



**SIF BANAT-CRIȘANA**

SOCIETATE DE INVESTIȚII FINANCIARE

# QUARTERLY REPORT

— AS AT SEPTEMBER 30, 2017 —

prepared pursuant to the provisions of  
Law no. 24/2017, Regulation no. 15/2004,  
Regulation no. 1/2006, and Norm no. 39/2015  
*this report is provided as a free translation from Romanian, which is  
the official and binding document*



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<ul style="list-style-type: none"> <li>▪ Net assets statement as at September 30, 2017 – prepared pursuant to annex 16 of the Regulation no. 15/2004</li> </ul>	
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# 1. GENERAL INFORMATION

CORPORATE NAME	<b>Societatea de Investiții Financiare Banat-Crișana S.A.</b> (hereinafter referred to as “SIF Banat-Crișana” or “the Company”)
COMPANY TYPE	<ul style="list-style-type: none"> <li>▪ closed-end investment company self-managed, with a diversified investment policy investment policy, endorsed by the Financial Supervisory Authority by Endorsement no. 258 / 14.12.2005</li> <li>▪ set-up as a joint stock company in November 1996 pursuant to the provisions of Law no. 133/1996 for the conversion of the Private Property Funds (FPP) into Financial Investment Companies (SIF)</li> <li>▪ Romanian legal entity with private capital</li> </ul>
SHARE CAPITAL	<ul style="list-style-type: none"> <li>▪ RON 54,884,926.80 – subscribed and paid-in capital</li> <li>▪ 548,849,268 shares issued, 517,460,724 outstanding shares</li> <li>▪ RON 0.10 per share nominal value</li> </ul>
REGISTRATIONS	<ul style="list-style-type: none"> <li>▪ J02/1898/1992 at Trade Registry of the Arad Court</li> <li>▪ Unique Fiscal Registration Code RO 2761040</li> <li>▪ Number in ASF Registry PJR09SIIR/020002/2006</li> <li>▪ Legal Entity Identifier (LEI Code) 254900GAQ2XT8DPA7274</li> </ul>
MAIN ACTIVITY	<p>Main activity is, as per the classification of economic activities in the national economy (CAEN): financial intermediation, except insurance and pension funding (CAEN code 64), and the main object of activity: Other financial intermediation n.c.a. (CAEN code 6499):</p> <ul style="list-style-type: none"> <li>▪ financial investments to maximize the value of own shares pursuant to the regulations in force;</li> <li>▪ management of the investment portfolio and exercising all rights associated to the investments;</li> <li>▪ other additional and related activities pursuant to the regulations in force</li> </ul>
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB) – Premium category - ticker <b>SIF1</b>
FINANCIAL AUDITOR	<b>PricewaterhouseCoopers Audit SRL</b>
DEPOSITARY BANK	BRD - Groupe Société Générale
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	<b>Arad</b> , 35A Calea Victoriei 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
BRANCH OFFICE	<b>Bucharest</b> 175 Calea Floreasca, 7th floor, room A1, S1, 014459, Bucharest

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## 2. MAIN FINANCIAL AND OPERATIONAL INFORMATION

### MAIN BALANCE SHEET ITEMS [RON mn]

	30.09.2016	31.12.2016	30.09.2017
Total assets, of which	1,848.37	2,110.19	2,357.77
Total financial assets	1,762.56	2,071.89	2,321.79
Equity	1,725.58	1,954.25	2,176.32
Total current liabilities	22.96	155.94	181.45

### FINANCIAL PERFORMANCE [RON mn]

	30.09.2016	31.12.2016	30.09.2017
Operational income	105.22	107.16	67.61
Gains on investments	0.13	2.26	-0.02
Expenses	10.25	25.12	9.56
Gross profit	95.10	84.30	58.03
Net profit	91.52	81.36	55.26

### PERFORMANCE OF SHARES AND NET ASSET

	30.09.2016	31.12.2016	30.09.2017
Share price (end of period, RON)	1.6600	1.8480	2.5050
NAV/S* (RON)	3.6973	3.7075	4.4447
Accounting net asset / share (RON)	3.3312	3.7727	4.2058
Nominal value of share (RON)	0.1000	0.1000	0.1000
Number of shares	548,849,268	548,849,268	548,849,268
Number of outstanding shares	518,000,000	518,000,000	517,460,724

\* calculated acc. to ASF regulations

### OPERATIONAL DATA

	30.09.2016	31.12.2016	30.09.2017
Number of permanent employees, end of period	39	38	37
Branch offices	1	1	1

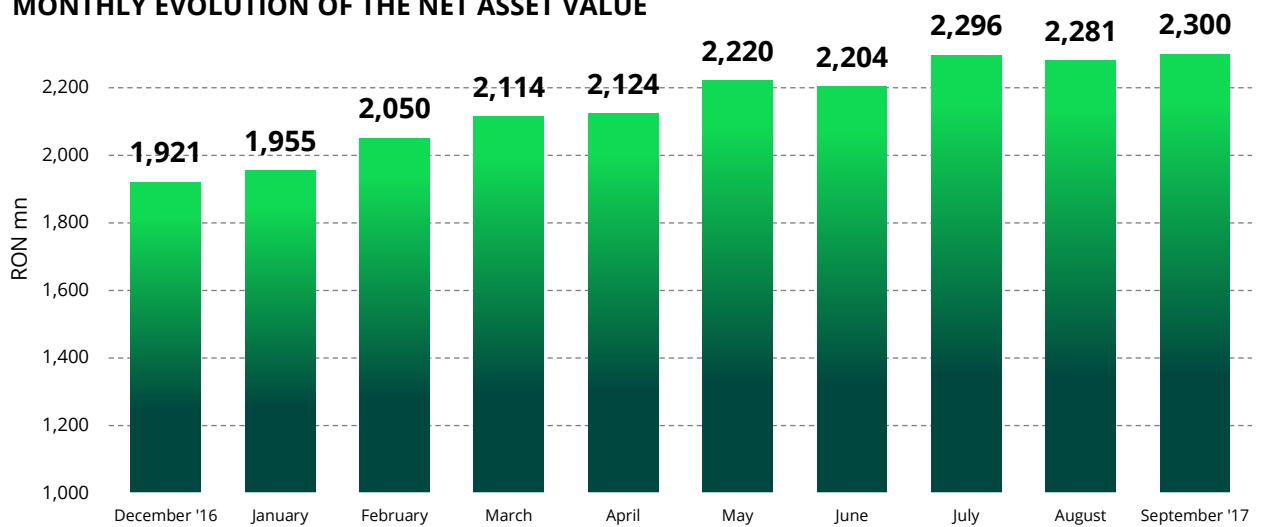
### 3. PORTFOLIO AS AT SEPTEMBER 30, 2017

#### Net asset value

SIF Banat-Crișana's net asset value (NAV) was of **RON 2,299.69 mn.** as at September 30, 2017, 19.76% above the value recorded as at December 31, 2016, of RON 1,920.51 mn, while NAV/S reached **RON 4.4447** as at September 30, 2017, 19.99% up as compared to the value recorded on December 31, 2016 (RON 3.7075).

The difference in terms of variation (%) between NAV and NAV/S is due to the change in the number of outstanding shares following the public tender for the repurchase of own shares conducted in September 2017 (517,460,724 as at 30.09.2017 compared to 518,000,000 as at 31.12.2016).

#### MONTHLY EVOLUTION OF THE NET ASSET VALUE



Monthly values for net asset were calculated by SIF Banat-Crișana and certified by BRD Groupe Société Générale. Valuation of assets for the calculation of net asset value of SIF Banat-Crișana was performed pursuant to ASF Regulation no. 9/2014 (art. 113-122) and ASF Regulation no. 10/2015.

The monthly reports for the net asset value were submitted to the Bucharest Stock Exchange and ASF – Investment and Financial Instruments Sector, and published on SIF Banat-Crișana's website [www.sif1.ro](http://www.sif1.ro) within 15 days from the end of the reporting month.

Net assets statement as at September 30, 2017, prepared pursuant to annex 16 of the Regulation no. 15/2004, is presented as annex to this report.

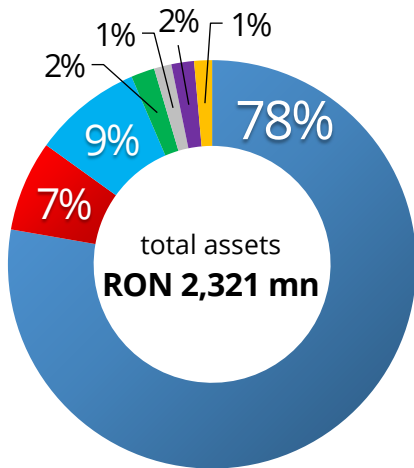
Portfolio structure

SIF Banat-Crișana has as investment objective the management of a portfolio of high quality diversified assets, suitable to provide a constant income flow, while preserving and increasing the capital over a medium-long term. The strategy of asset allocation aims the maximization of the portfolio performance within the prudential framework set by ASF regulations. Throughout Q3 2017, the assets managed by the company were within the legal allowable limits.

The structure of assets managed by SIF Banat-Crișana as at September 30, 2017, is presented in the chart below:

**SIF BANAT-CRIȘANA'S PORTFOLIO**

breakdown on assets under management (weight on total assets)

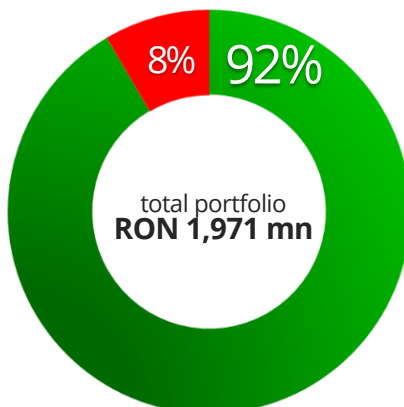


- listed shares\*: **RON 1,804.57 mn**  
(31.12.2016: RON 1,502 mn)
- unlisted shares: **RON 166.69 mn**  
(31.12.2016: RON 163.84 mn)
- unlisted non-UCITS securities: **RON 200.27 mn**  
(31.12.2016: RON 64.50 mn)
- corporate bonds: **RON 43.39 mn**  
(31.12.2016: RON 6.33 mn)
- govt. bonds: **RON 32.07 mn**  
(31.12.2016: RON 102.72 mn)
- bank deposits + cash available: **RON 41.54 mn**  
(31.12.2016: RON 42.31 m.)
- receivables and other assets: **RON 32.81 mn**  
(31.12.2016: RON 63.33 mn)

\* the category includes listed non-UCITS securities (SIFs)  
values calculated as at 30.09.2017 pursuant to ASF Reg. no. 9/2014 and no. 10/2015, the amounts for fixed income financial instruments include interest receivables

**STOCK PORTFOLIO**

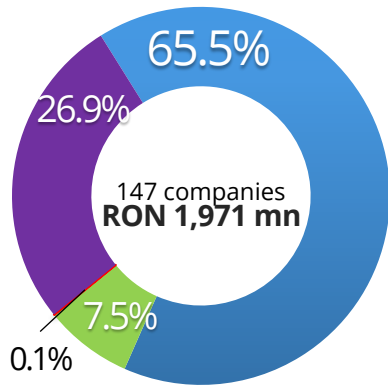
on liquidity



- listed companies  
**RON 1,804.57 mn** (31.12.2016: RON 1,502.14 mn) value of holdings in **56** companies (31.12.2016: 57)
- unlisted companies  
**RON 166.69 mn** (31.12.2016: RON 163.84 mn) value of holdings in **91** companies (31.12.2016: 93)

weight in stock portfolio, values calculated as at 30.09.2017 pursuant to ASF Reg. no. 9/2014 and no. 10/2015

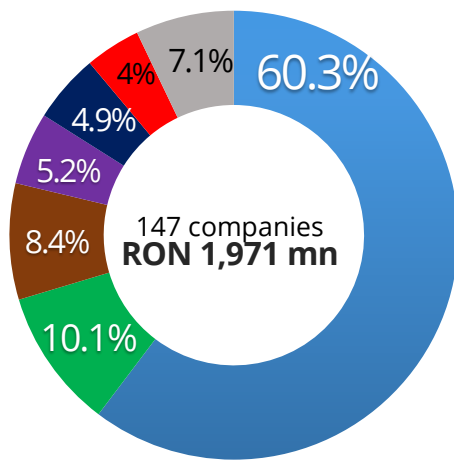
**STOCK PORTFOLIO**  
breakdown by stake held



- up to 5%  
stakes **up to 5%** in **60** companies  
worth **RON 1,291.31 mn** (31.12.2016: RON 1,071.22 mn)
- 5-33%  
stakes **between 5 - 33%** in **73** companies  
worth **RON 148.43 mn** (31.12.2016: RON 142.39 mn)
- 33-50%  
stakes **between 33-50%** in **3** companies  
worth **RON 1.03 mn** (31.12.2016: RON 1.06 mn)
- above 50%  
**majority stakes, above 50%**, in **11** companies  
worth **RON 530.49 mn** (31.12.2016: RON 451.30 mn)

*weight in stock portfolio, values calculated as at 30.09.2017 pursuant to ASF Reg. no. 9/2014 and no. 10/2015*

**STOCK PORTFOLIO**  
sectoral breakdown



- banking-financial  
stakes in **13** companies worth **RON 1,188.74 mn**  
(31.12.2016: RON 989.65 mn)
- commerce - real-estate  
stakes in **19** companies worth **RON 198.27 mn**  
(31.12.2016: RON 177.02 mn)
- cardboard and paper  
stakes in **6** companies worth **RON 164.93 mn**  
(31.12.2016: RON 124.71 mn)
- energy-utilities  
stakes in **11** companies worth **RON 103.03 mn**  
(31.12.2016: RON 94.33 mn)
- tourism and public-food services  
stakes in **4** worth **RON 97.52 mn**  
(31.12.2016: RON 90.72 mn)
- pharmaceuticals  
stakes in **2** companies worth **RON 78.81 mn**  
(31.12.2016: RON 69.15 mn)
- other industries and activities  
stakes in **92** companies worth **RON 139.96 mn**  
(31.12.2016: RON 120.38 mni)

*weight in stock portfolio, values calculated as at 30.09.2017 pursuant to ASF Reg. no. 9/2014 and no. 10/2015*

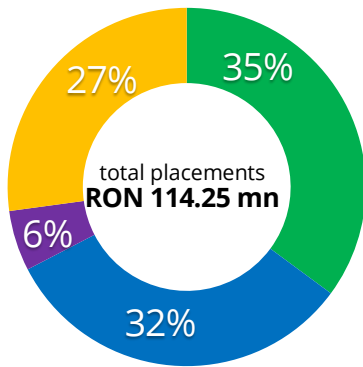
**TOP 10 COMPANIES IN SIF BANAT-CRIȘANA PORTFOLIO** as at September 30, 2017

Company	Sector	Value of holding* as at Sept. 30, 2017 [RON]	% of NAV
Erste Group Bank AG	banking - financial	440,230,464	19.14
Banca Transilvania	banking - financial	427,639,044	18.59
BRD Groupe Soci�t� G�n�rale	banking - financial	169,376,783	7.36
SIF Imobiliare Plc	financial services applicable to real estate	155,018,405	6.74
Vrancart Adjud	cardboard and paper	154,496,003	6.72
Biofarm București	pharmaceuticals	70,936,077	3.08
SIF Hoteluri Oradea	tourism and public food services	63,641,812	2.77
SIF Moldova	other financial intermediation	62,726,909	2.73
S.N.G.N. Romgaz	energy - utilities	48,328,760	2.10
IAMU Blaj	machinery and equipment	39,200,289	1.70
<b>TOTAL</b>		<b>1,631,594,545</b>	<b>70.94</b>

\* calculated pursuant to ASF Reg. no 9/2014 and ASF Reg. no 10/2015

**PORTFOLIO OF FIXED INCOME FINANCIAL INSTRUMENTS**

breakdown by type of investment

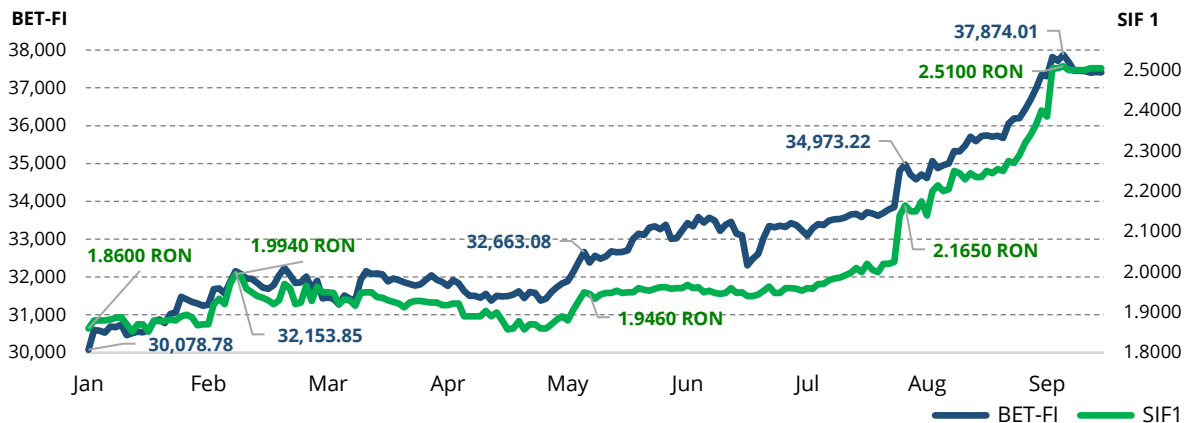


- bank deposits in RON  
**RON 40.12 mn** (31.12.2016: RON 36.23 mn)
- corporate bonds in RON  
**RON 36.87 mn** (31.12.2016: 0)
- corporate bonds in euro  
equivalent of **RON 6.24 mn** (31.12.2016: RON 6.16 mn)
- gov. bonds in RON  
**RON 31.02 mn** (31.12.2016: RON 98.88 mn)

weight in portfolio of fixed income financial instruments, values calculated as at 30.09.2017 pursuant to ASF Reg. no. 9/2014 and no. 10/2015, amounts do not include interest receivable

Detailed statement of SIF Banat-Crișana’s investments as at September 30, 2017, prepared pursuant to annex 17 of the Regulation no. 15/2004 is available as annex to this report.

**SIF1 vs. BET-FI PERFORMANCE IN 2017**



highlighted values recorded at the close of trading sessions



## 4. SIGNIFICANT EVENTS DURING Q3 2017

- In August 2017, SIF Banat-Crișana obtained the LEI (Legal Entity Identifier) code, a 20-character code, which is based on a global standard (ISO 17442) and uniquely and clearly identifies key information of legal entities involved in financial transactions. The LEI code for SIF Banat-Crișana is 254900GAQ2XT8DPA7274.

The initiative to create the LEI code, initially destined as a measure to increase transparency in the financial derivatives market, is a basis for assessing micro and macro prudential risk, for the development of supervisory strategies, set to increase the accuracy of financial market data, adopting appropriate measures to reduce global risk, prevent and detect market abuse.

- The ordinary general meeting of SIF Banat-Crișana's shareholders approved, in the meeting held on August 30, 2017, the consolidated financial statements prepared for the year ended December 31, 2016, prepared pursuant to Norm no. 39/2015 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by ASF in the Financial Instruments and Investments Sector.
- During August 23 - September 20, 2017, through Public Tender Offer it was carried out the share buyback program approved by the EGM of SIF Banat-Crișana held on October 11, 2016. The initial approved price was of RON 2.30 / share, and on September 18 ASF approved the Amendment of the bid price increase to RON 2.50 / share.

539,276 shares were deposited under the tender, representing 0,0982% of the share capital of the company, following the closure of the tender, SIF Banat-Crișana owns 31,388,544 own shares, representing 5.7189% of its share capital.

## 5. FINANCIAL POSITION AND RESULTS AS AT SEPTEMBER 30, 2017

SIF Banat-Crișana prepared the accounting report as at September 30, 2017 pursuant to ASF Norm no. 39/2015 for the approval of Accounting Regulations compliant to the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments sector.

The accounting report as at September 30, 2017, has not been audited by the financial auditor, as it is not a legal or statutory requirement.

The following are a summary of Company's financial position and results as at September 30, 2017:

### Condensed separate statement of financial position - extract

<i>(all amounts denominated in RON)</i>	<b>31.12.2016</b>	<b>30.09.2017</b>
Cash and cash equivalents	16,372,090	41,555,179
Bank deposits, including interest	41,253,904	1,672
Financial assets at fair value through profit and loss	309	306
Financial assets available for sale	2,007,925,978	2,273,914,798
Investments held to maturity	6,336,716	6,319,934
Investment property and tangible assets	22,650,595	22,573,573
Other assets	15,649,736	13,408,032
<b>Total assets</b>	<b>2,110,189,328</b>	<b>2,357,773,494</b>
Liabilities	155,943,243	181,449,958
Equity	1,954,246,085	2,176,323,536
<b>Total liabilities</b>	<b>2,110,189,328</b>	<b>2,357,773,494</b>

The value of **total assets** held as at September 30, 2017, was of RON 2,357.8 mn, higher than the value of assets at 2016-year end.

Assets with significant changes as compared to the beginning of the period are:

- **Cash and cash equivalents** rose as compared to 2016 year-end, as the company did not distribute dividends and directed a part of the amounts from the collected dividends during the first nine months of the year into short-term money market placements.

- **Bank deposits** decreased as compared to the end of last year, mainly because of the change in the residual maturity of the new placements. At the end of 2016, most deposit placements matured over three months (recorded under this category of assets), while as at September 30, 2017, most of the constituted deposits were having the maturity of less than three months, and recorded as cash equivalents.

- **Financial assets available for sale**, amounting to RON 2,274 mn, representing 96.4% of total assets, 13.2% higher as compared to December 31, 2016. The substantial increase of these assets is mainly attributable to recording as at June 30 of the fair value of the portfolio of financial instruments (mainly holdings in listed shares).

- **Other assets** decreased as compared to the beginning of the period. The dynamics of this asset component is largely influenced by the recording of dividend receivables from portfolio companies announced during the first nine months of 2017 and not collected yet as at the reporting date.

**Equity** significantly rose from the level recorded at December 31, 2016, mainly due to the positive fair value differential for the securities portfolio recorded as reserves in the mid-2017 and the positive impact of the current year's profit during January - September 2017.

Condensed Individual Statement of Profit and Loss and Other items of comprehensive income  
- extract

<i>(all amounts denominated in RON)</i>	<b>30.09.2016</b>	<b>30.09.2017</b>
<b>Income</b>		
Dividend income	101,038,250	65,213,545
Interest income	3,988,338	2,254,104
Other operational income	191,916	141,718
<b>Gain on investments</b>		
Net gain on foreign exchange	(305,876)	63,65
Net gain on sale of assets	436,194	(83,821)
Net result on financial assets at fair value through profit and loss	(89)	8
<b>Expenses</b>		
Expenses related to fees, commissions	(1,633,923)	(1,929,673)
Other operating expenses	(8,613,914)	(7,631,725)
<b>Profit before income tax</b>	<b>95,100,897</b>	<b>58,027,321</b>
Income tax	(3,576,713)	(2,766,983)
<b>Net profit</b>	<b>91,524,184</b>	<b>55,260,338</b>
<b>Other comprehensive income</b>	<b>(101,576,418)</b>	<b>168,242,368</b>
<b>Total comprehensive income for the period</b>	<b>(10,052,234)</b>	<b>223,502,706</b>

Progress of **income** having significant weight:

- **Dividend income** declined as compared to the first nine months of the previous year, given that in the same period of the previous year was recorded the extraordinary dividend distributed by Banca Transilvania in 2016.

- **Interest income** is lower as compared to the period January - September 2016 due to the decrease of average volume of monetary investments in first nine months of 2017 (RON 117 mn) as compared to the same period of the previous year (RON 174.6 mn).

**Gain on investments** had the following progress:

- **Net result on foreign exchange** recorded as at September 30, 2017, is favourable, resulting from the corporate bonds held and bank deposits in euro liquidated during the year and has a positive progress as compared to the previous year's similar period, while the average exchange rate EUR- RON was higher during the first nine months of 2017 (4.5520) as compared to the first nine months of 2016 (4.4845).

- **Net result on sale of assets** is slightly negative, coming from divestment in govt. bonds held as financial assets available for sale and the sale of a stake in Fondul Proprietatea and the stake held in Fortos. The net loss from the disposal of government bonds is insignificant compared to the value of coupons collected from these investments.

**Expenses** as at September 30, 2017 are below the corresponding period of the previous year, mainly due to the reduction of other operating expenses, a reduction that offset the increase in charges paid (mainly those paid to ASF, dependent on the value of the assets under management).

**Net profit** as at September 30, 2017 amounting to RON 55.3 mn is below the cumulated result of first three quarters of 2016, as in the previous year the company recorded income from non-recurring dividends (extraordinary dividend distributed by Banca Transilvania).

**Total comprehensive income** as at September 30, 2017 in the amount of RON 223.5 mn is the effect of recognition in reserves, on quarterly reporting, of the increase of fair value of the portfolio of financial assets.

## Financial ratios as at September 30, 2017

Ratio	Calculation	Result as at 30.09.2017
<b>1. Current liquidity ratio</b> <sup>1)</sup>	Current assets/Current liabilities	2.66
<b>2. Debt to equity ratio</b> <sup>2)</sup>	Debt / Equity x 100	not applicable
	Debt / Capital employed x 100	not applicable
<b>3. Accounts receivables turnover</b> <sup>3)</sup>	Average clients' accounts / Turnover x 270	43.6
<b>4. Non-current assets turnover</b> <sup>4)</sup>	Turnover / Non-current assets	0.029

<sup>1)</sup> **Current liquidity ratio** provides the guarantee of covering current liabilities from current assets. The acceptable recommended value is approximately 2, and the recorded value at the end of the first nine months was of 2.66.

<sup>2)</sup> **Debt to equity ratio** indicates the effectiveness of the credit risk management, revealing potential financing or liquidity issues, with impact on fulfilling the assumed commitments. The Company had no borrowings as at September 30, 2017, and therefore this indicator is zero.

<sup>3)</sup> **The accounts-receivable turnover** indicates the effectiveness of the company in collecting its receivables, respectively the number of days until the debtors pay their debt to the company.

In determining the average balance of clients, the receivables were considered at gross value, and it was not included the amount subscribed for the share capital increase of a company in the portfolio. The weight in total receivables is of dividends to be collected from portfolio companies and interest receivable on securities assets.

For the turnover, the company's total income as at September 30, 2017 was used.

Turnover ratio calculated as at September 30, 2017, was of 43.6 days, and is characteristic for the average time passed between the moment of recording the dividend receivables from the portfolio companies and the effective date of their collection.

<sup>4)</sup> **Non-current assets turnover** evaluates the efficiency in managing the non-current assets, by examining the value of the turnover (for SIF Banat-Crișana - the total operating income) generated by a certain portion of non-current assets. In determining the ratio, the gross value of financial assets was considered. As at September 30, 2017, this ratio has a value of 0.029.

## 6. ANNEXES

**Condensed interim financial statements** as at September 30, 2017, prepared pursuant to 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 Financial Supervisory Authority from Financial Instruments and Investments Sector, unaudited

**Net asset statement** as at September 30, 2017, prepared pursuant to annex 16 to Regulation no. 15/2004

**Detailed statement of investments** as at September 30, 2017, prepared pursuant to annex 17 to Regulation no. 15/2004

The quarterly report prepared as at September 30, 2017, was approved by the Board of Directors of SIF Banat-Crișana in the meeting held on October 30, 2017.

### Signatures

**Bogdan-Alexandru Drăgoi**  
Chairman and CEO

**Ștefan Doba**  
Economic Director