



SIF BANAT-CRIȘANA

BUDGET PROPOSAL FOR 2014

In preparing the 2014 budget proposal, the following were considered:

- *achievements as of December 31, 2013: income, expenses and net income;*
- *inflation rate* forecast by Romanian National Bank for 2014 of 2.5%, with uncertainty range of $\pm 1.8\%$
- *average interest rate of:*
 - 3% for RON denominated bank deposits and 8% for RON denominated corporate bonds;
 - 2% for EUR denominated bank deposits, 4.7% for EUR denominated government bonds and 6.6% for EUR denominated corporate bonds;
- *income from financial assets projected to RON 10.7 mn, representing dividend income for 2013 collected from portfolio companies;*
- *projected interest income* of RON 5.9 mn, based on the current level of monetary investments, influenced by the projected transactions in 2014 and the estimated interest rate for 2014;
- *income from transactions - sale of stocks* amounting to RON 93 mn, including both gains from sales of stocks held for speculative purposes and profit from sale of financial assets;
- *payroll expenses, company contribution and other personnel expenses* determined based on the monthly average payroll, plus a prize pool of 10% of the wage fund and a bonuses' fund for target achievements (calculated to 2.6% from the net profit to be achieved, to be recalculated with the same percentage related to the profit actually achieved);
- *equipment* amounting to RON 0.24 mn, representing mainly computers and office devices of RON 0.12 mn and software and licences of RON 0.11 mn;

Total income projected to be realized in 2014 amounts to RON 129,720,000 and include:

- **Income from the capital market**, representing 99.9% out of total income comprising mainly:
 - **Income/gains from transactions** have the largest weight in the total income from the capital market, namely 87.2%, higher than 2013. Income / gains from transactions include revenues from the sale of stocks and earnings expected to be realized from the sale of stocks held for short-term.
 - **Dividend income** represents 8.3% in total income from the capital market. The decrease as compared to 2013 is due to forecasting a lower volume of dividends from companies in financial-banking sector;
 - **Interest income**, with a weight of 4.5% in total income from the capital market, represent 90.9% of the achievements in 2013, estimating a lowering of the bank deposits interest rate
- **Other income**, weighting 0.1% in total income, include income from rents and utilities etc.

Total expenses projected for 2014 amount to 36.641.200, comprising:

- **Expenses on the capital market** representing 57.5% in total expenses, include mainly expenses with the disposal of financial assets, transaction losses, and fees and commissions related to transactions (bank commissions, settlement fees etc.)
- **Operating and auxiliary expenses** are 42.5% in total expenses projected, representing 73.2% of the expenses incurred in 2013.

Gross result for 2014 is projected to RON 93,078,800.

Income tax estimated amount to RON 12,861,000. Income tax rate is of 13.8%, influenced by the weight of tax-free income in total income.

Net result projected for the year 2014 amounts to RON 80,217,800.

No.	Specifications	Achievements 2013 [RON]	Proposal 2014 [RON]
I	Income from the capital market	136,849,438	129,600,000
	- income/gains from transaction	99,354,595	113,000,000
	- dividend income	18,339,692	10,700,000
	- interest income	6,489,121	5,900,000
	- foreign exchange gains	6,868,778	0
	- income from reversal of impairment allowances	5,797,252	0
II	Expenses on the capital market, out of which:	29,854,986	21,060,000
	- expenses/losses from transactions	16,546,528	20,000,000
	- expenses with adjustments for losses	6,917,267	0
	- foreign exchange losses	5,345,435	0
	- other expenses (transaction fees, dividends accounted as expenses etc.)	1,045,756	1,060,000
III	Other income (reversal of provisions for incentives, rental etc.)	5,245,037	120,000
IV	Operating and auxiliary expenses, out of which:	21,292,838	15,581,200
IV.1	Business related expenses	10,739,248	7,059,700
	- Personnel and related expenses, out of which:	9,700,360	6,025,000
	- expenses with target achievement bonuses	1,271,264	1,276,000
	- Expenses with services rendered	387,591	379,200
	- Indirect expenses (seminars, business travels, subscriptions etc.)	651,297	655,500
IV.2	General expenses	10,553,590	8,521,500
	- Auxiliary operating expenses (mandatory fees, financial statements audit, mandatory reports etc.)	2,323,644	2,441,130
	- Expenses with Board members and senior executive, out of which:	6,423,418	4,049,670
	- expenses with target achievement bonuses	985,524	990,000
	- Expenses with shareholders	19,358	37,000
	- Other expenses, out of which:	1,787,170	1,993,700
	- computer maintenance, software, and licences	129,688	112,700
	- consultancy and obtaining financial and legal information	149,616	150,000
	- expenses with the image (advertising, sponsorship, protocol)	543,706	550,000
	- phone, Internet and postal expenses	122,467	122,400
	- other incidental expenses related to personnel	62,990	63,000
	- expenses generated by the maintenance of the headquarters' building and non-current assets	778,703	995,600
A	Total income	142,094,475	129,720,000
B	Total expenses	51,147,824	36,641,200
C	Gross result	90,946,651	93,078,800
D	Income tax	10,802,701	12,861,000
E	Net result for the year	80,143,950	80,217,800

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