



# PENSION FUNDS DAILY REPORT

Friday, March 11<sup>th</sup> 2011

## Headlines

---

<b><i>In the news – Pensions</i></b> .....	<b>2</b>
<i>Provisions for the financial statements of private pension funds, approved</i> .....	2
<i>People who don't pay for three consecutive months the pension contribution could lose their insurance</i> .....	2
<b><i>In the news - Banks</i></b> .....	<b>3</b>
<i>BCR has launched a corporate loan, secured 80%</i> .....	3
<i>After the 5% Appreciation since the Beginning of the Year, the RON Continues to Strengthen against the Swiss Franc</i> .....	3
<i>Alpha Bank Pays the Assessment of the Real Estate for Clients Who Request "First Home Program"</i> .....	4
<i>Who Borrowed Francs in 2006 to Buy the House Came Out Cheaper</i> .....	5
<i>Raiffeisen Pays the Notary Fees for the Customers Who Refinance Their Loans</i> .....	6
<i>ProCredit Bank Closes Four Territorial Units</i> .....	6
<i>SocGen Takes EUR 17mln Out of BRD Profit</i> .....	6
<i>Bancpost: Almost no chances for NBR to reduce the key interest rate</i> .....	7
<i>JP Morgan anticipates an increased key interest rate</i> .....	7
<b><i>In the news – Capital Markets</i></b> .....	<b>8</b>
<i>"The Stock Exchange, a Barometer of the Economy When It Will Attract Large Market Players"</i> .....	8
<i>Popp, "Impact" (IMP): "The insolvency episode will become a footnote in the company's history"</i> .....	8
<i>Prefab Bucharest (PREH) wants to lower the maximum price of shares to be bought back</i> .....	9
<i>Firu sold SIF Transilvania (SIF3) titles and invests in health</i> .....	10
<i>NSC won the lawsuit with "Mobinvest" clients at the Court of Appeal</i> .....	10
<i>PPLI titles exceeded the threshold of RON 5 / share</i> .....	11
<i>Brasov Court of Appeal Has Closed the Judicial Reorganization Procedure of "Rafo" Onesti (RAF)</i> .....	11
<i>Minus for the FICs, on a Growing Market</i> .....	12
<i>"Carbochim" Cluj-Napoca (CBC) Goes in the Top of Increases</i> .....	12
<i>Hedge Funds Pay Back the Investors' Money</i> .....	13
<i>The Domestic Investors on the Stock Exchange, Half Compared to Early 2010</i> .....	13
<i>How do Wall Street Brokers See the Evolution of the American Stock Exchange</i> .....	14
<i>SIF Oltenia (SIF5) Wants to Give More than Half of its Profit as Dividends</i> .....	14
<i>The Stock Exchange, Too Small for BCR. Could the Listing of the Largest Bank be Forced?</i> .....	15
<i>BRD proposes a dividend of 36% lower than in 2009</i> .....	17
<i>Thorough investigation regarding Deutsche Boerse - NYSE Euronext merger</i> .....	17

<i>Videanu Appointed Friends in Petrom's (SNP) Board of Directors</i> .....	18
<i>Brokers: there are signs of an impulsive growth on the BSE</i> .....	18
<i>Don't be afraid of the BSE</i> .....	19
<i>Vrancart (VNC) invested 7.2 million in technological upgrade and sees its profit up 44%</i> .....	19
<i>Pasol's brokers quit the territory agencies</i> .....	20
<i>Aerostar (ARS) to grant a dividend of RON 0.07 / share</i> .....	20
<i>Apcarom Buzau (APC) shares increased by 13% for the third day in a row</i> .....	21
<i>Banca Transilvania (TLV) director spends EUR 7,000 per month to buy shares</i> .....	21

## ***In the news – Pensions***

---

### **Provisions for the financial statements of private pension funds, approved**

Supervisory Commission of Private Pension System (CSSPP) approved on Thursday the Rule for the preparation and submission of individual annual financial statements for entities authorized, regulated and supervised by CSSPP. The legislative act includes provisions related to the operations of closing the financial year, so that the annual financial statements resulted to offer a real and fair image of assets, debts, equity of the private pension companies, of private pension funds and of marketing agents legal persons. According to a CSSPP communiqué, the individual annual financial statements for the financial year 2010 are prepared based on the last balance of synthetic accounts on December 31st 2010, correlated with the balances of analytic accounts, after the chronological and systematic registration of operations outlined in documents approved by the head of the entity. They are submitted to CSSPP until April 15th 2011. Violation of provisions related to the preparation and submission of annual financial statements is considered a contravention and is sanctioned correspondingly, CSSPP stated. (Bursa)

### **People who don't pay for three consecutive months the pension contribution could lose their insurance**

Persons who don't pay three months in a row the pension contribution could lose their social insurance, the insurer in this case having the possibility to terminate the contract, after the notification of the insured person, according to a draft decision regarding the implementing rules of Pension Law. The Ministry of Labor, Family and Social Protection (MMFPS) submitted for public debate the bill for the approval of Implementing Rules of Law 263/2010 regarding the unitary public pension system. The bill provides that the revenue insured of the social insurance contract for which is due the social insurance contribution, is chosen by the person interested. The insured revenue can be changed, at the request of the insured person, by concluding an additional act to the social insurance contract. The document also provides that in the situation of failure to pay the social insurance contribution within the deadline, will be calculated interests and penalties for the delay. (Ziarul Financiar)

## ***In the news - Banks***

---

### **BCR has launched a corporate loan, secured 80%**

---

Romanian Commercial Bank (BCR) has launched for the first time in Romania the Loan for Investments, Working Capital and/or Stocks, with JEREMIE guarantee, aimed for SMEs, according to a press release of the company. According to bank representatives, the companies benefit from a free guarantee representing 80% of the loan requested, made available by the European Investment Fund, through JEREMIE initiative. The JEREMIE initiative is implemented in Romania within the Sectoral Operational Program "Increasing Economic Competition", with funds from the European Fund for Regional Development. BCR has available EUR 212.5mln to grant loans within this facility. The facility will be available for a period of 2 years. The loans are granted to SMEs (including start-ups) for the middle and long-term business development, such as the investments in tangible and intangible assets, working capital related to development or expansion activities directly related to the investment or auxiliary, or working capital for the acquisition of raw materials, stocks needed in the SMEs' development or expansion activity. Eligible applicants must be registered in Romania and to carry out their activity as micro enterprises or as SMEs in Romania, with less than 250 employees and an annual turnover that does not exceed EUR 50mln and/or an annual total value of assets not exceeding EUR 43mln. Mainly the activities to be financed within this facility are those in industry, trade, constructions, tourism, services. (Bursa)

### **After the 5% Appreciation since the Beginning of the Year, the RON Continues to Strengthen against the Swiss Franc**

---

The RON has appreciated by nearly 5.2% against the Swiss franc (CHF) from the beginning of the year, after in 2010 the national currency depreciated by over 20% against the Swiss currency. Analysts say that the RON will continue to strengthen against the Swiss national currency and in doing so the Romanians who have credits in this currency will benefit most from this. The National Bank of Romania has posted during the first meeting of this year a level of RON 3.4242 for one franc, and then the rate dropped to one rate, shown yesterday by the NBR, of RON 3.2468 for CHF 1. At the end of January this year, the population had loans in other currencies, most of which were in Swiss francs, amounting to RON 13.6bn (13.5% of the total), up with 11.5% compared to January 2010, according to the National Bank of Romania. Most loans are for consumption – RON 9.55bn, while household loans amounted to RON 4.04bn. "The dollar has depreciated against the euro at the same time the RON appreciated against the European currency. Also, the franc appreciated against the dollar, because it is still considered by investors as a "safe heaven". Thus, the RON has strengthened against the Swiss franc. The Central Bank of Switzerland has made great efforts to protect the franc from inflation and a possible impairment", Adrian Mitroi, the general secretary of the association of financial analysts CFA Romania, said

#### *Further Strengthening*

He says that the RON will continue to appreciate against the Swiss currency. "The franc will lose appeal once oil prices begin to fall, and investors will seek riskier assets - the RON is a risky asset with potential to appreciate", Mitroi said. The CFA Romania official said that in the past two years the debt service of those who had loans in francs had been strongly affected by the appreciation of the currency. "In H2 2011 the interest rates for euro will rise, while those for francs will not change. For

those who have loans in francs, the ordeal will soon pass away", Mitroi added. Compared with March 2010, the RON depreciated against the franc by 15.5% and compared with March 2008, the national currency lost 45%. Outstanding loans in other currencies, where most loans are in Swiss francs, totaled a level of RON 822mln (the balance is expressed in local currency) over three times higher than in January 2010. The Swiss franc does not quote directly on the currency market in Romania, the exchange rate against the RON is cross determined against the ratio euro/franc, which is quoted on international markets. The Swiss Central Bank has spent around EUR 6.4bn in the first three quarters of last year to temper the excessive appreciation of the franc. The analysts of the French Bank Credit Agricole estimate that the Swiss currency will continue to strengthen against the euro and the quotation will evolve to a level of EUR 1.4/CHF by the end of this year.

#### *The Interest Rates for Euro Rise*

Analysts from Admiral Markets say that the decline of the euro is imminent, particularly against the USD, and compared with the RON, it could reach the minimum level of last year, of RON 4.07 per euro. They also expect that the European Central Bank will raise the key interest rate in April. "After two years of respite, when the European Central Bank maintained the key interest rate at 1%, the market expects a first decision to increase by 0.25% as of April. The optimism of those who bought Euro is due to the speculation of an aggressive monetary policy cycle, which could lead the reference rate to 2.25% in the next 12 months, the largest increase in the last five years due to intensifying inflationary pressures in the euro area", Admiral Markets analysts showed.

#### *The RON Has Dropped Slightly, to RON 4.1932/EUR*

The national currency has depreciated in yesterday's first inter banking session, so that the central bank posted a reference exchange rate of RON 4.1932/EUR. The parity published on Wednesday by the central bank stood at RON 4.1902/EUR. The RON continued to weaken slightly against the USD, and the central bank announced a reference of RON 3.0290/USD. Some dealers say that the data on inflation had no noticeable impact on the market, although, theoretically, an increase of the inflation higher than expected should be positive for the players on RON, because the central bank is likely to be forced to raise the key interest rate to temper the inflation. ING Bank analysts believe that BNR favors the stability of the exchange rate and they estimate that an appreciation (additional) of the RON against the EUR seems increasingly likely to temper the price of imported goods or as a consequence of reducing the excess of liquidity on the money market. (Financiarul)

### **Alpha Bank Pays the Assessment of the Real Estate for Clients Who Request "First Home Program"**

---

Alpha Bank Romania bears the expenses of assessing the property for clients who contract credits through the Program First House and recommends the bank to another customer who wants to get the same type of financing. The campaign by which the bank tries to sell more loans through First Home is available only for the first 100 eligible clients. Customers, who opt to obtain a loan from Alpha Bank through the First House within the Program First Home 3, receive the counter value of the assessment of the property, provided they recommend the same type of financing to a new customer. The campaign runs throughout the month of March, and the first 100 eligible clients recover the expenses spent on the evaluation of the real estate, limited to EUR 100. The value of the credit granted by Alpha Bank through the First House Program 3 is of up to EUR 66,500 (or the equivalent in RON), with a minimum advance of 5%, and the bank does not charge a fee for this type of financing. (Wall-Street)

## **Who Borrowed Francs in 2006 to Buy the House Came Out Cheaper**

---

Who chose to borrow in Swiss francs to buy a house in 2006-2007, paid less in RON than if they had taken a loan in EUR due to lower interest rates, although the franc rose against the RON faster than the EUR did. Considering the options for a loan of EUR 60,000 (which would have meant 95,500 Swiss francs at the exchange rate in late 2006), for 30 years, even with similar conditions of interest, the balance tilts in favor of the franc. Thus, at a nominal interest rate equal in the first year to 5.5% per year, and then calculated based on benchmark indicators on financial markets – Libor for the franc for six months and Euribor respectively for the euro – plus a margin equal to 4.5 %, the rates on a loan in francs would total RON 98,700 so far (the transformation was made at the NBR exchange rate on the last day of each month). For the credit in EUR, the total rates slightly jump over the equivalent of RON 100,000. "In most cases the total cost of a loan in Swiss francs contracted in 2006 - 2007 is still less than the total cost of the equivalent of a loan made in euros", Anca Bidian, the CEO of Kiwi Finance, the largest local credit broker, says. The appreciation of the Swiss franc in the past year has showed a lot of troubles to those who have chosen this loan option. In most cases the loan in Swiss francs was chosen by those who wanted to purchase a building and wanted to borrow a larger sum. Low nominal interest rates have helped then, but those who contracted large sums (the banks accept the rate to represent up to 70% of the salary) are now in trouble. From 2008 until now the RON has lost over 40% against the franc, which hit historic peaks in December, of RON 3.4/franc. Now the exchange rate has dropped around the level of RON 3.2/franc. The graph shows that in the past two years, the rates for a loan in francs were higher, expressed in RON, than a credit in EUR. The credit in francs brought savings only in 2007 and 2008, which have compensated so far the higher rates paid as of 2009. The rate difference between the two versions was relatively small until last fall, when a release occurred. This is the "the moment of truth" for those who have relied on the franc. The question is if they remain on the franc, assuming the risk continuing to suffer due to the exchange rate or they will transfer the credit on euros. "If we speak at this moment of refinancing a loan in Swiss francs with one in euro, customers can find solutions on the market to optimize the rate, provided they assume the increase of the balance due to the differences in the exchange rate EUR/CHF", Bidian says. Assuming that CHF 15,500 francs would have been repaid in this period for the loan in francs, the remaining balance would have been of CHF 80,000. At the current exchange rate, this means more than EUR 61,000, more than the amount originally borrowed in the equivalent euro. This is because the franc has strengthened against the euro from CHF 1.6/EUR in late 2006 to less than CHF 1.3/EUR to present day. The historical average rate is CHF 1.5/EUR. The calculations are complicated, however. At this time the franc is near to historic peaks, and the normal movement would be to depreciate.

### *The Interest Rate for Euro Increases, the Franc Will Depreciate. But Will It Do So Fast Enough?*

"We think that the correction for the EUR/CHF may start, and the level of CHF 1.35/EUR is our target for the next 12 months", ING Bank analysts in London comment. They correctly anticipated a year ago that the franc will strengthen to a level of CHF 1.25/EUR. However, even in this scenario, the franc remains significantly stronger compared to the levels in 2006 and even for the level recorded at the beginning of 2009, of CHF 1.48/EUR. ING analysts indicated that the reason for their forecast is the prospect of a recurrence of substantial interest differential between the euro and the Swiss franc. In Switzerland, inflation remains invisible, to 0.3%, which means there is no reason to increase interests and the Libor indicator for franc for three months is stable at 0.17% per year from August last year. "The Swiss Central Bank sees the inflation accelerating to 2% over the next two years, which means that the three-month Libor indicator will climb at a given time. We do not expect, though, for this to happen before the end of the year", ING analysts said. The situation is different in

the euro zone; where inflation has already climbed to 2.4% over the level approved by the European Central Bank (ECB), of the 2%. In these circumstances, analysts expect the ECB to raise interest rates at a historically low level of 1%, and these fears have already pushed the three-month Euribor indicator at 1.17% per year, nearly double compared to the level at which it was last summer. Most analysts bet that the ECB will now operate three increases of the key interest rates for the euro this year, taking it to 1.75% per year. This means that the three-month Euribor indicator will move towards the threshold of 2% per year. For the credit taken into account, for EUR 60,000 (CHF 95,500), assuming that the Libor for the franc will remain at 0.2% this year and Euribor climbs to 1.5%, the exchange rate should go beyond CHF 1.37/EUR for financing in Swiss currency to bring in cost savings again. At value of the Euribor indicator of 2% per year, the exchange rate will drop to CHF 1.3/EUR. (Ziarul Financiar)

### **Raiffeisen Pays the Notary Fees for the Customers Who Refinance Their Loans**

---

Raiffeisen Bank, the third local bank by assets, struggles to refinance the loans with a new promotion paying for the notary fees for the customers who submit loan documents until May 10<sup>th</sup>. For the reinstated mortgage the customer usually must pay a real estate advertise fee, of 0.1% of the value of the building plus RON 100 and the notary fees; which varies depending on the complexity of the procedure. The promotion is aimed exclusively for customers who refinance loans from other banks, not to those who have loans from Raiffeisen. According to an example used by the bank, for a "Full Flexicredit" credit of EUR 20,000, repayable in 20 years, the interest rate is of 7.15% per year and EUR 72 monthly. The interest on the loan is calculated based on the Euribor indicator for six months plus a margin of 6.5%. For RON, the interest rate is determined based on the Robor indicator for six months plus a margin of 4.75%. (Ziarul Financiar)

### **ProCredit Bank Closes Four Territorial Units**

---

ProCredit Bank, a bank specializing in financing small business and farming entrepreneurs, closed four territorial agencies in February, from Iasi, Bucharest and Cluj-Napoca. According to documents published in the Official Gazette, the decision was taken considering "the emergency situation and the bank's interest". According to data presented on the website, ProCredit currently operates 28 units, 10 are in Bucharest. The bank also has two units in Craiova and Brasov. Bank representatives have not commented on this information until ready for print. ProCredit ended 2009 with a loss of EUR 5.19mln and assets of EUR 259mln, according to the most recent data available. (Ziarul Financiar)

### **SocGen Takes EUR 17mln Out of BRD Profit**

---

The French group Société Générale, having 60% of BRD shareholding, the second largest bank in the system, will receive gross dividends amounting to RON 74.9mln (EUR 17.8mln) of the profit BRD has won last year. BRD-SocGen has proposed to the shareholders a gross dividend of RON 0.17957/share of last year's profit, down with 35% against the dividends paid by the bank in 2010 from the profit won in 2009. The total gross dividend amounted to RON 125mln and it represents 25% of the net profit. BRD-SocGen ended 2010 with net profit of almost RON 501mln, down with 36% compared to the results in 2009, according to Romanian Accounting Standards (RAS). The

value of the dividends will be submitted to voting during the General Assembly of Shareholders on April 14<sup>th</sup>. "Even if the value of the dividend paid by BRD is smaller than in previous years, it's important that the management of the institution has not given up rewarding the shareholders", Costel Ceocea, the President of SIF Moldova, which holds about 4% of BRD and must earn dividends of about RON 5mln, said. (Ziarul Financiar)

### **Bancpost: Almost no chances for NBR to reduce the key interest rate**

Additional inflationary pressures almost cancel the chances of a key interest rate cut in 2011, if we take into account the previous explanations given by the Board of Directors of NBR as reasoning of monetary policy decisions, says Dan Bucsa, head of the research department of Bancpost. "We hope that the monetary policy rate will not be increased, because the price hikes are mostly generated by offer shocks that the monetary policy shouldn't counteract. NBR could compensate for the maintenance of high official interest by reducing minimum mandatory reserves applied to liabilities in RON, to increase the liquidity of the interbank market (with benefic impact on the interbank interests and on the budget deficit financing)", Bucsa says. The monetary policy interest rate is set at 6.25% since May last year. Referring to the surprising increase of consumption prices, Bucsa said that the surprise came from the accelerated food price hike. "Last month, the aggregate index of food prices calculated by FAO increased less than in July 2010 - January 2011 and the RON increased against EUR and USD. We expect that the monthly inflation to remain high in February 2011 because of food price hikes".

*What are the chances for NBR to reach the inflation target this year?*

Bucsa explained that the impact of week domestic demand on core3 inflation rate (which excludes from the consumption prices index the prices managed, volatile of some food products, of fuel products and of tobacco products) was very low. "Although the private consumption decreased in 2010 by 1.8% (in real terms), the prices influenced by the pressures of the aggregate demand grew by 4.2%. Even if we exclude the impact of VAT, the price hike together with the lower demand indicate large structural rigidities. Moreover, the RON's appreciation could not offset higher food and fuel prices on the international markets in the first two months of 2011". Oil price remains very high because of the situation in North Africa and Middle East. "Although the domestic demand is weakened by recession, the food and fuel consumption is not reduced significantly when prices grow (the demand is inelastic to price changes) and, as a result, both foods and fuels prices could continue to go up if international prices continue to rise". For food prices there is a basis negative effect: in March – June 2010, the domestic prices of food increased in average by only 0.01%. In March – December, the average monthly growth was of 0.54% (including the impact of the VAT hike). In the first two months of 2011, the average monthly growth of food prices was of 1.45%, Bucsa explained. (Ziarul Financiar)

### **JP Morgan anticipates an increased key interest rate**

The analysts of the US investment bank JP Morgan expect NBR to cut the rates of minimum mandatory reserves and to increase the key interest rate by the end of the year. "We don't share the consensual point of view that the NBR will reduce the key interest rate from this summer. On the contrary, we will continue to expect that the following move as regards the key interest rate to be of growth and it will manifest until the end of the year". The monetary policy rate is set from May 2010 at 6.25%. The rates of minimum mandatory reserves remained unchanged from 2009 to 15% for

liabilities in RON and 25% for liabilities in foreign currency. JP Morgan analysts believe that it will be hard for NBR to cut the key interest rate without a strong reason related to a significant deflation and show that nearly all central banks in Europe have increased or are getting ready to increase the key interest rates because of inflationary concerns. "This could be regarded as a political mistake, with a negative impact on the currency and it can grow the inflation expectations. This would not help any effort to tame the inflation or the effort to consolidate the financial system and to revive the crediting growth". (Ziarul Financiar)

## ***In the news – Capital Markets***

---

### **"The Stock Exchange, a Barometer of the Economy When It Will Attract Large Market Players"**

---

*The Stock Exchange representatives, interested to attract RCS & RDS*

"The Romanian Stock Exchange is far from being a barometer of the Romanian economy", Alin Barbu, the deputy general manager of the Bucharest Stock Exchange, said yesterday in Brasov. He added: "Everywhere in the world the Stock Exchange is a barometer of the economy in that country. One can observe BET index to see if it means that the economy is rising. If it declines, then there is a problem in that country's economy", Barbu said. The statements were made during the conference "The Bucharest Stock Exchange - the financing alternative for Romanian companies", which is part of a road-show designed to educate the business environment in our country with regard to the instruments issued by the Stock Exchange.

*2011 – a good year for listing*

Two and a half years ago, BSE has carried out a similar road-show, trying to attract companies to list on the Stock Exchange. "Only four companies were listed then, Ropharma Brasov, being one of them, for example. As far as we know, another 14 companies that had previously expressed their intention to list and even started the prior procedures have preferred not to do this after the occurrence of the crisis", Barbu added. Given that companies are faced with an increased reluctance of the banks when it comes to financing, the stock exchange can be a handy tool, and 2011 may be a good year for listings, BSE representatives added. They noted that major players in the economy are not yet listed on the Romanian Stock Exchange, giving the example of Romtelecom and announcing its interest in the largest player in the market for cable TV - RCS & RDS. Also, Alin Barbu said that the fees and commissions that BSE has reduced last year will "basically" remain at the same value, because the "measures have been taken to revitalize the market". (Bursa)

### **Popp, "Impact" ([IMP](#)): "The insolvency episode will become a footnote in the company's history"**

---

Dan Ioan Popp, the president – general manager of "Impact Developer & Contractor" (IMP symbol), is optimistic that he will win, in April, at the appeal against the sentence by which Bucharest Court decided the opening of the company's insolvency procedure. "I think that the insolvency episode was treated too emotional by the market. Soon, this episode will turn into a small footnote to the company's history", Dan Ioan Popp believes. In July last year, Bucharest Court ordered the reopening

of "Impact" insolvency procedure, after the company "Romconstruct" said that the developer has not paid several bills. "Impact" appealed and the term at the Court of Appeal was established on April 28<sup>th</sup>. "Impact" president says that the company has not been affected by the insolvency process, but was forced to reorganize its activity and reduce the expenses, after, for years, it has had a rapid expansion in the real estate sector: "Impact has recorded a significant increase in recent years and now has too many assets. It was a period when we had to catch our breath, to reduce the speed. As a result, we were able to give up about 5-7% of the value of the assets, by selling land etc". Last year, Impact reported losses of RON 14.63 million, after in 2009 it had a modest profit of about RON 665,708, well below the profit of RON 8.22 million recorded in 2008. Dan Ioan Popp believes that our country's economy will restart its engines this year, although at a much lower speed than that prior to the crisis, estimating an increase of 1-2% by yearend. Regarding the real estate sector, Mr. Popp hopes that banks will start to give loans to the population also, and thus more transactions will be signed. "A 1-2% growth of the economy is expected in 2011. The idea is that this growth should be seen in the signing of several real estate transactions, which depends, however, on banks. If the banks will see that that they can't really borrow the state any more, they will need to re-orientate to the population. The economy will restart, but at a slower speed. We must learn to grow at a slower pace, we should not want to grow by 20-30% per year", Dan Ioan Popp said "Impact" has a market capitalization of RON 86.4 million, according to the price of RON 0.432 per share registered in Wednesday's stock market session. Dan Ioan Popescu has a stake of around 66% of the company, and Carmen Sandulescu holds 11.6%. A fund managed by "Franklin Templeton" was reported with a 6% stake in late 2009. (Bursa)

IMP	RON pr	ch	EPS	Sales 09 mil USD	NPr 09 mil USD	Mk cap mil USD
10-Mar	0.40	-10.51%	0.0007	17.82	0.05	26.59
IMP	RON pr	PER	Npr/Sales 09/08	Sales 09/08 mil USD	NPr 09/08 mil USD	Div yld 09
3-Mar	0.45	571.71	0.00	-	-98.29%	0.00%

### **Prefab Bucharest ([PREH](#)) wants to lower the maximum price of shares to be bought back**

Directors of Prefab Bucharest will propose shareholders on April 14th to lower the maximum price at which the company will repurchase 10% of company's titles, from RON 8/unit to RON 7/title, while the minimum price will be reduced from RON 1/title to RON 0.5/unit. Titles reminded will be granted to the directors, managers, employees within a loyalty program. Prefab Bucharest announced last week that on March 7th it would start a buy-back program for 10% of its own shares, following an approval granted by shareholders last year. The operations will be carried out during March 7th to October 14th and the shares will be paid with money from company's reserves. Moreover, Prefab repurchased in the first day of this program 1,100 shares at an average price of RON 2.4/title. The shareholders will discuss on April 14th the extension of the deadline for share repurchase from six months to an year and a half, but also the financial statements for last year and the revenues and expenditures budget to be proposed for this year. In the same meeting, the directors will require shareholders to keep last year's profit to finance investments and to support the production. Prefab Buchares is owned by businessman Marin Petre Milut, who controls a stake of 80.33% of the shares through the company Romerica International Bucharest. (Bursa)

PREH	RON pr	ch	EPS	Sales 09 mil USD	NPr 09 mil USD	Mk cap mil USD
10-Mar	2.30	1.75%	0.1549	27.62	0.65	9.64
PREH	RON pr	PER	Npr/Sales 09/08	Sales 09/08 mil USD	NPr 09/08 mil USD	Div yld 09
3-Mar	2.26	14.85	0.02	-	-58.67%	0.00%

### **Firu sold SIF Transilvania (SIF3) titles and invests in health**

Floriean Firu, vice president of SIF Transilvania, sold a 0.1% stake in the company, for which received RON 668,000. "It wasn't a good time to sell, but I had to, because I had unpaid bills for a long time. In addition, I've invested in a private hospital in Brasov, as I wanted along with two partners my Brasov to do something for the community", said Firu. SIF Transilvania's vice-president has sold 1.1 million titles at an average price of RON 0.58. "I think I've remained with a similar stake in the SIF's, although at one point I had a 0.5 - 0.6% stake," explained the businessman. Firu also sold SIF Transilvania shares on January 24th, when he ceded 250,000 titles for RON 141,000. SIF Transilvania has a registered capital of RON 109.2 million, divided into 1,092,000,000 shares with a face value of RON 0.1. (Bursa)

### **NSC won the lawsuit with "Mobinvest" clients at the Court of Appeal**

*Former investors, forced by the NSC to pay costs with lawyers and experts*

Oradea Court of Appeal ruled in favor of the National Securities Commission (NSC) in the lawsuit against the 108 stock market investors, Mobinvest clients, which required remunerations of almost EUR 1mln from the NSC. The stock market supervisory authority lost last year, the first hearing in the lawsuit with the former stock market investors, after Bihor Court ordered the Commission to compensate the investors, in solidarity with the brokerage house "Mobinvest, with about RON 7.5 million. The 108 stock market investors complained that were prejudiced by a NSC Ordinance which blocked for several months, their "Mobinvest" accounts in mid-2008. Investors have been detained to sell their shares in a time when the market dropped heavily from day to day. Oradea Court of Appeal decided to partially change Bihor Court decision, "rejecting the action filed by defendants against NSC. Oradea judges rejected investors' application that the NSC must pay court costs, deciding, instead, to keep the other provisions unchanged. The 108 investors have been forced to pay court costs, of RON 178,341. NSC sources stated that the bulk of this money will go, in fact, to the Commission, representing the costs with lawyers and experts paid by the capital market authority. Commission's representatives were nervous about the dispute between the NSC and former clients of "Mobinvest" and even tried to obtain the resettlement of the lawsuit in Bucharest, after they found that vice president of Oradea Court of Appeal (now president of the court) could have an interest, because its husband was an investor on the Bucharest Stock Exchange (according to its wealth statement). Although they won at the Oradea Court of Appeal, NSC representatives can not really relax, in the conditions in which there are many ways to attack the decision. In addition, the NSC is called in court for other lawsuits filed by investors on the capital market, in various stages of settlement. (Bursa)

**PPLI titles exceeded the threshold of RON 5 / share**

---

Investors traded yesterday 3829 contracts with a related value of RON 20 million. The most liquid sector was the financial one, followed by the indices. Third place was occupied by the derivatives on the EUR, at 17:00 being recorded 452 contracts. Quotes estimated by investors for derivatives on Property Fund shares have registered a depreciation of 0.62% for March maturity, while for June price stood at RON 0.615. On the spot market, the price was set at 0.6 RON / share. In the financial sector, DESIF5 followed closely the evolution of the spot market, recording slight corrections. Thus, in March we observe a negative variation of 1.28%, at a price of RON 1.52, while the quotes for June stood at RON 1.607, down 1.5%. At 17:00 DEDJIA\_ROM contract due in March recorded decreases, thus the index fell by 185 points, while the contract with maturity in June lost 115 points. The RON posted yesterday a slight appreciation against the EUR. On Sibiu stock market 1 EUR was quoted at 4.1801 RON on March 18th and at RON 4.21 in June. On the spot market 66,766 PPLI shares changed hands, their price (RON 5.1 / share) increasing by RON 0.63, exceeding the threshold of RON 5 per share. (Bursa)

**Brasov Court of Appeal Has Closed the Judicial Reorganization Procedure of "Rafo" Onesti (RAF)**

---

Brasov Court of Appeal has decided irrevocably to maintain the decision of the Court on closing the judicial reorganization procedure of Rafo Onesti, after five years of insolvency. The company will return to normal business cycle, after a period of five years of insolvency, which allows the company to revert to normal business cycle, "with positive consequences for the economic and social environment", Bostina & Associates Law Firm announced. According to a press release, the Law Firm has managed to avoid bankruptcy in Court and to close the company's judicial reorganization proceedings. On March 8th, Brasov Court of Appeal irrevocably decided to maintain the decision of the Brasov Court of Law on the closure of judicial reorganization procedures for Rafo, after years of insolvency", the press release issued yesterday by the Law Firm Bostina & Associates, who represented in Court the company in Onesti, says. With this decision, the Brasov Court of Appeal dismissed the request to suspend the appeal; it has rejected it on the grounds that the appeal filed by creditors Bivolaru Ion, Stancu Zamfir, Atanasiu Valentin George, Dumbrava Adrian, Zarna Ion, Stanica Iezeanu Dorin and Sraier Victor Daniel is tardy and rejected as unfounded the appeal filed by Glencore Energy UK. The decision is irrevocable. "The solution has an enormous importance to society, confirming that Rafo is a viable business, enabling the company to receive bank guarantees to access funding necessary to restart the technological flows, blocked until now by the existence of the insolvency proceedings. It is the success of the entire team of lawyers, whose strategy has paid off", the partner lawyer Bogdan Paraschiv said, team leader of lawyers who represented the Rafo Company in Court. The judicial reorganization procedure is, by law, the procedure that is applied to the debtor, a legal entity, in order to pay the debts according to a fixed schedule for the payment of claims. The judicial reorganization procedure closes through a decree, after fulfilling all payment obligations incurred in the reorganization plan, confirmed by the syndic judge. Brasov Court of Law has dismissed in June last year, the requests to send Rafo Onesti in bankruptcy and ordered the closure of the judicial reorganization proceedings after the appeal formulated by Glencore Energy, a supplier of oil to the refinery, was rejected in 2009, for the second application for the admission of the debt in the amount of USD 4,1mln representing, according to the British company, the value of a quantity of 6920 metric tons of diesel. Rafo Onesti Company went insolvent in 2004, being at that

time the largest debtor to the state budget. In 2007, the Authority for State Assets Recovery has removed the debenture on the refinery's shares, as investments committed through the privatization contract were made. (Bursa)

RAF	RON pr	ch	EPS	Sales 09 mil USD	NPr 09 mil USD	Mk cap mil USD
10-Mar	0.75	-15.04%	0.0085	6.40	2.44	216.72
RAF	RON pr	PER	Npr/Sales 09/08	Sales 09/08 mil USD	NPr 09/08 mil USD	Div yld 09
3-Mar	0.88	88.74	0.38	94.96%	108.71%	0.00%

### Minus for the FICs, on a Growing Market

The shares of the financial companies (FIC) fell yesterday, with an average of 0.45%, the BET-FI index standing at 25,466.02 points, as prices climb in general. The top ten shares in terms of liquidity, analyzed by BET index, ended the day with prices higher by 0.76% on average, and the titles of the companies in the energy sector increased the BET-NG index with 1.63% over Wednesday's level. Thus, the extended stock index BET-XT, of the top 25 shares in terms of liquidity, including the FICs, rose by 0.47%. The investors have traded a total of 35.6 million shares (EUR 8.5 million), an amount 7% below the liquidity in the previous session. The most liquid securities were the Property Fund (FP) and Banat-Crisana FIC (FIC1), with operations of over RON 7.3 million, and respectively RON 6.3 million. Most Banat-Crisana FIC titles were sold in a deal involving 0.87% of the company's shares, for RON 5.5 million. The negotiated transaction was made at a price of RON 1,158, 0.78% higher than last Wednesday's quotation. On the main market, Banat-Crisana FIC shares fell by 0.61%, to RON 1.142, on a turnover of RON 780,000. The most recent title transfer with FP titles was performed at RON 0.6, a price similar to the last quotation on Wednesday. Some investors have also made transactions with structured products, bonds, fund units and futures with a total value of RON 2.7 million (EUR 656,000). Thus, the total liquidity of BSE, of RON 38.4 million (EUR 9.1 million), was a little bit higher than the turnover on Wednesday, of RON 39.9 million (EUR 9.5 million). On Rasdaq market, securities of RON 1.4 million were transferred, 45% over the liquidity in the previous session, of RON 995,000. Almost 95% of the turnover was represented by transactions with shares of Argus Constanta (UARG), of RON 921,000. At the closing of the stock session, the titles of the oil producer stood at RON 2.395, a price 18.51% higher than the previous quotation. (Bursa)

### "Carbochim" Cluj-Napoca ([CBC](#)) Goes in the Top of Increases

The stock market investments have proved to be the most profitable last month, the jackpot being obtained by those who have oriented towards the shares of "Carbochim" Cluj-Napoca. They have brought investors a yield of 32.27%, in the interval February 9<sup>th</sup> to March 9<sup>th</sup>. The BET FI index, of the five financial investment companies (FIC), has increased by 12.43%, in the period analyzed, while the BET index of the ten most liquid companies listed, has appreciated by 3.62%. BET-XT, the index of the top 25 companies on the Bucharest Stock Exchange, including the FICs, rose by 6.65%. In terms of investment funds, the best investment was represented by "Certinvest BET-FI Index", which brought the investors who have placed their savings in such fund units, a profit of 8.80%. The traditionalists who preferred, on February 9<sup>th</sup>, to form deposits in euros at "Banca Comerciala

Carpatica" and "ATE Bank" obtained small yields, of 0.29%. The investors who have decided to constitute bank deposits in RON also proved to be inspired, recording gains in this category of investments. They would have reported an increase of more than 2.27% of the savings if they would have opted for Piraeus Bank, which had the best offer on the market. Those who preferred to keep their money "under the mattress" recorded an appreciation of 1.59%. The gold quotation rose by 3.31% in the analyzed period, the NBR displaying a price of about RON 138 per gram. Currently, an ounce of gold is traded with a price of around 1,440 dollars. (Bursa)

CBC	RON pr	ch	EPS	Sales 09 mil USD	NPr 09 mil USD	Mk cap mil USD
10-Mar	4.79	23.03%	0.0455	8.04	0.06	6.10
CBC	RON pr	PER	Npr/Sales 09/08	Sales 09/08 mil USD	NPr 09/08 mil USD	Div yld 09
3-Mar	3.89	105.10	0.01	-	-76.55%	0.00%

### Hedge Funds Pay Back the Investors' Money

Shall it be the intuition of businessmen arising from the experience of the years in the intricate world of money, or simply a gesture of self-defense? "I don't want to be responsible for another crisis", the American investor Carl Icahn, said, announcing its hedge funds investors that he will refund their money, respectively about \$ 1.8 billion. No, he does not believe in a doomsday scenario, but he knows that, due to "uncertainties about economic prospects, plus the instability in the Middle East, nothing is impossible. So what if in 2009 its funds generated a yield of 33.3%, of 15.2% in 2010 and nearly 8.7% until in February 2011? In other words, it is better for people to get their money back. It's healthier. And Icahn is not the only one who thinks like this. Before him, the founder of the hedge fund Shumway Capital Partners, Chris Shumway, who manages assets of \$ 8 billion and has pledged to pay back \$ 3 billion, has done the same. Oaktree Capital Fund, specialized in investments in problematic assets, committed return \$ 3 billion of the total \$ 10 billion achieved to co-investors. (Financiarul)

### The Domestic Investors on the Stock Exchange, Half Compared to Early 2010

The estimates of the capital market players on a good evolution of the stock market this year is related to the entry of substantial amounts of money in listed shares. However, the first two months of the year proved just the opposite, that the foreign investors have withdrawn significant amounts from the investments in shares. The value of purchase transactions made by domestic investors in February amounted to EUR 70.78 million, while the sales totaled EUR 45.11 million. Of these, the majority share was represented by institutional investors, who bought shares listed on the BSE (except for Erste Bank and FP) of EUR 47.6 million, while they had sales of EUR 22.16 million. In the case of non-resident investors, the value of the acquisitions made in February has reached EUR 102.78 million, while the withdrawals totaled EUR 132.85 million. The highest share was represented by the corporate investors, who have made purchases in value of EUR 101.97 million and sold shares of EUR 131.85 million, thus becoming net sellers with a value of nearly EUR 30 million. It should be noted however that last month the removal of EBRD from BRD shareholding was performed, the transactions totaling sales of EUR 107.56 million. Andrei Anghel, the general manger of Smart Trade Consult, said that "Romania's economy is not sufficiently attractive for foreign investors, especially

in a time when much more interesting things are happening abroad, when Germany's economy for example is increasing much faster than the risky border economies".

*The number of active accounts, the same as in July 2010*

The lower interest in the domestic capital market is also evidenced by the significant reduction of the number of active accounts each month, reaching a point at which their number has even halved compared with the first months of last year. If in February 2010 the number of accounts through which retail residents have purchased shares on the BSE was of 6,649, and for legal persons it reached 268, this year, the transactions on BSE were made through the 3,547 accounts of individuals and 205 of legal entities. The decline is less obvious in the case of the accounts of non-residents, which can also be explained by the introduction of global accounts, through which transactions with Erste Bank and FP shares are made, and investors can be behind a single account. However, the loss of interest in the domestic capital market is obvious, given that the number of monthly active accounts has maintained at the level of July 2010. Razvan Pasol, the general manager of Intercapital Invest, explained that the decrease of the number of active accounts in terms of the purchase "is simply the result of the downward trend of the foreign investors' interest in the Romanian market, on the background of the financial crisis. If we also take a look at the previous years, we will see a clear downward trend when it comes to the number of accounts. This trend will reverse as our market will have an upward trend of a longer duration. After half a year of stagnation, it will take more than two months until we will see major investments in Romania". (Financiarul)

### **How do Wall Street Brokers See the Evolution of the American Stock Exchange**

The main brokerage firms operating on the New York Stock Exchange expect the American market to increase by 11.4% this year, thus giving high chances for the positive trend recorded in the last three months to continue, the investment firm Bespoke Investment Group noted. Bloomberg conducts weekly surveys among major brokerage companies on Wall Street about the level at which they expect the S&P 500 index to close the year. In early 2011, the average estimate of analysts stood at 1371, reflecting an increase of 9.02% over the next 12 months. The most optimistic are the analysts at Deutsche Bank, as they expect the index to appreciate by 17.4%, to 1550 points in the next ten months. In contrast, Morgan Stanley estimates a decrease of 6.2% compared to the current level (1320 points). Since the beginning of the year, however, five firms have positively revised their targets for the index of the 500 largest U.S. companies. Goldman Sachs has improved the prospects from 1450 to 1500, Barclays from 1420 to 1450, Bank of Montreal and HSBC rose their estimates to 1430, while UBS provided a target 100 points higher than the previous, to 1425. These five increases have pushed the current average estimates at 1401 for the end of the year. S&P 500 has already climbed more than 5% in the first two months of 2011, nearly half of the growth that analysts forecast. (Wall-Street)

### **SIF Oltenia (SIF5) Wants to Give More than Half of its Profit as Dividends**

SIF Oltenia Board of Directors proposed the shareholders to distribute more than half of last year's profit as dividends, with a total value of RON 43.5 million, a value two times lower than in 2010, Mediafax noted. The gross dividend proposed, of RON 0,075 per share, is over two times lower than the record value given last year, of RON 0.16 / share, according to some reports submitted Thursday to the Bucharest Stock Exchange (BSE). Relative to the most recent market price, of RON 1.53 / share, the yield of the dividend proposed is of 4.9%. The proposal will be reviewed by shareholders

on April 28<sup>th</sup>, in the General Assembly of Shareholders. Last year, the company recorded a profit of almost RON 81 million (EUR 19.2 million), 56.7% lower than the earnings in 2009, of RON 187.3 million. Calculated according to the last prices on Thursday, the dividends proposed by SIF Muntenia (SIF4) and SIF Moldova (SIF2) have the highest yields, of 6.91%, and respectively 6.3%. The yield of SIF Transilvania (SIF3) dividend is of 5.1%, while at SIF Banat-Crisana (SIF1) the yield is of only 3.5%. SIF Oltenia managers have proposed that 46% of its profit achieved last year would be kept by the company in order to finance the investments for this year. The company has a share capital of RON 58 million, divided into 580,100,000 shares with a face value of RON 0.1. The quotation of SIF Oltenia shares fell by 0.65% in Thursday's stock market session, to RON 1.53. At this quotation, the company's capitalization stands at RON 887.6 million. (Wall-Street)

### **The Stock Exchange, Too Small for BCR. Could the Listing of the Largest Bank be Forced?**

Five years after the privatization of BCR, Erste group still refuses to list the lending institution on the Bucharest Stock Exchange (BSE). The investors and, more recently, a part of the five financial investment companies (FIC), are unhappy. Can the listing still take place in 2011, as stated in the agreements signed by Erste with the Romanian State and the FICs? The contract signed in December 2005 between Erste and the Authority for State Assets Recovery (AVAS) does not even specify a single penalty that the Austrian group would have to pay if the deadline of BCR listing is not met. The interdictions imposed by Erste include the dissolution, liquidation, bankruptcy or the establishment of a special administration for BCR. The Austrians also had to maintain the corporate identity of the Romanian bank, as they were also obliged not to sell the shares for three years after the takeover. The contract mentions that Erste Bank will pay penalties representing 10% of the price paid to the state in exchange for BCR shares for every case of violation of the obligations included in the privatization contract, while the damages assumed by the Romanian party may not exceed 50% of the value of the transferred stake. The penalties are calculated by reference to the price paid by Erste Bank for AVAS shares in BCR, worth EUR 2.23 billion. The commitment on BCR listing within three years is stipulated in the contract, but the state has not provided any financial sanction for Erste in case this commitment will not be met. The contract mentions, however, that the violation of the commitments made by Erste Bank, regarding the obligation to list BCR shares, will automatically restore the statutory provision on taking the major decisions in the General Assembly of Shareholders with a majority of at least 75% of the votes. In these circumstances Erste convinced the FICs in 2009 to postpone BCR listing until the stock market conditions improve, or more precisely, until October 2011. "The contract with the FICs has not provided any additional clauses to complete or contradict the other clauses. In that agreement to postpone the IPO only the postponement itself and some conditions in which Erste can redeem shares from minority shareholders were provided. Otherwise, no other clause which would put me in a superiority or inferiority position compared to what was signed before with the state", Mihai Fercala, the president of SIF Transilvania (FIC3), said. Recently, Erste officials have hinted that the listing will not take place this year also, considering that from their point of view the market liquidity is not high enough to support a share such as that of BCR. They did not specify the exact amount of the turnovers they consider optimal, but the unanimous opinion among market specialists is that BSE will continue to record a daily turnover of around EUR 10 million by the end of this year, at least at the level of declarations, of which Erste is dissatisfied. "Now we record 10 to 13 million euros per day. It is virtually impossible to reach a much higher level this year. How can we reach 20 million per day? It can not rise to higher amounts because the market does not allow it. Perhaps only if something very spectacular happens with the FICs. When we made

the budget for 2011 we considered two scenarios: a basic scenario, with a turnover of EUR 9 million, and one a little more optimistic, of EUR 13 million, that is exactly what we see today, but probably after the volumes on the FP settle we aim 10 million again", Laurentiu Floroiu, the head of EFG Eurobank Securities trading department, said. Neither the secondary public offering of Petrom, already announced by the Government for 2011, does make brokers believe that the traded volumes will rise dramatically in the short term. "Even if Petrom would be sold, and they will certainly be sold this year, we should not expect immediate and drastic changes in the market. It is not an IPO that would exceed the turnover by 50%, those who will buy a stake Petrom will most probably enter this race in the long term, so only in a few years until we see more clear effects on the market", Floroiu said. The average turnover of BSE this year stood at EUR 12 million per day, and it recorded a significant increase after the listing of the Property Fund. "It's hard to believe that we can go up to even EUR 20 million this year, provided that would remain with the current issuers. Sure, we can not completely rule out this theory, but practically it seems impossible", Mihai Muresian, director of trading at the brokerage firm Intercapital Invest, thinks. The statements made last week by BCR president, Dominic Bruynseels, are contradicted by the existence on Bucharest Stock Exchange of some comparable issuers in terms of capitalization. Thus BRD shares are traded freely since 2001, while earlier this year the Property Fund was also listed, a company with a market capitalization of nearly EUR 2 billion. Moreover, the European Bank for Reconstruction and Development (EBRD) has managed last month to exit from BRD shareholding structure, selling its stake of 5% of for EUR 107.3 million. "BRD and BCR share almost the same percentage of domestic banking assets, the two banks are comparable. In addition on the BSE we also have the Property Fund, a similar sized company. In these circumstances, Erste's statement on the market size has no effect, as long as evidence contradicts it, "declared Laurentiu Floroiu. Lately, SIFs's discontentment regarding the successive delays of BCR's listing procedures has become more visible. Although no one officially declare completely dissatisfied with the way Erste's approach on BCR's situation, several financial investment companies have started to consider other ways to capitalize Erste stakes. "We can not push the note, but based on our own timetable regarding the ownership structure, we also put on the agenda our clear intention to adopt a position until the AGM, so that we know how we establish our budget and what are the prospects for the capitalization of this stake, "said Costel Ceoceca, SIF Moldova (SIF2) president. The company is one of the five SIFs, which proposed that shareholders that during the next general meeting, which will take place on April 21<sup>st</sup>, to approve the capitalization of BCR shares, and empowering the Board of Directors for the possibility of a full or partial capitalization of shares owned in the bank. "Although the listing remains the first option, we can think of any other option, including direct sales to Erste. We have ongoing meetings with Erste but we can not say we negotiated a price for our shares, we have not received any promises, "says Ceoceca. For the moment, most of SIFs prefer to wait Erste's negotiations, although they could force the listing, if they would agree. "Of course SIFs may require Erste to list BCR. For this to happen we need a simple written intervention from the five companies, "said Michael Fercala, president of SIF Transilvania (SIF3). Earlier this month, BCR has inflamed again relationship with the financial investment companies, saying it will not grant any dividends for 2010, planning to propose to shareholders the capitalization of the net profit, just as in the previous year. "We were surprised, at least, when we heard the public statements of BCR officials about not meeting the listing conditions and the opportunity for us to receive a briefing from the bank's supervisory board, according to which the bank's net profit will be incorporated into a capital increase, "declared SIF Moldova's president. According to the contract signed with AVAS, in the case in which Erste does not fulfill its promise to list BCR on the Bucharest Stock Exchange, is activated the clause concerning the adoption of any

decision by the General Assembly of Shareholders with of 75% of votes. In these circumstances, the Austrian group, with a 69.4% stake, would need only 5.6% of the aggregate ownership of the SIFs (currently amounting to 30.11%), in order not to worry about BCR listing. Remains to be seen if the SIF will continue to make common cause in the relationship with Erste, or whether ultimately one of the companies will reach an agreement directly with the banking group. "If Erste manages to buy a 5% stake from any SIF, will be able to do what it wants in the GMS. I believe that the SIFs agreed to act together, to do something together, but at the same time, someone could no longer have the patience and sell," believes Laurentiu Floroiu. On the other hand, SIF bosses avoid thinking of this scenario, of Erste would refuse to list BCR. "We never questioned what will happen if contract obligations will not be met, the obligations are associated to parties. I do not want to reveal our plan until we discuss in the GMS," said Tudor Ciurezu, deputy general manager of SIF Oltenia (SIF5). (Wall-Street)

### **BRD proposes a dividend of 36% lower than in 2009**

BRD-Groupe Societe Generale (BRD) Board of Administration proposes shareholders a gross dividend for 2010 of RON 0.17957 per share, 36% lower than that allocated in the previous year, total value to be distributed amounting to RON 125.1 million. BRD posted last year a net profit of RON 500.5 million (EUR 118.9 million), down 36% compared to 2009 gain, so the total amount of dividends to be allocated could represent 25% of earnings, Mediafax reported. For 2009 financial year, the bank has granted shareholders a gross dividend of RON 0.2795 per title. At the same time, managers aim a bond issue of maximum EUR 600 million or other currency equivalent for 2011 - 2012 period. Actionarii are convened on April 14<sup>th</sup> in order to discuss the Board's proposals, the agenda including also the renewal of mandates of 8 persons, respectively Petre Bunescu, Sorin Mihai Popa, Didier Alix, Jean-Louis Mattei, Bogdan Baltazar, Dumitru Popescu, Sorin Marian Coclitu and Ioan Cuzman.. Also, shareholders must approve the appointment of Bernardo Sanchez Incera, replacing Anne Fossemalle administrator, representing the EBRD, who resigned in March last year, and Anne Marion Bouchacourt replacing Aurelian Dochia, whose term expired. Both are representatives of Soci t  G n rale. (Wall-Street)

### **Thorough investigation regarding Deutsche Boerse - NYSE Euronext merger**

Authorities in the European Union will carefully analyze the merger of NYSE Euronext with Deutsche Boerse, one of the key problems being the domination of the future market company on derivative transactions on financial markets, announced on Thursday the European Competition Commissioner Joaquin Almunia. Almunia's comments underline the obstacles that have to overcome the two companies in Europe, while overseas, in United States, the authorities will most likely approve the transaction valued at USD 10.2 billion, informs Mediafax. "It's a complex case. Deputy Director of NYSE Euronext has admitted that before he met me. A thorough investigation will be probably needed," declared the official. NYSE Euronext's deputy general director Dominique Cerutti, met Almunia last month. A spokeswoman of NYSE Euronext declared that the two stock exchange operators will fill "at the right time" the official documents at the antitrust authorities, but information recently appeared in the press suggest that the analysis of the transaction will likely begin in April. Experts in competition law say that the dominance of the new group on European market of transactions with financial derivatives will be in the center of the investigation. The activities of trading and clearing of derivatives will be the main source of income for the new company,

generating 37% of business, mostly on European markets, shows the figures for 2010 published by the companies. Another area of interest is the relationship between bourses and derivatives' clearing house owned by Deutsche Börse, Eurex, namely the danger that after the merger, the group would prevent the entry of new competitors on the market by restricting access to Eurex platform. (Wall-Street)

### Videanu Appointed Friends in Petrom's (SNP) Board of Directors

Amidst the scandal of raising prices of gasoline it seems that one important aspect has been forgotten. The Romanian State – through the Ministry of Economy, holding 20% of the stake in Petrom – has responsibilities and can influence the price policy of the largest oil companies in Romania. Naturally, we ask: "Why doesn't The Romanian state act to stop the increase of the fuel price?" The Ministry of Economy, owner of 20% of the stake in Petrom, has two representatives on the Board of Directors of the Company, appointed during Videanu's mandate. These two members of Petrom's Board of Directors, according to the law, have the ability to exert control over how the management conducts the business and how decisions are taken. Moreover, the Romanian state has the right to stop any decision of the managers at Petrom, being the owner of "the golden vote". Marian Turlea and Gheorghe Ionescu are the two representatives of the Ministry of Economy, meaning the representatives of state in the Board. It is common knowledge that Ionescu and Turlea are very close to Adriean Videanu. Marian Turlea was Videanu's Cabinet Councilor, when he was the Ministry of Economy, and Gheorghe "Bebe" Ionescu is a good friend and business partner of Adriean Videanu. Bebe Ionescu (along with Videanu, member of the "St. Tropez Gang") is the father of Bogdan Ionescu, nicknamed Syda in fashionable circles, and the lover of Elena Basescu. It is somewhat strange that during this time, when there are constant discussions about the aberrant increase of the fuel price, no one questions the two representatives of the State in Petrom's Board. (Cotidianul)

SNP	RON pr	ch	EPS	Sales 09 mil USD	NPr 09 mil USD	Mk cap mil USD
10-Mar	0.40	2.46%	0.0242	4,219.33	449.49	7,431.07
SNP	RON pr	PER	Npr/Sales 09/08	Sales 09/08 mil USD	NPr 09/08 mil USD	Div yld 09
3-Mar	0.39	16.53	0.11	-23.33%	33.82%	0.00%

### Brokers: there are signs of an impulsive growth on the BSE

The stock market rose 1.08% on Thursday, sustained by OMV Petrom (SNP), Transgaz (TGN) and Transelectrica (TEL) shares, detaching from the descendant line of the Western European markets. Most investors have adopted waiting positions in the first part of the session, when the Western European markets saw corrections of up to 1% after Moody's downgraded on Thursday Spain's credit rating, from "Aa1 'to' Aa2 'with negative outlook. Towards the end of the session, SIFs titles recorded decreases. Stefan Petica, Tradeville's broker declared that the period of consolidation in the last nine months, during which quotations have been moving in a narrow range, can be considered as precursor of a "boom" in prices, once the volatility will increase. The time interval that has elapsed since the highs recorded in May 2010 until Thursday is characteristic to periods of accumulation, according to Petica. "The invalidation of positive estimates regarding Romania's economy growth since 2010 has contributed to a decline in investors' confidence and directly influenced the evolution of local stock

market. We can say that the minimum price of SIF shares in the last nine months reflect the unstable economic environment. In this way, even if the positive outlook regarding the economic recovery for 2011 will be infirmed, it is hard to believe that the SIF can reach new lows, "said Petica. He also thinks BSE's de-correlation from foreign markets can be interpreted as a sign of an impulsive increase of prices, and resistance levels exceeded on Wednesday turned into support levels. At the end of the session, BET-FI index was down 0.45%, the correction being tempered only by the SIF Muntenia (SIF4) titles, which increased slightly. The top ten shares in terms of liquidity, analyzed by BET, ended the day up 0.76% on average. Petica believes that dividend yields offered by three of the five SIFs offer investors a reason to buy these shares, even in the case of several corrections. "These risks are mitigated by the fact that current quotes are near the minimum levels of recent months and the risk / reward ratio is favorable for long investors. Also, at current quotes, the dividends provided by SIF Moldova, SIF Transilvania and SIF Muntenia offer a yield of over 5%, which would offset any decline in price, in the case in which the hypothesis is not confirmed. I believe SIFs have a growth potential in these three months, taking into account technical analysis signals and the difference between the market price and net asset value, "the broker said. The Property Fund (PF) and SIF Banat-Crisana (SIF1) shares were the most liquid titles on markets, with transactions and worth RON 7.3 million, respectively, RON 6.3 million. Most part of the turnover with SIF Banat-Crisana titles was secured by a deal with a 0.87% stake in the company, for RON 5.5 million. The most recent transfer with FP shares was concluded at RON 0.6/share, a price similar to Wednesday's last quotation. (Ziarul Financiar)

### **Don't be afraid of the BSE**

---

The directors of companies who decided in the last years to list on the Stock Exchange say the fears of Romanian entrepreneurs related to opening their businesses to the public and to investors are exaggerated and that Romanians are too secretive, in the conditions in which in developed states most medium and big sized businesses are listed on the stock exchange. Brokers say that although Romanian entrepreneurs would like to attract money through the Stock Exchange, when they hear about transparency requirements, many of them change their minds. "There are so many listed companies in the world that are doing very well. I believe we are too secretive and people tend to exaggerate. I didn't heard of any concrete case in which information published on the Stock Exchange affected a company's business. The only difference is that, after listing, there are more reports to draw up," declared Emanoil Viciu, Teraplast Bistria (TRP) chairman, the last company listed on the Stock Exchange in 2008 through an IPO, through which raised around RON 50 million (EUR 15.6 million). The managers also said that the requirements for the capital market regarding transparency and Stock Exchange investors' needs involve only general information about the company, and not detailed information. On the other hand, corporate governance rules require a larger transparency in order for the shareholders to be properly informed, which sometimes is hard to do without disclosing confidential information, "declared Mihai Botez, general manager of Vrancart Adjud (VNC), which was listed in 2005. (Ziarul Financiar)

### **Vrancart ([VNC](#)) invested 7.2 million in technological upgrade and sees its profit up 44%**

---

Paper and paperboard maker Vrancart Adjud (VNC), one of the top three players on Romanian market, has budgeted for this year a gross profit of RON 4.5 million, up 44% compared to the one obtained last year. The advance would be sustained by the company's core activity, the operating

profit being estimated to advance 61% to RON 7.75 million, amid a higher turnover by 15% compared to 2010, of RON 176.9 million. Vrancart started last year significant investments in technological upgrade, which amounted to RON 30.5 million (EUR 7.2 million) and mainly focused on a new production facility of corrugated cardboard. Following this investment, the share of sales of corrugated cardboard advanced last year by 53% in volume and reached a share of over 50% in Vrancart's businesses. The company has maintained relatively constant the manufacturing activity on other segments. For 2011 the company aims to continue investments in production capacity, which is expected to rise to 70,000 tons of paper per year, from 40,000 tonnes currently. "2011, although will be a year in which the economic crisis will affect the economic performance, will be a year of major investments (in upgrading K25 equipment and in toilet paper machine finishing) , that will be beneficial for our activity. Some of them will be felt in the second half of 2011, another part at the end of 2012, "declared Vrancart representatives. The company's shareholders approved at the end of last year to contract loans of EUR 17.2 million for a comprehensive program of modernization and expansion of production capacity spread over several years, which amounted to EUR 22.9 million. Vrancart is controlled by SIF Banat-Crisana (SIF1), which owns 74.7% of the shares, another important shareholder being Hyposwiss Danube Tiger foreign fund, which owns 5% of the capital. (Ziarul Financiar)

VNC	RON pr	ch	EPS	Sales 09 mil USD	NPr 09 mil USD	Mk cap mil USD
10-Mar	0.08	-0.26%	2.0503	38.46	1.61	0.06
VNC	RON pr	PER	Npr/Sales 09/08	Sales 09/08 mil USD	NPr 09/08 mil USD	Div yld 09
3-Mar	0.08	0.04	0.04	1.72%	-14.66%	0.00%

### Pasol's brokers quit the territory agencies

Intercapital, the most active independent brokerage company in last year, decided to close three agencies in Baia Mare, Constanta and Craiova starting with April 1<sup>st</sup>. Led by Razvan Pasol, the company will remain headquartered only in Bucharest. "The decision to close the agencies has nothing to do with cost reduction. We re- considered our business strategy, taking into account that most of the operations are taking place at the headquarters in Bucharest. Moreover, more and more customers in Bucharest and in the country are using our online trading platform while broker-assisted accounts decreased, "said Adrian Lupsan, deputy general manager of the company. (Ziarul Financiar)

### Aerostar ([ARS](#)) to grant a dividend of RON 0.07 / share

Aircraft manufacturer Aerostar Bacau (ARS) management will propose at the general meeting of shareholders to be held next month a gross dividend of RON 0.07 per share, representing 6.4% of the price of the stock market during yesterday' session. The company plans to grant over RON 8mln to shareholders in dividends this year, an amount that represents approximately 73% of the profit obtained in the previous year, of RON 11.2 million (EUR 2.66 million). Aerostar profit rose almost 10% in 2010 and the company's business grew during the same period by 0.9% to RON 158.2 million (EUR 37.6 million). Company's shareholders will also discuss at the next meeting the company's capital increase by RON 8.2 million, by increasing the face value of shares from 0.25 RON to 0.32 RON / share. (Ziarul Financiar)

ARS	RON pr	ch	EPS	Sales 09 mil USD	NPr 09 mil USD	Mk cap mil USD
10-Mar	1.09	2.57%	0.8716	51.52	3.35	4.18
ARS	RON pr	PER	Npr/Sales 09/08	Sales 09/08 mil USD	NPr 09/08 mil USD	Div yld 09
3-Mar	1.06	1.25	0.07	2.69%	7.43%	0.00%

### Apcarom Buzau ([APC](#)) shares increased by 13% for the third day in a row

The titles of manufacturer of rolling stock Vae Buzau Apcarom (APC), part of the Austrian group Voestalpine, increased by 13% on Thursday, after in the past two days recorded increases of 15%, the maximum increase allowed for a trading day. Advances in the last three days of securities amount to almost 50% from RON 0.625 lei to RON 0.93, the price on the Stock Exchange registered today. The increases came after the company management has decided to distribute dividends to shareholders this year for the first time since the company's listing. The dividend's value is an important one, of 0.22 RON / share, representing 23.6% of the price of share. At the same time, most of the shares on BSE recorded corrections while stock were slightly in red. (Ziarul Financiar)

APC	RON pr	ch	EPS	Sales 09 mil USD	NPr 09 mil USD	Mk cap mil USD
10-Mar	0.95	49.90%	0.1503	28.82	3.65	22.95
APC	RON pr	PER	Npr/Sales 09/08	Sales 09/08 mil USD	NPr 09/08 mil USD	Div yld 09
3-Mar	0.63	6.30	0.13	0.38%	419.03%	0.00%

### Banca Transilvania ([TLV](#)) director spends EUR 7,000 per month to buy shares

Robert Rekkers, general manager of Banca Transilvania (TLV), purchased on Wednesday, March 9th, a package 20,000 TLV shares worth EUR 7,000 euros. Rekkers also acquired on February 8th a package of 22,000 titles for which paid RON 31,500 (EUR 7,400). In 2009, Rekkers bought nearly every month TLV share worth several thousand EUR, which ended up until May 2010, when it bought 20,000 shares for about RON 37,000. Banca Transilvania shares recorded since the beginning of the year one of the largest increases, of 22%, after recorded decreases in the last 3 years. (Ziarul Financiar)