-
Payments for purchases of tangible assets		(209,788)	(16,947)
Dividends collected		48,736,527	101,946,244
Interest collected		7,963,167	4,180,606
Net cash from investment activities		**140,951,579**	**174,733,305**
Financing activities			
Payments related to leasing		(205,476)	
Dividends paid		-	(5,495)
Repurchase of own shares		-	-
Net cash used in financing activities		**(205,476)**	**(5,495)**
Net increase / (decrease) in cash and cash equivalents		**107,847,830**	**121,486,956**
Cash and cash equivalents on January 1		117,203,806	29,230,410
Cash and cash equivalents at the end of the period		**225,051,636**	**150,717,366**

The condensed interim financial statements were approved by the Board of Directors on November 9, 2020, and were signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, CEO

Dorel Baba
Financial Reporting Manager

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 (Private Ownership Fund) Banat-Crișana and it is a joint stock company operating under Law 31/1990 and Capital Market Law no. 297/2004 as subsequently amended and supplemented, authorized as AIFM as per Law no. 74/2015.

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 Office 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 November 28, 2019, is Banca Comercială Română, until that date being BRD Groupe Société Générale (from January 29, 2014).

The company providing registry services is Depozitarul Central SA Bucharest.

The interim financial statements, condensed, prepared as at the end of September 30, 2020, 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 September 30, 2020, have been prepared pursuant to the requirements of IAS 34 "Interim Financial Reporting" and should be read together with the standalone financial statements for 2019 prepared in accordance with the 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).

As per Regulation no. 1606/2002 of the European Parliament and of the Council of the European Union of July 19, 2002, as well as according to Law no. 24/2017 on issuers of financial instruments and market operations, from 2017 the Company has to prepare and submit to the Financial Supervisory Authority (ASF) consolidated annual financial statements, in accordance with IFRS, within 4 months from the end of the year financial. The company has prepared and made public the consolidated financial statements for the financial year 2019.

Based on the requirements of Law no. 24/2017 and the ASF Regulation no. 5 regarding the issuers of financial instruments and market operations, the Company has to prepare and publish consolidated interim financial statements for the first semester of 2020 within 3 months from its end.

Pursuant to 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 prepares two sets of financial statements: standalone and consolidated financial statements, in accordance with IFRS 10 and IAS 27. At the same time, the Company reviewed the analysis regarding the fulfilment of the classification criteria as an investment entity for the years 2019 and 2020, concluding that they are met, and that it will also apply the exception provided by IFRS 10 regarding the investment entities for the financial statements related to the financial years 2019 and 2020.

(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 and 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 having 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 of December 31, 2019.

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;
- shareholdings in subsidiaries, associates, and joint ventures.

(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, and

(b) the characteristics of the contractual cash flows of the financial asset.

Business model

- Represents the way 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 assessment 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 them until maturity;
- There are categories of sales transactions that are compatible with this model: those due to credit risk increase, limited or insignificant value sales, or sales close to the maturity of the instruments;
- Interest income, gains or losses from depreciation or foreign exchange differences are recognized in profit and loss;
- The accounting of these assets (assuming that the SPPI criterion is also met and the fair value through profit and loss option has not been selected) is carried at amortized cost (using the effective interest method).

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 through profit and loss 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, not the purpose of holding them;
- Assets whose performance is managed and reported on the basis of their fair value;
- Their accounting is at fair value through profit and loss account.

SPPI test

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

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

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

There are also ratios that, although they would require a registration at fair value, could 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 bound 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 presented below are met:

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 measured at fair value through profit or loss to present the subsequent changes of 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 met:
(a) the financial asset is held within a business model whose goal is to hold financial assets 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 owed principal.

Financial liabilities

Financial liabilities are measured at fair value through profit and loss (FVTOPL) if they:
- meet the requirements of the definition of being "held for trading"
- are designated in the FVTPL category at the initial recognition (if the specific requirements are met).

The other financial debts are measured at amortized cost.

(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 to assess 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 (assess) 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 measure 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 for estimated credit losses.

The effective interest rate represents the rate that precisely updates the future proceeds in cash during the forecasted life of the financial instrument up to the level of the gross 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 settle 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 and regularly available 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 the company.

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 valuation 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 valuation techniques are used consistently.

The value resulted using 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 an adjustment 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.

On each reporting date, the Company measures the provision for losses corresponding to a financial instrument as to reflect:
- 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 gain or loss 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 measures 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 considered. 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. This method involves calculating the value of each item based on a weighted average of the value of similar items in stock at the beginning of the period and the value of similar items purchased during the period.

(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 possible 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 in other comprehensive income.

Gains on shares measured at fair value through other comprehensive income are recognized as follows:
- Changes in fair value (including exchange rate) in other comprehensive income
- Dividend income is recognized in profit or loss

Gains on debt instruments (bonds):
- Changes in fair value (including exchange rate) in other comprehensive income
- Interest income is recognized in profit or loss

When the asset is 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 profit and loss account.

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 activity can be found in the Company organizational structure and it addresses both general and specific 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. 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 various policies and procedures for managing and measuring 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 balance and off-balance sheet related due to adverse movements in market price (such as stock prices, interest rates, foreign exchange rates). Company's management sets the limits on the value of risk that may be accepted, which are regularly monitored. However, the use of this approach does not prevent losses outside 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 permanently aims to reduce to a minimum the possible 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 concerns all assets held by the Company, regardless of the period of holding them, and mitigating this risk is intended the avoidance of a too large exposure on the same debtor/entity at Company level.

The management policy of diversifying exposures is applied to the portfolio structure, business structure as well as the structure of financial risks exposure. Thus, this diversifying policy implies: avoiding excessive exposures on a single debtor, issuer, country or geographical area; diversifying business structure implies avoiding at Company's level the excessive exposure against specific type of business/sector; diversifying the 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 (own capital) Price risk

Price risk is the risk of losses in both balance sheet and off-balance sheet positions due 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 change of 10% in the price of financial assets at fair value through profit or loss (shares of subsidiaries, associates, fund units and corporate bonds) would lead to an increase in profit after tax by RON 107,301,676 (December 31, 2019: RON 115,285,158), 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 corporate bonds, would lead to an increase in equity, net of tax, of RON 102,092,390 (December 31, 2019: RON 128,716,923), a negative change of 10% with an equal net impact on an opposite direction.

The company holds stakes in companies operating in various sectors. As it can be noticed from the table below, as of September 30, 2020, the Company mainly held shares in companies in the banking-financial and insurance field, having a weight of 52.3% on the total portfolio, lower than the 54.5% weight as of December 31, 2019.

in RON	September 30, 2020	%	December 31, 2019	%
Financial intermediation and insurance	1,029,681,680	52.3%	1,257,441,617	54.5%
Manufacturing industry	361,237,878	18.3%	348,689,712	15.1%
Hotels and restaurants	116,921,165	5.9%	136,308,329	5.9%
Wholesale and retail trade, repair of motor vehicles	28,330,359	1.4%	32,259,604	1.4%
Production and supply of energy, gas, and water	10,435,322	0.5%	15,728,248	0.7%
Extractive industry	22,281,112	1.1%	74,340,858	3.2%
Other activities	3,017,824	0.2%	3,408,584	0.1%
Financial services applicable to real estate	354,952,647	18.0%	369,229,415	16.0%
Constructions	299,897	0.0%	408,679	0.0%
Transportation and storage	42,626,660	2.2%	60,662,664	2.6%
Rental of property investment	75,496	0.0%	8,572,298	0.4%
Agriculture, forestry, and fishing	553,554	0.0%	750,922	0.0%
TOTAL	**1,970,413,596**	**100%**	**2,307,800,930**	**100%**

The decrease in the total value of the portfolio under management compared to the end of the previous year is due to the adverse effects of the Covid-19 pandemic on the market prices of the listed financial assets in the Company's portfolio.

As of September 30, 2020, and December 31, 2019, the Company holds fund units in the closed end investment funds Active Plus, Optim Invest, Certinvest Shares, Star Value and Romania Strategy. 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 of September 30, 2020 of RON 299,421,051 (December 31, 2019: RON 366,420,729).

(ii) Interest rate risk

Interest rate risk is the risk that revenues or expenses, or the value of assets or liabilities of the Company 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 for protection against interest rate fluctuations.

The following table shows the annual interest rates earned by the Company for interest-bearing assets during the first nine months of 2020:

	RON interval		EUR interval	
Financial assets	**Min**	**Max**	**Min**	**Max**
Cash and cash equivalents	0.77	2.75	0.00	0.00
Financial assets at fair value through profit and loss*	4.15	5.16	5.91	6.00
Financial assets at fair value through other comprehensive income**	-	-	5.75	5.75
Investments measured at amortized cost	-	-	13.00	13.00

** 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 and bonds issued by Banca Transilvania.*

*** 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 the first nine months of 2019:

Financial assets	**RON interval Min**	**Max**	**EUR interval Min**	**Max**
Cash and cash equivalents	1.00	3.00	-	-
Financial assets at fair value through profit and loss*	5.03	5.39	6.00	6.00
Financial assets at fair value through other comprehensive income**	-	-	5.75	5.75
Investments measured at amortized cost	-	-	5.91	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 and bonds issued by Banca Transilvania.*
*** Corporate bonds are included in the financial assets at fair value through other items of comprehensive income.*

The following table presents a summary of 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	**September 30, 2020**	**December 31, 2019**
Cash and cash equivalent*	77,180,000	86,900,000
Bank deposits	0	4,500,000
Financial assets at fair value through profit and loss – corporate bonds	48,154,439	54,662,924
Financial assets at fair value through comprehensive income – corporate bonds	5,031,477	5,043,356
Investments measured at amortized cost – corporate bonds	29,218,800	43,013,700
TOTAL	**159,584,716**	**194,119,980**

** Within the cash equivalents short-term investments in bank deposits (maturity less than 3 months) are included*

The impact on the Company's net profit (through interest income) of a change of ±1.00% in the interest rate on variable interest rate assets and liabilities denominated in other currencies in conjunction with a change of ±1.00% in the interest rate related to the assets and liabilities bearing variable interest and expressed in RON is of RON 1,340,512 (December 31, 2019: RON 1,630,608).

For bonds recorded at fair value (level 1 & level 2) held, a variation of +/- 5% of their market price determines a net impact in the amount of +/- RON 2,022,486 (December 31, 2019: RON 2,023, 532) in the profit or loss account respectively in the amount of +/- RON 211,322 (December 31, 2019: RON 211,811) in other comprehensive income.

In the case recorded at amortized cost, a variation of +/- 1% of their average market yield determines a net impact on the bond price of -RON 26,841 / +RON 26,885 (December 31, 2019: -RON 211,902 / +RON 213,805).

(iii) Currency risk

Currency risk is the risk of loss or failure to achieve the estimated profit because 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 carried out any exchange rate derivative transaction during the financial years presented.

The Company's assets and liabilities in RON and foreign currencies on September 30, 2020, and December 31, 2019 can be analysed as follows:

Financial assets exposed to foreign currency risk (in RON) *in RON*	**September 30, 2020**	**December 31, 2019**
Cash and cash equivalent	147,669,971	29,486,095
Financial assets at fair value through profit and loss – (including assets held by investment funds) *	36,012,877	44,435,959
Financial assets at fair value through comprehensive income**	130,898,912	236,821,963
Investments measured at amortized cost	29,387,620	43,246,691
Total assets	**343,969,380**	**353,990,708**
Liabilities on leasing contract	(986,556)	(1,121,202)
Total liabilities	**(986,556)**	**(1,121,202)**
Net financial assets	**342,982,824**	**352,869,507**

** Financial assets at fair value through profit or loss include euro bonds 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.*

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:

	September 30, 2020		**December 31, 2019**	
	Impact on P&L account	**Impact on OCI**	**Impact on P&L account**	**Impact on OCI**
EUR increase with 5% (2019: 5%)	9,122,355	5,282,923	5,086,249	9,734,270
EUR decrease with 5% (2019: 5%)	(9,122,355)	(5,282,923)	(5,086,249)	(9,734,270)
Total	**-**	**-**	**-**	**-**

(b) Credit risk

Credit risk is the risk that a counterparty of a financial instrument fails to meet their contractual obligations, or a financial engagement in which it has entered into a relationship with the Company, thus 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 certain sector or field of activity.

As of September 30, 2020 and December 31, 2019, the Company did not have any real collaterals as insurance, nor any other improvements in the credit rating, except for those related to the bonds issued by Blue Air Aviation S.A. (movable and real estate collateral), presented in the table below in category NR (no rating), measured at amortized cost. As of September 30, 2020, and December 31, 2019, the Company did not record any outstanding financial assets, for which it had not recorded any impairment adjustments.

Below we present the financial assets with exposure to credit risk:

September 30, 2020	**Current accounts**	**Bank deposits**	**Bonds** (measured at amortized cost)	**Bonds** (measured at FVOCI)	**Bonds** (measured at FVTPL)	**Other financial assets**	**Total**
Current and not impaired							
Rating AAA to A-							
BBB+	147,677,782	45,530,000					193,207,782
BBB	22,743						22,743
BB+	124,850	31,650,000					31,774,850
Baa1	3,072						3,072
NR			29,387,620	5,115,022	48,883,342	16,775,499	100,161,483
TOTAL	**147,828,447**	**77,180,000**	**29,387,620**	**5,115,022**	**48,883,342**	**16,775,499**	**325,169,931**

December 31, 2019	Current accounts	Bank deposits	Bonds (measured at amortized cost)	Bonds (measured at FVOCI)	Bonds (measured at FVTPL)	Other financial assets	Total
Current and not impaired							
Rating AAA to A-							
BBB+	29,627,080	37,000,000					66,627,080
BBB	23,049						23,049
BB+	504,901	54,400,000			6,664,481		61,569,381
Baa1	3,554						3,554
NR	-		43,246,691	5,053,633	49,118,410	1,191,647	98,610,382
TOTAL	**30,158,583**	**91,400,000**	**43,246,691**	**5,053,633**	**55,782,891**	**1,191,647**	**226,833,446**

The Company's maximum exposure to credit risk is of RON 325,169,931 as of September 30, 2020 (December 31, 2019: RON 226,833,446) and can be analysed as follows:

	Credit rating			September 30, 2020	December 31, 2019
BRD - Groupe Société Générale	BBB+	BRD - Groupe Société Générale	Fitch	147,380,295	29,435,631
Banca Transilvania	BB+	Banca Transilvania	Fitch	31,774,850	54,904,901
Banca Comercială Română	BBB+	Banca Comercială Română	Fitch	45,827,300	37,191,183
Intesa Sanpaolo Romania*	BBB	Intesa Sanpaolo Italia	Fitch	22,743	23,049
Raiffeisen Bank Romania	Baa2	Raiffeisen Bank Romania	Moody's	3,072	3,554
UniCredit Tiriac	BBB+	UniCredit Tiriac	Fitch	188	266
TOTAL (Note 11 and 12)				**225,008,447**	**121,558,583**

* For banks for which there is no rating, the parent company's rating was considered

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.

The Company's exposure to credit and counterparty risk through corporate bonds held as of September 30, 2020 is presented in the following table:

Issuer		Quantity	Nominal value	Interest rate	Value as of Sept. 30, 2020 RON	Maturity
Blue Air Aviation** (^)	Eur	60	100,000.00	13.00%	29.218.800	2020
Impact SA**	Eur	210	5,000.00	5.75%	5.031.477	2022
Vrancart SA*	RON	368,748	100.00	4.15%	37.612.296	2024
SIFI BH Retail SA**	Eur	1,100	2,000.00	6.00%	10.542.143	2021
Total					**82.404.716**	

* variable interest rate
** fixed interest rate

(^) Concerning the bonds issued by Blue Air Aviation S.A. we specify that after the reporting date, on October 23, 2020, SIF Banat-Crișana collected collecting in full of the equivalent value in RON of the principal and the interest related to the corporate bonds. Thus, at the date of the publication of these interim financial statements, the company no longer has any receivables from Blue Air Aviation S.A., and will proceed to discharge the first ranking mortgages on the real estate / movable property related to the transaction.

The Company's exposure to credit and counterparty risk through corporate bonds held as of December 31, 2019 is presented in the following table:

Issuer		Quantity	Nominal value	Interest rate	Value as of December 31, 2019 - RON	Maturity
Banca Transilvania*	Eur	2,260,999	0.61	5.91%	6,483,596	2020
Blue Air Aviation**	Eur	90	100,000.00	13.00%	43,013,700	2020
Impact SA**	Eur	210	5,000.00	5.75%	5,043,356	2022
Vrancart SA*	RON	368,748	100.00	5.04%	37,612,296	2024
SIFI BH Retail SA**	Eur	1,100	2,000.00	6.00%	10,567,032	2021
Total					**102,719,980**	

* variable interest rate
** fixed interest rate

(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 in cash or other financial means, or the risk that such obligations are settled 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.

In the current economic context, the Company's management has adopted a prudent policy of managing monetary investments, maintaining a weight of available liquidity in total assets allowing at any time the coverage of any outstanding payment obligations and a liquidity reserve to provide the financing of any attractive investment opportunities.

The breakdown of assets and liabilities was analysed based on the remaining period from the balance sheet date to contractual maturity date, both as of September 30, 2020 and December 31, 2019, as follows:

in RON	Book value	Less than 3 months	3 to 12 months	Over 1 year	No fixed maturity
September 30, 2020					
Financial assets					
Cash and cash equiv.	**225,051,636**	225,051,636	-	-	-
Bank deposits	**-**	-	-	-	-
Financial assets at FVTPL	**1,129,410,454**	285,098	10,985,949	37,612,296	1,080,527,112
Financial assets at FVTOCI	**1,194,422,555**	-	83,545	5,031,477	1,189,307,533
Financial assets at amortized cost	**29,387,620**	29,387,620	-	-	-
Other financial assets	**18,181,231**	18,181,231	-	-	-
Total financial assets	**2,596,453,496**	**272,905,585**	**11,069,494**	**42,643,773**	**2,269,834,644**
Financial liabilities					
Liabilities on leasing contract	**986,556**	51,959	165,229	769,368	-
Other financial liabilities	**1,775,901**	1,775,901	-	-	-
Total financial liabilities	**2,762,457**	**1,827,860**	**165,229**	**769,368**	**-**
Liquidity surplus	**2,593,691,039**	**271,077,725**	**10,904,265**	**41,874,405**	**2,269,834,644**

in RON	Book value	Less than 3 months	3 to 12 months	Over 1 year	No fixed maturity
December 31, 2019					
Financial assets					
Cash and cash equiv.	**117,203,806**	117,203,806	-	-	-
Bank deposits	**4,512,500**	1,504,083	3,008,417	-	-
Financial assets at FVTPL	**1,226,791,154**	1,119,967	6,483,596	48,179,328	1,171,008,263
Financial assets at FVTOCI	**1,508,267,047**	-	10,277	5,043,356	1,503,213,414
Financial assets at amortized cost	**49,911,172**	-	49,911,172	-	-
Other financial assets	**2,597,379**	2,597,379	-	-	-
Total financial assets	**2,902,618,577**	**122,425,235**	**52,748,980**	**53,222,684**	**2,674,221,677**
Financial liabilities					
Liabilities on leasing contract	**1,121,202**	64,292	139,681	917,229	-
Other financial liabilities	**7,492,598**	7,492,598		-	-
Total financial liabilities	**8,613,799**	**7,556,890**	**139,681**	**917,229**	**-**
Liquidity surplus	**2,894,004,777**	**114,868,345**	**52,609,300**	**52,305,456**	**2,674,221,677**

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 has in view the maximization of Company's profit in relation 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 international economic developments with an impact on the financial sector in Romania, but has confidence in that in the first six months of 2020 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.

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

SIF Banat-Crișana has adopted risk management policies through which risks are actively managed, 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.

During March 2020, amid the global spread of tensions over the Covid-19 virus, the Federal Reserve cut to 0% the key monetary policy interest rates, in two exceptional meetings, along with a $ 700 billion package for operations of quantitative relaxation.

The exceptional measures taken by most countries in the world (implicitly by Romania's main economic partners) to limit the spread of the Sars-Cov2 virus make it impossible to make a realistic estimate of the return to normal of economic activity worldwide, despite the accelerated recovery of stock prices in the world's major capital markets (mainly the US technology companies shares), given that current key macroeconomic information indicates an unprecedented contraction in economic activity and GDP dynamics. The result of the US presidential election, together with the uncertainty regarding the approval and the total value of a new package to stimulate the American economy (USD 1.8 - 2 trillion) represents, along with the evolution of the pandemic and its economic and social impact against the measures to reduce the contagion, the main factors influencing the global economic environment in Q4 2020.

(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.

Amidst the situation created by the COVID-19 virus, the Company has adopted a plan of measures to ensure the continued conduct of business in safe conditions and to minimize operational risks by implementing a business continuity plan and by adapting and updating the internal policies and mechanisms to ensure the uninterrupted and safe connection with investors, shareholders and market institutions.

(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 2,480,762,6452 as of September 30, 2020 (RON 2,748,203,454 as of December 31, 2019).

5. Dividend income

In accordance with IFRS 9 and since the Company has opted to measure stakes 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 rate for dividends from companies was 5% (2019: 0% and 5%). The breakdown of dividend income on the main counterparties is shown in the table below:

denominated in RON	**Sept. 30, 2020**	**Sept. 30, 2019**	**Measurement**
SAI Muntenia Invest	12.237.552	13.557.288	FVTOCI
Biofarm	11.224.994	3.620.966	FVTPL
Uniteh Timișoara	7.770.077	96.730	FVTPL
Conpet	3.968.618	4.202.445	FVTOCI
IAMU Blaj	3.067.867	2.300.867	FVTPL
SIF Moldova	3.005.937	1.539.758	FVTOCI
Romgaz	2.530.384	6.553.851	FVTOCI
SIF Oltenia	1.160.829	1.741.243	FVTOCI
SNP Petrom	1.111.840	968.377	FVTOCI
Gaz Vest Arad	752.117	0	FVTPL
Transgaz	678.282	949.683	FVTOCI
Electrica	477.389	479.975	FVTOCI
Antibiotice Iași	423.328	141.557	FVTOCI
Rompetrol Well Services	242.181	99.754	FVTOCI
Iproeb	172.270	344.527	FVTOCI
Banca Transilvania	-	36.980.164	FVTOCI
BRD	-	22.329.415	FVTOCI
Erste Bank*	18.343	9.634.942	FVTOCI
Altele	395.362	239.646	FVTOCI
Total	**49.237.370**	**105.781.188**	
FVTOCI	26.422.315	99.762.626	
FVTPL	22.815.055	6.018.563	

*** the amount recognized in income in 2020 represents the difference in dividend tax recovered by the Company from the Austrian State, related to the dividends distributed by Erste in 2014.*

6. Interest income

Interest income (assets at amortized cost, assets at fair value through other comprehensive income)

denominated in RON	**Sept. 30, 2020**	**Sept. 30, 2019**
Interest income on deposits and current accounts	1,546,658	974,102
Interest income on bonds measured at amortized cost	3,871,677	291,479
Interest income on assets measured through other comprehensive income (corporate bonds)	219,845	214,591
	5,638,180	**1,480,172**

Interest income (assets at fair value through profit and loss)

denominated in RON	**Sept. 30, 2020**	**Sept. 30, 2019**
Interest income on bonds	1,930,520	3,046,329
Total	**1,930,520**	**3,046,329**

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

denominated in RON	**Sept. 30, 2020**	**Sept. 30, 2019**
Profit / (Loss) from measurement / disposal of fund units	(65,322,245)	44,072,004
Profit / (Loss) from measurement of bonds	(222,116)	(2,661,085)
Profit / (Loss) from measurement of shares in subsidiaries and associates	(23,810,900)	(3,386,888)
Total	**(89,355,261)**	**38,024,031**

As of September 30, 2020, the Company measured the investments held in fund units, the shares held in subsidiaries and associates and the bonds held, through the profit and loss account, resulting in a decrease amounting to RON 91 million.

During first nine months of 2020, the amount of RON 1.7m transferred by the Certinvest Investment Fund was collected, representing dividends received from the companies in the portfolio, proportional to the SIF's stake.

During first nine months of 2019, fund units were redeemed by the Closed-End Investment Fund Omnitrend in the amount of RON 20.7 million, RON 0.8 million below the current book value.

8. Fees and commissions expenses

denominated in RON	**September 30, 2020**	**September 30, 2019**
Financial Supervisory Authority commissions	1,993,997	1,798,072
Depository fees	487,447	382,118
Fees payable to SSIF (brokers)	152,684	115,836
Registry fees	108,000	108,000
Other fees and commissions	61,671	59,751
Total	**2,803,799**	**2,463,778**

9. Other operating expenses

denominated in RON	**Sept. 30, 2020**	**Sept. 30, 2019**
Expenses with other taxes and fees and assimilated payments	212,236	181,524
Expenses with salaries and other personnel expenses	7,540,792	7,504,731
Depreciation expenses	208,976	185,476
Expenses for external services	2,886,530	1,599,599
Expenses on interest depreciation of assets with the right to use under the leasing contract	222,456	-
Total	**11,070,991**	**9,471,329**

denominated in RON	**Sept. 30, 2020**	**Sept. 30, 2019**
Expenses with salaries	6,337,844	5,983,632
Expenses on Stock Option Plan	852,865	1,190,000
Expenditure on insurance and social protection	246,733	246,769
Other personnel expenses	103,350	84,330
Total	**7,540,792**	**7,504,731**

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

In the period ended on September 30, 2020, the average number of employees was of 34 (September 30, 2019: 34), and the number of employees recorded at the end of the reporting period was of 34 (September 30, 2019: 34).

The company makes payments to institutions of the Romanian State in the account of the pensions of its employees.

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.

10. Income tax

denominated in RON	**Sept. 30, 2020**	**Sept. 30, 2019**
Current income tax		
Current income tax (16%)	-	7,555,412
Tax on dividend (0%, 5%)	708,318	3,832,945
Expense on / (income from) deferred tax		
Financial assets at FVTOCI		
Financial assets at FVTPL		
Tangible assets / Investment property	(43,042)	-
Total income tax recognized in profit or loss	**665,276**	**11,388,357**

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	**Sept. 30, 2020**	**Sept. 30, 2019**
Profit before tax	**(41,764,383)**	**137,929,332**
Tax under statutory tax rate of 16% (2019: 16%)	(6,682,301)	22,068,693
Income tax effect of:		
Tax on dividend (0%, 5%)	708,318	3,832,945
Non-deductible expenses and similar items	10,675,988	3,544,947
Non-taxable revenues	(13,812,543)	(18,037,532)
Revenue related items	361,950	13,696,210
Expenses related items		
Recoverable tax loss	9,456,907	-
Deferred tax	(43,042)	-
Amounts of sponsorship within legal limits and other deductions	-	(24,000)
Tax recognized in retained earnings	-	(13,692,905)
Income tax	**665,276**	**11,388,357**

11. Cash and cash equivalents

denominated in RON	**September 30, 2020**	**December 31, 2019**
Cash in hand and other valuables	26,472	10,066
Current accounts in banks	147,828,447	30,158,583
Deposits in banks with original maturity less than 3 months (including interest)	77,196,717	87,035,157
Cash and cash equivalents with maturity less than 3 months	**225,051,636**	**117,203,806**

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

12. Bank deposits

denominated in RON	**September 30, 2020**	**December 31, 2019**
Bank deposits with initial maturity over 3 months	-	4,500,000
Interest on deposits	-	12,500
Cash and cash equivalents with maturity over 3 months	**-**	**4,512,500**

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

denominated in RON	September 30, 2020	December 31, 2019
Shares	781,106,061	804,587,514
Fund units	299,421,051	366,420,749
Corporate bonds (including attached interest)	48,883,342	55,782,891
Total	**1,129,410,454**	**1,226,791,154**

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 providing 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 of September 30, 2020, is presented in the table below:

denominated in RON	Shares	Fund units	Corporate bonds	Total
January 1, 2020	**804,587,514**	**366,420,749**	**55,782,891**	**1,226,791,154**
Acquisitions	329,447	-	-	329,447
Sales	-	-	(6,568,790)	(6,568,790)
Change in interest receivable			(391,064)	(391,064)
Change in fair value (including foreign exchange differences)	(23,810,900)	(66,999,698)	60,305	(90,750,294)
September 30, 2020	**781,106,061**	**299,421,051**	**48,883,342**	**1,129,410,454**

Acquisitions of shares amounting to RON 329,447 represent shares of SIFI CJ Logistics SA.

As of September 30, 2020, the holdings in subsidiaries and associated entities were measured at fair value, the difference being an unfavourable one amounting to RON 23.8 million (vs. the value as of December 31, 2019).

The measurement of the fund units at fair value on September 30, 2020 generated an unfavourable difference of RON 67 million (vs. the value on December 31, 2019).

The sale of corporate bonds includes the value of Banca Transilvania bonds collected in May 2020, at maturity.

The movement of financial assets measured at fair value through profit and loss account in 2019 is presented in the following table:

denominated in RON	Shares	Fund units	Corporate bonds	Total
January 1, 2019	**769,377,480**	**295,681,969**	**40,929,815**	**1,105,989,265**
Acquisitions	44,424,999	8,499,912	70,713,000	123,637,912
Sales		(21,455,867)	(60,904,960)	(82,360,827)
Change in interest receivable			571,546	571,546
Change in fair value (including foreign exchange differences)	(9,214,965)	83,694,734	(2,190,992)	72,288,777
Reclassification from amortized cost			6,664,481	6,664,481
December 31, 2019	**804,587,514**	**366,420,749**	**55,782,890**	**1,226,791,153**

Acquisitions of shares in 2019 mainly include purchases of Biofarm shares amounting to RON 44.4 million.

During 2019 fund units in closed end Investment Fund Optim Invest were purchased, amounting to RON 8.5 million.

During the period fund units were redeemed with the book value of RON 21.5 million, by Omnitrend closed end investment fund, with a loss of RON 0.8 million.

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. The amount of RON 60.9 million represents the early repurchase of 6,400 bonds issued by SIFI BH Retail SA.

During 2019, the Company reclassified Banca Transilvania's bonds from measured at amortized cost to measured at fair value through profit or loss.

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

The movement of financial assets measured at fair value through other comprehensive income in H1 2020 is presented in the table below:

denominated in RON	**Shares ***	**Corporate bonds****
January 1, 2020	**1,503,213,414**	**5,053,634**
Acquisitions	7,354,965	-
Sales	(55,214,774)	-
Change of interest receivable	-	73,268
Change in fair value (including foreign exchange differences)	(266,046,071)	(11,879)
September 30, 2020	**1,189,307,533**	**5,115,022**

** the option to measure at fair value through other comprehensive income was exercised at initial recognition*
*** SPPI tested and recognized as held to collect and sale*

Purchases of shares during first nine months of 2020, amounting to RON 7.3 million, mainly include the acquisition of Banca Transilvania shares, amounting to RON 4.4 million, Bursa de Valori București RON 2.5 million and the subscription to the share capital increase at Mobex SA Târgu Mureș with the amount of RON 0.4 million.

The sales of shares amounting to RON 55.2 million lei mainly include the sale of shares of Romgaz SA (RON 35.2 million), SNTGN Transgaz SA (RON 12.9 million) and Electrica SA (RON 7 million). The gain on transactions amounting to RON 3.8 million was recognized in retained earnings.

The movement in 2019 of financial assets measured at fair value through other comprehensive income is presented in the table below:

denominated in RON	**Shares ***	**Corporate bonds****
January 1, 2019	**1,274,462,535**	**4,882,639**
Acquisitions	6,586,167	-
Sales	(107,323,972)	-
Change of interest receivable		248
Change in fair value (including foreign exchange differences)	329,488,684	170,747
December 31, 2019	**1,503,213,414**	**5,053,634**

** the option to measure at fair value through other comprehensive income was exercised at initial recognition*
*** SPPI tested and recognized as held to collect and sale*

Purchases of shares in 2019, in the total amount of RON 6.6 million mainly include the acquisition of Intercontinental SA Bucharest shares in the amount of RON 5.1 million and the participation in the share capital of the company CCP.RO (Central Counterparty) in the amount of RON 1.43 million.

The sales of shares, in the amount of RON 107.3 million, mainly include the sale of shares of Erste Bank (RON 93.9 million), Minerva SA (RON 8.9 million), Mobicom SA (RON 1.6 million), Famos SA (RON 1.6 million), SIF Moldova (RON 0.8 million), Nord Constructii (RON 0.5 million), etc. The gain on transactions amounting to RON 54.7 million was recognized in the retained earnings.

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 appraisers and authorized appraisers within the Appraisal dept. of the Company, using the strategy set by the management of the issuer and appraisal 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:

September 30, 2020

denominated in RON	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss - shares	273,391,699	-	507,714,362	781,106,061
Financial assets at fair value through profit and loss - fund units	299,421,051	-	-	299,421,051
Financial assets at fair value through profit and loss - bonds	37,897,394	10,985,948	-	48,883,342
Financial assets at fair value through other comprehensive income - shares	1,089,219,620	-	100,087,913	1,189,307,533
Financial assets at fair value through other comprehensive income – corporate bonds	5,115,022	-	-	5,115,022
Investment property	-	-	12,876,581	12,876,581
Land and buildings	-	-	3,635,570	3,635,570
	1,705,044,786	**10,985,948**	**624,314,426**	**2,340,345,160**

December 31, 2019

denominated in RON	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss – shares	251,475,549	-	553,111,966	804,587,515
Financial assets at fair value through profit and loss – fund units	366,420,749	-	-	366,420,749
Financial assets at fair value through profit and loss – bonds	37,958,535	17,824,356	-	55,782,891
Financial assets at FVOCI - shares	1,390,518,610	-	112,694,805	1,503,213,415
Financial assets at FVOCI – corporate bonds	5,053,633	-	-	5,053,633
Financial assets at amortized cost – corporate bonds	-	-	20,047,164	20,047,164
Investment property	-	-	3,734,817	3,734,817
Land and buildings	251,475,549	-	553,111,966	804,587,515
	2,051,427,076	**17,824,356**	**689,588,752**	**2,758,840,184**

During the first nine months of 2020, no transfers between the levels of fair value were made.

15. Financial assets measured at amortized cost

denominated in RON	September 30, 2020	December 31, 2019
Bonds	29,218,800	43,013,700
Attached interest related to bonds	168,820	232,991
Total	**29,387,620**	**43,246,691**

Bonds outstanding on September 30, 2020 include bonds issued by Blue Air Aviation in EURO, purchased in December 2019, with initial maturity in June 2020, with an annual interest rate of 13%.

At the date of initial recognition, the Company has considered compliance with the requirements of IFRS 9 on the characteristics of debt instruments. Following the analysis of the specifications of Blue Air Aviation bonds, the Company concluded that both the requirements of the SPPI test (exclusive payments of principal and interest) and compliance with the “Hold to collect” business model (held to collect cash flows) are met.

At the same time, at the date of preparation of the previous financial statements (March 31, June 30), the Company analysed the credit risk associated with these instruments from the perspective of IFRS 9 regarding the recognition of possible credit losses expected in the event of a significant increase in credit risk compared to initial recognition. Following the analysis and consideration of several possible scenarios (in accordance with the requirements of the standard) it was concluded that the weighted average probability of possible expected credit losses is insignificant for understanding the Company's financial position and performance at the time of preparation. According to the guidelines for applying IFRS9 on credit risk, the analysis is based on the financial instrument and its characteristics, not the issuer of that instrument. Under these conditions, as specified in Paragraph B.5.7.13 of IFRS 9: *“if an entity issues a secured debt and an unsecured debt that are otherwise identical, the credit risk of those two liabilities will be different,* *even if they are issued by the same entity. The credit risk of the secured debt will be less than the credit risk of the unsecured debt. The credit risk of a secured debt can be almost zero."* We emphasize that, in addition to those mentioned in point 4.1 (b) of these interim financial statements, the principal and interest on bonds issued by Blue Air Aviation S.A. benefited from real-estate and movable collaterals that fully cover the amounts receivable, both on the date of the initial issue and on the date of their extension of maturity.

On October 23, 2020, SIF Banat-Crișana collected in full of the equivalent value in RON of the principal and the interest related to the corporate bonds issued by Blue Air Aviation SA. Thus, at the date of the publication of these interim financial statements, the Company no longer has any receivables from Blue Air Aviation S.A., and will proceed to discharge the mortgages on the real estate / movable property related to the transaction.

At the end of 2019, Banca Transilvania's bonds were reclassified to fair value through profit or loss.

16. Investment property

denominated in RON	September 30, 2020	December 31, 2019
Balance on January 1	**20,047,164**	**20,128,515**
Entries	-	-
Sales	(7,170,583)	
Changes in fair value – gain/(loss)	-	(81,351)
Balance at the end of period	**12,876,581**	**20,047,164**

During first nine months of 2020 a property held in Timișoara was sold. The gain on transaction amounts to RON 2,466,217.

17. Other financial assets

denominated in RON	September 30, 2020	December 31, 2019
Sundry debtors	18,010,331	2,383,090
Other financial assets	170,899	214,289
Impairment for depreciation of sundry debtors	(1,405,732)	(1,405,732)
Total	**16,775,499**	**1,191,647**

The item Sundry debtors as of September 30 includes amounts paid as an advance for acquisitions of financial assets.

18. Deferred tax liabilities

Deferred tax assets and liabilities on September 30, 2020 and December 31, 2019 are generated by the elements detailed in the following tables:

September 30, 2020

denominated in RON	Assets	Liabilities	Net
Financial assets at FVOCI	-	796,170,879	(796,170,879)
Tangible assets and investment property	-	13,457,690	(13,457,690)
Total	**-**	**809,628,569**	**(809,628,569)**
Net temporary differences - 16% rate			(809,628,569)
Deferred tax liabilities			**(129,540,572)**

December 31, 2019

denominated in RON	Assets	Liabilities	Net
Financial assets at FVOCI	-	1,047,839,625	(1,047,839,625)
Tangible assets and investment property	-	13,726,697	(13,726,697)
Total	**-**	**1,061,566,322**	**(1,061,566,322)**
Net temporary differences - 16% rate	-		**(1,061,566,322)**
Deferred tax liabilities	-		**(169,850,613)**

Deferred tax liabilities in balance on September 30, 2020 amounting to RON 129,540,572 (2019: RON 169,850,613) include:

- deferred income tax recognized directly through the decrease in equity amounting to RON 118,992,010 (2019: 159,554,443), being entirely 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 10,548,562 recognized in retained earnings.

19. Other financial liabilities

denominated in RON	**June 30, 2020**	**December 31, 2019**
Payables to employees and related contributions	682,290	2,477,882
Taxes and fees	2,438	11,532
Suppliers and creditors	1,091,172	551,890
Total	**1,775,901**	**3,041,305**

20. Capital and reserves

(a) Share capital

As of September 30, 2020, 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 the conversion into shares of the amounts due as dividends under Law no. 55/1995 and pursuant to Law no. 133/1996. As of September 30, 2020, the number of shareholders was of 5,747,546 (December 31, 2019: 5,749,444).

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 of September 30, 2020 and December 31, 2019. 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 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. In December 2019, the stock option plan was completed, through which 1,400,000 shares were granted to the Company's administrators and directors, free of charge.

The EGM of April 27, 2020 approved:

- the reduction of the share capital of the Company pursuant to art. 207 par. (1) section c) of Law no. 31/1990, from RON 51,746,072.4, to RON 51,542,236.3 following the cancellation of a number of 2,038,361 own shares acquired by the company, within the buyback programs. This operation is in progress.

- the use of a number of 880,000 shares, held by the Company and repurchased pursuant to the EGM resolution of April 26, 2018, for their distribution free of charge to members of the Company's management (administrators, directors), in a Stock Option Plan, approved by the Resolution of EGM held on April 22, 2019. The Board of Directors of the Company approved at the end of May 2020 the "Share-based Payment Plan", which is ongoing.

- the execution of a buyback program for 15,000,000 own shares ("Program I") to reduce its share capital;

- and the buyback of a maximum of 880,000 shares ("Program II"), for their distribution free of charge to the members of the Company's management (administrators, directors), in order to build their loyalty as well as to reward them for the activity carried out within the Company, according to the performance criteria to be determined by the Board of Directors. The Board of Directors of the Company approved in August 2020 the "Share-based Payment Plan", which is ongoing.

denominated in RON	**September 30, 2020**	**December 31, 2019**
Share capital*	51,746,072	51,746,072
Total	**51,746,072**	**51,746,072**

** The effect of hyperinflation on share capital is presented in section (g)*

(b) Retained earnings

denominated in RON	**September 30, 2020**	**December 31, 2019**
Retained earnings from the transition to IAS and IFRS	422,323,709	422,323,709
Retained earnings from application of IFRS 9 (including gains on transactions)	208,134,611	204,606,593
Undistributed profit	23,860,282	23,860,282
Result for the period	(42,429,659)	159,494,532
Other amounts recognized in retained earnings (legal reserves, revaluation of tangible assets, etc.)	2,021,238	2,021,238
Total	**613,910,181**	**812,306,354**

(c) Other reserves

denominated in RON	**Sept. 30, 2020**	**December 31, 2019**
Reserves allotted from the net profit	903,715,687	744,221,155
Reserves set-up under Law no. 133/1996*	145,486,088	145,486,088
Reserves from written-off dividends	88,420,910	88,420,910
Reserves from exchange rate differences and investment facilities	19,832,946	19,832,946
Total	**1,157,455,631**	**997,961,099**

** The effect of hyperinflation on reserve set-up under Law no. 133/1996 is presented in section (g)*

The reserve related to the initial portfolio was set-up under Law no. 133/1996, as the difference between the value of the contributed portfolio and the value of the share capital subscribed to SIF. Thus, these reserves are assimilated to a contribution premium and are not used to sell fixed assets.

(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 of September 30, 2020, amounts to RON 10,349,214 (December 31, 2019: RON 10,349,214).

Legal reserves cannot be distributed to shareholders.

(e) 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. The amount of deferred tax recognized directly through impairment of equity is shown in Note 18.

The following table shows the reconciliation of net differences in the change in fair value for financial assets measured by other comprehensive income:

denominated in RON	**September 30, 2020**	**December 31, 2019**
Differences from changes in fair value of financial assets measured through other comprehensive income (bonds)	(68,096)	20,952
Differences from changes in fair value of financial assets measured through other comprehensive income (shares)	652,770,508	882,073,492
Total	**652,702,412**	**882,094,444**

(f) Dividends

During the first nine months of 2020 there was no approval for dividend distribution. In 2019, it was not approved the distribution of dividends from the profit of the financial year 2018.

(g) Effect of hyperinflation (IAS29)

The effect of hyperinflation over the share capital amounting to RON 645,164,111 and over the reserve set-up under 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 (December 31, 2019: RON 2,605,353,717), with no impact on total value of equity (own capital).

denominated in RON	Effect of applying IAS 29 on share capital	Effect of applying IAS 29 on reserve set-up under Law no. 133/1996	Effect on retained earnings of applying IAS 29 on equity items
Balance on January 1, 2020	**645,164,114**	**1,960,189,603**	**(2,605,353,717)**
Increase / (Reduction)	-	-	-
Balance on September 30, 2020	**645,164,114**	**1,960,189,603**	**(2,605,353,717)**

21. 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	September 30, 2020	September 30, 2019
Profit attributable to ordinary shareholders	(42,429,659)	107,445,150
Weighted average number of ordinary shares	514,542,363	517,371,068
Basic earnings per share	**(0.082)**	**0.208**

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

22. Contingent assets and liabilities

(a) Litigations

As of September 30, 2020, the Legal Office of the Company reported 113 litigations ongoing in Courts. The Company had legal standing in 89 lawsuits, passive legal standing in 17 lawsuits, and intervenient in 7 litigations.

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

23. 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

September 30, 2020

- As of september 30, 2020, 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 of June 30, 2020, 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, 2019

- As of December 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 of December 31, 2019, 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 of September 30, 2020, the Company held stakes in 13 companies (December 31, 2019: 13). 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 share capital as of September 30, 2020 is of 19 (December 31, 2019: 21), of which:
a. Two entities (Gaz Vest SA Arad, Biofarm SA Bucharest), in which the Company exercises significant influence;
b. 5 (December 31, 2019: 5) entities that do not qualify as associates, because the Company does not exercise significant influence in those companies;
c. 12 (December 31, 2019: 14) entities in insolvency / liquidation / bankruptcy.

Transactions with related parties during the interim reporting period:

During the first nine months of 2020, the Company made the following transactions with affiliated parties:

	Sept. 30, 2020	Sept. 30, 2019
Transactions by profit or loss		
Dividend income, of which:		
SAI Muntenia	12,237,552	13,557,288
BIOFARM BUCURESTI	11.224.994	3,620,966
Uniteh	7,770,077	96,730
IAMU	3,067,867	2,300,867
	34,300,490	**19,575,851**
Interest income, of which:		
VRANCART	1,295,390	1,433,640
SIFI BH Retail	481,826	1,612,689
	1,777,216	**3,046,329**
Other expenses, of which:		
Administrare Imobiliare - rent and operating expenses	207,466	116,369
Gaz Vest – supply of natural gas	28,066	33,196

Transactions by statement of financial position	September 30, 2020	September 30, 2019
Other receivables, of which:		
SILVANA CEHU SILVANIEI - dividends	671,886	671,886
SILVANA CEHU SILVANIEI - receivables depreciation adjustments	(671,886)	(671,886)
VRANCART – bonds	37,612,296	37,796,670
VRANCART - interest receivable	285,098	351,048
SIFI BH Retail - bonds	10,542,143	10,556,944
SIFI BH Retail - interest receivable	443,806	431,270
Total	**48,883,342**	**49,135,932**
Other debts, of which:		
Administrare Imobiliare	4,594	12,760
Total	**4,594**	**12,760**

During the first 9 months of 2020, 32,879 shares in SIFICJ Logistic SA, amounting to RON 329,448 were purchased, representing a shareholding of 3.34%. The ownership of SIF in that company was classified as a stake in subsidiaries, being also an affiliated party, due to the fact that SIF Banat-Crișana SA also indirectly holds shares in this company (through SIFI Imobiliare).

During the first 9 months of 2019, the stakes were increased, through acquisitions of shares, in the companies:
- Uniteh SA - from 36.33% to 36.34%, acquisition of 51 shares amounting to RON 1,503,
- Biofarm SA - from 23.22% to 36.75%, acquisition of 133,270,532 shares amounting to RON 44,423,496.

24. Events after the interim period

- on **October 20, 2020**, SIF Banat-Crișana informed the investors on supplementing the agenda of the Extraordinary General Meeting of Shareholders, convened for November 2 (3), 2020, following the letter no. DRA 6360 / 14.10.2020 issued by the Financial Supervisory Authority stating that concerning the amendments to the of SIF Banat-Crișana's Articles of Association to be submitted for approval of the EGM, it is necessary to supplement / modify it according to the Authority's requests, included in the aforementioned letter;

- on **October 22, 2020**, the Competition Council issued the non-objection decision regarding the economic concertation operation carried out by the acquisition by SIF Banat-Crișana of the control over DOOSAN IMGB S.A. Consequently, on **October 23, 2020**, the transaction for the acquisition of the stake 99.92% of the share capital of DOOSAN IMGB S.A. was completed, by transferring the ownership of the shares to the Depozitarul Central;

- On **October 23, 2020**, SIF Banat-Crișana collected in full of the equivalent value in RON of the amount calculated for the end of October 21, 2020, representing the principal and the interest related to the corporate bonds issued by Blue Air Aviation SA, and is to proceed as soon as possible to discharge the first ranking mortgages on the real estate / movable property established on the date of issue in favour of SIF Banat Crișana SA.

- on **November 2, 2020**, the Ordinary General Meeting of Shareholders (OGMS) and the Extraordinary General Meeting of Shareholders (EGMS) took place.

The OGMS approved:
- the appointment of Deloitte Audit S.R.L as financial auditor for the financial year ending on December 31, 2021, extending the initial term by one year;
- The Revised revenue and expenses budget for 2020.

The EGMS approved:
- amending the Company's Articles of Association, to comply with the provisions of Law no. 243/2019 on alternative investment funds, amending and supplementing certain normative acts, and the provisions of ASF Regulation no. 7/2020;
- revocation of Art. 1 of the Resolution of the Extraordinary General Meeting of Shareholders of April 22, 2019, by which it was approved the execution of a buyback program of a maximum of 15,000,000 own shares;
- the execution of a buyback program ("Program 3") to reduce the Company's share capital. The maximum number of shares that may be repurchased: 15,000,000 shares at most. The minimum price per share is of RON 0.1, the maximum price per share is of RON 5.1020; The duration of Program 3 is of maximum 12 months.

The full version of the Decisions adopted by the OGMS and the EGMS is available for consultation on Company's website, at www.sif1.ro, in the *Investor Relations* section.