



# SIF BANAT-CRIȘANA

SOCIETATE DE INVESTIȚII FINANCIARE

## **PRELIMINARY FINANCIAL RESULTS**

— AS AT DECEMBER 31, 2016 —

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*This report herein submits the preliminary unaudited financial results of SIF Banat-Crișana as at December 31, 2016, 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, 2016". The Romanian version of the report is the official document.*

## 1. COMPANY INFORMATION

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COMPANY 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 with a diversified investment policy</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 (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 issued shares</li> <li>▪ shares with a nominal value of RON 0.10</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	PricewaterhouseCoopers Audit S.R.L.
DEPOSITARY	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 <a href="mailto:sifbc@sif1.ro">sifbc@sif1.ro</a> WEB <a href="http://www.sif1.ro">www.sif1.ro</a>
BRANCH	<b>Bucharest</b> 175 Calea Floreasca, 7th floor, room A1, sector 1, 014459, Bucharest

CONTACT *Investor Relations*: **email** [comunicare@sif1.ro](mailto:comunicare@sif1.ro) **tel** +40257 250 181 | +40257 304 446 **www.sif1.ro**

## 2. STATEMENT OF MAIN ITEMS OF THE FINANCIAL POSITION AND THE PRELIMINARY RESULTS AS AT DECEMBER 31, 2016

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SIF Banat-Crișana submits the preliminary unaudited financial results as at December 31, 2016, 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.

*Total assets* under SIF Banat-Crișana's administration, as at December 31, 2016 amounting to RON 2,081.5 mn, 7.2% up as compared to 2015, resulting from the rise of fair value of financial assets.

Within the total assets, the financial assets have the most significant weight, of 98.9% (2015: 98.8%), 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 based on 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 2015, mainly resulting from a higher deferred tax related to reserves to the fair value measurement of financial assets available for sale.

As at December 31, 2016, *the equity is RON 1,925.6 mn*, up 7.6% as compared to the end of the previous year, due to the increased reserve from fair value measurement of financial assets available for sale and accumulated profit.

*Income from dividends, interest and other income* preliminary as at December 31, 2016, amount to RON 107.2 mn, 162.9% higher than those recorded in 2015. The growth was driven by the income from dividends, 198.3% higher as compared to 2015.

Budget indicators for 2016 were focused on the performance of assets and their capacity of generating revenue translating into real profit. SIF Banat-Crișana's leadership commitment was to achieve sustainable results and put an end to company's decapitalization by selling assets as the primary means of making a profit. The proposed objectives were attained, a consistent profit was achieved without decapitalization and without selling valuable assets.

However, during the year, have been taken advantaged of several sale opportunities, mainly divestments from holdings that fell outside the investment strategy. The volume and value of sales made were, however, substantially lower as compared to the previous year. *Net profit on sale of assets*, amounting to RON 2.2 mn, significantly dropped as compared to 2015.

*Expenditure adjustments for impairment losses* preliminary for 2016, amounting to RON 5.5 mn, up 136.5% as compared to 2015, due to the decrease of fair value for some financial assets available for sale.

*Other operating expenses* include functioning expenses, up 26.8% as compared to 2015.

*Preliminary net profit for the year 2016* amounts to RON 81.4 mn, up 8% as compared to 2015 year-end.

*Income tax* was determined under the provisions of the Tax Code, also including tax expense related to tax on dividends, recorded at gross value and changes of deferred tax. The company does not owe tax on current profit due to the significant volume of non-taxable income (dividend income) in total revenue.

*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). Preliminary value of other comprehensive is positive, amounting to RON 108.6 mn. Due to the growth at a slower pace in the fair value of the portfolio of financial assets available for sale, this value is lower than the previous year.

*Total comprehensive income for the period* shows a decrease of 34.7% over the previous year, due to the progress of *Other comprehensive income*, as mentioned above.

**Bogdan-Alexandru Drăgoi**  
Chairman and CEO

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

**Ștefan Doba**  
Economic Director

Annex 1

**Separate statement of financial position**  
- preliminary unaudited -

<i>in RON</i>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
<b>Assets</b>		
Cash and cash equivalents	57,625,994	151,400,510
Financial assets at fair value through profit and loss – held for sale	309	449
Financial assets available for sale	1,979,187,907	1,728,617,277
Investments held to maturity	6,336,716	34,498,231
Investment property	19,466,667	19,288,964
Items of property, plant and equipment	3,183,928	3,363,239
Other financial assets	15,434,596	4,195,075
Other assets	215,140	193,724
<b>Total assets</b>	<b><u>2,081,451,257</u></b>	<b><u>1,941,557,470</u></b>
<b>Liabilities</b>		
Dividends to be paid	20,204,246	20,850,807
Deferred income tax liabilities	130,695,817	124,114,688
Other financial liabilities	4,465,122	7,749,815
Provisions for liabilities and charges	469,374	-
<b>Total liabilities</b>	<b><u>155,834,559</u></b>	<b><u>152,715,310</u></b>
<b>Equity</b>		
Statutory share capital	54,884,927	54,884,927
Effect of applying IAS 29 on share capital	684,298,992	684,298,992
Own shares	(52,443,756)	
Loss on repurchase of own shares	(734,130)	
Reserves set under Law 133/1996	2,105,675,691	2,105,675,691
Effect of applying IAS 29 on equity items over retained earnings	(2,644,488,595)	(2,644,488,595)
Accumulated profit	204,087,976	122,725,274
Other reserves	608,927,140	608,927,140
Reserves from revaluation of tangible assets	97,794	97,794
Legal reserves	10,976,985	10,976,985
Revaluation reserves from financial assets available for sale	954,333,674	845,743,951
<b>Total equity</b>	<b><u>1,925,616,698</u></b>	<b><u>1,788,842,159</u></b>
<b>Total liabilities and equity</b>	<b><u>2,081,451,257</u></b>	<b><u>1,941,557,469</u></b>

**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>	<b>Dec. 31, 2016</b>	<b>Dec. 31, 2015</b>
<b>Income</b>		
Dividend income	101,624,336	34,072,103
Interest income	5,314,722	6,461,141
Other operating income	225,646	227,233
<b>Gain on investments</b>		
Gain on investment property	177,703	10,515,917
(Loss)/Net gain from foreign exchange differences	(110,431)	73,886
Net profit on sale of assets	2,189,901	55,302,792
Net gain / (Net loss) on financial assets at fair value through profit and loss	(140)	(672,551)
<b>Expenses</b>		
(Expenses)/Reversals of adjustments for impairment of financial assets available for sale	(5,489,150)	(2,320,687)
Other (Expenses)/Reversals on adjustments for impairment of other assets and provisions	(458,984)	469,374
Expenses related to fees	(2,255,325)	(2,443,923)
Other operating expenses	(16,916,799)	(13,340,795)
<b>Profit before income tax</b>	<b>84,301,479</b>	<b>88,344,490</b>
Income tax	(2,938,778)	(13,019,922)
<b>Net profit for the period</b>	<b>81,362,701</b>	<b>75,324,568</b>
<b>Other comprehensive income</b>		
<b>Items that are or may be transferred to profit or loss</b>		
Fair value reserve (financial assets available for sale)		
Amount transferred to profit or loss	3,861,082	(41,198,683)
Change in fair value	111,941,402	292,758,381
The effect of profit tax for these	(7,212,761)	(36,191,166)
<b>Other comprehensive income</b>	<b>108,589,723</b>	<b>215,368,532</b>
<b>Total comprehensive income for the period</b>	<b>189,952,425</b>	<b>290,693,100</b>
<b>Earnings per share</b>		
Basic	0.151	0.137
Diluted	0.151	0.137

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