



# SIF BANAT-CRIȘANA

SOCIETATE DE INVESTIȚII FINANCIARE

## **PRELIMINARY FINANCIAL RESULTS**

— AS AT DECEMBER 31, 2018 —

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*This report herein presents the preliminary unaudited financial results of SIF Banat-Crișana as at December 31, 2018, prepared in compliance to the Norm 39/2015 issued by the Financial Supervisory Authority (ASF). The financial results presented herein are preliminary and subject to change.*

*This English version of the report is a convenience translation of the Romanian language "Preliminary financial results as at December 31, 2018". The Romanian version of the report is the official document.*

## 1. COMPANY PRESENTATION

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COMPANY NAME	<b>Societatea de Investiții Financiare Banat-Crișana S.A.</b> (hereinafter referred to as "SIF Banat-Crișana" or "the Company")
COMPANY TYPE	<ul style="list-style-type: none"> <li>▪ closed-end investment company self-managed, with a diversified investment policy investment policy, endorsed by the Financial Supervisory Authority by Endorsement no. 258 / 14.12.2005 and as AIFM with Authorization no. 78/09.03.2018, equivalent to closed-ended AIF</li> <li>▪ set-up as a joint stock company in November 1996 pursuant to the provisions of Law no. 133/1996 for the conversion of the Private Property Funds (FPP) into Financial Investment Companies (SIF)</li> <li>▪ Romanian legal entity with private capital</li> </ul>
SHARE CAPITAL	<ul style="list-style-type: none"> <li>▪ RON 51,746,072.40 – subscribed and paid-in capital</li> <li>▪ 517,460,724 shares issued; 517,371,068 outstanding shares</li> <li>▪ RON 0.10 per share nominal value</li> </ul>
REGISTRATIONS	<ul style="list-style-type: none"> <li>▪ Number in Trade Register J02/1898/1992</li> <li>▪ Tax Identification Code RO 2761040</li> <li>▪ Number in ASF Register PJR09SIIR/020002/2006</li> <li>▪ Legal Entity Identifier (LEI) 254900GAQ2XT8DPA7274</li> </ul>
MAIN ACTIVITY	<p>Main activity is, as per the classification of economic activities in the national economy (CAEN): financial intermediation, except insurance and pension funding (CAEN code 64), and the main object of activity: Other financial intermediation n.c.a. (CAEN code 6499):</p> <ul style="list-style-type: none"> <li>▪ carrying out financial investments in order to maximize the value of own shares in accordance with the regulations in force;</li> <li>▪ management of investment portfolio and exercising all of the rights related to the instruments in which investments are made;</li> <li>▪ risk management;</li> <li>▪ other activities auxiliary and associated to the collective investment activity, in accordance with the regulations in force.</li> </ul>
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB or BSE) – Premium category - ticker <b>SIF1</b>
FINANCIAL AUDITOR	PricewaterhouseCoopers Audit S.R.L.
DEPOSITARY BANK	BRD - Groupe Société Générale
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	<b>Arad</b> , 35A Calea Victoriei, 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
BRANCH	<b>Bucharest</b> 175 Calea Floreasca, 7th floor, room A1, sector 1, 014459, Bucharest

## 2. STATEMENT OF MAIN ITEMS OF THE FINANCIAL POSITION AND THE PRELIMINARY RESULTS AS AT DECEMBER 31, 2018

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SIF Banat-Crișana submits the preliminary unaudited financial results as at December 31, 2018, prepared in compliance to the Norm 39/2015 for the approval of the Accounting Regulations compliant with IFRS applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority (ASF) Financial Instruments and Investments Sector.

*Total assets* held by SIF Banat-Crișana as at December 31, 2018, amounting to RON 2,455.5 million, decreased by 1.3% as compared to 2017, as a result of the fair value decrease of some financial securities in the portfolio (mainly stakes in companies in the financial and energy sector) as a result of the unfavourable development of the local capital market, amid the legislative changes at the end of 2018.

Within the total assets, the main weight is held by the financial assets, of 99% in 2018, comprising mainly the financial assets measured at fair value through profit or loss (holdings in subsidiaries and associates, bonds in subsidiaries and fund units) and the financial assets measured at fair value through other comprehensive income (shares and corporate bonds). Financial assets through other items of comprehensive income are measured at fair value through equity accounts based on market prices existing on an active market or on the basis of valuations performed by authorized valuers. Please note that for some subsidiaries of the company, which are valued through valuation reports and recognized in Financial assets at fair value through profit or loss, the fair values have not been finalized at the date of presentation of these preliminary statements. Consequently, the value of this balance sheet item and, implicitly, the "Gain on investment" and "Net profit for the year" positions may change from the current figures.

Structurally wise, Financial assets at fair value through profit and loss increased as compared to 2017 as a result of:

- Reclassification of subsidiaries removed from the scope of consolidation as a result of the application of the provisions of IFRS 10 on investment entities from the financial year 2018, from Financial Assets available for sale category (until Dec. 31, 2017 – as per IAS 39) to Financial assets at fair value through profit and loss (starting January 1, 2018 – as per IFRS 9);
- Mandatory reclassification of investments in fund units from the Financial assets available for sale category (until Dec. 31, 2017 – as per IAS 39) to Financial assets at fair value through profit and loss (from January 1, 2018 – as per IFRS 9)
- Investment activity in 2018, by disinvestment from some placements highlighted in the Financial assets at fair value through other comprehensive income category and making investments in financial instruments recognized as Financial assets at fair value through profit or loss.

*Total liabilities* are below those at the end of 2017, mainly as a result of the diminished deferred income tax for the reserves from valuating at fair value the securities and the deferred tax transfer in the current tax, together with the transfer of the fair value reserve for the disinvestment of financial assets at fair value through other comprehensive income within the retained earnings.

As at December 31, 2018, *equity* amounted to RON 2,324 million, up 1.4% vs. the value recorded at the end of the previous year, with the following clarifications:

- The increase of *Accumulated profit* versus 2017 is the combined effect of the transfer of fair value gain on subsidiaries and investments in fund units reclassified starting 2018 (from reserves to retained earnings), respectively of net profit for the year 2018, including gain on transactions recognized directly within the retained earnings;

- The increase in *Other reserves* is the result of the allocation of the net profit for the year 2017 to reserves, as own sources of financing the activity;
- The position *Differences from the change in fair value of financial assets measured through other items of comprehensive income* decreased as compared to the end of 2017 mainly as a result of the transfer of the accrued fair value on investments in subsidiaries and fund units and the recording of unfavourable differences in fair value as at December 31, 2018.

*Dividend income, interest income and other income* as at December 31, 2018 (preliminary) amounted to RON 114.9 million, up 35.3% as compared to 2017. The upsurge is mainly due to the increase in the volume of dividends collected from stakes in banks held by the Company.

*Gain on investment* in the financial year 2018 was negatively impacted by the adverse developments of placements recognized at fair value through profit or loss, as per IFRS 9.

*Other operating expenses* include functioning expenses, are slightly below those of the previous year's.

*The preliminary net profit for the financial year 2018* is of RON 77.2 million, up 11% as compared to the prior year's result, mainly as a result of the upsurge of dividend income.

*Other comprehensive income* includes changes in fair value of financial assets at fair value through other comprehensive income (net amount transferred to profit and loss and net change in fair value), below the previous year, mainly as a result of the accelerated depreciation of the fair value of the portfolio of financial assets at fair value through other comprehensive income listed at stock exchange (stakes in in banks and energy companies) during December 2018.

**Bogdan-Alexandru Drăgoi**  
Chairman and CEO

**Ștefan Doba**  
Economic Director

**Separate statement of financial position**  
- preliminary unaudited -

<i>in RON</i>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<b>Assets</b>		
Cash and cash equivalents	29,230,410	11,320,217
Bank deposits	6,044,457	4,814,586
Financial assets at fair value through profit and loss	1,105,989,265	338
Financial assets at fair value through other comprehensive income	1,281,925,073	2,440,191,357
Financial assets at amortized cost	6,505,683	6,499,764
Investment property	20,128,515	20,042,164
Tangible assets	3,203,517	3,435,599
Other financial assets	2,277,307	1,627,078
Other assets	218,926	214,068
<b>Total assets</b>	<b><u>2,455,523,152</u></b>	<b><u>2,488,145,171</u></b>
<b>Liabilities</b>		
Dividends to be paid	5,495	15,586,380
Deferred income tax liabilities	129,889,043	176,433,120
Other financial liabilities	1,614,345	3,703,802
Other deferred liabilities and revenues	13,757	1,181,726
<b>Total liabilities</b>	<b><u>131,522,640</u></b>	<b><u>196,905,028</u></b>
<b>Equity</b>		
Statutory share capital	51,746,072	52,000,000
Effect of applying IAS 29 on share capital	645,164,114	648,330,055
Own shares	(223,486)	(4,748,190)
Loss on repurchase of own shares	(559)	(124,659)
Benefits granted in equity instruments	2,380,000	-
Reserves set under Law 133/1996	2,105,675,691	2,105,675,691
Effect of applying IAS 29 on equity items over retained earnings	(2,605,353,717)	(2,608,519,657)
Accumulated profit	683,411,583	145,433,105
Other reserves	775,288,784	690,289,841
Reserves from revaluation of tangible assets	105,016	97,794
Legal reserves	10,349,214	10,976,985
Differences from changes of fair value for financial assets measured through other comprehensive income	655,457,800	1,251,829,179
<b>Total equity</b>	<b><u>2,324,000,512</u></b>	<b><u>2,291,240,143</u></b>
<b>Total liabilities and equity</b>	<b><u>2,455,523,152</u></b>	<b><u>2,488,145,171</u></b>

**Bogdan-Alexandru Drăgoi**  
Chairman and CEO

**Ștefan Doba**  
Economic Director

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

<i>in RON</i>	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017</b>
<b>Revenues</b>		
Dividend income	110,224,602	81,469,412
Interest income	4,399,872	3,277,959
Other operating income	252,136	180,497
<b>Gain on investment</b>		
Gain on investment property	86,351	989,353
(Loss)/Net gain from foreign exchange differences	92,468	168,443
Profit / (Net loss) on financial assets at fair value through profit and loss	(14,950,272)	30
Net profit on sale of assets	(1,282,416)	2,150,991
<b>Expenses</b>		
(Expenses)/Reversals of adjustments for impairment of financial assets available for sale		3,912,645
Other (Expenses)/Reversals on adjustments for impairment of other assets and provisions	-	(202,512)
Expenses related to fees	(3,248,280)	(2,717,509)
Other operating expenses	(14,682,344)	(16,737,900)
<b>Profit before income tax</b>	<b>80,892,117</b>	<b>72,491,410</b>
Income tax	(3,705,890)	(2,938,216)
<b>Net profit for the period</b>	<b>77,186,227</b>	<b>69,553,195</b>
<b>Gain on transactions recognized in retained earnings as per IFRS 9</b>	71,300,623	
<b>Related tax</b>	(7,454,254)	
<b>Net gain recognized in retained earnings</b>	<b>63,846,369</b>	
<b>Other comprehensive income</b>		
<b>Items that are or may be transferred to retained earnings or in profit or loss</b>		
Fair value reserve (financial assets):		
Amount transferred to profit or loss	1,282,416	(2,442,752)
Amount transferred to retained earnings (equity instruments)	(71,300,623)	
Change in fair value of shares valued through other comprehensive income	(104,040,774)	306,072,688
The effect of profit tax for these	29,587,161	(44,763,818)
Reserves from revaluation of fixed assets	7,222	-
<b>Other comprehensive income</b>	<b>(144,464,598)</b>	<b>268,866,118</b>
<b>Total comprehensive income for the period</b>	<b>(3,432,002)</b>	<b>338,419,313</b>
<b>Earnings per share</b>		
Basic	0.149	0.134
Diluted	0.149	0.134

**Bogdan-Alexandru Drăgoi**  
Chairman and CEO

**Ștefan Doba**  
Economic Director

## Statement of changes in equity

- preliminary unaudited -

Denominated in RON

	Inflated share capital	Own shares	Losses from the redemption of own shares	Legal reserves	Reserves from the application of Law no. 133/1996 (including hyperinflation)	Reserves from changes of fair value for financial assets through other comprehensive income	Reserves from revaluation of fixed assets	Other reserves	Benefits granted in equity instruments	Accumulated profit	The effect of applying IAS 29 on items of equity on retained earnings	Total
<b>Balance at December 31, 2017</b>	<b>700,330,055</b>	<b>(4,748,190)</b>	<b>(124,659)</b>	<b>10,976,985</b>	<b>2,105,675,691</b>	<b>1,251,829,179</b>	<b>97,794</b>	<b>690,289,841</b>	<b>0</b>	<b>145,433,106</b>	<b>(2,608,519,658)</b>	<b>2,291,240,143</b>
<b>Balance as at January 1, 2018 - restated</b>	<b>700,330,055</b>	<b>(4,748,190)</b>	<b>(124,659)</b>	<b>10,976,985</b>	<b>2,105,675,691</b>	<b>1,176,253,311</b>	<b>97,794</b>	<b>690,289,841</b>	<b>0</b>	<b>239,606,863</b>	<b>(2,608,519,658)</b>	<b>2,309,838,033</b>
<b>Comprehensive income</b>												
<i>Profit for the period</i>	-									77,186,227	-	77,186,227
<b>Other comprehensive income</b>												
Reserve from revaluation of assets available for sale transferred to profit or loss	-					1,282,416				-		1,282,416
Reserve from revaluation of financial assets transferred to retained earnings						(71,300,623)				71,300,623		0
Change in fair value related to subsidiaries						(376,323,691)				376,323,691		0
Change in reserve from revaluation of financial assets through other comprehensive income	-					(104,040,774)				-		(104,040,774)
Change of legal reserve				(627,771)						627,771		-
Revaluation of tangible assets							7,222			(7,222)		-
Related deferred tax						29,587,161				(7,454,254)		22,132,907
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(627,771)</b>	<b>-</b>	<b>(520,795,511)</b>	<b>7,222</b>	<b>-</b>	<b>-</b>	<b>517,976,836</b>	<b>-</b>	<b>(3,439,223)</b>
Other reserves – own sources								69,553,194		(69,553,194)		0
<b>Transactions with shareholders recognized directly in equity</b>												
Dividends payable for 2017	-									-		-
Dividends written-off	-							15,445,748		-		15,445,748
Repurchase of own shares		(223,486)	(559)						2,380,000	(4,618,922)		(2,462,967)
Cancellation of own shares	(3,419,868)	4,748,190	124,659								3,165,940	4,618,921
<b>Total transactions with shareholders recognized directly in equity</b>	<b>(3,419,868)</b>	<b>4,524,704</b>	<b>124,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,445,748</b>	<b>2,380,000</b>	<b>-4,618,922</b>	<b>3,165,940</b>	<b>17,601,702</b>
<b>Balance at December 31, 2018</b>	<b>696,910,187</b>	<b>(223,486)</b>	<b>(559)</b>	<b>10,349,214</b>	<b>2,105,675,691</b>	<b>655,457,800</b>	<b>105,016</b>	<b>775,288,783</b>	<b>2,380,000</b>	<b>683,411,583</b>	<b>(2,605,353,718)</b>	<b>2,324,000,512</b>



Denominated in RON

	Inflated share capital	Own shares	Losses from the redemption of own shares	Legal reserves	Reserves from the application of Law no. 133/1996 (including hyperinflation)	Reserves from revaluation of financial assets available for sale	Reserves from revaluation of fixed assets	Other reserves	Accumulated profit	The effect of applying IAS 29 on items of equity on retained earnings	Total
<b>Balance at January 1, 2017</b>	<b>739,183,919</b>	<b>(52,443,756)</b>	<b>(734,130)</b>	<b>10,976,985</b>	<b>2,105,675,691</b>	<b>982,963,061</b>	<b>97,794</b>	<b>608,927,140</b>	<b>204,087,976</b>	<b>(2,644,488,595)</b>	<b>1,954,246,085</b>
<b>Comprehensive income</b>											
<b>Profit for the period</b>	-			-	-	-			69,553,195	-	69,553,195
<b>Other comprehensive income</b>											
Reserve from revaluation of assets available for sale transferred to profit or loss	-			-	-	(2,442,752)			-	-	(2,442,752)
Change in reserve from revaluation of assets available for sale	-			-	-	316,072,688			-	-	316,072,688
Revaluation of tangible assets											-
Related deferred tax						(44,763,818)					(44,763,818)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>268,866,118</b>	<b>-</b>	<b>-</b>	<b>69,553,195</b>	<b>-</b>	<b>338,419,313</b>
Other reserves – own sources								81,362,701	(81,362,701)		<b>0</b>
<b>Transactions with shareholders recognized directly in equity</b>											
Dividends payable for 2016	-			-	-	-			-	-	-
Dividends written-off	-			-	-	-			-	-	-
Repurchase of own shares		(1,348,190)	(77,064)								(1,425,254)
Cancellation of own shares	(38,853,864)	49,043,756	686,535						(46,845,364)	35,968,937	(0)
<b>Total transactions with shareholders recognized directly in equity</b>	<b>(38,853,864)</b>	<b>47,695,566</b>	<b>609,471</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(46,845,364)</b>	<b>35,968,937</b>	<b>(1,425,254)</b>
<b>Balance at December 31, 2017</b>	<b>700,330,055</b>	<b>(4,748,190)</b>	<b>(124,659)</b>	<b>10,976,985</b>	<b>2,105,675,691</b>	<b>1,251,829,179</b>	<b>97,794</b>	<b>690,289,841</b>	<b>145,433,105</b>	<b>(2,608,519,658)</b>	<b>2,291,240,143</b>

**Bogdan-Alexandru Drăgoi**  
Chairman and CEO

**Ștefan Doba**  
Economic Director

**Cash flow statement**

- preliminary unaudited -

*Denominated in RON*

	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017</b>
<b>Operating activities</b>		
Net profit for the period	<b>77,186,227</b>	<b>69,553,195</b>
<i>Adjustments for:</i>		
Depreciation of tangible and intangible assets	281,866	202,645
Net (gain)/loss from disposal of tangible assets	4,557	(11,988)
Gain from valuation of investment property	(86,351)	(989,353)
(Reversals) / Expenses on adjustments for impairment of assets	-	(3,912,645)
Net profit from sale of assets (debt instruments)	1,282,416	(2,150,991)
(Net gain)/Net loss from financial assets at fair value through profit or loss	14,950,272	(30)
Dividend income	(110,224,602)	(81,469,412)
Interest income	(4,399,872)	(3,277,959)
Expense with / (income from) foreign exchange differences financial assets	(10,086)	202,512
Benefits granted in equity instruments	2,380,000	
Income tax	3,705,890	2,938,216
<b>Changes in operating assets and liabilities</b>		
Change in other assets (claims, etc.)	17,207	(114,865)
Change in other financial liabilities	(2,083,394)	1,096,503
Income tax paid	(25,588,823)	(962,378)
<b>Net cash used in operating activities</b>	<b>(42,584,692)</b>	<b>(18,896,551)</b>
<b>Investment activities</b>		
Payments for acquisition of shares in subsidiaries and other financial assets (shares, fund units, govt. bonds, corporate bonds)	(247,001,150)	(187,000,444)
Proceeds from sales of financial assets (shares, govt. bonds)	172,710,266	85,805,053
(Placements) / Proceeds from term deposits greater than three months	(1,200,000)	36,072,333
Proceeds from sale / repurchase of assets at fair value through profit or loss account (fund units)	23,466,399	
Proceeds / (Payments) for purchase of assets at fair value through profit or loss account	-	(160,893)
Proceeds / (Payments) from sale of assets measured at amortized cost	-	440,757
Proceeds from sale of tangible assets and investment property	-	-
Payments for purchases of tangible assets	(58,870)	(462,162)
Dividends collected	106,528,122	79,528,077
Interest collected	6,274,164	4,497,211
<b>Net cash from investment activities</b>	<b>60,718,931</b>	<b>18,719,932</b>
<b>Financing activities</b>		
Dividends paid	-	(3,450,000)
Repurchase of own shares	(224,045)	(1,425,254)
<b>Net cash used in financing activities</b>	<b>(224,045)</b>	<b>(4,875,254)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>17,910,193</b>	<b>(5,051,873)</b>
Cash and cash equivalents at January 1	11,320,217	16,372,090
<b>Cash and cash equivalents at December 31</b>	<b>29,230,410</b>	<b>11,320,217</b>

**Bogdan-Alexandru Drăgoi**

Chairman and CEO

**Ștefan Doba**

Economic Director