



REPORT ON THE COMPANY'S ACTIVITY DURING THE THIRD QUARTER OF 2019

Prepared according to Law no. 24/2017, F.S.A. Regulations no. 5/2018 and 15/2004,
BSE Code and F.S.A. Rule no. 39/2015
by Societatea de Administrare a Investițiilor Muntenia Invest S.A.
Report date: 30.09.2019

GENERAL INFORMATION

Name of the issuing company	Societatea de Investiții Financiare Muntenia S.A.
Headquarters	16, Splaiul Unirii, Bucharest, district 4, code 040035, Romania
Sole Registration Code	3168735
Trade Registry Office Registration Number	J40/27499/1992
LEI Code	2549007DHG4WLBMAAO98
F.S.A. Registry Number	PJR09SIIR/400005
Share capital	80,703,651.5 lei – subscribed and paid up share capital 807,036,515 – issued shares 784,645,201 – shares under circulation 0.1 lei – nominal value
Characteristics of the shares	Common, nominative, indivisible, dematerialized
Regulated Market on which the issued securities are traded	Bucharest Stock Exchange, main segment, premium category, SIF4 symbol
Main object of activity	- making financial investments, in order to maximize the value of its own shares, according to the regulations in force; - managing the investment portfolio and exercising all the rights associated with the instruments in which it invests; - risk management CAEN 6499- Other financial service activities
Shareholding structure	100% private
Free capitalization	100%
Depository and custodian services	BRD Groupe Societe Generale
Evidence of shares and shareholders	Depozitarul Central S.A.
Financial auditor	KPMG Audit S.R.L.
Contact	Romania, Bucharest, district 4, 16, Splaiul Unirii, postal code 040035 Tel: +4021-3873210; +4021- 3873208 Fax: +4021-3873265; +4021-3873209 www.sifmuntenia.ro e-mail: relatii@sifmuntenia.ro; sai@munteniainvest.ro

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1 GENERAL INFORMATION

SIF Muntenia S.A. (the "Company") is a Romanian legal entity, constituted as a joint stock company with fully private capital. The operation of the company is regulated by the provisions of the ordinary Romanian laws and those of special character, applicable in the field of financial investment companies, as well as the provisions of its articles of incorporation.

The Company is a collective investment body operating in Romania in accordance with the provisions of the Companies Law no. 31/1990, Law no. 297/2004 regarding the capital market, Law no. 74/2015 regarding the managers of alternative investment funds and Law no. 24/2017 regarding issuers of financial instruments and market operations. The Company is registered in the F.S.A. Registry of financial instruments and investments in the Alternative/Closed investment companies section.

During the third quarter of 2019 there were no reorganizations, mergers or divisions of the Company's activity.

During the period ended 30 September 2019, the Company continues to meet the conditions to be an investment entity, as there have been no changes to the classification criteria as an investment entity.

In applying the Company's investment policy, its administrator, S.A.I. Muntenia Invest S.A., does not perform securities financing transactions (SFTs) nor does it use total return swap instruments, as defined by the EU Regulation no. 2365/2015.

S.A.I. Muntenia Invest S.A., as administrator of SIF Muntenia, does not intend to offer other investment related activities, either directly or through a subsidiary, which would represent a separate economic activity or a separate, important source of income for SIF Muntenia investment entity.

2 SIGNIFICANT EVENTS IN THE THIRD QUARTER

CAPITAL MARKET

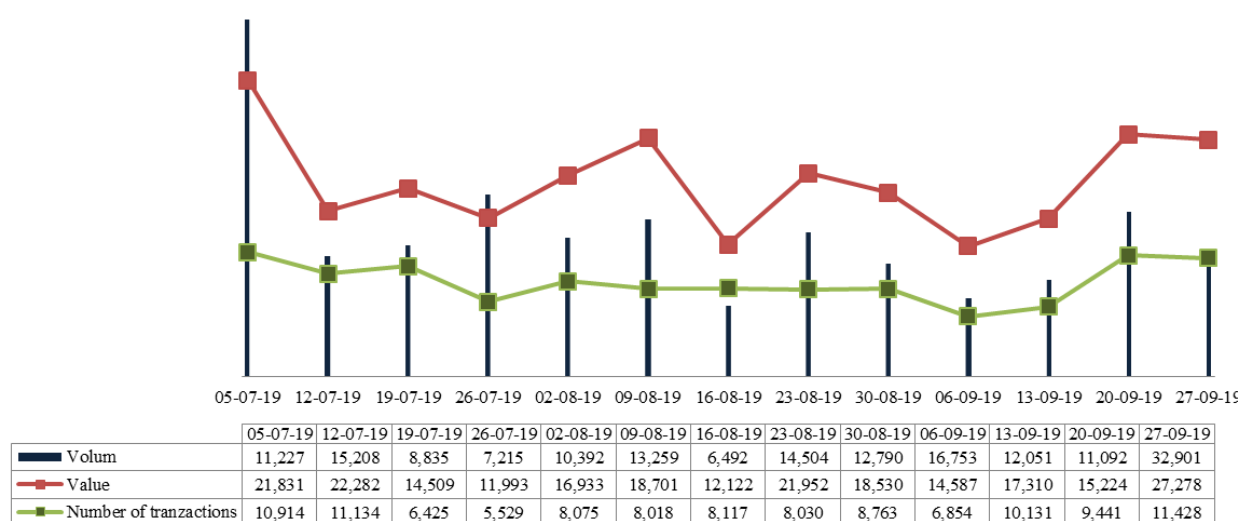
Romania was promoted to the status of Secondary Emerging Market from Frontier Market, as announced on September 26th by the global index provider Russell FTSE¹. As part of the Annual Review the FTSE Country Classification Advisory Committee approved the following modification of the rating criteria:

- „Liquidity – Sufficient broad market liquidity to support sizeable global investment”: upgraded from ‘Restricted’ to ‘Pass’.

Consequently, Romania meets the nine FTSE Quality of Markets criteria required for Secondary Emerging market status within the FTSE Country Classification scheme.

The graph below shows the evolution of the stock market, the main segment of the BSE, in the third quarter of 2019.

Chart no.2.1. Evolution of shares transactions in Q3 2019 (in tens of thousands lei - volume / value)



Source: Bucharest Stock Exchange

NATIONAL ECONOMY

Regarding the recent developments in consumer prices, NBR² officials showed that the annual inflation rate had increased to 4.1% in July and it had fallen to 3.9% in August, thus remaining above the 3.8 % level reached in June and above the variation band of the target³. The increase compared to the last month of the second quarter is mainly attributable to both the exogenous CPI components – given the hike in tobacco product prices and fuel price evolution.

As far as future developments are concerned, it was concluded that the annual inflation rate would probably remain above the variation band until the year-end, on a trajectory slightly below the one mentioned in the medium-term forecast (4.2% in December 2019 and 3.3% at the end of the second quarter of 2021). It was appreciated that the action of supply-side factors will continue to be slightly disinflationary in September-October, but will become moderately inflationary in the last two months of the year. Two-way influences are expected mainly from the recent and future evolution of volatile prices, while constant effects are presumed from administered prices and tobacco prices. Instead, over the longer time horizon, the dynamics of electricity and natural gas prices might sizeably exceed the previously-anticipated values, given the likely removal, in the short run, of restrictions imposed on the energy market via the legal acts in force. Nevertheless, reference was also made to the heightened uncertainties surrounding the near-term outlook for the oil price (amid the increasingly obvious weakening of the global economy and the volatility of geopolitical tensions), as well as to the possibly higher-than-expected increase in this year's agricultural output, with effects on the short-term evolution of food prices..

¹ Press release, 27 September 2019, Bucharest Stock Exchange

² Monetary policy meeting of the National Bank of Romania Board, 3 October 2019

³ <https://www.bnr.ro/Inflation-Targets-3241.aspx>

3 ACTIVITY ANALYSIS

The main strategic objectives for 2019 are:

- Continue the portfolio restructuring and its efficient management so as to ensure sustainable long-term growth.
- Continue the investment process, focusing on investments in Romania and listed shares.

From a financial point of view, the main milestones of the evolution of the Company's assets / shares, from September 2018 to September 2019, are presented below.

in lei	Q3 2019	2018	Q3 2018
Total certified asset	1,644,681,914	1,348,139,755	1,491,799,373
Net Asset Value (NAV)	1,558,453,541	1,257,619,659	1,391,768,954
Net asset value per share (NAV per SHARE)	1.9862	1.5583	1.7245

Table no. 3.1. *Evolution of the certified asset*

The asset certified by the Depositary, respectively BRD-Groupe-Societe Generale, is calculated according to the valuation rules⁴ approved by S.A.I. Muntenia Invest, based on the applicable legal regulations. SIF Muntenia reported a total asset value (TA) increasing by 22,0% at the date of the report as compared to 2018 and by 10,2% as compared to the same period of the previous year.

Certified net asset increased by 23.9% compared to the end of the previous year and by 12.0% compared to the third quarter of 2018. Net asset value per share increased compared to the end of 2018, with a percentage of 27,5 (year / year recorded an increase of 15.2 pp).

in lei	Q3 2019	2018	Q3 2018
Closing price end of period	0.738	0.598	0.660
Market capitalization (mill. lei)	579.07	482.61	532.64
Net asset discount	62.8%	61.6%	61.7%

Table no. 3.2. *Evolution of SIF4 share*

The closing price of the Company's shares increased by 23.4% in the third quarter of 2019 compared to the end of 2018 and by 11.8% compared to the same period of the previous year. The liquidity of the transactions with SIF4 shares remained at reduced values - the total trading value of the Company's shares in the third quarter of 2019 was 17.4 million lei, traded shares representing 2.21% of the number of issued and outstanding shares as at 30.09.2019 (REGS market).

in lei	Q3 2019	2018	Q3 2018
Total asset	1.598.727.542	1.345.677.683	1.369.564.765
Total liabilities	86.227.011	90.524.072	100.030.418
Total Equity	1.512.500.531	1.255.153.611	1.269.534.347
Gross Profit	81.988.110	27.149.402	41.311.141

Table no. 3.3. *Financial results*

The total assets calculated according to the accounting regulations registered an increase by 18.8% compared to the one registered at the end of 2018, amid the total liabilities decreased by 4.7% (mainly due to the prescribed dividends to be paid). The equity registered on 30.09.2019 compared to 31.12.2018 increased by 20.5%, details being found in the Notes to the Interim Financial Statements as at 30.09.2019.

⁴ <http://www.sifmuntenia.ro/en/investments/net-asset-value/rules-applied-nav-calculation/>

ASSET ALLOCATION

The allocation of the Company's assets targeted a long-term portfolio structure, defined by the administration program approved by the shareholders.

The financial instruments subject to investments were within the range of investments permitted by the legislation in force, applicable to the Romanian capital market. The Company's portfolio has been within the applicable legal limits and within the indicative limits, defined by the Company's diversified balanced target portfolio, approved by the Management Program for 2019.

Chart no. 3.1. Target portfolio for 2019, according to the Management Program

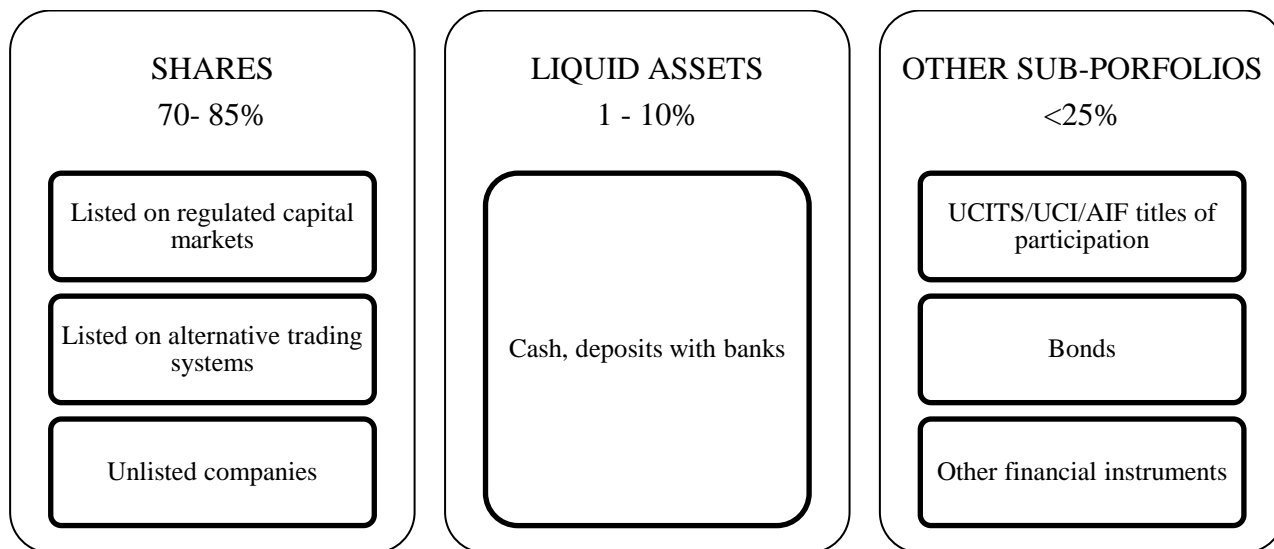
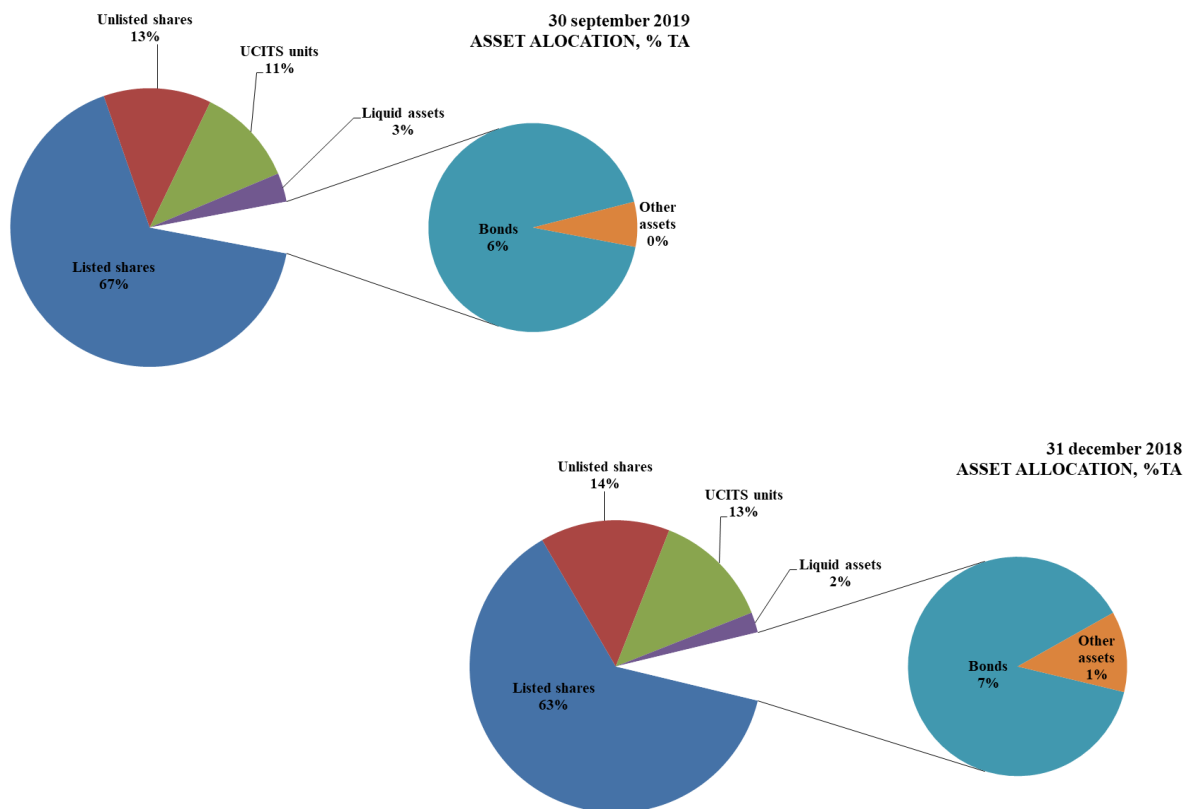


Chart no. 3.2. Asset allocation in the Company's portfolio, 30 September 2019 compared to 31 December 2018.



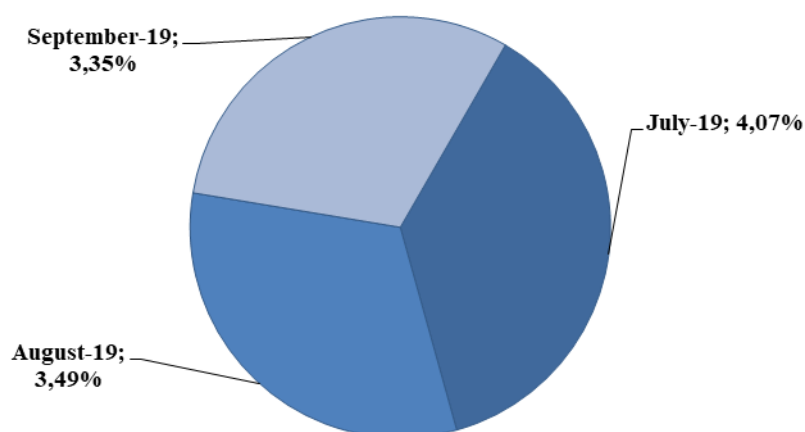
The main sub-portfolios⁵ that form the Company's portfolio are presented below, in value and percentage, of the total asset.

in LEI / %	Q3 2019		2018		Q3 2018	
Listed shares	1,096,532,245	66.7%	847,312,992	62.9%	1,016,451,994	68.1%
Unlisted shares	205,761,103	12.5%	193,558,597	14.4%	187,595,602	12.6%
Listed bonds	83,433,986	5.1%	82,557,980	6.1%	82,342,626	5.5%
Unlisted bonds	7,737,939	0.5%	6,693,865	0.5%	6,563,985	0.4%
Cash available	1,991,768	0.1%	733,446	0.1%	4,714,412	0.3%
Bank deposits	53,125,437	3.2%	29,369,735	2.2%	8,242,589	0.6%
Participation titles	189,293,215	11.5%	175,856,515	13.0%	165,286,133	11.1%
Other assets	6,806,221	0.4%	12,056,625	0.8%	20,602,032	1.4%
TOTAL ASSET	1,644,681,914	100%	1,348,139,755	100%	1,491,799,373	100%

Table no. 3.4. *SIF Muntenia Portofolio (value/percentage comparision)*

The liquidity degree of the portfolio⁶ was within the limits required by a prudent liquidity risk management. Its evolution in the third quarter is presented below.

Chart no. 3.3. *Liquidity degree of the portfolio*



⁵ Detailed situation of SIF Muntenia investments on 30 September 2019, prepared in accordance with Annex 17 of Regulation no. 15/2004, is annexed to this report

⁶ Liquidities/TA

TOTAL ASSET AND NET ASSET

The monthly values of the asset have been published on the website www.sifmuntenia.ro to inform the shareholders and reported according to the legal provisions to the F.S.A. - The Financial Instruments and Services Sector and the Bucharest Stock Exchange (BSE), no later than 15 calendar days from the end of the reporting month.

The values of total asset, net asset and liabilities for the period 1 July 2019 – 30 September 2019 were calculated in accordance with Regulation no. 9/2014 issued by the F.S.A., using accounting elements related to accounting reports in accordance with the F.S.A. Rule 39/2015.

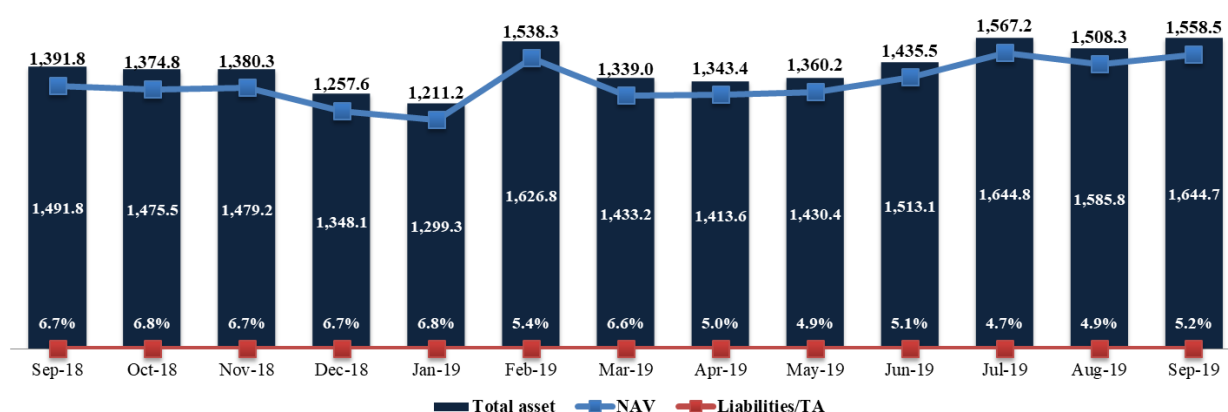
The total asset, net asset and liabilities of the Company (lei and euro equivalent at the ECB exchange rate) and the changes in value and percentage in the third quarter of 2019 and in the last year (in millions of lei), are presented below.

in lei	Q3 2019	2018	Q3 2018
Total certified asset	1,644,681,914	1,348,139,755	1,491,799,373
Total liabilities	86,228,373	90,520,096	100,030,419
Net asset	1,558,453,541	1,257,619,659	1,391,768,954
Net Asset Value per Share	1.9862	1.5583	1.7245
<i>ECB euro exchange rate</i>	4.7496	4.6635	4.6638
Total certified asset <i>in euro</i>	346,277,984	289,083,254	319,867,784
Net asset in euro	328,123,114	269,672,919	298,419,519

Table no. 3.5. Total asset and net asset (value comparison)

The chart below shows the evolution of total asset, net asset and liabilities / TA during the period September 2018 - September 2019, elements whose value fluctuates from month / month, within limited limits, but following an increasing trend.

Chart no. 3.4. Total asset evolution, NAV (mill. lei) and total liabilities/total asset (%) during the period September 2018 – September 2019



3.1 SHARES SUB-PORTFOLIO

The investments in shares, especially those in shares listed on organized markets and alternative trading systems, remained the most important, both in terms of value and income in the Company's portfolio.

The administration of this sub-portfolio has pursued the objectives presented in the Management Program approved for 2019.

The contribution of the shares sub-portfolio to the total assets increased during the last year, with an increase of the listed shares, as shown in the table below.

	Q3 2019	2018	Q3 2018	Q3 2019/ 2018		Q3 2019/Q3 2018	
in lei				value (mill.lei)	%	value (mill.lei)	%
Listed shares , of which:	1,096,532,245	847,312,992	1,016,451,994	249.2	29.4%	80.08	7.9%
- listed on BSE	786,494,600	647,312,412	705,966,011	139.2	21.5%	80.53	11.4%
- listed on ATS	268,550,374	105,950,884	154,333,548	162.6	153.5%	114.22	74.0%
Unlisted shares	205,761,103	193,558,597	187,595,602	12.2	6.3%	18.17	9.7%
TOTAL	1,302,293,348	1,040,871,589	1,204,047,596	261.4	25.1%	98.25	8.2%

Table no. 3.6. *Evolution of shares sub-portfolio on its main components*

Trends manifested in the shares sub-portfolio comparing the end of the third quarter of 2019 with the end of 2018 and the similar period of the previous year were the following:

- The category of listed shares increased by 29% and 7%, respectively, both due to the shares that are listed on the main segment and those on the ATS segment.
- The unlisted shares increased by 12%, respectively 9%, mainly due to the delisting of Avicola S.A. Bucuresti, delisting that took place in the third quarter of 2019.

TRADING AND OTHER EVENTS IN THE SHARES SUB-PORTFOLIO

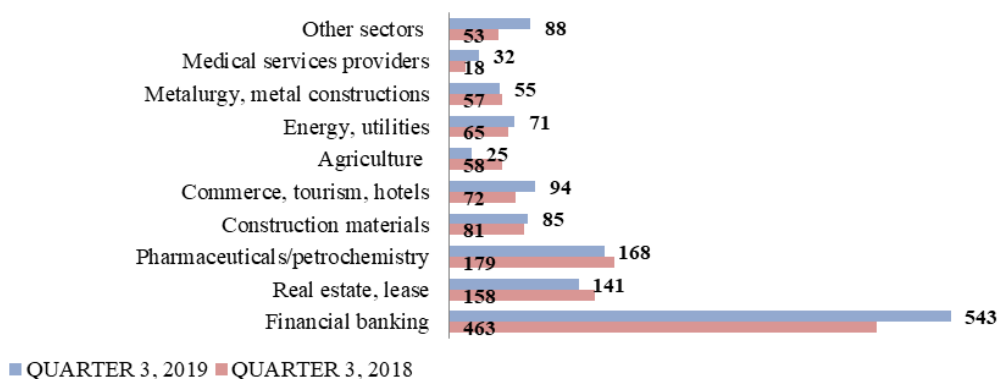
In the third quarter of 2019, the following operations were recorded on the shares sub-portfolio:

- listed shares amounting to 2.8 million lei were sold (Banca Transilvania S.A., OMV Petrom S.A., Purcari Wineries Public Company Limited);
- the increase of the share capital of Banca Transilvania S.A. was registered, free of charge, achieved by increasing the number of shares, increase at which the Company received a number of 10,452,762 shares;
- dividends were received amounting to 6.38 million lei from the companies in the portfolio (the gross income from dividends in the third quarter of 2019 was 5.54 million lei).

STRUCTURE ON SECTORS OF ACTIVITY

The shares in companies with activity in the *financial-banking* sector continued to hold the largest share in the total asset of the Company.

Chart no. 3.5. *Main activity sectors in which the Company holds participations in shares*



TOP 10 PARTICIPATIONS IN THE COMPANY'S PORTFOLIO

The first 10 participations, with a total value of 936.62 million lei, represent a weight of 56.97% in the total certified asset of the Company, as at 30 September 2019.

	I	II	III	IV	V
1.	Banca Transilvania S.A.	Financial - banking	326.45	19.85	2.61
2.	Biofarm S.A.	Pharmaceuticals	163.27	9.93	50.98
3.	CI-CO S.A.	Real estate, lease	97.46	5.93	97.34
4.	BRD – Groupe Societe Generale	Financial - banking	82.22	5.00	0.82
5.	SIF Banat-Crişana	Other monetary intermediation activities	63.08	3.84	4.98
6.	S.N.G.N. Romgaz-S.A. Mediaş	Energy - utilities	45.40	2.76	0.32
7.	FIROS S.A.	Construction materials industry	43.69	2.66	99.69
8.	Sticloval S.A. Vălenii de Munte	Extractive industry	39.80	2.42	34.93
9.	SIF Oltenia	Other monetary intermediation activities	38.11	2.32	3.00
10.	Romaero S.A. Bucureşti	Manufacture of aircraft and spacecraft	37.14	2.26	23.24
TOTAL			936.62	56.97	

Table no. 3.7. Top 10 participations in shares as at 30.09.2019

Legend

I- Name of the company

II- Field of activity

III- Participation value, in million lei, calculated according to the F.S.A. regulations

IV- % in the total asset of the Company

V- % of the company's share capital held by the Company

CONTROLLED COMPANIES/ SUBSIDIARIES

Considering the definitions presented in Law no. 24/2017, regarding the issuers of financial instruments and market operations, regarding the notions of "group", "mother-company" and "subsidiaries", we inform that the company owns in the portfolio the same participations on 30.09.2019, representing 50% and over 50% of the share capital of some issuers, to a number of 14 companies, all of which being operational.

Subsidiaries are analytically monitored, constantly aiming at increasing their fair value by taking immediate measures, especially in the case of non-achieving the indicators in the revenue and expenditure budgets approved by the S.G.M. Their growth is constantly pursued, both in terms of the result and of the position in the market in which they operate, so that the fair value does not have negative influences on the annual result recorded by the Company.

All the subsidiaries are based in Romania. For them, the Company's holding percentage in the share capital of the subsidiaries is not different from the percentage of the number of votes held.

On 30.09.2019 the net asset value of these companies, according to the provisions of the F.S.A., was 471.00 million lei (30.09.2018: 429.18 million lei), and the percentage of the total assets of the Company was 28.65% (30.09.2018: 28.77%).

Of the 14 subsidiaries:

- Two subsidiaries are listed on the Bucharest Stock Exchange: Biofarm S.A. (BIO), Casa de Bucovina Club de Munte S.A. (BCM);
- Six subsidiaries are listed on AERO, the alternative trading system of the B.S.E.: Bucur S.A. (BUCV), CI-CO S.A. (CICO), Mindo S.A. (MINO), Germina Agribusiness S.A. (SEOM), Semrom Oltenia S.A. (SEOL), Unisem S.A. (UNISEM);

- Six subsidiaries do not have shares listed on an organized capital market or an alternative trading system: Firos SA, Fondul Român de Garantare a Creditelor pentru Întreprinzătorii Privati - IFN SA, Gecsatherm SA, Muntenia Medical Competences SA, Voluthema Property Developer SA, Avicola Bucharest SA.

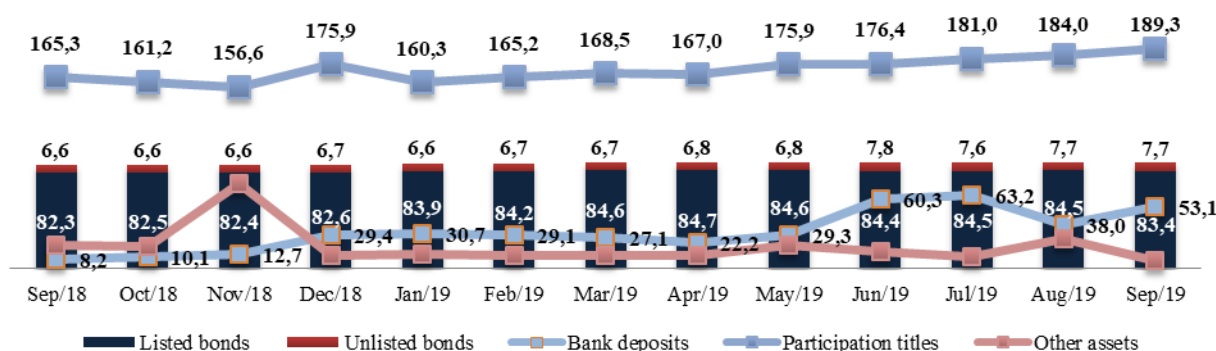
	I	II	III	IV	V
1.	Biofarm S.A. București	163.27	9.93	Manufacture of pharmaceutical preparations	50.98
2.	CI-CO S.A. București	97.46	5.93	Renting and operating of own or leased real estate	97.34
3.	Firos S.A. București	43.69	2.66	Production of mortars	99.69
4.	Muntenia Medical Competences S.A.	32.42	1.97	Specialized healthcare activities	99.76
5.	Avicola S.A. București	25.10	1.53	Poultry	99.40
6.	Germina Agribusiness S.A.	18.38	1.12	Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	90.68
7.	Bucur S.A. București	17.66	1.07	Other retail sale in non-specialised stores	67.98
8.	Semrom Oltenia S.A. Craiova	14.68	0.89	Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	88.49
9.	Voluthema Property Developer S.A.	14.38	0.87	Renting and operating of own or leased real estate	69.11
10.	Gecsatherm S.A.	11.93	0.73	Manufacture of fiber glass	50.00
11.	Fondul roman de garantare a creditelor pentru întreprinzătorii privați - IFN S.A.	9.45	0.57	Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	53.60
12.	Casa de Bucovina-Club de Munte S.A.	8.82	0.54	Other lending activities	67.17
13.	Unisem S.A. București	7.89	0.48	Hotels and similar accommodation	76.91
14.	Mindo S.A. Dorohoi	5.87	0.36	Production of mortars	98.02
TOTAL		471.00	28.65		

Table no. 3.8. List of subsidiaries and their net certified asset value as at 30.09.2019

*Legend***I** - Name**II** - Value of participation, in lei million, calculated according to the F.S.A. regulations**III** - % in TA of the Company**IV** - Field of activity**V** - % of the share capital of the company owned by the Company

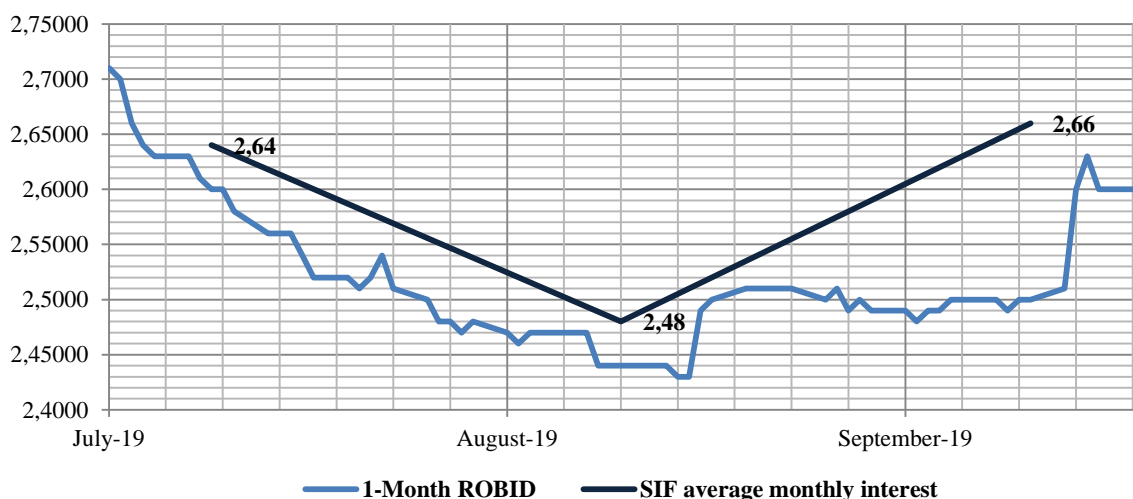
3.2 OTHER SUB-PORTFOLIOS

Chart no. 3.6. Evolution of the Company's other sub-portfolios in Q3 2019 (mill. lei)



BANK DEPOSITS

Chart no. 3.7. 1-Month RO BID (maximum 2.71%, minimum 2.43%) compared to the average monthly interest on the Company's deposits



During the third quarter, the average interest on the deposits constituted by the Company was higher than RO BID 1M, except for the first 3 days of July. At the end of the third quarter, the Company holds, at present value, 53.14 million lei in bank deposits, representing 3.41% of the total certified asset. The credit institutions where these deposits are constituted belong to well-capitalized groups, both at national and European level.

BONDS

During the analyzed period, the coupons were received, in the amount of 335,738 euros, related to the bonds issued by Banca Transilvania S.A. and Opus Chartered Issuances and that of the issue made by Medimfarm S.A. Ploiești (186,307 lei).

PARTICIPATION TITLES

In the third quarter of this year, the participation titles sub-portfolio did not change.

4 RISK MANAGEMENT

Risk management is the totality of the activities aimed at identifying, quantifying, monitoring and controlling the risks, so as to ensure that the principles of the general risk policy are observed. The risk management system of the Company includes a set of analyzes, charts for diversifying the exposures of the financial instruments in the portfolio, together with identifying and evaluating the financial risks, as well as proposals to mitigate the effects of the risks related to the investment and general activity of the Company.

Starting with 1 July 2019, the new Risk Profile for the Company has entered into force, according to the requirements provided by the EU Regulation no. 231/2013 regarding the risk management system, defining certain risk categories and a detailed system of tolerance limits / key risk indicators.

During the third quarter of 2019, the following present or potential risk categories to which the Company is exposed, were analyzed and measured in order to reduce their impact: market risk, credit risk, liquidity risk and operational risk.

(a) Market risk

Market risk is the risk of recording losses related to the positions in the profit and loss account, on the balance sheet and off balance sheet due to the unfavorable fluctuation of the prices at which the financial securities in the portfolio are traded. This risk is attributable to changes in market variables: stock prices, exchange rates, interest rates or commodity prices that could change the value of the financial instruments held.

For the measurement and evaluation of market risks, tradable portfolio VaR is calculated, an indicator that expresses the maximum potential loss, with a certain probability of error, expected in a certain period of time, assuming that the evolution of past prices will determine the behavior of prices in future. The VaR calculated for the last year has a value that is within the limits of a lower degree of risk than that of the Agreed Risk Profile;

The calculated currency risk is 5.48% (percentage of assets in foreign currency / total asset), and it is within the limits of the average risk degree (4.01% - 6%), the degree of risk that is assumed by the risk profile. We mention that the main currency exposure is the Euro currency (in the Company's portfolio there are also exposures in other currencies (USD and GBP) but at residual dimensions).

From the analyzes of all the types of parameters related to the concentration risk, it resulted that in the third quarter of 2019 the Company's financial instruments portfolio was within the limits of the Risk Profile and according to the requirements provided by the legislation in force regarding the investment management companies.

As regards the long-term interest rate risk, on 30 September 2019, in the Company's portfolio there was only one floating rate bond issue, that of Banca Transilvania (0.07% of the total asset), having an insignificant impact on the risks. what can influence the income of the company. The Company's bank deposits are interest bearing assets, which are generally short-term investments and are not exposed to a major risk of change. The Company does not use derivative financial instruments to protect against interest rate fluctuations.

The Company does not own commodities in the portfolio and is not affected by the risk regarding their price evolution.

(b) Credit risk

Indicators are calculated that determine the value of exposures to securities issued by listed and unlisted companies in the portfolio, which present a high level of bankruptcy risk, relative to the equity value. The calculated indicators, (the rate of exposure to listed issuers and the rate of exposure to non-listed issuers) fall within the degree of risk agreed through the Company's Risk Profile.

Counterparty risk - the possibility of insolvency of institutions providing services (eg custody of assets) or situations in which transactions with shares / bonds issued by issuers unlisted on a regulated market or on an alternative trading system is considered. According to the calculations made, the results place the Company in the area of medium risk. The non-existence of a portfolio of derivatives or pending transactions (not settled) places the Company in the area of very low risk.

(c) Liquidity risk

The liquidities available as cash and very liquid assets are monitored, as compared to the Company's short-term obligations.

The main indicator for calculating liquidity is: "Liquid assets / Average monthly expenses", an indicator that falls in the very low risk degree, according to the Company's Risk Profile, which means that the value of cash or cash equivalents represents at least five times the value of liabilities over 30 days.

Another monitored liquidity indicator is the grouping of assets in the liquidity bands specified in ESMA Guide 869/2014 (118, 119), respectively the percentage of the fund's portfolio that can be liquidated in each of the specified liquidity periods. The percentages of assets classified in the liquidity bands related to the total assets administered were calculated. The calculations for the entire portfolio show that it falls within the average risk, with an optimal level of assets that can be converted into cash within the time horizon analyzed in relation to the proposed level.

(d) Operational risk

Operational risks take into account the losses caused either by the use of inadequate processes, internal systems or human resources, which cannot fulfill properly their function, or by external events and actions. Legal risk is included in this category of risks. For the Company, the value of the potential aggregate loss as a result of the operational risks is insignificant.

CLASSIFICATION OF CATEGORIES OF ASSETS IN THE PORTFOLIO WITHIN THE LEGAL LIMITS OF HOLDING

The holding limits for the Company's portfolio are defined by the applicable law, respectively:

- Art. 188 of N.S.C. Regulation no. 15/2004 regarding the authorization and functioning of investment management companies, collective investment undertakings and depositors - the exposure conditions of UCI with a diversified investment policy;
- Art. 9 of the F.S.A. Rule no. 14/2013 - direct and indirect investments in promissory notes;
- Limits resulting from the provisions of Law 297/2004 on voting rights in entities supervised by the F.S.A. ;
- Limits provided under art. 3 (2) of Directive 2011/61 / EU.

The holding limits for the aforementioned items in the above list have been complied with throughout the third quarter of 2019.

LIMITS REFERRED TO UNDER ART. 3 (2) OF DIRECTIVE 2011/61 / EU

At the end of the third quarter of 2019, the Company's assets amounted 1,644,681,914.29 lei. Their value in Euro is 346,277,984.31. If the value calculated above would exceed the threshold of 500,000,000 Euros, SAI Muntenia Invest S.A., as AIFM, should apply for authorization in accordance with the relevant procedures of Directive 2011/61 / EU.

LEVERAGE

S.A.I. Muntenia Invest S.A.'s policy is not to use leverage for the Company in the administration process, respectively the non-use of a method of increasing the exposure of an AIF provided in Annex no. 1 of Regulation 231/2013 of the European Commission, in accordance with the Decision of the Board of Directors. From the analysis of the Company's portfolio it appears that there is no derivative financial instrument or that any method is used to increase the exposure, according to the Annex mentioned in the previous paragraph.

Regarding **Systemic and contagion risk**, it is part of the objectives of the National Bank of Romania to impose additional capital requirements on systemically important institutions and consists in increasing their capacity to absorb losses, with positive effects on reducing the systemic risk generated by the size of the institutions, respectively the probability of manifesting some financial difficulties and decreasing the severity of their potential impact.

Systemic risk can have both internal and external causes. Regarding the internal causes - increasing in 2019 -, the National Bank of Romania, in the document "Quarterly survey on systemic risks - June 2019" identified the following risks, in order of their importance, as considered by the banking entities:

- the uncertain and unpredictable legislative framework in the financial-banking field, with implications on the solvency of the banking sector (severe systemic risk, but with decreasing intensity);
- the risk of tightening internal macroeconomic balances;
- the risk of increasing the financing cost as a result of the interest rate increase and / or the depreciation of the national currency, with negative effects on the debtors' payment capacity, especially of the population and SMEs.

Regarding external causes, the systemic risks identified for the financial system are related to the increase of risk premiums, the sustainability of the state debt, the impairment of the intermediation capacity of the banks and, last but not least, taking increasing risks by the non-banking financial sector.

In the Company's portfolio, the issuer Banca Transilvania can be considered an exposure that adds systemic risk, especially due to the size of the bank. The company owns 20.99% of the assets under management in the bank's assets (shares, bonds, bank deposits and current accounts). Regarding the exposure of the Company in Banca

Transilvania, we appreciate that the performance of the bank, the complex evaluations of the NBR as well as the evaluations of the rating agencies lead to a permanent monitoring of the systemic risk generated by this exposure.

5 SHARES ISSUED BY THE COMPANY

The subscribed and paid-up share capital is 80,703,651.5 lei, divided into 807,036,515 common shares, with a nominal value of 0.1000 RON/ share.

MAIN CHARACTERISTICS OF THE COMPANY'S SHARES

All shares are ordinary, with a nominal value of 0.1 lei / share.

The shares are issued in dematerialized form and evidenced by registration in the shareholders register, managed by the Central Depository S.A. Bucharest, company authorized by A.S.F.

In the third quarter of 2019, the Company started the public offer to buy its own shares, which was approved by the Shareholders' General Extraordinary Meeting on 22 April 2019. The results of this offer are as follows:

- Number of the F.S.A. decision approving the public offer document: F.S.A. Decision no. 1079 / 27.08.2019
- The number and the percentage represented by the securities deposited within the offer: 37,036,515 shares, representing 4,5892% of the share capital of the issuer
- The number of securities purchased and the total amount paid: 22,391,314 shares, totaling 16,121,746.08 lei
- Date and method of settlement of the transaction related to the public offer: 20.09.2019, through the Central Depository system
- Percentage held by the bidder following the closing of the offer: the bidder owns 22,391,314 shares, representing 2.7745% of the Company's share capital.

The shares are included in a series of indexes calculated by the Bucharest Stock Exchange, respectively BET-FI (the index that includes SIF and Fondul Proprietatea investment funds type; at the date of the report, the weight of SIF4 in the index was 7.87%) as well as BET-XT-TR, BET-XT, BET-BK indexes.

Main market Bucharest Stock Exchange, main segment, premium category

Included in the indexes BET-BK | BET-FI | BET-XT | BET-XT-TR

	Q3 2019	2018	Q3 2018
Closing price REGS lei	0.738	0.598	0.660
NAV per SHARE lei	1.9862	1.5583	1.7245
Net asset discount (%)	62.8	61.6	61.7
Market capitalization (mill. lei)	579,07	482,61	532,64

Table no. 5.1. SIF Muntenia share performance

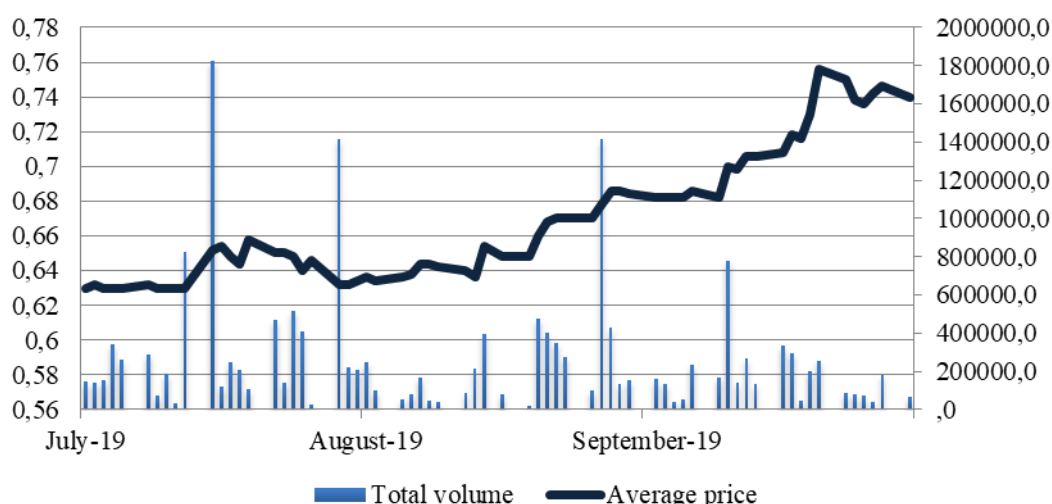
	REGS	POF	DEAL
Number of trades	4,125	163	-
Number of traded shares (mill. lei)	17,376,448	22,391,314	-
Total trading value (mill. lei)	11,523,001	16,121,746	-
% total number of shares	2.21% ⁷	2.77% ⁸	-

Table no. 5.2. Trades with SIF Muntenia shares in Q3 2019

⁷ Of total number of shares issued and under circulation as at 30.09.2019, excluding own shares redeemed by the company

⁸ Of total issued shares as at 30.09.2019

Chart no. 5.1. Average trading price and trading volume on REGS in Q3 2019



COMPANY SHAREHOLDERS

The table below shows the synthetic structure of the Company's shareholding, as at 30 September 2019.

	30/09/2019		
	Number of shareholders	Shares held	% held of total shares
Resident individuals	5,943,320	488,922,010	60.58
Non resident individuals	1,958	2,566,833	0.32
Resident entities	157	231,159,555	28.64
Non resident entities	21	84,388,117	10.46
TOTAL	5,945,456	807,036,515	100

Table no. 5.3. Shareholding structure as at 30.09.2019

Source: Depozitarul Central S.A.

The investor relations sections on the Company's website include up-to-date information on *corporate governance* and provide access to the documents governing the governance of the company. Governance information is reported periodically through the corporate governance statement within the annual report and permanently updated through current reports and the website. In this section, the forecasting policy and the dividend distribution policy and other shareholder rights are presented.

The sections on the *rules* on S.A.I. Muntenia Invest S.A.'s website include up-to-date information on remuneration policy and practices, rules and procedures regarding the policy of issuing orders and evaluation rules for the assets in the portfolios managed.

The obligations of transparency, reporting and information to shareholders and institutions of the capital market have been complied with and performed through press releases distributed in financial profile newspapers with national coverage, by publishing periodic and continuous reports of information electronically provided, both on the web page www.sifmuntenia.ro, as well as on the electronic system of the capital market on which the shares of the Company are listed, through the official storage mechanism of the F.S.A., by informing the F.S.A. and by carrying out an activity of written and electronic correspondence with the shareholders through the specialized compartment of S.A.I. Muntenia Invest S.A..

DIVIDENDS

The policy regarding the annual distribution of dividends or other shareholders benefits is presented on the Company's website, in the Corporate Governance section.

Gross dividends amounting to 1.27 million lei (dividends for 2015, 2016 and 2017) were distributed in the first 9 months of 2019.

The payment of dividends, in compliance with the legal provisions, is made by the Central Depository, and the payment agent designated by the Company is Banca Comercială Română S.A..

6 FINANCIAL ACCOUNTING STATEMENT

The company prepared the interim financial statements as at 30.09.2019 in accordance with the F.S.A Rule no. 39/2015 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to the entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investment Sector, as subsequently amended and supplemented.

The interim financial statements as at 30.09.2019 are not audited.

Below we will present a summary of the Company's interim financial statement as at 30 September 2019. For details you can consult the Notes to the interim financial statements as at 30 September 2019, annexed to this report..

FINANCIAL POSITION STATEMENT

<i>In LEI</i>	30 September 2019	31 December 2018
Assets		
Cash and current accounts	2,346,022	1,079,966
Deposits at banks	53,137,411	29,381,709
Financial assets at fair value through profit or loss	740,397,646	710,614,051
Financial assets at fair value through other elements of comprehensive income	786,054,409	585,329,963
Financial assets measured at amortized cost	11,367,271	10,171,781
Other assets	5,424,783	9,100,213
Total assets	1,598,727,542	1,345,677,683
Liabilities		
Dividends to be paid	43,641,314	66,635,384
Deferred income tax liabilities	39,641,259	19,427,363
Other liabilities	2,944,438	4,461,325
Total liabilities	86,227,011	90,524,072
Equity		
Share capital	80,703,652	80,703,652
Hyperinflation effect- IAS 29	803,294,017	803,294,017
Own shares	(16,345,504)	-
Retained Result	451,407,084	355,279,975
Reserves from revaluation of financial assets at fair value through other elements of comprehensive income	193,441,282	15,875,967
Total equity	1,512,500,531	1,255,153,611
Total liabilities and equity	1,598,727,542	1,345,677,683

Table no. 6.1. Financial position statement

The value of the assets as at 30 September 2019 is increasing by 253.05 million lei, respectively 18.80%, compared to the value as at 31 December 2018, mainly due to the increase in the value of financial assets at fair value through profit or loss and those through other elements of comprehensive income.

ACCOUNTING NET ASSET / NET ASSET CERTIFIED BY THE DEPOSITARY

Considering that the registrations made in the accounting records are in accordance with the F.S.A. Rule no. 39/2015, and the monthly calculation of the net asset is based on rules established in accordance with the F.S.A. Regulation no. 9/2014, there are differences between the value of the net asset according to the accounting records and the net asset certified by the Depositary.

A synoptic table of the differences between the net asset according to the accounting records and the certified net assets (million lei) is presented below.

Explanation	Amount
Net asset according to the accounting records	1,512.50
Net asset certified according to the F.S.A. regulations	1,558.45
Differences, of which:	(45.95)
Fair value difference for the shares portfolio	(66.09)
Fair value difference for the bond portfolio	21.15
Adjustment difference for depreciation of debtors from withdrawals from unlisted companies	(2.53)
Dividend difference due to closed companies, investment funds	1.52

Table no. 6.2. *Differences between certified net asset / net asset according to accounting records*

STATEMENT OF PROFIT AND LOSS AND OTHER ELEMENTS OF COMPREHENSIVE INCOME

In LEI	30 September 2019	30 September 2018
Income		
Dividend income	51,952,699	51,759,913
Interest income	1,310,590	602,780
Other operational income	547,045	556,897
Gain on investment		
Net gain from foreign exchange differences	181,826	99
Net gain from revaluation of financial assets at fair value through profit or loss	43,469,197	2,433,153
Expenses		
Net income from the reversal of adjustments for the impairment of assets	143,566	1,951,875
Administrative expenses		
Management fees	(13,050,000)	(13,050,000)
Expenses with remuneration of the Shareholders Representatives Council and with staff salaries	(375,091)	(766,903)
Other operational expenses	(2,158,749)	(2,176,673)
Interest rate expenses related to the lease contract liability	(32,973)	-
Profit before tax	81,988,110	41,311,141
Profit tax	(6,285,932)	(5,452,723)
Net profit for the period	75,702,178	35,858,418
Other elements of comprehensive income		
Elements that may not be restated to profit or loss		
Revaluation at fair value of financial assets at fair value through other elements of comprehensive income, net of deferred tax	175,526,677	49,720,883
Reserve related to financial assets at fair value through other elements of comprehensive income, transferred to retained earnings	2,038,638	10,272,517
Other elements of comprehensive income	177,565,315	59,993,400
Total comprehensive income for the period	253,267,493	95,851,818

Table no. 6.3. *Statement of profit or loss and other elements of comprehensive income*

The net profit as at 30 September 2019 increased by 111.11% compared to the one recorded at the end of the similar period of the previous year (RON 39.84 million), mainly due to the increase in net profit from the revaluation of financial assets at fair value through profit or loss.

ECONOMIC-FINANCIAL INDICATORS

Indicator	Value
Current liquidity ¹	1.87
Turnover of fixed assets ²	0.0953
Net profit net/certified net asset (%)	4.86
ROA ³ (%)	4.74
ROE ⁴ (%)	5.01

Table no. 6.4. *Economic – financial indicators**Method of calculation*

¹ Current assets / Current liabilities

² Turnover / fixed assets (turnover = total income (current) of the Company).

³ Net profit / Total accounting assets (it is one of the main profitability indicators of a company and it measures the efficiency of the use of assets, from the point of view of the profit obtained and shows how many units bring, in the form of profit, a unit invested in assets).

⁴ Net profit / equity (is one of the most important indicators that measure the performance of a company. The indicator is calculated as a ratio between the net profit obtained by the company and its equity, practically expressing the way and the efficiency with which the shareholders invested their money).

7 EXECUTION OF THE REVENUE AND EXPENSES BUDGET

The revenue and expenses budget for the financial year 2019 was approved in the SGOM from 22 April 2019, by Decision no. 4.

In LEI	R.E.B. 2019	Achieved 09.2019	%
1. Total income	53,100,000	53,810,334	101.3
1.1. Investment income	53,000,000	53,263,289	100.5
1.1.1 Divided gross income	52,000,000	51,952,699	99.9
1.1.2 Interest income	1,000,000	1,310,590	131.1
1.2 Other income	100,000	547,045	547.1
2. Total expenses	22,200,000	15,702,421	70.7
2.1 Management expenses	17,400,000	13,050,000	75.0
2.2 Third party expenses	2,500,000	1,687,990	67.5
2.3 Portfolio management expenses	1,500,000	378,141	25.2
2.4 SRC expenses	700,000	500,510	71.5
2.5 Other expenses	100,000	85,780	85.8
3. Net profit from the valuation of financial assets at fair value through profit or loss		43,880,197	0.0
4. Gross Profit	30,900,000	81,988,110	265.3
5. Profit tax (current and deferred), including dividend income tax		6,285,932	
6. Net Profit		75,702,178	

Table no. 7. Achievement of R.E.B. as at 30.09.2019

The Total Revenue indicator, at the end of the third quarter of 2019, slightly exceeded the budgeted values for the current year. The revenues are mainly composed of gross income from dividends, amounting to 51.95 million lei and interest income, amounting to 1.31 million lei.

The Total expenditure indicator, at the end of the third quarter of 2019, represents 70.7% of the total budgeted expenses for the current year and is composed mainly of the following expenditure categories:

- the management expenses represent the monthly fee of the administrator according to the administration contract in force,
- the expenses with the services provided by third parties include the expenses with the service providers (BRD - depositary, custodian, the Central Depository, FSA fees and charges, the financial auditor of the company, the internal auditor, expenses for investors relations, expenses with the mandatory publicity, payments to the trade register)
- the portfolio management expenses include the commissions of the transactions through SSIF, expenses with the banking services, the notarial expenses, with debt recovery services, the costs of the court, with the evaluation services performed by external evaluators, etc.

The gross profit, in the amount of 81.99 million lei, exceeds the budgeted values for 2019 by 165.3%, mainly as a result of the evolution of the fair value of the assets that are measured by profit or loss.

8 SUBSEQUENT EVENTS

There were no events subsequent to the date of the report, relevant to the Company's activity.

ANNEXES

- The interim financial statements as at 30 September 2019 prepared in accordance with the provisions of the FSA Rule no. 39/28 December 2015, as subsequently amended and supplemented, not audited, which include:
 - Statement of financial position,
 - Statement of profit or loss and other elements of the comprehensive income,
 - Statement of changes in equity,
 - Statement of cash flows,
 - Notes to the interim financial statements.
- The detailed situation of SIF Muntenia investments on 30 September 2019, prepared in accordance with annex no.17 of the Regulation no. 15/2004.

SIF Muntenia S.A. by its administrator
S.A.I. Muntenia INVEST S.A.

General Director,
Marian Nicușor BUICĂ

SIF Muntenia S.A. by its administrator
S.A.I. Muntenia INVEST S.A.

Chief Accountant,
Irina MIHALCEA