



SIF BANAT-CRIȘANA

SOCIETATE DE INVESTIȚII FINANCIARE

PRELIMINARY FINANCIAL RESULTS

— AS AT DECEMBER 31, 2015 —

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This report herein submits the preliminary unaudited financial results of SIF Banat-Crișana as at December 31, 2015, prepared pursuant to the International Financial Reporting Standards adopted by the European Union, and in compliance to the Norm 39/2015 issued by the Financial Supervisory Authority (ASF). The financial results presented herein are preliminary and subject to change.

This English version of the report is a convenience translation of the Romanian language "Preliminary financial results as at December 31, 2015". The Romanian version of the report is the official document.

1. COMPANY INFORMATION

COMPANY NAME	Societatea de Investiții Financiare Banat-Crișana S.A. (hereinafter referred to as "SIF Banat-Crișana" or "the Company")
COMPANY TYPE	<ul style="list-style-type: none"> ▪ closed-end investment company with a diversified investment policy ▪ 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 (FPP) into Financial Investment Companies (SIF) ▪ Romanian legal entity with private capital
SHARE CAPITAL	<ul style="list-style-type: none"> ▪ RON 54,884,926.80 – subscribed and paid-in capital ▪ 548,849,268 issued shares ▪ shares with a nominal value of RON 0.10
REGISTRATIONS	<ul style="list-style-type: none"> ▪ J02/1898/1992 at Trade Registry of the Arad Court ▪ Unique Registration Code 2761040 ▪ Number in ASF Registry PJR09SIIR/020002/2006
MAIN ACTIVITY	<ul style="list-style-type: none"> ▪ financial investments to maximize the value of own shares pursuant to the regulations in force; management of the investment portfolio and exercising all rights associated to the investments; other additional and related activities pursuant to the regulations in force; ▪ main object of activity: other financial intermediation n.c.a. (CAEN code 6499) <i>CAEN - Classification of Activities from National Economy</i>
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB) – Premium category - ticker SIF1
FINANCIAL AUDITOR	KPMG Audit S.R.L. Bucharest
DEPOSITARY	BRD - Groupe Société Générale
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	Arad , 35A Calea Victoriei, 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
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2. STATEMENT OF MAIN ITEMS OF THE FINANCIAL POSITION AND THE PRELIMINARY RESULTS AS AT DECEMBER 31, 2015

SIF Banat-Crișana submits the preliminary unaudited financial results as at December 31, 2015, prepared pursuant to the International Financial Reporting Standards (IFRS) as adopted by the European Union and in compliance to the Norm 39/2015 for the approval of the Accounting Regulations compliant with IFRS applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority (FSA) Financial Sector and Investment Instruments.

In applying the provisions of Norm no. 39/2015, for the date of December 31, 2015 SIF Banat-Crișana prepared the trial balance incorporating information determined under Regulation no. 4/2011 regarding the Accounting Regulations compliant with Directive IV of the European Economic Communities applicable to entities authorized, regulated and supervised by CNVM. At the same time, the company has conducted and recorded in the accounting the reprocessing operations and attained the trial balance comprising information determined under the provisions of IFRS.

Following changes in the local accounting legislation, starting with the financial year 2015 IFRS adopted by the European Union become the official accounting regulations in both tax and accounting purposes.

The Company prepared financial statements pursuant to IFRS for the financial year 2014 as well, for informative purpose, statements which were audited and published.

The most significant changes resulting from the application of IFRS are the following:

- Adjustments were made to items of assets, liabilities and equity, pursuant to IAS 29 – “Financial reporting in hyperinflationary economies”, because the Romanian economy was a hyperinflationary economy until December 31, 2003;
- Fair value assessment of financial assets and reflecting the resulted differences in value was performed pursuant to IAS 39 – “Financial Instruments: Recognition and Measurement”, as follows: for the financial assets available for sale the valuation differences in fair value were recognized in equity, and for the financial assets available for trading in profit and loss;
- Recognition of income from dividends at gross value with the corresponding adjustments in the income statement;
- Performing the adjustments for the recognition of receivables and payables concerning deferred income tax, pursuant to IAS 12 “Income Tax”;
- Submission of Financial Statements is performed pursuant to the requirements of IFRS.

Comments on the main items of the company's financial position and results as at December 31, 2015:

Total assets under SIF Banat-Crișana's administration, as at December 31, 2015 amounting to RON 1,931.8 mn, rose by 17.9% as compared to 2014, resulting from the rise of fair value of financial assets and fixed assets.

Within the total assets, the financial assets have the most significant weight, of 98.6% (2014: 99.6%), mainly comprising financial assets available for sale, cash and cash equivalents and investments held to maturity. Financial assets available for sale were assessed at fair value through equity accounts on the basis of existing market prices on an active market or based on the assessments of certified appraisers. Financial assets for which there was no fair value available are recorded at cost, less impairment.

Total liabilities rose as compared to 2014, mainly resulting from a higher deferred tax related to reserves to the fair value measurement of financial assets available for sale and dividends to be paid.

As at December 31, 2015, *the equity is RON 1,782.3 mn*, up 15.7% as compared to the end of the previous year, due to the reserve from fair value measurement of financial assets available for sale, the current financial result and the other reserves.

Income from dividends, interest and other income as at December 31, 2015 amounted to RON 51.3 mn, by 126.9% higher than those recorded in 2014. The growth was driven by the income from dividends, 113.6% higher as compared to 2014, and other operating income, including income from fair value measurement under IAS 40.

As at December 31, 2015, *net profit from the sale of assets* amounting to RON 56.6 mn is lesser than the previous year, due to the volume of transactions carried out in 2015.

Expenditure adjustments for impairment losses, amounting to RON 1.7 mn Y/E 2015, are down 76.0% as compared to 2014 due to the rise of fair value for financial assets available for sale.

Other operating expenses include functioning expenses, which rose by 18.4% as compared to 2014.

Income tax was determined under the provisions of the Tax Code, also including tax expense related to tax on dividends, recorded at gross value.

Net profit for the financial year 2015 is of RON 78 mn, 43.9% lower as compared to the previous year result.

Other comprehensive income includes changes in fair value of financial assets available for sale (net amount transferred to profit and loss and net change in fair value). The value of other comprehensive income increased with RON 256.7 mn from the previous year, due to the strong growth in the fair value of the portfolio of financial assets available for sale.

Total comprehensive income for the period display an increase of 221.2% over the previous year due to favourable performance of Other comprehensive income, mentioned above.

2. MAIN DIFFERENCES BETWEEN RAS AND IFRS ACCOUNTING TREATMENTS UPON THE STATEMENT OF COMPREHENSIVE INCOME

Pursuant to ASF Norm no. 39/2015, the Company used two accounting treatments for the closing of the financial year 2015: as per CNVM Regulation no. 4/2011 regarding the Accounting Regulations compliant with Directive IV of EEC ("RAS"), and respectively as per the International Financial Reporting Standards adopted by the European Union ("IFRS").

The main differences between these accounting treatments:

- As per IFRS the financial assets available for sale are valued at fair value and the differences resulted (temporary increase or decrease) are recognized in an allowance account. Increases in value are recorded in Other comprehensive income.

Under the RAS system only the negative differences, in a reserve account for impairment were recognized.

- As per IFRS, listed shares, classified as financial assets at fair value through profit and loss are valued at fair value, based on the quotations available on the Bucharest Stock Exchange on the last trading day of the financial year.

Under the RAS system, these shares are valued at cost less impairment, the positive differences to the cost of acquisition are not recognized.

- Shares received free of charge do not affect the profit and loss pursuant to IFRS.

As per RAS, the nominal value of the shares received free of charge has been recognized as income or reserves.

- By applying IAS 29 ("Financial reporting in hyperinflationary economies") the value of financial assets available for sale the Company purchased before December 31, 2003 and accounted for at cost, has been adjusted with the inflation index between acquisition date to December 31, 2003. The main effect of applying IAS 29 is the increase of the cost of these financial assets held by the Company.

- As per IFRS, the Company recognized deferred tax for those temporary differences arising between the tax base for calculating the tax for assets and liabilities and their carrying amount used for reporting in the financial statements.

Under the Romanian accounting regulations deferred tax is not recognized.

- As per IAS 18 "Revenues", the revenues from dividends are recognized at gross value when the shareholder's right to receive the payment is set.

Under RAS, dividend revenues were recognized at net value by the tax on dividends.

The table below shows the differences as at December 31, 2015 between the items of comprehensive income determined under IFRS and RAS:

STATEMENT OF COMPREHENSIVE INCOME	IFRS	RAS	Differences IFRS-RAS
<i>in RON</i>	2015	2015	2015
Income			
Dividend income	34,072,103	32,073,989	1,998,114
Interest income	6,461,141	6,461,141	(0)
Other operating income	10,743,150	227,227	10,515,923
Gains from investments			
Net gain from foreign exchange differences	73,886	73,885	1
Net profit from the disposal of assets	56,597,503	72,821,891	(16,224,388)
Net gain / (Net loss) from equity investments at fair value through profit and loss	(385,323)	9,148,632	(9,533,955)
Expenditures with adjustments for impairment of assets	(1,717,168)	(3,382,626)	1,665,458
Expenses			
Expenses related to fees	(2,443,923)	(2,443,923)	0
Other operating expenses	(13,340,795)	(13,340,795)	(0)
Profit before income tax	90,060,574	101,639,423	(11,578,849)
Income tax	(12,043,183)	(11,030,016)	(1,013,167)
Net profit for the period	78,017,391	90,609,407	(12,592,016)
Other comprehensive income			
Items that are or may be transferred to profit and loss			
Fair value reserve (financial assets available for sale)			
Net amount transferred to profit and loss	(28,395,882)		(28,395,882)
Net change in fair value	234,578,425		234,578,425
			-
Other comprehensive income	206,182,543	-	206,182,543
Total comprehensive income for the period	284,199,934	90,609,407	193,590,527

The difference between the net profit of 2015 as determined under IFRS is mainly due to the dissimilar accounting treatment concerning the assigned of value for the derecognized financial assets during 2015 which, in case of some issuers, was superior under IFRS as compared to RAS, either as a result of the manner of recognizing the assets at the time of their entry into the portfolio, or as a result of using inflated cost.

In the Company's budget as approved by the General Meeting of Shareholders in April 2015, the financial indicators have been projected and shaped on RAS principles and accounting treatments, pursuant to the regulations in force at the time, and the change of accounting regulations occurred in late December 2015. Net profit for the financial year 2015 budgeted under RAS system was of RON 83.8 mn. Net profit as at December 31, 2015, calculated under RAS system, amounts to RON 90.6 mn, 8.14% higher than budgeted.

Bogdan-Alexandru Drăgoi

Chairman and CEO

Octavian Avrămoiu

Vice-Chairman, Deputy General Director

Ștefan Doba

Economic Director

Separate statement of financial position
- preliminary unaudited -

<i>in RON</i>	December 31, 2015	December 31, 2014
Assets		
Cash and cash equivalents	151,400,510	93,827,738
Financial assets at fair value through profit and loss	449	132,318,525
Financial assets available for sale	1,718,525,703	1,354,602,562
Investments held to maturity	34,498,231	50,844,602
Investment property	19,228,964	1,028,912
Items of property, plant and equipment	3,265,444	3,562,895
Other assets	4,854,233	2,423,091
Total assets	<u>1,931,833,534</u>	<u>1,638,608,325</u>
Liabilities		
Dividends to be paid	20,850,807	13,126,579
Deferred income tax liabilities	115,354,287	82,769,736
Other liabilities	13,377,241	2,668,668
Total liabilities	<u>149,582,335</u>	<u>98,564,983</u>
Equity		
Statutory share capital	54,884,927	54,884,927
Effect of applying IAS 29 on share capital	684,298,992	684,298,992
Reserves set under Law 133/1996	145,486,088	145,486,088
Effect of applying IAS 29 on reserve set under Law 133/1996	1,960,189,603	1,960,189,603
Effect of applying IAS 29 on equity items over retained earnings	-2,644,488,595	-2,644,488,595
Accumulated profit	734,345,237	698,319,923
Legal reserves		
Revaluation reserves from financial assets available for sale	836,557,962	630,375,419
Total equity	<u>1,782,251,199</u>	<u>1,540,043,342</u>
Total liabilities and equity	<u>1,931,833,534</u>	<u>1,638,608,325</u>

Bogdan-Alexandru Drăgoi
Chairman and CEO

Octavian Avrămoiu
Vice-Chairman, Deputy General Director

Ștefan Doba
Economic Director

Separate statement of profit and loss and other comprehensive income
- preliminary unaudited -

<i>in RON</i>	2015	2014
Income		
Dividend income	34,072,103	19,951,208
Interest income	6,461,141	6,506,501
Other operating income	10,743,150	142,838
Gain on investments		
Net gain from foreign exchange differences	73,886	83,542
Net profit on sale of assets	56,597,503	157,263,512
Net gain / (Net loss) on financial assets at fair value through profit and loss	(385,323)	(9,665,010)
Expenses on impairment adjustments	(1,717,168)	(7,160,279)
Expenses		
Expenses related to fees	(2,443,923)	(3,344,555)
Other operating expenses	(13,340,795)	(11,265,840)
Profit before income tax	90,060,574	148,511,917
Income tax	(12,043,183)	(9,505,428)
Net profit for the period	78,017,391	139,006,489
Other comprehensive income		
Reserve form revaluation of financial assets available for sale transferred to profit and loss	(28,395,882)	(129,566,844)
Net change of reserve from revaluation of financial assets available for sale (net deferred tax)	234,578,425	79,038,503
Other comprehensive income	206,182,543	(50,528,341)
Total comprehensive income for the period	284,199,934	88,478,148

Bogdan-Alexandru Drăgoi
Chairman and CEO

Octavian Avrămoiu
Vice-Chairman, Deputy General Director

Ștefan Doba
Economic Director