



**SIF BANAT-CRIȘANA**  
SOCIETATE DE INVESTIȚII FINANCIARE

# QUARTERLY REPORT

— AS AT MARCH 31, 2017 —

prepared pursuant to the provisions of  
Law no. 297/2004, Regulation no. 15/2004, Regulation no. 1/2006,  
Norm no. 39/2015, and Law no. 24/2017

*this report is provided as a free translation from Romanian, which is  
the official and binding document*

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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 133/1996 for the conversion of the Private Property Funds (FPF) 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</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 Registration Code 2761040</li> <li>▪ Number in ASF Registry PJR09SIIR/020002/2006</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

<b>MAIN BALANCE SHEET ITEMS [RON mn]</b>		
	<b>31.12.2016</b>	<b>31.03.2017</b>
Total assets, of which	2,110.19	2,113.72
Total financial assets	2,071.89	2,080.98
Equity	1,954.25	1,959.48
Total current liabilities	24.67	23.00

<b>FINANCIAL PERFORMANCE [RON mn]</b>		
	<b>31.03.2016</b>	<b>31.03.2017</b>
Operational income	7.16	8.75
Gains on investments	(0.21)	(0.06)
Operational expenses	2.69	3.29
Gross profit	4.27	5.40
Net profit	4.27	5.40

<b>FINANCIAL INDICATORS [%]</b>		
	<b>31.12.2016</b>	<b>31.03.2017</b>
ROE (net profit* / equity**)	4.16	4.25
ROA (net profit* / total assets**)	3.86	3.94
Gross profit margin (gross profit / total income)	36.91	8.57

\* trailing 12 months net profit

\*\* most recent value

<b>PERFORMANCE OF SHARES AND NET ASSET</b>		
	<b>31.12.2016</b>	<b>31.03.2017</b>
Share price (end of period, RON)	1.848	1.926
NAV/S* (RON)	3.7075	4.0813
Accounting net asset / share (RON)	3.7727	3.7828
Nominal value of share (RON)	0.1	0.1
Number of shares	548,849,268	548,849,268
Number of outstanding shares	518,000,000	518,000,000

\* calculated acc. to ASF regulations

<b>OPERATIONAL DATA</b>		
	<b>31.12.2016</b>	<b>31.03.2017</b>
Number of permanent employees, end of period	38	37
Branch offices	1	1

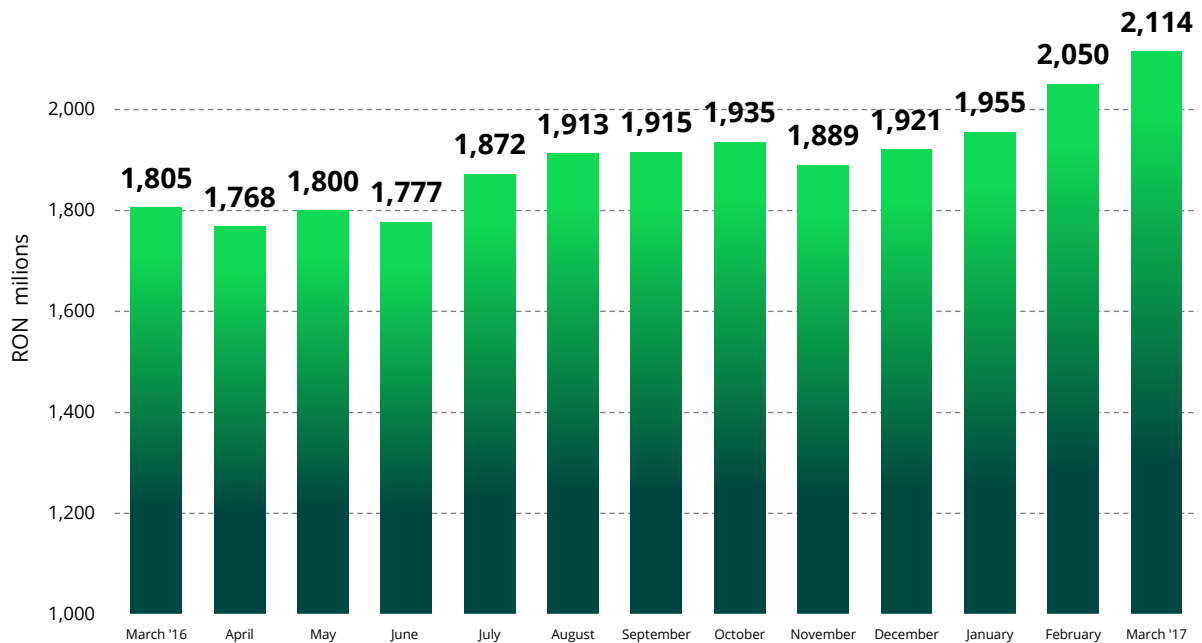
### 3. PORTFOLIO AS AT MARCH 31, 2017

#### Net asset value

SIF Banat-Crișana's net asset value (NAV) was of **RON 2,114.13 mn**, as at March 31, 2017, 17% higher as compared to **RON 1,805 mn** as at March 31, 2016, while NAV/S reached **RON 4.0813**, as at March 31, 2017, 24% higher than the value recorded on March 31, 2016 (RON 3.2894).

The difference in terms of variation (%) between NAV and NAV/S is due to the change in the number of outstanding shares starting August 2016, following the public tender for repurchase of own shares. The own shares purchased under the buyback program (treasury stock) are excluded from the number of shares used in the calculation of NAV/S.

#### 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.

Starting January 1, 2016, for non-portfolio items used to calculate net asset value, the company used the accounting records prepared pursuant to IFRS.

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 March 31, 2017, prepared pursuant to annex 16 of the Regulation no. 15/2004, is presented as annex to this report.

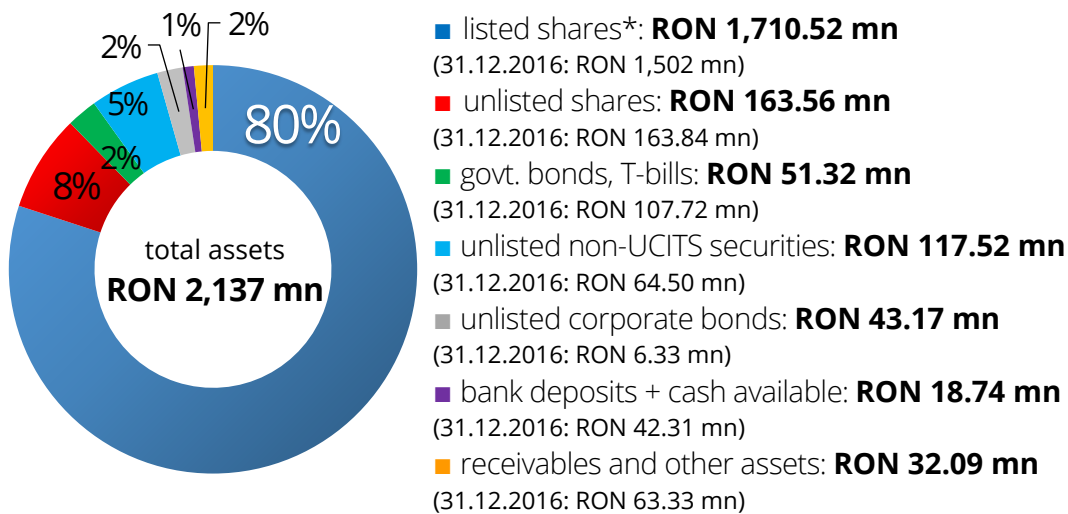
## Portfolio structure

The investment objective for SIF Banat-Crișana is the management of a portfolio of high quality diversified assets, apt to provide a constant flow of income, 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 Q1 2017, the assets managed by the company were within the legal allowable limits.

The structure of assets managed by SIF Banat-Crișana as at March 31, 2017, is presented in the chart below:

### PORTFOLIO OF SIF BANAT-CRIȘANA

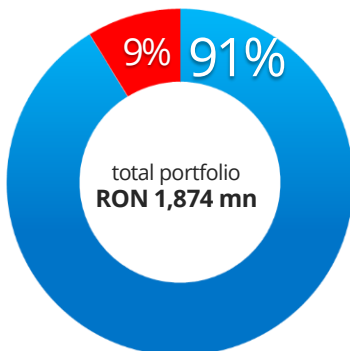
breakdown on assets under management (weight on total assets)



\* category includes listed non-UCITS securities (SIFs)  
values calculated as at 31.03.2017 pursuant to ASF Reg. no. 9/2014 and no. 10/2015, the amounts for fixed income financial instruments include interest receivables

### STOCK PORTFOLIO

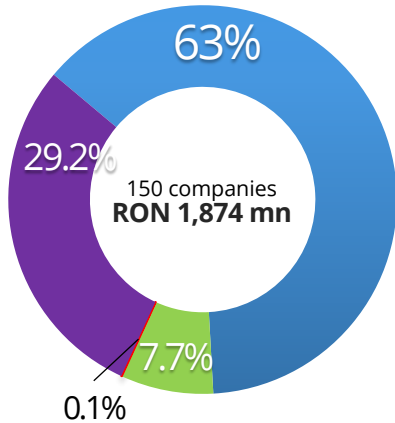
on liquidity



- listed companies  
**RON 1,710.52 mn** (Dec. 31, 2016: RON 1,502.14 mn) value of holdings in **58** companies (Dec. 31, 2016: 57)
- unlisted companies  
**RON 163.56 mn** (Dec. 31, 2016: RON 163.84 mn) value of holdings in **92** companies (Dec. 31, 2016: 93)

weight in stock portfolio,  
values calculated as at 31.03.2017 pursuant to ASF Reg. no. 9/2014 and no. 10/2015

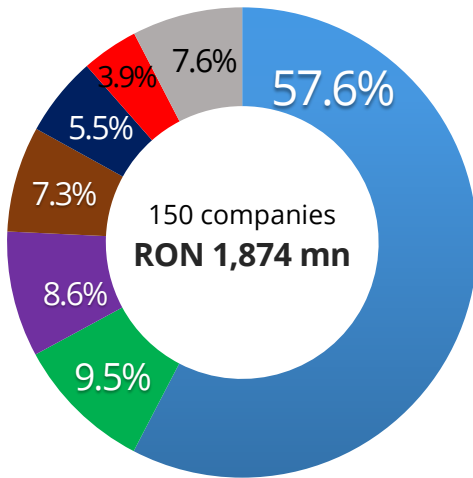
**STOCK PORTFOLIO**  
breakdown by stake held



- up to 5%  
stakes **up to 5%** in **60** companies  
worth **RON 1,180.91 mn** (Dec. 31, 2016: RON 1,071.22 mn)
- 5-33%  
stakes **between 5-33%** in **76** companies  
worth **RON 144.36 mn** (Dec. 31, 2016: RON 142.39 mn)
- 33-50%  
stakes **between 33-50%** in **3** companies  
worth **RON 1.06 mn** (Dec. 31, 2016: RON 1.06 mn)
- above 50%  
**majority stakes, above 50%**, in **11** companies  
worth **RON 547.75 mn** (Dec. 31, 2016: RON 451.30 mn)

*weight in stock portfolio,  
values calculated as at 31.03.2017 pursuant to ASF Reg. no. 9/2014 and no. 10/2015*

**STOCK PORTFOLIO**  
sectoral breakdown



- financial-banking  
stakes in **13** companies worth **RON 1,080.17 mn**  
(Dec. 31, 2016: RON 989.65 mn)
- commerce - real-estate  
stakes in **19** companies worth **RON 177.33 mn**  
(Dec. 31, 2016: RON 177,02 m)
- cardboard and paper  
stakes in **6** companies worth **RON 162.07 mn**  
(Dec. 31, 2016: RON 124.71 mn)
- tourism and public-food services  
stakes in **4** companies worth **RON 136.44 mn**  
(Dec. 31, 2016: RON 90.72 mn)
- energy-utilities  
stakes in **11** worth **RON 102.65 mn**  
(Dec. 31, 2016: RON 94.33 mn)
- pharmaceuticals  
stakes in **2** companies worth **RON 73.09 mn**  
(Dec. 31, 2016: RON 69.15 mn)
- other industries and activities  
stakes in **95** companies worth **RON 142.33 mn**  
(Dec. 31, 2016: RON 120.38 mn)

*weight in stock portfolio,  
values calculated as at 31.03.2017 pursuant to ASF Reg. no. 9/2014 and no. 10/2015*

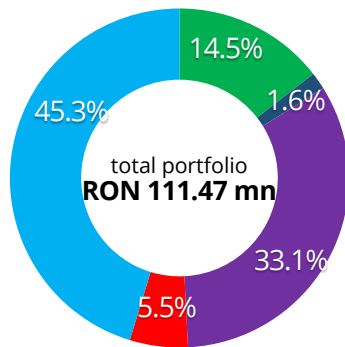
**TOP 10 COMPANIES IN SIF BANAT-CRIȘANA PORTFOLIO** as at March 31, 2017

Company	Sector	Value of holding* as at Sept. 30, 2017 [RON]	% of in NAV
Banca Transilvania	banking - financial	430,323,413	20.35%
Erste Group Bank AG	banking - financial	363,874,251	17.21%
BRD Groupe Soci�t� G�n�rale	banking - financial	167,742,923	7.93%
Vrancart	cardboard and paper	152,947,171	7.23%
SIF Imobiliare	financial services applicable to real estate	139,165,149	6.58%
SIF Hoteluri	tourism and public food services	91,456,787	4.33%
Biofarm	pharmaceuticals	65,215,426	3.08%
SNGN Romgaz	energy - utilities	47,935,844	2.27%
SIF Moldova	other financial intermediations	44,392,935	2.10%
Azuga Turism	tourism and public food services	42,718,349	2.02%
<b>TOTAL</b>		<b>1,545,772,246</b>	<b>73.12%</b>

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

**PORTOFOLIO OF FIXED INCOME FINANCIAL INSTRUMENTS**

breakdown by type of investment



■ bank deposits in RON

**RON 16.14 mn** (Dec. 31, 2016: RON 36.23 mn)

■ bank deposits in euro

equivalent of **RON 1.82 mn** (Dec. 31, 2016: RON 5.34 mn)

■ corporate bonds in RON

**RON 36.87 mn** (Dec. 31, 2016: 0)

■ corporate bonds in euro

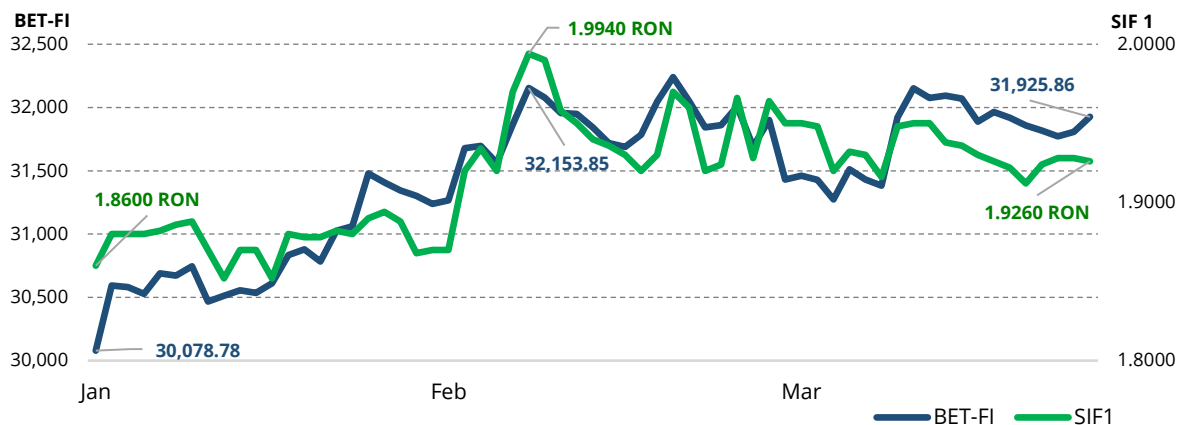
equivalent of **RON 6.17 mn** (Dec. 31, 2016: RON 6.16 mn)

■ govt. bonds in RON

**RON 50.45 mn** (Dec. 31, 2016: RON 98.88 mn)

*weight in portfolio of fixed income financial instruments, amounts do not include interest receivables, values calculated as at 31.03.2017 pursuant to ASF Reg. no. 9/2014 and no. 10/2015*

Detailed statement of SIF Banat-Crișana's investments as at March 31, 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 Q1 2017

February 2017

- SIF Banat-Crișana published on February 15, 2017, the preliminary financial results for the year ended on December 31, 2016 - unaudited, prepared pursuant to the International Financial Reporting Standards (IFRS) adopted by the European Union, and to Norm no. 39/2015 for the approval of the Accounting Regulations compliant with IFRS applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority (ASF) Financial Sector and Investment Instruments.

March 2017

- The Board of Directors of SIF Banat-Crișana convened the Ordinary General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders for April 20 (21), 2017. (*Current report of March 8, 2017*)
- SIF Banat-Crișana informed the investors that, in the public tender offer approved by ASF through Decision no. 156 / 01.02.2017, acquired a total of 368,748 bonds newly issued by VRANCART SA Adjud (market symbol VNC24), totalling RON 36,874,800. (*Current Report of March 20, 2017*)
- The Agenda of the EGM convened for April 20 (21), 2017 was completed, as per the request of the Financial Supervisory Authority issued in Notification no. SI/DRA 473.3/20.03.2017. (*Current Report of March 28, 2017*)

Events after the reporting period

April 2017

- The Ordinary General Meeting of SIF Banat-Crișana's Shareholders (OGM) was held at the first call on April 20, 2017. The decisions adopted by the OGM were communicated to ASF, BVB and investors in the *Current Report of April 20, 2017*, available for consultation on the company's website, [www.sif1.ro](http://www.sif1.ro).
- The Extraordinary General Meeting of SIF Banat-Crișana's Shareholders was held at the first call on April 20, 2017. The decisions adopted by the EGM were communicated to ASF, BVB and investors in the *Current Report of April 20, 2017*, available for consultation on the company's website, [www.sif1.ro](http://www.sif1.ro).

## 5. FINANCIAL POSITION AND RESULTS AS AT MARCH 31, 2017

SIF Banat-Crișana prepared the accounting report as at March 31, 2017 pursuant to ASF Norm no. 39/2015 for the approval of Accounting Regulations compliant with 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 March 31, 2017, has not been audited by the financial auditor, as it is not a legal or statutory requirement.

The following are comments on the Company's financial position and results as at March 31, 2017:

Separate Statement of Financial Position - extract

<i>(all amounts denominated in RON)</i>	<b>31/12/2016</b>	<b>31/03/2017</b>
Cash and cash equivalents	16,372,090	1,703,888
Bank deposits	41,253,904	17,066,404
Financial assets at fair value through profit and loss	309	320
Financial assets available for sale	2,007,925,978	2,055,959,261
Investments held to maturity	6,336,716	6,252,432
Investment property and tangible assets	22,650,595	22,601,343
Other assets	15,649,736	10,131,836
<b>Total assets</b>	<b>2,110,189,328</b>	<b>2,113,715,484</b>
Liabilities	155,943,243	154,240,303
Equity	1,954,246,085	1,959,475,181
<b>Total liabilities</b>	<b>2,110,189,328</b>	<b>2,113,715,484</b>

The value of **total assets** held as at March 31, 2017 was of RON 2,113.7 mn, slightly higher as compared to 2016-year end.

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

- **Cash and cash equivalents** decreased as compared to 2016 year-end, while the cash at December 31, 2016 also include amounts in banking settlements (RON 15.3 mn – amounts transferred to the company on the last day of 2016 and effectively received in the first working day of 2017).

- **Bank deposits** decreased as compared to the end of last year, part of the amounts placed in this type of monetary instruments were channelled for the purchase of bonds issued by Vrancart (RON 36.9 mn), reflected in the accounting as financial assets available for sale.

- **Financial assets available for sale**, amounting to RON 2,056 mn, representing 97.3% of total assets, 2.4% higher as compared to December 31, 2016. The increase of these assets is mainly due to the due to the completion of Vrancart's capital increase operation with cash contribution, purchase of Vrancart corporate bonds, and respectively fund units of FII Active Plus. These acquisitions offset the decrease resulted from the sale of bonds denominated in RON.

- **Other assets** decreased as compared to the beginning of the period. The record of claims on dividends to be received from portfolio companies, declared in the first quarter of 2017, had a positive impact on this component, while the actual recording of the capital increase of Vrancart led to the decrease in this category, as the amounts paid on for this increase were reflected until the completion of the operation as other claims.

**Equity** increased slightly as compared to December 31, 2016, mainly due to the result recorded during the first quarter of 2017.

## Condensed Statement of profit or loss and other items of comprehensive income - extract

<i>(all amounts denominated in RON)</i>	<b>31/03/2016</b>	<b>31/03/2017</b>
<b>Income</b>		
Dividend income	5,704,253	7,788,220
Interest income	1,345,985	929,806
Other operational income	113,538	34,676
<b>Gain on investments</b>		
Net gain on foreign exchange	(205,494)	9,347
Net gain on sale of assets	0	(65,031)
Net result on financial assets at fair value through profit and loss	0	11
<b>Expenses</b>		
Expenses related to fees	(512,118)	(573,822)
Other operating expenses	(2,173,950)	(2,720,842)
<b>Profit before income tax</b>	<b>4,272,214</b>	<b>5,402,365</b>
Income tax	(6,864)	(6,170)
<b>Net profit</b>	<b>4,265,350</b>	<b>5,396,195</b>
<b>Other comprehensive income</b>	<b>0</b>	<b>(167,098)</b>
<b>Total comprehensive income for the period</b>	<b>4,265,350</b>	<b>5,229,097</b>

Progress of **income** having significant weight:

- **Dividend income** shows significant growth as compared to the same period of the previous year due to increased dividends distributed by SAI Muntenia Invest of 2016 profit.
- **Interest income** is lower compared to the Q1 2016 due to the decrease of average volume of monetary investments in first 3 months of 2017 (RON 145.6 mn) as compared to the same period of the previous year (RON 173.3 mn).

**Investment gains** had the following progress:

- **Net result on foreign exchange** recorded as at 31 March 2017 is favourable, from corporate bonds and bank deposits in euro and has a positive progress as compared to the previous year's similar period, as the average exchange rate EUR-RON was higher in Q1 2017 (4.5222) as compared to the first three months of 2016 (4.4927).
- **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. The net loss from the disposal of government bonds is insignificant compared to the value of coupons collected from these investments.

**Expenses** as at March 31, 2017 are higher than those of the corresponding period of 2016, mainly due to the expenses on commissions paid (mainly paid to ASF, dependent on the value of assets under management) and personnel expenses.

**Net profit** as at March 31, 2017 amounting to RON 5.4 mn is higher than the result of Q1 2016, following higher dividend income from companies in the portfolio.

**Total comprehensive income** as at March 31, 2017 in the amount of RON -0.17 mn is the effect of recognition in profit and loss of fair value reserve of financial assets written off during the first three months of the year.

## Financial ratios as at March 31, 2017

Ratio	Calculation	Result as at March 31, 2017
<b>1. Current liquidity ratio</b> <sup>1)</sup>	Current assets/Current liabilities	1.3
	Debt / Equity x 100	not applicable
<b>2. Debt to equity ratio</b> <sup>2)</sup>	Debt / Capital employed x 100	not applicable
<b>3. Accounts receivables turnover</b> <sup>3)</sup>	Average clients' accounts / Turnover x 90	15.5
<b>4. Non-current assets turnover</b> <sup>4)</sup>	Turnover / Non-current assets	0.030

<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 quarter was of 1.3.

<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 March 31, 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 March 31, 2017 were used.

Turnover ratio calculated as at March 31, 2017, was of 15.5, and was due to the low volume of claims of the Company, resulting in an average duration of debt collection of approximately 23 days.

<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 March 31, 2017, this ratio had a value of 0.030.

## 6. ANNEXES

**Condensed interim financial statements** as at March 31, 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 March 31, 2017,  
prepared pursuant to annex 16 to Regulation no. 15/2004

**Detailed statement of investments** as at March 31, 2017,  
prepared pursuant to annex 17 to Regulation no. 15/2004

The quarterly report prepared as at March 31, 2017, was approved by the Board of Directors of SIF Banat-Crișana in the meeting held on April 20, 2017.

### Signatures

**Bogdan-Alexandru Drăgoi**  
Chairman and CEO

**Octavian Avrămoiu**  
Vice-Chairman, Deputy General Director

**Ștefan Doba**  
Economic Director