

Closed-end investment funds

OPPORTUNITIES EXIST, BUT ALSO THREATS

SIFs

Sector
Weighting
Neutral

Preferred stock

SIF Moldova

Least preferred stock

SIF Muntenia
We prefer SIFs
in this order:
SIF Moldova (SIF2)
BUY (Prev Buy)

TP RON 2.241

(Prev TP RON 1.8182)

Upside 52.23%
SIF Oltenia (SIF5)
BUY (Prev Buy)

TP RON 2.537

(Prev TP RON 2.0897)

Upside 52.98%
SIF Banat Crisana (SIF1)
BUY (Prev Buy)

TP RON 2.270

(Prev TP RON 2.1139)

Upside 77.59%
SIF Transilvania (SIF3)
BUY (Prev Buy)

TP RON 1.183

(Prev TP RON 1.1028)

Upside 90.17%
SIF Muntenia (SIF4)
BUY (Prev Buy)

TP RON 1.619

(Prev TP RON 1.4582)

Upside 91.56%

v Update We maintain unchanged our Buy rating for all the five SIFs shares given the significant estimated upsides, 72.9% on avg. (vs 92.29% in our previous report) from current trading levels, along with significant discounts at which are traded, 50.2% on avg. compared to end-Mar'11 official NAV (vs 56.67% on avg. compared to end-Jul'10 official NAV as stated in our previous report). Of course, legal issues still exist, but we keep our positive stance on SIFs for medium term. After a side ways evolution in the second half of 2010, the SIFs entered on an ascending trend since the beginning of the year fuelled then by the consistent dividends announcements. We think 2011 has more opportunities to offer as the precedent year, but at the same time active management becomes crucial in order to benefit of potential market deals, as dividends sources dried.

v Catalysts for the share price The increase of the threshold in SIFs share capital will be a significant trigger as long as it will exist, but, additionally, a more active and clear portfolio management strategy. Also two of the SIFs, i.e. SIF Moldova and SIF Oltenia have officially declared their intention of fructifying BCR stake through direct sale, stock swap with Erste shares, bank's listing or sell of derivatives based on BCR shares.

v Fact/Impact As of end-Mar'11, SIFs' official NAV decreased by 9.12% yoy on avg. However, SIFs official NAV as of end-Mar'11 increased by 4.58% ytd on avg. In terms of 2010 profitability, SIF Moldova (SIF2) is the leader with a net profit of RON 96.3m (-5% yoy), while the laggard is SIF Banat Crisana (SIF1) with a profit of RON 63m (-43.9% yoy). For the first three months of 2011 SIF Transilvania posted the larger net profit of RON 23.8m and SIF Muntenia was the last with a loss of RON 4.03m. We think the liquidities problem will become more acute in 2011 as the cash source from banks dividends further diminished, while all SIFs announced dividends proposals at payout ratios significantly higher compared to last years.

v Alternative scenarios and risk to our scenario Risks arise from a quite rigid and non-diversifiable portfolio structure, rejection of the initiative law as regards the increase of 1% threshold in SIFs share capital, lack of liquidities to take advantage of market opportunities most likely to happen under current environment. The five closed-end investment funds exhibit different degrees of exposure to corporate governance issues and have to manage legal risks induced by the lawsuits filed against them

| Financial data (RONm) 03'11 | SIF1 | SIF2 | SIF3 | SIF4 | SIF5 | Main indicators | SIF1 | SIF2 | SIF3 | SIF4 | SIF5 |
|-----------------------------|-------|-------|-------|-------|-------|-----------------------|-------|-------|-------|-------|-------|
| Total assets* | 1,447 | 1,262 | 1,561 | 1,600 | 1,738 | Fair NAV (RON)/share | 2.837 | 2.801 | 1.479 | 2.023 | 3.171 |
| Listed shares* | 880 | 816 | 892 | 846 | 1,167 | Target Price (RON) | 2.270 | 2.241 | 1.183 | 1.619 | 2.537 |
| Unlisted shares* | 432 | 337 | 564 | 539 | 418 | Upside (%) | 77.59 | 52.23 | 90.17 | 91.56 | 52.98 |
| Shareholders equity* | 542 | 539 | 663 | 1,396 | 662 | Official NAV* (RON) | 2.543 | 2.389 | 1.372 | 1.870 | 2.842 |
| Cash and deposits* | 105.4 | 58.8 | 69.1 | 144 | 126 | P/Fair NAV (x) | 0.45 | 0.53 | 0.42 | 0.42 | 0.52 |
| Bonds & T-Bills* | 15.8 | 1.5 | 3.5 | 45.0 | 0 | P/official NAV (x) | 0.50 | 0.62 | 0.45 | 0.45 | 0.58 |
| Net profit* | 0.3 | 10.5 | 23.8 | -4.03 | 0.74 | PER** | 11.63 | 7.46 | 6.85 | 8.90 | 11.85 |
| Fair NAV*(BRD-GSGe) | 1,557 | 1,454 | 1,615 | 1,633 | 1,839 | Dividend Yield (based | 3.94 | 5.14 | 4.05 | 4.97 | 3.80 |

*according to NSC Reg 15/2004

**based on 12M'10 portfolios

*as of end Feb'11 **EPS last 12M

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Main valuation considerations

We maintain our **Buy** rating for all SIFs shares, given the significant estimated upside potential, **72.9%** on avg. (vs 92.29% on avg. in our previous update), due to higher fair NAV by 14.1% on avg. compared to our last *SIFs report – Lower Valuation, but still Buy*. Our new fair NAV was a result of BCR stake value increase of 25.6% and BSE listed companies prices increase (BET advanced by 15.3% compared to 26 Aug'10). After closing the year 2010 quite disappointedly, the five investments funds embarked on a rally since the beginning of 2011 which accelerated with the announcement of the dividends proposed, in all cases higher than previous years in absolute values and as payout ratio. Still, we don't exclude some price corrections following speculative trades or the rejection of the increased dividends proposed by some shareholders at SIF Banat Crisana and SIF Muntenia.

We kept unchanged our methodology used in the report released in Aug'10 to estimate a fair net asset value of closed-end funds portfolios using sum-of-the parts method, as well as the discount applied to Fair NAV to reach the target price for each SIF.

We filled in closing prices as of 31 Mar'11 for all BSE listed companies held by SIFs and for all RASDAQ listed companies in which SIFs held stakes higher than RON 1m or their value according to NSC Regulation no.15/2004 account for more than 0.05% of SIFs' official NAV. The remained shares were included in *other shares* category. We remind you that according to our methodology we apply 25% discount for the value of Rasdaq listed companies and 30% for the value computed by SIFs according to NSC Regulation no. 15/2004 for unlisted shares (except BCR stake), not-traded within the past 90 days and *the other shares category*.

Since our last update released in Aug'10, we have increased the market value for BCR by 25.6% to incorporate a P/BV of 1.4x that has been applied to BCR 2010 IFRS shareholders' equity. Consequently, we have incorporated in our Fair NAV calculation a price for BCR share of RON 12.5032 vs RON 9.557, previously used.

Finally, to get the **target price for each of the five SIFs, we applied a 20% discount to each SIF Fair NAV.**

The above mentioned assumptions became our **base case scenario and potential upsides to 31 March'11** prices were further derived. Based on these upsides, we order SIFs as following: **SIF Muntenia (SIF4) – 91.56%, SIF Transilvania (SIF3) – 90.17%, SIF Banat Crisana (SIF1) – 77.59%, SIF Oltenia (SIF2) – 52.98% and SIF Moldova (SIF5) – 52.23%**. According to discounts to fair NAV the order is almost the same: **SIF Muntenia (SIF4) ranks first with a discount of current price to fair NAV of 58.24%**, followed by **SIF Transilvania (SIF3) – 57.93%, SIF Banat Crisana (SIF1) – 54.95%, SIF Moldova (SIF2) – 52.55% and SIF Oltenia (SIF5) – 52.29%**.

To establish a preference order for SIFs, we considered the above mentioned criteria (potential upside and discounts to fair NAV) but some additional ones too, as the market conditions and each SIF features regarding its portfolio impose it. Thus, **we took into account portfolio structure and cash&cash equivalents** (deposits, T-Bills and bonds) **weight in total assets** to asses SIFs assets portfolio liquidity and diversification, as well as the ability of taking advantages from investment opportunities under considerable liquidities constraints for 2011. Moreover, we analyze also the current dividend yields.

Consequently, based on the latest developments on the markets along with the classification we have drawn above, we have kept our preference order compared to our last report: SIF Moldova (SIF2) remains our preferred share as we see more firm steps for a portfolio restructuring with a view of reducing its banking sector exposure. SIF Oltenia (SIF5) ranks the second, while SIF Banat Crisana (SIF1) continues to be on third place, in our preference top. On the last places are SIF Transilvania (SIF3) – penalized for its lack of transparency regarding investment strategy, and SIF Muntenia (SIF4) –punished for its lack of visibility on shares included in its portfolio kept their position in our top preference.

In order to see how SIFs fair NAV and implicitly their TP will react under different assumptions, we run a sensitivity analysis, using **an optimistic scenario** that sees BSE listed companies up 10%, a P/BV equal to 1.6x for valuing stakes held in BCR and no additional discounts applied to the value of the stakes held in Rasdaq companies, not traded within the last 90 days, unlisted companies and other companies classified in *other shares category*.

The pessimistic scenarios assumptions are: BSE listed companies prices will go down by 10%, P/BV equals 1.2x for valuing BCR. Under the pessimistic scenario, the additional discounts applied to the base case scenario values are: 35% - for Rasdaq listed companies, 40% - for unlisted, not traded within the past 90 days and other shares category, 10% - for BCR stake.

Comparing the target prices and fair NAV for all SIFs with our base scenario, we conclude:

- The greatest upside potential to our TP in base scenario is recorded by **SIF Oltenia (SIF5) (+8.74%)**, followed by **SIF Moldova (SIF2) (+8.68%)**, **SIF Banat Crisana (SIF1) (+8.48%)**, **SIF Transilvania (+7.44%)**. **SIF Muntenia (SIF4)** proved to have the smallest upside to initial TP **6.77%**.
- The lowest downside potential to our base scenario is recorded by **SIF Muntenia (SIF4) (-6.82%)**, followed by **SIF Transilvania (SIF3) (-10.87%)**, **SIF Moldova (SIF2) (-13.25%)**, **SIF Oltenia (SIF5) (-14.63%)** and **SIF Banat Crisana (SIF1) (-16.71%)**.

The results of the sensitivity analysis are in line with our preference order and portfolio structure of each SIFs. The SIFs with higher exposure on banks listed or unlisted (SIF1, SIF2, SIF5) will benefit of higher upsides of banks' shares. SIFs (SIF4, mainly) with a significant exposure on Rasdaq companies and other shares will suffer less in case the BSE shares will register some declines.

| | Assumptions/Results | SIF1* | | | | SIF2* | | | | SIF3* | | | | SIF4* | | | | SIF5* | | | |
|----------------------|--|----------|---------------|---------------------------------------|-----------------|----------|---------------|---------------------------------------|-----------------|----------|---------------|---------------------------------------|-----------------|----------|---------------|---------------------------------------|-----------------|----------|---------------|---------------------------------------|-----------------|
| | | Fair NAV | TP | Discount of current price to Fair NAV | % to initial TP | Fair NAV | TP | Discount of current price to Fair NAV | % to initial TP | Fair NAV | TP | Discount of current price to Fair NAV | % to initial TP | Fair NAV | TP | Discount of current price to Fair NAV | % to initial TP | Fair NAV | TP | Discount of current price to Fair NAV | % to initial TP |
| Base scenario | P/BV =1.4 Prices 31 March 2011 25% discount for Rasdaq listed shares, 30% discount for not listed, not traded within 90 days and other shares category | 2.8370 | 2.2696 | 54.95% | na | 2.8009 | 2.2408 | 52.55% | na | 1.4786 | 1.1828 | 57.93% | na | 2.0233 | 1.6187 | 58.24% | na | 3.1706 | 2.5365 | 47.71% | na |
| Optimistic scenario# | P/BV =1.6 Prices 31 March 2011 up 10% No discounts for Rasdaq listed shares, not listed, not traded within 90 days and other shares category | 3.0776 | 2.4621 | 58.47% | 8.48% | 3.0440 | 2.4352 | 48.36% | 8.68% | 1.5885 | 1.2708 | 60.84% | 7.44% | 2.1603 | 1.7283 | 60.89% | 6.77% | 3.4477 | 2.7582 | 51.91% | 8.74% |
| Pesimistic scenario# | P/BV =1.2 Prices 31 March 2011 down 10% Discounts of 35% for Rasdaq listed shares Discounts of 40% for not listed, except BCR for which discount is 10% and 40% for not traded within 90 days and other shares category | 2.3631 | 1.8904 | 45.92% | -16.71% | 2.4298 | 1.9438 | 60.58% | -13.25% | 1.3179 | 1.0543 | 52.80% | -10.87% | 1.8853 | 1.5083 | 55.18% | -6.82% | 2.7066 | 2.1653 | 38.74% | -14.63% |

*Discount of 20% was applied to fair NAV of SIF1, SIF2, SIF3, SIF4 and SIF5 to get Target Prices in order to better capture corporate governance issues and management strategy.

Source: BRD GSG estimates

Other investment considerations

Overview of SIFs 2010 results vs budget

Although 2010 financial results posted by the five investment funds were significant lower compared to the same period a year ago, all SIFs succeeded to exceed their 2010 budgets. **SIF Moldova (SIF2)** posted the highest net profit in absolute terms of **RON 96.3m** exceeding by 75.7% the budgeted figure and by 5% lower yoy. Indeed SIF Moldova was also the most active in its assets management activity, with investments of RON 171m in 2010 exceeding its proposed target of RON 140m, the most ambitious program in the fund's history. **SIF Oltenia (SIF5)** came the second in terms of net income with **RON 81m** up 32.9% compared to the budget and by 56.8% lower yoy. **SIF Muntenia (SIF4)** and **Transilvania (SIF3)** posted 2010 net profit of RON 71.4m (+13.8% over the budget and -12.9% yoy) and RON 66.9m (+21.7% over the budget and -42.6% yoy) respectively. The last in terms of profit was **SIF Banat Crisana (SIF1)** with RON 63m (+24.1% over the budget and -43.8% yoy).

On the revenues side, first in line is also SIF Moldova (SIF2) with RON 176.5m (-8.3% yoy, +40.8% vs budget), while SIF Oltenia (SIF5) and SIF Muntenia (SIF4) are disputing the second place with RON 168.5m (-35.6% yoy and +40.7% vs budget) and RON 164.1m (+9.3 yoy and +42.7% vs. budget), respectively. SIF Transilvania (SIF3) and SIF Banat Crisana (SIF1) came in the fourth and fifth place with RON 121.5m (-28.7% yoy and +4.9% vs. budget) and RON 113.5m (-37.1% yoy and +18.3% vs. budget), respectively.

With the exception of SIF Banat Crisana (SIF1), revenues from financial assets sold represented the main revenues driver in 2010. Following its active management policy, SIF Moldova (SIF2) showed revenues from financial assets sold of RON 104m (58.9% of total operating revenues), followed by SIF Oltenia (SIF5) which obtained revenues from the sales of its participations of RON 95.9m (representing 56.9% of total operating revenues). SIF Transilvania (SIF3) and SIF Muntenia (SIF4) also have important revenues from financial assets sold, i.e. RON 73.1m (60.2% of total) and RON 73m (44.5% of total), respectively. The most conservative proved to be SIF Banat Crisana (SIF1) which revenues were based more on dividends received and bonus shares from the companies in its portfolio which operated a share capital increase through profit incorporation (RON 51.9% representing 45.7% of total).

| Indicator (RONm) | SIF1 | %TR | y-o-y | SIF2 | %TR | y-o-y | SIF3 | %TR | y-o-y | SIF4 | %TR | y-o-y | SIF5 | %TR | y-o-y |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|
| Total Revenues (TR) | 113.51 | 100.0% | -37.1% | 176.50 | 100.0% | -8.3% | 121.53 | 100.0% | -28.7% | 164.06 | 100.0% | 9.3% | 168.52 | 100.0% | -35.6% |
| Revenues from non-current financial assets | 51.89 | 45.7% | -42.6% | 21.30 | 12.1% | -70.4% | 32.70 | 26.9% | -59.3% | 22.26 | 13.6% | -71.4% | 40.39 | 24.0% | -53.9% |
| Revenues from financial assets sold | 33.44 | 29.5% | -46.1% | 103.98 | 58.9% | 7.6% | 73.12 | 60.2% | -0.2% | 73.02 | 44.5% | 487.1% | 95.86 | 56.9% | -36.4% |
| Interest revenues | 7.69 | 6.8% | -22.8% | 6.20 | 3.5% | -51.3% | 3.42 | 2.8% | -59.3% | 0.70 | 0.4% | 68.6% | 10.90 | 6.5% | -16.0% |
| Total Expenses (TE) | 48.31 | 42.6% | -22.2% | 65.81 | 37.3% | -21.7% | 46.72 | 38.4% | -3.9% | 80.27 | 48.9% | 18.0% | 79.07 | 46.9% | 14.1% |
| Expenses with financial assets sold | 25.67 | 22.6% | -41.1% | 16.90 | 9.6% | -55.6% | 9.36 | 7.7% | -53.4% | 2.60 | 1.6% | 294.4% | 45.66 | 27.1% | 2.5% |
| Other operating expenses | 15.11 | 13.3% | 61.0% | 19.14 | 10.8% | 50.7% | 23.10 | 19.0% | 43.7% | 1.95 | 1.2% | -10.4% | 20.97 | 12.4% | 58.6% |
| Income tax | 2.21 | 1.9% | -64.7% | 14.39 | 8.2% | 105.1% | 7.90 | 6.5% | 55.5% | 12.37 | 7.5% | n.m. | 8.46 | 5.0% | 62.1% |
| Gross profit | 65.20 | 57.4% | -44.9% | 110.68 | 62.7% | 2.2% | 74.82 | 61.6% | -38.5% | 83.79 | 51.1% | 2.1% | 89.45 | 53.1% | -53.5% |
| Net profit | 63.00 | 55.5% | -43.8% | 96.29 | 54.6% | -5.0% | 66.92 | 55.1% | -42.6% | 71.42 | 43.5% | ### | 80.99 | 48.1% | -56.8% |
| Investments | 33.20 | | 38.3% | 171.00 | | 230.8% | 75.00 | | 40.5% | 31.90 | | 28.7% | 70.40 | | n.a. |

Source: SIFs, BRD GSG estimates

2010 SIFs investment activities overview

Although all SIFs' stated in their investment strategy in 2010 the same common features, i.e. consolidating their position in the companies where holding major stakes, investing on the secondary market in accordance with budget guidelines (lower exposure on financial sector, favoring growth perspective sectors like energy, pharma, utilities), fructifying capital market opportunities, there were important differences in their investment activity during the year. SIF Moldova was the most

active with an impressive investment budget of RON 171m, followed by SIF Oltenia and SIF Transilvania, while SIF Muntenia was very active on the sale side and SIF Banat Crisana was the most conservative with the lowest portfolio fluctuation.

SIF Banat Crisana (SIF1) was the most conservative in terms of investment activity in 2010. Its investments on the capital market amounted to **RON 33.2m** (vs the budgeted **RON 52m**), out of which almost half represented participations to share capital increases, the most important being Calipso Oradea, a company acting in restaurants business and where the fund owns 96.3% (RON 10.6m) and Napomar SA Cluj Napoca, a closed company where the fund owns 99.4% (RON 4.5m). On the secondary market the most important acquisitions were Fondul Proprietatea (RON 8.2m), BRD (RON 6.3m) and Biofarm (RON 2.5m). Most important disinvestments were the sale of Prodplast Imobiliare stake (RON 7.1m), Electromagnetica (RON 4.8m) and Rompetrol Rafinare (RON 3.1m). Also the fund speculated with BRD stock and sold shares of RON 5.7m, so it ended up with approx. the same stake.

SIF Moldova (SIF2) was the most active in terms of trading activity (investments of **RON 171m**) following the directions mentioned in the 2010 investments strategy i.e. to restructure financial sector exposure, to consolidate the exposure on energy and utilities and to become more active on the external markets.

The most important portfolio movement was the investment in Fondul Proprietatea shares before its listing to BSE. SIF Moldova allocated RON 59.8m (i.e. 39.1% of the amount invested in shares in 2010) and increased its participation from 0.26% at the beginning of 2010 to 1.14%.

Regarding the energy sector consolidation SIF Moldova preserved its stakes in Petrom (0.17%) and Transelectrica (1.01%) and increased its participation in Transgaz (from 0.68% at the beginning of 2010 to 0.94%), in Armax Gaz (from 0.28% at the beginning of 2010 to 2.46%) and in Electromagnetica (from 0.37% at the beginning of 2010 to 1.42%). Also the fund invested in CEZ AS holding 0.004% of the Czech company at end Dec'10 estimated at RON 3.55m. Most important energy sector disinvestment was the exit from Rompetrol Rafinare (RRC).

SIF Moldova applied its strategy of portfolio diversification through investments on the CEE markets. Beside the investment in CEZ the fund bought shares of Asseco Poland, a company acting in the IT industry (estimated participation value RON 0.5m), shares of Warsaw Stock Exchange subscribed during the IPO (estimated participation value RON 0.5m), and shares of Gabriel Resources, a company acting in the gold mining industry (estimated participation value RON 1.34m). Additionally, SIF Moldova sold its entire participation at Tauron Polska Energia (sold in Sep'10 at RON 1.94m, acquired in June 2010 at RON 1.8m).

In the financial sector most important changes were: the decrease of BRD participation from 4.74% to 3.86% and of Erste Bank from 0.0035% to 0.001% and the increase of Banca Transilvania stake from 3.69% to 4.6%. Also SIF Moldova acquired important stakes in Bucharest Stock Exchange (4.74%) and Sibiu Monetary Financial and Commodities Exchange (4.37%).

SIF Transilvania (SIF3) invested in 2010 **RON 75m**, by 25% up compared to 2010 investment budget of RON 60m. Most important acquisition was the investment of RON 50m in Fondul Proprietatea shares (SIF3 owns 0.36%). Another RON 20m were directed to participation in share capital increases for the companies held and to payments in the account of share capital increases approved last year. Most important transactions were the subscriptions to share capital increases at Organe de Asamblare Brasov (RON 6.7m), Orizont Turism SA Predeal (RON 6m) and API Transilvania SA Brasov (RON 4.3m). Also SIF Transilvania acquired 1.44% of Prospectiuni and increased its stake in Sibiu Monetary Financial and Commodities Exchange (from 0.63% to

4.85%), Antibiotice (from 3.99% to 4.09%), Transelectrica (from 0.09% to 0.14%) and Armax Gaz (from 1.4% to 1.46%). Most important disinvestments were the partial sale of BRD shares (RON 4.4m, from 5% to 4.37%) and the exit from Biofarm (RON 1.3m) and Transgaz (0.1m).

SIF Muntenia (SIF4) 2010 investments totalized **RON 48.2m** out of which RON 20.7m in traded shares and RON 21m as subscriptions and payments due in the account of share capital increases for the companies held. Most important acquisitions of traded shares were a stake of 10% in SSIF Broker Cluj SA (RON 6.3m), 12.97% of Prefab Bucuresti and 5.1% of Cemacon Zalau and RON 9.8m invested in Proprietatea Fund. The highest investments as share capital increases for the companies held were at Unisem Bucuresti (RON 10.6m) and Semrom Oltenia SA Craiova (RON 5.2m). The shares sales of SIF Muntenia in 2010 amounted to RON 97.7m, the most significant being the sale of 1.14% BRD shares for approx. RON 90.3m. Other disinvestments were the exit from Rompetrol Rafinare, Transgaz, Banca Transilvania, Antibiotice and Erste Bank.

SIF Oltenia (SIF5) invested about **RON 70.4m** in shares in 2010 following the strategy announced in its 2010 budget, i.e. energy, utilities and pharma sectors. Thus SIF Oltenia increased its stake in Biofarm from 17.43% to 22.57% (approx. RON 11m), in Transelectrica (TEL) from 1.3% to 2.02% and in Banca Transilvania from 4.88% to 4.97%. The sales of financial assets amounted to RON 95.9m. The most important trades were the sale of 42.67% stake in Lactate Natura (RON 15.1), the exit from Socep (RON 13.9m) and from Rompetrol Rafinare (RRC) and SC Vidraru SA Curtea de Arges both around RON 7m.

2011 Budget and investment strategy

The investment strategy of the five SIFs has few common features: the consolidation of energy sector, the reducing of banks exposure and the disinvestment of unprofitable companies. SIF Moldova posted the most detailed plan and the highest investment budget (RON 100m, although lower by 41.5% yoy), while SIF Muntenia has the most prudent approach and did not disclosed the planned investment amount. As a novelty two funds, namely SIF Moldova and SIF Oltenia officially stated their intention to sell part of their BCR stakes, while SIF Banat Crisana and SIF Oltenia plan to follow SIF Moldova example and to invest in regional companies, mainly European ones. The estimations regarding 2011 revenues split the five SIFs into two categories: three of them (SIF Moldova, SIF Transilvania and SIF Oltenia) forecasted higher figures yoy while SIF Banat Crisana and SIF Muntenia expect lower incomes. Also SIF Transilvania and SIF Oltenia estimate 2011 net profit around 2010 levels, but the other three are seeing 2011 net result by 23% lower yoy in average.

SIF Banat Crisana (SIF1) posted two possible budget drafts, depending of the final gross dividend value which will be approved by the General Shareholders Meeting. The fund's Board proposed a gross dividend of RON 0.06, while a group of shareholders proposed a gross dividend of RON 0.103. Both proposals are listed on the GSM agenda together with the two budget drafts. In the case of the lower dividend, SIF Banat Crisana estimates 2011 revenues of RON 106.9m (-5.8% yoy) and a net profit of RON 51.5m(-18.3% yoy). In the case the higher dividend is approved the fund forecast 2011 revenues of RON 73.9m (-34.9% yoy) and a net profit of RON 27m (-57.2% yoy). The investment budget remains the same in the two variants, i.e. RON 53m. The investment strategy drafted by the fund includes the consolidation of energy, raw materials, pharma, utilities sectors, the reducing of banks exposure as well as furniture, plastics and cellulose sectors, investment in Greenfield projects in agriculture and renewable energy, the development of an investments strategy on European markets.

SIF Moldova (SIF2) established a minimum investment budget of RON 100m, following the same directions stated in 2010: reducing of financial sector in the favour of energy sector including the participation to the announced IPO-s and SPO-s in the energy sector (Romgaz, Transgaz, Transelectrica, Petrom) and disinvestment of underperforming sectors/participations. As a novelty SIF Moldova proposed to its shareholders three potential actions in the case of BCR participation: increasing lobby for BCR listing to BSE, the sale total or partial of BCR stake and the sale of derivatives having as support BCR shares. Still the fund is confident in the long term perspective of the financial sector and plans the preserving of a minimum 50% weight of this sector in its financial assets. The energy sector is estimated to reach 20% weight, while the investments on external market could reach 5% weight in total portfolio. More than 70% of the assets would represent listed securities/ while the closed and not traded assets should decrease under 2% (with the exception of BCR stake).

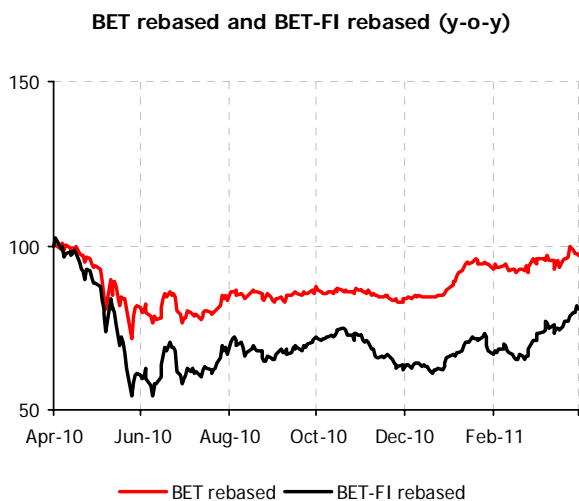
SIF Moldova budgeted for 2011 revenues of RON 206m (+16.8% compared to 2010) and a net profit of RON 69.9m (-27.5% compared to 2010). Also the fund proposed to its shareholders a new dividend policy which connects the dividend value to the share price. Thus in the absence of extraordinary events, SIF Moldova plans to assure a dividend yield of 5% if the share price is below RON 2 and of 3% if the share price is above RON 2, calculated as an average of the last 90 trading days of the year corresponding to dividend calculation.

SIF Transilvania (SIF3) plans to invest some RON 60.5m in 2011 but it did not specify the main directions followed. The fund budgeted for 2011 total revenues of RON 147m (+21% compared to 2010) and a net profit of RON 68m (+1.6% compared to 2010). Also SIF Transilvania targets the increase of its official NAV by 15% in 2011 from RON 1.38 per share to RON 1.6 per share.

SIF Muntenia (SIF4) stated it will follow the same prudent investment policy as in 2009 and 2010. The temporary reducing of financial sector weight remains a priority, as well as the increase of the energy sector stake, both classic and renewable, including the participation to the announced IPO-s and SPO-s in the energy sector (Romgaz, Transgaz, Transelectrica, Petrom). Also the fund plans to sustain the transit of some companies listed on Rasdaq market to BSE main market but did not specify any names. SIF Muntenia budgeted for 2011 revenues of RON 102m (-37.8% compared to 2010 revenues) and a gross profit of RON 65m (-22.4% compared to 2010 figure).

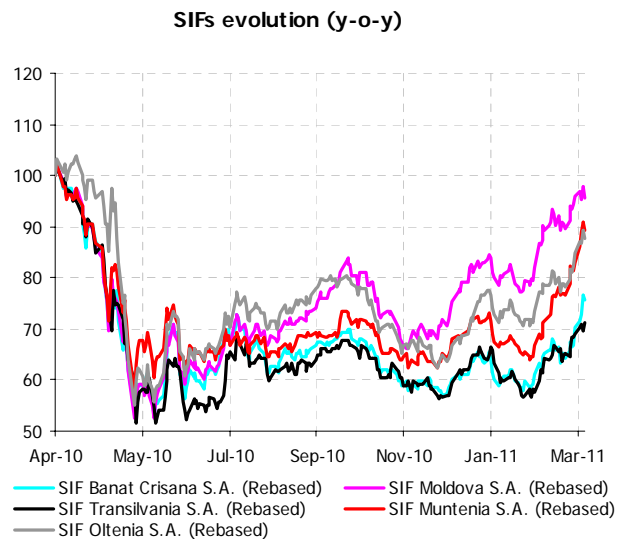
SIF Oltenia (SIF5) plans to invest in 2011 an amount comparable with 2010 (approx. RON 70m) and will focus on energy sector having into account the announced privatisations of the state, on pharmaceutical, food industry, infrastructure, utilities and real estate sectors. The Romanian market will remain the main investment target but the fund plans also to invest in regional companies with high growth perspectives. The disinvestment activities will target the sale of participations in companies entered in insolvency procedure or with uncertain evolution. Also SIF Oltenia is the second investment fund which officially announced its intention to sell part of its BCR participation. SIF Oltenia budgeted 2011 revenues of RON 212.3m (+26% yoy) and a net profit of RON 81m (in line with 2010 figure).

Overview of SIFs evolution on BSE



Source: BSE, BRD-GSG

- ✓ BET ended almost flat during April'10 – March'11 (-0.6%), while BET FI value at end March 2011 was 16.4% lower yoy. Although highly correlated, the gap between the two indices increased since June 2010.
- ✓ Since March 2011 BET FI advanced at a higher pace fuelled by consistent dividends announcements.



Source: FactSet

- ✓ All the five SIFs had a cyclical evolution during Apr'10 – Mar'11, ending lower or almost flat than a year ago; after a sharp decrease in Apr-May'10, they seemed to enter on a sideways trend until the end of 2010 and then start a rally since the beginning of 2011.
- ✓ SIF2 was the “best” performer among all SIFs between Mar'10 and Mar'11, with a decline of only 1.87% y-o-y, followed by SIF4 with a down side of 7.14% and SIF5 which ended 8.4% lower yoy. SIF1 and SIF3 ended the period significantly lower by 21.11% and 27.67%, respectively.
- ✓ The legislative process for increasing the 1% threshold in SIFs share capital is still ongoing and suffered a significant delay.

Closed-end investment funds

SIF BANAT CRISANA (SIF1)

Buy (12m)
Price 31/03/11 **Target Price**
RON 1.278 **RON 2.270**

Prev TP: RON 2.11

Sector

 Weighting
Neutral

 Preferred stock
SIF Moldova

 Least preferred stock
SIF Muntenia
Type of investment

Undervalued ✓

1 year Price, 100MA and volume


Source: FactSet

Risk

Stock vs sector underweight

Sector vs market overweight

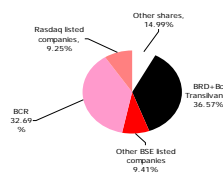
✓ **Investment case** We maintain our Buy rating for SIF Banat Crisana and we revised up the target price to RON 2.27 per share from RON 2.11 due to higher valuation by 25.6% for the stake held in BCR and higher prices for BSE listed companies (BET advanced by 15.3% vs 26 Aug'10, our last update of Fair NAV, whilst its main components BRD-GSG (BRD) and Banca Transilvania (TLV) increased by 27.4% and 5.2%, respectively). According to Mar'11, official NAV computation, listed shares represent 61.4% (vs 59.0% in Jul'10) of total portfolio held, while unlisted shares' weight is 30.1% (vs 33.2% in Jul'10). Cash and deposits stand for 7.4% (vs 5.5% as of Jul'10) while only 1.1% (vs 2.4% as of Jul'10) of total portfolio is invested in T-Bills, corporate and municipal bonds. The portfolio breakdown by adjusted values is presented below.

✓ **Fact/Impact** SIF Banat Crisana 2010 net profit amounted to RON 63m, 24.1% up vs. budget but -43.9% lower yoy. The Board proposed a dividend of RON 0.06, while a group of shareholders proposed RON 0.103, following that the OGSM from 27 April 2011 to decide the final dividend value. The fund also listed two 2011 budget variants depending on the value of distributed dividends.

✓ **Upcoming events** SIF Banat Crisana called the OGSM and EGSM on 27 April 2011.

✓ **Alternative scenarios and risk to our scenario** Risks arise from a quite rigid and non-diversifiable portfolio structure and a possible lack of liquidities because of declining dividends income and difficulties in disinvestment activities which will impede the fund to benefit of coming market opportunities. Our sensitivity analysis unveils that the optimistic scenario will add some **8.48% to our TP** up to RON 2.4621, while the pessimistic scenario will shed **16.71% from our TP** up to RON 1.8904.

Dec'10 SIF Banat Crisana's shares portfolio breakdown by fair value


SIF Banat-Crisana on
www.banat-crisana.com
Share data

| | |
|----------------------------|------------------|
| RIC SIF1.BX, Bloom SIF1 RO | |
| 52-week range | 0.89 - 1.73 |
| NAV 3M'11 (RONm) | 1,395.60 |
| Fair NAV* (RONm) | 1,557.07 |
| Free float (%) | 100.0 |
| Performance (%) | 1m 3m 12m |
| Ordinary shares | 19.4 26.0 -21.1 |
| BET-FI | 13.0 22.3 -16.4 |

* based on 12M'10 portfolio

Financial data(RONm)*

| | 10/09 | 03/10 | 07/10 | 03/11 |
|----------------------------|--------|--------|--------|--------|
| Total assets | 1,684 | 1,639 | 1,455 | 1,447 |
| Listed shares | 1,079 | 1,041 | 829 | 880 |
| Unlisted shares | 449 | 457 | 466 | 432 |
| Shareholders equity | 506 | 507 | 515 | 542 |
| Net profit | 115.2 | 4.61 | 40.59 | 0.30 |
| Official* NAV /share (RON) | 2.9213 | 2.8768 | 2.5026 | 2.5428 |
| Market capitalisation | 609 | 834 | 582 | 701 |

*as reported to NSC Reg 15/2004

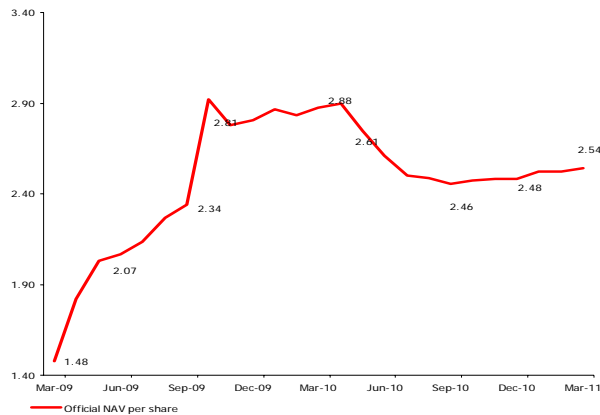
Main indicators

| | 10/09 | 03/10 | 07/10 | 12/10 |
|--------------------------------------|--------|--------|--------|--------|
| Fair NAV (RON)/share) | 2.9044 | 3.0606 | 2.6423 | 2.8370 |
| Target Price (RON)* | 2.3235 | 2.4485 | 2.1139 | 2.2696 |
| Upside (%) | 109.33 | 61.09 | 99.42 | 77.59 |
| PER (x) | 4.95 | 7.14 | 10.09 | 11.13 |
| EPS (RON)** | 0.2241 | 0.2128 | 0.1050 | 0.1148 |
| P/Fair NAV (x) | 0.38 | 0.50 | 0.40 | 0.45 |
| P/official NAV (x) | 0.38 | 0.53 | 0.42 | 0.52 |
| Dividend Yield (based on DPS'10-'08) | 2.27% | 2.76% | 3.96% | 3.94% |

* 20% discount to Fair NAV, EPS** end 2010

SIF1 anatomy – performance and valuation

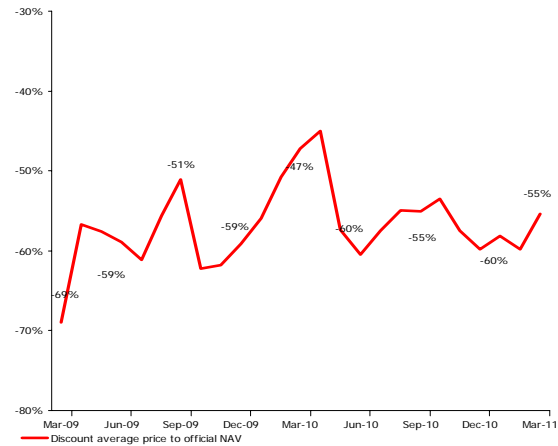
SIF Banat Crisana . Historical official NAV



Source:SIF1, BRD-GSG

Mar'11 official NAV remained almost flat (+1.6%) vs end-Jul'10 and weakened by 11.6% yoy, illustrating the plain evolution registered in H2'10.

SIF Banat Crisana . Historical discounts of monthly average price to official NAV



Source:SIF1, BRD-GSG

Same as the official NAV discounts of monthly average price to official NAV hovered around 57%-60% region. Mar'11 discount amounted to 55.35% slightly higher than the level in Jul'10 (57.51%), but significant higher compared to a year ago period (50.75%).

SIF Banat Crisana: significant operations since August 2010

| Date | Company | Transaction Type | No of shares (m) | Value (RONm) | Current stake(%) | Previous stake(%) |
|------------|----------------------|------------------|------------------|--------------|------------------|-------------------|
| 18/10/2010 | Prodplast Imobiliare | Sell | 0.75 | 3.15 | 4.77 | 8.36 |
| 16/11/2010 | Fondul Proprietatea | Buy | n.a. | 2.97 | n.a. | 0.0316 |
| 19/11/2010 | Prodplast Imobiliare | Sell | 0.69 | 2.77 | 1.43 | 4.77 |
| 19/11/2010 | Fondul Proprietatea | Buy | n.a. | 2.91 | 0.1159 | 0.0316 |

Source: SIF Banat Crisana

Valuation

Adjusted fair net asset value calculation

SIF Banat Crisana's valuation and main indicators

RON 000 unless otherwise specified

| | |
|--|-----------|
| Assets other than shares | 127,935 |
| Fair value of the shares portfolio (prices as of March 31, 2011) | 1,594,061 |
| Total assets | 1,721,996 |
| Total liabilities, incl provisions | 164,926 |
| Fair NAV | 1,557,070 |
| Fair NAV per share RON | 2.8370 |
| Dec 2010 official NAV reported | 2.4806 |
| Target price (20% discount to fair NAV) RON | 2.2696 |
| Upside (%) | 77.59 |
| EPS 12M (RON) | 0.1070 |
| Net profit (last 12M) RON, m | 60.32 |
| Share price as of March 31, 2011, RON | 1.2780 |
| MarketCap RON, m | 701.43 |
| PER'10 | 11.9438 |
| PERe'11 (based on company's guidance) | 11.1345 |
| P/Fair NAV | 0.4505 |
| Discount of the current price to fair NAV | 54.95% |
| Price/Official NAV | 0.5152 |
| Dividend Yield (Dividend'10) | 3.94% |

Source: Bucharest Stock Exchange, BRD-GSG estimates

SIF Banat Crisana's top holdings as for end of 2010

| Company | Market | SIF stake | Value according to NSC rule (RONm) | Fair value (RONm) | % Fair value |
|-----------------------------|----------|-----------|------------------------------------|-------------------|--------------|
| BANCA COMERCIALA ROMANA | Unlisted | 6.0% | 291.29 | 594.50 | 37.3% |
| BANCA ROMANA PT. DEZVOLTARE | BSE | 4.7% | 393.01 | 483.71 | 30.3% |
| BANCA TRANSILVANIA | BSE | 4.9% | 86.40 | 99.18 | 6.2% |
| VRANCART | BSE | 74.7% | 42.50 | 44.04 | 2.8% |
| BIOFARM | BSE | 16.6% | 35.08 | 37.92 | 2.4% |
| NAPOMAR | Unlisted | 99.4% | 44.89 | 31.43 | 2.0% |
| CALIPSO ORADEA | Rasdaq | 96.3% | 44.52 | 28.65 | 1.8% |
| MECHEL CAMPIA TURZII | Rasdaq | 11.1% | 4.24 | 27.97 | 1.8% |
| ARTA CULINARA | Rasdaq | 89.1% | 33.07 | 23.15 | 1.5% |
| IAMU | Rasdaq | 76.7% | 34.67 | 18.22 | 1.1% |
| TERAPLAST GP | BSE | 10.5% | 13.31 | 17.80 | 1.1% |
| CENTRAL | Unlisted | 100.0% | 16.83 | 11.78 | 0.7% |
| PETROM | BSE | 0.0% | 8.48 | 10.94 | 0.7% |
| COMALIM | Rasdaq | 82.7% | 13.36 | 9.35 | 0.6% |
| PREBET | Rasdaq | 9.8% | 1.73 | 8.38 | 0.5% |
| SOMPLAST | Rasdaq | 70.8% | 8.41 | 7.60 | 0.5% |
| EXIMBANK | Unlisted | 0.3% | 10.78 | 7.54 | 0.5% |
| COMPLEX LABORATOARE | Unlisted | 98.8% | 10.54 | 7.38 | 0.5% |
| ARTA CULINARA | Rasdaq | 89.4% | 33.04 | 6.30 | 0.4% |
| VEST METAL | Unlisted | 98.9% | 8.83 | 6.18 | 0.4% |
| COMBI SPEDITION | Unlisted | 98.7% | 8.68 | 6.07 | 0.4% |
| GAZ VEST | Unlisted | 25.8% | 8.57 | 6.00 | 0.4% |
| COMALIM | Rasdaq | 82.7% | 13.40 | 5.18 | 0.3% |
| TRANS EURO HOTEL | Unlisted | 99.9% | 7.32 | 5.13 | 0.3% |
| VALY-TIM | Unlisted | 100.0% | 7.20 | 5.04 | 0.3% |
| SNTGN TRANSGAZ | BVB | 0.2% | 4.82 | 4.98 | 0.3% |
| RUSCA | Rasdaq | 87.7% | 7.11 | 4.98 | 0.3% |
| ARCELOR MITTAL HUNEDOARA | Rasdaq | 10.0% | 7.19 | 4.89 | 0.3% |
| LEGUME FRUCTE | Rasdaq | 90.0% | 6.97 | 4.74 | 0.3% |
| CONSTRUCTII TRANSILVANIA | Rasdaq | 19.0% | 6.18 | 4.59 | 0.3% |

Source: Bucharest Stock Exchange, BRD-GSG estimates

Closed-end investment funds

SIF MOLDOVA (SIF2)

Buy (12m)

Price
31/03/11
RON
1.472

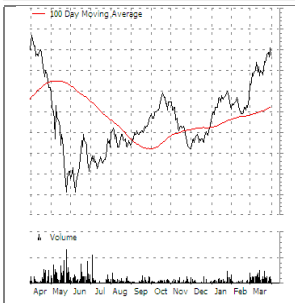
Target Price
RON 2.241
PrevTP:RON 1.82

Sector
Weighting
Neutral
Preferred stock
SIF Moldova
Least preferred stock
SIF Muntenia

Type of investment

Undervalued ✓

1 year Price, 100MA and volume



Source: FactSet

Risk

Stock vs sector overweight

Sector vs market overweight

SIF Moldova on
www.sifm.ro

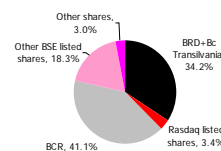
✓ **Investment case** We maintain our Buy rating for SIF Moldova and we revised up the target price to RON 2.24 per share from RON 1.82 due to higher valuation by 25.6% for the stake held in BCR and higher prices for BSE listed companies (BET advanced by 15.3% vs 26Aug'10, our last update of Fair NAV, whilst its main components BRD-GSG (BRD) and Banca Transilvania (TLV) increased by 27.4% and 5.2%, respectively). According to Mar'11 official NAV computation, listed shares represent 67.3% (vs 55.6% in Jul'10) of total portfolio held while unlisted shares' weight is 27.7% (vs 34.3% in Jul'10). Cash and deposits stand for 4.8% (vs 8.3% as of end-Jul'10) while only 0.1% (vs 2.2% as of end-Jul'10) of total portfolio is invested in T-Bills, corporate and municipal bonds. The portfolio breakdown by adjusted values is presented below.

✓ **Fact/Impact** SIF Moldova 2010 net profit amounted to RON 96.3m, the highest among the investment funds, up by 75.7% vs. budget and by 5% lower yoy. SIF Moldova Board proposed a dividend of RON 0.09 which will be discussed at the OGSM from 21 April 2011.

✓ **Upcoming events** SIF Moldova called the GSM and EGSM for 21 April 2011.

✓ **Alternative scenarios and risk to our scenario** Risks arise from a quite rigid and non-diversifiable portfolio structure and possible lack of liquidities which will impede the fund to profit of potential market opportunities. Our sensitivity analysis unveils that the optimistic scenario will add some **8.68% to our TP** up to RON 2.4352, while the pessimistic scenario will shed **13.25% from our TP** up to RON 1.9438

Dec'10 SIF Moldova's portfolio breakdown by fair value



| Share data | |
|----------------------------|------------------|
| RIC SIF2.BX, Bloom SIF2 RO | |
| 52-week range | 0.81 – 1.57 |
| NAV 3M'11 (RONm) | 1,239.91 |
| Fair NAV (RONm) | 1,453.94 |
| Free float (%) | 100.0 |
| Performance (%) | 1m 3m 12m |
| Ordinary shares | 10.3 26.7 -1.9 |
| BET-FI | 13.0 22.3 -16.4 |

| Financial data* | 10/09 | 03/10 | 07/10 | 03/11 |
|---------------------------|--------|--------|--------|--------|
| Total assets | 1,170 | 1,302 | 1,157 | 1,262 |
| Listed shares | 648 | 790 | 616 | 816 |
| Unlisted shares | 330 | 352 | 380 | 337 |
| Shareholders equity | 417 | 497 | 485 | 539 |
| Net profit | 106.83 | 10.55 | 77.51 | 10.47 |
| Official NAV*/share (RON) | 2.2073 | 2.4755 | 2.1674 | 2.3886 |
| Market capitalisation | 581 | 727 | 550 | 764 |

| Main indicators | 10/09 | 03/10 | 07/10 | 12/10 |
|---------------------------------|--------|--------|--------|--------|
| Fair (RON)/share NAV | 2.5859 | 2.8843 | 2.2727 | 2.8009 |
| TP (RON)* | 2.0687 | 2.3074 | 1.8182 | 2.2408 |
| Upside (%) | 84.71 | 64.81 | 71.53 | 52.23 |
| PER(x) | 4.78 | 7.01 | 6.44 | 7.86 |
| EPS (RON)** | 0.234 | 0.1998 | 0.1646 | 0.1872 |
| P/Fair NAV (x) | 0.43 | 0.49 | 0.47 | 0.53 |
| P/official NAV (x) | 0.51 | 0.57 | 0.49 | 0.67 |
| Div Yield (based on DPS'10-'08) | 12.6% | 3.6% | 4.75% | 5.14% |

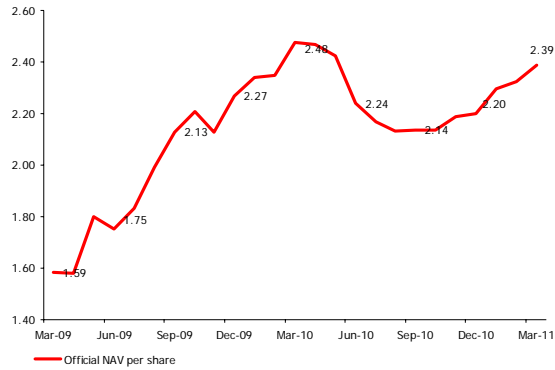
* based on 12M'10 portfolio

* as reported to NSC Reg 15/2004

** 20% discount to Fair NAV, EPS** end 2010

SIF2 anatomy – performance and valuation

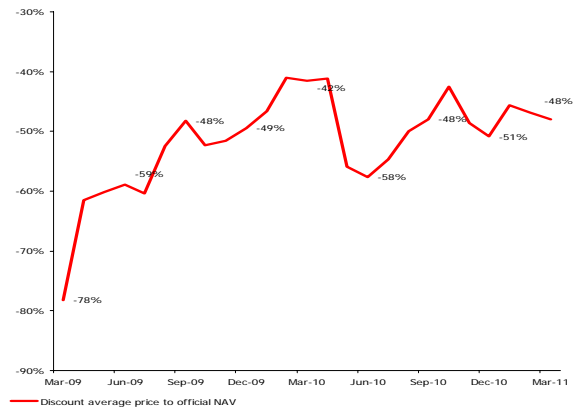
SIF Moldova. Historic official NAV



Source: SIF2, BRD-GSG

Mar'11 official NAV went up by 10.2% vs end-Jul'10 but declined by 3.5% yoy.

SIF Moldova. Historical discounts of monthly average price to official NAV



Source: SIF2, BRD-GSG

Since our last report in August 2010 the discount of average prices to official NAV stayed between 42%-51% with a record low in Oct'10 of 42.5% and a record high in Dec'10 of 50.8%. Mar'11 discount is 48% higher compared to a year ago period (41%).

SIF Moldova: significant operations since August 2010

| Date | Company | Transaction Type | No of shares (m) | Value (RONm) | Current stake(%) | Previous stake(%) |
|---------------|-----------------------|-------------------------------------|------------------|--------------|------------------|-------------------|
| 26/08/2010 | Fondul Proprietatea | Buy | n.a. | 4.07 | 0.626 | 0.57 |
| 03/09/2010 | Tauron Polska Energia | Sell | 0.33 | 1.95 | - | 0.002 |
| 16-27/09/2010 | Fondul Proprietatea | Buy | n.a. | 25.99 | 0.967 | 0.626 |
| 19/11/2010 | Banca Transilvania | Share capital increase subscription | n.a. | 8.67 | 4.601 | 4.752 |
| 16/12/2010 | Fondul Proprietatea | Buy | n.a. | 12.08 | 1.146 | 1.0 |

Source: SIF Moldova

Valuation

Adjusted fair net asset value calculation

SIF Moldova's valuation and main indicators

RON 000 unless otherwise specified

| | |
|---|------------------|
| Assets other than shares | 166,424 |
| Fair value of the shares portfolio (prices as of March 31,2011) | 1,446,418 |
| Total assets | 1,612,842 |
| Total liabilities, incl provisions | 158,902 |
| Fair NAV | 1,453,939 |
| Fair NAV per share RON | 2.8009 |
| Dec 2010 official NAV reported | 2.1985 |
| Target price (20% discount to Fair NAV) | 2.2408 |
| Upside % | 52.23 |
| EPS 12M (RON) | 0.1870 |
| Net Profit (last 12M) RON, m | 102.48 |
| Share price RON as of March 31, 2011, RON | 1.4720 |
| Market cap RON m | 764.10 |
| PER'10 | 7.8698 |
| PERe'11 (based on company's guidance) | 10.9390 |
| P/Fair NAV | 0.5255 |
| Discount of the current price to fair NAV | 47.45% |
| Price/Official NAV | 0.6695 |
| Dividend Yield (Dividend '10) | 5.14% |

Source: Bucharest Stock Exchange, BRD-GSG estimates

SIF Moldova's top holdings as for end of 2010

| Company | Market | SIF stake | Value according to NSC rule (RONm) | Fair value (RONm) | % Fair value |
|--------------------------------|---------------|-----------|------------------------------------|-------------------|--------------|
| BCR BU | Unlisted | 6.0% | 291.29 | 594.50 | 41.1% |
| BRD | BSE | 3.9% | 327.76 | 401.49 | 27.8% |
| FONDUL PROPRIETATEA | BSE | 1.1% | 71.11 | 99.90 | 6.9% |
| BANCA TRANSILVANIA | BSE | 4.6% | 80.78 | 92.72 | 6.4% |
| OMV PETROM | BSE | 0.2% | 30.95 | 39.94 | 2.8% |
| SNTGN TRANSGAZ | BSE | 0.9% | 28.98 | 29.91 | 2.1% |
| BIOFARM | BSE | 12.2% | 25.77 | 27.86 | 1.9% |
| BURSA DE VALORI BUCURESTI | BSE | 4.7% | 13.72 | 15.84 | 1.1% |
| AEROSTAR | BSE | 12.1% | 14.28 | 15.44 | 1.1% |
| TESATORIILE REUNITE | Rasdaq | 88.8% | 17.43 | 15.30 | 1.1% |
| TRANSELECTRICA | BSE | 1.0% | 13.50 | 14.66 | 1.0% |
| MECANICA CEAHLAU | BSE | 55.1% | 12.08 | 12.23 | 0.8% |
| PISCICOLA MURIGHIOL TL | Unlisted | 30.0% | 8.59 | 6.01 | 0.4% |
| REGAL | Rasdaq | 93.0% | 6.59 | 4.88 | 0.3% |
| GALGROS | Rasdaq | 14.0% | 5.16 | 3.87 | 0.3% |
| ARCELOR MITTAL TUBULAR PRODUCT | Rasdaq | 14.1% | 5.96 | 3.59 | 0.2% |
| CEZ AS | International | 0.0% | 3.17 | 3.56 | 0.2% |
| SANEX CJ | Unlisted | 6.5% | 5.07 | 3.55 | 0.2% |
| IASITEX | Rasdaq | 29.0% | 5.16 | 3.44 | 0.2% |
| RULMENTI | Rasdaq | 6.0% | 3.79 | 3.40 | 0.2% |
| CERAMICA | CERE | 5.9% | 3.84 | 3.27 | 0.2% |
| COMCEREAL TULCEA | Rasdaq | 27.1% | 4.07 | 3.04 | 0.2% |
| ALIMENTARA CJ | Unlisted | 18.4% | 3.79 | 2.65 | 0.2% |
| EXIMBANK BU | Unlisted | 0.3% | 3.54 | 2.48 | 0.2% |
| ARMAX GAZ | Rasdaq | 2.5% | 2.14 | 1.91 | 0.1% |
| SSIF BROKER | BSE | 2.0% | 1.66 | 1.59 | 0.1% |
| BUCOVINA-TEX | Rasdaq | 28.5% | 2.08 | 1.46 | 0.1% |
| ANTIBIOTICE | BSE | 0.5% | 1.34 | 1.34 | 0.1% |
| CASA BC | Unlisted | 100.0 | 1.91 | 1.33 | 0.1% |
| ISTRU | Rasdaq | 47.3% | 1.91 | 1.33 | 0.1% |

Source: SIF Moldova, BRD -GSG estimates

Closed-end investment funds

SIF TRANSILVANIA (SIF3)

Buy (12m)

Price 31/03/11 **Target Price**
RON **RON 1.183**
0.622 PrevTP:RON 1.10

Sector
Weighting
Neutral
Preferred stock
SIF Moldova
Least preferred stock
SIF Muntenia

Type of investment

Undervalued ✓

1 year Price, 100MA and volume



Source:FactSet

Risk

Stock vs sector underweight
Sector vs market overweight

SIF Transilvania on
www.transif.ro

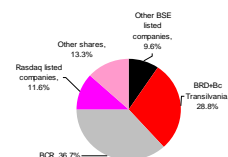
Investment case We maintain our Buy rating for SIF Transilvania and we revised up the target price to RON 1.18 per share from RON 1.10 due to higher valuation by 25.6% for the stake held in BCR and higher prices for BSE listed companies (BET advanced by 15.3% vs 26Aug'10, our last update of Fair NAV, whilst its main components BRD-GSG (BRD) and Banca Transilvania (TLV) increased by 27.4% and 5.2%, respectively). According to Mar'11 official NAV computation, listed shares represent 58.3% (vs 57.6% in Jul'10) of total portfolio held while unlisted shares' weight is 36.9% (vs 36.0% in Jul'10). Cash and deposits stand for 4.5% (vs 5.4% as of end- Jul'10) while T-Bills, corporate and municipal bonds account for 0.2% (vs 0.2% as of end- Jul'10). The portfolio breakdown by adjusted values is presented below.

Fact/Impact SIF Transilvania posted 2010 net result of RON 66.9m, by 21.7% up vs budget, but -42.6% yoy. The Board proposed a gross dividend of RON 0.03. Several groups of minority shareholders proposed other variants. i.e. the capitalization of 2010 and historical results and distribution of bonus shares at 1:1 ratio, the distribution of a gross dividend of RON 0.04 and RON 0.055 respectively. The Board stated the requests did not meet all legal criteria and did not introduce them on OGSM agenda.

Upcoming SIF Transilvania called the GSM on 28 April 2011.

Alternative scenarios and risk to our scenario Risks arise from a quite rigid and non-diversifiable portfolio structure and a poor implication in active management. Our sensitivity analysis unveils that the optimistic scenario will add some **7.44% to our TP** up to RON 1.2708, while the pessimistic scenario will shed **10.87% from our TP** up to RON 1.0543.

Dec'10 SIF Transilvania's shares portfolio breakdown by fair value



Share data

| | | | | |
|----------------------------|-----------|-----------|------------|--|
| RIC SIF3.BX, Bloom SIF3 RO | | | | |
| 52-week range | 0.46 | - | 0.90 | |
| NAV 3M'11 (RONm) | 1,498.66 | | | |
| Fair NAV (RONm) | 1,614.80 | | | |
| Free float (%) | 100.0 | | | |
| Performance (%) | 1m | 3m | 12m | |
| Ordinary shares | 13.5 | 14.4 | -27.7 | |
| BET-FI | 13.0 | 22.3 | -16.4 | |

*based on 12M'10 portfolio

Financial data* (RONm)

| | 10/09 | 03/10 | 07/10 | 03/11 |
|----------------------------|--------|--------|--------|--------|
| Total assets | 1,671 | 1,784 | 1,633 | 1,561 |
| Listed shares | 979 | 1,087 | 927 | 892 |
| Unlisted shares | 551 | 570 | 579 | 564 |
| Shareholders' equity | 660 | 654 | 645 | 663 |
| Net profit | 123.14 | -3.56 | 19.88 | 23.79 |
| Official NAV / share(ROn)* | 1.4823 | 1.5879 | 1.4198 | 1.3722 |
| Market capitalisation | 743 | 885 | 601 | 679 |

* as reported to NSC Reg 15/2004

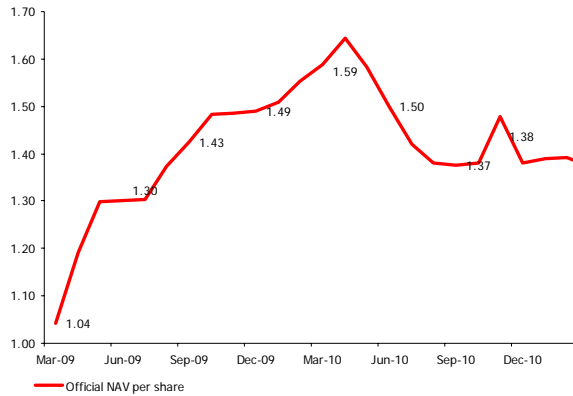
Main indicators

| | 10/09 | 03/10 | 07/10 | 12/10 |
|--------------------------------------|--------|--------|--------|--------|
| Fair NAV (RON)/share | 1.4700 | 1.7406 | 1.3785 | 1.4787 |
| Target Price (RON)* | 1.1760 | 1.3925 | 1.1028 | 1.1828 |
| Upside(%) | 72.94 | 71.91 | 100.52 | 90.17 |
| PER (x) | 5.08 | 7.56 | 17.32 | 10.15 |
| EPS (RON)*** | 0.1339 | 0.1071 | 0.0318 | 0.0613 |
| P/Fair NAV (x) | 0.46 | 0.46 | 0.40 | 0.42 |
| P/official NAV (x) | 0.46 | 0.51 | 0.39 | 0.35 |
| Dividend Yield (based on DPS'10-'08) | 12.66% | 3.11% | 4.58% | 4.05% |

*20% discount to Fair NAV, EPS** end 2010

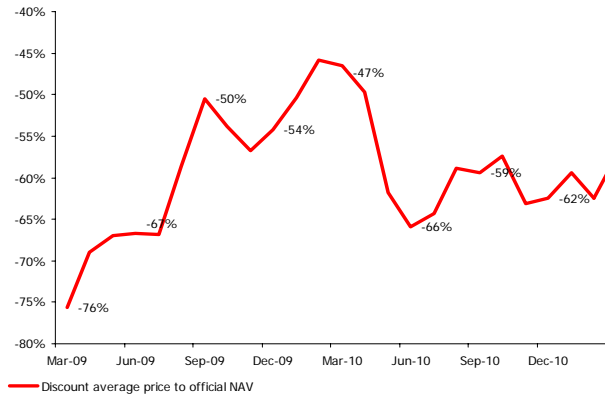
SIF3 anatomy – performance and valuation

SIF Transilvania. Historic official NAV



Source: SIF3, BRD-GSG

SIF Transilvania. Historical discounts of monthly average price to official NAV



Source: SIF3, BRD -GSG

Mar'11 official NAV decreased by 3.4% vs end-Jul'10, the poorest performance among the five investment funds during the period, while it declined by 13.6% yoy

Discounts of monthly average price to official NAV hovered between 57.1% and 64.3% since our last report in Aug'10. Mar'11 discount is 1.23x higher than the one in Mar'10.

SIF Transilvania: significant operations since August 2010

| Date | Company | Transaction Type | No of shares (m) | Value (RONm) | Current stake(%) | Previous stake (%) |
|------------|-----------------------|-------------------------------------|------------------|--------------|------------------|--------------------|
| 22/09/2010 | BRD GSG | Sell | n.a. | 9.76 | 4.91 | 5.03 |
| 27/09/2010 | Fondul Proprietatea | Buy | n.a. | 28.00 | 0.36 | 0 |
| 19/11/2010 | Turism Lotus Felix SA | Share capital increase subscription | 40 | 4.00 | 7.49 | 7.49 |
| 14/12/2010 | SC Tusnad SA | Share capital increase subscription | 103.86 | 10.38 | 64.91 | 64.91 |

Source: SIF Transilvania

Valuation

Adjusted fair net asset value calculation

SIF Transilvania's valuation and main indicators

RON 000 unless otherwise specified

| | |
|--|-----------|
| Assets other than shares | 163,715 |
| Fair value of the shares portfolio (prices as of March 31, 2011) | 1,619,277 |
| Total assets | 1,782,992 |
| Total liabilities, incl provisions | 168,191 |
| Fair NAV | 1,614,801 |
| Fair NAV per share RON | 1.4786 |
| Dec 2010 official NAV reported | 1.3794 |
| Target price (20% discount to fair NAV) RON | 1.1828 |
| Upside % | 90.17 |
| EPS 12M (RON) | 0.0904 |
| Net profit (last 12M)RON, m | 99.24 |
| Share price as of March 31, 2011, RON | 0.6220 |
| Market Cap RON, m | 679.3132 |
| PER'10 | 6.8816 |
| PERe'11 (based on company's guidance) | 9.9899 |
| P/Fair NAV | 0.4207 |
| Discount to fair NAV | 57.93% |
| Price/Official NAV | 0.4509 |
| Dividend Yield (Dividend '10) | 4.05% |

Source: Bucharest Stock Exchange, BRD-GSG estimates

SIF Transilvania's top holdings as for end of 2010

| Company | Market | SIF stake | Value according to NSC | Fair value (RONm) | % Fair value |
|---|----------|-----------|------------------------|-------------------|--------------|
| BANCA COMERCIALA ROMANA SA | Unlisted | 6.0% | 291.29 | 594.53 | 36.7% |
| BANCA BRD - GROUPE SOCIETE GENERALE SA BUCURESTI | BSE | 4.4% | 368.44 | 453.47 | 28.0% |
| ARO-PALACE SA | Unlisted | 85.7% | 97.87 | 68.51 | 4.2% |
| ORIZONT TURISM SA | Rasdaq | 99.6% | 57.32 | 60.48 | 3.7% |
| TURISM FELIX SA | BSE | 63.2% | 56.54 | 56.13 | 3.5% |
| COMCM SA CONSTANTA | Rasdaq | 56.7% | 38.14 | 40.21 | 2.5% |
| OMV PETROM SA BUCURESTI | BSE | 0.1% | 19.32 | 24.92 | 1.5% |
| TRANSILVANIA LEASING IFN SA BRASOV | Unlisted | 63.0% | 33.12 | 23.18 | 1.4% |
| EUXIN SA CONSTANTA | Rasdaq | 96.7% | 5.25 | 20.28 | 1.3% |
| TURISM, HOTELURI, RESTAURANTE MAREA | BSE | 77.7% | 21.84 | 18.60 | 1.1% |
| FONDUL PROPRIETATEA SA | BSE | 0.4% | 22.52 | 15.76 | 1.0% |
| CASA ALBA INDEPENDENTA SIBIU | Rasdaq | 53.3% | 26.26 | 15.73 | 1.0% |
| CONTINENTAL HOTELS SA BUCURESTI | Unlisted | 9.3% | 22.16 | 15.51 | 1.0% |
| FEPER SA | Unlisted | 72.1% | 22.04 | 15.42 | 1.0% |
| BANCA TRANSILVANIA SA | BSE | 0.6% | 11.23 | 12.89 | 0.8% |
| ROMRADIATOARE SA BRASOV | Unlisted | 76.5% | 18.13 | 12.69 | 0.8% |
| ANTIBIOTICE | BSE | 4.1% | 10.83 | 11.17 | 0.7% |
| CRISTIANA SA | Unlisted | 62.0% | 15.91 | 11.14 | 0.7% |
| TURISM HOTELURI SI RESTAURANTE | Rasdaq | 89.5% | 13.01 | 10.80 | 0.7% |
| ORGANE DE ASAMBLARE SA | Rasdaq | 95.7% | 14.14 | 10.71 | 0.7% |
| TRATAMENT BALNEAR SA | Rasdaq | 91.9% | 11.50 | 9.83 | 0.6% |
| ADMINISTRARE SI PROMOVARE IMOBILIARA TRANSILVANIA | Unlisted | 99.3% | 13.45 | 9.42 | 0.6% |
| INTERNATIONAL TRADE CENTER SA | Unlisted | 87.2% | 11.98 | 8.38 | 0.5% |
| B.A.T. MEDIAS SA | Rasdaq | 15.7% | 6.94 | 5.85 | 0.4% |
| CONCAS SA | Rasdaq | 47.2% | 6.54 | 4.58 | 0.3% |
| COCOR SA | Rasdaq | 10.3% | 7.40 | 4.17 | 0.3% |
| BUCURESTI TURISM SA | Rasdaq | 11.3% | 5.68 | 3.84 | 0.2% |
| GALGROS | Rasdaq | 13.7% | 5.06 | 3.79 | 0.2% |
| TUSNAD SA | Rasdaq | 64.9% | 4.89 | 3.66 | 0.2% |
| SIBAREX SA | Rasdaq | 52.9% | 5.25 | 3.65 | 0.2% |

Source: SIF Transilvania, BRD-GSG estimates

Closed-end investment funds

SIF MUNTENIA (SIF4)

Buy (12m)

Price
31/03/'11 **Target Price**

RON 0.845 TP RON 1.619
PrevTP:RON 1.46

Sector
Weighting
Neutral
Preferred stock
SIF Moldova
Least preferred stock
SIF Muntenia

Type of investment

Undervalued ✓

1 year Price, 100MA and volume



Source: FactSet

Risk

Stock vs sector underweight
Sector vs market overweight

SIF Muntenia on
www.sifmuntenia.ro

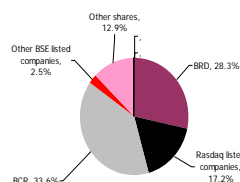
✓ **Investment case** We maintain our Buy rating for SIF Muntenia and we revised up the target price to RON 1.62 per share from RON 1.46 due to higher valuation by 25.6% for the stake held in BCR and higher prices for BSE listed companies (BET advanced by 15.3% vs 26 Aug'10, our last update of Fair NAV). According to Mar'11 official NAV computation, listed shares represent 53.8% (vs 55.9% in Jul'10) of total portfolio held while unlisted shares' weight is 34.2% (vs 36.6% in Jul'10). Cash and deposits stand for 9.2% (vs 4.9% as of end-Jul'10) while 2.9% (vs 3.7% as of end-Jul'10) of total portfolio is invested in T-Bills, corporate and municipal bonds. The portfolio breakdown by adjusted values is presented below.

✓ **Fact/Impact** SIF Muntenia posted 2010 net profit of RON 71.4m, +13.8% over the budget and -12.9% yoy. The Board proposed a gross dividend of RON 0.05, while a group of shareholders proposed an increased value of RON 0.081. The dividend value will be voted in the OGSM from 22 April 2011.

✓ **Upcoming events** SIF Muntenia called the GSM on 22 April 2011.

✓ **Alternative scenarios and risk to our scenario** Risks arise from a quite rigid and non-diversifiable portfolio structure and a possible lack of liquidities which will impede the fund to profit of potential market opportunities. Our sensitivity analysis unveils that the optimistic scenario will add some **6.77% to our TP** up to RON 1.7283, while the pessimistic scenario will shed **6.82% from our TP** up to RON 1.5083.

Dec'10 SIF Muntenia's shares portfolio breakdown by fair value



Share data

| | | | |
|-----------------------------------|-----------|-----------|------------|
| RIC SIF4.BX, Bloom SIF4 RO | | | |
| 52-week range | 0.55 | - | 0.97 |
| NAV 3M'11 (RONm) | 1,508.84 | | |
| Fair NAV* (RONm) | 1,632.89 | | |
| Free float (%) | 100.0 | | |
| Performance (%) | 1m | 3m | 12m |
| Ordinary shares | 29.7 | 31.2 | -7.1 |
| BET-FI | 13.0 | 22.3 | -16.4 |

Financial data (RONm)

| | | | | |
|--------------------------|--------------|--------------|--------------|--------------|
| | 10/09 | 03/10 | 07/10 | 03/11 |
| Total assets | 1,593 | 1,717 | 1,555 | 1,600 |
| Listed shares | 846 | 970 | 842 | 846 |
| Unlisted shares | 553 | 565 | 551 | 539 |
| Shareholders equity | 1,349 | 1,483 | 1,343 | 1,396 |
| Net profit | 84.13 | 9.05 | 30.76 | -4.03 |
| Official NAV*/share(ROn) | 1.8241 | 1.9900 | 1.8052 | 1.8696 |
| Market capitalisation | 569 | 690 | 500 | 682 |

Main indicators

| | | | | |
|--------------------------------------|--------------|--------------|--------------|--------------|
| | 10/09 | 03/10 | 03/10 | 12/10 |
| Fair NAV (RON) | 1.8948 | 2.2297 | 1.8227 | 2.0233 |
| Target Price (RON)* | 1.5160 | 1.7838 | 1.4582 | 1.6187 |
| Upside(%) | 115.02 | 108.63 | 135.19 | 91.56 |
| PER (x) | 9.70 | 7.17 | 11.32 | 9.55 |
| EPS** (RON) | 0.0727 | 0.1193 | 0.1193 | 0.0884 |
| P/Fair NAV (x) | 0.37 | 0.38 | 0.34 | 0.42 |
| P/Official NAV (x) | 0.39 | 0.47 | 0.34 | 0.48 |
| Dividend Yield (based on DPS'10-'08) | 4.77% | 3.93% | 5.42% | 4.97% |

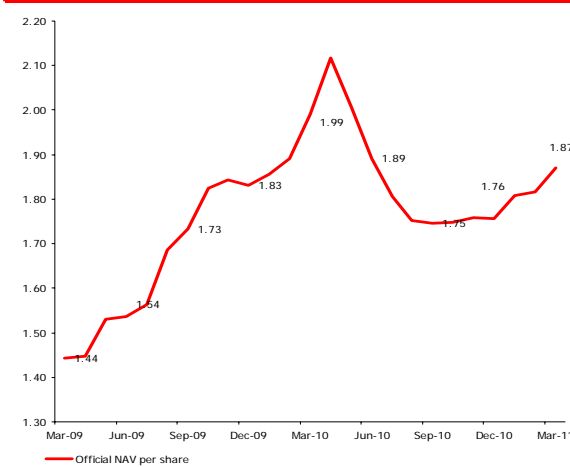
*based on 12M'10 portfolio

* as reported to NSC Reg 15/2004

*20% discount to Fair NAV, EPS** end 2010

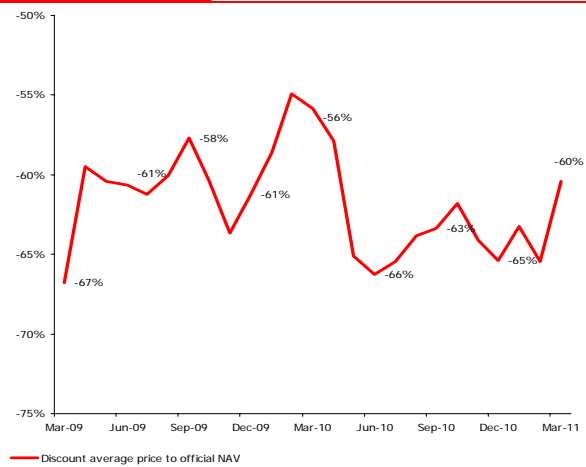
SIF4 anatomy – performance and valuation

SIF Muntenia. Historic official NAV



Source: SIF4, BRD -GSG

SIF Muntenia. Historical discounts of monthly average price to official NAV



Source: SIF4, BRD -GSG

Mar'11 official NAV increased by 3.6% compared to end-Jul'10 but diminished by 6.1% yoy.

Discounts of monthly average price to official NAV maintained in the range 60.4% - 65.5% during Jul'10 – Mar'11 period, setting the Mar'11 figure at 60.4%, higher compared to a year ago (54.9%).

SIF Muntenia: significant operations since August 2010

| Date | Company | Transaction type | No of shares (m) | Value (RONm) | Current stake (%) | Previous stake (%) |
|------------------|---------------------|--------------------------------------|------------------|--------------|-------------------|--------------------|
| 13/08-27/09/2010 | BRD-GSG | Sell | 0.51 | 6.16 | 5.15 | 5.28 |
| 05/10/2010 | Unisem | Share capital increase participation | 70 | 7.00 | 71.02 | 71.02 |
| 18/10/2010 | Comat Auto SA | Sell | 0.49 | 2.23 | n.a. | n.a. |
| 19/11/2010 | Unisem | Share capital increase participation | 36 | 3.6 | 71.02 | 71.02 |
| 08/12/2010 | Fondul Proprietatea | Buy | n.a. | 9.8 | n.a. | n.a. |
| 14-21/12/2010 | BRD-GSG | Sell | n.a. | 84.13 | 4.14 | 5.14 |

Source: SIF Muntenia

Valuation

Adjusted fair net asset value calculation

SIF Muntenia's valuation and main indicators

RON 000 unless otherwise specified

| | |
|--|-----------|
| Assets other than shares | 246,605 |
| Fair value of the shares portfolio (prices as of March 31, 2011) | 1,520,713 |
| Total assets | 1,511,206 |
| Total liabilities, incl provisions | 134,426 |
| Fair NAV | 1,632,892 |
| Fair NAV per share RON | 2.0233 |
| Dec 2010 official NAV reported | 1.7567 |
| Target price (20% discount to fair NAV) RON | 1.6187 |
| Upside (%) | 91.56 |
| EPS 12M (RON) | 0.0782 |
| Net profit (last 12M) RON, mn | 76.60 |
| Share price as of March 31, 2011 RON | 0.8450 |
| Market cap RON, mn | 681.95 |
| PER'10 | 10.8054 |
| PERe'11 (based on company's guidance) | 12.4899 |
| Price/Fair NAV | 0.4176 |
| Discount to fair NAV | 58.24% |
| Price/Official NAV | 0.4810 |
| Dividend Yield (Dividend '10) | 4.97% |

Source: Bucharest Stock Exchange, BRD -GSG estimates

SIF Muntenia's top holdings as for end of 2010

| Company | Market | SIF stake | Value according to NSC rule (RONm) | Fair value (RONm) | % Fair value |
|---------------------------------------|----------|-----------|------------------------------------|-------------------|--------------|
| BANCA COMERCIALA ROMANA SA BUCURESTI | Unlisted | 6.0% | 291.29 | 594.50 | 39.1% |
| BRD | BSE | 4.1% | 350.87 | 429.80 | 28.3% |
| AVICOLA SA BUCURESTI | Rasdaq | 99.4% | 36.19 | 51.31 | 3.4% |
| VOLUTHEMA PROPERTY DEVELOPER SA | Unlisted | 69.1% | 45.97 | 32.18 | 2.1% |
| FIROS S.A BUCURESTI | Unlisted | 98.6% | 44.61 | 31.23 | 2.1% |
| METAV SA BUCURESTI | Rasdaq | 27.8% | 35.80 | 29.83 | 2.0% |
| BUCUR SA BUCURESTI | Rasdaq | 68.0% | 28.11 | 22.83 | 1.5% |
| SEMROM MUNTENIA SA BUCURESTI | Rasdaq | 89.4% | 25.66 | 22.66 | 1.5% |
| ROMSUIINTEST SA PERIS | Unlisted | 40.0% | 30.10 | 21.07 | 1.4% |
| CONPET SA PLOIESTI | Rasdaq | 8.9% | 22.56 | 20.85 | 1.4% |
| UNIREA SHOPPING CENTER SA BUCURESTI | Rasdaq | 10.0% | 23.16 | 19.43 | 1.3% |
| ROMAERO SA BUCURESTI | Rasdaq | 25.9% | 20.66 | 16.11 | 1.1% |
| PROSPECTIUNI SA BUCURESTI | Rasdaq | 11.9% | 21.53 | 13.68 | 0.9% |
| PREFAB SA BUCURESTI | BSE | 13.0% | 13.05 | 13.16 | 0.9% |
| CASA DE BUCOVINA-CLUB DE MUNTE S.A. | BSE | 66.9% | 9.66 | 10.07 | 0.7% |
| FONDUL ROMAN DE GARANTARE A | Unlisted | 53.6% | 14.21 | 9.95 | 0.7% |
| BROKER SA | BSE | 10.0% | 8.27 | 7.91 | 0.5% |
| MINDO SA DOROHOI | Rasdaq | 96.6% | 10.26 | 7.69 | 0.5% |
| SEMROM OLTENIA SA CRAIOVA | Rasdaq | 88.5% | 10.90 | 7.04 | 0.5% |
| SEMINA S.A ALBESTI | Unlisted | 70.0% | 9.84 | 6.89 | 0.5% |
| UNISEM SA BUCURESTI | Rasdaq | 71.0% | 9.27 | 6.86 | 0.5% |
| TRANSILVANIA LEASING - IFN S.A. | Unlisted | 24.7% | 9.75 | 6.82 | 0.4% |
| TIMPURI NOI SA BUCURESTI | Rasdaq | 22.0% | 9.84 | 6.54 | 0.4% |
| ARO PALACE SA BRASOV | Unlisted | 10.4% | 8.88 | 6.22 | 0.4% |
| SANTIERUL NAVAL ORSOVA | BSE | 13.2% | 6.22 | 5.85 | 0.4% |
| PRIMCOM SA BUCURESTI | Rasdaq | 18.5% | 4.60 | 4.61 | 0.3% |
| GECSATHERM SA | Unlisted | 50.0% | 6.48 | 4.54 | 0.3% |
| LAFARGE AGREGATE BETOANE SA BUCURESTI | Rasdaq | 10.3% | 6.01 | 4.50 | 0.3% |
| GALGROS GALATI | Rasdaq | 15.6% | 5.77 | 4.33 | 0.3% |
| ARCOM SA BUCURESTI | Unlisted | 22.6% | 6.08 | 4.25 | 0.3% |

Source: SIF Muntenia, BRD -GSG estimates

Closed-end investment funds

SIF OLTENIA (SIF5)

Buy (12m)

Price
31/03/11
RON 1.658

Target Price
RON 2.537

PREV TP: 2.09

Sector
Weighting
Neutral
Preferred stock
SIF Moldova
Least preferred stock
SIF Muntenia

Type of investment

Undervalued ✓

1 year Price, 100MA and volume



Source: FactSet

Risk

Stock vs sector overweight
Sector vs market overweight

SIF Oltenia on www.sifolt.ro

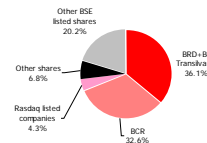
✓ **Investment case** We maintain our Buy rating for SIF Oltenia and we revised up the target price to RON 2.54 per share from RON 2.09 due to higher valuation by 25.6% for the stake held in BCR and higher prices for BSE listed companies (BET advanced by 15.3% vs 26Aug'10, our last update of Fair NAV, whilst its main components BRD-GSG (BRD) and Banca Transilvania (TLV) increased by 27.4% and 5.2%, respectively). According to Feb'11 official NAV computation, listed shares represent 66.5% (vs 62.4% in Jul'10) of total portfolio held while unlisted shares' weight is 24.6% (vs 26.7% in Jul'10). Cash and deposits stand for 8.6% (vs 7.7% as of end- Jul'10) while investments in T-Bills, corporate and municipal bonds account for 0% (vs 3.2% in Jul'10). The portfolio breakdown by adjusted values is presented below.

✓ **Fact/Impact** SIF Oltenia posted in 2010 a net result of RON 81m, the second among the five investments funds, by 32.9% up vs. budget and -56.8% yoy. The Board proposed a gross dividend of RON 0.075 and rejected the requests of a group of shareholders which proposed a dividend value of RON 0.125, stating the respective proposals did not meet all the legal and internal provisions.

✓ **Upcoming events** SIF Oltenia called the GSM on 28 April 2011.

✓ **Alternative scenarios and risk to our scenario** Risks arise from a quite rigid and non-diversifiable portfolio structure and a possible lack of liquidities because of declining dividends income and difficulties in disinvestment activities which will impede the fund to benefit of coming market opportunities. Our sensitivity analysis unveils that the optimistic scenario will add some **8.74% to our TP** up to RON 2.7582, while the pessimistic scenario will shed **14.63% from our TP** up to RON 2.1653.

Dec'10 SIF Oltenia's shares portfolio breakdown by fair value



| Share data | |
|----------------------------|------------------|
| RIC SIF5.BX, Bloom SIF5 RO | |
| 52-week range | 1.04 – 1.96 |
| NAV 3M'11 (RONm) | 1,648.70 |
| Fair NAV* (RONm) | 1,839.47 |
| Free float (%) | 100.0 |
| Performance (%) | |
| | 1m 3m 12m |
| Ordinary shares | 13.6 31.6 -8.4 |
| BET-FI | 13.0 22.3 -16.4 |

*based on 12M'10 portfolio

| Financial data* (RONm) | 10/09 | 03/10 | 07/10 | 03/11 |
|--------------------------|--------|--------|--------|--------|
| Total assets | 1,650 | 1,807 | 1,656 | 1,738 |
| Listed shares | 999 | 1,157 | 999 | 1,167 |
| Unlisted shares | 420 | 442 | 427 | 418 |
| Shareholders equity | 614 | 657 | 631 | 662 |
| Net profit | 196.36 | 5.99 | 64.05 | 0.74 |
| Official NAV*/share(ROn) | 2.7042 | 2.9988 | 2.5817 | 2.8418 |
| Market capitalisation | 737 | 1,085 | 783 | 962 |

* as reported to NSC Reg 15/2004

| Main indicators | 10/09 | 03/10 | 07/10 | 12/10 |
|--------------------------------------|--------|--------|--------|--------|
| Fair NAV (RON/share) | 2.9819 | 3.3645 | 2.6121 | 3.1706 |
| Target price (RON)* | 2.3855 | 2.6916 | 2.0897 | 2.5365 |
| Upside(%) | 87.83 | 43.93 | 54.79 | 52.98 |
| PER (x) | 3.69 | 6.00 | 12.05 | 11.86 |
| EPS (RON)** | 0.344 | 0.312 | 0.112 | 0.1398 |
| P/Fair NAV (x) | 0.43 | 0.55 | 0.52 | 0.52 |
| P/official NAV (x) | 0.47 | 0.62 | 0.52 | 0.62 |
| Dividend Yield (based on DPS'10-'08) | 13.7% | 3.59% | 4.98% | 3.80% |

*20% discount to Fair NAV, EPS** end 2010

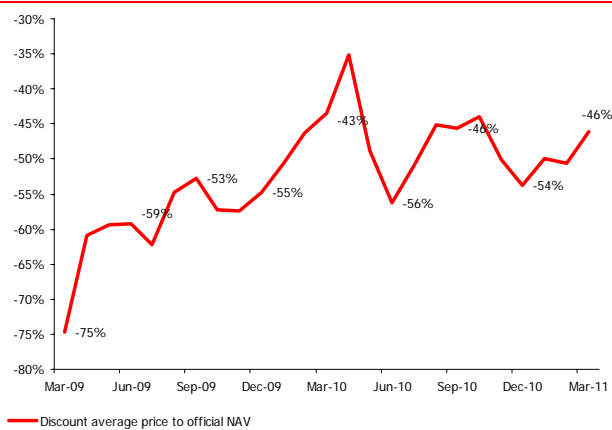
SIF5 anatomy – performance and valuation

SIF Oltenia. Historic official NAV



Source: SIF5, BRD-GSG

SIF Oltenia. Historical discounts of monthly average price to official NAV



Source: SIF5, BRD-GSG

Mar'11 official NAV increased by 10.1% vs end-Jul'10 having the best performance among the five investments funds during the period, but declined by 5.2% yoy.

The discounts of monthly average price to official NAV ended up in Mar'11 at 46.1%, after it experienced a record low in Oct'10 (44%) and a record high in Dec'10 (53.74%).

SIF Oltenia: significant operations since August 2010

| Date | Company | Transaction Type | No of shares (m) | Value (RONm) | Current stake (%) | Previous stake(%) |
|----------------------|--------------------------------|------------------------|------------------|--------------|-------------------|-------------------|
| 06/09/2010 | S.C. Complex Confort S.A. | Sell | 0.07 | 2.01 | 0 | 31.3 |
| 24/09/2010 | S.C. Socep S.A. | Sell | 35.03 | 13.87 | 0 | 10.2 |
| 13/10/2010 | S.C. Prodplast Imobiliare S.A. | Buy | 1.45 | 5.81 | 20.3 | 11.01 |
| 15/10/2010 | S.C.Lactate Natura S.A. | Sell | 1.05 | 15.11 | 33.87 | 76.54 |
| 05/11/2010 | S.C. Comcerealis S.A. | Sell | 4.08 | 7.7 | 0 | 65.36 |
| 18/11/2010 | S.C.Turism Lotus Felix S.A. | Share capital increase | 49.53 | 4.95 | na | na |
| 19/11/2010 | Banca Transilvania S.A. | Share capital increase | 6.4 | 6.4 | 4.91 | 4.91 |
| 28/12/2010 | BRD Groupe Societe Generale | Sell | 0.42 | 5.17 | 5.51 | 5.51 |
| 1/10/2010-31/03/2011 | Biofarm | Buy | 23.08 | n.a. | 24.45 | 22.34 |
| 5/04/2011 | Oltchim | Sell | 22.30 | 10 | 0 | 6.5 |

Source: SIF Oltenia, BVB

Valuation

Adjusted fair net asset value calculation

SIF Oltenia's valuation and main indicators

RON 000 unless otherwise specified

| | |
|--|-----------|
| Assets other than shares | 196,196 |
| Fair value of the shares portfolio (prices as of March 31, 2011) | 1,862,088 |
| Total assets | 2,058,284 |
| Total liabilities, incl provisions | 218,811 |
| Fair NAV | 1,839,473 |
| Fair NAV per share RON | 3.1706 |
| Dec 2010 official NAV reported | 2.6844 |
| Target price (20% discount to fair NAV) RON | 2.5365 |
| Upside % | 52.98 |
| EPS 12M (RON) | 0.1308 |
| Net profit (last 12M) RON, mn | 81.18 |
| Share price as of March 31, 2011 RON | 1.6580 |
| Market cap RON mn | 961.91 |
| PER'10 | 12.6785 |
| PERe'11 (based on company's guidance) | 11.87 |
| P/Fair NAV | 0.5229 |
| Discount of current price to fair NAV | 47.71% |
| Price/Official NAV | 0.6176 |
| Dividend Yield (Dividend '10) | 3.80% |

Source: Bucharest Stock Exchange, BRD GSG estimates

SIF Oltenia's top holdings as for end of 2010

| Company | Market | SIF stake | Value according to NSC rule (RONm) | Fair value (RONm) | % Fair value |
|--|----------|-----------|------------------------------------|-------------------|--------------|
| BANCA COMERCIALA ROMANA | Unlisted | 6.1% | 297.11 | 606.15 | 32.6% |
| B.R.D.-GROUPE SOCIETE GENERALE BUCURESTI | BSE | 5.5% | 464.56 | 571.77 | 30.7% |
| OMV PETROM BUCURESTI | BSE | 0.9% | 166.71 | 215.05 | 11.5% |
| BANCA TRANSILVANIA CLUJ | BSE | 5.0% | 87.23 | 100.14 | 5.4% |
| BIOFARM BUCURESTI | BSE | 22.6% | 47.62 | 51.47 | 2.8% |
| C.N.T.E.E. TRANSELECTRICA BUCURESTI | BSE | 2.0% | 26.98 | 29.32 | 1.6% |
| ANTIBIOTICE IASI | BSE | 10.1% | 26.70 | 27.55 | 1.5% |
| EXIMBANK BANCA DE EXPORT IMPORT A | Unlisted | 3.3% | 37.28 | 26.10 | 1.4% |
| PRODPLAST IMOBILIARE | Sibex | 21.8% | 18.04 | 24.46 | 1.3% |
| MERCUR CRAIOVA | Rasdaq | 85.5% | 28.08 | 16.87 | 0.9% |
| TURISM FELIX BAILE FELIX | BSE | 16.9% | 15.09 | 14.98 | 0.8% |
| ELECTROMAGNETICA BUCURESTI | Rasdaq | 15.0% | 17.81 | 13.30 | 0.7% |
| ARGUS CONSTANTA | Rasdaq | 19.9% | 11.81 | 11.63 | 0.6% |
| MECHEL TARGOVISTE | BSE | 8.9% | 14.04 | 10.70 | 0.6% |
| MAT CRAIOVA | Rasdaq | 25.7% | 4.70 | 10.34 | 0.6% |
| VOLTALIM CRAIOVA | Unlisted | 100.0% | 14.72 | 10.31 | 0.6% |
| T.M.K. ARTROM SLATINA | BSE | 4.5% | 8.80 | 9.06 | 0.5% |
| OLTCHIM RM.VILCEA | BSE | 6.5% | 4.89 | 7.54 | 0.4% |
| SANEX CLUJ | Unlisted | 13.0% | 10.06 | 7.04 | 0.4% |
| FLAROS BUCURESTI | Rasdaq | 77.1% | 11.96 | 5.50 | 0.3% |
| OTELINOX TARGOVISTE | Unlisted | 5.5% | 7.76 | 5.43 | 0.3% |
| UNIVERS RM.VALCEA | Rasdaq | 73.8% | 6.51 | 4.98 | 0.3% |
| IAMU BLAJ | Rasdaq | 19.8% | 8.97 | 4.71 | 0.3% |
| SANTIERUL NAVAL ORSOVA | BSE | 10.1% | 4.75 | 4.47 | 0.2% |
| LACTATE NATURA TARGOVISTE | Rasdaq | 33.9% | 11.52 | 4.12 | 0.2% |
| ALTUR SLATINA | BSE | 8.7% | 2.91 | 3.68 | 0.2% |
| CONSTRUCTII MONTAJ 1 CRAIOVA | Unlisted | 96.6% | 4.98 | 3.48 | 0.2% |
| PROVITAS BUCURESTI | Unlisted | 70.3% | 4.56 | 3.19 | 0.2% |
| LEMCOR CRAIOVA | Unlisted | 36.9% | 4.09 | 2.86 | 0.2% |
| BIROUL DE INVESTITII REGIONAL IFN | Unlisted | 19.5% | 3.51 | 2.46 | 0.1% |

Source: SIF Oltenia, BRD -GSG estimates