INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
SOCIETATEA DE INVESTIŢII FINANCIARE BANAT-CRIŞANA SA

Our opinion

In our opinion the accompanying separate financial statements give a true and fair view of the financial position of Societatea de Investiţii Financiare Banat-Crişana SA (the "Company") as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS EU"), the Commission 's interpretation as described in Note 2 and in accordance with Financial Supervisory Authority ("FSA") Norm 39/2015 for "approving accounting regulation in accordance with International Financial Reporting Standards, applicable for entities authorised, regulated and supervised by the Financial Supervisory Authority from the Capital Market Sector" with subsequent amendments ("Norm 39/2015").

What we have audited

The Company's financial statements (the "financial statements") comprise:
- the separate statements of comprehensive income for the year ended 31 December 2016;
- the separate statements of financial position as at 31 December 2016;
- the separate statements of changes in equity for the year then ended;
- the separate statements of cash flows for the year then ended; and
- the notes to the separate financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and with the ethical requirements that are relevant to our audit of the separate financial statements in Romania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code

Our audit approach

Overview

Materiality	Overall materiality: RON 19 million
Key audit matters	Valuation of financial instruments

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the separate financial statements as a whole.

Overall materiality	RON 19 million
How we determined it	1% of the net assets of the Company at 31 December 2016
Rationale for the materiality benchmark applied	We have applied this benchmark, being a common measure of the performance of investment funds. We chose 1%, which in our experience is within the range of acceptable quantitative materiality thresholds for this benchmark.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of financial instruments We focused on this area because management makes complex and subjective judgements over valuation models and related inputs. The Company presented its portfolio of financial instruments as at 31 December 2016 in note 18 to the separate financial statements. These assets are significant in the context of both the overall balance sheet and the results of the Company. They are measured at fair value both using market information and significant unobservable inputs. The major areas of judgements relate to unobservable inputs, such as: – cash flows forecasts of unlisted companies; and – discount rates. Management uses internal qualified appraisers to determine the fair values of these financial instruments. The values are determined using valuation models, where no observable market	We have analysed the Company's accounting policies in respect of valuation of financial instruments, to determine if these accounting policies are in accordance with the requirement of IFRS EU. Our procedures in relation to management's valuation of investment instruments included: 1) In respect of the portfolio of listed shares and corporate and state bonds, evaluating the appropriateness of the use of market quotations in the context of where there was an inactive market for any of these instruments. 2) Where no active market exists and in the case of un-listed shares: – evaluation of the objectivity, independence and expertise of the internal appraisers; – assessing the valuation methodologies used and the consistency and reasonableness of the key assumptions based on our knowledge of the industry;

Key audit matter	How our audit addressed the key audit matter
inputs is available. Because limited comparable transactions in the current market exist, it is challenging to validate the appraisal values with market transactions and therefore an inherent risk in the appraised values remains. For more information on the valuation of financial instruments refer to Note 2 c) Basis of Preparation, Note 3 e) Significant Accounting Policies, Note 5 Critical Accounting Estimates and Judgements and Note 18 Available for sale financial assets.	– using our own auditor's experts in valuation of financial instruments to assess the appropriateness of the estimates used in the calculation of the fair value of the financial instruments (amongst others, cash flow forecasts, discount rates); and – checking on a sample basis, the appropriateness of the inputs. The main inputs consist of cash flow forecasts and future growth rates for the unlisted companies which we compared to the historical performance of the evaluated companies as well as to industry trends. 3) For the investments in closed funds, the value of the investments is communicated by the fund trustee at the end of financial year. The investments made by these funds were in highly liquid listed shares and bonds, we checked the valuations of these investments to latest market quotations as of 31 Dec 2016 and recalculated the net asset value of the closed funds. No significant exceptions were identified as a result of our work.

Other information

Report on conformity of the Administrators' Report

The administrators are responsible for the preparation and fair presentation of the Administrators' Report in accordance with the requirements of Norm 39/2015, articles 8 – 13 and 30 and for such internal control as management determines is necessary to enable the preparation of an Administrators' report that is free from material misstatement, whether due to fraud or error.

The Administrators' Report is not a part of the financial statements.

Our report on the financial statements does not cover the Administrators' Report.

In connection to our audit of the financial statements, we have read the Administrators' Report accompanying the financial statements and we report that:

a) we have not identified in the Administrators' report information which is not consistent, in all material respects, with the information included in the accompanying financial statements;

b) the above mentioned Administrators' report includes, in all material aspects, the information required by Norm 39/2015, articles 8 – 13 and 30;

c) in the light of our knowledge and understanding acquired during the audit of the financial statements for the year ended 31 December 2016 in respect of the Company and its environment, we have not identified any material misstatements in the Administrators' Report.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the separate financial statements that give a true and fair view in accordance with IFRS EU, the Commission 's interpretation as described in Note 2 and Norm 39/2015, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Monica Biota.

Refer to the original signed
Romanian version

Monica Biota
Statutory auditor registered with
the Chamber of Financial Auditors of Romania under no 1695/19 September 2006

On behalf of

PricewaterhouseCoopers Audit SRL
Audit firm registered with
the Chamber of Financial Auditors of Romania under no 6/25 June 2001

Bucharest, 20 March 2017