

**SIF Banat-Crişana S.A.**

**Condensed interim financial statements  
as at March 31, 2017**

Prepared pursuant to the Norm of the Financial Supervisory Authority no. 39/2015 for the approval of accounting regulations in accordance with the International Financial Reporting Standards applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority, operating in the Financial Instruments and Investments Sector

**unaudited**

*FREE TRANSLATION*

*prepared for the convenience of English-speaking readers,  
as translation of the original document issued in Romanian, which is the official and binding version;  
for purposes of interpretation the Romanian text shall be authoritative and final*

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**Condensed Statement of profit or loss and other comprehensive income  
as at March 31, 2017**

<i>Denominated in RON</i>	<b>Note</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
<b>Income</b>			
Dividend income	4	7,788,220	5,704,253
Interest income	5	929,806	1,345,985
Other operating revenues		34,676	113,538
<b>Investment gains</b>			
Gains on investment property		-	-
(Loss) / Net gain from foreign exchange differences		9,347	(205,494)
Net profit from sale of assets	6	(65,031)	-
Net Profit/(Loss) from financial assets at fair value through profit or loss		11	
<b>Expenses</b>			
(Expenses) with adjustments for impairment of financial assets available for sale		-	-
Other (expenses)/reversals from adjustments impairment of other assets and provisions		-	-
Fees and commissions expenses	7	(573,822)	(512,118)
Other operating expenses	8	(2,720,842)	(2,173,950)
<b>Profit before tax</b>		<b>5,402,365</b>	<b>4,272,214</b>
Income tax	9	(6,170)	(6,864)
<b>Net profit for the period</b>		<b>5,396,195</b>	<b>4,265,350</b>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified to profit or loss</b>			
Fair value reserve (financial assets available for sale):			
Net amount transferred to profit or loss		(198,926)	-
Net change in fair value		0	-
Effect of income tax due for these		31,828	-
Reserves from revaluation of fixed assets		-	-
<b>Other comprehensive income</b>		<b>(167,098)</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>5,229,097</b>	<b>4,265,350</b>
<b>Earnings per share</b>			
Basic		0.010	0.008
Diluted		0.010	0.008

The condensed interim financial statements were approved by the Board of Directors on April 20, 2017 and were signed on its behalf by:

Bogdan-Alexandru Drăgoi  
Chairman, CEO

Octavian Avrămoiu  
Vice-Chairman, Deputy General Director

Ștefan Doba  
Economic Director

## Condensed statement of financial position as at March 31, 2017

<i>denominated in RON</i>	<b>Note</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>
<b>Assets</b>			
Cash and cash equivalents	10	1,703,888	16,372,090
Bank deposits	11	17,066,404	41,253,904
Financial assets at fair value through profit or loss – held of trading		320	309
Financial assets available for sale	12	2,055,959,261	2,007,925,978
Investments held to maturity	13	6,252,432	6,336,716
Investment property	14	19,466,667	19,466,667
Tangible assets (property, plant and equipment)		3,134,677	3,183,928
Other financial assets	15	9,922,695	15,434,596
Other assets		209,141	215,140
<b>Total assets</b>		<b>2,113,715,484</b>	<b>2,110,189,328</b>
<b>Liabilities</b>			
Dividends payable		20,127,902	20,204,246
Deferred income tax liabilities	16	130,772,672	130,804,501
Other financial liabilities	17	2,870,354	4,465,122
Provisions for risks and expenses		469,374	469,374
<b>Total liabilities</b>		<b>154,240,303</b>	<b>155,943,243</b>
<b>Equity</b>			
Statutory share capital	18	54,884,927	54,884,927
The effect of applying IAS 29 on the share capital	18	684,298,992	684,298,992
Own shares	18	(52,443,756)	(52,443,756)
Losses from repurchase of own shares		(734,130)	(734,130)
Reserves set-up from the application of Law no. 133/1996	18	2,105,675,691	2,105,675,691
The effect of applying IAS 29 on the reserve set-up after the application of Law no.133/1996	18	(2,644,488,595)	(2,644,488,595)
Accumulated profit		209,484,170	204,087,976
Other reserves		608,927,140	608,927,140
Reserves from revaluation of tangible assets (property, plant and equipment)		97,794	97,794
Legal reserves	18	10,976,985	10,976,985
Reserves from revaluation of financial assets available for sale		982,795,963	982,963,061
<b>Total equity</b>		<b>1,959,475,181</b>	<b>1,954,246,085</b>
<b>Total liabilities and equity</b>		<b>2,113,715,484</b>	<b>2,110,189,328</b>

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Ștefan Doba  
Economic Director

## Condensed Statement of Changes in Equity as at March 31, 2017

<i>Denominated in RON</i>	Inflated share capital	Own shares	Losses from repurchase of own shares	Legal reserves	Reserves from the application of Law no. 133/1996 inflated	Reserves from revaluation of financial assets available for sale	Reserves from revaluation of fixed assets	Other reserves	Accumulated profit	The effect of applying IAS 29 on items of equity on retained earnings	Total
<b>Balance at January 1, 2017</b>	<b>739,183,919</b>	<b>(52,443,756)</b>	<b>(734,130)</b>	<b>10,976,985</b>	<b>2,105,675,691</b>	<b>982,963,061</b>	<b>97,794</b>	<b>608,927,140</b>	<b>204,087,976</b>	<b>(2,644,488,595)</b>	<b>1,954,246,085</b>
<b>Comprehensive income</b>											
<i>Profit for the period</i>	-			-	-	-			5,396,194	-	5,396,194
<i>Other comprehensive income</i>											
Reserve from revaluation of assets available for sale transferred to profit or loss	-			-	-	(198,926)			-	-	(198,926)
Net change in reserve from revaluation of assets available for sale	-			-	-				-	-	-
Revaluation of tangible assets (property, plant and equipment)											-
Related deferred tax							31,828				31,828
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(167,098)</b>	<b>-</b>	<b>-</b>	<b>5,396,194</b>	<b>-</b>	<b>5,229,096</b>
<b>Transactions with shareholders recognized directly in equity</b>											
Dividends payable for 2016	-			-	-	-			-	-	-
Dividends written-off	-			-	-	-			-	-	-
Repurchase own shares											0
<b>Total transactions with shareholders recognized directly in equity</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>
<b>Balance at March 31, 2017</b>	<b>739,183,919</b>	<b>(52,443,756)</b>	<b>(734,130)</b>	<b>10,976,985</b>	<b>2,105,675,691</b>	<b>982,795,963</b>	<b>97,794</b>	<b>608,927,140</b>	<b>209,484,170</b>	<b>(2,644,488,595)</b>	<b>1,959,475,181</b>

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Vice-Chairman, Deputy General Director

Ștefan Doba  
Economic Director

## Condensed Statement of Changes in Equity as at March 31, 2017

<i>Denominated in RON</i>	Inflated share capital	Legal reserves	Reserves from the application of Law no. 133/1996 inflated	Reserves from revaluation of financial assets available for sale	Reserves from revaluation of fixed assets	Other reserves	Accumulated profit	The effect of applying IAS 29 on items of equity on retained earnings	Total
<b>Balance at January 1, 2016</b>	<b>739,183,919</b>	<b>10,976,985</b>	<b>2,105,675,691</b>	<b>845,743,951</b>	<b>65,029</b>	<b>608,927,140</b>	<b>122,725,274</b>	<b>(2,644,488,595)</b>	<b>1,788,809,394</b>
<b>Comprehensive income</b>									
<i>Profit for the period</i>	-	-	-	-	-	-	4,265,350	-	4,265,350
<i>Other comprehensive income</i>									
Reserve from revaluation of assets available for sale transferred to profit or loss	-	-	-	-	-	-	-	-	0
Net change in reserve from revaluation of assets available for sale	-	-	-	-	-	-	-	-	-
Revaluation of tangible assets (property, plant and equipment)	-	-	-	-	-	-	-	-	-
Related deferred tax	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>4,265,350</b>	<b>-</b>	<b>4,265,350</b>
<b>Transactions with shareholders recognized directly in equity</b>									
Dividends payable for 2014	-	-	-	-	-	-	-	-	0
Dividends written-off	-	-	-	-	-	-	-	-	0
<b>Total transactions with shareholders recognized directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>
<b>Balance at March 31, 2016</b>	<b>739,183,919</b>	<b>10,976,985</b>	<b>2,105,675,691</b>	<b>845,743,951</b>	<b>65,029</b>	<b>608,927,140</b>	<b>126,990,624</b>	<b>(2,644,488,595)</b>	<b>1,793,074,744</b>

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Ștefan Doba  
Economic Director

## Condensed cash flow statement as at March 31, 2017

<i>Denominated in RON</i>	<b>Note</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
<b>Operating activities</b>			
Net profit for the period		<b>5,396,195</b>	<b>4.265.350</b>
<i>Adjustments for:</i>			
Depreciation of tangible and intangible assets		49,779	62,073
Net (gain)/loss from disposal of property, plant and equipment		14,913	0
Gain from valuation of investment property		0	0
(Reversals) / Expenses on adjustments for impairment		0	0
Net profit from sale of assets	6	65,031	0
(Net gain)/Net loss from financial assets at fair value through profit or loss		(11)	0
Dividend income	4	(7,788,220)	(5,704,253)
Interest income	5	(929,806)	(1,345,984)
Expense with / (income from) other provisions and adjustments		0	0
Income tax	9	6,170	6,864
<b>Changes in operating assets and liabilities</b>			
Change in other assets (receivables etc.)		251,930	(9,727,606)
Change in other financial liabilities		(1,594,768)	7,065,886
Income tax paid		0	(1,496,716)
<b>Net cash used in operating activities</b>		<b>(4,528,788)</b>	<b>(6,874,386)</b>
<b>Investment activities</b>			
Payments for the acquisition of shares in subsidiaries and other securities available for sale (shares, fund units, government bonds)		(86,885,125)	(59,068,476)
Proceeds from other securities available for sale (shares, govt. securities)		49,483,155	0
(Placements) / Proceeds from term deposits greater than three months		23,941,893	64,376,528
Proceeds from sale of assets at fair value through profit or loss		0	
(Payments) for purchase of assets at fair value through profit or loss		(13,566)	2,763,779
Proceeds / (Payments) from sale of investments held to maturity		(12,605)	(215)
Payments for purchases of property, plant and equipment		138,250	1,960,493
Dividends collected		3,284,928	1,089,178
Interest collected		0	0
<b>Net cash flow proceeds / (used in) investment activities</b>		<b>(10,063,071)</b>	<b>11,121,287</b>
<b>Financing activities</b>			
Dividends paid		(76,344)	(3,516,734)
Repurchase of own shares		0	0
<b>Net cash used in financing activities</b>		<b>(76,344)</b>	<b>(3,516,734)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(14,668,202)</b>	<b>730,167</b>
Cash and cash equivalents at January 1 <sup>st</sup>		16,372,090	1,478,015
<b>Cash and cash equivalents at March 31<sup>th</sup></b>		<b>1,703,888</b>	<b>2,208,182</b>

## **Selected explanatory notes to the condensed financial statements as at March 31, 2017**

### **1. Reporting entity**

Societatea de Investiții Financiare Banat-Crișana SA ("the Company") was founded based on Law no. 133/1996 by the reorganization and transformation of Fondul Proprietății Private Banat-Crișana and it is a joint stock company operating under Law 31/1990 and Law no. 297/2004.

SIF Banat-Crișana is headquartered in Arad, 35A Calea Victoriei, Arad county, code 310158, tel.: +40257 304 438, fax: +40257 250 165. The registration number in the Trade Register is: J02/1898/1992, and the tax identification number is: 2761040

The main activity of the company is:

- financial investments to maximize the value of own shares in accordance with the regulations in force;
- the management of the investment portfolio and exercising all rights associated to the invested instruments;
- other additional and related activities in accordance with the regulations in force.

The Company's shares are listed on the Bucharest Stock Exchange since November 1st, 1999, and are traded on the regulated market, Premium category, with the market symbol SIF1.

The depositary bank, starting 29.01.2014, is BRD Groupe Société Générale, replacing ING Bank NV Amsterdam Bucharest Branch, and the company providing registry services is Depozitarul Central SA Bucharest.

The Interim financial statements, condensed, prepared as at March 31, 2017, are not audited.

### **2. Basis of preparation**

#### **(a) Statement of compliance**

Pursuant to Norm no. 39/2015 issued by the Financial Supervisory Authority of Financial Instruments and Investments Sector, starting with the annual financial statements for the financial year 2015, the entities authorized, regulated and supervised by the FSA - Financial Instruments and Investments Sector, shall use the International Financial Reporting Standards adopted by the European Union EU ("IFRS") as the official accounting regulations.

December 31, 2015, is the date of transition to IFRS as an accounting basis. In the period 2011-2014, the Company prepared financial statements under IFRS (by the restatement of statutory financial statements), which were audited and made public.

These condensed interim financial statements prepared as at March 31, 2017, have been prepared pursuant to the requirements of IAS 34 "Interim Financial Reporting" and should be read together with the separate financial statements for 2016 prepared in accordance with Norm no. 39/2015 for the approval of the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the ASF of Financial Instruments and Investments Sector (Norm).

Pursuant to Regulation no. 1606/2002 of the European Parliament and the EU Council of July 19, 2002, with the Norm no. 39/2015 issued by the Financial Supervisory Authority (FSA) Financial Instruments and Investments Sector, starting with financial statements for the financial year 2015, the entities authorized, regulated and supervised by the ASF of Financial Instruments and Investments Sector, as well as with those ordered by CNVM Decision no. 1176 / 15.09.2010, the financial investment companies are required to prepare and submit to the Financial Supervisory Authority (FSA) annual consolidated financial statements pursuant to IFRS, within 8 months from the end of the financial year. The Company will prepare consolidated financial statements as at December 31, 2016, and will made them public starting August 31, 2017. The Company does not intend to prepare consolidated financial statements as at March 31, 2017.

#### **(b) Presentation of the financial statements**

The Company has adopted a presentation based on liquidity in the condensed statement of financial position and a presentation of income and expenses per their nature in the interim condensed statement of comprehensive income, considering that these methods of presentation provide information that is



## **Selected explanatory notes to the condensed financial statements as at March 31, 2017**

reliable and more relevant than the information presented on other methods allowed by IAS 1 "Presentation of financial statements".

### **(c) Basis of measurement**

The condensed interim financial statements are prepared on a fair value basis for the financial assets and liabilities at fair value through profit or loss and for the financial instruments available for sale, except those for which the fair value could not be determined reliably.

Other financial assets and liabilities and non-financial assets and liabilities are stated at amortized cost, revaluated amount or historical cost.

### **(d) Functional and presentation currency**

The Company's management considers that the functional currency, as defined by IAS 21 "The effects of changes in Foreign Exchange Rates", is the Romanian Leu (RON or lei). The condensed interim financial statements are presented in RON, rounded to the nearest unit, which is the presentation currency chosen by the Company's management.

### **(e) Use of estimates and judgements**

The preparation of the condensed interim financial statements pursuant to IFRS requires the management to make estimates, judgements, and assumptions that affect the application of accounting policies as well as the reported value of assets, liabilities, income and expenses.

Such estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the given circumstances, the result of which form the basis of judgments used in assessing the carrying value of assets and liabilities for which no other evaluation sources are available. Actual results may differ from the estimated values.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period or if the period of the revision and future periods are affected the revision affects both current and future periods.

Judgments made by the management in applying IFRS that have a significant impact on the financial statements and estimates that involve a significant risk of a material adjustment in the next year are disclosed in Notes to the condensed interim financial statements.

### **(f) Changes in the accounting policies**

The accounting policies adopted are consistent with those used in the previous year.

## **3. Significant accounting policies**

The accounting policies used in these condensed interim financial statements are the same as for the separate financial statements prepared as at December 31, 2016 and have been consistently applied to all the periods presented in these condensed interim financial statements.

### *Comparative financial information*

Pursuant to Norm no. 39 of 28.12.2015 issued by the Financial Supervisory Authority of Financial Instruments and Investments Sector, starting with the annual financial statements for the financial year 2015, the entities authorized, regulated and supervised by ASF - Financial Instruments and Investments Sector, shall use the International Financial Reporting Standards adopted by the European Union EU ("IFRS") as the official accounting regulations.

Thus, during 2016, the Company prepared interim reports as pursuant to the provisions of IAS 34 "Interim Financial Reporting".

## **4. Dividend income**

Dividend income is recorded on a gross basis. Tax rates on dividends from resident and non-resident companies were 5% and zero (2015: 16% and zero). Details for dividend income on main counterparts are presented in the following table:

**Selected explanatory notes to the condensed financial statements  
as at March 31, 2017**

<i>denominated in RON</i>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
SAI Muntenia Invest SA	7,497,000	5,526,049
Hercules SA Satu Mare	123,409	137,275
Atlascard Deva		40,774
Fondul Proprietatea	167,811	
Others		
<b>Total</b>	<b><u>7,788,220</u></b>	<b><u>5,704,253</u></b>

**5. Interest income**

<i>denominated in RON</i>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Interest income on deposits and current accounts	147,540	696,044
Interest income on investments held to maturity	92,772	604,311
Interest income on assets available for sale	689,494	45,630
	<b><u>929,806</u></b>	<b><u>1,345,985</u></b>

**6. Net profit from sale / disposal of assets**

<i>denominated in RON</i>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
The acquisition cost of financial disposed assets available for sale	-49,548,186	0
Proceeds from sale	49,483,155	0
Net profit from sale of financial assets	<b><u>-65,031</u></b>	<b><u>0</u></b>

As at March 31, 2017, a low volume of transactions was achieved, namely Fondul Proprietatea shares, and a part of the government securities classified as available for sale.

**7. Fees and commissions expenses**

<i>denominated in RON</i>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
ASF commissions	468,500	419,120
Depository fees	68,606	56,998
Fees payable to SSIF	716	0
Registry fees	36,000	36,000
<b>Total</b>	<b><u>573,822</u></b>	<b><u>512,118</u></b>

**8. Other operating expenses**

<i>denominated in RON</i>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Expenses with taxes and fees	106,199	3,419
Expenses with salaries and other personnel expenses	1,967,032	1,555,568
Amortization expenses	49,779	62,073
Expenditure on external services and other expenses	597,832	552,890
<b>Total</b>	<b><u>2,720,842</u></b>	<b><u>2,173,950</u></b>

**Selected explanatory notes to the condensed financial statements  
as at March 31, 2017**

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

During the period ended on March 31, 2017, the average number of employees was of 36 (March 31, 2016: 41), and the number of employees registered at the end of the reporting period was of 37 (March 31, 2016: 40).

The company makes payments to institutions of the Romanian state account for the pensions of its employees.

All employees are members of the pension plan of the Romanian State. The company does not operate any other pension scheme or post-retirement benefits and, consequently, has no other obligations concerning pensions. Furthermore, the Company is not obliged to provide additional benefits to employees after their retirement.

**9. Income tax**

<i>denominated in RON</i>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
<b>Current income tax</b>		
Current income tax (16%)		
Tax on dividend (2016: 0%, 5%)	6,170	6,864
Exemption from tax on transactions with ownership above 10%		
<b>Deferred tax expense / (income)</b>		
Financial assets available for sale	0	0
Financial assets at fair value through profit or loss	0	0
Tangible assets / Investment property	0	0
<b>Total income tax recognized in profit or loss</b>	<b>6,170</b>	<b>6,864</b>

The effective tax rate used to calculate the deferred tax of the Company was 16%.

Reconciliation of profit before tax with income tax expense in the income statement:

<i>denominated in RON</i>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
<b>Profit before tax</b>	<b>0</b>	<b>0</b>
<b>Tax under statutory tax rate of 16% (2016: 16%)</b>	<b>0</b>	<b>0</b>
<b>Income tax effect of:</b>		
Tax on dividend (2016: 0%, 5%)	6,170	6,864
Non-deductible expenses and similar items	4,862,985	5,361
Non-taxable income	-12,046,246	-960,090
Revenue related items	6,885	1,383
Costs related items		
Deferred tax		
Amounts of sponsorship within legal limits and other deductions		
<b>Income tax</b>	<b>6,170</b>	<b>6,864</b>

**Selected explanatory notes to the condensed financial statements  
as at March 31, 2017**

**10. Cash and cash equivalents**

<i>denominated in RON</i>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Cash in hand and other valuables	32,553	18,314
Current accounts in banks	637,036	15,653,776
Bank deposits with original maturity less than 3 months	1,034,299	700,000
<b>Total</b>	<b>1,703,888</b>	<b>16,372,090</b>

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

**11. Bank deposits**

<i>denominated in RON</i>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Bank deposits with original maturity over 3 months	16,930,440	40,872,334
Attached interest on deposits	135,964	381,570
<b>Total</b>	<b>17,066,404</b>	<b>41,253,904</b>

**12. Financial assets available for sale**

<i>denominated in RON</i>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Shares at fair value	1,827,813,540	1,815,185,159
Shares at cost	24,550,341	24,550,341
Unit funds at fair value	114,499,755	64,499,755
Government bonds (including attached interest)	52,167,463	103,690,723
Corporate bonds (including attached interest)	36,928,162	
<b>Total</b>	<b>2,055,959,261</b>	<b>2,007,925,978</b>

The fair value measurement for the shares was performed as at the date of balance sheet (December 31, 2016) using the closing price from the last trading day of the reporting period or the price determined by other valuation methods, respectively valuation performed by certified appraisers. As at March 31, 2017, the category of shares measured at fair value mainly includes the value of stakes held in Banca Transilvania, Erste Group Bank AG, BRD - Groupe Société Générale S.A (December 31, 2016: Banca Transilvania, Erste Group Bank AG, SIF Imobiliare PLC, BRD - Groupe Société Générale S.A).

There has not been established the fair value of financial instruments as at March 31, 2017, as there has not been available fair values of financial instruments Level 2 and 3 and therefore their fair value has been maintained in the condensed interim financial statements at the fair value determined as at 31.12.2016. Differences arising from measurement at fair value would have been recognized in reserves from fair value measurement.

The movement of the financial assets available for sale during the reporting period ended on March 31, 2017 is presented in the following table:

**Selected explanatory notes to the condensed financial statements  
as at March 31, 2017**

<i>denominated in RON</i>	<b>Shares at fair value</b>	<b>Shares at cost</b>	<b>Fund units at fair value</b>	<b>Govt. bonds</b>	<b>Corporate bonds</b>	<b>Total</b>
<b>January 1, 2017</b>	<b>1,815,185,159</b>	<b>24,550,341</b>	<b>64,499,755</b>	<b>103,690,723</b>	<b>0</b>	<b>2,007,925,978</b>
Acquisitions	12,906,934		50,000,000		36,885,125	99,792,059
Sales	-278,553			-49,262,523		-49,541,076
Attached interest				-2,054,701	43,037	-2,011,664
Change in fair value				-206,036		-206,036
<b>March 31, 2017</b>	<b>1,827,813,540</b>	<b>24,550,341</b>	<b>114,499,755</b>	<b>52,167,463</b>	<b>36,928,162</b>	<b>2,055,959,261</b>

The movement of the financial assets available for sale during the financial year ended on December 31, 2016 is presented in the table below:

<i>denominated in RON</i>	<b>Shares at fair value</b>	<b>Shares at cost</b>	<b>Fund units at fair value</b>	<b>Govt. bonds at fair value</b>	<b>Total</b>
<b>January 1, 2016</b>	<b>1,654,647,742</b>	<b>25,308,106</b>	<b>48,661,429</b>	<b>0</b>	<b>1,728,617,277</b>
Acquisitions in 2016	24,762,258	0	14,000,000	100,989,762	139,752,020
Sales in 2016	-1,309,036	-501,650	0		-1,810,686
Impairment loss provisions	-1,155,618	-256,115	-4,077,417		-5,489,150
Change in fair value	138,239,813	0	5,915,743	2,700,961	146,856,517
<b>December 31, 2016</b>	<b>1,815,185,159</b>	<b>24,550,341</b>	<b>64,499,755</b>	<b>103,690,723</b>	<b>2,007,925,978</b>

Entries of shares during the first three months of 2017, totalling RON 12,906,934, include the registration of participation in the share capital increase at Vrancart SA.

Acquisitions of fund units in the amount of RON 50 million include fund units of Closed Investment Fund Active Plus.

Corporate bonds purchased in the first quarter of 2017 in the amount of RON 36.9 million include bonds issued by Vrancart.

Sales of shares in the amount of RON 0.3 mn, as at March 31, 2017, include the value of the shares in Fondul Proprietatea sold.

Interest on government securities includes interest earned on coupons and interest due on March 31, 2017.

Entries of shares in 2016, totalling RON 24.8 million, mainly include acquisitions of shares performed on the stock market in a total amount of RON 11.4 million (Romgaz RON 3.3 mn, Biofarm SA RON 3.1 mn, Electrica RON 2.9 mn, Transgaz SA RON 2 mn, etc.) and the participation in the share capital increase of SIF Imobiliare PLC with the amount of RON 13.4 mn.

Total disposals of shares in the amount of RON 1.3 million include the book value of the shares no longer in company's inventory, mainly as a result of the sales of securities (Albalact RON 1.1 mn, Fondul Proprietatea RON 0.2 mn, etc.).

The Company uses the following hierarchy of methods to measure fair value:

- Level 1: quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs: quoted market prices in active markets for similar instruments; valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques largely based on unobservable input.

**Selected explanatory notes to the condensed financial statements  
as at March 31, 2017**

The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices or on prices quoted by intermediaries (brokers).

The fair value of financial instruments that are not traded on an active market is determined using valuation techniques described in the accounting policy. For financial instruments rarely traded and for which there is no price transparency, fair value is less objective and is determined using various levels of estimates for the degree of liquidity, of concentration, uncertainty of market factors, assumptions of price and other risks affecting the respective financial instrument.

The fair value of the financial instruments for which there is no active market (Level 2 and 3) was determined by authorized valuers within the Valuation department within the Company, using the strategy set by the management of the issuer and valuation techniques including techniques based on the present net value, the discounted cash flow method, the method of comparisons with similar instruments for which there is an observable market price. Valuation techniques have been used consistently.

An analysis of the financial instruments and investment property recognized at fair value as per the valuation method is presented in the table below:

**March 31, 2017**

<i>denominated in RON</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss	320	0	0	320
Financial assets available for sale at fair value – shares	1,265,814,061	3,010,212	558,989,265	1,827,813,538
Financial assets available for sale at fair value – fund units			114,499,756	114,499,756
Financial assets available for sale at fair value – govt. bonds	52,122,538			52,122,538
Financial assets available for sale at fair value – corporate bonds	36,885,125			36,885,125
Investments held to maturity	6,252,432			6,252,432
Investment property			19,466,667	19,466,667
Lands and buildings			2,966,220	2,966,220
	<b><u>1,361,074,476</u></b>	<b><u>3,010,212</u></b>	<b><u>695,921,907</u></b>	<b><u>2,060,006,595</u></b>

**December 31, 2016**

<i>denominated in RON</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss	309	0	0	309
Financial assets available for sale at fair value – shares	1,253,185,682	3,010,212	558,989,265	1,815,185,159
Financial assets available for sale at fair value – fund units			64,499,756	64,499,756
Financial assets available for sale at fair value – govt. bonds	101,591,097			101,591,097
Investments held to maturity	6,336,716			6,336,716
Investment property			19,466,667	19,466,667
Lands and buildings			2,960,971	2,960,971
	<b><u>1,361,113,804</u></b>	<b><u>3,010,212</u></b>	<b><u>645,916,658</u></b>	<b><u>2,010,040,674</u></b>

There have been no transfers between levels of fair value during the Q12017.

**12. Investments held to maturity**

*denominated in RON*

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Bonds	6,174,020	6,160,454
Interest attached related to the bonds	78,413	176,263
<b>Total</b>	<b><u>6,252,432</u></b>	<b><u>6,336,716</u></b>

**Selected explanatory notes to the condensed financial statements  
as at March 31, 2017**

- Outstanding bonds at March 31, 2017:
- corporate bonds issued by Banca Transilvania in EURO, amounting to RON 6.2 mn, purchased in May 2013, convertible into shares in Banca Transilvania, with maturity in May 2020, with an annual variable interest rate based on EURIBOR<sub>6 months</sub> + a margin set at 6.25%;

**14. Investment property**

<i>denominated in RON</i>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
<b>Balance at January 1</b>	<b>19,466,667</b>	<b>19,288,964</b>
Entries		
Transfer from tangible assets		
Exists		
Changes in fair value		177,703
<b>Balance at the end of period</b>	<b>19,466,667</b>	<b>19,466,667</b>

The balance of investment property includes lands and buildings' value gained through withdrawals from companies and the value of buildings owned following the closure of branch offices, at fair value.

**15. Other financial assets**

<i>denominated in RON</i>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Sundry debtors	10,272,963	15,783,982
Current income tax receivables	355,009	355,009
Other financial assets	40,447	41,328
Impairment for depreciation of sundry debtors	-745,724	-745,724
<b>Total</b>	<b>9,922,695</b>	<b>15,434,596</b>

**16. Deferred tax liabilities**

Deferred tax assets and liabilities at March 31, 2017 are generated by the elements detailed in the following table:

<i>denominated in RON</i>	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
Financial assets at fair value through profit or loss	-309	-	-309
Financial assets available for sale	-	805.398.084	-805.398.084
Property, plant, equipment and investment property	-	11.930.808	-11.930.808
<b>Total</b>	<b>-309</b>	<b>817.328.892</b>	<b>-817.329.201</b>
Corresponding tax on loss carried forward			-
Net temporary differences - rate of 16%			-817.329.201
<b>Deferred tax liabilities</b>			<b>-130.772.672</b>

## Selected explanatory notes to the condensed financial statements as at March 31, 2017

Deferred tax assets and liabilities at December 31, 2016 are generated by the elements detailed in the following table:

<i>denominated in RON</i>	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
Financial assets at fair value through profit or loss	-309	-	-309
Financial assets available for sale	-	805,597,010	-805,597,010
Property, plant, equipment and investment property	-	11,930,808	-11,930,808
<b>Total</b>	<b>-309</b>	<b>817,527,818</b>	<b>-817,528,127</b>
Corresponding tax on loss carried forward			-
Net temporary differences - 16% rate			-817,528,127
<b>Deferred tax liabilities</b>			<b>-130,804,501</b>

Deferred income tax liabilities in balance at March 31, 2017 in the amount of RON 130,772,672 (2016: RON 130,804,501) include:

- deferred income tax recognized directly in equity by reducing the amount of RON 109,235,733 (2016: RON 109,267,561), being generated entirely by reserves for financial assets available for sale at fair value,
- deferred tax mainly for the differences from financial assets hyperinflation and adjustments for depreciation, recognized in retained earnings in the amount of RON 21,536,939.

### 17. Other financial liabilities

<i>denominated in RON</i>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Liabilities to employees and related contributions	578,044	2,139,210
Taxes and fees	9,127	11,459
Internal suppliers	425,360	456,630
Amounts payable	1,857,823	1,857,823
<b>Total</b>	<b>2,870,354</b>	<b>4,465,122</b>

Amounts payable as at March 31, 2017 include amounts to be paid to the company SIF Imobiliare PLC following the subscribing to the capital increase.

### 18. Capital and reserves

#### (a) Share capital

The share capital of SIF Banat-Crişana as per Articles of Associations amounts to RON 54,884,926.80, divided into 548,849,268 shares with the nominal value of RON 0.1 and it is the result of direct subscriptions to the share capital of the company, by converting into shares the amounts due as dividends under Law no. 55/1995 and pursuant to Law no. 133/1996. As at March 31, 2017 the number of shareholders was 5,766,025 (December 31, 2016: 5,767,382).

The shares issued by SIF Banat-Crişana are traded on the Bucharest Stock Exchange since November 1999. The records of shares and shareholders are kept by Depozitarul Central S.A. Bucharest.

All shares are ordinary shares, subscribed and fully paid as at March 31, 2017 and December 31, 2016. All shares have equal voting rights and a nominal value of RON 0.1/share. The number of shares authorized to be issued is equal to the shares issued.

Following approval of the General Meeting of Shareholders held in April 2016, during August 2016 a total of 30,849,268 shares were repurchased (the share capital will be reduced with a number of 28,849,268 shares and 2,000,000 shares will be distributed to employees and managers). The total value of share buyback was of RON 52,443,756.



**Selected explanatory notes to the condensed financial statements  
as at March 31, 2017**

Reconciliation of the share capital in accordance with IFRS with the share capital in accordance with the Articles of Association is shown in the table below:

<i>denominated in RON</i>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Statutory share capital	54,884,927	54,884,927
The effect of applying IAS 29 on share capital	684,298,992	684,298,992
<b>Restated share capital</b>	<b>739,183,919</b>	<b>739,183,919</b>

**(b) Reserves set up following the application of Law no. 133/1996**

The reserve for the initial portfolio was set up under the application of Law no. 133/1996, as the difference between the portfolio value and the subscribed capital contribution to the company. These reserves are treated as an initial contribution (share premium) and are not used when selling the financial assets. Reconciliation of the reserve related to the initial portfolio as per IFRS with the reserve according to the accounting regulations applicable up to the date of application FSA Norm no. 39/2015 is presented in the following table:

<i>denominated in RON</i>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Reserves from the application of Law no. 133/1996	145,486,088	145,486,088
The effect of applying IAS 29 on reserves set up following the application of Law no. 133/1996	1,960,189,603	1,960,189,603
<b>Reserves from the application of Law no. 133/1996</b>	<b>2,105,675,691</b>	<b>2,105,675,691</b>

The effect of hyperinflation over the share capital amounting to RON 684,298,992 and over the reserve set-up following the application of Law no. 133/1996 amounting to RON 1,960,189,603 was recorded by reducing the retained earnings, resulting in an accumulated loss related to applying IAS 29 on the capital items in the amount of RON 2,644,488,595 at the end of each period presented.

**(c) Reserves from revaluation of financial assets available for sale**

This reserve comprises cumulative net changes in the fair values of financial assets available for sale from the date of their classification in this category to the date they have been derecognized or impaired.

Reserves from the revaluation of financial assets available for sale are recorded net of related deferred tax.

**(d) Legal reserves**

Pursuant to the legal requirements, the Company set-up legal reserves in the amount of 5% of recorded profit as per applicable accounting standards up to 20% of the share capital as per the Articles of Association. The legal reserve as at March 31, 2017, amounts to RON 10,976,985 (December 31, 2016: RON 10,976,985). In financial years 2016 and until March 31, 2017, The Company has no longer set-up legal reserves from the appropriated profit, as these reached the upper limit of 20% of the share capital, as per the Articles of Association.

Legal reserves cannot be distributed to shareholders.

**(e) Dividends**

Until March 31, 2017 there was no approval of dividend distribution for 2016. In 2016 there was not approved a dividend distribution from the profit for the year 2015.

**18. Earnings per share**

The calculation of basic earnings per share was made based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares:

**Selected explanatory notes to the condensed financial statements  
as at March 31, 2017**

<i>denominated in RON</i>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Profit attributable to ordinary shareholders	5,396,195	4,265,350
Weighted average number of ordinary shares	518,000,000	548,849,268
<b>Basic earnings per share</b>	<b>0.010</b>	<b>0.008</b>

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

**19. Commitments and contingent liabilities**

**(a) Litigations**

As at March 31, 2017 there were 103 litigations pending in Courts, as per the records of Legal Dept. of the company. The company had legal standing in 85 lawsuits, passive legal standing in 17 lawsuits and the status of intervener in one litigation.

In most lawsuits in which the Company acts as plaintiff, the subject of litigation is the cancellation / ascertainment of cancellation of decisions taken by the General Meetings of Shareholders in portfolio companies, recovery of non-collected dividends or insolvency proceedings of portfolio companies.

The company is in litigation with the company Transilvania Constructii Cluj, following the cancellation of the GMS's decision to distribute dividends, collected by the Company in 2015 through forced execution and which were requested for restitution by Transilvania Constructii SA through the appeal against forced execution.

The Management of the Company considers that the outcome of this dispute is not certain and predictable, and it may even be unfavourable to the Company, therefore a provision of RON 469,374 was set-up as December 31, 2016.

**(b) Other commitments**

Not the case

**20. Related parties**

The parties are considered related if one party has the ability to control the other party or to exercise a significant influence over its financial and operational decision making.

The Company has identified the following related parties in the course of business:

**Key management personnel**

*March 31, 2017*

- As at March 31, 2017, the Board of Directors of SIF Banat-Crişana was comprised of 7 members: Bogdan-Alexandru Drăgoi - Chairman, Octavian Avrămoiu - Vice-Chairman, Ştefan Dumitru, Valentin Chiser, Ion Stancu, Dan Weiler and Ionel Marian Ciucioi.
- As at March 31, 2017, the members of the executive team of SIF Banat-Crişana are: Bogdan-Alexandru Drăgoi – CEO (General Director), Octavian Avrămoiu – Deputy General Director, Teodora Sferdian - Deputy General Director, Laurenţiu Riviş – Director.

*December 31, 2016*

- As at December 31, 2016, the Board of Directors of SIF Banat-Crişana was comprised of 7 members: Bogdan-Alexandru Drăgoi-Chairman, Octavian Avrămoiu-Vice-Chairman, Ştefan Dumitru, Valentin Chiser, Ion Stancu, Dan Weiler and Ionel Marian Ciucioi.
- As at December 31, 2016, the members of the executive team of SIF Banat-Crişana are: Bogdan-Alexandru Drăgoi – CEO (General Director), Octavian Avrămoiu – Deputy General Director, Teodora Sferdian - Deputy General Director.

## **Selected explanatory notes to the condensed financial statements as at March 31, 2017**

During the period of the interim reporting, there were no transactions carried out and no advances and loans were granted to managers and administrators of the Company, except for work related travel advances.

The Company has not received and has not given guarantees in favour of any related party.

### ***Subsidiaries***

As at March 31, 2017 and December 31, 2016, the Company held stakes in 11 companies.

### ***Associated entities***

The number of entities in which the Company holds stakes between 20% and 50% of the capital as at March 31, 2017 and December 31, 2016 is 27, of which:

- a. Two entities (Gaz Vest SA Arad, Biofarm SA Bucharest), in which the Company exercises a significant influence;
- b. 10 entities that do not qualify as associates, because the Company does not exercise significant influence in those companies;
- c. 15 entities in insolvency / liquidation / bankruptcy.

### **Transactions with related parties during the interim reporting period:**

During Q1 2017 the company performed the following transactions:

- the registration of the share capital increase at Vrancart SA was completed at the end of 2016;
- bonds issued by Vrancart SA were purchased in the amount of RON 36.9 million;
- the total amount of RON 33,853 was paid to the company Administrare Imobiliare SA (the management company of SIF Imobiliare), representing rent and operating expenses for the rented space.

## **21. Events after the period of interim report**

There were no events after the date of the report.