



SOCIETATEA DE INVESTIȚII FINANCIARE  
T R A N S I L V A N I A S.A.

**QUARTERLY REPORT  
AS AT 30 SEPTEMBER 2019**

## **TABLE OF CONTENTS**

|   |           |
|---|-----------|
| <b>ABOUT THE COMPANY</b>  | <b>3</b>  |
| <b>INTRODUCTION</b>   | <b>4</b>  |
| General macroeconomic context   | 4         |
| Romanian capital market context   | 4         |
| <b>PERFORMANCE OF S.I.F. TRANSILVANIA'S SHARES DURING THE FIRST NINE MONTHS OF YEAR 2019</b>  | <b>5</b>  |
| <b>REVIEW OF S.I.F. TRANSILVANIA'S ACTIVITY</b>   | <b>6</b>  |
| General framework   | 6         |
| Investment entity   | 6         |
| Financial assets at fair value  | 7         |
| Net asset   | 9         |
| Key considerations on the performance of the financial instruments portfolio during the first nine months of year 2019  | 8         |
| Investment strategy   | 12        |
| Implementation of the investment program during the first nine months of year 2019  | 14        |
| Portfolio management during January – September 2019  | 15        |
| Corporate governance  | 18        |
| <b>REVIEW OF FINANCIAL STATEMENTS</b>   | <b>22</b> |
| Statement of assets, liabilities and equity   | 22        |
| Result of the year and execution of the Revenue and Expenditure Budget  | 24        |
| <b>FINANCIAL AND ECONOMIC INDICATORS AS AT 30 September 2019</b>  | <b>26</b> |
| <b>ANNEXES</b>  |           |
| <ul style="list-style-type: none"> <li>• INTERIM CONDENSED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019 prepared in accordance with Rule no. 39/2015 for the approval of the Accounting Regulations in compliance with I.F.R.S. applicable to entities authorized, regulated and supervised by F.S.A.</li> <li>• Statement of assets and liabilities as at 30 September 2019 prepared according to Annex no. 16 to F.S.A. Regulation no. 15/2004</li> <li>• Statement of investments as at 30 September 2019 prepared according to Annex no. 17 to F.S.A. Regulation no. 15/2004</li> </ul> |           |

## ABOUT THE COMPANY

The quarterly report as at 30 September 2019 prepared in compliance with Law no. 297/2004, Law no. 24/2017, F.S.A. Regulation no. 5/2018 and R.N.S.C. (*Romanian National Securities Commission*) Regulation no. 15/2004, as further amended and supplemented, B.S.E. (*Bucharest Stock Exchange*) Rulebook and F.S.A. Rule no. 39/2015 for the approval of the Accounting Regulations in compliance with I.F.R.S. applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority from the Financial Instruments and Investments Sector.

### **Date of report: 15 November 2019**

|  |  |
|--|--|
| Company's name   | Societatea de Investiții Financiare Transilvania S.A.  |
| Registered office  | Brasov, 2 Nicolae Iorga Street, Postal Code 500057   |
| Telephone / Facsimile  | 0268 41 61 71 /0268 47 32 15   |
| Website  | www.siftransilvania.ro   |
| Sole Registration Code   | 3047687  |
| Tax Identification Number  | RO3047687  |
| Trade Register Number  | J 08/3306/1992   |
| Registered with F.S.A. as  | Other collective investment undertaking with a diversified investment policy under Attestation no. 258/14.12.2005;   |
| Registered with the Securities Registration Office within F.S.A. | Registration Certificate no. 401/20.08.1999 and no. 401/12.07.2007 respectively  |
| Registered with F.S.A. Register at Section 9                     | Closed-end investment companies - under PJR09SIIR/080004, under Attestation 146/06.03.2006   |
| Registered with F.S.A. Register at Section 7 <sup>1</sup>        | Alternative Investment Fund Managers, Subsection 3 – Alternative Investment Fund Managers authorized by F.S.A. (A.I.F.M.) under no. PJR07 <sup>1</sup> A.I.F.M./080005 |
| Subscribed and paid-in share capital                             | RON 218,428,666.40   |
| Main characteristics of the securities issued by the company     | Common, registered, indivisible, of equal value and dematerialized, issued at the nominal value of RON 0.10/share  |
| Regulated market on which the issued securities are traded       | PREMIUM category of the BUCHAREST STOCK EXCHANGE (market symbol: SIF3)   |

S.I.F. Transilvania is managed in a two-tier system by an Executive Board which is controlled by a Supervisory Board.

The company's shareholders register is kept, under contract and as provided by law, by the independent depository and registry company Depozitarul Central S.A. Bucharest.

The depository services with respect to the portfolio of financial instruments are provided by BRD Groupe Société Générale and the company's financial statements are audited by the (statutory) financial auditor Deloitte Audit S.R.L. Bucharest.

## INTRODUCTION

Due to its specific scope of business, S.I.F. Transilvania is related to both the national economic and legislative context and the regional/global macroeconomic context, a number of events which occurred during the first nine months of 2019 having a direct or indirect impact on the Company's results and performance.

### General macroeconomic context

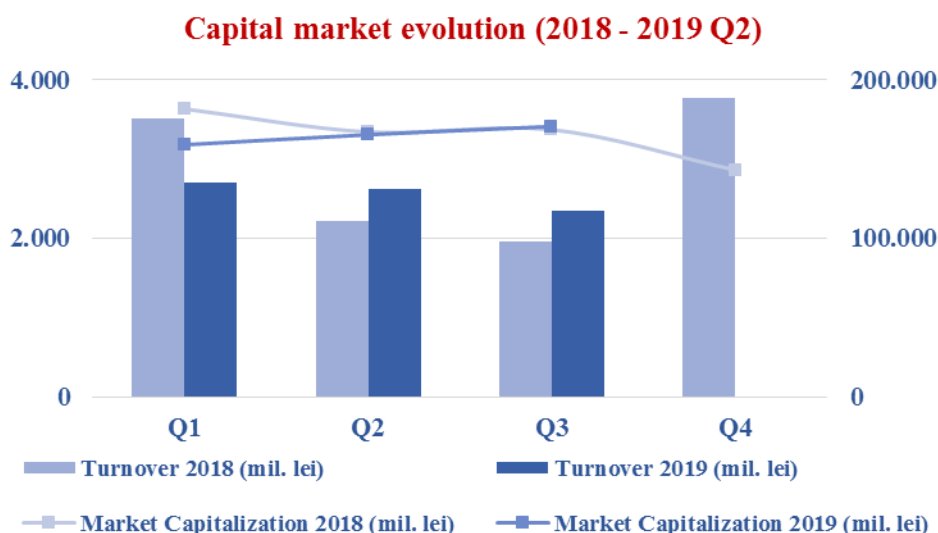
At global level, in terms of macroeconomics, there were general trends/events which impacted the financial markets.

At local level, a number of events raised concerns and influenced the investors' perception of the national economic model's predictability.

### Romanian capital market context

During the first nine months of 2019, the performance of the shares quoted on the regulated market - a base segment of the Bucharest Stock Exchange - as compared to the performance recorded in the previous financial year, has revealed the following key aspects:

- ⇒ as compared to the similar period of the previous year, a similar level was recorded in the value of transactions made in the first nine months of the current year on B.S.E.'s regulated segment (a slight decline of the cumulate value of transactions of less than one percent); nevertheless, the second and third quarter showed a positive trend in recovering the decline from the first quarter of the year;
- ⇒ at the end of the reviewed period, the market capitalization of the regulated market was below that recorded during the similar period of 2018 (insignificant yoy decline); in comparison to the reference level recorded at the end of the previous year, the market capitalization at the end of the third quarter of the current year is higher (ytd advance).



Source: Bucharest Stock Exchange

During the first nine months of year 2019, the TOTAL RETURN trend (calculated in local currencies), recorded by the main index of the regulated market (BET), was ascending, materializing at the end of the period in a positive yield. During the entire reviewed period, the performance witnessed a gradual recovery of the decline during the last part of the previous year, followed by a clear exceeding of the maxima marked in the similar period of 2018.

## **PERFORMANCE OF S.I.F. TRANSILVANIA'S SHARES DURING THE FIRST NINE MONTHS OF YEAR 2019**

During the first nine months of 2019, SIF3 shares performance recorded a positive trend characterized by the following trading milestones on the main market (BVB-REGS):

|   |                              |                              |
|---|------------------------------|------------------------------|
| ⇒ | minimum closing quotation    | RON 0.2155 /share            |
| ⇒ | average quotation            | RON 0.2621 /share            |
| ⇒ | maximum closing quotation    | RON 0.3040/ share            |
| ⇒ | traded volume                | 215.4 million shares         |
| ⇒ | number of trading sessions   | 187 sessions                 |
| ⇒ | daily average trading volume | 1.2 million shares / session |



Source: Bloomberg

During the first nine months of 2019, SIF3 shares recorded a positive trend concretized at the end of the period in a closing quotation higher than the reference price of the period (closing of the trading session of 31/12/2018).

During the period, no record dates for dividend payments / cash distributions / other corporate events were recorded. Therefore, the aggregate yield is equal to that outlined in the previous chart.

## **REVIEW OF S.I.F. TRANSILVANIA'S ACTIVITY**

### **General framework**

S.I.F. Transilvania is a joint-stock company which operates as a closed-end financial investment company and is authorized as an Alternative Investment Fund Manager (A.I.F.M.) according to the provisions of Law no. 74/2015 on alternative investment fund managers, based on F.S.A. Authorization no. 40/15.02.2018. The company is authorized and supervised by the Financial Supervisory Authority, being classified under the category “Other collective investment undertakings (NON – UCITS) with a diversified investment policy”. The company is managed in a two tier system, by an Executive Board which is supervised by a Supervisory Board. S.I.F. Transilvania's shares are traded on Bucharest Stock Exchange – symbol SIF3, Main segment, Premium category.

S.I.F. Transilvania's goal is to manage its portfolio investments, to permanently identify new investment opportunities and to ensure a reasonable dispersion of investment risks, so as to offer its shareholders the possibility of both achieving attractive yields and increasing their invested capital.

The company holds and manages an investment portfolio which mainly consists of shares, bonds and other financial instruments. Its share sub-portfolio includes both shares listed on Romanian capital markets and international stock exchanges and unlisted shares. S.I.F. Transilvania's investment portfolio is diversified and includes both financial instruments that confer control right or significant influence over other entities, and other financial investments.

Starting with the financial year 2015, S.I.F. Transilvania has adopted the I.F.R.S. standards as accounting base in compliance with the requirements of the F.S.A. Rule no. 39/2015.

I.F.R.S. 10.4 set out certain exceptions with respect to the preparation of the consolidated financial statements, among which the exception applicable to parent companies which are classified as “investment entities”. During the investment entity status reassessment process, S.I.F. Transilvania regularly reviews the extent to which the requirements concerning the classification as an investment entity are met. Starting with 1 January 2015, as a result of the reviews performed, S.I.F. Transilvania's management has found that the company meets the requirements of the definition of an “investment entity” in compliance with I.F.R.S. 10.

### **Investment entity**

I.F.R.S. 10 defines an investment entity as an entity that:

- i. obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- ii. commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both;
- iii. measures and evaluates the performance of substantially all of its investments on a fair value basis.

As of 1 January 2015, the Company's financial investments have been measured at their fair value. In the light of IFRS 9, since 1 January 2018, S.I.F. Transilvania has classified its investments in subsidiaries and associated entities, the bonds and the fund units as financial instruments at fair value through profit or loss. The company's investments in other equity instruments (other than subsidiaries and associated entities) are classified as financial assets at fair value through other comprehensive income and/or financial assets at fair value through profit or loss.

S.I.F. Transilvania directly provides services related to investment management for its investors, having as main exclusive scope activities specific to closed-end investment companies. S.I.F. Transilvania does not provide investment related consultancy and administrative services, directly or indirectly through a subsidiary, to third parties and/or its investors.

S.I.F. Transilvania applies an exit strategy based on the permanent monitoring of the investments made under the approved investment programs, the analysis of the current market developments and the achievement of higher yields and of the objectives defined under the annual revenue and expenditure budgets.

S.I.F. Transilvania presents its strategy to the current and potential investors based on two documents which are discussed and approved by the General Meeting of Shareholders: the multiannual strategic guidelines and the annual investment program.

The company continuously monitors the investment portfolio's structure and performance and:

- i. publishes on monthly basis the Statement of assets and liabilities (Net asset – Annex no. 16 according to F.S.A. Regulation no. 15/2004);
- ii. calculates on monthly basis and publishes together with the quarterly/half-yearly/yearly reports the Statement of Assets (Detailed Statement of Investments – Annex no. 17 according to F.S.A. Regulation no. 15/2004).

### **Financial assets at fair value**

According to the International Financial Reporting Standards, fair value means the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

According to IFRS 13, the fair value levels, depending on the input data used in the measurement process, are defined as follows:

- Level 1 input data are (unadjusted) quoted prices in active markets for identical assets and liabilities that the entity can access at the measurement date;
- Level 2 input data are input data other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 input data are unobservable input data for the asset or liability.

Establishing the significance level of the input data within the process of fair value measurement requires the use of professional judgment, considering the specific factors as a result of the complexity implied by the measurement of these investments and also of the reflection of the fair value changes in the financial statements.

The process of fair value measurement of the financial instruments held by S.I.F. Transilvania is carried out according to the internal procedure and related methodology.

As at 30 September 2019, the Company's financial assets measured at fair value, categorised within Level 1 and Level 3 in the fair value hierarchy, are the following:

-RON-

| <b>Financial assets as at 30 September 2019</b>                          | <b>Level 1</b>     | <b>Level 2</b>     | <b>Level 3</b>       | <b>Total</b>       |
|--|--------------------|--------------------|----------------------|--------------------|
| <b>Financial assets at fair value through other comprehensive income</b> | <b>514,354,200</b> | <b>-</b>           | <b>29,812,929</b>    | <b>544,167,129</b> |
| Shares   | 514,354,200        | -                  | 29,812,929           | 544,167,129        |
| Corporate bonds  | -                  | -                  | -                    | -                  |
| Fund units   | -                  | -                  | -                    | -                  |
| <b>Financial assets at fair value through profit or loss</b>             | <b>239,065,049</b> | <b>-</b>           | <b>381,659,224</b>   | <b>620,724,273</b> |
| Shares   | 239,065,049        | -                  | 347,682,832          | 586,747,881        |
| Corporate bonds  | -                  | -                  | 3,060,885            | 3,060,885          |
| Fund units   | -                  | -                  | 30,915,507           | 30,915,507         |
| <b>Total financial assets at fair value as at 30 September 2019</b>      | <b>753,419,249</b> | <b>411,472,153</b> | <b>1,164,891,402</b> |                    |

The value of the portfolio using Level 1 input data represents approximately 65% of total value, while the portfolio using Level 3 input data accounts for 35% of total value.

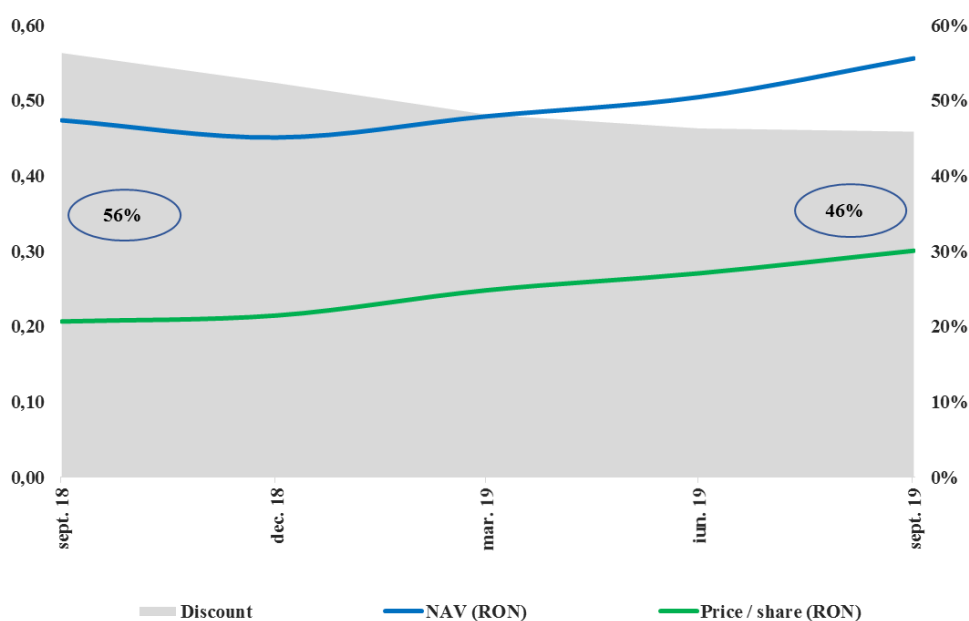
### **Net asset**

The Company's Statement of assets and liabilities is prepared in RON for the end of the last business day of the month and, if applicable, for other dates as well. The Company's Statement of assets and liabilities for a particular date is prepared using the form requested by F.S.A. (according to F.S.A. Regulations nos. 9/2014 and 15/2004). The net asset is calculated on monthly basis by the Company, it is certified by the depository company BRD – Groupe Societe Generale S.A. Bucharest and submitted to the F.S.A. and B.S.E. no later than the 15<sup>th</sup> day of the following month.

The monthly value of the Company's net asset is calculated as the difference between the total value of the assets held and the aggregate value of the Company's liabilities and deferred income.



### Changes in SIF3 shares' trading discount in the last 12 months



Source: S.I.F. Transilvania

### Key considerations on the performance of the financial instruments portfolio during the first nine months of year 2019

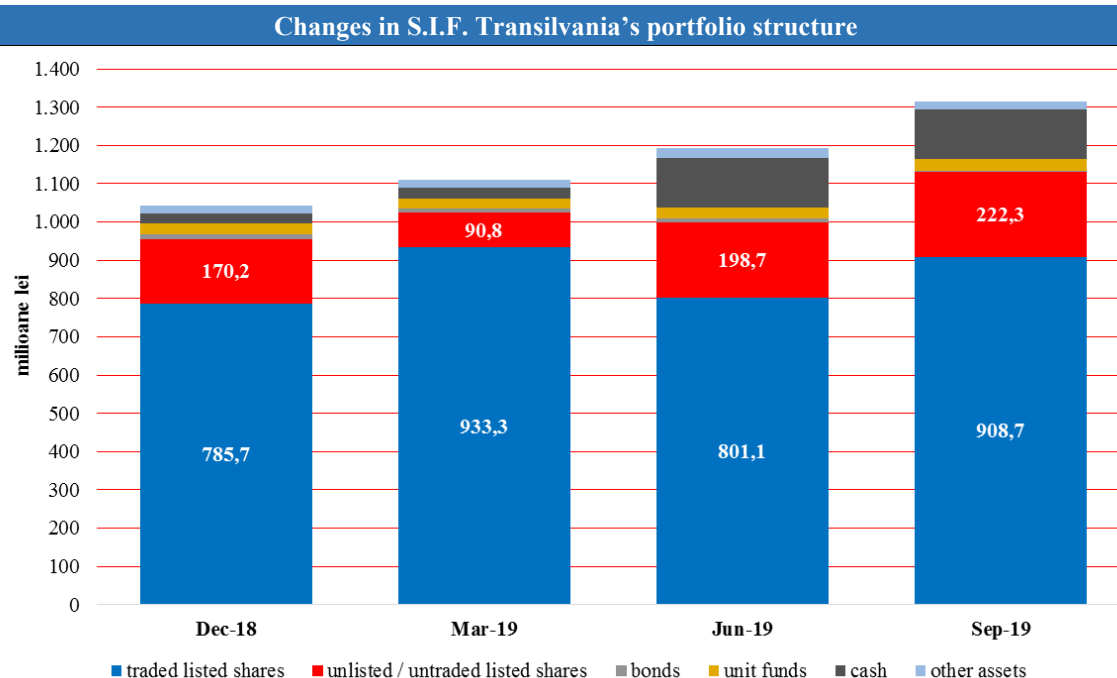
- ❖ the ascending trend of the total assets value, given the non-annualized growth rate of 26.1% for the first 9 months of 2019;

### Performance of S.I.F. Transilvania's portfolio components

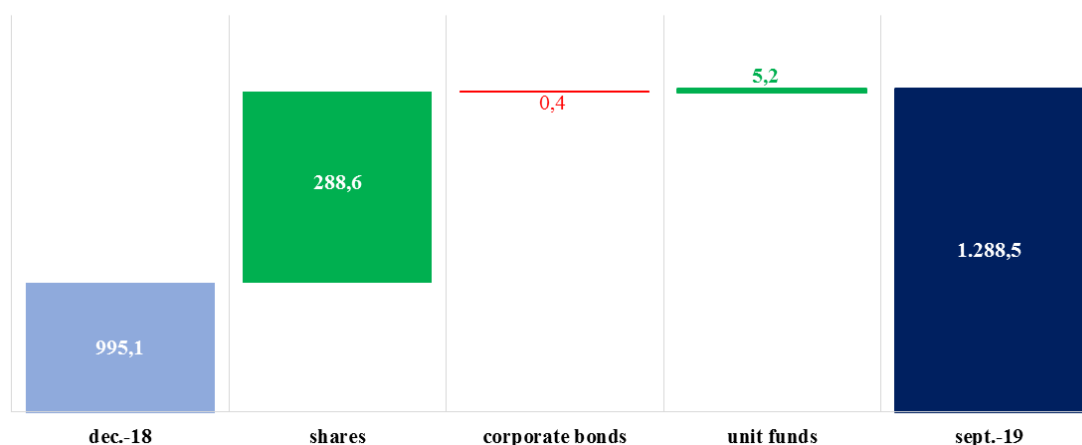
| - RON million -                              | Dec.-18 | trend | Mar.-19 | trend | June-19 | trend | Sept.-19 |
|--|---------|-------|---------|-------|---------|-------|----------|
| Total assets                                 | 1,043.3 | ↗     | 1,110.4 | ↗     | 1,192.3 | ↗     | 1,315.4  |
| Net asset                                    | 976.0   | ↗     | 1,036.8 | ↗     | 1,092.0 | ↗     | 1,203.2  |
| No. of portfolio companies *                 | 102     | ↘     | 100     | ↘     | 99      | ↗     | 102      |
| Financial instruments portfolio (incl. cash) | 1,021.9 | ↗     | 1,090.0 | ↗     | 1,167.2 | ↗     | 1,293.9  |
| Financial instruments portfolio              | 995.1   | ↗     | 1,061.4 | ↘     | 1,038.3 | ↗     | 1,164.9  |
| Cash and cash equivalents                    | 26.8    | ↗     | 28.6    | ↗     | 128.9   | ↗     | 129.1    |

\* including shares pending sale

Source: S.I.F. Transilvania, I.F.R.S. fair values, Annex no. 16 according to F.S.A. Regulation no. 15/2004, F.S.A. Regulation no. 9/2014



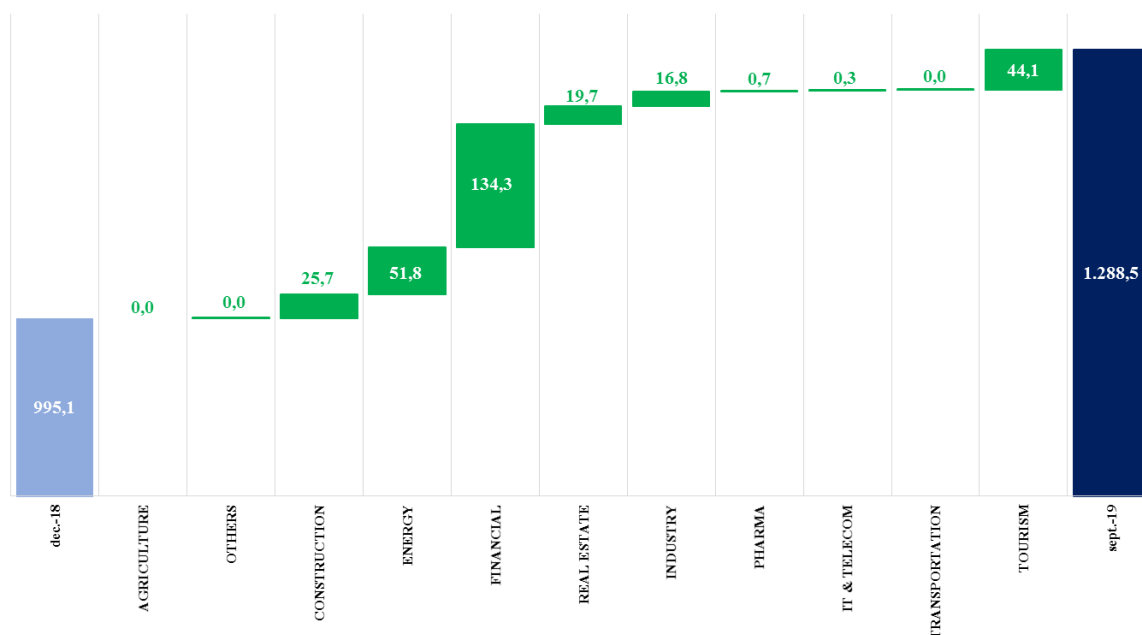
- ❖ analysis of the financial instruments portfolio variation (fair value + generated cash + attached receivables deducted from the fair value) – breakdown by financial instruments



Source: S.I.F. Transilvania

Note: The initial value (Dec.-18) of the financial instruments portfolio is calculated according to IFRS fair values. The final value (Sept - 19) of the financial instruments portfolio is calculated by adding to the IFRS fair values the contribution of each instrument resulted from the implementation of the investment program [generated cash / cash immobilized through sale/acquisition transactions, cashed dividends, cashed cash distributions, other cashed amounts (shares pending sale), attached receivables]. The amounts are expressed in RON million.

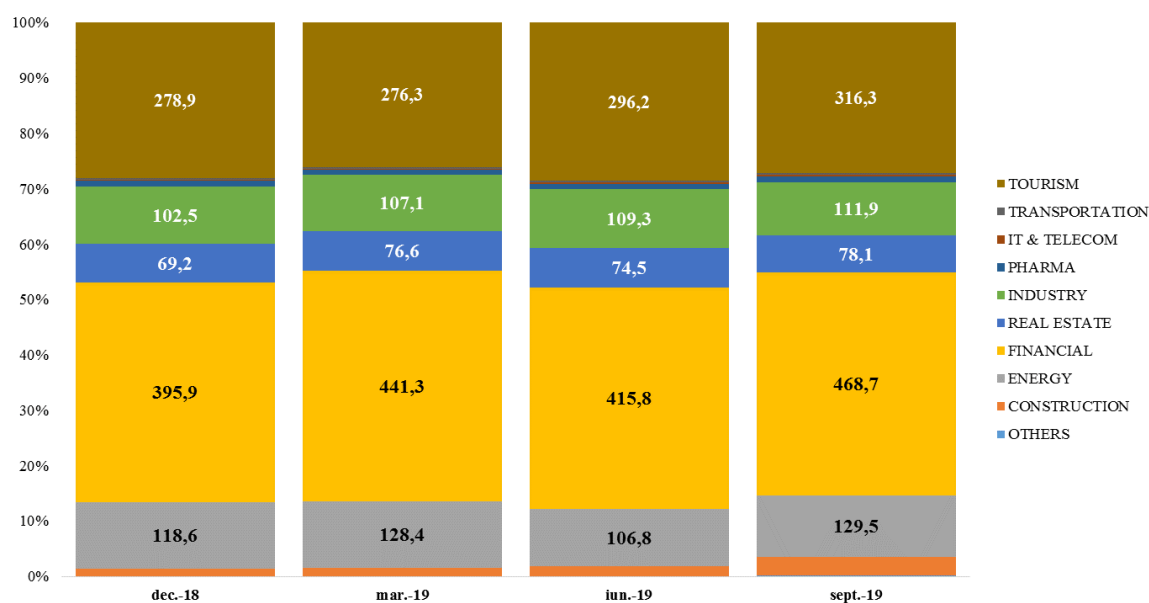
- ❖ analysis of the financial instruments portfolio variation (fair value + generated cash + attached receivables deducted from the fair value) – breakdown by activity sector



Source: S.I.F. Transilvania

*Note: The initial value (Dec.-18) of the financial instruments portfolio is calculated according to IFRS fair values. The final value (Sept.- 19) of the financial instruments portfolio is calculated by adding to the IFRS fair values the contribution of each sector resulted from the implementation of the investment program [generated cash / cash immobilized through sale/acquisition transactions, cashed dividends, cashed cash distributions, other cashed amounts (shares pending sale), attached receivables]. The amounts are expressed in RON million.*

- the shares sub-portfolio has generated, at the managed asset value level, a net positive impact totalling RON 288.6 million; the impact is determined by the fair values recorded by the financial instruments from portfolio at the reference date, the result of the transactions made with various financial instruments, the financial resources generated by such holdings (cashed dividends, cash involved in sale/acquisition operations), the attached receivables (dividends to be cashed and deducted from the fair value of financial instruments);
- the financial and energy sectors record the most significant net positive adjustments (RON 134.3 million and RON 51.8 million, respectively); the financial sector recorded the most important contribution at the level of the aggregate treasury;
- at portfolio level, there is no sector recording negative net adjustments;
- ❖ the aggregate treasury (cash & cash equivalent) has increased by RON 102.3 million as compared to the beginning of 2019 following the implementation of the investment program;
- ❖ during the first nine months of the financial year 2019, the number of companies in the shares sub-portfolio managed by S.I.F. Transilvania remains relatively stable; the analysis also takes into consideration the securities pending sale;
- ❖ at operational portfolio level, the investment structure is characterized by concentration on two sectors (the tourism and financial sectors account for over 2/3 of it);



Source: S.I.F. Transilvania

Note: Fair values (expressed in RON, including shares pending sale)

## **Investment strategy**

The 2019 Investment Program complies with S.I.F. Transilvania's Strategic Guidelines for 2017 – 2021, as approved by the shareholders.

By the way it is designed, the investment program remains a continuity element, being anchored in unitary multiannual strategic guidelines and consist in the gradual engagement (conditioned by the general developments of the financial markets) of the action instruments required to be implemented in order to achieve the objectives undertaken.

By implementing the Investment Program, S.I.F. Transilvania maintains its commitment as concerns the acceleration of the portfolio restructuring process in order to meet the following objectives:

- ▶ to ensure the quality of the managed portfolio;
- ▶ to generate resources for an efficient and attractive remuneration of shareholders;
- ▶ to ensure the structural balance of the portfolio in terms of sectors, classes of assets, etc.;
- ▶ to improve portfolio liquidity through investments in financial instruments with a liquidity at least comparable with that of the assets whose disinvestment provided the financial resources.

In the light of:

- the Strategic guidelines approved for 2017 – 2021 by the General Meeting of Shareholders for closing the financial year 2016,
- maintaining S.I.F. Transilvania's status of investment entity which measures and evaluates the performance of its investments based on fair value,

S.I.F. Transilvania will adjust its investment objectives, lines of action and strategic shareholder remuneration guidelines to the existing and projected liquidity conditions.

The lines of action provided for in the multiannual strategies represent basic instruments for the continuous improvement of S.I.F. Transilvania's activity.

The investment program's **funding sources** are used for the active management of the company's entire portfolio and are mainly based on the following components:

- ⇒ amounts attached to the existing shareholdings, which do not involve actual sale operations (dividends, coupons, cash distributions);
- ⇒ amounts resulting from speculative operations, carried out with a view to benefiting from favourable market circumstances and conditions;
- ⇒ amounts resulting from the active management of the company's portfolio, with details on the following components:
  - resources resulting from the portfolio restructuring process by accelerating the sale of shares held in unlisted companies or listed companies with low liquidity (according to the exit strategy defined at S.I.F. Transilvania level – a basic element of the process of classification as an investment entity);
  - sale of shares held in listed companies with high liquidity, conditioned by the market circumstances and current funding requirements (according to the same exit strategy);
- ⇒ attracted funding sources permitted by the legislation in force and applicable to the sector in which S.I.F. Transilvania operates.

The **investments** targeted under the investment program, that will be based on own financing sources from the profit of the year 2018 and the sources resulting from the sale of financial assets under the portfolio restructuring program, take into account:

- ⇒ the acquisition of listed shares with high liquidity in view of expanding the sub-portfolio of companies with attractive dividend policy and rebalancing the portfolio structure from a sector point of view (mainly in the sectors of energy, utilities, banks);
- ⇒ the continued implementation of the process of developing and increasing the efficiency of portfolio companies by using the entire range of operations permitted under the applicable legislation, according to the commitments undertaken under the previous investment programs, aiming at developing and streamlining the companies' activity or balancing the invested capital structure;
- ⇒ the performance of speculative transactions based on a wide range of financial instruments, as permitted under the capital market regulations, in order to take advantage of favourable market conditions and developments;
- ⇒ investments in companies which operate in fields with favourable perspectives and attractive profit margins;
- ⇒ the continued implementation of the process of structural rebalancing of the managed portfolio by diversifying the investments in financial instruments intended to optimize the estimated yield/undertaken risk ratio;
- ⇒ the development of operations based on financial instruments, as permitted under the capital market regulations, in order to implement a market risk management strategy.

### **Implementation of the investment program in the first nine months of 2019**

The company has focused its investment efforts mainly on the acquisition of highly liquid financial instruments listed on the local regulated market.

Therefore, the investments made during the first nine months of year 2019 mainly involved acquisitions at the level of the portfolio classified as FVTPL, and acquisitions at the level of the portfolio classified as FVTOCI, aiming at consolidating shareholdings in issuers with a stable dividend policy and significant growth potential: BRD, Banca Transilvania, Fondul Proprietatea, OMV Petrom, Romgaz, SIF Oltenia, Electrica and Transgaz. The acquisitions made on foreign capital markets were limited to speculative operations with shares issued by the following issuers: OMV AG, Wirecard AG, Chevron Corp., Global Payments Inc. and Salesforce.com Inc.

In line with the objective of portfolio restructuring on liquidity criteria and aiming at fulfilling the strategy of investing in financial instruments with liquidity at least comparable to that of the assets whose disinvestment has provided the financial resources, no unquoted financial instruments were acquired during the reviewed period.

Disinvestments were mainly focused on marking speculative operations initiated in the previous quarters.

In the context of the multiannual strategic guidelines, the 2019 investment program and the exit strategy of S.I.F. Transilvania, the process of portfolio active management was continued. During the first nine months of 2019, a series of sales were made from the sub-portfolio classified according to IFRS 9 as FVTPL, all such operations implying profits: BRD, Banca Transilvania, Fondul Proprietatea, OMV Petrom, S.N. Nuclearelectrica, Romgaz, S.I.F. Oltenia, Electrica, ETFS 2X Daily Long Gold, OMV AG, Agnico Eagle Mines, Chevron Corp, Eldorado Gold Corp. and Newmont Goldcorp Corp.

### **Portfolio management during January - September 2019**

During January - September 2019, S.I.F. Transilvania has continued to implement the actions outlined in the 2017-2021 Strategic Guidelines with regard to the portfolio management, i.e.:

- ⇒ identification of the companies proposed for “exit”, especially of those whose shares are not admitted to trading on a regulated market or an alternative trading system;
- ⇒ monitoring and assessing the activity of portfolio companies based on the financial results reported by the companies at the end of the financial year of 2018 and at the reference dates 31.03.2019 and 30.06.2019;
- ⇒ substantiation of the voting options exerted in the General Meetings of Shareholders for the closure of the financial year 2018 and the distribution of the net profit, based on the documents provided by the portfolio companies;
- ⇒ promotion of innovative and efficient management and administration systems (in the case of the companies in which S.I.F. Transilvania is a majority shareholder), including by establishing the performance criteria and objectives approved for 2019 for each and every company based on the specific nature of its activity, the value indicators defined under the Revenue and Expenditure Budget and the Investments Programs for 2019;
- ⇒ promotion of balanced dividend policies in the case of subsidiary companies, aimed at increasing S.I.F. Transilvania’s dividend income, without affecting the companies’ ability to generate profit in the future;
- ⇒ initiate the steps for the implementation of the reward and loyalty policy for the administrators, directors and key employees of some subsidiary companies, respectively the initiation of "stock option plan" operations.

The actions concerning the continued restructuring and improvement of the portfolio managed by S.I.F. Transilvania are implemented based on an action plan approved by the Executive Board.

#### **Changes in portfolio structure by sectors (exclusive of shares pending sale):**

| <b>Portfolio structure by sectors</b> | <b>2017</b>             |               | <b>Q3 2018</b>          |               | <b>2018</b>             |               | <b>Q3 2019</b>          |               |
|---------------------------------------|-------------------------|---------------|-------------------------|---------------|-------------------------|---------------|-------------------------|---------------|
|                                       | <b>No. of companies</b> | <b>%*</b>     | <b>No. of companies</b> | <b>%*</b>     | <b>No. of companies</b> | <b>%*</b>     | <b>No. of companies</b> | <b>%*</b>     |
| Tourism                               | 19                      | 26.98         | 17                      | 26.49         | 17                      | 29.19         | 17                      | 27.97         |
| Real Estate                           | 12                      | 7.66          | 12                      | 6.98          | 12                      | 7.08          | 12                      | 6.91          |
| Financial                             | 14                      | 39.61         | 12                      | 39.94         | 11                      | 37.49         | 12                      | 38.45         |
| Industry                              | 26                      | 11.73         | 23                      | 9.83          | 22                      | 10.73         | 19                      | 9.90          |
| Energy                                | 8                       | 10.27         | 10                      | 13.73         | 11                      | 12.41         | 11                      | 11.45         |
| Transportation                        | 3                       | 0.42          | 3                       | 0.33          | 3                       | 0.37          | 3                       | 0.31          |
| Construction                          | 9                       | 1.62          | 9                       | 1.26          | 9                       | 1.41          | 9                       | 3.44          |
| Pharma                                | 2                       | 1.38          | 2                       | 1.22          | 1                       | 1.12          | 1                       | 0.99          |
| IT & Telecom                          | 2                       | 0.23          | 2                       | 0.17          | 2                       | 0.16          | 3                       | 0.38          |
| Agriculture & Fish Farming            | 9                       | 0.00          | 7                       | 0.00          | 7                       | 0.00          | 7                       | 0.00          |
| Other sectors                         | 7                       | 0.10          | 5                       | 0.05          | 5                       | 0.05          | 6                       | 0.20          |
| <b>Total</b>                          | <b>111</b>              | <b>100.00</b> | <b>102</b>              | <b>100.00</b> | <b>100</b>              | <b>100.00</b> | <b>100</b>              | <b>100.00</b> |

Source: S.I.F. Transilvania

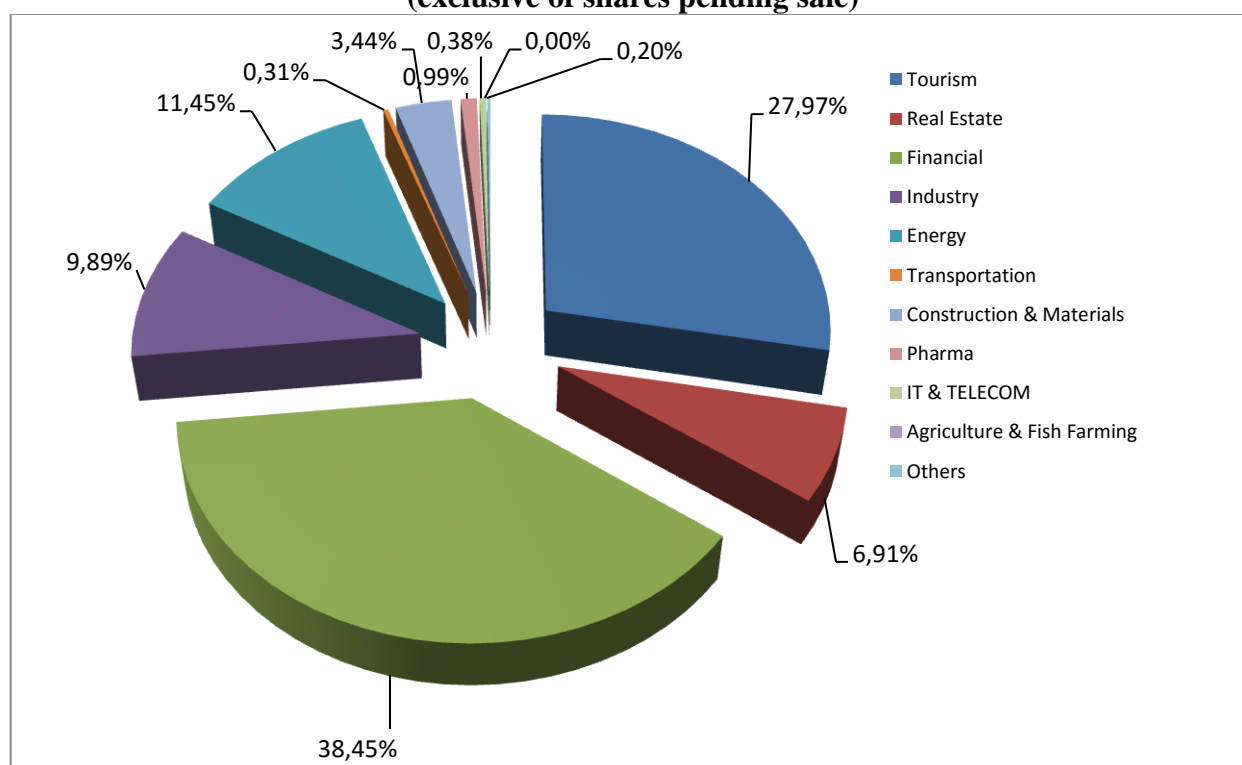
Obs.: \* According to IFRS fair values, exclusive of shares pending sale

A downward trend is maintained with regard to the number of companies in the portfolio (102 companies at 30.09.2018, as compared to 100 companies at 30.09.2019), particularly in the following sectors: industry (decrease from 23 companies to 19 companies). The decrease in the number of companies from the *industry* sector was compensated by the acquisitions of new issuers from *financial* and *IT & Telecom* sectors.

Between January and September 2019, the reduction in the number of companies has been achieved through the sale of shareholdings through various market operations aimed at closing the speculative positions on the national and foreign market.

Compared to the data corresponding to Q3 2018, the weight of *Financial* and *Energy* sub-portfolios decreased, the weight of *Construction* and *Tourism* sub-portfolios increased, while the weight of *Industry* and *Real estate* sub-portfolios stabilized.

**Portfolio structure by sectors as at 30.09.2019**  
 (exclusive of shares pending sale)

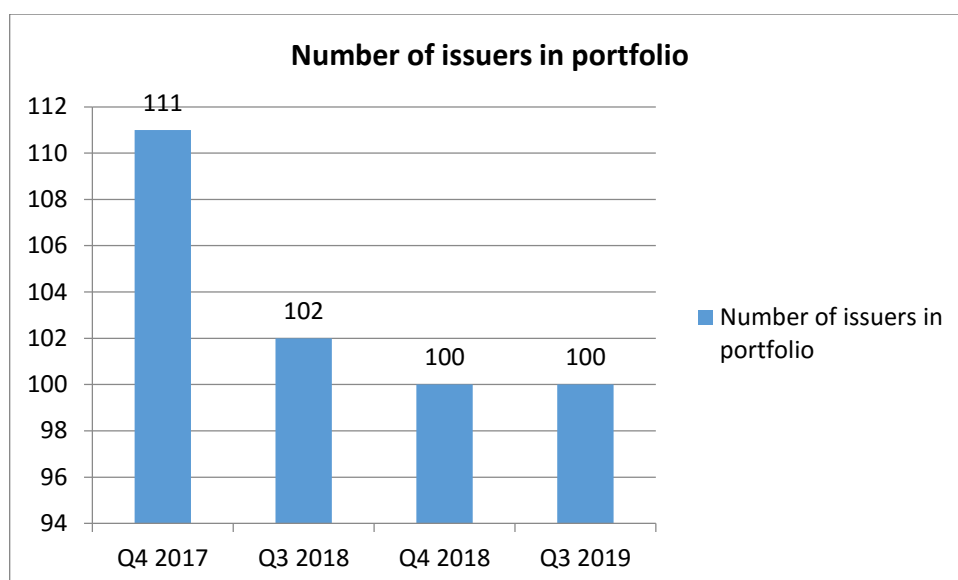


Source: S.I.F. Transilvania

Note: According to IFRS fair values, exclusive of shares pending sale



## Changes in the number of portfolio companies (exclusive of shares pending sale)



Source: S.I.F. Transilvania

The decrease in number of portfolio companies (100 companies at 30.09.2019, as compared to 102 companies at 30.06.2018) was achieved within the portfolio restructuring and optimizing program, through sale operations (especially closing of external market positions) and acquisitions in sectors with growth perspective (Energy and IT & Telecom), on the national and international market.

## Top 10 holdings

| No. | Company                                      | S.I.F. holding percentage | Weight in Total Assets* |
|-----|--|---------------------------|-------------------------|
| 1   | BRD - GROUPE SOCIETE GENERALE S.A.           | 3.32%                     | 25.15%                  |
| 2   | TURISM FELIX S.A.                            | 63.20%                    | 7.06%                   |
| 3   | T.H.R. MAREA NEAGRĂ S.A.                     | 0.40%                     | 4.38%                   |
| 4   | FEFER S.A.                                   | 85.80%                    | 4.20%                   |
| 7   | S.N.G.N. ROMGAZ S.A.                         | 77.71%                    | 3.97%                   |
| 6   | ARO PALACE S.A.                              | 85.74%                    | 3.92%                   |
| 5   | OMV PETROM S.A.                              | 0.20%                     | 3.62%                   |
| 9   | TURISM COVASNA S.A.                          | 93.33%                    | 2.75%                   |
| 8   | FONDUL PROPRIETATEA S.A.                     | 0.31%                     | 2.59%                   |
| 10  | ROMRADIATOARE S.A.                           | 99.80%                    | 1.92%                   |
|     | <b>Top 10 holdings</b>                       |                           | <b>59.56%</b>           |
|     | <b>Total financial instruments portfolio</b> |                           | <b>88.56%</b>           |

Source: S.I.F. Transilvania

\*according to IFRS fair values

## **Corporate governance**

S.I.F. Transilvania is a closed-end financial investment company incorporated under articles of incorporation and classified, according to F.S.A. regulations, under the category “*Other collective investment undertakings (NON-UCITS) with a diversified investment policy*”. S.I.F. Transilvania is also authorized by F.S.A. to act as an Alternative Investment Fund Manager (A.I.F.M.).

## **Governance structures**

S.I.F. Transilvania is managed in a two-tier system by an Executive Board which carries out its activity under the control of a Supervisory Board.

On 30 September 2019, S.I.F. Transilvania’s Supervisory Board consisted of six members, i.e.: Mr. Stefan Szabo - President, Mr. Dumitru Carapiti – Vice-president, Mr. Gheorghe Lutac, Mr. Crinel-Valer Andanut and Mr. Nicolae Petria - members elected by the Ordinary General Meeting of Shareholders of 28.04.2017 and Mr. Marius Adrian Moldovan – member elected by the Ordinary General Meeting of Shareholders of 27.04.2018. The current structure of the Supervisory Board was endorsed by the F.S.A. through Authorization no. 241/10.10.2018.

We state that the Ordinary General Meeting of Shareholders of 24.04.2019 was unable to elect a member of the Supervisory Board so that the statutory number of 7 members would be achieved, due to the insufficient number of necessary votes. The Supervisory Board appointed Mr. Dan-Viorel Paul in the capacity of provisional member of the Board until the following General Meeting of Shareholders whose agenda shall include the election of a member of the Supervisory Board. Currently, Mr. Dan-Viorel Paul is in the process of being approved by F.S.A.

The term of office of the current Supervisory Board members expires on 27.04.2021.

During the period between July and September 2019, three Supervisory Board meetings were held, out of which two meetings took place at the company’s registered office and one meeting took place in electronic system. The Supervisory Board’s activity is supported by the Audit Committee, Remuneration Committee, Risk Committee and Nomination Committee, whose structure may be consulted on the Company’s website.

During Q3 2019, the Company’s management was ensured by the Executive Board with the following members: Mr. Mihai Fercală – Executive President/Chief Executive Officer, Mr. Iulian Stan – Executive Vice-president/Deputy CEO and Mr. Stefan Szitas – Member of the Executive Board/Director. The current membership of the Executive Board was endorsed by F.S.A. under Authorization no. 352/23.05.2017. We note that, during July - September 2019, eleven Executive Board meetings were held.

For more information on the Company’s corporate governance structures, please visit the Company’s website [www.siftransilvania.ro](http://www.siftransilvania.ro), Section *About SIF Transilvania*.

## **Corporate events in Q3 2019**

On 14.08.2019, S.I.F. Transilvania published the Half-yearly Report as at 30 June 2019, consisting of the Executive Board Report as at 30.06.2019, the Interim Condensed Financial Statements as at 30 June 2019, the Statement of Assets and Liabilities as at 28 June 2019 (according to Annex no. 16 of R.N.S.C./F.S.A. Regulations no. 15/2004) and the Statement of Investments as at 28 June 2019 (according to Annex no. 17 of R.N.S.C./F.S.A. Regulations no. 15/2004). The report was submitted to B.S.E. and F.S.A. and it can be consulted on the Company’s website: [www.siftransilvania.ro](http://www.siftransilvania.ro), Section “*Investor Relations/Reports/Periodical reports*”. According to the published data, S.I.F. Transilvania recorded on 30.06.2019 a net profit worth RON 104.57 million, up by 130% as compared to the net profit recorded in the first semester of 2018. The profit before tax as at 30.06.2019, in amount of RON 105.22 million, is by 229% higher than the profit budgeted for the first six months of 2019.

We state that the Company does not prepare consolidated financial statements as a result of its classification, starting with 01.01.2015, as an investment entity, according to IFRS 10.

During the meeting of 06.09.2019, the Supervisory Board, in accordance with the provisions of Article 153<sup>7</sup> of Law no. 31/1990, republished in 2004, as subsequently amended and supplemented, has appointed Mr. Dan-Viorel Paul in the capacity of provisional member of the Supervisory Board (please, see the Current Report of 09.09.2019).

On 30.09.2019, the operation of decreasing the share capital of S.I.F. Transilvania by the value of own shares redeemed by the company within the redemption program carried out in 2018 (21,842,867 shares accounting for 1% of the share capital) according to the resolution of the Extraordinary General Meeting of Shareholders of 06.03.2019, was in the process of being completed.

Under the Current Report of 22.07.2019, S.I.F. Transilvania informed its shareholders that, through Decision no. 934/18.07.2019, F.S.A. has rejected the public offer document for the purchase of shares issued by S.I.F. Transilvania, a document prepared under the Resolution of the Extraordinary General Meeting of the Shareholders of 06.03.2019, reasoning that the offer running period had expired and the „all or nothing” condition - a resolute condition that makes the public purchase offer revocable” is not admitted.

In respect to the abovementioned aspects, we state that, in order to approve in due time the Public Offer Document for the purchase of shares, the documentation afferent to the public offer was submitted to the F.S.A. by complying with the resolution of the Extraordinary General Meeting of Shareholders and with the deadlines imposed under F.S.A. regulations. Moreover, the public offer document expressly provided the fact that the offer was irrevocable throughout its running period. S.I.F. Transilvania filed a prior complaint against F.S.A. Decision no. 934/18 July 2019, but it was dismissed by F.S.A. under Decision no. 1109/04.09.2019 (please, see the Current Report of 11.09.2019).

Under the Communique dated 24.09.2019, S.I.F. Transilvania has informed the shareholders with regard to the **payment of the dividends distributed from the net profit generated during 2018 financial year** as follows:

- ✓ the gross dividend granted for one share held as at the record date (03.10.2019) is RON 0.0121/share;
- ✓ the dividends shall be paid as of 24.10.2019 through the Central Depository, the Participants in the compensation-settlement and register system, and the selected payment agent, i.e. BRD-Groupe Société Générale; the communique regarding the dividend payment can be consulted on the company’s website: [www.siftransilvania.ro](http://www.siftransilvania.ro).

We state that, as a result of the supervisory audit performed by TÜV Hessen for the purpose of maintaining the certification in the Information Security Management System (SMSI) according to ISO/IEC 27001:2013 standards, S.I.F. Transilvania maintains without interruption the existing certification as of 2012.

### **Relationship with shareholders and investors**

During Q3 2019, the Company has fulfilled its transparency, information and reporting related obligations, as set forth under the legal regulations and the B.S.E.’s Code of Corporate Governance.

In this respect, during the reviewed period, periodical reports (monthly Statement of assets and liabilities, the Financial report for Q1 2019 and Financial report for H1 2019), current reports and press releases were prepared and provided to the shareholders and investors and published on the B.S.E.’s website, the F.S.A.’s website and the Company’s website. The reports and press releases were delivered at the same time in Romanian and English.

The Company was in permanent contact with the shareholders and investors through the Shareholders Department, answering to their questions and requests, via mail (including email), telephone and at the headquarters of the company. Moreover, the stakeholders receive via email, based on subscription, a monthly newsletter with news on the Company's activity, the structure of the managed portfolio, the performance of the SIF3 shares, the execution of the Revenue and Expenditure Budget, etc.

The representatives of the Shareholders Department can be contacted by:

- ✓ Telephone: 0268 401141, 0268 401157, 0800800112 (toll-free telephone line available during business days from 9<sup>00</sup> to 11<sup>00</sup>)
- ✓ Fax: 0268 473215, 0268 473216
- ✓ Email: [actionari@siftransilvania.ro](mailto:actionari@siftransilvania.ro), [investitori@siftransilvania.ro](mailto:investitori@siftransilvania.ro)
- ✓ Through the contact form available at [www.siftransilvania.ro](http://www.siftransilvania.ro), *Contact* Section.

The shareholders may also obtain information at the company's headquarters, the consultation hours being from Monday to Friday, during business days, from 11<sup>00</sup> to 13<sup>00</sup>.

During the third quarter of 2019, S.I.F. Transilvania has participated in a series of conferences dedicated to the Romanian capital market as follows:

- Participation of the company's representatives in the Romanian Fund Managers Summit organised by the Romanian Association of Fund Managers (A.A.F.);
- Participation of the company's representatives in the conference called Contribution of Non-Banking Financial Market to the Development of Romanian Economy organised by the Financial Supervisory Authority within World Investors Week 2019;
- Participation of the company, in the capacity of partner, in the Capital Market Forum organised by Financial Intelligence.

### **Shareholding structure as at 30 September 2019**

As at 30.09.2019, according to the data received from Depozitarul Central S.A., S.I.F. Transilvania's shareholding structure was as follows:

|  | Number of<br>shareholders | Number of<br>shares held | % of<br>share capital |
|--|---------------------------|--------------------------|-----------------------|
| Resident individuals                       | 6,967,165                 | 1,212,185,457            | 55.49                 |
| Resident legal entities                    | 253                       | 874,286,073              | 40.03                 |
| <b>Total resident shareholders</b>         | <b>6,967,418</b>          | <b>2,086,471,530</b>     | <b>95.52</b>          |
| Non-resident individuals                   | 2,374                     | 20,310,746               | 0.93                  |
| Non-resident legal entities                | 34                        | 77,504,388               | 3.55                  |
| <b>Total non-resident<br/>shareholders</b> | <b>2,408</b>              | <b>97,815,134</b>        | <b>4.48</b>           |
| <b>TOTAL</b>                               | <b>6,969,826</b>          | <b>2,184,286,664</b>     | <b>100.00</b>         |

### **Shareholder Remuneration Policy**

The shareholder remuneration policy targets the implementation of a mix of complementary instruments for remuneration and consolidation of invested capital, which includes distribution of dividends, own share redemption programs and consolidation of the nominal value of S.I.F. Transilvania's shares.

S.I.F. Transilvania's dividend policy focuses on the increase of SIF3 shares' attractiveness by ensuring permanent balance between the remuneration of the company's shareholders and the financial resources required to implement the annual investment programs in line with the company's medium/long-term strategic objectives.

In order to increase the level of financing sources from the net profit that remain available to the Company for developing investment programs and ensuring the sustainability of the company's activity, in full agreement with the long-term interest of the shareholders, S.I.F. Transilvania aims to distribute cash dividends, but at a lower distribution rate.

As at 30 September 2019, the dividends for financial year 2017 (with gross value of RON 0.01 / share), the dividends for financial year 2016 (with gross value of RON 0.02 / share) and the dividends for financial year 2015 (with gross value of RON 0.02653 / share), which were not cashed in by the shareholders, were available for payment through the payment agent BRD - Groupe Société Générale.

The Ordinary General Meeting of Shareholders of 24.04.2019 approved the distribution of dividends from the net profit achieved during the financial year 2018, as follows:

- the gross dividend to be granted for a share held as at the record date is RON 0.0121 / share; the company will calculate and withhold the tax on dividends at the rates set forth under the laws in force at the payment date, tax that will be reported and transferred by the company to the State budget;
- the shareholders entitled to receive the dividends distributed from the net profit achieved in the financial year 2018 are the shareholders registered in the consolidated shareholders register kept by Depozitarul Central as at 03.10.2019 - "Record Date" approved by the General Meeting of Shareholders (ex-date 02.10.2019);
- the dividends distributed from the profit achieved in the financial year 2018 is to be paid to the shareholders as of 24.10.2019 - "Payment Date";
- the dividend payment related costs, irrespective of payment methods, will be incurred by the shareholders.

As concerns the implementation of programs for the redemption of own shares, the Company implemented during 22.02.2018 - 06.08.2018 the first redemption program under which it redeemed 21,842,867 shares with a nominal value of RON 0.10 / share, i.e. 1% of the share capital, in compliance with the E.G.M.S. Resolution no. 1/15.12.2017.

As provided above, the second redemption program for the Company's own shares approved by the Extraordinary General Meeting of Shareholders of 6 March 2019 could not be implemented due to the rejection by the F.S.A. of the public offer document for share purchase.

## **Risk Management**

S.I.F. Transilvania has implemented at company level a risk management system that includes policies, procedures and measures for identifying, measuring and managing risks.

The Risk Management Policies and Procedures are an integral part of the "Policies and Procedures for the Operation of S.I.F. Transilvania as an A.I.F.M.". According to the internal policies and procedures, the internal risk management system integrates competences and responsibilities across the entire organizational structure (Supervisory Board, Executive Board, Risk Management Department, Compliance Department, Internal Auditor, operational departments).

Procedures for managing and monitoring all relevant risk categories (market risk, solvency risk, investment concentration risk, liquidity risk, operational risk) are in place at company level.

The risk analyses conducted for the third quarter of 2019 reveal S.I.F. Transilvania's medium market risk profile, an appetite for medium risk and the compliance of the financial instruments portfolio structure with the requirements and limits provided by the legislation in force applicable to financial investment companies.

## **REVIEW OF THE FINANCIAL STATEMENTS**

### **Economic and financial position**

At the end of the 3<sup>rd</sup> quarter of 2019, the company's financial and economic position is summarized as follows:

### **Statement of assets, liabilities and equity**

-RON-

| INDICATORS   | BALANCE AT THE END OF THE PERIOD |                      |                      |
|--|----------------------------------|----------------------|----------------------|
|  | 30.09.2019                       | 31.12.2018           | 30.09.2018           |
| <b>NON-CURRENT ASSETS</b>  |                                  |                      |                      |
| Intangible assets  | 54,832                           | 89,275               | 94,178               |
| Tangible assets  | 13,796,719                       | 13,235,003           | 13,373,152           |
| Financial assets   | 1,164,935,416                    | 995,056,814          | 1,041,079,281        |
| <b>TOTAL NON-CURRENT ASSETS</b>  | <b>1,178,786,967</b>             | <b>1,008,381,092</b> | <b>1,054,546,611</b> |
| <b>CURRENT ASSETS</b>  |                                  |                      |                      |
| Inventories  | 68,470                           | 76,057               | 67,885               |
| Receivables  | 4,421,075                        | 7,750,039            | 9,826,049            |
| Short-term financial investments   | -                                | -                    | -                    |
| Cash at bank and in hand   | 131,869,461                      | 26,802,977           | 51,692,732           |
| <b>TOTAL CURRENT ASSETS</b>  | <b>136,359,006</b>               | <b>34,629,073</b>    | <b>61,586,666</b>    |
| <b>PREPAID EXPENSES</b>  | <b>254,060</b>                   | <b>272,148</b>       | <b>335,260</b>       |
| <b>TOTAL ASSETS</b>  | <b>1,315,400,033</b>             | <b>1,043,282,313</b> | <b>1,116,468,537</b> |
| <b>LIABILITIES</b>   |                                  |                      |                      |
| Liabilities due within less than one year (current liabilities)  | 64,823,662                       | 38,263,751           | 51,838,650           |
| Liabilities due within more than one year - total  | 47,350,733                       | 29,031,026           | 39,205,330           |
| <b>TOTAL LIABILITIES</b>   | <b>112,174,395</b>               | <b>67,294,777</b>    | <b>91,043,980</b>    |
| <b>OTHER PROVISIONS</b>  | <b>-</b>                         | <b>7,000,000</b>     | <b>-</b>             |
| Tax provisions (registered in the reserves accounts)   |                                  |                      |                      |
| <b>CAPITAL AND RESERVES</b>  |                                  |                      |                      |
| Subscribed and paid-in share capital   | 218,428,666                      | 218,428,666          | 218,428,666          |
| Other equity   | 240,366,153                      | 144,187,689          | 200,165,914          |
| Revaluation reserve on financial investments measured at fair value through other comprehensive income | -                                | -                    | -                    |
| Revaluation reserve  | 11,120,918                       | 11,136,860           | 11,631,997           |
| Total reserves, of which:  | 554,812,747                      | 517,635,668          | 514,435,425          |
| Legal reserves   | 43,094,593                       | 43,094,593           | 39,894,350           |
| Own shares   | (4,818,103)                      | (4,818,103)          | (4,818,103)          |
| Retained earnings  | 19,090,048                       | 19,074,106           | 22,103,025           |
| <b>PROFIT/LOSS OF THE PERIOD</b>   | <b>164,225,209</b>               | <b>66,542,892</b>    | <b>63,477,633</b>    |
| Profit distribution  | -                                | (3,200,243)          | -                    |
| <b>TOTAL EQUITY</b>  | <b>1,203,225,638</b>             | <b>968,987,536</b>   | <b>1,025,424,557</b> |
| <b>TOTAL LIABILITIES</b>   | <b>1,315,400,033</b>             | <b>1,043,282,313</b> | <b>1,116,468,537</b> |

As at 30 September 2019, the company's **total assets** increased by RON 272.12 million as compared to the end of the previous year, of which:

- **Non-current assets** increased by RON 170.41 million
- **Current assets** increased by RON 101.73 million, of which:
  - ✓ receivables decreased by RON 3.3 million;
  - ✓ inventories decreased by RON 0.01 million;
  - ✓ cash at bank and in hand increased by RON 105.07 million
- **Prepaid expenses** decreased by RON 0.02 million

The **liabilities** recorded by the company at the end of the 3<sup>rd</sup> quarter of 2019 amounted RON 112.17 million, RON 44.88 million higher than those recorded at the end of the previous year.

Out of the **current liabilities**, outstanding as at 30 September 2019, RON 60.74 million (93.70%), represents dividends payable to shareholders.

The company has no loans, and the liabilities with maturities longer than 1 year are represented by the deferred tax calculated on the gain on the fair value differences of the assets available for sale (RON 47.35 million).

As compared to the end of the previous year, the Company's **equity** as at 30 September 2019 is higher by RON 234.24 million, the increase being mainly generated by the gain on the measurement at fair value of the financial assets in the portfolio and the profit generated at the end of the 3<sup>rd</sup> quarter 2019.

#### **Evolution of the net asset**

The net asset as at 30.09.2019, calculated based on the methodology described in the internal procedure compliant with F.S.A. Regulation no. 9/2014, as compared to the similar period from the previous year, had the following evolution:

|                                      |                     |               | -RON-                          |        |
|--------------------------------------|---------------------|---------------|--------------------------------|--------|
| INDICATORS                           | ACHIEVEMENTS AS AT: |               | EVOLUTION (%)                  |        |
|                                      | 30 Sept. 2019       | 28 Sept. 2018 | Results 2019 /<br>Results 2018 |        |
| Total assets – calculated value      | 1,315,400,033       | 1,116,462,849 | 117.82                         |        |
| Total liabilities – calculated value | 112,174,395         | 91,043,980    | 123.21                         |        |
| Calculated Net Asset <sup>*)</sup>   | -RON-               | 1,203,225,638 | 1,025,418,869                  | 117.34 |
|                                      | -RON/share-         | 0.5564        | 0.4742                         | 117.33 |

Source: S.I.F. Transilvania

<sup>\*)</sup> Calculated according to the internal procedure compliant with F.S.A. Regulation no. 9/2014, procedure which may be consulted on the Company's website: [www.siftransilvania.ro](http://www.siftransilvania.ro).

## Cash flow

During the 3<sup>rd</sup> quarter of 2019, the Company recorded a positive cash flow. More details may be found in the Statement of Cash Flows.

## Result of the year and execution of the Revenue and Expenditure Budget

| INDICATORS                       | REB<br>2019   | REB<br>Q3 2019 | RESULTS<br>Q3 2019 | - RON thousand-<br>Execution degree % as<br>compared to: |                |
|----------------------------------|---------------|----------------|--------------------|--|----------------|
|                                  |               |                |                    | REB<br>2019  | REB<br>Q3 2019 |
| Dividend income                  | 47,100        | 47,100         | 71,015             | 150.77   | 150.77         |
| Interest income                  | 500           | 375            | 1,405              | 281.00   | 374.67         |
| Income from speculative activity | 21,500        | 15,362         | 107,542            | 500.20   | 700.05         |
| Other operating income           | 21,500        | 21,500         | 7,359              | 34.23  | 34.23          |
| <b>Net operating income</b>      | <b>90,600</b> | <b>84,337</b>  | <b>187,321</b>     | <b>206.76</b>  | <b>222.11</b>  |
| Personnel expenses               | 19,500        | 16,375         | 15,791             | 80.98  | 96.43          |
| Commissions and fees             | 2,860         | 2,248          | 1,209              | 42.27  | 53.78          |
| Other expenses                   | 6,232         | 4,974          | 4,148              | 66.56  | 83.39          |
| <b>Profit before tax</b>         | <b>62,008</b> | <b>60,740</b>  | <b>166,173</b>     | <b>267.99</b>  | <b>273.58</b>  |

Source: S.I.F. Transilvania

From the above data, it results that the **net operating income** recorded in the 3<sup>rd</sup> quarter (cumulated as of the beginning of the financial year 2019) is RON 122.11 million higher than the net operating income provided in the Revenue and Expenditure Budget for the first nine months of 2019, exceeding by 106.76% the net operating income provided in the Revenue and Expenditure Budget for the entire year 2019.

The **operating expenses** recorded in Q3 2019 amount to RON 21.15 million, being RON 2.45 million lower than those provided in the Revenue and Expenditure Budget for the first 9 months of 2019, and representing 73.96% of those provided in the Budget approved for the entire year 2019.

The **profit before tax** as at 30 September 2019 is worth RON 166.17 million, higher than the amount provided in the Revenue and Expenditure Budget for the 3<sup>rd</sup> quarter of 2019.

## Other relevant elements

### Presentation and review of the trends, matters, events or uncertainties which have or are likely to have an impact on the Company's liquidity as compared to the same period of the previous year

At this time, we are not aware of any matters, events or uncertainties which have or are likely to have a negative significant impact on the Company's liquidity.

The financial statements provided for the 3<sup>rd</sup> quarter of 2019 are condensed interim financial statements prepared for the activity performed by the Company under the going-concern principle.

### Presentation and review of the effects of all capital expenses, current or anticipated, on the issuer's financial position (indicating the purpose and funding sources of such expenses) as compared to the same period of the previous year

Both the expenses incurred by the Company during the 3<sup>rd</sup> quarter of 2018 and the 3<sup>rd</sup> quarter of 2019 and the expenses expected to be incurred during the following period were and will be funded from own sources.



**Presentation and review of events, transactions, economic changes with significant impact on the income obtained from the main activity as compared to the corresponding period of the previous year**

The revenues and expenses recorded by the Company in the 3<sup>rd</sup> quarter of 2019, as well as those expected to be generated during the following period, are and will be influenced by the performance of the capital market, as well as by the financial position and performance of the companies in S.I.F. Transilvania's portfolio.

**Changes impacting the Company's capital and management**

As at 30 September 2019, the subscribed and paid-in share capital amounts to RON 218,428,666.40, with 2,162,443,797 shares being issued and outstanding. The company has implemented a program for the redemption of its own shares, which was approved by the Extraordinary General Meeting of Shareholders of 15 December 2017, within the range of maximum 1% of the share capital – a program completed as presented in the Current Report of 7 August 2018.

**Description of circumstances determining the Company's inability to comply with its financial obligations during Q3 2019**

The Company has permanently had the necessary liquidities available, which allowed it to comply with all of its financial obligations in a timely manner. At this time, there are no developments or events determining the Company's inability to comply with its due financial obligations.

**Description of any changes in the rights of the holders of securities issued by the Company**

As concerns the shareholders whose individual and/or joint holdings exceed the threshold of 5% of the Company's share capital, the Company examined the situation of the voting rights as at the reference date of the General Meetings of Shareholders called for 6 March 2019 and 24 April 2019, under the conditions provided in the applicable F.S.A. regulations.

**Significant transactions/events during 01.01.2019-30.09.2019**

During the period under review, the investments have been focused on acquisitions / sales on both the internal and external market.

**FINANCIAL AND ECONOMIC INDICATORS AS AT  
30 September 2019**

| INDICATOR   | CALCULATION METHOD  | RESULT |
|---|---|--------|
| Current liquidity ratio <sup>1)</sup> (coefficient)   | Current assets/Current liabilities  | 2.1075 |
| Indebtedness indicator <sup>2)</sup> (%)  | $\frac{\text{Loan capital}}{\text{Equity}} \times 100$                                  | N/A    |
| Clients' debts rotation speed <sup>3)</sup> (days)  | $\frac{\text{Average clients balance (total receivables)}}{\text{Turnover}} \times 270$ | 9 days |
| Non-current assets rotation speed <sup>4)</sup> (coefficient)                                   | $\frac{\text{Turnover}}{\text{Non – current assets}}$                                   | 0.1589 |
| Result per share (RON) <sup>5)</sup>  | $\frac{\text{Net profit /Net loss}}{\text{Number of shares}}$                           | 0.0759 |
| Net asset per share, calculated according to F.S.A. Regulation 9/2014 (RON/share) <sup>6)</sup> | $\frac{\text{Calculated asset value}}{\text{Number of shares}}$                         | 0.5564 |

Source: S.I.F. Transilvania

Obs.: The indicators are calculated according to Annex no. 13 to F.S.A Regulation no. 5/2018.

<sup>1)</sup> This indicator guarantees the covering of the current liabilities from current assets.

<sup>2)</sup> It reflects the effectiveness of credit risk management. S.I.F. Transilvania did not enter into any loan agreements.

<sup>3)</sup> It reflects the Company's effectiveness in collecting its receivables, respectively the average number of days during which the debtors pay their debts to the Company. In the case of SIFs, turnover means the total net income from the current activity and in order to establish the average clients' balance all net receivables included in the balance sheet were calculated, the highest values being held by the debts resulting from dividends and related accessories, due and not collected.

<sup>4)</sup> It reflects the effectiveness of the non-current assets management. In the total non-current assets registered under the Statement of Assets in the records, the weight of the shares measured at fair value and held in the portfolio companies in the total non-current assets is of 89/61%.

<sup>5)</sup> Calculated by reference to the average weighted number of issued ordinary shares existing during the period, excluding the average number of redeemed shares held by S.I.F. Transilvania at the reporting date.

<sup>6)</sup> Calculated by reference to the number of issued and outstanding ordinary shares.

Executive President/  
CEO  
Ec. Mihai FERCALĂ, PhD

Executive Vice-President/  
Deputy CEO  
Ec. Iulian STAN, PhD

Member of the Executive  
Board/ Director  
Ec. Ștefan SZITAS

**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA**

**INTERIM CONDENSED FINANCIAL STATEMENTS  
AS AT 30 SEPTEMBER 2019**

**prepared in accordance with the Financial Supervisory Authority (F.S.A.) Rule no. 39/2015 approving the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to the entities authorised, regulated and supervised by the F.S.A. from the Financial Instruments and Investments Sector**

**Unaudited**

**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA S.A.**  
**INTERIM CONDENSED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019**

**TABLE OF CONTENTS:**

**PAGE:**

|  |        |
|--|--------|
| STATEMENT OF FINANCIAL POSITION                            | 1      |
| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | 2      |
| STATEMENT OF CHANGES IN EQUITY                             | 3 – 4  |
| STATEMENT OF CASH FLOWS                                    | 5      |
| NOTES TO THE FINANCIAL STATEMENTS                          | 6 – 49 |

**SOCIETATEA DE INVESTITII FINANCIARE TRANSILVANIA SA**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019**  
**(All amounts are expressed in RON, unless otherwise stated)**

|   | <b>Note</b> | <b>30 September<br/>2019</b> | <b>31 December<br/>2018</b> |
|---|-------------|------------------------------|-----------------------------|
| Cash and cash equivalents   | <b>11</b>   | 131,869,461                  | 26,802,977                  |
| Financial assets at fair value through profit or loss                                     | <b>12</b>   | 620,724,273                  | 581,844,961                 |
| Financial assets at fair value through other comprehensive income                         | <b>13</b>   | 544,167,129                  | 413,211,853                 |
| Financial assets at amortised cost  | <b>14</b>   | 1,609,874                    | 2,852,238                   |
| Other assets  | <b>15</b>   | 610,466                      | 731,273                     |
| Current income tax assets   | <b>10</b>   | 2,567,279                    | 4,514,733                   |
| Intangible assets   | <b>16</b>   | 54,832                       | 89,275                      |
| Property, plant and equipment   | <b>16</b>   | 13,796,719                   | 13,235,003                  |
| <b>Total assets</b>   |             | <b>1,315,400,033</b>         | <b>1,043,282,313</b>        |
| Financial liabilities   | <b>17</b>   | 63,971,643                   | 36,899,852                  |
| Deferred income tax liabilities   | <b>10</b>   | 47,350,733                   | 29,031,026                  |
| Other liabilities   | <b>18</b>   | 852,019                      | 8,363,899                   |
| <b>Total liabilities</b>  |             | <b>112,174,395</b>           | <b>74,294,777</b>           |
| Share capital   | <b>19</b>   | 218,428,666                  | 218,428,666                 |
| Retained earnings   |             | 183,315,257                  | 82,416,756                  |
| Revaluation reserves on financial assets at fair value through other comprehensive income | <b>20</b>   | 240,366,153                  | 144,187,689                 |
| Revaluation reserve on premises and equipment   | <b>21</b>   | 11,120,918                   | 11,136,860                  |
| Other reserves  | <b>22</b>   | 554,812,747                  | 517,635,668                 |
| Own shares  | <b>23</b>   | (4,818,103)                  | (4,818,103)                 |
| <b>Total equity</b>   |             | <b>1,203,225,638</b>         | <b>968,987,536</b>          |
| <b>Total liabilities and equity</b>   |             | <b>1,315,400,033</b>         | <b>1,043,282,313</b>        |

The financial statements have been approved by the Executive Board and the Supervisory Board and have been signed by:

**Executive President/  
CEO**  
**Ec. Mihai FERCALĂ, PhD**

**Executive Vice President /  
Deputy CEO**  
**Ec. Iulian STAN, PhD**

**Financial Manager**  
**Ec. Diana VEREȘ**

**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA S.A.**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**AS AT 30 SEPTEMBER 2019**  
**(All amounts are expressed in RON, unless otherwise stated)**

| <b>Description</b>  | <b>Nota</b> | <b>30 September<br/>2019</b> | <b>30 September<br/>2018</b> |
|---|-------------|------------------------------|------------------------------|
| Dividend income   | <b>4</b>    | 71,015,299                   | 58,441,074                   |
| Interest income   | <b>5</b>    | 1,404,980                    | 1,099,639                    |
| Net gains on financial assets at fair value through profit or loss  |             | 107,541,921                  | 11,532,100                   |
| Other operating income  | <b>6</b>    | 7,358,870                    | 6,966,275                    |
| <b>Total net income</b>   |             | <b>187,321,070</b>           | <b>78,039,088</b>            |
| Employees expense   | <b>7</b>    | (15,791,176)                 | (8,395,629)                  |
| Fees and commissions expense  | <b>8</b>    | (1,208,779)                  | (1,164,776)                  |
| Other operating expenses  | <b>9</b>    | (4,148,452)                  | (4,405,806)                  |
| <b>Profit before tax</b>  |             | <b>166,172,663</b>           | <b>64,072,877</b>            |
| Income tax  | <b>10</b>   | (1,947,454)                  | (595,244)                    |
| <b>Net profit as at 30 September</b>  |             | <b>164,225,209</b>           | <b>63,477,633</b>            |
| <b>Other comprehensive income:</b>  |             |                              |                              |
| Net gain/loss on deferred tax, on revaluation of financial assets at fair value through other comprehensive income                                      | <b>20</b>   | 96,178,464                   | (199,418)                    |
| Transfer of reserve, net of deferred tax, to retained earnings further to the sale of financial assets at fair value through other comprehensive income |             | -                            | -                            |
| Increases/(Decreases) in revaluation reserve of property, plant and equipment, net of deferred tax  |             | -                            | -                            |
| <b>Other comprehensive income – total</b>   |             | <b>96,178,464</b>            | <b>(199,418)</b>             |
| <b>Total comprehensive income as at 30 September</b>  |             | <b>260,403,673</b>           | <b>63,278,215</b>            |
| Earnings per Share  |             | 0.0759                       | 0.0291                       |
| Diluted Earnings per Share  |             | 0.0759                       | 0.0291                       |

The financial statements have been approved by the Executive Board and the Supervisory Board and have been signed by:

**Executive President/  
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**Ec. Mihai FERCALĂ, PhD**

**Executive Vice President /  
Deputy CEO**  
**Ec. Iulian STAN, PhD**

**Financial Manager**  
**Ec. Diana VEREȘ**

**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA**  
**STATEMENT OF CHANGES IN EQUITY AS AT 30 SEPTEMBER 2019**  
**(All amounts are expressed in RON, unless otherwise stated)**

|  | Note | Share capital      | Revaluation reserve on property, plant and equipment | Revaluation reserve on financial assets at fair value through other comprehensive income | Other reserves     | Retained earnings  | Own shares         | Total                |
|--|------|--------------------|--|--|--------------------|--------------------|--------------------|----------------------|
| <b>Balance as at 1 January 2019</b>  |      | <b>218,428,666</b> | <b>11,136,860</b>                                    | <b>144,187,689</b>   | <b>517,635,668</b> | <b>82,416,755</b>  | <b>(4,818,103)</b> | <b>968,987,536</b>   |
| <b>Comprehensive income:</b>   |      |                    |  |  |                    |                    |                    |                      |
| Profit as at 30 September  |      | -                  | -  | -  | -                  | 164,225,209        | -                  | 164,225,209          |
| <b>Other comprehensive income:</b>   |      |                    |  |  |                    |                    |                    |                      |
| Net gain/loss on deferred tax, on revaluation of financial assets at fair value through other comprehensive income | 20   | -                  | -  | 96,178,464   | -                  | -                  |                    | 96,178,464           |
| Revaluation reserve on property, plant and equipment, net of deferred tax  |      | -                  | (15,942)   | -  | -                  | 15,942             |                    | -                    |
| <b>Total comprehensive income as at 30 September</b>   |      |                    | <b>(15,942)</b>                                      | <b>96,178,464</b>  | <b>-</b>           | <b>164,241,151</b> | <b>-</b>           | <b>260,403,673</b>   |
| Legal reserve  |      | -                  | -  | -  | -                  | -                  | -                  | -                    |
| Allocation of reserves from previous years' profit distribution  |      | -                  | -  | -  | 37,177,079         | (37,177,079)       | -                  | -                    |
| Own shares redeemed  |      | -                  | -  | -  | -                  | -                  | -                  | -                    |
| Dividends distribution   |      | -                  | -  | -  | -                  | (26,165,570)       | -                  | (26,165,570)         |
| <b>Balance as at 30 September 2019</b>   |      | <b>218,428,666</b> | <b>11,120,918</b>                                    | <b>240,366,153</b>   | <b>554,812,747</b> | <b>183,315,257</b> | <b>(4,818,103)</b> | <b>1,203,225,638</b> |

The financial statements have been approved by the Executive Board and the Supervisory Board and have been signed by:

**Executive President/CEO**  
**Ec. Mihai FERCALĂ, PhD**

**Executive Vice President/Deputy CEO**  
**Ec. Iulian STAN, PhD**

**Financial Manager**  
**ec. Diana VEREȘ**

**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA**  
**STATEMENT OF CHANGES IN EQUITY AS AT 30 SEPTEMBER 2019**  
**(All amounts are expressed in RON, unless otherwise stated)**

|   | Note      | Share capital      | Revaluation reserve on property, plant and equipment | Revaluation reserve on financial assets at fair value through other comprehensive income | Other reserves     | Retained earnings | Own shares         | Total                |
|---|-----------|--------------------|--|--|--------------------|-------------------|--------------------|----------------------|
| <b>Balance as at 1 January 2018</b>   |           | <b>218,428,666</b> | <b>11,631,997</b>                                    | <b>200,365,332</b>   | <b>475,293,955</b> | <b>60,987,788</b> | <b>-</b>           | <b>966,707,738</b>   |
| <b>Comprehensive income:</b>  |           |                    |  |  |                    |                   |                    |                      |
| Profit as at 30 September   |           | -                  | -  | -  | -                  | 63,477,633        | -                  | 63,477,633           |
| <b>Other comprehensive income:</b>  |           |                    |  |  |                    |                   |                    |                      |
| Net gain/(loss) on financial investments at fair value through other comprehensive income recognized during the year, net of deferred tax | <b>20</b> | -                  | -  | (199,418)  | -                  | -                 | -                  | (199,418)            |
| Revaluation reserve on property, plant and equipment  |           | -                  | -  | -  | -                  | -                 | -                  | -                    |
| <b>Total comprehensive income as at 30 September</b>  |           | <b>-</b>           | <b>-</b>   | <b>(199,418)</b>   | <b>-</b>           | <b>63,477,633</b> | <b>-</b>           | <b>63,278,215</b>    |
| Legal reserve   |           |                    |  |  |                    | -                 |                    |                      |
| Allocation of reserves from previous years' profit distribution   |           | -                  | -  | -  | 39,141,470         | (39,141,470)      | -                  | -                    |
| Allocation of reserves from changes in the accounting policies (IFRS 9)   |           | -                  | -  | -  | -                  | 11,894,438        |                    | 11,894,438           |
| Allocation of reserves from the sale of financial investments at fair value through other comprehensive income                            |           | -                  | -  | -  | -                  | 10,205,136        |                    | 10,205,136           |
| Own shares redeemed   | <b>23</b> | -                  | -  | -  | -                  | -                 | (4,818,103)        | (4,818,103)          |
| Dividends distribution  |           | -                  | -  | -  | -                  | (21,842,867)      | -                  | (21,842,867)         |
| <b>Balance as at 30 September 2018</b>  |           | <b>218,428,666</b> | <b>11,631,997</b>                                    | <b>200,165,914</b>   | <b>514,435,425</b> | <b>85,580,658</b> | <b>(4,818,103)</b> | <b>1,025,424,557</b> |

The financial statements have been approved by the Executive Board and the Supervisory Board and have been signed by:

**Executive President/CEO**  
**Ec. Mihai FERCALĂ, PhD**

**Executive Vice President/Deputy CEO**  
**Ec. Iulian STAN, PhD**

**Financial Manager**  
**Ec. Diana VEREȘ**



**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA**  
**STATEMENT OF CASH FLOWS AS AT 30 SEPTEMBER 2019**  
**(All amounts are expressed in RON, unless otherwise stated)**

|   | <b>30 September<br/>2019</b> | <b>30 September<br/>2018</b> |
|---|------------------------------|------------------------------|
| <b>Cash flows from operating activities, total out of which:</b>                            | <b>108,396,837</b>           | <b>23,235,122</b>            |
| Receipt from clients  | -                            | 1,727,233                    |
| Payments towards suppliers and employees  | -                            | 2,551,278                    |
| Proceeds from sale of shares  | (13,536,289)                 | (9,357,711)                  |
| Payments for purchase of shares and fund units, out of which:                               | 98,269,205                   | 26,571,928                   |
| - <i>financial assets at fair value through profit or loss</i>                              | (41,318,281)                 | (56,588,254)                 |
| - <i>financial assets at fair value through other comprehensive income</i>                  | (24,861,183)                 | (50,480,915)                 |
| Corporate income tax payments   | (16,457,098)                 | (6,107,339)                  |
| Payments of other tax, contributions and other payments towards the state budget            | -                            | -                            |
| Other receipts from operating activities  | (6,875,622)                  | (3,702,249)                  |
| Interest received   | (607,987)                    | 4,237,659                    |
| Dividends received  | 1,463,622                    | 1,170,222                    |
| Other receipts and payments from investment activities (including trading sales commission) | 71,015,186                   | 58,429,942                   |
| <b>Cash flows from investing activities, total out of which:</b>                            | <b>(1,129,744)</b>           | <b>(73,652)</b>              |
| Payments for purchase of intangible and tangible assets                                     | (1,129,744)                  | (73,652)                     |
| Proceeds from sales of tangible assets  | -                            | -                            |
| <b>Cash flows from financing activities, total out of which:</b>                            | <b>(2,200,609)</b>           | <b>(7,874,633)</b>           |
| Dividends paid to shareholders (including dividend tax)                                     | (2,200,609)                  | (3,056,530)                  |
| Payments for redemption of own shares   | -                            | (4,818,103)                  |
| Net increase/(decrease) in cash and cash equivalents  | 105,066,484                  | 15,286,837                   |
| <b>Cash and cash equivalents at the beginning of the period</b>                             | <b>26,802,977</b>            | <b>36,405,895</b>            |
| <b>Cash and cash equivalents at the end of the period</b>                                   | <b>131,869,461</b>           | <b>51,692,732</b>            |

The financial statements have been approved by the Executive Board and the Supervisory Board and have been signed by:

**Executive President/  
CEO**  
**Ec. Mihai FERCALĂ, PhD**

**Executive Vice President /  
Deputy CEO**  
**Ec. Iulian STAN, PhD**

**Financial Manager**  
**Ec. Diana VEREȘ**

## **1. GENERAL INFORMATION**

Societatea de Investiții Financiare Transilvania S.A. ("SIF Transilvania" or the "Company") is a collective investment undertaking established in 1996 in accordance with Law 133/1996 operating in Romania according to Law 31/1990 on companies and Law 297/2004 on capital market.

The Company is a joint-stock company from a legal point of view and is an entity with unlimited period of functioning.

The Company has its headquarters in Brașov, 2 Nicolae Iorga Street, Postal Code 500057

Contact details of the Company are the following:

Phone: 0268-415529, 0268-416171, 0268-413752, 0268-473210, 0268-401132

Fax: 0268-473215, 0268-473216

Website: [www.siftransilvania.ro](http://www.siftransilvania.ro)

Email: [transif@transif.ro](mailto:transif@transif.ro)

Sole Registration number with the Trade Register: 3047687

Tax code: RO 3047687

Order number in the Trade Registrar: J08/3306/1992

The Company is registered with the Bucharest National Securities Commission ("NSC"), currently known as the Financial Supervisory Authority ("FSA") as "other collective investment undertaking" having a diversified investment policy recorded through Certificate no. 258/14.12.2005 at NSC register under no. PJR09SIIR/080004 and at the Office of Securities from NSC with the register certificate no. 401/20.08.1999, respectively no. 401/12.07.2007. According to the Articles of Incorporation, the main activity of the Company is "Other financial service activities not elsewhere classified", NACE code: 6499. Registered with the FSA Registry in Section 7<sup>1</sup> – Alternative Investment Fund Managers, Sub-section 3 – Alternative investment fund Managers authorised by the FSA (A.F.I.A.A.) under no. PJR07<sup>1</sup> A.F.I.A.A./080005.

The Company performs its activity in Romania.

The regulated market on which the issued securities are traded is the Bucharest Stock Exchange (market symbol: SIF3).

At 30 September 2019, the subscribed and paid-in share capital, as registered with the Trade Register, is RON 218,428,666 (30 September 2018: RON 218,428,666) and is divided into 2,184,286,664 shares (30 September 2018: 2,184,286,664 shares).

Out of the total shares issued and outstanding as at 30 September 2019, the Company holds 21,842,867 own shares acquired under the buy-back programme approved by the E.G.M.S. of 15.12.2017.

The main characteristics of the shares issued by the Company are as follows: the shares are common, registered, indivisible, of equal value and dematerialized securities, issued at the nominal value of RON 0.10 per share.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

The main accounting policies applied for preparing these financial statements in accordance with IFRS are presented below.

These Financial Statements are prepared on a going concern basis.

### **2.1 Basis of preparation**

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS") and in accordance with Rule 39/28 December 2015 on the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to the entities authorised, regulated and supervised by the Financial Supervisory Authority ("F.S.A.") – Financial Instruments and Investments Sector ("Rule 39/2015").

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Starting with 1 January 2015, the Company applies the Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of interests in other entities" and IAS 27 "Consolidated and Separate Financial Statements" ("Amendments"), being the date at which the classification criteria as an investment entity were fulfilled.

The Amendments introduced an exception to the principle from IFRS 10 "Consolidated Financial Statements", under which all subsidiaries must be consolidated. The Amendments define an investment entity and provide that a parent company that is classified as an investment entity has to measure the subsidiaries at fair value through profit or loss instead of consolidating those subsidiaries in its consolidated financial statements, as such the Company no longer consolidates subsidiaries and associates.

### **2.2 Basis of measurement**

The Company's financial statements have been prepared under the historical cost convention, except for the revaluation of financial instruments recognised at fair value through profit or loss, the available-for-sale financial assets recognised at fair value through other comprehensive income and for the fair value revaluation of land and buildings.

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue its activity in the foreseeable future as well. The Company's management considers that the Company will continue to operate normally in the future and, consequently, the financial statements have been prepared on this basis.

### **2.3 Foreign currency translation**

#### *a) Functional and presentation currency*

The functional currency is the Romanian Leu ("RON"). It represents the currency of the economic environment in which the Company performs its activity. The financial statements are prepared and presented in RON, unless otherwise stated.

#### *b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities are translated into RON using the official exchange rate of the National Bank of Romania ("NBR") at the end of the reporting period. The foreign currency non-monetary assets and liabilities measured at fair value, including participations, are translated into RON using the official exchange rate at the date of fair value measurement.

The exchange rates of the main foreign currencies were:

| <b>Currency</b> | <b>30 September<br/>2019</b> | <b>30 September<br/>2018</b> | <b>Increase/<br/>(decrease)<br/>(%)</b> |
|-----------------|------------------------------|------------------------------|---|
| Euro (EUR)      | 1: RON 4.7511                | 1: RON 4.6637                | 1.02                                    |
| US Dollar (USD) | 1: RON 4.3488                | 1: RON 4.0210                | 1.08                                    |

The foreign exchange differences resulted from the monetary and non-monetary items are reported as follows:

- As part of "Net gains /(losses) on unrealised FX differences", recorded in "Other operating expenses" - for the FX differences registered following the revaluation of cash and cash equivalents in foreign currency;
- As part of "Net gains /(losses) on FX differences from transactions", recorded in "Other operating income";
- As part of "Net gains /(losses) from financial assets at fair value through profit or loss"- for the gains or losses from the revaluation of financial assets at fair value through profit or loss; and

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

- d) As part of "Net gains/(losses) on financial assets at fair value through other comprehensive income, net of deferred tax" - for the gains or losses on the revaluation of financial assets at fair value through other comprehensive income.

### **2.4 Use of estimates and judgements**

The preparation of the financial statements in accordance with IFRS requires the use by the management of estimates, judgments and assumptions that affect the amounts recognised in the financial statements, as well as the value of the assets and liabilities reported the next year. Estimates and assumptions associated with these are based on historical experience and other factors deemed reasonable in light of the given circumstances, and the result of this considerations represents the basis for the judgements used when establishing the accounting value of the assets and liabilities for which no other valuation sources are available. The results obtained may differ from the value of the estimates.

Estimates and underlying assumptions are periodically reviewed. The revisions of accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period in which the estimate is revised and future periods if the revision affects both current period and following periods.

Change in estimates, in its nature, is not related to prior periods and is not a correction of errors.

As an exception to the presentation of the effect of a change in the estimate presented above, if these kinds of change give rise to changes in assets and liabilities or equity, the effect of changes will be presented by adjusting assets, liabilities or equity in the period of the change.

### **2.5 General consideration regarding the accounting policies applied**

If a standard or interpretation specifically applies to a transaction, to another event or a condition, then the accounting policies applied to that element are considered selected through the application of the standard or of the respective interpretation, taking into account any implementation guidance issued by the International Accounting Standards Board ("IASB") for the standard or interpretation in question.

The change in an accounting policy is permitted only under one of the following conditions:

- the change is imposed by a standard or an interpretation;
- the change will provide more reliable and relevant information on the effects of the transactions, events and conditions.

Any significant errors afferent to the previous periods identified with regards to the recognition, valuation, presentation or disclosure of financial statements elements must be corrected retroactively in the first financial statements that are authorized for issuance, through:

- adjusting the comparatives for the previous period or periods in which the error was identified; or
- adjusting the initial balances of the assets, liabilities and equity, for the most distant period presented, if the error has occurred before the most distant period presented.

The Company has applied the Amendments starting with 1 January 2015, when after a thorough reanalysis of the criteria presented in the Amendments, the Company's management has concluded that the Company fulfils the definition stated by the standards for an investment entity. As such, the Company has changed the accounting policy regarding its investments in subsidiaries and associates, the measurement of these investments being performed at fair value through profit and loss. In accordance with IFRS 10.30, the change in accounting policies is applied prospectively, since the date of the change.

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **2.5 General consideration regarding the accounting policies applied (continued)**

#### *Subsidiaries and associates*

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed or has rights to the variable benefits that can be obtained from the involvement of the Company in the activity of its subsidiary and when the Company has the possibility to influence such benefits through the control owned over the subsidiary.

The associates are those entities over which the Company has significant influence over the financial and operational policies but does not have control, or shared control. The significant influence is determined, in each reporting period, through the analysis of the shareholder structure of the entities in which the Company owns more than 20% from the voting rights, the analysis of the constitutive acts and also of the Company's capabilities to participate in the decision making process over the financial and operational policies of the respective entity.

However, where the Company holds less than 20% of the voting rights in an entity, but it is considered a significant shareholder and exercises significant influence through representation in the Board of Directors and through participation in the decision making process regarding the policies of the respective entity, then such entity shall be considered an associate.

The Company does not exercise significant influence over a number of companies where it holds between 20% and 50% of the voting rights. The companies falling in this category are the ones where the Company's rights as minority shareholder are protective and not participating and where the majority shareholder, or the group of shareholders that hold the majority of the shares in such entity, act without considering the Company's opinions.

The investments in subsidiaries and associated entities as at 30 September 2019 are presented in Note 12.

### **2.6 Presentation of the financial statements**

The financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements". The Company has adopted a presentation based on liquidity in the *Statement of financial position* and a presentation of the revenues and expenses, according to their nature, in the *Statement of profit or loss and other comprehensive income*, considering that these methods of presentation provide information that is more relevant than other methods allowed by IAS 1 "Presentation of financial statements".

### **2.7 New accounting pronouncements - based on IASB effective date**

The Company will present in the Notes to the Annual Financial Statements the newly issued standards and interpretations which are compulsory for the financial year ended and how they affect the financial statements prepared for the respective financial year.

### **2.8 Accounting for the effect of hyperinflation**

Until 31 December 2003, Romania met the definition of a hyperinflationary economy as it is defined by the International Accounting Standard ("IAS") 29 "Financial Reporting in Hyperinflationary Economies". IAS 29 stipulates that economies should be regarded as hyperinflationary if, among other factors, the cumulative inflation rate over a period of three years exceeds 100%. IAS 29 requires that financial statements prepared on a historical cost basis be adjusted to take into account the effects of inflation, for entities reporting in hyperinflationary economies.

The Company has used the general price index reported by the Statistics National Institute of Romania in the application of IAS 29 to restate the non-monetary items from the date of acquisition or contribution.

Starting with 1 January 2004, the Romania's economy ceased to meet the criteria of hyperinflationary economy. Accordingly, starting with 1 January 2004, the Company ceased to apply IAS 29. Because of this change, the carrying amounts of assets expressed in the RON currency at 31 December 2003 formed the basis for the respective assets from 1 January 2004 onwards. The Company has restated its share capital in accordance with the requirements of IAS 29.

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

The General Meeting of Shareholders dated 28 April 2016 decided to cancel the hyperinflation effect reserve and transfer the amount to retained earnings, according to Rule 39, Section 5.1, art. 74 par. 4.

### **2.9 Financial assets and liabilities**

#### *(i) Classification*

##### *a) Financial assets at fair value through profit or loss*

**The Company classifies its investments in subsidiaries and associates, as well as the financial instruments acquired mainly for active and frequent trading, the corporate bonds and the fund units as financial assets at fair value through profit or loss.**

The Company deems financial assets at fair value through profit or loss at initial recognition those financial instruments that are not classified as held for trading but are managed, and their performance is measured on a fair value basis, in accordance with the Company's investment strategy.

The Company's policy requires the Investment Manager and the Executive Board to evaluate the information about these financial assets on a fair value basis together with other related financial information.

##### *b) Financial assets at amortised cost*

Financial assets and financial liabilities are measured at amortised cost using the effective interest method less impairment losses (for financial assets). Financial assets and liabilities at amortised cost include cash and current bank accounts, bank deposits, dividends receivable, debts to shareholders, amounts owed to service providers and other receivables and payables.

The amortised cost of a financial asset or liability is the amount at which the asset or the financial liability is measured at the time of initial recognition, minus principal payments, plus or minus the cumulative depreciation, determined based on the effective interest method, of any difference between the amount initially recognized and the maturity value, less any impairment losses.

A financial asset is measured at amortised cost if both of the following conditions are met:

- (i) the asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities at amortised cost are recognized at the time of initial recognition and are not attributable to a trading activity.

Financial assets at amortised cost are tested for impairment in accordance with IFRS 9.

For this purpose, these instruments are classified in Stage 1, Stage 2 or Stage 3, depending on their absolute or relative credit quality in terms of initial payments. Therefore:

Stage 1: includes (i) newly recognized exposures; (ii) exposures for which credit risk has not materially deteriorated since initial recognition; (iii) low credit risk exposures (reduced credit risk relief).

Stage 2: includes exposures that, although performing, have experienced a significant deterioration in credit risk since initial recognition.

Stage 3: includes impaired credit exposures.

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **2.9 Financial assets and liabilities (continued)**

For Stage 1 exposures, depreciation is equal to the expected loss calculated over a time horizon of up to one year. For Stage 2 or 3 exposures, the depreciation is equal to the expected loss calculated over a time horizon corresponding to the full duration of the exposure.

As regards bank deposits, the Company has opted to apply the low credit risk exemption in full compliance with IFRS 9.

Adjustments for impairment of receivables are based on the discounted value of the expected cash flows of the principal. In order to determine the discounted value of future cash flows, the basic requirement is to identify the estimated receipts, the payments schedule and the discounted rate used.

The Company defined as "non-performing" exposures the receivables that meet one or both of the following criteria:

- exposures for which the Company estimates that it is unlikely that the debtor will fully pay its obligations, regardless of the exposure value and the number of days for which the exposure is delayed;
- unpaid amounts.

#### *c) Financial assets at fair value through other comprehensive income*

The Company's investments in equity instruments, other than those classified as financial assets at fair value through profit or loss, are classified as financial assets at fair value through other comprehensive income. The method used to derecognise each category of financial asset at fair value through other comprehensive income is "first in, first out", given the measurement and evaluation of the Company's performance at fair value.

The available-for-sale financial assets are measured at fair value through other comprehensive income.

*Dividends received from entities in which the Company holds shares* are recognized in profit or loss account of the year when the Company has the right to receive dividends and it is probable that these will be collected.

All the other elements regarding changes in the fair value are recognized in other comprehensive income for the year until the investment is derecognized or depreciated, when the accumulated gain or loss is reclassified from other comprehensive income to a retained earnings account for the year.

*Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of the fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The Company believes that the accurate determination of the fair value is an essential requirement for presenting information that is useful to the investors and the Company's key personnel for proper decision-making purposes. In order to achieve this, a methodology was put in place to estimate the fair value of the financial instruments in compliance with the Asset Valuation Standards and the International Financial Reporting Standards on estimating the fair value (IFRS 13 "Fair value measurement").

The methodology was established separately for:

- a) Equity instruments (shares held in companies);
- b) Corporate bonds and
- c) Fund units.

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **2.9 Financial assets and liabilities (continued)**

#### *(i) Classification (continued)*

#### *c) Financial assets at fair value through other comprehensive income*

Fair value measurements are analysed by level of the fair value hierarchy as follows:

- (i) level one measurements are valuations at quoted prices (unadjusted) in active markets for identical assets or liabilities,
- (ii) level two measurements are valuations techniques using all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and
- (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

#### *(ii) Amortised cost measurement*

The amortised cost of a financial asset or liability is the amount at which the financial asset or the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method for any difference between the initial amount and the amount payable at maturity, minus any reduction from impairment of assets.

Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method.

Accrued interest income and accrued interest expense, including both accrued coupon and depreciation discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

#### *(iii) Recognition*

Financial assets and financial liabilities are initially recognised at fair value plus directly attributable transaction costs, for the financial assets and financial liabilities not carried at fair value through profit or loss.

*Transaction costs* are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

The Company initially recognises bank deposits on the date that they are originated. All other financial assets and liabilities (including assets and liabilities measured at fair value through profit or loss) are initially recognised on the transaction date.

#### *(iv) Derecognition*

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company fully derecognises a financial liability when its contractual obligations are discharged or cancelled or have expired.



## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **2.9 Financial assets and liabilities (continued)**

#### *(v) Offsetting*

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances:

- (i) in the normal course of business,
- (ii) in the event of default and
- (iii) in the event of insolvency or bankruptcy.

### **2.10 Premises and equipment**

#### *(i) Recognition and measurement*

The premises and equipment are presented at their revalued value less accumulated depreciation and provision for impairment losses. Capital expenditure on property and equipment under construction is capitalized and depreciated once the assets enter into use.

Premises and equipment are subject to revaluation with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. If there is no market based evidence of fair value, fair value is estimated using an income approach. Increases in the carrying amount arising on revaluation are credited to other comprehensive income and increase the revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and decrease the previously recognised revaluation surplus in equity while all other decreases are charged to profit or loss for the year.

The revaluation reserve for premises and equipment included in equity is transferred directly to retained earnings when the revaluation surplus is realised on the retirement or disposal of the asset.

Upon revaluation of premises and equipment, accumulated depreciation at the date of revaluation is treated as follows: accumulated depreciation at the date of revaluation is eliminated from the gross carrying amount of the asset and the gross carrying amount after the recording of revaluation is equal to its revalued amount; this method is used when a detailed valuation of the land and building portfolio is performed.

The revaluation of premises and equipment is made at fair value, which is determined based on valuations made by authorised external valuers.

The latest revaluation of the Company's land and buildings was performed by REVALTEX SRL (independent valuer – ANEVAR member), which resulted in an increased revaluation reserve by RON 3,029,268, namely by 31.13%.

Gains and/or losses from de-recognition of tangible assets is determined as difference between revenues from the sale of tangible assets and the expenses with their disposal and are recognized in profit or loss for the year (within other operating income or expenses).

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **2.10 Premises and equipment (continued)**

#### *(ii) Subsequent costs*

The amounts paid or payable, generated by the repairs and daily maintenance costs of the tangible assets owned, are recorded as expense, according to the accrual accounting principle, accordingly changing the Company's profit or loss account of the period.

The amounts paid or payable, generated by activities that lead to an increase in the value and/or the useful life of the asset, through the upgrade of the tangible assets owned, and also the activities that lead to a significant increase in the technical parameters which increase the potential of obtaining future economic benefits are capitalised in the value of the tangible assets (increasing the accounting value of that asset).

#### *(iii) Depreciation*

The depreciation expense for each reporting period is recorded in the profit or loss account.

Depreciation is calculated using the accounting value (acquisition cost or revalued value) using the straight line depreciation method, throughout the estimated useful life of the asset (starting with the date of commissioning) and is recorded as expense on a monthly basis.

Depreciation of an asset begins when the asset is available for use, when it is in the location and condition necessary for it to operate in the manner intended by management. The depreciation of an asset ceases at the earlier of the date the asset is classified as held for sale (or included in a disposal group that is classified as held for sale), in accordance with IFRS 5 *"Non-current assets held for sale and discontinued operations"* and the date that the asset is derecognised.

Each part of an item of tangible asset that presents a significant cost to the total cost of that item, shall be depreciated separately.

Depreciation methods and useful lives are established at each reporting date.

Land is not depreciated.

| <b>Categories</b>                                    | <b>Years</b> |
|--|--------------|
| Buildings  | 50           |
| Other equipment, furniture and other tangible assets | up to 12     |
| Vehicles   | up to 6      |

A tangible asset must be derecognised:

- a) upon sale, or
- b) when no future economic benefit is expected from its use or disposal.

The gain or loss that results from the derecognition of a tangible asset is included in the profit or loss account when the item is derecognised.

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **2.11 Intangible assets**

Intangible assets include software and licences.

Intangible assets acquired by the Company are initially valued at cost. Cost is represented either by the amount of cash or cash equivalents paid, or the fair value of other consideration given, to acquire the asset at the time of its acquisition.

For measurement subsequent to initial recognition, the Company applies the cost model, meaning that intangible assets are carried at cost less accumulated amortisation and impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life for software is between 1 and 3 years and licenses are amortised on the validity period, using the straight line method.

### **2.12 Impairment of non-financial assets**

At each balance sheet date, the Company must verify if there are indications of asset impairment. Where such indication exists, the Company estimates the asset's recoverable amount as the greater of its value in use and its fair value less any associated costs incurred to sell the asset.

### **2.13 Cash and cash equivalents**

Cash and cash equivalents consist of petty cash and bank accounts, including short-term deposits. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

For the purposes of preparing the statement of cash flows, cash and cash equivalents include petty cash, current bank accounts, including deposits with original maturity up to 3 months, cash in transit, other short-term financial investments that are convertible into cash at any time and that are subject to an insignificant risk of change in value and overdraft facilities as well as their accompanying receivables.

### **2.14 Trade receivables**

Trade receivables are included in the category of financial assets.

Trade receivables are carried at original invoice amount less any allowance (impairment adjustment) created for doubtful debts. The amount of impairment adjustment (adjusting for impairment) is calculated as the difference between the carrying amount and the recoverable amount.

### **2.15 Provisions**

Provisions for risks and charges are non-financial liabilities with uncertain maturity or amount.

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated.

### **2.16 Contingent liabilities and assets**

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes, unless the possibility of an outflow of economic benefits is remote.

Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **2.17 Dividends payable (at amortised cost)**

The Company records a liability to pay dividends in the year when the allocation of the profit for dividend distribution is approved by the General Meeting of Shareholders.

Dividends payable recognized in the statement of financial position are financial liabilities. The said financial liability is extinguished either by the payment of the amounts owed to the shareholders or when the obligation expires, i.e. after 3 years from the dividend payment date, if the shareholders did not collect the dividends during this period. As such, the financial liability represented by the dividends prescribed after the end of the statutory period of 3 years from the payment date, is directly reversed into the Profit or Loss and is included in "Other operating income".

### **2.18 Share capital**

Ordinary shares are classified as equity. Share capital has been restated to reflect the requirements of IAS 29 up to 1 January 2004 when Romania ceased to be a hyperinflationary economy (Note 19).

The General Meeting of Shareholders of 28 April 2016 approved to cancel the amount of RON 669,806,471 which represent hyperinflation effect and to transfer it to retained earnings, according to Rule 39/2015.

### **2.19 Trade liabilities and other liabilities**

Trade liabilities are recognised when the counterparty has performed its obligations under the contract and are carried at amortised cost.

### **2.20 Employee benefits**

#### *Short-term benefits*

Employee short-term benefits include salaries, bonuses and social security contributions. Employee short-term benefits are recognised as an expense when services are rendered.

In the normal course of business, the Company makes payments to the public pension, health care and unemployment systems. All employees of the Company are members of the State pension plan and have the legal obligation to contribute to the state scheme (through social contributions). All the contributions due by the Company are recognised in the profit or loss account of the year when the expenses are incurred.

According to the Articles of Incorporation and the Collective labour agreement, in addition to salaries and other rights under contract, the members of the Supervisory Board, the members of the Executive Board and the Company's employees have the right to receive bonuses and incentives from the profit participation fund. The Company includes these benefits in the short-term benefits.

The Company does not operate any other pension scheme and, consequently, has no obligation in respect of pensions.

### **2.21 Income tax expense**

The current income tax includes both the current income tax and deferred income tax. Income tax is recognised in profit or loss or in equity if the tax is afferent to equity components.

Current income tax is the tax payable on the taxable profits of the period, determined using the tax rates available at the balance sheet date and any adjustments related to previous periods.

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **2.22 Deferred tax**

The deferred tax is determined using the balance sheet method, based on the temporary differences arising between the tax base for calculating the tax for assets and liabilities and their carrying amount. The deferred tax is calculated using the tax rates that are expected to be applied to temporary differences when achieving the carrying amount of assets and liabilities, as it is specified in the laws in force at the reporting date.

Deferred tax receivables are recognized to the extent that will be obtained future probable taxable profits sufficient to allow the existence of these claims. Deferred tax receivables are reduced accordingly if it is considered that is not probable to obtain a related tax benefit. The main temporary differences arise from movements in the fair value and impairment of financial assets at fair value through other comprehensive income. The Company registers deferred tax liabilities from holdings classified as financial assets at fair value through other comprehensive income and from reserves from revaluation of tangible assets.

As at 30 September 2019, the tax rate used to calculate the current and deferred tax was 16% (30 September 2018: 16%).

### **2.23 Income recognition**

The revenues recorded by the Company are accounted for by their nature (operational, financial), on an accrual basis.

Revenues are measured at the fair value of the consideration received or receivable. When the result of a transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognized only to the extent of the expenses recognized that are recoverable.

### **2.24 Interest income and interest expense**

Interest income and interest expenses corresponding to financial instruments are recognised in profit or loss using the effective interest method based on accrual basis. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or expense over the relevant period.

The effective interest rate is the rate that exactly discounts the estimated future cash flows payable or receivable during the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. In order to calculate the effective interest rate, the Company estimates the cash flows, considering all contractual terms of the financial instrument, but does not account for future credit losses. The calculation includes all fees paid or received between the parties that are part of the effective interest rate, transaction costs, and all other premiums or discounts.

### **2.25 Dividend income**

Dividends from equity instruments are recognised in profit or loss as "*Dividend income*" when the Company's right to receive payment is established.

### **2.26 Gains less losses from sale of financial instruments**

- a) Gains less losses from financial assets at fair value through profit or loss

Gains less losses from financial assets at fair value through profit or loss include both changes in fair value of financial instruments resulting from marking to market and the income from the sale of these financial instruments.

## **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **2.26 Gains less losses from sale of financial instruments (continued)**

- b) Gains less losses from disposal of financial assets at fair value through other comprehensive income.

Gains less losses from disposal of financial assets at fair value through other comprehensive income include the revaluation reserve on financial assets at fair value through other comprehensive income recycled in profit or loss upon disposal of investments.

Income on the sale /disposal of investments held will be recognised at the date when the property right is transferred from seller to buyer, using the transaction date accounting.

### **2.27 Comparatives**

Where necessary, corresponding figures have been adjusted to comply with the presentation of the current year IFRS amounts.

## **3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events believed to be reasonable under the circumstances. In addition to experience and historical information, the Company also considers in evaluating these effects the current conditions in the financial industry.

### **3.1 Investment entity classification**

The Company applied the Amendments to IFRS 10, IFRS 12 and IAS 27 starting 1 January 2015 when, after considering the criteria mentioned in the Amendments, the Company's management concluded that the Company qualifies for classification as an investment entity.

The Company re-assessed in 2018 the investment entity criteria and concluded that it still meets these criteria, since the Company:

- a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

In addition, the Company has other characteristics specific to an investment entity, as follows:

#### *(a) Investment-related services*

The Company is a joint stock company, which operates as a closed-end financial investment company, directly providing investment management services for its investors; the Company's main activity is exclusively the activities specific to closed-end investment companies.

The Company does not provide advisory services and investment support or administrative services directly or through a subsidiary, to third parties and/or its investors.

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)**

**3.1 Investment entity classification (continued)**

*(b) Business purpose*

The Company's scope is to carry out business activities specific to its object of activity and to obtain profit to be distributed to shareholders and/or to own sources to finance necessary and appropriate investments, permitted by the activity object and legal provisions.

The annual strategic guidelines and the investment program approved by the Annual General Meeting of Shareholders are public information presented on the Company's official website and can be consulted anytime by third parties and/or potential investors in order to support their investment decisions in the Company.

The Company's objective is the management of the investment portfolio and the permanent identification of investment opportunities ensuring a reasonable level of the investment risk dispersion in order to offer its shareholders the opportunity to obtain attractive performance while increasing capital invested.

*(c) Exit strategy*

Starting with 1 January 2015, the Company applies an exit strategy based on continuous monitoring of the investments made under the approved investment programs and on continuous analysis of current market conditions, aiming to identify the optimal exit moments so as to achieve the objectives set by the annual revenue and expenditure budgets, respectively to achieve higher aggregate yields.

The Company applies an exit strategy adapted to the specificity of each investment category, which is defined based on the following elements: the strategy applied, the investment time horizon and the triggering factors of the exit transaction.

*(d) Fair value measurement*

As of 1 January 2015, the Company's financial investments have been measured at fair value. In the light of IFRS 9, since 1 January 2018, SIF Transilvania has classified its investments in subsidiaries and associated entities, the bonds and the fund units as financial instruments at fair value through profit or loss. The Company's investments in other equity instruments (other than subsidiaries and associated entities) are classified as financial assets at fair value through other comprehensive income and/or financial assets at fair value through profit or loss.

The fair value of the financial instruments held by SIF Transilvania is estimated using the internal procedure and the related methodology.

*(i) Implications following the classification of the Company as an investment entity*

A company that is an investment entity is not required to consolidate any of its subsidiaries, except for those subsidiaries that provide services related to investment activities.

Due to the above, the Company changed its accounting policy regarding investments in subsidiaries and associates, measuring them at fair value through profit or loss starting 1 January 2015.

When a company becomes an investment entity, the change of its status should be accounted for as a deconsolidation adjustment over its subsidiaries as they were presented in the previously prepared IFRS consolidated financial statements prepared.

### **3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)**

#### **3.1 Investment entity classification (continued)**

(d) *Fair value measurement (continued)*

(i) *Implications following the classification of the Company as an investment entity (continued)*

As a result, at 1 January 2015, the Company classified its investments in subsidiaries and associates as financial instruments at fair value through profit or loss and recognised in the statement of profit or loss of the financial year ended 31 December 2015, as a deconsolidation adjustment, the difference between their fair value as at 1 January 2015 and their carrying amounts from the consolidated financial statements prepared in accordance with IFRS for the year ended 31 December 2014.

Due to the fact that on 31 December 2014 the Company has not consolidated the subsidiaries and associates in accordance with IFRS 10 "Consolidated Financial Statements", in order to determine the deconsolidation adjustment, the Company used the carrying amounts from the stand alone financial statements prepared in accordance with IFRS for the year ended 31 December 2014.

(ii) *Disclosures*

For each unconsolidated subsidiary, an investment entity shall disclose the following information: the subsidiary's name, the principal place of business and the proportion of ownership interest held by the investment entity.

If, during the reporting period, an investment entity or any of its subsidiaries has provided financial or other support to an unconsolidated subsidiary (e.g. acquisition of assets or instruments issued by the respective subsidiary), the entity shall disclose the type and amount of support provided to each unconsolidated subsidiary and the reasons for providing such support.

### **4. DIVIDEND INCOME**

The dividend income recorded by the Company as at 30 September 2019, compared to 30 September 2018, is as follows:

| <b>Entity</b>                          | <b>30 September<br/>2019</b> | <b>%</b> | <b>30 September<br/>2018</b> | <b>%</b> |
|--|------------------------------|----------|------------------------------|----------|
| BANCA BRD - GROUPE SOCIETE GENERALE SA | 35,860,271                   | 50.50    | 35,738,412                   | 61.15    |
| S.N.G.N.ROMGAZ SA                      | 6,140,325                    | 8.65     | 7,502,595                    | 12.84    |
| VIROLA-INDEPENDENȚA SIBIU              | 3,901,118                    | 5.49     | -                            | -        |
| THR MAREA NEAGRA SA                    | 3,815,323                    | 5.37     | 652,384                      | 1.12     |
| CRISTIANA SA                           | 3,068,200                    | 4.32     | 682,675                      | 1.17     |
| TURISM FELIX SA                        | 2,916,285                    | 4.11     | 1,411,106                    | 2.41     |
| OMV PETROM SA                          | 2,649,645                    | 3.73     | 2,740,152                    | 4.69     |
| FONDUL PROPRIETATEA                    | 2,144,625                    | 3.02     | 2,434,478                    | 4.17     |
| FEPER SA                               | 1,747,893                    | 2.46     |                              |          |
| S.N. NUCLEARELECTRICA                  | 1,325,420                    | 1.87     | 1,411,173                    | 2.41     |
| SANTIERUL NAVAL ORSOVA                 | 1,256,515                    | 1.77     | 913,829                      | 1.56     |
| GASTRONOM SA                           | 1,096,656                    | 1.54     | 672,213                      | 1.15     |
| BANCA TRANSILVANIA                     | 825,022                      | 1.16     | 454,422                      | 0.78     |
| EMAILUL SA                             | 806,373                      | 1.14     | 806,373                      | 1.38     |
| BURSA DE VALORI BUCUREȘTI SA           | 729,243                      | 1.03     | 1,092,119                    | 1.87     |
| SIF OLTENIA                            | 712,385                      | 1.00     | -                            | -        |



**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019**  
**(All amounts are expressed in RON, unless otherwise stated)**

|  |                   |               |                   |               |
|--|-------------------|---------------|-------------------|---------------|
| INTERNATIONAL TRADE&LOGISTIC CENTER SA | 384,030           | 0.54          | -                 | -             |
| TRANSILVANIA LEASING ȘI CREDIT IFN SA  | 353,282           | 0.50          | 353,282           | 0.60          |
| MECANICA CODLEA SA                     | 305,593           | 0.43          | -                 | -             |
| UTILAJ GREU SA                         | 234,684           | 0.33          | 71,339            | 0.12          |
| ANTIBIOTICE IASI                       | 207,941           | 0.29          | 552,606           | 0.95          |
| CONCAS BUZAU                           | 202,054           | 0.28          | 202,054           | 0.35          |
| CONPET PLOIEȘTI                        | 89,049            | 0.13          | 15,279            | 0.03          |
| DEPOZITARUL CENTRAL SA BUC             | 75,973            | 0.11          | 51,588            | 0.09          |
| FOND INCHS DE INVESTIȚII BET-FI INVEST | 43,134            | 0.06          | 19,513            | 0.04          |
| OTP Real Estate&Construction           | 34,188            | 0.03          |                   |               |
| DIGI COMMUNICATIONS N.V.OLANDA         | 23,750            | 0.03          | 16,625            | 0.04          |
| SOFT APLICATIV ȘI SERVICII SA          | 22,603            | 0.03          | 27,568            | 0.06          |
| ALTELE                                 | 22,422            | 0.03          | 172,962           | 0.30          |
| ELECTROMAGNETICA SA                    | 20,621            | 0.05          | -                 | -             |
| OIL TERMINAL SA CONSTANȚA              | 616               | -             | 60,702            | 0.10          |
| ALUMIL ROM INDUSTRY SA BUC             | -                 | -             | 127,795           | 0.22          |
| BANCA EXIMBANK SA BUC                  | -                 | -             | 36,636            | 0.08          |
| SOC.ENERGETICA ELECTICA SA             | -                 | -             | 208,565           | 0.36          |
| CASA DE BUCOVINA CLUB DE MUNTE         | -                 | -             | 24,451            | 0.05          |
| IAR SA                                 | -                 | -             | 128,250           | 0.22          |
| <b>Total</b>                           | <b>71,015,299</b> | <b>100.00</b> | <b>58,441,074</b> | <b>100.00</b> |

**5. INTEREST INCOME**

|                                    | <b>30 September<br/>2019</b> | <b>30 September<br/>2018</b> |
|------------------------------------|------------------------------|------------------------------|
| Interest income on bank deposits   | 1,000,869                    | 503,488                      |
| Interest income on corporate bonds | 404,111                      | 596,151                      |
| <b>Total</b>                       | <b>1,404,980</b>             | <b>1,099,639</b>             |

**6. OPERATING INCOME**

|   | <b>30 September<br/>2019</b> | <b>30 September<br/>2018</b> |
|---|------------------------------|------------------------------|
| Gains on FX differences from transactions | 174,771                      | 52,004                       |
| Other operating income                    | 7,184,099                    | 6,914,271                    |
| <b>Total</b>                              | <b>7,358,870</b>             | <b>6,966,275</b>             |

**7. EMPLOYEES EXPENSE**

|                             | <b>30 September<br/>2019</b> | <b>30 September<br/>2018</b> |
|-----------------------------|------------------------------|------------------------------|
| Salary expense              | 15,443,674                   | 8,211,018                    |
| Social contribution expense | 347,502                      | 184,611                      |
| <b>Total</b>                | <b>15,791,176</b>            | <b>8,395,629</b>             |

**8. COMMISSIONS AND FEES EXPENSE**

|   | <b>30 September<br/>2019</b> | <b>30 September<br/>2018</b> |
|---|------------------------------|------------------------------|
| Commissions on the net asset value owed to the F.S.A. | 747,095                      | 709,121                      |
| Depository commissions                                | 234,771                      | 295,293                      |
| Transaction costs                                     | 191,293                      | 129,073                      |
| Financial services costs                              | 11,203                       | 11,539                       |
| Other commissions and fees                            | 24,417                       | 19,750                       |
| <b>Total</b>  | <b>1,208,779</b>             | <b>1,164,776</b>             |

**9. OPERATING EXPENSES**

|   | <b>30 September<br/>2019</b> | <b>30 September<br/>2018</b> |
|---|------------------------------|------------------------------|
| Legal expenses                                  | 835,217                      | 504,715                      |
| Other tax expenses (i)                          | 932,872                      | 869,858                      |
| Depreciation and amortization expenses          | 425,872                      | 503,445                      |
| Statutory audit and advisory expenses           | 313,792                      | 474,512                      |
| Postal and telecommunication charges            | 192,864                      | 269,818                      |
| Consumable materials expense                    | 129,679                      | 131,207                      |
| Insurance premium charges                       | 119,887                      | 125,765                      |
| Utilities expense                               | 92,417                       | 76,656                       |
| Travel expenses                                 | 58,378                       | 56,826                       |
| Protocol, donation and sponsorship expenses     | 104,116                      | 108,544                      |
| Rent  | 66,407                       | 66,519                       |
| Maintenance and repairs expenses                | 77,685                       | 32,233                       |
| Net gains/losses from unrealised FX differences | (117)                        | 210                          |
| Other expenses (ii)                             | 799,383                      | 1,082,565                    |
| <b>Total</b>                                    | <b>4,148,452</b>             | <b>4,468,431</b>             |

(i) Other tax expenses include local taxes for buildings, vehicles, land, as well as VAT collected on invoices from suppliers.

(ii) Other expenses include IT system maintenance services, security, archiving and translation services etc.

## 10. CURRENT INCOME TAX AND DEFERRED TAX

The differences between regulations issued by the Romanian Ministry of Finance and the accounting rules applied in preparing these financial statements give rise to temporary differences between the carrying value and fiscal value of certain assets and liabilities.

The deferred tax will be calculated in case of temporary differences using the tax rate applicable at the date of such differences.

Income tax is represented by:

|                            | <b>30 September<br/>2019</b> | <b>30 September<br/>2018</b> |
|----------------------------|------------------------------|------------------------------|
| Current income tax expense | 1,947,454                    | 595,244                      |
| Deferred tax income        | -                            | -                            |
| <b>Total</b>               | <b>1,947,454</b>             | <b>595,244</b>               |

### a) Corporate income tax reconciliation

|  | <b>30 September 2019</b> |
|--|--------------------------|
| <b>Profit before tax</b>                             | <b>166,172,663</b>       |
| Income tax expense at the statutory rate of 16%      | 26,587,626               |
| Tax effect of non-deductible expenses                | 7,718,151                |
| Other  | (82,035)                 |
| Tax effect of non-taxable income                     | (32,276,288)             |
| Tax effect of deductible legal reserve               | -                        |
| Income tax for the current period                    | 1,947,454                |
|  | <b>30 September 2019</b> |
| Income tax receivable as at 1 January 2019           | 4,514,733                |
| Income tax payable in the current year               | (1,947,454)              |
| <b>Income tax receivable as at 30 September 2019</b> | <b>2,567,279</b>         |

### b) Deferred tax analysed by source of temporary difference

Differences between IFRS and statutory taxation regulations in Romania give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

|   | <b>1 January 2019</b> | <b>Reversed to<br/>other<br/>comprehensive<br/>income</b> | <b>30 September<br/>2019</b> |
|---|-----------------------|---|------------------------------|
| <b>Tax effect of deductible/(taxable)<br/>temporary differences</b> |                       |   |                              |
| Fair valuation of available-for-sale<br>financial assets (Note 20)  | (27,464,322)          | (18,319,707)  | (45,784,029)                 |
| Fair valuation of tangible assets (Note<br>21)                      | (1,566,704)           | -   | (1,566,704)                  |
| <b>Net deferred tax liability</b>                                   | <b>(29,031,026)</b>   | <b>(18,319,707)</b>                                       | <b>(47,350,733)</b>          |

## **11. CASH AND CASH EQUIVALENTS**

|  | <b>30 September<br/>2019</b> | <b>31 December<br/>2018</b> |
|--|------------------------------|-----------------------------|
| Current accounts at banks, in RON              | 556,923                      | 1,350,400                   |
| Current accounts at banks, in foreign currency | 6,581,542                    | 4,526,236                   |
| Bank deposits, in RON                          | 124,719,215                  | 20,916,788                  |
| Petty cash                                     | 11,781                       | 9,553                       |
| <b>Total</b>                                   | <b>131,869,461</b>           | <b>26,802,977</b>           |

Cash and cash equivalents presented in the Statement of financial position as at 30 September 2019 and 31 December 2018 are neither past due, nor impaired.

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition: cash in hand and non-restricted deposits at banks.

The bank deposits as at 30 September 2019 and 31 December 2018 have a contractual maturity of up to 1 month.

## **12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Following the classification of the Company as an investment entity, all its investments in subsidiaries and associates have been classified as financial assets at fair value through profit or loss and, as such, the Company has recognised them at fair value starting with 1 January 2015. For the financial year 2015, the fair value differences that were recognised in the previous years as reserve for investment securities available for sale were derecognised as effect of deconsolidation.

Starting 1 January 2018, due to adoption of IFRS 9, the Company has reclassified as financial assets at fair value through profit or loss the fund units, the corporate bonds and some of the financial assets classified prior to 1 January 2018 as available for sale.

The structure of the financial assets at fair value through profit or loss as at 30 September 2019, compared to 31 December 2018, is presented as follows:

|   | <b>30 September<br/>2019</b> | <b>31 December<br/>2018</b> |
|---|------------------------------|-----------------------------|
| Shares quoted on Romanian markets, of which:  | 519,983,947                  | 484,400,088                 |
| - <i>quoted on BSE</i>                        | 232,067,508                  | 234,404,375                 |
| - <i>quoted on alternative markets (AeRO)</i> | 287,916,439                  | 249,995,714                 |
| Shares quoted on international markets        | 6,997,541                    | 4,707,300                   |
| Unquoted shares                               | 59,766,393                   | 53,582,934                  |
| Corporate bonds issued by Romanian entities   | 3,060,885                    | 10,932,862                  |
| Quoted fund units                             | 1,445,441                    | 3,459,952                   |
| Unquoted fund units                           | 29,470,066                   | 24,761,825                  |
| <b>Total</b>                                  | <b>620,724,273</b>           | <b>581,844,961</b>          |

**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019**  
**(All amounts are expressed in RON, unless otherwise stated)**

**12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)**

The investments in subsidiaries as at 30 September 2019 are as follows:

| Entity   | Fair value as at<br>30 September<br>2019 | Market<br>type | %      | Voting<br>rights<br>% |
|--|--|----------------|--------|-----------------------|
| S.I.F. TRANSILVANIA PROJECT MANAGEMENT<br>COMPANY SA | 305,575                                  | unquoted       | 99.998 | 99.998                |
| CRISTIANA SA   | 25,260,230                               | unquoted       | 99.80  | 99.80                 |
| TERRACOTTA STAR SA                                   | 0  | unquoted       | 97.48  | 97.48                 |
| ORGANE DE ASAMBLARE SA                               | 0  | AeRO           | 95.70  | 95.70                 |
| TURISM COVASNA SA                                    | 36,236,253                               | AeRO           | 93.33  | 95.15                 |
| TRATAMENT BALNEAR BUZIAȘ SA                          | 13,251,035                               | AeRO           | 91.87  | 91.87                 |
| SEMBRAZ SA   | 934,574                                  | AeRO           | 90.97  | 90.97                 |
| INTERNATIONAL TRADE&LOGISTIC CENTER SA               | 5,842,153                                | unquoted       | 87.30  | 87.30                 |
| FEPER SA   | 55,245,900                               | AeRO           | 85.80  | 96.83                 |
| ARO-PALACE SA  | 51,544,556                               | AeRO           | 85.74  | 85.74                 |
| MECANICA CODLEA SA                                   | 5,438,116                                | AeRO           | 81.07  | 81.07                 |
| TURISM, HOTELURI, RESTAURANTE MAREA<br>NEAGRĂ SA     | 52,190,736                               | BSE            | 77.71  | 77.71                 |
| ROMRADIATOARE SA BRAȘOV                              | 23,824,249                               | AeRO           | 76.51  | 76.51                 |
| TUȘNAD SA  | 19,808,667                               | AeRO           | 76.41  | 76.41                 |
| GRUP BIANCA TRANS SA                                 | 3,433,152                                | unquoted       | 70.85  | 70.85                 |
| UTILAJ GREU SA                                       | 4,179,883                                | AeRO           | 70.39  | 70.39                 |
| GASTRONOM SA   | 11,122,503                               | AeRO           | 70.29  | 70.29                 |
| TRANSILVANIA LEASING SI CREDIT IFN SA<br>BRAȘOV      | 17,911,436                               | AeRO           | 68.51  | 68.51                 |
| TURISM FELIX SA                                      | 92,819,384                               | BSE            | 63.20  | 63.20                 |
| COMCM SA CONSTANȚA                                   | 24,665,187                               | BSE            | 56.73  | 56.73                 |
| VIROLA-INDEPENDENȚA SIBIU                            | 4,823,973                                | AeRO           | 53.62  | 53.62                 |
| CASA ALBĂ INDEPENDENȚA SIBIU                         | 14,272,451                               | AeRO           | 53.35  | 53.35                 |
| INDEPENDENȚA SA                                      | 1,353,082                                | AeRO           | 53.30  | 53.30                 |
| SIBAREX SA   | 0  | unquoted       | 52.85  | 52.85                 |
| ȘANTIERUL NAVAL SA                                   | 19,418,869                               | BSE            | 50.00  | 50.00                 |
| <b>Total</b>   | <b>483,881,964</b>                       |                |        |                       |

All the Company's subsidiaries are incorporated in Romania.

**12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)**

The investments in associates as at 30 September 2019 are as follows:

| <b>Entity</b>  | <b>Fair value as at<br/>30 September<br/>2019</b> | <b>Market<br/>type</b> | <b>%</b> |
|--|---|------------------------|----------|
| CONCAS SA  | 12,312,608  | Quoted                 | 47.21    |
| SIMEC SA   | 0   | Quoted                 | 45.78    |
| NEPTUN-OLIMP SA  | 3,430,124   | Quoted                 | 41.19    |
| APOLLO ESTIVAL 2002 SA                                     | 2,048,566   | Unquoted               | 39.62    |
| PRAHOVA ESTIVAL 2002 SA                                    | 230,012   | Quoted                 | 39.62    |
| SERVICE NEPTUN 2002 SA                                     | 1,487,132   | Quoted                 | 39.62    |
| TOMIS ESTIVAL 2002 SA                                      | 635,890   | Unquoted               | 39.62    |
| TURISM LOTUS FELIX SA                                      | 19,442,611  | Unquoted               | 38.27    |
| ROMAGRIBUZ VERGULEASA SA                                   | 0   | Unquoted               | 37.30    |
| TRANSILVANIA HOTELS & TRAVEL S.A.                          | 0   | Unquoted               | 37.01    |
| HIDROMECANICA SA   | 0   | Unquoted               | 36.27    |
| FELAM SA   | 0   | Unquoted               | 36.22    |
| TRANSIL SA   | 116,109   | Unquoted               | 33.16    |
| DORNA TURISM SA  | 5,529,225   | Quoted                 | 32.01    |
| HARGHITA SA  | 0   | Unquoted               | 31.42    |
| SEMLACT SACELE SA  | 0   | Unquoted               | 30.00    |
| EMAILUL SA   | 4,650,888   | Quoted                 | 28.93    |
| SOFT APLICATIV SI SERVICII SA                              | 264,179   | Unquoted               | 28.33    |
| COMSIG SA  | 0   | Unquoted               | 27.09    |
| DUPLEX SA  | 329,772   | Quoted                 | 26.87    |
| THE FOUNDATIONS FEEDER                                     | 150,760   | Unquoted               | 26.67    |
| VERITAS PANCIU SA  | 0   | Unquoted               | 26.33    |
| LEGUME FRUCTE BUZAU S.A.                                   | 629,347   | Unquoted               | 25.23    |
| CNM PETROMIN SA CONSTANTA                                  | 0   | Unquoted               | 23.83    |
| FONDUL ROMAN DE GARANTARE A CREDITELOR<br>PT.INTREPRINDERI | 1,637,821   | Unquoted               | 23.02    |
| <b>Total</b>   | <b>52,895,044</b>                                 |                        |          |

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Corporate bonds measured at fair value through profit or loss held by the Company as at 30 September 2019, as compared to 31 December 2018, are as follows:

| Entity                 | Currency | No. of units<br>31 December<br>2018 | No. of units<br>30 September<br>2019 | Fair value<br>31 December<br>2018 | Fair value<br>30 September<br>2019 |
|------------------------|----------|-------------------------------------|--------------------------------------|-----------------------------------|------------------------------------|
| Organe de Asamblare SA | RON      | 2,200,000                           | 2,200,000                            | -                                 | -                                  |
| Sibarex SA             | RON      | 900,000                             | 900,000                              | -                                 | -                                  |
| Banca Transilvania     | EUR      | 688,362                             | 688,362                              | 2,080,693                         | 2,032,274                          |
| Certinvest             | RON      | 810                                 | 100                                  | 8,852,169                         | 1,028,611                          |
| <b>Total</b>           |          |                                     |                                      | <b>10,932,862</b>                 | <b>3,060,885</b>                   |

At 30 September 2019 the Company owned corporate bonds issued by the following entities:

- *Organe de Asamblare SA Braşov* – corporate bonds with a total nominal value of RON 5.5 million. The bonds are unquoted, non-convertible into shares and issued at a nominal value of RON 2.50 per bond, with a maturity of 48 months (maturity date: 25 January 2017) and an annual interest rate represented by the variable interest of ROBOR 3M + 2.00%. Interest payments are made on an annual basis. At 30 September 2019, the accrued interest related to these bonds is RON 835,189. The principal and interest must be repaid in full by the date of repayment, early repayment cannot be made without the written agreement of the owner. The bonds are secured by the assets owned by Organe de Asamblare. As a result of the issuer's insolvency starting August 2016, the collection of principal and interest due became unlikely, the fair value of such receivables as at 30 September 2019 being zero (31 December 2018: zero). By Civil Sentence no. 1345/SIND/15.11.2017, the Court approved the Company's reorganization plan which will run over a 3-year period. Until the date of this report, the payment obligations undertaken under the reorganization plan have been fulfilled.
- *Sibarex S.A.* – bonds with a total nominal value of RON 2.25 million. The bonds are unquoted, non-convertible into shares, issued at a nominal value of RON 2.50 per bond, having a 3-year maturity period (maturity date: 21 November 2016) and an annual interest rate resulting from the variable interest of ROBOR 6M + 2.00%. Interest payments are made quarterly. As at 30 September 2019, the accrued interest related to these bonds amounts to RON 211,247. The principal and interest must be repaid in full by the repayment date or anticipated (partial or total) upon the issuer's request. Given the Resolution of the issuer's Extraordinary General Meeting of Shareholders dated 14.11.2016 on the company's dissolution followed by liquidation, the fair value of the bonds as at 30 September 2019 is zero (31 December 2018: zero). The bonds are secured with pledge without dispossession on the production equipment up to the value of bonds underwritten and paid and plus the estimated interest for the entire period. By Civil Sentence no. 288/03.10.2017 the simplified procedure of bankruptcy and dissolution of the company was initiated.
- *Banca Transilvania* - the bonds are issued in EUR, are convertible, subordinated, unsecured, nominative and dematerialized. They are issued at a nominal value of EUR 0.60 per bond with a 7-year maturity (maturity date: 25 May 2020) and with an annual interest rate resulting from the variable interest of EURIBOR 6M +6.25%. As at 30 September 2019, the accrued interest related to these bonds amounts to RON 25,119. Interest payments are made bi-annually, on 15 January and 15 July. The bonds cannot be prepaid or redeemed before the redemption date. The unmatured bonds can be converted into shares.
- *S.A.I. Certinvest SA* – as at 30 September 2019, the bonds have a total nominal value of RON 1,000,000. The bonds are unquoted, non-convertible into shares and are issued at a nominal value of RON 10,000 per bond, with a 5-year maturity (maturity date: 12 December 2019) and with a fixed interest rate of 7% per year, payable bi-annually. S.I.F. Transilvania cashed on 18 June 2019 RON 450,000 out of the principal and on 15 July 2019 RON 6,650,000 out of the principal (according to the addendum to the initial bond prospectus). As at 30 September 2019, the interest receivable on principal was RON 14,959.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The fund units held in portfolio, measured at fair value through profit or loss, are as follows:

| Entitate  | 30 September<br>2019 |                   | 31 December<br>2018 |                   |
|---|----------------------|-------------------|---------------------|-------------------|
|   | No. of<br>units      | Fair<br>value     | No. of<br>units     | Fair<br>value     |
| Fondul Închis de Investiții Multicapital Invest               | 4,934                | 13,282,821        | 4,934               | 11,195,147        |
| Fond Închis de Investiții Bet-Fi Index Invest                 | 2,054                | 1,445,441         | 2,054               | 1,168,531         |
| Fondul Închis de Investiții Star Value                        | 13,713               | 14,435,949        | 13,713              | 12,034,255        |
| ETFS 2X Daily Long Gold                                       | -                    | -                 | 15,000              | 2,291,421         |
| Fondul Deschis de Investiții OTP Real Estate&<br>Construction | 3,276                | 1,751,296         | 3,241               | 1,532,423         |
| <b>Total</b>  | <b>23,977</b>        | <b>30,915,507</b> | <b>38,942</b>       | <b>28,221,777</b> |

## 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Starting 1 January 2018, following the adoption of IFRS 9, the Company has classified as financial assets at fair value through other comprehensive income some of its financial assets classified prior to 1 January 2018 as financial assets available for sale.

They are measured at fair value as at 30 September 2019, respectively at 31 December 2018.

The structure of the financial assets at fair value through other comprehensive income, by asset type, is the following:

|  | 30 September<br>2019 | 31 December<br>2018 |
|--|----------------------|---------------------|
| Shares quoted on Romanian markets, of which: | 522,087,026          | 393,431,869         |
| - quoted on BSE                              | 514,354,200          | 388,327,951         |
| - quoted on AeRo                             | 7,732,826            | 5,103,918           |
| Shares quoted on international markets       | -                    | -                   |
| Unquoted shares                              | 22,080,103           | 19,779,984          |
| Corporate bonds                              | -                    | -                   |
| Quoted fund units                            | -                    | -                   |
| Unquoted fund units                          | -                    | -                   |
| <b>Total</b>                                 | <b>544,167,129</b>   | <b>413,211,853</b>  |



#### 14. FINANCIAL ASSETS (AT AMORTISED COST)

"Sundry debtors" include mainly amounts arising from final court sentences. Sundry debtors are classified into Stage 1 (performing receivables) and Stage 3 (non-performing receivables). For Stage 3 sundry debtors, for which the collection is uncertain, the Company has calculated impairment adjustments.

Financial assets (at amortised cost) are presented as follows:

|  | <b>30 September<br/>2019</b> | <b>31 December<br/>2018</b> |
|--|------------------------------|-----------------------------|
| Other receivables                                    | 249,120                      | 141,739                     |
| Receivables from group companies                     | -                            | -                           |
| Dividends receivable                                 | 10,809                       | 10,610                      |
| Receivables from disposal of shares, of which:       | 1,349,945                    | 2,699,889                   |
| - <i>Biroul de Turism și Tineret S.A. ("B.T.T.")</i> | <u>1,349,945</u>             | <u>2,699,889</u>            |
| <b>Total</b>   | <b><u>1,609,874</u></b>      | <b><u>2,852,238</u></b>     |

Financial assets (at amortised cost), past due and impaired, are presented as follows:

| <b>30 September 2019</b> | <b>Receivables<br/>from group<br/>entities</b> | <b>Other<br/>receivables</b> | <b>Dividends<br/>receivable</b> | <b>Receivables<br/>from disposal<br/>of shares</b> |
|--------------------------|--|------------------------------|---------------------------------|--|
| Gross value              | 210,538  | 1,141,239                    | 152,232                         | 2,699,889  |
| Impairment adjustments   | (210,538)                                      | (892,119)                    | (141,423)                       | (1,349,845)  |
| <b>Net value</b>         | <b>-</b>                                       | <b>249,120</b>               | <b>10,809</b>                   | <b>1,349,945</b>                                   |

| <b>31 December 2018</b> | <b>Receivables<br/>from group<br/>entities</b> | <b>Other<br/>receivables</b> | <b>Dividends<br/>receivable</b> |
|-------------------------|--|------------------------------|---------------------------------|
| Gross value             | 272,148  | 252,852                      | 152,033                         |
| Impairment adjustments  | (272,148)                                      | (111,113)                    | (141,423)                       |
| <b>Net value</b>        | <b>-</b>                                       | <b>141,739</b>               | <b>10,610</b>                   |

#### 15. OTHER ASSETS

|                                   | <b>30 September<br/>2019</b> | <b>31 December<br/>2018</b> |
|-----------------------------------|------------------------------|-----------------------------|
| Consumables and other inventories | 68,470                       | 76,057                      |
| Prepayments                       | 254,060                      | 342,427                     |
| Other assets                      | <u>287,936</u>               | <u>312,789</u>              |
| <b>Total</b>                      | <b><u>610,466</u></b>        | <b><u>731,273</u></b>       |

**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019**  
**(All amounts are expressed in RON, unless otherwise stated)**

**16. TANGIBLE AND INTANGIBLE ASSETS**

|   | <b>Land and<br/>buildings</b> | <b>Plant and<br/>equipment</b> | <b>Fixtures, fittings<br/>and furniture</b> | <b>Licences</b>  | <b>Other intangible<br/>assets</b> | <b>Total</b>       |
|---|-------------------------------|--------------------------------|---|------------------|------------------------------------|--------------------|
| <i><b>Balance ast at 1 January 2019</b></i>   |                               |                                |   |                  |                                    |                    |
| <b>Gross value</b>                            | <b>13,657,692</b>             | <b>670,731</b>                 | <b>181,881</b>                              | <b>367,920</b>   | <b>806,601</b>                     | <b>15,684,825</b>  |
| <b>Accumulated depreciation</b>               | <b>(776,061)</b>              | <b>(405,664)</b>               | <b>(93,577)</b>                             | <b>(310,508)</b> | <b>(774,737)</b>                   | <b>(2,360,547)</b> |
| <b>Net carrying value</b>                     | <b>12,881,631</b>             | <b>265,067</b>                 | <b>88,304</b>                               | <b>57,412</b>    | <b>31,864</b>                      | <b>13,324,278</b>  |
| Acquisitions                                  | 49,771                        | 8,715                          | 5,373                                       | -                | -                                  | 63,859             |
| Tangible assets in progress                   | 654,252                       | -                              | -   | -                | -                                  | 654,252            |
| Advance payments for tangible assets          | 243,681                       | -                              | -   | -                | -                                  | 243,681            |
| Sales or disposals                            | (9,845)                       | -3,060                         | -548  | -                | -                                  | (13,453)           |
| Depreciation recorded during the year         | (290,300)                     | (90,855)                       | (10,274)                                    | (25,323)         | (9,121)                            | (425,873)          |
| Depreciation for the assets sold              | 2,009                         | 2,326                          | 472   | -                | -                                  | 4,807              |
| <i><b>Balance as at 30 September 2019</b></i> |                               |                                |   |                  |                                    |                    |
| <b>Gross value</b>                            | <b>14,595,551</b>             | <b>676,386</b>                 | <b>186,706</b>                              | <b>367,920</b>   | <b>806,601</b>                     | <b>16,633,164</b>  |
| <b>Accumulated depreciation</b>               | <b>(1,064,352)</b>            | <b>(494,193)</b>               | <b>(103,379)</b>                            | <b>(335,831)</b> | <b>(783,858)</b>                   | <b>(2,781,613)</b> |
| <b>Net carrying value</b>                     | <b>13,531,199</b>             | <b>182,193</b>                 | <b>83,327</b>                               | <b>32,089</b>    | <b>22,743</b>                      | <b>13,851,551</b>  |

**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019**  
**(All amounts are expressed in RON, unless otherwise stated)**

**16. TANGIBLE AND INTANGIBLE ASSETS (continued)**

|   | <b>Land and<br/>buildings</b> | <b>Plant and<br/>equipment</b> | <b>Fixtures, fittings<br/>and furniture</b> | <b>Licences</b>  | <b>Other intangible<br/>assets</b> | <b>Total</b>       |
|---|-------------------------------|--------------------------------|---|------------------|------------------------------------|--------------------|
| <i><b>Balance as at 1 January 2018</b></i>    |                               |                                |   |                  |                                    |                    |
| <b>Gross value</b>                            | <b>13,657,692</b>             | <b>640,183</b>                 | <b>170,114</b>                              | <b>364,712</b>   | <b>771,671</b>                     | <b>15,604,372</b>  |
| <b>Accumulated depreciation</b>               | <b>(388,031)</b>              | <b>(207,250)</b>               | <b>(55,767)</b>                             | <b>(295,943)</b> | <b>(770,461)</b>                   | <b>(1,717,452)</b> |
| <b>Net carrying value</b>                     | <b>13,269,661</b>             | <b>432,932</b>                 | <b>114,347</b>                              | <b>68,769</b>    | <b>1,210</b>                       | <b>13,886,920</b>  |
| Acquisitions                                  | -                             | 18,852                         | 8,533                                       | 21,539           | 34,930                             | 83,854             |
| Disposals and transfers                       | (291,023)                     | (150,624)                      | (29,527)                                    | (31,034)         | (1,236)                            | (503,444)          |
| Depreciation recorded during the year         | -                             | -                              | -   | -                | -                                  | -                  |
| Depreciation for the assets sold              | -                             | 18,852                         | 8,533                                       | 21,539           | 34,930                             | 83,854             |
| <i><b>Balance as at 30 September 2018</b></i> |                               |                                |   |                  |                                    |                    |
| <b>Gross value</b>                            | <b>13,657,692</b>             | <b>659,035</b>                 | <b>178,647</b>                              | <b>386,251</b>   | <b>806,601</b>                     | <b>15,688,226</b>  |
| <b>Accumulated depreciation</b>               | <b>(679,054)</b>              | <b>(357,874)</b>               | <b>(85,294)</b>                             | <b>(326,977)</b> | <b>(771,697)</b>                   | <b>(2,220,896)</b> |
| <b>Net carrying value</b>                     | <b>12,978,638</b>             | <b>301,161</b>                 | <b>93,353</b>                               | <b>59,274</b>    | <b>34,904</b>                      | <b>13,467,330</b>  |

The Company has no restrictions on property titles. The tangible assets have not been pledged. At the end of Q3 2019 the Company did not record contractual obligations in respect to the purchase of tangible assets.

The latest revaluation of land and buildings owned by the Company was performed at 31 December 2016 and the revaluation differences were recorded in other comprehensive income.

**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019**  
**(All amounts are expressed in RON, unless otherwise stated)**

**17. FINANCIAL LIABILITIES**

|  | <b>30 September<br/>2019</b> | <b>31 December<br/>2018</b> |
|--|------------------------------|-----------------------------|
| Trade payables                         | 347,961                      | 475,716                     |
| Dividend payables                      | 60,739,046                   | 36,341,578                  |
| Receipts in advance from third parties | 69,016                       | 69,016                      |
| Liabilities with related parties       | -                            | 13,542                      |
| Other payables                         | 2,815,620                    | -                           |
| <b>Total</b>                           | <b>63,971,643</b>            | <b>36,899,852</b>           |

**18. OTHER LIABILITIES**

|  | <b>30 September<br/>2019</b> | <b>31 December<br/>2018</b> |
|--|------------------------------|-----------------------------|
| Salaries liabilities   | 425,362                      | 458,105                     |
| Taxes payable  | 77,104                       | 528,938                     |
| Social contributions owed to the state budget  | 349,553                      | 376,856                     |
| Provisions for the benefits of employees, members of the Executive Board and Supervisory Board | -                            | 7,000,000                   |
| <b>Total</b>   | <b>852, 019</b>              | <b>8,363,899</b>            |

**19. SHARE CAPITAL**

The Company's statutory share capital as at 30 September 2019 is worth RON 218,428,666, out of which RON 218,428,666 represents the subscribed and paid-in share capital (registered with the Trade Register).

The number of outstanding shares is 2,162,443,797.

The Company's shares are common, registered, indivisible, of equal value and dematerialized, issued at the nominal value of RON 0.10 per share.

|  | <b>30 September<br/>2019</b> | <b>31 December<br/>2018</b> |
|--|------------------------------|-----------------------------|
| Share capital registered with Trade Register | 218,428,666                  | 218,428,666                 |
| Hyperinflation effect - IAS 29               | -                            | -                           |
| <b>Share capital according to IFRS</b>       | <b>218,428,666</b>           | <b>218,428,666</b>          |

**Shareholding structure as at 30 September 2019**

| <b>Shareholders</b>              | <b>Number</b>    | <b>No. of<br/>shares held</b> | <b>Percentage out of<br/>total shares (%)</b> |
|----------------------------------|------------------|-------------------------------|---|
| <b>Resident shareholders</b>     | <b>6,967,418</b> | <b>2,086,471,530</b>          | <b>95.52</b>                                  |
| individuals                      | 6,967,165        | 1,212,185,457                 | 55.49   |
| legal entities                   | 253              | 874,286,073                   | 40.03   |
| <b>Non-resident shareholders</b> | <b>2,408</b>     | <b>97,815,134</b>             | <b>4.48</b>                                   |
| individuals                      | 2,374            | 20,310,746                    | 0.93  |
| legal entities                   | 34               | 77,504,388                    | 3.55  |
| <b>TOTAL</b>                     | <b>6,969,826</b> | <b>2,184,286,664</b>          | <b>100.00</b>                                 |
| individuals                      | 6,969,639        | 1,232,496,203                 | 56.42   |
| legal entities                   | 287              | 951,790,461                   | 43.58   |

## **20. FAIR VALUE REVALUATION RESERVE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

The fair value revaluation reserve of financial assets at fair value through other comprehensive income is net of tax.

|   | <b>30 September<br/>2019</b> | <b>31 December<br/>2018</b> |
|---|------------------------------|-----------------------------|
| Gross fair value revaluation reserve of financial assets at fair value through other comprehensive income | 286,150,182                  | 171,652,011                 |
| Deferred tax liabilities  | (45,784,029)                 | (27,464,322)                |
| <b>Net reserve</b>  | <b>240,366,153</b>           | <b>144,187,689</b>          |

This Note presents the changes in the fair value revaluation reserve of financial assets at fair value through other comprehensive income.

## **21. REVALUATION RESERVE FOR PROPERTY, PLANT AND EQUIPMENT**

The last revaluation of the Company's tangible assets was performed at 31 December 2016 by REVALTEX SRL (independent valuer – ANEVAR member), which resulted in an increase in the revaluation reserve of RON 3,029,268, namely 31.13%.

The revaluation reserves cannot be distributed to shareholders as dividends.

|  | <b>Gross</b>      | <b>Deferred tax</b> | <b>Total net</b>  |
|--|-------------------|---------------------|-------------------|
| <b>Balance as at 1 January 2018</b>          | <b>11,500,350</b> | 131,647             | <b>11,631,997</b> |
| Transfer of the reserve to retained earnings | (6,923)           | -                   | (6,923)           |
| Revaluation differences                      | -                 | (488,214)           | (488,214)         |
| <b>Balance as at 31 December 2018</b>        | <b>11,493,427</b> | <b>(356,567)</b>    | <b>11,136,860</b> |
| <b>Balance as at 1 January 2019</b>          | <b>11,493,427</b> | <b>(356,567)</b>    | <b>11,136,860</b> |
| Transfer of the reserve to retained earnings | -                 | (15,942)            | (15,942)          |
| Revaluation differences                      | -                 | -                   | -                 |
| <b>Balance as at 30 September 2019</b>       | <b>11,493,427</b> | <b>(372,509)</b>    | <b>11,120,918</b> |

## **22. OTHER RESERVES**

Other reserves have been created as a result of the statutory profit allocation.

|                                      | <b>30 September<br/>2019</b> | <b>31 December<br/>2018</b> |
|--------------------------------------|------------------------------|-----------------------------|
| Legal reserve                        | 43,094,593                   | 43,094,593                  |
| Reserve from previous years' profits | 507,806,060                  | 470,628,981                 |
| Other reserves                       | 3,912,094                    | 3,912,094                   |
| <b>Total</b>                         | <b>554,812,747</b>           | <b>517,635,668</b>          |

## 23. OWN SHARES

During 22.02.2018 - 06.08.2018, the Company carried out a buy-back programme in accordance with the E.G.M.S. Resolution no. 1/15.12.2017, namely the buy-back of 21,842,867 own shares with a nominal value of RON 0.10 /share, representing maximum 1% of the share capital, within the limit of RON 6,989,717.44 allocated to this programme for the total number of shares mentioned above.

The buy-back programme was carried out through the financial services company WOOD & Company Financial Services that performed daily transactions on the market, with the following results:

1. Number of shares bought back – 21,842,867 (representing 1% of the share capital);
2. Average acquisition price – RON 0.2206 /share;
3. Total value of shares bought back – RON 4,818,103

As at 30 September 2019, the total number of own shares held by SIF Transilvania is 21,842,867, according to the E.G.M.S. Resolution no. 1/15.12.2017.

This Note presents the value of the shares bought back as at 30 September 2019.

|                        | <b>30 September 2019</b> | <b>31 December 2018</b> |
|------------------------|--------------------------|-------------------------|
| Own shares bought back | 4,818,103                | 4,818,103               |
| <b>Total</b>           | <b>4,818,103</b>         | <b>4,818,103</b>        |

## 24. TRANSACTIONS WITH RELATED PARTIES

Entities or persons are generally considered related parties if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Subsidiaries and associates are presented in Note 12.

The transactions with related parties recorded as at 30 September 2019, compared to 30 September 2018, were as follows:

| <b>Expenses with subsidiaries</b>    | <b>Transaction type</b>          | <b>30 September 2019</b> | <b>30 September 2018</b> |
|--------------------------------------|----------------------------------|--------------------------|--------------------------|
| Cristiana S.A.                       | Renting services                 | 85,257                   | 60,049                   |
| Aro Palace S.A.                      | Hotel services, Renting services | 32,215                   | 32,539                   |
| Internațional Trade Center& Logistic | Renting services                 | 31,873                   | 34,909                   |
| Turism Felix S.A.                    | Hotel services                   | 279                      | -                        |
| Turism Covasna S.A.                  | Hotel services                   | -                        | 12,495                   |
| THR Marea Neagră                     | Hotel services                   | 854                      | 283                      |
| Tratament Balnear Buziaș             | Hotel services                   | -                        | 340                      |
| <b>Total</b>                         |                                  | <b>150,478</b>           | <b>140,615</b>           |

Expenses with subsidiaries are included in "Other operating expenses", in the Statement of profit or loss and other comprehensive income.

In the third quarter of 2019, the Company did not enter into transactions with members of the Executive Board, members of the Supervisory Board, its managers or employees.

| <b>Expenses with associates</b> | <b>Transaction type</b> | <b>30 September 2019</b> | <b>30 September 2018</b> |
|---------------------------------|-------------------------|--------------------------|--------------------------|
| Turism Lotus Felix S.A.         | Hotel services          | 2,677                    | -                        |
| Transilvania Hotels&Travel S.A. | Services                | 805                      | 3,100                    |
| <b>Total</b>                    |                         | <b>3,482</b>             | <b>3,100</b>             |

## **24. TRANSACTIONS WITH RELATED PARTIES (continued)**

Dividend income from subsidiaries as at 30 September 2019, as compared to 30 September 2018, is presented as follows:

|  | <b>30 September<br/>2019</b> | <b>30 September<br/>2018</b> |
|--|------------------------------|------------------------------|
| <b>Dividend income from subsidiaries</b> |                              |                              |
| THR Marea Neagră                         | 3,815,323                    | 652,384                      |
| Cristiana SA Braşov                      | 3,068,200                    | 682,675                      |
| Virola Independența Sibiu                | 3,901,117                    | -                            |
| Turism Felix                             | 2,916,285                    | 1,411,106                    |
| Feper SA                                 | 1,747,893                    | -                            |
| Şantier Naval                            | 1,256,515                    | 913,829                      |
| Gastronom SA                             | 1,096,656                    | 672,213                      |
| Internațional Trade&Logistic SA          | 384,030                      | -                            |
| Transilvania Leasing&Credit IFN          | 353,282                      | 353,282                      |
| Mecanica Codlea SA                       | 305,593                      | -                            |
| Utilaj Greu SA                           | 234,684                      | 71,339                       |
| <b>Total</b>                             | <b>19,079,578</b>            | <b>4,756,828</b>             |

Interest income related to the corporate bonds issued by subsidiaries are included in the Statement of profit or loss and other comprehensive income on the line "Interest income" and are presented as follows for 30 September 2019 and 30 September 2018:

|  | <b>30 September<br/>2019</b> | <b>30 September<br/>2018</b> |
|--|------------------------------|------------------------------|
| <b>Interest income from subsidiaries</b> |                              |                              |
| Feper SA                                 | -                            | 37,794                       |
| <b>Total</b>                             | <b>-</b>                     | <b>37,794</b>                |

|  | <b>30 September<br/>2019</b> | <b>30 September<br/>2018</b> |
|--|------------------------------|------------------------------|
| <b>Dividend income from associates</b> |                              |                              |
| Emailul Mediaş                         | 806,373                      | 806,373                      |
| Concas Buzau                           | 202,054                      | 202,054                      |
| Soft Aplicativ şi Servicii             | 22,603                       | 27,568                       |
| <b>Total</b>                           | <b>1,031,029</b>             | <b>1,035,995</b>             |

### **Key persons with managerial responsibilities**

Salaries and indemnities, paid or payable as at 30 September 2019, compared to 30 September 2018, are presented as follows:

|                           | <b>30 September 2019</b> | <b>30 September 2018</b> |
|---------------------------|--------------------------|--------------------------|
| Supervisory Board members | 2,366,163                | 2,221,921                |
| Executive Board members   | 2,299,104                | 2,029,560                |
| Employees                 | 3,586,382                | 3,773,417                |
| Other collaborators       | 193,050                  | 186,120                  |
| <b>Total</b>              | <b>8,444,699</b>         | <b>8,211,018</b>         |

During the first semester of 2019, the gross amount of RON 7,000,000 representing variable remunerations approved by the O.G.M.S. of 24.04.2019 was paid as follows: Supervisory Board members: RON 2,119,762, Executive Board members: RON 1,966,219 and employees: RON 2,914,019.

## **25. PRESENTATION OF THE FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORIES**

For the purposes of measurement, IFRS 9 "Financial Instruments" classifies the financial assets and financial liabilities into the following categories: (a) loans and receivables measured at amortised cost; (b) financial assets measured at fair value through other comprehensive income; (c) financial assets at fair value through profit or loss; (d) financial liabilities measured at amortised cost or fair value. The following table provides a reconciliation of financial assets and financial liabilities with these measurement categories as at 30 September 2019:

|   | <b>Loans and<br/>receivables</b> | <b>Financial assets<br/>at fair value<br/>through other<br/>comprehensive<br/>income</b> | <b>Financial assets<br/>at fair value<br/>through<br/>profit or loss</b> | <b>Financial<br/>liabilities<br/>at<br/>amortised<br/>cost</b> | <b>Total</b>         |
|---|----------------------------------|--|--|--|----------------------|
| Cash and cash equivalents   | 131,869,461                      | -  | -  | -  | 131,869,461          |
| Financial assets at fair value through other comprehensive income | -                                | 544,167,129  | -  | -  | 544,167,129          |
| Financial assets at fair value through profit or loss             | -                                | -  | 620,724,273  | -  | 620,724,273          |
| Financial assets (at amortised cost)                              | 1,609,874                        | -  | -  | -  | 1,609,874            |
| <b>Total financial assets</b>                                     | <b>133,479,335</b>               | <b>544,167,129</b>   | <b>620,724,273</b>   | <b>-</b>   | <b>1,298,370,737</b> |
| Financial liabilities (at amortised cost)                         | -                                | -  | -  | 63,971,643   | 63,971,643           |
| <b>Total financial liabilities</b>                                | <b>-</b>                         | <b>-</b>   | <b>-</b>   | <b>63,971,643</b>  | <b>63,971,643</b>    |



**25. PRESENTATION OF THE FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORIES (continued)**

The table below presents a reconciliation of the financial assets and financial liabilities with the measurement categories as at 31 December 2018:

|   | <b>Loans and<br/>receivables</b> | <b>Financial assets<br/>at fair value<br/>through other<br/>comprehensive<br/>income</b> | <b>Financial assets<br/>at fair value<br/>through<br/>profit or loss</b> | <b>Financial<br/>liabilities at<br/>amortised<br/>cost</b> | <b>Total</b>         |
|---|----------------------------------|--|--|--|----------------------|
| Cash and cash equivalents   | 26,802,977                       | -  | -  | -  | 26,802,977           |
| Financial assets at fair value through other comprehensive income | -                                | 413,211,853  | -  | -  | 413,211,853          |
| Financial assets at fair value through profit or loss             | -                                | -  | 581,844,961  | -  | 581,844,961          |
| Financial assets (at amortised cost)                              | 2,852,238                        | -  | -  | -  | 2,852,238            |
| <b>Total financial assets</b>                                     | <b>29,655,215</b>                | <b>413,211,853</b>   | <b>581,844,961</b>   | <b>-</b>   | <b>1,024,712,029</b> |
| Financial liabilities (at amortised cost)                         | -                                | -  | -  | 36,899,852   | 36,899,852           |
| <b>Total financial liabilities</b>                                | <b>-</b>                         | <b>-</b>   | <b>-</b>   | <b>36,899,852</b>  | <b>36,899,852</b>    |

## **26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES FAIR VALUES**

### **26.1 Hierarchy analysis of the fair value of financial instruments measured at fair value**

In compliance with IFRS 13, according to the input data used in the valuation model, the fair value levels are defined as follows:

- Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs: unobservable inputs for the asset or liability.

To estimate the fair value that uses Level 1 inputs, the Company uses the closing prices on the domestic and/or foreign regulated trading systems.

According to the International Financial Reporting Standards, the fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Determining the significance level of the inputs in the fair value estimation process as a whole requires the use of professional judgement considering the specific factors due to the complexity of measuring such investments, as well as reflecting the fair value changes in the financial statements.

The fair value of the financial instruments held by S.I.F. Transilvania is estimated according to the valuation policy, the internal procedure and the related methodology.

The Company included the following financial instruments in the category of financial instruments whose estimated fair value uses Level 3 inputs in the fair value hierarchy:

- (i) Financial assets at fair value through other comprehensive income:
  - 1. Shares (participations in the share capital of issuers of less than 20% classified in this category);
- (ii) Financial assets at fair value through profit or loss :
  - 1. Shares (participations in the share capital of issuers of more than 20% and less than 20% classified in this category);
  - 2. Bonds and
  - 3. Fund units

The methodology for estimating the fair value takes into account the structure of the portfolio of financial instruments managed by SIF Transilvania, as well as the specifics of the investments held.

The data and information used in the process of estimating the fair value will be based on reliable and relevant sources or database, information that is relevant at the reference date. The data and information will be obtained from independent sources, if possible and appropriate.

The models used in the process of estimating the fair value depend on the quality, quantity and reliability of the available data and information as well as on the professional judgment.

For *shares* whose estimated fair value uses Level 3 inputs, the following approaches were considered:

- Market approach - comparison with transactions with shares issued by similar companies;
- Income approach - discounted cash flow method;
- Asset approach - adjusted net asset method

## **26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES FAIR VALUES (continued)**

### **26.1 Hierarchy analysis of the fair value of financial instruments measured at fair value (continued)**

For *bonds* whose estimated fair value uses Level 3 inputs, the Income approach was considered.

For *fund units* whose estimated fair value uses Level 3 inputs, the Asset approach was considered.

As at 30 September 2019, the Company had financial assets measured at fair value classified on Level 1 and Level 3 in the fair value hierarchy, as follows:

| <b>FINANCIAL ASSETS</b>   | <b>Level 1</b>     | <b>Level 3</b>     | <b>Total</b>         |
|---|--------------------|--------------------|----------------------|
| <b>Financial assets at fair value through other comprehensive income, out of which:</b> | <b>514,354,200</b> | <b>29,812,929</b>  | <b>544,167,129</b>   |
| <i>Shares</i>   | <i>514,354,200</i> | <i>29,812,929</i>  | <i>544,167,129</i>   |
| <b>Financial assets at fair value through profit or loss, out of which:</b>             | <b>239,065,049</b> | <b>381,659,224</b> | <b>620,724,273</b>   |
| <i>Shares</i>   | <i>239,065,049</i> | <i>347,682,832</i> | <i>586,747,881</i>   |
| <i>Fund units</i>   | <i>-</i>           | <i>3,060,885</i>   | <i>3,060,885</i>     |
| <i>Corporate bonds</i>  |                    | <i>30,915,507</i>  | <i>30,915,507</i>    |
| <b>Total financial assets</b>   | <b>753,419,249</b> | <b>411,472,153</b> | <b>1,164,891,402</b> |
| <b>NON-FINANCIAL ASSETS</b>   |                    |                    |                      |
| Property, plant and equipment   | -                  | 13,796,719         | 13,796,719           |
| <b>Total assets measured at fair value</b>  | <b>753,419,249</b> | <b>425,268,872</b> | <b>1,178,688,121</b> |

During Q3 2019, there were transfers between the two levels for COMCM S.A. Constanța.

**26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES FAIR VALUES (continued)**

**26.1 Hierarchy analysis of the fair value of financial instruments measured at fair value (continued)**

As at 31 December 2018, the Company had financial assets measured at fair value classified on Level 1 and Level 3 in the fair value hierarchy, as follows:

| <b>FINANCIAL ASSETS</b>   | <b>Level 1</b>     | <b>Level 3</b>     | <b>Total</b>         |
|---|--------------------|--------------------|----------------------|
| <b>Financial assets at fair value through other comprehensive income, out of which:</b> | <b>388,327,951</b> | <b>24,883,902</b>  | <b>413,211,853</b>   |
| <i>Shares</i>   | <i>388,327,951</i> | <i>24,883,902</i>  | <i>413,211,853</i>   |
| <b>Financial assets at fair value through profit or loss, out of which:</b>             | <b>239,486,182</b> | <b>342,358,780</b> | <b>581,844,961</b>   |
| <i>Shares</i>   | <i>237,194,761</i> | <i>305,495,562</i> | <i>542,690,322</i>   |
| <i>Fund units</i>   | <i>2,291,421</i>   | <i>25,930,356</i>  | <i>28,221,777</i>    |
| <i>Corporate bonds</i>  | <i>-</i>           | <i>10,932,862</i>  | <i>10,932,862</i>    |
| <b>Total financial assets</b>   | <b>627,814,132</b> | <b>367,242,682</b> | <b>995,056,814</b>   |
| <b>NON-FINANCIAL ASSETS</b>   |                    |                    |                      |
| <i>Property, plant and equipment</i>  | <i>-</i>           | <i>13,235,503</i>  | <i>13,235,503</i>    |
| <b>Total assets measured at fair value</b>  | <b>627,814,132</b> | <b>380,478,185</b> | <b>1,008,292,317</b> |

In 2018, there were transfers between the two levels for Fondul Inchis de Investitii BET-FI Index Invest.

## **26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES FAIR VALUES (continued)**

### **26.1. Hierarchy analysis of the fair value of financial instruments measured at fair value (continued)**

The Company has estimated the fair value of its investments held in companies undergoing bankruptcy, insolvency or reorganisation procedures as zero, in accordance with the F.S.A. Regulation 9/2014 and the Company's internal procedures.

During Q3 2019, the following movements in assets included in Level 3 took place:

|  | <b>Shares</b>      | <b>Bonds</b>      | <b>Fund units</b> | <b>Total</b>       |
|--|--------------------|-------------------|-------------------|--------------------|
| <b>Balance as at 1 January 2019</b>  | <b>330,379,464</b> | <b>10,932,862</b> | <b>25,930,356</b> | <b>367,242,682</b> |
| Acquisitions during Q3 2019  | -                  | -                 | 17,649            | 17,649             |
| Sales during Q3 2019   | -                  | -                 | -                 | -                  |
| Transfers from Level 3   | (1,916,914)        | -                 | -                 | (1,916,914)        |
| Transfers to Level 3   | -                  | -                 | -                 | -                  |
| Partial repayment of bonds issued by S.A.I. Certinvest                                   |                    | (7,100,000)       |                   | (7,100,000)        |
| Gain/(loss) recognised in:   |                    |                   |                   |                    |
| Net gain / (loss) from financial assets at fair value through other comprehensive income | 4,929,027          | -                 | -                 | 4,929,027          |
| Net gain / (loss) from financial assets at fair value through profit or loss             | 44,104,184         | (771,977)         | 4,967,502         | 48,299,709         |
| <b>Balance as at 30 September 2019</b>   | <b>377,495,761</b> | <b>3,060,885</b>  | <b>30,915,507</b> | <b>411,472,153</b> |

### **26.2. Financial assets and financial liabilities not recognised at fair value**

The following table summarizes the financial assets and financial liabilities that are not recognised at fair value in the statement of financial position of the Company as at 30 September 2019. Purchase prices are used to estimate the fair values of assets and sale prices are applied for liabilities.

|   | <b>Level 1</b> | <b>Level 2</b>     | <b>Level 3</b>    | <b>Total</b>       |
|---|----------------|--------------------|-------------------|--------------------|
| <b>Financial assets</b>                   |                |                    |                   |                    |
| Cash and cash equivalents (i)             | 11,781         | 131,857,680        | -                 | 131,869,461        |
| Financial assets (at amortised cost)      | -              | -                  | 1,609,874         | 6,905,688          |
| <b>Total financial assets</b>             | <b>11,781</b>  | <b>131,857,680</b> | <b>1,609,874</b>  | <b>133,479,335</b> |
| <b>Financial liabilities</b>              |                |                    |                   |                    |
| Financial liabilities (at amortised cost) | -              | -                  | 63,971,643        | 63,971,643         |
| <b>Total financial liabilities</b>        | <b>-</b>       | <b>-</b>           | <b>63,971,643</b> | <b>63,971,643</b>  |

#### **(i) Cash and cash equivalents**

Cash and cash equivalents include petty cash, current bank accounts and bank deposits with original maturity under 3 months. The fair value of short-term deposits is equal to their carrying value.

## **27. FINANCIAL RISK MANAGEMENT**

The risk management activity can be found in the Company's organizational structure and it encompasses both general and specific risks, as set forth in Law no. 297/2004, Law no. 74/2015 and NSC Regulation no. 15/2004, as further amended and supplemented.

The most important financial risks to which the Company is exposed are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate risk and equity price risk. This note provides information regarding the Company's exposure to every risk mentioned above, the Company's objectives and policies the risk assessment and risk management processes.

### **27.1 Credit risk**

Credit risk is the risk of a financial loss for the Company if a customer or counterparty of a financial instrument fails to meet its contractual obligations.

The main concentration to which the Company is exposed arises from the Company's investments in corporate bonds. The Company is also exposed to counterparty credit risk on cash and cash equivalents and other financial assets.

The maximum exposure to credit risk is represented by the carrying amounts of the financial assets recognized in the statement of financial position. The Company is not exposed to credit risk from off-balance sheet.

The credit risk related to investment activities is managed in compliance with the market risk management procedures. This risk is controlled both by the way of selecting the partners, by monitoring their activities and by monitoring the exposure limits.

Considering the fact that through its activity, the Company has long-term exposure in relation to its participation in financial and non-financial entities, the Company's management is permanently reviewing the risk the Company is exposed to by maintaining it at prudent and manageable level.

Thus, the Company's management uses from case to case, depending on the debtor/entity characteristics, appropriate instruments to reduce the credit risk and in the same time permanently monitors the debtor's financial evolution. As of today, the Company has not used derivatives in order to reduce the credit risk related to exposure to any debtor.

The maximum exposure to credit risk as at 30 September 2019 is the carrying amount of the financial assets as set out below:

|                           | <b>30 September<br/>2019</b> |
|---------------------------|------------------------------|
| Corporate bonds           | 3,060,885                    |
| Cash and cash equivalents | 131,869,461                  |
| Other financial assets    | 1,609,874                    |
| <b>Total</b>              | <b>136,540,220</b>           |

None of these financial assets is impaired or past due.

## **27. FINANCIAL RISK MANAGEMENT (continued)**

### **27.2 Market risk and position risk**

Market risk is the present or future risk of recording losses related to balance sheet and off-balance sheet due to adverse movements in market caused by changes in share prices, fluctuation of interest rates, exchange rates or price of goods. The Company's management sets the limits on the value of risk that may be accepted, which are monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

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

The Company's management permanently seeks the reduction to minimum of the possible adverse effects related to this financial risk, through an active policy of diversifying the investment portfolio and by using one or more techniques of diminishing the risk depending on the dynamics of trading places or the evolution of the market prices of the financial instruments held by the Company.

### **27.3 Concentration risk**

Concentration risk relates to all financial assets held by the Company regardless the holding period and, by diminishing this risk, the Company seeks to avoid large exposure against the same debtor/entity at the Company level.

The Company's policy on diversifying exposures is applied to the portfolio structure, the business model structure as well as to the structure of financial risks exposure. Thus, this diversifying policy implies: diversifying the portfolio by avoiding excessive exposures against the same debtor, issuer or geographical area; diversifying the business plan structure implies avoiding at Company's level excessive exposure against a specific type of business or sector; diversifying the structure of financial risks intends to avoid excessive exposure against a specific type of financial risk.

In order to reach this goal, starting 2014, the Company initiated a process of restructuring the portfolio and re-modelling the business policies. As at 30 September 2019, the portfolio recorded concentrations on the financial sector - as the main income-generating sector and on the tourism sector - due to the historical holdings of SIF Transilvania. These sectors are included in the portfolio restructuring programmes, both through sales on the market and through the reduction of their weight in total portfolio by increasing the weight of other sectors in the total portfolio.

### **27.4 Currency risk**

The Company is slightly exposed to exchange rate fluctuations, primarily in the case of shares acquired from foreign markets, foreign currency current accounts, receivables and liabilities in other currencies, as well as receivables and liabilities in RON, but which according to contracts are consolidated in relation to other currencies, usually EUR and/or USD.

The Company did not use and is not using at this time derivatives to protect itself from exchange rate fluctuations against other currencies as the capital requirements level related to this financial risk is insignificant.

By computing and monitoring foreign currency net position and foreign currency rate volatility, the Company aims to maintain a balance between foreign currency assets and liabilities against total assets and liabilities of the Company.

## **27. FINANCIAL RISK MANAGEMENT (continued)**

### **27.4 Currency risk (continued)**

The Company's financial assets and liabilities held in RON and in foreign currencies as at 30 September 2019 can be analysed as follows:

|   | <b>RON</b>           | <b>EUR</b>       | <b>GBP</b> | <b>CAD</b> | <b>USD</b>       | <b>Total</b>         |
|---|----------------------|------------------|------------|------------|------------------|----------------------|
| <b>Financial assets</b>   |                      |                  |            |            |                  |                      |
| Cash and bank accounts  | 125,287,919          | 5,945,080        | 516        | -          | 635,946          | 131,869,461          |
| Financial assets at fair value through other comprehensive income | 544,167,129          | -                | -          | -          | -                | 544,167,129          |
| Financial assets at fair value through profit or loss             | 611,543,698          | 3,926,094        | -          | -          | 5,254,481        | 620,724,273          |
| Financial assets (at amortised cost)                              | 1,599,065            | 10,809           | -          | -          | -                | 1,609,874            |
| <b>Total financial assets</b>                                     | <b>1,282,597,811</b> | <b>9,881,983</b> | <b>516</b> | <b>-</b>   | <b>5,890,427</b> | <b>1,298,370,737</b> |
| <b>Financial liabilities</b>                                      |                      |                  |            |            |                  |                      |
| Financial liabilities (at amortised cost)                         | 63,971,643           | -                | -          | -          | -                | 63,971,643           |
| <b>Total financial liabilities</b>                                | <b>63,971,643</b>    | <b>-</b>         | <b>-</b>   | <b>-</b>   | <b>-</b>         | <b>63,971,643</b>    |
| <b>Net foreign currency position</b>                              | <b>1,218,626,168</b> | <b>9,881,983</b> | <b>516</b> | <b>-</b>   | <b>5,890,427</b> | <b>1,234,399,094</b> |

### **27.4 Interest rate risk**

Interest rate risk is the current or future risk that profits and equity are negatively affected by adverse changes in interest rates. The Company's operational cash flows are affected by interest rates fluctuations, especially in the case of cash placed in bank deposits and corporate bonds.

Based on interest rate management strategy, the Company aims to optimize the gap between the assets and liabilities that are sensitive to interest rate fluctuation, overall and on time horizon, so as the impact of interest rate fluctuation on the net interest income is minimum, thus ensuring the risk impact is maintained within limits. The Company did not use and is not using at this date derivative financial instruments to protect against interest rate fluctuation.

The Company adopted risk management policies as well as a procedure on risk management, with a main focus on prudential diversification of the portfolio, in the context of both capital market regulator requirements and financial markets evolution.

The table below shows the annual interest rates obtained or offered by the Company for its interest-bearing assets and liabilities during Q3 2019:

|   | <b>RON</b>          |            | <b>EUR</b>          |            |
|---|---------------------|------------|---------------------|------------|
|   | <b>Interval Min</b> | <b>Max</b> | <b>Interval Min</b> | <b>Max</b> |
| <b>Financial assets</b>                               |                     |            |                     |            |
| Cash and cash equivalents                             | 0.60                | 2.95       | -                   | -          |
| Financial assets at fair value through profit or loss | -                   | 7.00       | 5.91                | 6.01       |

The table below presents a summary of the Company's exposure to interest rate risks. The table includes the Company's assets and liabilities at the carrying amount, categorised by the most recent date between the date of interest rate change and the maturity date.



**SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA SA**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019**  
**(All amounts are expressed in RON, unless otherwise stated)**

**27. FINANCIAL RISK MANAGEMENT (continued)**

**27.5 Interest rate risk (continued)**

| <b>30 September 2019</b>   | <b>&lt; 1 month</b> | <b>1 month -<br/>3 months</b> | <b>3 month -<br/>1 year</b> | <b>1 year -<br/>5 years</b> | <b>Non-interest<br/>bearing</b> | <b>Total</b>         |
|--|---------------------|-------------------------------|-----------------------------|-----------------------------|---------------------------------|----------------------|
| <b>Financial assets</b>  |                     |                               |                             |                             |                                 |                      |
| Cash and cash equivalents  | 131,857,680         | -                             | -                           | -                           | 11,781                          | 131,869,461          |
| Financial assets at fair value through<br>other comprehensive income | -                   | -                             | -                           | -                           | 544,167,129                     | 544,167,129          |
| Financial assets at fair value<br>through profit or loss             | -                   | -                             | 3,060,885                   | -                           | 617,663,388                     | 620,724,273          |
| Financial assets (at amortised cost)                                 | -                   | -                             | -                           | -                           | 1,609,874                       | 1,609,874            |
| <b>Total financial assets</b>  | <b>131,857,680</b>  | <b>-</b>                      | <b>3,060,885</b>            | <b>-</b>                    | <b>1,163,452,172</b>            | <b>1,298,370,737</b> |
| <b>Financial liabilities</b>   |                     |                               |                             |                             |                                 |                      |
| Financial liabilities (at amortised cost)                            | -                   | -                             | -                           | -                           | 63,971,643                      | 63,971,643           |
| <b>Total financial liabilities</b>                                   | <b>-</b>            | <b>-</b>                      | <b>-</b>                    | <b>-</b>                    | <b>63,971,643</b>               | <b>63,971,643</b>    |
| <b>Net position</b>  | <b>131,857,680</b>  | <b>-</b>                      | <b>3,060,885</b>            | <b>-</b>                    | <b>1,099,480,529</b>            | <b>1,234,399,094</b> |

## **27. FINANCIAL RISK MANAGEMENT (continued)**

### **27.6 Liquidity risk**

Liquidity risk is the current or future risk that profits and equity are negatively affected by the Company's inability to meet its obligations at maturity.

The main focus was placed on Company's ability to invest in liquid assets in a reasonable time frame, enabling the Company to face easier the challenges on the financial markets such as: high volatility, discrepancies between markets, reduced level of transactions on Bucharest Stock Exchange, inability of liquidity suppliers /market makers to perform their roles, etc.

The Company's strategy on liquidity risk management is focused on portfolio restructuring, so as the the most important weight in portfolio, both in terms of quantity and value, to be represented by assets with high liquidity.

The table below presents the financial liabilities as at 30 September 2019 according to their remaining contractual maturities. The amounts included in the table are undiscounted future cash flows. Undiscounted future cash flows are different to the amounts from the statement of financial position because the amount from the later represents discounted cash flows.

However, given that the Company's only financial liabilities are represented by trade payables, the undiscounted future cash flows are similar with the statement of financial position value of these items.

The table below presents an analysis of non-derivative financial assets at their carrying value and according to their contractual maturities. These financial assets are included in the maturity analysis according to the future expected sale day.

When the amount to be paid is not fix, the presented amount is determined based on the existing conditions at the end of the reporting period. The payments in foreign currency are translated using the exchange rate at the end of the reporting period.

**27. FINANCIAL RISK MANAGEMENT (continued)**

**27.6 Liquidity risk (continued)**

| <b>30 September 2019</b>   | <b>&lt; 1 month</b> | <b>1 month-<br/>12 months</b> | <b>1 year –<br/>5 years</b> | <b>&gt; 5 years</b>  | <b>No fixed<br/>maturity</b> | <b>Total</b>         |
|--|---------------------|-------------------------------|-----------------------------|----------------------|------------------------------|----------------------|
| <b>Financial assets</b>  |                     |                               |                             |                      |                              |                      |
| Cash and cash equivalents  | 124,719,215         | -                             | -                           | -                    | 7,150,246                    | 131,869,461          |
| Financial assets at fair value through<br>other comprehensive income | -                   | -                             | -                           | -                    | 544,167,129                  | 544,167,129          |
| Financial assets at fair value through<br>profit or loss             | -                   | 3,060,885                     | -                           | -                    | 617,663,388                  | 620,724,273          |
| Financial assets (at amortised cost)                                 | -                   | -                             | -                           | -                    | 1,609,874                    | 1,609,874            |
| <b>Total financial assets</b>  | <b>124,719,215</b>  | <b>3,060,885</b>              | <b>-</b>                    | <b>-</b>             | <b>1,170,590,637</b>         | <b>1,298,370,737</b> |
| <b>Financial liabilities</b>   |                     |                               |                             |                      |                              |                      |
| Financial liabilities (at amortised cost)                            | 172,253             | 63,799,390                    | -                           | -                    | -                            | 63,971,643           |
| <b>Total financial liabilities</b>                                   | <b>172,253</b>      | <b>63,799,390</b>             | <b>-</b>                    | <b>-</b>             | <b>-</b>                     | <b>63,971,643</b>    |
| <b>Net liquidity impact</b>  | <b>124,546,962</b>  | <b>(60,738,505)</b>           | <b>-</b>                    | <b>1,170,590,637</b> | <b>1,234,399,094</b>         |                      |

## **27. FINANCIAL RISK MANAGEMENT (continued)**

### **27.5 Business environment**

In the last years, the European financial sector faced a significant public debt crisis, triggered by major fiscal imbalance and high public debt in several European countries. Current fears that deteriorating financial conditions could contribute to a further reduction at a later stage of the investor confidence, led to a joint effort of governments and central banks to adopt special measures to counter the vicious circle of increasing risk aversion to ensure the normal operation of the market.

The Company's debtors can also be affected by the liquidity crisis that could affect their ability to meet their current liabilities. The deterioration of the operating conditions of creditors is also affecting the management of cash flow forecasts and the assessment of the impairment of financial and non-financial assets. To the extent to which that information is available, the Company's management has reflected the revised estimates of future cash flows in its investment impairment policy.

### **27.7 Capital adequacy**

As regards the financial risks to which it is exposed, SIF Transilvania applied in 2018 also a capital-based approach, according to EU Regulation no. 575/2013 on prudential requirements for credit institutions and investment firms. The impact of financial risks takes into account the size of the financial resources that are affected by the respective financial risks (resulting from dividing the level of the capital adequacy ratio by the minimum level required by law, i.e. 8%). The intention of SIF Transilvania is that the solvency ratio, determined as a ratio between capital requirements for financial risks and own funds (financial resources), is at least three times than the required minimum level (resulting in a minimum of 24% of the capital adequacy). As at 30 September 2019, SIF Transilvania registers a high level of capital adequacy ratio of 54.84%.

SIF Transilvania's own funds as at 30 September 2019, calculated in accordance with the methodology laid down in EU Regulation no. 575/2013, amounted to RON 713,286,306. SIF Transilvania's own funds are Level 1 own funds, namely share capital, reserves, retained earnings, other comprehensive income, less the deductions provided for by the same regulation.

## **28. CAPITAL MANAGEMENT**

The Company's objectives related to capital management are to protect the Company's ability to continue as a going concern in order to provide added value for shareholders and benefits for other users of information regarding the Company's activity, as well as to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may opt to adjust the amount of dividends to be paid to shareholders, to change the added value created for shareholders, to issue shares or to sell assets to reduce debt. The value of the equity managed by the Company as at 30 September 2019 was RON 1,203,225,638 lei (30 September 2018: RON 1,025,424,557).

Consistent with others in the industry, the Company monitors the capital on net asset value basis. This value is calculated as a ratio between total net assets and the number of the Company's shares issued and outstanding.

## **29. COMMITMENTS AND CONTINGENT LIABILITIES**

### **29.1. Litigations**

During 2019, the Company continued to be involved in a number of legal actions specific to the activity performed. The Company's management believes that these litigations will not have a material adverse effect on the economic and financial position of the Company as they are reflected in these financial statements. In the reporting period, the number of disputes in which the Company was engaged and the structure of these disputes were similar to those recorded in the previous year, predominant being the litigations for defending the corporate rights of the company and also litigations in which other rights of the Company are protected.

### **29.2 Contingent liabilities**

As at 30 September 2019, the Company did not record contingent liabilities.

### **30. SUBSEQUENT EVENTS**

The Extraordinary General Meeting of SIF Transilvania's Shareholders of 6 March 2019 approved the reduction of the Company's share capital, according to art. 207 para.(1) letter c) of Law no. 31/1990 by RON 2,184,286.70, from RON 218,428,666.40 to RON 216,244,379.70, due to the cancellation of 21,842,867 own shares acquired by the Company under the buy-back programme approved by the E.G.M.S. of 15.12.2017. Following the reduction of the share capital, SIF Transilvania's share capital will amount to RON 216,244,379.70, being divided into 2,162,443,797 shares with a nominal value of RON 0.10 / share.

The Extraordinary General Meeting of Shareholders of 6 March 2019 approved a new buy-back programme for the Company's own shares for the purpose of reducing the share capital, in accordance with the applicable legal provisions, according to art.207 para.(1) letter c) corroborated with art.104 para.(1) letter a) of Law no. 31/1990, under the following conditions:

- (i)** *the size of the programme* - a maximum of 163,900,000 shares with a nominal value of RON 0.10 / share, representing a maximum of 7.5% of the share capital;
- (ii)** *share acquisition price* - the minimum price shall be equal to the market price of the shares of the Company on the Bucharest Stock Exchange at the time of the purchase and the maximum price will be RON 0.32 / share;
- (iii)** *the duration of the programme* - a period of maximum 4 months from the date of publication of the E.G.M.S. Resolution in the Official Gazette of Romania-Part IV;
- (iv)** *payment of redeemed shares* - from the sources provided by the law, i.e. 32,842,800 shares will be paid in cash from the available reserves (except legal reserves) included in the last approved annual financial statements and for 131,057,200 shares - securities from the Company's portfolio will be offered in exchange;
- (v)** *programme objective*: reduction of the share capital by 163,900,000 shares, representing 7.5% of the share capital.

The public purchase offer document drafted based on the E.G.M.S. Resolution of 6 March 2019 was submitted to the F.S.A. for approval. Through Decision no. 934/18.07.2019, the F.S.A. has rejected the public offer document for the purchase of own shares.

In accordance with the proposal on profit allocation, included on the agenda of the General Meeting of Shareholders of 24 April 2019, the Company allocated the net profit achieved in 2018 as follows:

| <b>Destination</b>                                    | <b>Amount (RON)</b> |
|---|---------------------|
| 1. Legal reserves                                     | 3,200,243           |
| 2. Dividends  | 26,165,570          |
|   | (RON 0.0121/share)  |
| 3. Other reserves – own financing sources from profit | 37,177,079          |
| <b>TOTAL profit, achieved and allocated</b>           | <b>66,542,892</b>   |

The gross dividend for one share held at the record date is RON 0.0121/share, representing a yield of 5.58% by reference to SIF3 shares average trading price on BVB – REGS between 01.01.2018 and 31.12.2018.

The Company registered no other subsequent events that require adjustments or presentation in the financial statements.



# SOCIETATEA DE INVESTITII FINANCIARE TRANSILVANIA S.A.

str. Nicolae Iorga 2, Braşov, 500057, România • tel.: +4 0268 415 529, +4 0268 416 171  
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Societate administrată în sistem dualist



## According to the F.S.A. Regulation no. 9/2014

Certified by BRD - Groupe Société Générale S.A. Bucharest

| STATEMENT OF ASSETS AND LIABILITIES OF S.I.F. TRANSILVANIA |   |                    |                   |
|--|---|--------------------|-------------------|
| as of September 30, 2019                                   |   |                    |                   |
|  |   | RON                | % of total assets |
| <b>1</b>   | <b>NON-CURRENT ASSETS, of which:</b>  | <b>266,569,937</b> | <b>20.27</b>      |
| 1.1  | Intangible Assets   | 54,832             | 0.00              |
| 1.2  | Tangible Assets   | 13,796,719         | 1.05              |
| 1.3  | Financial Non-Current Assets, of which:   | 252,718,386        | 19.21             |
| 1.3.1  | Listed Shares   | 140,413,560        | 10.68             |
| 1.3.2  | Unlisted Shares   | 81,515,967         | 6.20              |
| 1.3.3  | Government Securities   | 0                  | 0.00              |
| 1.3.4  | Certificates of Deposit   | 0                  | 0.00              |
| 1.3.5  | Bank Deposits (Guarantees)  | 4,211              | 0.00              |
| 1.3.6  | Municipal Bonds   | 0                  | 0.00              |
| 1.3.7  | Corporate Bonds (including Accrued Interest)  | 3,046,377          | 0.23              |
| 1.3.8  | Newly Issued Securities   | 0                  | 0.00              |
| 1.3.9  | UCITS and/or non-UCITS Equity Securities  | 27,718,771         | 2.11              |
| 1.3.10   | Other Non-Current Financial Assets - Total, of which:   | 19,500             | 0.00              |
| 1.3.10.1   | Shares and Bonds from subscription to public offerings, share capital increases and bond issues (subscribed amount) | 0                  | 0.00              |
| 1.3.10.2   | Shares from dividend capitalization (valued amount)   | 0                  | 0.00              |
| 1.3.10.3   | Shares Receivable (valued amount)   | 0                  | 0.00              |
| 1.3.10.4   | Other Non-Current Financial Assets  | 19,500             | 0.00              |

|          |   |                      |               |
|----------|---|----------------------|---------------|
| <b>2</b> | <b>CURRENT ASSETS, of which:</b>  | <b>1,048,576,037</b> | <b>79.72</b>  |
| 2.1      | Inventory   | 68,470               | 0.01          |
| 2.2      | Receivables- Total, of which:   | 4,424,682            | 0.34          |
| 2.2.1.   | Bills of Exchange Receivable  | 0                    | 0.00          |
| 2.2.2.   | Dividends or Other Receivable Rights  | 2,699,889            | 0.21          |
| 2.2.3.   | Amounts Receivable from the sale of shares with settlement date in the next month | 0                    | 0.00          |
| 2.2.4.   | Other Receivables   | 1,724,793            | 0.13          |
| 2.3      | Cash and Cash Equivalents   | 7,152,033            | 0.54          |
| 2.4      | Short-term Financial Investments, of which:                                       | 934,584,455          | 71.05         |
| 2.4.1    | Listed Shares   | 888,680,490          | 67.56         |
| 2.4.2    | Unlisted Shares   | 0                    | 0.00          |
| 2.4.3    | Municipal Bonds   | 0                    | 0.00          |
| 2.4.4    | Corporate Bonds   | 0                    | 0.00          |
| 2.4.5    | UCITS and/or non-UCITS Equity Securities  | 45,903,965           | 3.49          |
| 2.4.6    | Preference Rights   | 0                    | 0.00          |
| 2.5      | Newly Issued Securities   | 0                    | 0.00          |
| 2.6      | Government Securities   | 0                    | 0.00          |
| 2.7      | Bank Deposits   | 124,719,215          | 9.48          |
| 2.8      | Certificates of Deposit   | 0                    | 0.00          |
| 2.9      | Other Current Assets  | -22,372,818          | -1.70         |
| <b>3</b> | <b>Derivatives</b>  | <b>0</b>             | <b>0.00</b>   |
| <b>4</b> | <b>Prepaid Expenses</b>   | <b>254,059</b>       | <b>0.02</b>   |
| <b>5</b> | <b>TOTAL ASSETS</b>   | <b>1,315,400,033</b> | <b>100.00</b> |
| <b>6</b> | <b>TOTAL LIABILITIES, of which:</b>   | <b>112,174,395</b>   |               |
| 6.1      | Debenture Loans   | 0                    |               |
| 6.2      | Amounts Owed to Credit and Leasing Institutions                                   | 0                    |               |
| 6.3      | Advance Payments from Customers   | 69,016               |               |

|           |  |                      |  |
|-----------|--|----------------------|--|
| 6.4       | Trade Liabilities  | 73,862               |  |
| 6.5       | Bills of Exchange Payable  | 0                    |  |
| 6.6       | Amounts Owed to Group Companies  | 0                    |  |
| 6.7       | Amounts Owed related to Participation Interests  | 0                    |  |
| 6.8       | Other Liabilities-Total, of which:   | 112,031,517          |  |
| 6.8.1     | Dividends Payable  | 60,739,046           |  |
| 6.8.2     | Amounts Subscribed and not paid-in to share capital increases and bond issues  | 0                    |  |
| 6.8.3     | Amounts Payable for Acquisition of Shares with settlement date in the next month                                     | 2,815,620            |  |
| 6.8.4     | Other Liabilities  | 48,476,851           |  |
| <b>7</b>  | <b>PROVISIONS FOR EXPENSES AND TAXES</b>   | <b>0</b>             |  |
| <b>8</b>  | <b>DEFERRED INCOME, of which:</b>  | <b>0</b>             |  |
| 8.1       | Investment Subsidies   | 0                    |  |
| 8.2       | Deferred income  | 0                    |  |
| <b>9</b>  | <b>SHAREHOLDERS' EQUITY, of which:</b>   | <b>1,203,225,638</b> |  |
| 9.1       | Subscribed and Paid-in Share Capital   | 218,428,666          |  |
| 9.2       | Changes in the Fair Value of non-monetary financial assets measured at fair value through other comprehensive income | 240,366,153          |  |
| 9.3       | Premium related to Capital   | 0                    |  |
| 9.4       | Revaluation Differences  | 11,120,918           |  |
| 9.5       | Reserves   | 554,812,747          |  |
| 9.6       | Retained Earnings  | 19,090,048           |  |
| 9.6.1     | Retained Earnings (including from the application of IFRS 9)   | 19,090,048           |  |
| 9.6.2     | Retained Earnings- Profit Carried Forward  | 0                    |  |
| 9.7       | Profit (loss) for the Period   | 164,225,209          |  |
| 9.8       | Profit Appropriation (to be deducted)  | 0                    |  |
| 9.9       | Own shares   | -4,818,103           |  |
| <b>10</b> | <b>Total Liabilities and Shareholders' Equity</b>  | <b>1,315,400,033</b> |  |



|      |  |               |  |
|------|--|---------------|--|
| 11   | NET ASSET VALUE  | 1,203,225,638 |  |
| 12   | NUMBER OF SHARES ISSUED AND OUTSTANDING **   | 2,162,443,797 |  |
| 13   | NET ASSET VALUE PER SHARE (RON/share)  | 0.5564        |  |
| 14   | Number of Companies in Portfolio- total, of which:                                 | 100           |  |
| 14.1 | Companies Admitted to trading on a Regulated Market                                | 27            |  |
| 14.2 | Companies Admitted to trading on an Alternative Trading System                     | 31            |  |
| 14.3 | Companies not Admitted to Trading  | 42            |  |
| 15   | Number of Companies for which Financial Statements have not been available*        | 0             |  |
| 16   | Number of Investment Funds in which the Company holds Fund Units- total, of which: | 4             |  |
| 16.1 | Number of Open-End Investment Funds in which the Company holds Fund Units          | 1             |  |
| 16.2 | Number of Closed-End Investment Funds in which the Company holds Fund Units        | 3             |  |

\* These companies are included in NAV at nil value.

\*\* According to art. 123 par. (3) of the F.S.A. Regulation no. 9/2014 regarding the NAV per share calculation, this position represents: "the number of shares issued and outstanding as at such date, excluding own shares redeemed by the Company"

Note: The methodology for the calculation of the net asset value is available on the Company's website: [www.siftransilvania.ro](http://www.siftransilvania.ro) – "Rules and methods regarding the valuation of S.I.F. Transilvania's financial assets".

**EXECUTIVE PRESIDENT/CEO**

Mihai FERCALĂ

**Certified by the Depository Company**

**BRD-Groupe Société Générale S.A. Bucharest**  
Director Claudia IONESCU

**MEMBER OF THE EXECUTIVE BOARD/  
DIRECTOR**

Stefan SZITAS

**FINANCIAL MANAGER,**

Diana VERES

**PORTFOLIO MANAGEMENT DIVISION**

MANAGER,  
Sorin Ion RADULESCU

This is a translation of the "Statement of assets and liabilities of SIF Transilvania as at 30.09.2019" which was prepared in Romanian. In case of discrepancies between the Romanian version and the English version, the Romanian version shall prevail.



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Societate administrată în sistem dualist



**According to Annex no. 17  
to the N.S.C. Regulation 15/2004**

**REPORT AS AT 30 SEPTEMBER 2019  
Statement of Assets**

RON 1,043,282,311 Total Assets (Annex 16) = RON 1,315,400,033

RON 975,987,534 Net Assets (Annex 16) = RON 1,203,225,638

| Item   |   | Beginning of the reporting period |                   |                                |               | End of the reporting period |                   |                                |               | Differences |
|--------|---|-----------------------------------|-------------------|--------------------------------|---------------|-----------------------------|-------------------|--------------------------------|---------------|-------------|
|        |   | % of net assets                   | % of total assets | Currency - (equivalent in RON) | RON           | % of net assets             | % of total assets | Currency - (equivalent in RON) | RON           | RON         |
| 1      | 2   | 3                                 | 4                 | 5                              | 6             | 7                           | 8                 | 9                              | 10            | 11          |
| I.     | Total assets  | 106.90                            | 100.00            | 13,750,907                     | 1,029,531,404 | 109.32                      | 100.00            | 15,728,056                     | 1,299,671,978 | 272,117,723 |
| 1.     | Securities and money market instruments, of which:  | 88.76                             | 83.03             | 4,707,300                      | 861,531,298   | 85.53                       | 78.23             | 6,997,541                      | 1,022,096,508 | 162,855,452 |
| 1.1.   | Securities and money market instruments admitted or traded on a regulated market in Romania, of which:        | 88.27                             | 82.58             | -                              | 861,531,298   | 84.95                       | 77.70             | -                              | 1,022,096,508 | 160,565,211 |
| 1.1.1. | - shares  | 88.27                             | 82.58             | -                              | 861,531,298   | 84.95                       | 77.70             | -                              | 1,022,096,508 | 160,565,211 |
| 1.1.2. | - bonds   | -                                 | -                 | -                              | -             | -                           | -                 | -                              | -             | -           |
| 1.2.   | Securities and money market instruments admitted or traded on a regulated market in a member state, of which: | 0.07                              | 0.07              | 713,577                        | -             | 0.14                        | 0.13              | 1,743,060                      | -             | 1,029,483   |



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|        |  |      |      |           |            |       |      |           |             |             |
|--------|--|------|------|-----------|------------|-------|------|-----------|-------------|-------------|
| 1.2.1. | - shares   | 0.07 | 0.07 | 713,577   | -          | 0.14  | 0.13 | 1,743,060 | -           | 1,029,483   |
| 1.2.2. | - bonds  | -    | -    | -         | -          | -     | -    | -         | -           | -           |
| 1.3.   | Securities and money market instruments admitted to a stock exchange in a non-member state or negotiated on another regulated market in a non-member state | 0.41 | 0.38 | 3,993,723 | -          | 0.44  | 0.40 | 5,254,481 | -           | 1,260,759   |
| 1.3.1. | - shares   | 0.41 | 0.38 | 3,993,723 | -          | 0.44  | 0.40 | 5,254,481 | -           | 1,260,759   |
| 1.3.2. | - bonds  | -    | -    | -         | -          | -     | -    | -         | -           | -           |
| 2.     | Newly issued securities  | -    | -    | -         | -          | -     | -    | -         | -           | -           |
| 3.     | Other securities and money market instruments referred to in art. 187 indent a), of which:   | 8.52 | 7.97 | 2,215,340 | 80,970,430 | 7.03  | 6.43 | 2,138,164 | 82,424,180  | 1,376,574   |
| 3.1.   | - securities: unlisted shares  | 7.49 | 7.00 | 234,682   | 72,844,022 | 6.77  | 6.20 | 150,759   | 81,365,208  | 8,437,263   |
| 3.2.   | - unlisted bonds   | 1.04 | 0.97 | 1,980,658 | 8,126,408  | 0.25  | 0.23 | 1,987,405 | 1,058,973   | -7,060,689  |
| 4.     | Bank deposits, of which:   | 2.14 | 2.00 | -         | 20,916,788 | 10.37 | 9.48 | -         | 124,719,215 | 103,802,427 |
| 4.1.   | bank deposits held at credit institutions in Romania, total, of which:   | 2.14 | 2.00 | -         | 20,916,788 | 10.37 | 9.48 | -         | 124,719,215 | 103,802,427 |
| 4.1.1. | - bank deposits in RON   | 2.14 | 2.00 | -         | 20,916,788 | 10.37 | 9.48 | -         | 124,719,215 | 103,802,427 |
| 5.     | Derivatives traded on a regulated market   | -    | -    | -         | -          | -     | -    | -         | -           | -           |
| 6.     | Current bank accounts and cash, total, of which:   | 0.60 | 0.56 | 4,526,236 | 1,359,953  | 0.59  | 0.54 | 6,581,542 | 570,491     | 1,265,844   |
| 6.1.   | in RON   | 0.14 | 0.13 | -         | 1,359,953  | 0.05  | 0.04 | -         | 570,491     | -789,462    |
| 6.2.   | in USD, equivalent in RON  | 0.07 | 0.06 | 651,797   | -          | 0.05  | 0.05 | 635,946   | -           | -15,852     |
| 6.3.   | in EUR, equivalent in RON  | 0.40 | 0.37 | 3,873,938 | -          | 0.49  | 0.45 | 5,945,080 | -           | 2,071,142   |
| 6.4.   | in GBP, equivalent in RON  | 0.00 | 0.00 | 501       | -          | 0.00  | 0.00 | 517       | -           | 16          |



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|      |   |       |       |           |            |       |       |        |            |            |
|------|---|-------|-------|-----------|------------|-------|-------|--------|------------|------------|
| 7.   | Money market instruments, other than those traded on a regulated market, in accordance with article 101 paragraph (1) indent g) of Law no. 297/2004 - Government securities | 0.00  | 0.00  | -         | 0          | 0.00  | 0.00  | -      | 0          | 0          |
| 8.   | Equity securities held with NON-UCITS/ UCITS, total, of which:  | 7.55  | 7.07  | 2,291,421 | 71,438,676 | 6.12  | 5.60  | -      | 73,622,736 | -107,361   |
| 8.1. | Shares listed on BSE  | 4.66  | 4.36  | -         | 45,508,320 | 3.55  | 3.25  | -      | 42,707,229 | -2,801,092 |
| 8.2. | Fund units – Investment Funds   | 2.89  | 2.71  | 2,291,421 | 25,930,356 | 2.57  | 2.35  | -      | 30,915,507 | 2,693,730  |
| 9.   | Other assets (amounts in transit, amounts at distributors, amounts at financial investment service firms, tangible and intangible assets, receivables, etc.)                | -0.68 | -0.64 | 10,610    | -6,685,740 | -0.31 | -0.29 | 10,809 | -3,761,152 | 2,924,787  |

**Net Asset Value per Share**

| Item  | 30.09.2019    | 28.09.2018    | Differences |
|---|---------------|---------------|-------------|
| <b>Net Asset Value</b>  | 1,203,225,638 | 1,025,418,869 | 177,806,769 |
| <b>Number of shares issued and outstanding<sup>**) </sup></b> | 2,162,443,797 | 2,162,443,797 | 0           |
| <b>Net Asset Value per share (RON/share)</b>                  | 0.5564        | 0.4742        | 0.0822      |

<sup>\*\*)</sup>  According to art. 123, paragraph (3) of the F.S.A. Regulation no. 9/2014 regarding the NAV /share calculation, this position represents: "number of shares issued and outstanding as at such date, excluding own shares repurchased by the Company".



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## Detailed Statement of Investments

### Securities admitted or traded on a regulated market in Romania

| No.  | Issuer   | Symbol | Date of last trading session | No. of shares held | Nominal value RON/share | Share value RON/share | Total value - RON - | Weight in the issuer's share capital % | Weight in the S.I.F. total assets % | Weight in the S.I.F. net assets % |
|--|--|--------|------------------------------|--------------------|-------------------------|-----------------------|---------------------|--|-------------------------------------|-----------------------------------|
| <b>Securities and money market instruments admitted or traded on a regulated market in Romania</b> |  |        |                              |                    |                         |                       |                     |  |                                     |                                   |
| 1  | ALUMIL ROM INDUSTRY BUCURESTI                    | ALU    | 30/09/2019                   | 323,367            | 0.2000                  | 0.7000                | 226,356.90          | 1.035                                  | 0.02                                | 0.02                              |
| 2  | ANTIBIOTICE                                      | ATB    | 30/09/2019                   | 21,907,119         | 0.1000                  | 0.5100                | 11,172,630.69       | 3.263                                  | 0.85                                | 0.93                              |
| 3  | ARMAX GAZ SA                                     | ARAX   | 30/06/2017                   | 88,135             | 10.0000                 | 0.0000                | 0.00                | 1.435                                  | 0.00                                | 0.00                              |
| 4  | ARO-PALACE SA                                    | ARO    | 16/09/2019                   | 345,704,600        | 0.1000                  | 0.2500                | 86,426,150.00       | 85.740                                 | 6.57                                | 7.18                              |
| 5  | BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI | BRD    | 30/09/2019                   | 23,103,889         | 1.0000                  | 14.3200               | 330,847,690.48      | 3.315                                  | 25.15                               | 27.50                             |
| 6  | BANCA TRANSILVANIA SA                            | TLV    | 30/09/2019                   | 8,493,155          | 1.0000                  | 2.4000                | 20,383,572.00       | 0.163                                  | 1.55                                | 1.69                              |
| 7  | BIROUL DE TURISM PENTRU TINERET (BTT) SA         | BIBU   | 27/09/2019                   | 576,540            | 2.5000                  | 0.0000                | 0.00                | 10.644                                 | 0.00                                | 0.00                              |
| 8  | BURSA DE VALORI BUCURESTI SA                     | BVB    | 30/09/2019                   | 681,769            | 10.0000                 | 27.0000               | 18,407,763.00       | 8.470                                  | 1.40                                | 1.53                              |
| 9  | CASA ALBA INDEPENDENTA SIBIU                     | CAIN   | 13/08/2019                   | 782,468            | 2.5000                  | 18.2403               | 14,272,451.06       | 53.348                                 | 1.09                                | 1.19                              |
| 10   | CASA DE BUCOVINA-CLUB DE MUNTE SA                | BCM    | 24/09/2019                   | 6,434,481          | 0.1000                  | 0.0785                | 505,106.76          | 3.845                                  | 0.04                                | 0.04                              |
| 11   | COCOR SA   | COCR   | 03/07/2019                   | 30,911             | 40.0000                 | 175.8731              | 5,436,413.39        | 10.246                                 | 0.41                                | 0.45                              |
| 12   | COMCM SA CONSTANTA                               | CMCM   | 25/09/2019                   | 134,049,930        | 0.1000                  | 0.1840                | 24,665,187.12       | 56.725                                 | 1.88                                | 2.05                              |
| 13   | COMPA SA SIBIU                                   | CMP    | 30/09/2019                   | 3,353,936          | 0.1000                  | 0.7900                | 2,649,609.44        | 1.533                                  | 0.20                                | 0.22                              |
| 14   | CONCAS SA  | CONK   | 17/10/2013                   | 336,756            | 2.5000                  | 36.5624               | 12,312,607.57       | 47.207                                 | 0.94                                | 1.02                              |
| 15   | CONDMAG BRASOV                                   | COMI   | 30/09/2019                   | 19,000,000         | 0.1000                  | 0.0105                | 199,500.00          | 4.982                                  | 0.02                                | 0.02                              |
| 16   | CONPET SA PLOIESTI                               | COTE   | 30/09/2019                   | 12,552             | 3.3000                  | 79.8000               | 1,001,649.60        | 0.145                                  | 0.08                                | 0.08                              |

CUI / CIF: RO 3047687 • R.C. J08/3306/92 • Capital social subscris şi vărsat: 218.428.666,40 lei • Număr Registru A.S.F.: PJR09SIIR/080004/06.03.2006  
IBAN: RO08 RNCB 0053 0085 8144 0001, BCR Braşov • Codul LEI (Legal Entity Identifier): 254900E2IL36VM93H128  
Autorizată ca A.F.I.A. conform Autorizaţiei A.S.F. nr. 40/15.02.2018 • Înscrisă în Registrul A.S.F. cu nr. PJR07AFIAA/080005/15.02.2018



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|    |                              |      |            |             |         |         |               |        |      |      |
|----|------------------------------|------|------------|-------------|---------|---------|---------------|--------|------|------|
| 17 | DIGI Communications N.V.     | DIGI | 30/09/2019 | 50,000      | 0.0100  | 29.9000 | 1,495,000.00  | 0.141  | 0.11 | 0.12 |
| 18 | DORNA TURISM SA              | DOIS | 09/08/2019 | 455,793     | 2.5000  | 12.1310 | 5,529,224.88  | 32.014 | 0.42 | 0.46 |
| 19 | DUPLEX SA                    | DUPX | 03/07/2019 | 32,772      | 2.5000  | 10.0626 | 329,771.53    | 26.867 | 0.03 | 0.03 |
| 20 | ELECTROMAGNETICA S.A.        | ELMA | 30/09/2019 | 5,426,452   | 0.1000  | 0.1395  | 756,990.05    | 0.803  | 0.06 | 0.06 |
| 21 | EMAILUL SA                   | EMAI | 23/08/2019 | 729,551     | 2.5000  | 12.0000 | 8,754,612.00  | 28.926 | 0.67 | 0.73 |
| 22 | FEPER SA                     | FEP  | 29/07/2019 | 312,123,729 | 0.1000  | 0.1770  | 55,245,900.03 | 85.800 | 4.20 | 4.59 |
| 23 | GASTRONOM SA                 | GAOY | 03/09/2019 | 215,453     | 2.5000  | 58.0000 | 12,496,274.00 | 70.288 | 0.95 | 1.04 |
| 24 | INDEPENDENTA SA              | INTA | 13/09/2019 | 1,530,636   | 2.5000  | 5.8500  | 8,954,220.60  | 53.301 | 0.68 | 0.74 |
| 25 | LEGMAS SA                    | LGMS | 26/07/2019 | 175,429     | 2.5000  | 0.7089  | 124,361.62    | 7.276  | 0.01 | 0.01 |
| 26 | LIDO SA                      | LIDO | 20/09/2019 | 409,710     | 0.1000  | 0.7550  | 309,331.05    | 3.309  | 0.02 | 0.03 |
| 27 | MECANICA CODLEA SA           | MEOY | 23/08/2019 | 60,156,150  | 0.1000  | 0.0790  | 4,752,335.85  | 81.072 | 0.36 | 0.39 |
| 28 | MECON SA                     | MECP | 03/07/2019 | 58,966      | 11.6000 | 26.1670 | 1,542,963.32  | 12.284 | 0.12 | 0.13 |
| 29 | NEPTUN-OLIMP SA              | NEOL | 03/07/2019 | 30,194,757  | 0.1000  | 0.1136  | 3,430,124.40  | 41.185 | 0.26 | 0.29 |
| 30 | OIL TERMINAL                 | OIL  | 30/09/2019 | 8,249,697   | 0.1000  | 0.2750  | 2,268,666.68  | 1.416  | 0.17 | 0.19 |
| 31 | OMV PETROM SA BUCURESTI      | SNP  | 30/09/2019 | 112,821,047 | 0.1000  | 0.4225  | 47,666,892.36 | 0.199  | 3.62 | 3.96 |
| 32 | ORGANE DE ASAMBLARE SA       | ORAS | 03/07/2019 | 129,845,110 | 0.1000  | 0.0000  | 0.00          | 95.697 | 0.00 | 0.00 |
| 33 | PRAHOVA ESTIVAL 2002 SA      | PRAH | 23/08/2019 | 1,288,584   | 0.1000  | 0.8800  | 1,133,953.92  | 39.624 | 0.09 | 0.09 |
| 34 | PROSPECTIUNI SA BUCURESTI    | PRSN | 27/09/2019 | 41,129,011  | 0.1000  | 0.0635  | 2,611,692.20  | 5.728  | 0.20 | 0.22 |
| 35 | ROMRADIATOARE SA BRASOV      | RRD  | 03/07/2019 | 11,477,141  | 1.6300  | 2.0758  | 23,824,249.29 | 76.514 | 1.81 | 1.98 |
| 36 | S.N. NUCLEARELECTRICA        | SNN  | 30/09/2019 | 1,110,187   | 10.0000 | 13.3200 | 14,787,690.84 | 0.368  | 1.12 | 1.23 |
| 37 | S.N.G.N. ROMGAZ S.A.         | SNG  | 30/09/2019 | 1,560,000   | 1.0000  | 36.9500 | 57,642,000.00 | 0.405  | 4.38 | 4.79 |
| 38 | SANTIERUL NAVAL CONSTANTA SA | SNC  | 26/09/2019 | 471,605     | 2.5000  | 3.5800  | 1,688,345.90  | 0.726  | 0.13 | 0.14 |
| 39 | SANTIERUL NAVAL SA           | SNO  | 30/09/2019 | 5,711,432   | 2.5000  | 3.4000  | 19,418,868.80 | 50.000 | 1.48 | 1.61 |
| 40 | SEMBRAZ SA                   | SEBZ | 08/03/2017 | 719,900     | 2.0000  | 1.2982  | 934,574.18    | 90.968 | 0.07 | 0.08 |
| 41 | SERVICE NEPTUN 2002 SA       | SECE | 23/08/2019 | 3,610,420   | 0.1000  | 2.0000  | 7,220,840.00  | 39.624 | 0.55 | 0.60 |
| 42 | SIMEC SA                     | SIMI | 18/12/2017 | 197,044     | 2.5000  | 0.0000  | 0.00          | 45.775 | 0.00 | 0.00 |



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|  |  |      |            |             |         |          |                      |        |              |              |
|--|--|------|------------|-------------|---------|----------|----------------------|--------|--------------|--------------|
| 43   | SOCIETATEA ENERGETICA ELECTRICA SA               | EL   | 30/09/2019 | 407,230     | 10.0000 | 11.0500  | 4,499,891.50         | 0.118  | 0.34         | 0.37         |
| 44   | TRANSGAZ SA                                      | TGN  | 30/09/2019 | 846         | 10.0000 | 365.0000 | 308,790.00           | 0.007  | 0.02         | 0.03         |
| 45   | TRANSILVANIA LEASING SI CREDIT IFN SA BRASOV     | TSLA | 27/09/2019 | 353,282,752 | 0.1000  | 0.0250   | 8,832,068.80         | 68.507 | 0.67         | 0.73         |
| 46   | TRATAMENT BALNEAR BUZIAS SA                      | BALN | 17/07/2019 | 145,615,772 | 0.1000  | 0.0910   | 13,251,035.25        | 91.871 | 1.01         | 1.10         |
| 47   | TURISM COVASNA SA                                | TUAA | 30/09/2019 | 439,760,355 | 0.1000  | 0.0460   | 20,228,976.33        | 93.326 | 1.54         | 1.68         |
| 48   | TURISM FELIX SA                                  | TUFE | 30/09/2019 | 313,579,000 | 0.1000  | 0.2960   | 92,819,384.00        | 63.203 | 7.06         | 7.71         |
| 49   | TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA    | EFO  | 30/09/2019 | 449,920,140 | 0.1000  | 0.1160   | 52,190,736.24        | 77.713 | 3.97         | 4.34         |
| 50   | TUSNAD SA  | TSND | 27/09/2019 | 230,601,476 | 0.1000  | 0.0460   | 10,607,667.90        | 76.408 | 0.81         | 0.88         |
| 51   | UTILAJ GREU SA                                   | UTGR | 04/07/2019 | 476,226     | 2.5000  | 8.7771   | 4,179,883.22         | 70.387 | 0.32         | 0.35         |
| 52   | VIOLA-INDEPENDENTA SIBIU                         | VIRO | 16/09/2019 | 74,307      | 2.5000  | 50.5000  | 3,752,503.50         | 53.616 | 0.29         | 0.31         |
| <b>TOTAL Securities and money market instruments admitted or traded on a regulated market in Romania</b> |  |      |            |             |         |          | <b>1,022,096,508</b> |        | <b>77.70</b> | <b>84.95</b> |
| <b>UCITS/NON-UCITS equity securities</b>   |  |      |            |             |         |          |                      |        |              |              |
| 1  | FONDUL PROPRIETATEA SA                           | FP   | 30/09/2019 | 28,617,114  | 0.5200  | 1.1900   | 34,054,365.66        | 0.314  | 2.59         | 2.83         |
| 2  | SOCIETATEA DE INVESTITII FINANCIARE OLTENIA S.A. | SIF5 | 30/09/2019 | 3,951,079   | 0.1000  | 2.1900   | 8,652,863.01         | 0.681  | 0.66         | 0.72         |
| <b>TOTAL UCITS/NON-UCITS equity securities</b>   |  |      |            |             |         |          | <b>42,707,229</b>    |        | <b>3.25</b>  | <b>3.55</b>  |
| <b>TOTAL SHARES</b>  |  |      |            |             |         |          | <b>1,064,803,737</b> |        | <b>80.95</b> | <b>88.50</b> |

includes both the shares presented in Chapter I row 1.1. and the shares presented in Chapter I row 8.1.



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Societate administrată în sistem dualist



**Securities admitted or traded on a regulated market in a member state**

| No. | Issuer              | Symbol | Date of last trading session | No. of shares held | Nominal value | Share value | Total value      | Weight in the issuer's share capital % | Weight in the S.I.F. total assets % | Weight in the S.I.F. net assets % |
|-----|---------------------|--------|------------------------------|--------------------|---------------|-------------|------------------|--|-------------------------------------|-----------------------------------|
| 1   | Wirecard A.G.       | WDI    | 30/09/2019                   | 2,500              | 0.9994        | 697.2239    | 1,743,059.75     | 0.000                                  | 0.13                                | 0.14                              |
|     | <b>TOTAL SHARES</b> |        |                              |                    |               |             | <b>1,743,060</b> |  | <b>0.13</b>                         | <b>0.14</b>                       |

**Securities admitted or traded on a regulated market in a non-member state**

| No. | Issuer               | Symbol | Date of last trading session | No. of shares held | Nominal value | Share value | Total value         | Weight in the issuer's share capital % | Weight in the S.I.F. total assets % | Weight in the S.I.F. net assets % |
|-----|----------------------|--------|------------------------------|--------------------|---------------|-------------|---------------------|--|-------------------------------------|-----------------------------------|
| 1   | CHEVRON CORP         | CVX    | 30/09/2019                   | 2,500              | 0.7500        | 515.7677    | 1,289,419.25        | 0.000                                  | 0.10                                | 0.11                              |
| 2   | GLOBAL PAYMENTS Inc. | GPN    | 30/09/2019                   | 2,000              | 0.0100        | 691.4592    | 1,382,918.40        | 0.000                                  | 0.11                                | 0.11                              |
| 3   | SALESFORCE.COM Inc.  | CRM    | 30/09/2019                   | 4,000              | 0.0010        | 645.5359    | 2,582,143.60        | 0.000                                  | 0.20                                | 0.21                              |
|     | <b>TOTAL SHARES</b>  |        |                              |                    |               |             | <b>5,254,481.25</b> |  | <b>0.40</b>                         | <b>0.44</b>                       |

**Money market instruments admitted or traded on a regulated market in Romania**

| No. | Issuer | Instrument symbol / series | Date of last trading session | Number | Instrument value | Total value | Weight in the S.I.F. total assets % | Weight in the S.I.F. net assets % |
|-----|--------|----------------------------|------------------------------|--------|------------------|-------------|-------------------------------------|-----------------------------------|
|     |        |                            |                              |        |                  |             |                                     |                                   |





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Societate administrată în sistem dualist



**Money market instruments admitted or traded on a regulated market in a member state**

| No. | Issuer | Instrument symbol / series | Date of last trading session | Number | Instrument value | Total value | Weight in the S.I.F. total assets % | Weight in the S.I.F. net assets % |
|-----|--------|----------------------------|------------------------------|--------|------------------|-------------|-------------------------------------|-----------------------------------|
|     |        |                            |                              |        |                  |             |                                     |                                   |

**Money market instruments admitted or traded on a regulated market in a non-member state**

| No. | Issuer | Instrument symbol / series | Date of last trading session | Number | Instrument value | Total value | Weight in the S.I.F. total assets % | Weight in the S.I.F. net assets % |
|-----|--------|----------------------------|------------------------------|--------|------------------|-------------|-------------------------------------|-----------------------------------|
|     |        |                            |                              |        |                  |             |                                     |                                   |

**Instruments referred to in art. 187, indent a)**

| No.                            | Issuer   | No. of shares/bonds held | Acquisition date <sup>1)</sup> | Maturity date | Acquisition price RON/share <sup>2)</sup> (RON/bond) | Share (bond) value (RON or equivalent RON) | Total value RON <sup>3)</sup> or equivalent RON | Weight in the issuer's share capital % | Weight in the S.I.F. total assets % | Weight in the S.I.F. net assets % |
|--------------------------------|--|--------------------------|--------------------------------|---------------|--|--|---|--|-------------------------------------|-----------------------------------|
| <b>TOTAL SHARES, of which:</b> |  |                          |                                |               |  |  | <b>81,515,967</b>                               |  | <b>6.20</b>                         | <b>6.77</b>                       |
| 1                              | AGRIAS SA CASTELU CT                             | 39.098                   | 01.11.1996                     |               | 0.0000   | 0.0000                                     | 0.00  | 8.71                                   | 0.00                                | 0.00                              |
| 2                              | APOLLO ESTIVAL 2002 SA CT                        | 2.350.890                | 31.07.2002                     |               | 0.8714   | 0.8714                                     | 2,048,565.55                                    | 39.62                                  | 0.16                                | 0.17                              |
| 3                              | ARCOM S.A. BUCURESTI BU                          | 667                      | 27.07.2007                     |               | 0.0000   | 0.0000                                     | 0.00  | 0.19                                   | 0.00                                | 0.00                              |
| 4                              | BANCA DE EXPORT IMPORT A ROMANIEI SA EXIMBANK BU | 414.740                  | 01.11.1996                     |               | 2.1017   | 2.1017                                     | 871,659.06                                      | 0.31                                   | 0.07                                | 0.07                              |
| 5                              | CNM PETROMIN SA CONSTANTA CT                     | 5.358.861                | 01.11.1996                     |               | 0.0000   | 0.0000                                     | 0.00  | 23.83                                  | 0.00                                | 0.00                              |
| 6                              | COMSIG SA MS                                     | 29.304                   | 01.11.1996                     |               | 0.0000   | 0.0000                                     | 0.00  | 27.09                                  | 0.00                                | 0.00                              |
| 7                              | CONTINENTAL HOTELS SA BUCURESTI BU               | 2.729.171                | 31.12.1997                     |               | 6.6335   | 6.6335                                     | 18,103,955.83                                   | 9.30                                   | 1.38                                | 1.50                              |



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Societate administrată în sistem dualist



|    |   |            |            |  |          |          |               |        |      |      |
|----|---|------------|------------|--|----------|----------|---------------|--------|------|------|
| 8  | CRISTIANA SA BV                                       | 153.410    | 01.11.1996 |  | 164.6583 | 164.6583 | 25,260,229.80 | 99.80  | 1.92 | 2.10 |
| 9  | DEPOZITARUL CENTRAL SA BUCURESTI BU                   | 10.128.748 | 12.08.1999 |  | 0.0293   | 0.0293   | 296,772.32    | 4.00   | 0.02 | 0.02 |
| 10 | DIVERSIS SA VN  | 11.149     | 01.11.1996 |  | 0.0000   | 0.0000   | 0.00          | 6.68   | 0.00 | 0.00 |
| 11 | ENERGO SA BV  | 317.061    | 01.11.1996 |  | 0.0000   | 0.0000   | 0.00          | 15.00  | 0.00 | 0.00 |
| 12 | FELAM SA SB   | 374.907    | 01.11.1996 |  | 0.0000   | 0.0000   | 0.00          | 36.22  | 0.00 | 0.00 |
| 13 | FERMIT SA BZ  | 151.468    | 01.11.1996 |  | 12.1553  | 12.1553  | 1,841,138.98  | 16.37  | 0.14 | 0.15 |
| 14 | FONDUL ROMAN DE GARANTARE A CREDITELOR PT.INTREPRI BU | 3.697.948  | 21.12.2006 |  | 0.4429   | 0.4429   | 1,637,821.17  | 23.02  | 0.12 | 0.14 |
| 15 | GRUP BIANCA TRANS SA BV                               | 7.694.200  | 31.07.2006 |  | 0.4462   | 0.4462   | 3,433,152.04  | 70.84  | 0.26 | 0.29 |
| 16 | HARGHITA SA HR  | 45.633     | 01.11.1996 |  | 0.0000   | 0.0000   | 0.00          | 31.42  | 0.00 | 0.00 |
| 17 | HIDROMECHANICA SA BV                                  | 1.170.304  | 01.11.1996 |  | 0.0000   | 0.0000   | 0.00          | 36.27  | 0.00 | 0.00 |
| 18 | ICIM SA BV  | 29.748     | 01.11.1996 |  | 0.0000   | 0.0000   | 0.00          | 3.59   | 0.00 | 0.00 |
| 19 | INTERNATIONAL TRADE&LOGISTIC CENTER SA BV             | 81.708.428 | 01.11.1996 |  | 0.0715   | 0.0715   | 5,842,152.60  | 87.30  | 0.44 | 0.49 |
| 20 | IRUCOM SA HR  | 6.269      | 01.11.1996 |  | 1.8479   | 1.8479   | 11,584.49     | 17.41  | 0.00 | 0.00 |
| 21 | LEGUME FRUCTE BUZAU S.A. BZ                           | 207.822    | 01.11.1996 |  | 3.0283   | 3.0283   | 629,347.36    | 25.23  | 0.05 | 0.05 |
| 22 | MECANICA SA SB  | 422.503    | 01.11.1996 |  | 0.0000   | 0.0000   | 0.00          | 10.89  | 0.00 | 0.00 |
| 23 | NEVOCECA SA NEGRU VODA CT                             | 75.343     | 01.11.1996 |  | 0.0000   | 0.0000   | 0.00          | 13.63  | 0.00 | 0.00 |
| 24 | REUTCOM UTB SA BV                                     | 2.134.920  | 23.02.2000 |  | 0.0316   | 0.0316   | 67,463.47     | 8.99   | 0.01 | 0.01 |
| 25 | ROMAGRIBUZ RIMNICU SARAT S.A. BZ                      | 83.146     | 01.11.1996 |  | 0.0000   | 0.0000   | 0.00          | 7.88   | 0.00 | 0.00 |
| 26 | ROMAGRIBUZ VERGULEASA SA BZ                           | 280.631    | 01.11.1996 |  | 0.0000   | 0.0000   | 0.00          | 37.30  | 0.00 | 0.00 |
| 27 | S.I.F. TRANSILVANIA PROJECT MANAGEMENT COMPANY SA BV  | 44.999     | 26.03.2014 |  | 6.7907   | 6.7907   | 305,574.71    | 100.00 | 0.02 | 0.03 |
| 28 | SEMLACT SACELE SA CT                                  | 98.660     | 01.11.1996 |  | 0.0000   | 0.0000   | 0.00          | 30.00  | 0.00 | 0.00 |
| 29 | SIBAREX SA VN   | 1.215.711  | 01.11.1996 |  | 0.0000   | 0.0000   | 0.00          | 52.85  | 0.00 | 0.00 |
| 30 | SIMARO-SIB SA SB                                      | 20.732     | 31.03.1998 |  | 0.0000   | 0.0000   | 0.00          | 10.02  | 0.00 | 0.00 |



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|   |   |             |            |            |             |             |               |       |      |      |
|---|---|-------------|------------|------------|-------------|-------------|---------------|-------|------|------|
| 31  | SIRETUL PASCANI IS                              | 17.116.533  | 23.03.2004 |            | 0.0000      | 0.0000      | 0.00          | 10.78 | 0.00 | 0.00 |
| 32  | SOCIETATEA DE INVESTITII CERTINVEST IMM S.A. B1 | 1.125       | 11.11.2014 |            | 77.7303     | 77.7303     | 87,446.59     | 15.63 | 0.01 | 0.01 |
| 33  | SOFT APLICATIV SI SERVICII SA SB                | 47.728      | 01.11.1996 |            | 5.5351      | 5.5351      | 264,179.25    | 28.33 | 0.02 | 0.02 |
| 34  | TERRACOTTA STAR SA CV                           | 2.209.017   | 01.11.1996 |            | 0.0000      | 0.0000      | 0.00          | 97.48 | 0.00 | 0.00 |
| 35  | TOMIS ESTIVAL 2002 SA CT                        | 522.893     | 31.07.2002 |            | 1.2161      | 1.2161      | 635,890.18    | 39.62 | 0.05 | 0.05 |
| 36  | TRANSIL SA IL                                   | 16.857      | 01.11.1996 |            | 6.8879      | 6.8879      | 116,109.33    | 33.16 | 0.01 | 0.01 |
| 37  | TRANSILVANIA ESTIVAL 2002 SA CT                 | 3.589.861   | 31.07.2002 |            | 0.1308      | 0.1308      | 469,553.82    | 11.14 | 0.04 | 0.04 |
| 38  | TRANSILVANIA HOTELS & TRAVEL S.A. BU            | 1.123.180   | 01.11.1996 |            | 0.0000      | 0.0000      | 0.00          | 37.01 | 0.00 | 0.00 |
| 39  | TURISM LOTUS FELIX SA BH                        | 484.853.142 | 09.12.2009 |            | 0.0401      | 0.0401      | 19,442,610.99 | 38.27 | 1.48 | 1.62 |
| 40  | The Foundations Feeder AA                       | 124.000     | 23.02.2015 |            | 1.2158      | 1.2158      | 150,759.20    | 26.67 | 0.01 | 0.01 |
| 41  | VERITAS PANCIU SA VN                            | 656.693     | 01.11.1996 |            | 0.0000      | 0.0000      | 0.00          | 26.33 | 0.00 | 0.00 |
| 42  | VITIVINICOLA BASARABI SA CT                     | 342.580     | 01.11.1996 |            | 0.0000      | 0.0000      | 0.00          | 10.86 | 0.00 | 0.00 |
| TOTAL BONDS, of which:  |   |             |            |            |             |             | 3,046,377     |       | 0.23 | 0.25 |
| 1   | BANCA TRANSILVANIA SA                           | 688.362     | 22.05.2013 | 22.05.2020 | 2.6079      | 2.8872      | 1,987,405     |       | 0.15 | 0.17 |
|   | TOTAL BANCA TRANSILVANIA SA                     | 688.362     |            |            |             |             | 1,987,405     |       | 0.15 | 0.17 |
| 2   | S.A.I. CERTINVEST S.A.                          | 100         | 12.12.2014 | 12.12.2019 | 10,000.0000 | 10,589.7260 | 1,058,973     |       | 0.08 | 0.09 |
|   | TOTAL S.A.I. CERTINVEST S.A.                    | 100         |            |            |             |             | 1,058,973     |       | 0.08 | 0.09 |
| TOTAL Instruments referred to in art. 187, indent a) (total shares + total bonds) |   |             |            |            |             |             | 84,562,344    |       | 6.43 | 7.03 |

\*) For all the companies in the portfolio on the date of S.I.F. Transilvania's setting up (through reorganization of the former F.P.P. III Transilvania, according to Law no. 133/1996), the acquisition date is considered 1 November 1996; for all the other companies, the acquisition date is considered the date of first acquisition (irrespective of whether the stock existing on the reporting date was acquired through several acquisitions). In the case of bonds, the acquisition date is the payment date of the amount subscribed.

\*\*) "Acquisition price" represents the average acquisition price for the securities in portfolio on the reporting date.

\*\*\*) In the case of bonds, the total value includes the interest accrued up to the reporting date



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Societate administrată în sistem dualist



**Bonds or other traded debt securities issued or guaranteed by the State or by central public administration authorities**

| No. | Series and number of issue | No. of securities | Acquisition date | Maturity date | Initial value | Daily increase | Accrued interest | Discounted value | Weight in the S.I.F. total assets % | Weight in the S.I.F. net assets % | Intermediary bank |
|-----|----------------------------|-------------------|------------------|---------------|---------------|----------------|------------------|------------------|-------------------------------------|-----------------------------------|-------------------|
|     |                            |                   |                  |               |               |                |                  |                  |                                     |                                   |                   |

**Bonds or other traded debt securities issued or guaranteed by the State or by central public administration authorities**

| No. | Issuer | No. of securities | Acquisition date | Maturity date | Initial value | Daily increase | Accrued interest | Discounted value | Weight in the S.I.F. total assets % | Weight in the S.I.F. net assets % |
|-----|--------|-------------------|------------------|---------------|---------------|----------------|------------------|------------------|-------------------------------------|-----------------------------------|
|     |        |                   |                  |               |               |                |                  |                  |                                     |                                   |

**Bank deposits**

| No. | Bank name  | Currency | Set-up date | Maturity*  | Initial value |            | Daily interest |        | Accrued interest |       | Discounted value |            | Weight in the SIF total assets % | Weight in the SIF net assets % |
|-----|--|----------|-------------|------------|---------------|------------|----------------|--------|------------------|-------|------------------|------------|----------------------------------|--------------------------------|
|     |  |          |             |            | Currency      | RON        | Currency       | RON    | Currency         | RON   | Currency         | RON        |                                  |                                |
| 1   | BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI | RON      | 24.09.2019  | 01.10.2019 |               | 5,000,000  |                | 236.11 |                  | 1,653 |                  | 5,001,653  | 0.38                             | 0.42                           |
| 2   | BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI | RON      | 25.09.2019  | 02.10.2019 |               | 6,000,000  |                | 283.33 |                  | 1,700 |                  | 6,001,700  | 0.46                             | 0.50                           |
| 3   | BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI | RON      | 26.09.2019  | 03.10.2019 |               | 10,000,000 |                | 472.22 |                  | 2,361 |                  | 10,002,361 | 0.76                             | 0.83                           |
| 4   | BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI | RON      | 27.09.2019  | 04.10.2019 |               | 8,000,000  |                | 355.56 |                  | 1,422 |                  | 8,001,422  | 0.61                             | 0.66                           |
| 5   | BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI | RON      | 30.09.2019  | 07.10.2019 |               | 9,000,000  |                | 400.00 |                  | 400   |                  | 9,000,400  | 0.68                             | 0.75                           |
| 6   | BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI | RON      | 30.09.2019  | 01.10.2019 |               | 3,215,901  |                | 134.00 |                  | 134   |                  | 3,216,035  | 0.24                             | 0.27                           |

CUI / CIF: RO 3047687 • R.C. J08/3306/92 • Capital social subscris şi vărsat: 218.428.666,40 lei • Număr Registru A.S.F.: PJR09SIIIR/080004/06.03.2006  
IBAN: RO08 RNCB 0053 0085 8144 0001, BCR Braşov • Codul LEI (Legal Entity Identifier): 254900E2IL36VM93H128  
Autorizată ca A.F.I.A. conform Autorizaţiei A.S.F. nr. 40/15.02.2018 • Înscrisă în Registrul A.S.F. cu nr. PJR07AFIAA/080005/15.02.2018



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|                              |   |            |            |            |  |                    |  |        |  |               |  |                    |             |              |
|------------------------------|---|------------|------------|------------|--|--------------------|--|--------|--|---------------|--|--------------------|-------------|--------------|
|                              | <b>TOTAL BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI</b> | <b>RON</b> |            |            |  | <b>41,215,901</b>  |  |        |  | <b>7,670</b>  |  | <b>41,223,571</b>  | <b>3.13</b> | <b>3.43</b>  |
| 1                            | BANCA TRANSILVANIA SA   | RON        | 05.09.2019 | 07.10.2019 |  | 7,500,000          |  | 500.00 |  | 13,000        |  | 7,513,000          | 0.57        | 0.62         |
| 2                            | BANCA TRANSILVANIA SA   | RON        | 05.09.2019 | 07.10.2019 |  | 7,586,000          |  | 505.73 |  | 13,149        |  | 7,599,149          | 0.58        | 0.63         |
| 3                            | BANCA TRANSILVANIA SA   | RON        | 09.09.2019 | 09.10.2019 |  | 2,023,900          |  | 134.93 |  | 2,968         |  | 2,026,868          | 0.15        | 0.17         |
| 4                            | BANCA TRANSILVANIA SA   | RON        | 16.09.2019 | 16.10.2019 |  | 6,024,900          |  | 401.66 |  | 6,025         |  | 6,030,925          | 0.46        | 0.50         |
|                              | <b>TOTAL BANCA TRANSILVANIA SA</b>                            | <b>RON</b> |            |            |  | <b>23,134,800</b>  |  |        |  | <b>35,142</b> |  | <b>23,169,942</b>  | <b>1.76</b> | <b>1.93</b>  |
| 1                            | ING BANK  | RON        | 24.09.2019 | 01.10.2019 |  | 9,000,000          |  | 550.00 |  | 3,850         |  | 9,003,850          | 0.68        | 0.75         |
| 2                            | ING BANK  | RON        | 25.09.2019 | 02.10.2019 |  | 8,000,000          |  | 500.00 |  | 3,000         |  | 8,003,000          | 0.61        | 0.67         |
| 3                            | ING BANK  | RON        | 30.09.2019 | 07.10.2019 |  | 10,000,000         |  | 583.33 |  | 583           |  | 10,000,583         | 0.76        | 0.83         |
| 4                            | ING BANK  | RON        | 30.09.2019 | 01.10.2019 |  | 1,774,500          |  | 98.58  |  | 99            |  | 1,774,599          | 0.13        | 0.15         |
|                              | <b>TOTAL ING BANK</b>   | <b>RON</b> |            |            |  | <b>28,774,500</b>  |  |        |  | <b>7,532</b>  |  | <b>28,782,032</b>  | <b>2.19</b> | <b>2.39</b>  |
| 1                            | OTP BANK ROMANIA SA   | RON        | 02.09.2019 | 02.10.2019 |  | 5,020,800          |  | 330.13 |  | 9,574         |  | 5,030,374          | 0.38        | 0.42         |
| 2                            | OTP BANK ROMANIA SA   | RON        | 05.09.2019 | 07.10.2019 |  | 10,064,050         |  | 661.75 |  | 17,205        |  | 10,081,255         | 0.77        | 0.84         |
| 3                            | OTP BANK ROMANIA SA   | RON        | 19.09.2019 | 21.10.2019 |  | 3,088,600          |  | 203.09 |  | 2,437         |  | 3,091,037          | 0.23        | 0.26         |
|                              | <b>TOTAL OTP BANK ROMANIA SA</b>                              | <b>RON</b> |            |            |  | <b>18,173,450</b>  |  |        |  | <b>29,216</b> |  | <b>18,202,666</b>  | <b>1.38</b> | <b>1.51</b>  |
| 1                            | UNICREDIT TIRIAC BANK   | RON        | 05.09.2019 | 07.10.2019 |  | 7,320,800          |  | 427.05 |  | 11,103        |  | 7,331,903          | 0.56        | 0.61         |
| 2                            | UNICREDIT TIRIAC BANK   | RON        | 05.09.2019 | 07.10.2019 |  | 6,000,000          |  | 350.00 |  | 9,100         |  | 6,009,100          | 0.46        | 0.50         |
|                              | <b>TOTAL UNICREDIT TIRIAC BANK</b>                            | <b>RON</b> |            |            |  | <b>13,320,800</b>  |  |        |  | <b>20,203</b> |  | <b>13,341,003</b>  | <b>1.01</b> | <b>1.11</b>  |
| <b>TOTAL DEPOSITS IN RON</b> |   |            |            |            |  | <b>124,619,451</b> |  |        |  | <b>99,764</b> |  | <b>124,719,215</b> | <b>9.48</b> | <b>10.37</b> |
| <b>GRAND TOTAL DEPOSITS</b>  |   |            |            |            |  | <b>124,619,451</b> |  |        |  | <b>99,764</b> |  | <b>124,719,215</b> | <b>9.48</b> | <b>10.37</b> |

\* Maturity date represents the last day of the deposit (the amount being available in the current account the next day).



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**Fund units held in investment funds**

| No.                     | Issuer  | No. of fund units | Acquisition date | Acquisition price | Value /fund unit - RON or equivalent RON- | Total value       | Weight in the issuer's share capital % | Weight in the S.I.F. total assets % | Weight in the S.I.F. net assets % |
|-------------------------|---|-------------------|------------------|-------------------|---|-------------------|--|-------------------------------------|-----------------------------------|
| 1                       | OTP Real Estate & Construction                  | 3,276             | 14.12.2018       | 534.6251          | 534.6251                                  | 1,751,296         | 19.65                                  | 0.13                                | 0.15                              |
|                         | <b>Subtotal open-end funds</b>                  |                   |                  |                   |   | <b>1,751,296</b>  |  | <b>0.13</b>                         | <b>0.15</b>                       |
| 1                       | FOND INCHIS DE INVESTITII BET-FI INDEX INVEST   | 2,054             | 01.09.2014       | 703.7199          | 703.7199                                  | 1,445,441         | 14.84                                  | 0.11                                | 0.12                              |
| 2                       | FONDUL INCHIS DE INVESTITII MULTICAPITAL INVEST | 4,934             | 14.11.2012       | 2,692.1000        | 2,692.1000                                | 13,282,821        | 29.55                                  | 1.01                                | 1.10                              |
| 3                       | FONDUL INCHIS DE INVESTITII STAR VALUE          | 13,713            | 07.08.2015       | 1,052.7200        | 1,052.7200                                | 14,435,949        | 27.61                                  | 1.10                                | 1.20                              |
|                         | <b>Subtotal closed-end funds</b>                |                   |                  |                   |   | <b>29,164,211</b> |  | <b>2.22</b>                         | <b>2.42</b>                       |
| <b>TOTAL Fund units</b> |   |                   |                  |                   |   | <b>30,915,507</b> |  | <b>2.35</b>                         | <b>2.57</b>                       |

**Securities pending the sale according to Law no. 151/2014**

| No. | Issuer               | Symbol | Date of last trading session | No. of shares held | Nominal value | Share value | Total value    | Weight in the issuer's share capital % | Weight in the S.I.F. total assets % | Weight in the S.I.F. net assets % |
|-----|----------------------|--------|------------------------------|--------------------|---------------|-------------|----------------|--|-------------------------------------|-----------------------------------|
| 1   | METALICA MEDGIDIA SA |        |                              | 19,875             | 2.5000        | 0.0000      | 0.00           | 6.667                                  | 0.00                                | 0.00                              |
| 2   | VULTURUL SA          |        |                              | 2,105,276          | 1.0000        | 0.2660      | 560,003.42     | 7.127                                  | 0.04                                | 0.05                              |
|     | <b>TOTAL SHARES</b>  |        |                              |                    |               |             | <b>560,003</b> |  | <b>0.04</b>                         | <b>0.05</b>                       |



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**Money market instruments referred to in art. 187 indent a)**

| No. | Issuer | Acquisition date | Maturity | Initial value | Daily increase | Discounted value | Weight in the S.I.F. total assets % | Weight in the S.I.F. net assets % |
|-----|--------|------------------|----------|---------------|----------------|------------------|-------------------------------------|-----------------------------------|
|     |        |                  |          |               |                |                  |                                     |                                   |

**Newly issued securities**

| No. | Issuer | Symbol | Date of last trading session | No. of shares held | Nominal value | Share value | Total value | Weight in the issuer's share capital % | Weight in the S.I.F. total assets % | Weight in the S.I.F. net assets % |
|-----|--------|--------|------------------------------|--------------------|---------------|-------------|-------------|--|-------------------------------------|-----------------------------------|
|     | TOTAL  |        |                              |                    |               |             |             |  |                                     |                                   |

**NAV and NAV/share in the last 3 years**

|  | 30.09.2017     | 30.09.2018       | 30.09.2019       |
|--|----------------|------------------|------------------|
| <b>Net Asset Value</b>                       | 950,548,237.00 | 1,025,418,869.00 | 1,203,225,638.00 |
| <b>Net Asset Value per share (RON/share)</b> | 0.4352         | 0.4742           | 0.5564           |

Executive President / CEO  
Mihai FERCALA

Financial Manager  
Diana Veres

Member of the Executive Board/ Director  
Stefan SZITAS

Portfolio Management Division  
Manager,  
Sorin Ion RADULESCU