

INSIGHT IN THE FUNDAMENTAL ANALYSIS OF THE BANK SHARES

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ABSTRACT: *Compared to the objective of the financial statements which is that to surprise the image of the company, the objective of the fundamental analysis is to determine and guide the investment decision, knowing the occurrence, the oscillation and the implications of the economic (micro and macro) factors in the investment process. The fundamental analysis “speaks” of shares by using different information, defining the space in which the company is revolving and certain sources such as: the financial statements of the economic agent, reports of the administrators, other reports of the organization, sources which separate the economy and the capital market and not the least news causing effervescence in the entire internal and / or international area. The characterization of the activity of a bank with the support of the indicators means the analysis of certain specific balance, profit and loss account elements and of other additional reports. The banking environment was aggressively negatively affected by the amplitude of the pandemic from 2020. In the analysis of Patria Bank, we used the “per share ratios” system. From the dynamical comparison, a more effective activity resulted in 2019. The shares are ordinary, nominative and are in dematerialized form with equal rights for the owners. The major shareholder is EEAF FINANCIAL SERVICES B.V. During the time, a market capitalization occurred. The trend of the shares is descending, especially due to the exogenous factors.*

KEY WORDS: *share, analysis, audit, bank, accounting, financial indicators, risks, financial statements*

JEL CLASSIFICATIONS: *M41, M42, G21.*

1. INTRODUCTION

The capitalization is one of the strategic objectives of a bank, a part of the capitalization being made through the stock exchange capitalization. A practical way of reaching this objective is given by the shares, reason for which their research through certain indicators is imposed. The application of the fundamental analysis of the study

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of the shares means the definition of certain elements comprising them, such as: the capital market, which means of the fundamental analysis. In the specialized literature, definitions are met, having a smaller or higher degree of similarity, thus we have:

- *The capital market* is the assembly of the relations and mechanisms through which the available and separated capitals are guided to the public and private entities, requesting funds. The capital market provides the connection between the issuers and the investors. *On the capital market* there are transacted the financial instruments which serve as support of the medium and long term equity exchange. (Anghelache, 2014);
- *The capital market* is specialized in making the transactions with assets with medium and long term maturity. (Carangiu, et. al, 2005);
- *The capital market* – is that element of the financial market, characterizing the investments in the medium and long term financial titles. The development of the capital market is the result of certain complete economic processes and, on its turn, also influences the circulation of the capitals and the economic cost-effectiveness level existing in the economy at a certain time. (Dragomir, 2010);
- *The capital market*, in the economic acceptance, consists in the primary market and the secondary market. The latter is a financial market that the demand is made through the restructuration need of the portfolios of the financial asset holders, and the supply occurs simultaneously due to this restructuration functions and from savings. (Micu, 2010).

According to the presented definitions, certain common elements result of the medium term and the long term, financial assets are transacted, the scope, in this narrow sense, being the mobilization of the capitals. The fundamental analysis means the comparative study of a set of indicators based on data from the balance sheet and the price made on the basis of the supply and demand (the market price) (Carangiu, et. al, 2005). The fundamental analysis means the calculation of certain indicators to permit the possible investors to know the market value of the issuer, value which is given by the own economical-financial statement, on the one hand, and the market characteristics, on the other side, that his shares are negotiated on. (Dragomir, 2010). This type of approach (the fundamental analysis) consists in the selection of shares, according to the information from the company's financial statements, the field it activates in (<https://tradeville.ro/educatie/analiza-fundamentala>). The fundamental analysis is the first step to make a good choice regarding the shares we will include in the portfolio, meaning the selection of shares according to the information regarding the financial statements, the field they activate in, the position of the price in report with different benchmarks which belong to the issuer's activity and to the market (Micu, 2010). The fundamental analysis is a technique operating over a complex of indicators, like the financial diagnosis, or the economical-financial analysis, based on the macroeconomic and microeconomic nature, using different sources.

2. THE STRUCTURE OF THE FUNDAMENTAL ANALYSIS CHARACTERIZATION

2.1 The main structural elements of the fundamental analysis

As a general rule, for the fundamental analysis, the information originating from the study of the national economy, of the branch of activity and of the conditions the organization is operating in, is used.

The fundamental analysis process may be synthesized as it follows:

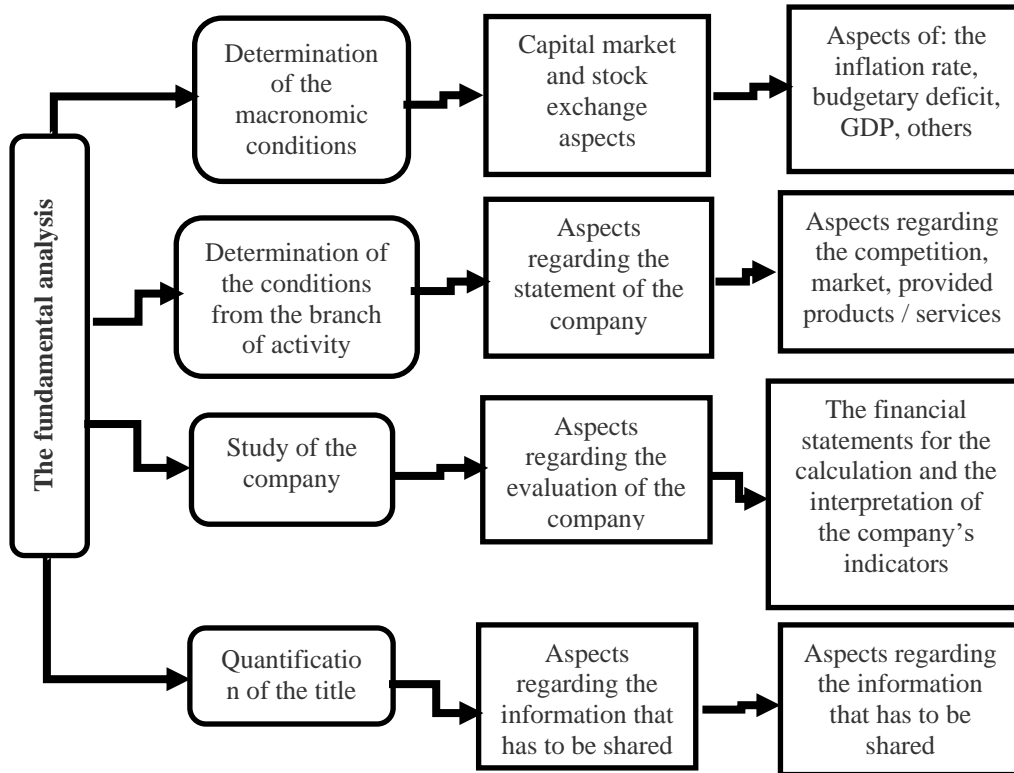


Figure 1. Process of the fundamental analysis

2.2 The financial statements - the relevant information sources in the fundamental analysis

The report complex for the fundamental analysis of the shares will be focused on those ratios having into view the organization, the business environment of the company, the macroeconomic events. The financial statements used for attracting the investors, indicating the activity of the entity are: the balance sheet and the balance sheet notes, the profit and loss account, the statement of the patrimony, the financial results, the reports of the administrators, other reports. The examination of the financial statements is directed to the settlement of the reality using the data regarding the evolution and the risks associated to the movable values.

a. The balance sheet. It provides certain significant features: a synthesis document, aggregates the data, supports the calculation of the statement of the patrimony, of the own capitals, the study of the continuity, provides the necessary information for the liquidity, solvability, revolving rates of the capitals and of the

assets, the structure rates of the capitals and of the assets, the short-term and medium and long term debts. It is also used for the settlement of the *financial balance sheet* – which is used in the analysis, which can be used as model. Certain asset and liability elements are adjusted in its elaboration: the intangible assets appear at the net value and do not include the incorporation expenses and the research-development ones, the own registered equity being decreased pro rata, the stocks with a revolving over 365 days being mentioned at fixed assets, the expenses registered in advance are deemed non-values (fictive asset), therefore they will not be included in the assets, the advance incomes are assimilated to the own capitals, the current financial debts include the short-term loans (Siminică, 2010):

Table 1. Constitutive elements of the financial balance sheet

Asset	Liability
Fixed assets (over a year): a. Intangible assets b. Tangible assets c. Financial intangible assets over a year; d. Stocks without movement or with slow movement; e. Receivables over a year	Own capitals
Circulating assets (under a year): a. Stocks b. Receivables and financial intangible assets under a year c. Availabilities	Medium and long term debts
	Short term debts
	Current financial debts
Total Assets	Total Capitals

Source: Siminică M., *Diagnosticul financiar al firmei, 2019*

The notes to the balance sheet supplement the information related to the interpretation of the data.

b. The profit and loss account. Synthetically, the profit and loss account is the startup point for the calculation of certain indicators such as: the profitability rate of the consumed resources, the profitability rate of the sales, the dividends, and the self-financing capacity of the turnover, which are necessary to the analysis. It defines the financial performance of the company, manages the balance / unbalance between the expenses and incomes and provides the necessary information for the exploitation cycles, investments and financing.

c. The statements of the patrimony and the Financial results. These are “sisters” to the balance sheet, respectively the profit and loss account with the specification that they are elaborated on a quarterly basis.

d. The administrators’ reports. The report must help the investors and not only to understand the aspects referring to the: administrators’ vision related to the development strategy of the entity correlated with the complexity of the company’s activity, the policy in the field of the own actions (the scope of the procurements, the number, the nominal value or the accounting value, the exposure to the risk of the

shares), the additional reflection of certain key financial and non-financial indicators, the documentation of certain elements of the business sector.

e. Different reports. The investment decision is conditioned also by the business sector which requires the awareness of certain elements related to the annual level of the inflation, juridical restrictions, management of risk, internal and / or external market, competition, type of the economy.

2.3 Evaluation of the company. Case study Patria Bank S.A.

2.3.1 Macroeconomic information

The macroeconomic conditions are extremely diverse and may vary from simple news which cause a major reputational impact upon the business environment in which the entity is developing the activity, to the indicators appreciating the course of the economic development or of the branch of activity or to factors which affect the entire country or certain state regions. The features of the Romanian economic space can be minimally defined through certain indicators reflecting the changes occurred in this area. Thus we can take into account the elements such as those mentioned in table 2.

Table 2. Macroeconomic elements

Indicator	2020	2019	2018	Observations
Gross Domestic Product (GDP) GDP = consumm + investments + export – import	-	1,053	1,011	Source: NIS. The data is in billion lei. The GDP increased by 4,1% in 2019 against 2018, thus the proper conditions for the investments.
Budgetary deficit expressed in % from the GDP	-	4.60	2.88	The trend of the budgetary deficit is not meant to attract the investors
The rate of the inflation	-	3.49%	5%	The rate of inflation in Romania is among the highest in Europe. The source: https://www.bnr.ro/PublicationDocuments.aspx?icid=3922 From the reports of the NBR – the multiannual stationary target of the inflation was in 2019 and 2018 of inflation: 2.5% ±1 pp. we observe that the situation improved in 2019 versus 2018, but it is not attractive for the investors.
Pandemics / Wars	Corona virus	The worldwide unfavourable macroeconomic and microeconomic conditions will generate difficulties for the companies which made share emissions. This aspect will lead to a stock exchange decapitalization in 2020. A recession of the stock exchange market will be registered. The BET index declined at the Bucharest Stock Exchange after the occurrence of the pandemic. The Bucharest Stock Exchange and the international markets are crossing one of the most troubled period in the last years, there are		

		days with massive decreases, over 3%, followed by meetings in which the most important indexes gained even 4%. (Ionuț Sisu, 2020)
The legal environment (briefly)		The accounting law no. 82 / 1991 R*** with the subsequent changes and completions is influencing: the financial statements, the administrators' reports, the auditors' reports, who is approving, where it is submitted.
		The law no. 227 from July 4 th , 2007 for the approval of the Emergency Ordinance of the Government no. 99 / 2006 regarding the credit institutions and the appropriateness of the equity – shows the definition of the financial instruments
		The law no. 227 / September 8 th , 2015 regarding the updated Fiscal Code has major implications upon the calculation of the indicators deriving from the balance sheet and the profit and loss account or from other reports.
		The Order no. 1802 / December 29 th , 2014 for the approval of the Accounting Regulations regarding the individual annual FS and the consolidated annual FS with its subsequent changes and completions, is having into view the frame of the annual FS.
		The Order no. 27 / December 16 th , 2010 for the approval of the Accounting Regulations according to the International Standards of Financial Reporting, applicable to the credit institutions refers also to the additional aspects to the IFRS such as: "A credit institution whose movable values are admitted for transaction on a regulated market, ...will include a statement referring to the corporative governance in the administrators' report".
		The regulations issued by the Bucharest Stock Exchange providing the access conditions: a value of the anticipated capitalization / own capitals of at least 1 million of Euro, a free-float of at least 20% (shares which are not held by the company or by the strategic investors), should be active for at least 3 years and financial reports for the respective period should be available.
		The regulations issued by the CNVM – the definition of the capital market

2.3.2 Study of the microeconomic conditions

a. The Market and the Competition for the banking system. The register of the active credit institutions, generated on May 12th, 2020 (13:51:52) for the section of banks, consisted in 23 credit institutions, available on the website https://www.bnr.ro/files/d/RegistreBNR/InstitCredit/ban1_raport.html.

The main actors of the banking scene, according to the market share and the net assets, with small fluctuations regarding the hierarchy are: Transilvania Bank, BCR, BRD-SocGen, UniCredit, Raiffeisen. They represent 22% from the total of the banks, they hold over 60% from the total assets. From point of view of the stock exchange market, the Romanian banking environment is under-represented. From the total of 23 banks, we mention 4 players at the Bucharest Stock Exchange on the share market – Transilvania Bank, BRD-SocGen, UniCredit, patria Bank, which is equal to say that only 17% from the active banks are trying the capitalization through this system.

b. Appreciation of the indicators

Table 3. Balance sheet elements (thousand lei)

Indicator	2019	2018	$\Delta_{2019/2018}$	$I_{2019/2018} - 100$
Cash (C) and availabilities at the Central Bank	428,495	510,747	-82,252	-16.1%
The cash flow decreased due to the higher withdrawing of the clientele during 2019 compared to 2018.				
Placements in banks	5,683	5,613	70	1.2%
The fluctuation is insignificant.				
Debt titles and equity instruments	817,143	1,026,814	-209,671	-20.4%
On the level of the equity instruments, a relative decrease by 20.4% occurred.				
Investments in the subsidiaries	30,469	31,725	-1,256	-4.0%
The fluctuation is insignificant.				
Credits and advances granted to the clientele (net value)	1,588,274	1,543,019	45,255	2.9%
Being expressed at the net value, the increase is positive, meaning high quality incomes.				
Other assets	321,898	335,549	-13,651	-4.1%
The fluctuation is insignificant.				
Total assets	3,191,962	3,453,467	-261,505	-7.6%
The decrease of the total assets had two major causes: the decrease of the volume of equity instruments and cash flow				
Deposits from the banks & REPO	18,627	6,951	11,676	168.0%
The volume is low, if we take into account the field of activity.				
Debts regarding the clientele	2,733,709	3,064,601	-330,892	-10.8%
The debts regarding the clientele decreased, with consequences upon the cash flow exits.				
Loans and other debts (including the subordinated loans)	106,091	64,041	42,050	65.7%
They have a significant value.				
Total Debts	2,858,427	3,135,593	-277,166	-8.8%
Decrease due to the structural changes				
Total own capitals	333,535	317,874	15,661	4.9%
We observe a decrease of the own capitals meant to draw the attention upon.				
Total Debts and own Capitals	3,191,962	3,453,467	-261,505	-6.6%
It can be observed referring to the total of debts and own capitals that we are dealing with two elements: the decrease of the debts regarding the clientele and an improvement of the own capitals				

Source: www.patriabank.ro

Table 4. Elements of profit and loss account (thousand lei)

Indicator	2019	2018	$\Delta_{2019/2018}$	$I_{2019/2018} - 100$
Net incomes from interests	115,602	102,274	13,328	13.0%
The net incomes from the interests increased in conformity with the changing of the following:				
<ol style="list-style-type: none"> 1. The relative bonus of 11% of incomes from the interests to the commercial credits; 2. Incomes from the debt title portfolio with 18%. 3. The decrease of the net incomes based on the increase of the expenses with the interests: +8%, because the volume of the deposits drawn from the interbanking market increased. 				

Indicator	2019	2018	$\Delta_{2019/2018}$	$I_{2019/2018} -100$
Net incomes from fees and charges	26,724	23,628	3,096	13.1%
The net incomes from the fees increased because the transactions were more numerous				
The incomes from the financial activity and other incomes	24,173	34,100	-9,927	-29.1%
The changes were due to:				
1. Exits of financial assets on depreciated cost: -3,2 mil lei in 2019				
2. Reevaluation of the fixed assets held for sale and of the real estate investments				
3. The net incomes from transaction, the net profit = 4 mil. lei				
Net banking income	166,499	160,002	6,497	4.1%
The relative bonus of 4.1% is based on the previous structure changes				
Expenses with the staff	63,556	73,551	-9,995	-13.6%
The expenses with the staff were affected by: the decrease of the number of the staff				
Expenses with the depreciation and impairment	23,326	18,677	4,649	24.9%
The influences are due to the increase of the volume of the tangible and intangible fixed assets				
Other operational and administrative expenses	53,474	69,531	-16,057	-23.1%
The increase of the business volume did not lead to the increase of the administrative expenses				
Total operational expenses	140,356	161,759	-21,403	-13.2%
The operations include the tax on the financial assets in amount of 1,5 mil. lei, the cost in 2019				
Operational Outcome	26,143	-1,757	27,900	****
The comparison of the two years indicates a more efficient activity during 2019				
Impairment adjustments corresponding to the financial assets	14,938	1,490	13,448	1,002.6%
An aggressive impairment of the financial assets can be noticed.				
The profit / (loss) before taxation	11,205	-267	11,472	****
In 2018, the bank had a loss, thus the calculation of the index $I_{2019/2018}$ is not representative				
The Profit / (Loss) before the taxation	11,205	-267	11,472	****
The more efficient activity had consequences on the profit level				
Expense with the profit tax	5,873	0	-5,873	0.0%
The expense bonus with the profit tax is normal providing the execution of the profit on the level of 2019 and the loss on the level of 2018.				
The Profit / (Loss) of the financial exercise.	5,332	-267	5,599	****
Conclusions for the Profit / (Loss) of the financial exercise:				
1. The profit made in 2019 in amount of 5,332 thousand lei consists in: the positive operational outcome 26,143 and the negative outcome obtained from the (impairment adjustments of the financial assets in amount of 14,938 thousand lei + the expense with the profit tax 5,873).				
2. The loss in 2018, the negative operational outcome of 1757, the other constitutive elements covered the loss only partially.				

Source: www.patriabank.ro

c. Reflection of the Main Indicators

Table 5. Per share ratios at SC Patria Bank SA

Indicator	Formula	Calculation
Net profit per share	$V_r = P_n / R_d$ V_r = performance wave; P _n =Net profit per share; P _n =Net profit N _a = No of shares; R _d =Average rate of the market interest	$V_r = 0.0017115 / 2.59\% = 0.6608$ $P_n = P_n / N_a = 5,332 / 3,115,330,575 = 0.0017115$; P _n = 5,332 thousand lei; N _a = 3,115,330,575; R _d = 2.59%
Comments: The bank had losses in 2018, thus we have a tempting positive trend for the investors on the level of the indicator the performance value. We have no changes of the number of shares.		
Dividends per share	V_f = financial value D _a = dividend per share D= dividend N _a =no of shares R _d = interest rate on the market	$V_f = 0$ D= 0 N _a =3,115,330,575 R _d = 2.59%
The financial outcomes for 2019 were not audited, implicitly the GMS (General meeting of the Shareholders) did not approve them, thus there are no dividends for 2019, we have loss for 2018.		
Value of the sales per share	$V_v = CA / a$ V_v = value of the sales per share CA ₂₀₁₉ = turnover 2019 CA ₂₀₁₈ = turnover 2018 a _{yyyy} =annual average of the common (ordinary) shares	$V_{v2019} = 210,708,000 / 3,115,330,575 = 0.067636$ $V_{v2018} = 200,888,000 / 3,115,330,575 = 0.064484$ $CA_{2019} = 155,721 + 30,814 + 8,868 + 4,275 + 3,320 + 1,081 + 9,779 - 3,150 = 210,708 * 1000 = 210,708,000$ lei $CA_{2018} = 139,362 + 27,578 + 9,152 + 152 + 7,795 + 20,498 - 2,374 - 1,123 = 200,888 * 1000 = 200,888,000$ lei $a_{2019} = 3,115,330,575$ $a_{2018} = 3,115,330,575$ $\Delta CA_{2019/2018} = 9,812,000$, $ICA_{2019/2018} = 104.89\%$
Comments: <ol style="list-style-type: none"> The BA (Board of Administration) increased by 9,812,000 lei, or in relative numbers 4.89%; The annual average of the common shares was constant; Thus the bonus of 4.89% of the BA is leading to a bonus of V_v of 0.003152 lei per share. 		
Book value per share	$V_{ctb/a} = (V_{ctb/k} - F - A_i) / N$ $V_{ctb/a}$ =book value per share $V_{ctb/k}$ = book value of the common equity which was the base of issuance of the ordinary shares	$V_{ctb/a,2019} = 271.452.000 / 3.115.330.575 = 0,087134$; $V_{ctb/a,2018} = 274.780.000 / 3.115.330.575 = 0,088202$; $V_{ctb/k,2019} = 315.829.000$ $V_{ctb/k,2018} = 315.829.000$

Indicator	Formula	Calculation
	F=commercial fund A _i =other intangible assets (intangible fixed assets); N=Annual average number of ordinary shares	F ₂₀₁₉ = 0; F ₂₀₁₈ = 0; A _{i2019} = 44.377.000; A _{i2018} = 41.049.000; N ₂₀₁₉ = 3.115.330.575. N ₂₀₁₈ = 3.115.330.575
Comments:		
<ol style="list-style-type: none"> The factor which caused the effects upon the indicator originates from the change of the intangible fixed assets: $\Delta A_{i2019/2018}=3,328,000$ lei, $ICA_{2019/2018}=108.11\%$; The relative decrease of the book value per share of 1.21% is determined by the relative bonus of 8.11% of the intangible assets. 		
Immediate assets per share	A _{i_a} = A _i /N A _{i_a} =immediate assets per share; A _i = immediate assets N=Annual average number of ordinary shares	A _{i_a2019} = 0.290460; A _{i_a2018} = 0.375384; A _{i2019} = (428,495+18,220+458,164)*1000=904.879.000; A _{i2018} = (510,747+ 6,785 + 651,914)*1000=1,169,446,000; N ₂₀₁₉ = N ₂₀₁₈ = 3,115,330,575
Comments:		
The immediate assets per share decreased due to the immediate asset decreases from 2019 compared to 2018.		
Cash per share	V _{n_a} = D _n /N V _{n_a} =cash per share D _n =cash not affected by debts; N=number of ordinary shares.	V _{n_a2019} =0.137544; V _{n_a2018} =0.163946; D _{n2019} =428,495,000; D _{n2018} =510,747,000; N ₂₀₁₉ = N ₂₀₁₈ = 3,115,330,575
Comments:		
<ol style="list-style-type: none"> A change of -0.03 lei per share occurred because a decrease of the cash flow occurred. 		
Return on equity - ROE)	ROE= P _n /K _{pr} P _n =net profit K _{pr} =own equity	ROE ₂₀₁₉ =5,332,000/333,535,000=1.60 % ROE ₂₀₁₈ = the calculation is improper
Comments:		
<ol style="list-style-type: none"> ROE₂₀₁₉ had two factors as source of change: the net profit and the own equity; Indicates the capacity of the bank to use the own capital to be performant. 		

d. Structure of the shareholding, the capitalization and the trend of the shares at Patria Bank. Information regarding the shares (the source patriabank.ro): the shares are ordinary and nominative; they are in dematerialized form and provide equal rights to the holders; they are also indivisible and, if they belong to several, the holders must appoint a representative for exercising the rights.

The regime of the shares, in case in which the capital is increased, is: the shares are provided in compliance with the preference right; if the shareholders fail to exercise the right, the shares will be subscribed; the unsubscribed shares will be cancelled or given to the third parties with the approval of the GMS.

The recording of the shareholders and of the shares is made with the Shareholders' register, the change of their data belonging to them. Shareholding

structure: the EEAF FINANCIAL SERVICES B.V Group is holding the control by over 83%, having specific rights arising from these per cents.

Table 6. Shareholding structure on 2019 at SC Patria Bank

Shareholders	No. of shares	Per cent
EEAF FINANCIAL SERVICES B.V. Amsterdam NLD	2,592,620,715	83.2214
Other shareholders / others	522,709,860	16.7786
Total	3,115,330,575	100.00

Source: <https://bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=PBK>

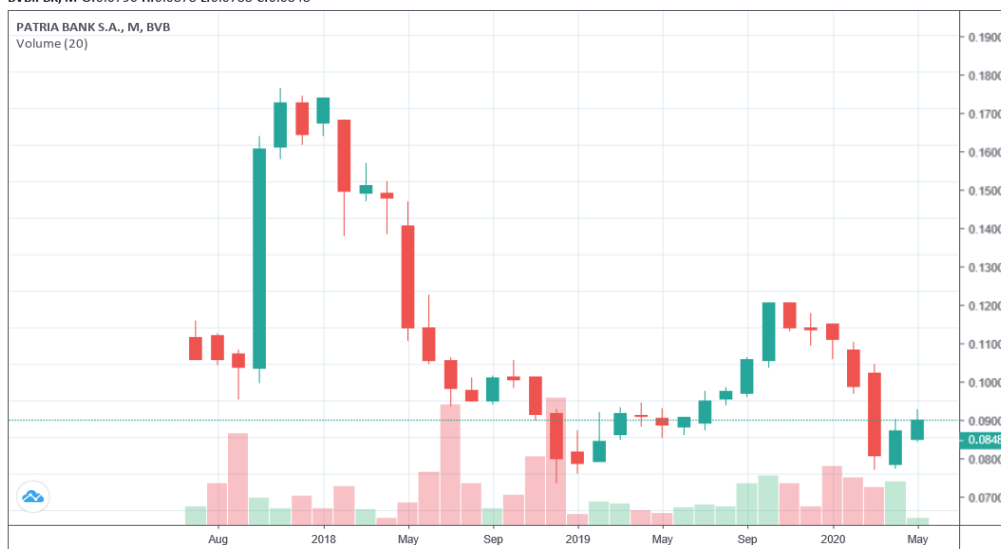
The capitalization: by the end of 2019, the capitalization is in amount of 255.457.107 lei, being in the normal parameters, if we take into consideration the fact that Patria Bank is a relatively new player on the Bucharest Stock Exchange and is having a low market share.

Table 7. The capitalization and the book value of the shares on 2019

Symbol	ISIN	Market Capitalization	Book Value	Book Value Date	PBV	PER	PER Date
PBK	ROBACR ACNOR6	255,457,107	333,530,486	12/31/2019	0.77	47.91	12/31/2019

Source: <https://bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=PBK>

Trend of shares. The trend was affected by the investors' tendency to procure safer assets.



Source: <https://bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=PBK>

Figure 2. Evolution of shares between 2018 – May 2020

The chart regarding the evolution of the shares between July 2017 – May 2020 can be interpreted as it follows:

1. The top side of the chart called the candlestick chart is used in the technical analysis and indicate the opening, respectively the closing prices according to which the shares were transacted, on a short period of time, it is important to know for the investors who want speculative fast incomes;
2. The low part of the chart is a column diagram and represents the volume of the transactions;
3. A direct dependency relation between the two variables can be observed, it means that the prices representing the supply and demand are connected by the volume of the transactions.

3. DISCUSSIONS AND CONCLUSIONS

The fundamental analysis remains the basic technique in the approach of the share investing study. The main advantage of the fundamental analysis is the characterization of the company with certain indicators showing its financial behaviour, supporting the investors upon the way in which they should act for longer periods of time, being useful to those who want to know the environment they are going to invest into and the capital amount at stake for the procurement of shares.

The fundamental analysis is limited, if fast incomes are desired, it does not provide sufficient information to the investor on short periods of time.

The Romanian stock exchange market is not a developed market and is extremely limited regarding the transactions with shares of the bank sector. For the execution of a pertinent fundamental analysis, the approach of certain different information sources is necessary, able to help the creation of certain real indicators.

The macroeconomic conditions varied a lot between 2018 and 202, as it follows:

- The gross domestic product increased by 4.1% in 2019 versus 2018, and for 2020, the specialists estimate a regress of 4.7% according to the website https://www.bcr.ro/ro/presa/blogul_bcr/estimari-2020-contractie-economica-de-minus-4-virgula-7-procente, meaning a value of the GDP below 2018;
- The budgetary deficit increased from 2.88% in 2018, to 4.6% in 2019, and the estimation for 2020 is not at all encouraging, according to the same source, is of 7.3%.
- The inflation rate decreased from 5% in 2018 to 3.49% in 2019, the perspective for 2020 being around 3.5%, but still far away from the multiannual target of the NBR of 2.5%;
- The legal environment suffered changes, the occurrence of certain “pandemic” restrictions, which affected the credit process.

Due to the Corona Virus pandemic, the gross domestic product was damaged and the budgetary deficit increased. The inflation rate is at a very high level if we see the information through the European paradigm, the prognosis made by the ECB for 2020 is of 1.6%, according to the data published on March 12th, 2020 for Europe on the

website https://www.ecb.europa.eu/pub/projections/html/ecb.projections202003_ecbsta ff~dfa19e18c4.ro.html, which means a more-than-double value of this indicator in Romania.

The cash and the availabilities at the Central Bank at Patria Bank decreased by 16.1% in 2019 compared to 2018, with double involvement the decrease of the liquidity on the one hand, simultaneously with more reduced possibilities to make placements. The credits and the advances granted to the clientele, the main source of incomes, increased both from quantitative and qualitative point of view. The debts regarding the clientele decreased, it results that we are dealing with a more reduced volume of drawn sources and implicitly a smaller placement capacity, which is reflected in the tendency of the clientele to withdraw the interests.

The volume of the incomes from interests increasing by 13%, indicates a better quality of the placements, a higher volume of granted credits, providing certain paid interests higher for the deposits drawn from the interbanking market. The volume of the net incomes from fees increasing by 13.1%, shows a volume of the operations higher in 2019 compared to 2018. The transaction incomes were smaller.

The expenses with the staff are decreasing because in the two years, the average number of the staff decreased. The expenses with the depreciation increased on the increment of the volume of fixed assets. The expenses with the adjustments registered a remarkable increase in 2019 compared to 2018, generated by the qualitative impairment of the financial assets. The expenses with the profit tax corresponds only to 2019. The total of the expenses of 2019 is lower to that of 2018 by 1.5%, outcome obtained from: $[(160,626/163,069)*100 - 100]$.

The positive operational outcome is due on the one side to an improved credit activity and of certain smaller expenses on the other side. The value of the sales per share was positively determined by the increase rhythm of 4.89% of the turnover. The book value per share decreased, due to the increment of the intangible assets. The cash per share decreased as a result of the decrease of the cash flow not affected by debts.

From point of view SC Patria Bank, we are dealing with different ways, from the perspective of the financial performance (2018 – loss, 2019 – profit).

The indicators calculated under the balance of the profit account and of other reports, although they are not extraordinary indicate a healthy business environment and with low risk of investment.

From those already exposed, it results the tendency of the bank to render more effective the activity according to the principle of higher incomes with smaller consumption of resources and, in 2019, it succeeded, also through the obtained results, the bank may become a target for the investors.

The change of the shareholding was decisive in the obtaining of the advantageous results. The trend of the shares is descending, but for the entire banking sector. The investors' behaviour in the last years reflects their reorientation to assets having lower risks, such as debentures, that's why Patria Bank launched this kind of instrument in 2019 on the market (www.patriabank.ro).

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