



SIF BANAT-CRIȘANA

SOCIETATE DE INVESTIȚII FINANCIARE

ANNUAL REPORT OF THE BOARD OF DIRECTORS

— FOR 2015 FINANCIAL YEAR —

PREPARED PURSUANT TO LAW NO. 297/2004, CNVM REGULATION NO. 1/2006,
CNVM REGULATION NO. 15/2004 AND ASF NORM NO. 39/2015

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MAIN FINANCIAL AND OPERATIONAL INFORMATION

FINANCIAL POSITION [RON mn]	RAS			IFRS		
	2013	2014	2015	2013	2014	2015
Total assets, of which	1,110.22	1,221.68	1,294.95	1,612.83	1,638.61	1,941.52
Total financial assets	1,100.89	1,197.28	1,125.41	1,515.19	1,537.76	1,763.12
Equity	1,028.40	1,155.75	1,217.65	1,441.56	1,540.04	1,788.81
Total liabilities	34.15	15.79	34.22	171.27	98.56	152.72

FINANCIAL PERFORMANCE [RON mn]			
RAS	2013	2014	2015
Total income	142.09	255.50	136.81
Total expenses	51.15	94.69	35.20
Gross profit	90.94	160.81	101.61
Net profit	80.14	134.17	90.58

IFRS	2013	2014	2015
Operational income	28.23	22.60	51.28
Gains from investments	56.98	140.52	52.85
Operational expenses	17.77	14.61	15.78
Gross profit	67.44	148.51	88.34
Net profit	45.12	139.00	75.32

FINANCIAL INDICATORS [%]						
	2013		2014		2015	
	RAS	IFRS	RAS	IFRS	RAS	IFRS
ROE (net profit / equity)	7.79	3.13	11.61	9.03	7.44	4.21
ROA (net profit / total assets)	7.22	2.80	10.98	8.48	6.99	3.88
Gross profit margin (gross profit / total income)	64	58.7	62.9	61.6	74.3	63.5

SHARES AND NET ASSET PERFORMANCE			
	2013	2014	2015
Share price (RON, year end)	1.292	1.303	1.688
NAV* / share (RON) RAS	2.9094	2.9228	3.3541
PER	15.72	5.14	12.30
DPS (RON)	-	0.1	n/a
Accounting net asset / share (RON) RAS	2.6265	2.8059	3.2592
Nominal value of share (RON)	0.1	0.1	0.1
Number of shares	548,849,268	548,849,268	548,849,268

OPERATIONAL DATA			
	2013	2014	2015
Number of employees, year end	51	48	41
Number of branch offices	2	2	1

SHAREHOLDING STRUCTURE as at December 31, 2015		
	number of shareholders	holdings
Romanian individuals	5,772,614	42.64%
Non-resident individuals	1,938	0.46%
Romanian legal entities	222	32.93%
Non-resident legal entities	41	23.97%
TOTAL	5,774,815	100%

* calculated acc. to ASF regulations

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GENERAL INFORMATION

CORPORATE NAME	Societatea de Investiții Financiare Banat-Crișana S.A. (hereinafter referred to as “SIF Banat-Crișana” or “the Company”)
COMPANY TYPE	<ul style="list-style-type: none">▪ closed-end investment company self-managed with diversified investment policy, endorsed by the Financial Supervisory Authority by Endorsement no. 258 / 14.12.2005▪ set up as a joint stock company in November 1996 pursuant to Law no. 133/1996 for the transformation of Private Ownership Funds into Financial Investment Companies▪ Romanian legal entity with private capital
SHARE CAPITAL	<ul style="list-style-type: none">▪ RON 54,884,926.80 – subscribed and paid-in capital▪ 548,849,268 shares issued▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none">▪ J02/1898/1992 at Trade Registry of the Arad Court▪ Unique Registration Code 2761040▪ Number in ASF Registry PJR09SIIR/020002/2006
MAIN ACTIVITY	<ul style="list-style-type: none">▪ financial investments to maximize the value of own shares pursuant to the regulations in force; management of the investment portfolio and exercising the rights associated to the investments; other additional and related activities pursuant to the regulations in force;▪ main object of activity: other financial intermediation n.c.a. (CAEN code 6499) <i>CAEN - Classification of Activities from National Economy</i>
TRADING MARKET	The company is listed since November 1, 1999 on the regulated market of Bucharest Stock Exchange (BVB) – Premium category - ticker SIF1
FINANCIAL AUDITOR	KPMG Audit S.R.L. Bucharest
DEPOSITARY	BRD - Groupe Société Générale
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	Arad , 35A Calea Victoriei 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
BRANCH OFFICE	Bucharest 175 Calea Floreasca, 7th floor, room A1, S1, 014459, Bucharest

1. ANALISYS OF SIF BANAT-CRIȘANA ACTIVITY

Analysis of the portfolio

Net asset value

The net asset value (NAV) of SIF Banat-Crișana recorded a positive performance in 2015, 14.8% above the value recorded 2014-year end, reaching **RON 1,840.9 mn** as at December 31, (2014: RON 1,604.2 mn).

The net asset value per share (NAV/S) was of RON 3.3541 on December 31, as compared to RON 2.9228 on December 31, 2014.

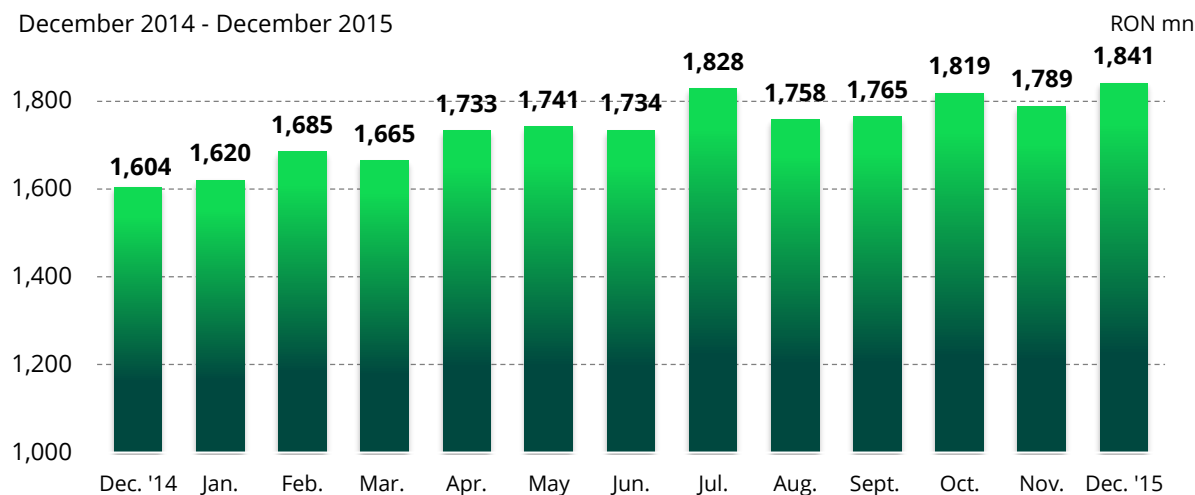
The monthly net asset values were calculated by SIF Banat-Crișana during 2015 pursuant to the regulations issued by the Financial Supervisory Authority (ASF).

The calculated values for the net asset were certified by BRD - Groupe Société Générale, the depositary bank of Company's assets.

The monthly reports for the calculation of net asset value were submitted to the Bucharest Stock Exchange and ASF – Securities and Financial Investment Sector and were published on SIF Banat-Crișana's website - **www.sif1.ro** - no later than 15 calendar days from the end of the reporting month.

MONTHLY EVOLUTION OF NETASSET VALUE

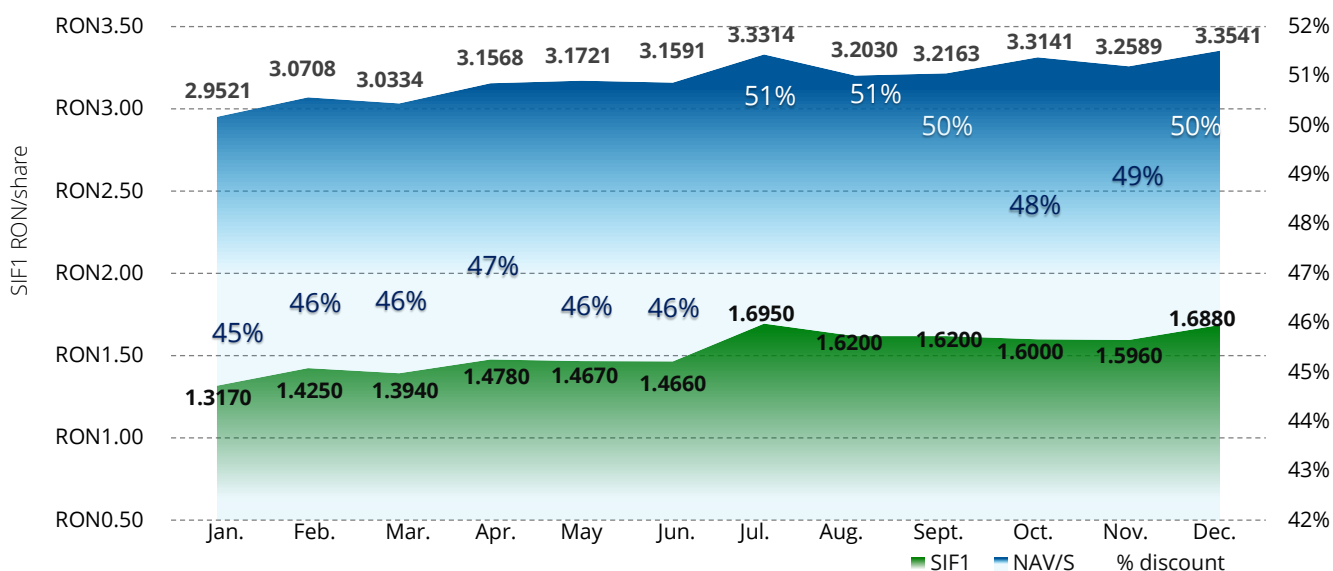
December 2014 - December 2015



The statement for SIF Banat-Crișana assets and liabilities as at December 31, 2015, prepared pursuant to the provisions of Regulation no. 15/2004 (Annex 16), Regulation no. 9/2014 and regulation no. 10/2015, is presented in Annex 2 of this report.

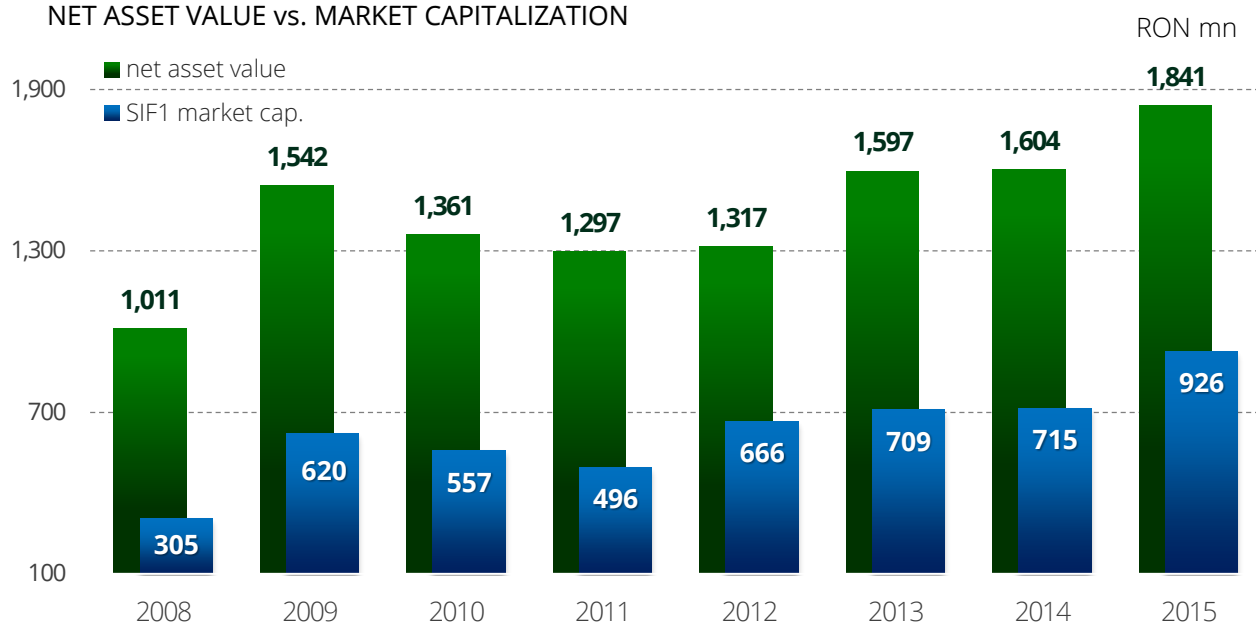
The evolution of SIF Banat-Crișana's net asset value had no major variations during 2015, being influenced mainly by the progress of listed shares in the portfolio, particularly Banca Transilvania, Erste Bank and BRD.

DISCOUNT TO NAV IN 2015



NOTE: SIF1 closing price at the date of report for NAV/S

NET ASSET VALUE vs. MARKET CAPITALIZATION



NOTE: net asset values are those reported for the end of December for each year; non-portfolio items were calculated based on accounting records pursuant to Romanian Accounting Regulations (RAS);
mk. cap. calculated using closing price for SIF1 in the last trading day of the year;

The methodology for calculating the net asset value

During December 2014 - July 2015, the calculation of net assets was performed pursuant to Disposal of Measures no. 23/2012, in force since March 2013, and CNVM Regulation no. 15/2004.

During August 2015 - December 2015, the calculation of net asset was governed by ASF Regulation no. 10/2015, ASF Regulation no. 9/2014 and CNVM Regulation no.15 / 2004.

Regulation no. 10/2015 repealed the Disposal of Measures no. 23/2012 and set as the

methodology for calculating the net asset for companies of non-UCITS type the provisions of Art. 113-122 of Regulation No. 9/2014. This regulatory change has not brought any changes in the valuation of Company assets, because all provisions of the repealed Disposal of Measures No. 23/2012 were taken by Regulation No. 9/2014.

Thus, listed securities are valued at the closing market price for the day for which the calculation is made. The securities not admitted to trading on a regulated market or not traded during the last 30 trading days are valued at the book value per share recorded in the most recent annual financial statements, or equity value comprised in the monthly reports submitted to BNR (the Romanian central bank) for credit institutions. Fixed income instruments are valued using the method of daily interest recognition and amortization of discount / premium for the period passed from the date of the investment. Shares of companies undergoing insolvency proceedings, liquidation or reorganization are valued at zero until the completion of the procedure.

The company used throughout 2015 this valuation method for the monthly calculation of net asset value.

From 1 January 2015, as per ASF Instruction no. 2/August 6, 2014, entities authorized, regulated and supervised by ASF had to apply IFRS as official accounting basis. Thus, in January 2015 SIF Banat-Crișana performed the accounting recordings under IFRS for the calculation of non-portfolio elements in reporting NAV as at January 30, 2015.

In the session held on February 25, 2015, ASF Board approved the deferral of the obligation for implementing IFRS standards as per January 1, 2016 for the supervised entities, announcement published on the supervisory authority's website. The decision was implemented in May 2015, by Instruction no. 1/May 19, 2015.

Following the communication of ASF Board Council's decision and the Instruction No.1 / 2015 mentioned above, SIF Banat-Crișana used accounting records under Romanian Accounting Regulations ("RAS") for calculating the non-portfolio items in the monthly NAV reports for the period February 2015 - December 2015.

On December 28, 2015 ASF issued Norm no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards ("IFRS"), applicable to entities authorized, regulated and supervised by ASF in the Sector of Financial Instruments and Investments, changing the accounting regime applicable to the Company. Thus, starting with the annual financial statements for the year ended on December 31, 2015, IFRS became the only official accounting regulations for the Company.

Although the annual statutory financial statements for the year ended on December 31, 2015 are prepared pursuant to IFRS by restating the accounts prepared in accordance with Romanian Accounting Regulations, upon the confirmation received on March 8, 2016 from ASF, for reporting NAV as at December 31, 2015, non-portfolio items are to be calculated based on the accounting records pursuant to Romanian accounting regulations. Differences in the value of such non-portfolio items calculated pursuant to Romanian accounting regulations and their value pursuant to IFRS are explained in a note comprised in the "Statement of SIF Banat-Crișana assets and liabilities as at December 31, 2015 – comparative report".

In this context, all net asset values to which reference is made in this report are based on non-portfolio items treated under Romanian Accounting Regulations ("RAS").

Information regarding portfolio

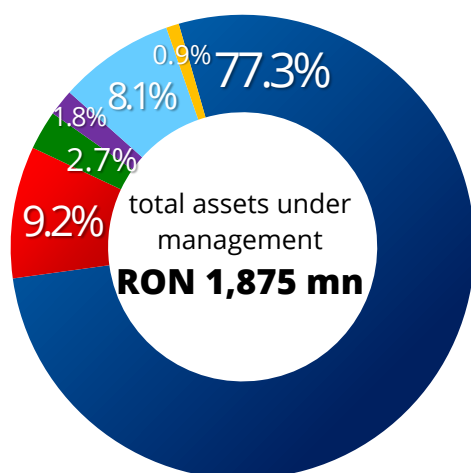
SIF Banat-Crişana's investment objective is the management of a diversified portfolio of high-quality assets, able to provide a constant flow of revenues, the preservation and the medium-long term growth of capital, aiming at delivering more value to the shareholders.

The strategic vision is the development of the Company through and effective administration and the increase of the value of the assets under managements, by improving resource allocation and attaining higher yields for the invested capital.

The strategy for asset allocation aims to maximize the performance of the portfolio within the prudential conditions set by Law no. 297/2004 regarding the capital market with subsequent amendments and Regulation no. 15/2004 regarding authorization and operation of asset management companies, collective investment undertakings and depositories. Throughout 2015, the assets managed by the Company have been within the allowed legal limits.

ASSETS UNDER MANAGEMENT as at December 31, 2015

asset class breakdown (weight in total assets)



■ **listed shares**

value **RON 1,448.8 mn**
(2014: RON 1,192.9 mn)

■ **unlisted shares**

value **RON 172.5 mn**
(2014: RON 204.2 mn)

■ **unlisted non-UCITS securities**

value **RON 51.2 mn**
(2014: RON 54,7 mn)

■ **unlisted corporate bonds**

value **RON 34.5 mn**
(2014: RON 34.4 mn)

■ **bank deposits and cash available**

value **RON 151.4 mn**
(2014: RON 93.8 mn)

■ **receivables and other assets**

value **RON 16.8 mn**

(2014: RON 40.1 mn, derivatives and govt. bonds are included other assets)

Note: values calculated as at December 31, 2015 acc. to ASF Reg. no. 9/2014 and ASF Reg. no. 10/2015

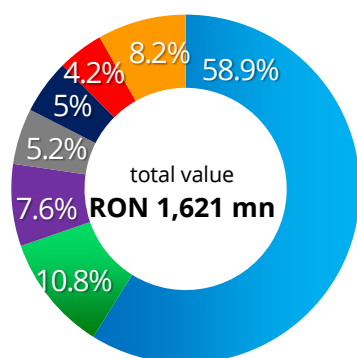
The detailed statement of SIF Banat-Crişana's investments as at December 31, 2015, prepared pursuant to Regulation no. 15/2004 (Annex 17), is presented in Annex 3 to this report.

Analysis of stock portfolio

As at December 31, 2015, the value of SIF Banat-Crişana's stock portfolio reached RON 1,621 mn (calculated pursuant to ASF Reg. no. 9/2014 and ASF Reg. no. 10/2015), having the dominant weight, of 86.5% of the total assets under management.

Structure of the stock portfolio

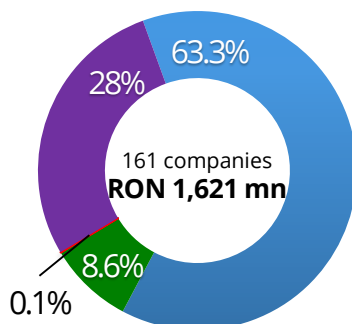
STOCK PORTFOLIO - sector breakdown



- **banking - financials**
13 companies worth **RON 954.6 mn**
(2014: RON 722.4 mn)
- **commerce - real estate**
21 companies worth **RON 175.4 mn**
(2014: RON 191.7 mn)
- **tourism and public food services**
4 companies worth **RON 123.3 mn**
(2014: RON 125.2 mn)
- **cardboard and paper**
6 companies worth **RON 84.2 mn**
(2014: RON 61.6 mn)
- **energy - utilities**
11 companies worth **RON 81.8 mn**
(2014: RON 59.2 mn)
- **pharmaceuticals**
2 companies worth **RON 68.8 mn**
(2014: RON 68.2 mn)
- **other industries and activities**
104 companies worth **RON 133.1 mn**
(2014: RON 168.7 mn)

Note: percentages in the chart represent the stake of the category in the stock portfolio as at Dec. 31, 2015; values calculated pursuant to ASF Reg. no 9/2014 and ASF Reg. no 10/2015

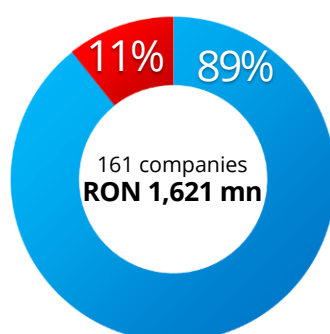
STOCK PORTFOLIO - breakdown on shareholdings



- **up to 5%**
shareholdings **up to 5%** in **59** companies
worth **RON 1,026 mn** (2014: RON 803 mn)
- **5-33%**
shareholdings **between 5-33%** in **88** companies
worth **RON 139 mn** (2014: RON 135 mn)
- **33-50%**
shareholdings **between 33-50%** in **3** companies
worth **RON 0.95 mn** (2014: RON 1.03 mn)
- **above 50%**
majority stakes, above 50%, in **11** companies
worth **RON 453.9 mn** (2014: RON 457.5 mn)

Note: percentages in the chart represent the stake of the category in the stock portfolio as at Dec. 31, 2015; values calculated pursuant to ASF Reg. no 9/2014 and ASF Reg. no 10/2015

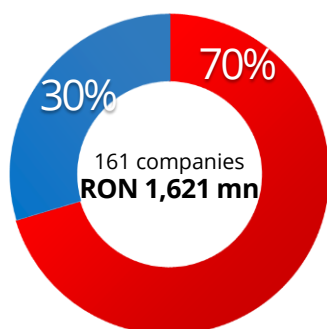
STOCK PORTFOLIO - breakdown by liquidity



- **listed companies**
RON 1,448.83 mn (2014: RON 1,192.86 mn) values of holdings in **58** companies
(2014: 72)
- **unlisted companies**
RON 172.46 mn (2014: RON 204.21 mn) value of holdings in **103** companies
(2014: 108)

Note: percentages in the chart represent the stake of the category in the stock portfolio as at Dec. 31, 2015; values calculated pursuant to ASF Reg. no 9/2014 and ASF Reg. no 10/2015

STOCK PORTFOLIO - breakdown by region



■ Romania

RON 1,140.78 mn (2014: RON 990.21 mn) values of holdings in **159** companies (2014: 178)

■ external markets

RON 480.51 mn (2014: RON 406.86 mn) values of holdings in **2** companies (2014: 2): Austria (1 issuer – Erste Bank), Cyprus (1 issuer– SIF Imobiliare)

Note: percentages in the chart represent the stake of the category in the stock portfolio as at Dec. 31, 2015; values calculated pursuant to ASF Reg. no 9/2014 and ASF Reg. no 10/2015

Presentation of the largest holdings in the portfolio

TOP 10 COMPANIES IN SIF BANAT-CRIȘANA PORTFOLIO as at December 31, 2015

Company (ticker)	sector	Stake held by SIF1	Value of holding (RON mn)	% of NAV
ERSTE GROUP BANK AG (EBS)	banking - financial	0.61%	342.61	18.6%
BANCA TRANSILVANIA (TLV)	banking – financial	4.44%	326.27	17.7%
BRD - GROUPE SOCIÉTÉ GÉNÉRALE (BRD)	banking - financial	1.95%	164.75	8.9%
SIF IMOBILIARE (SIFI)	financial services applicable to real estate	99.99%	137.90	7.5%
SIF HOTELURI (CAOR)	tourism and public food services	98.99%	77.64	4.2%
VRANCART (VNC)	cardboard and paper	74.72%	77.44	4.2%
BIOFARM (BIO)	pharmaceuticals	22.06%	61.30	3.3%
AZUGA TURISM	tourism and public food services	98.94%	43.53	2.4%
SIF MOLDOVA (SIF2)	other financial intermediations	4.96%	40.48	2.2%
SNGN ROMGAZ (SNG)	energy - utilities	0.37%	39.03	2.1%
TOTAL			1,310.95	71.2%

* calculated pursuant to ASF Reg. no 9/2014 and ASF Reg. no 10/2015

1. ERSTE GROUP BANK AG

	2013	2014	2015*
Net income [EUR mn]	6.492	6.365	6.307
Operating result [EUR mn]	3.099	3.091	2.903
Net profit [EUR mn]	60	-1.442	968
Total assets [EUR mn]	200.118	196.287	199.743
CET 1 ratio (phased-in)¹ [%]	11,4	10,6	12,3
NPL coverage [%]	63,1	68,9	64,5
Cost/income ratio [%]	52,5	55,1	57,1

¹ Capital adequacy ratio calculated by reference to common equity tier 1 capital

* preliminary results submitted to BVB

As at December 31, 2015, SIF Banat-Crișana held a stake of 0.61% of Erste Bank's share capital.

Erste Bank posted a net profit of EUR 968.2 mn in 2015, and a dividend proposal of gross 0.5 EUR / share.

Erste Group posted a positive development of risk costs (net impairment loss on financial assets not measured at fair value through profit or loss) significantly improved during 2015, to EUR 729.1 mn, or 56 basis points of average gross customer loans (-65% from EUR 2,083.7 mn or 163 basis points in 2014).

This performance was primarily due to a substantial decline in Romania, but also due to a positive trend in all Austrian segments.

The NPL ratio improved further in 2015, to 7.1%, as compared to 8.5% in the previous year. The NPL coverage ratio stood at 64.5% (2014: 68.9%).

Erste Group Bank AG shares, ticker EBS, are listed on Vienna Stock Exchange and are also traded at BVB since February 14, 2008, in the Main segment, Int'l category.

2. BANCA TRANSILVANIA

	2013	2014	2015*
Net income [RON mn]	1,352	1,546	1,835
Net profit [RON mn]	375	434	2,418
Total assets [RON mn]	32,065	35,619	47,240
Capital Adequacy Ratio ¹ [%]	13.78	17.32	22.64
Coverage of NPL with related provisions ² [%]	122.4	126.8	119
Cost/income ratio [%]	48.7	41.4	49.9

¹ minimum value acc. to BNR 8%

² NPL – non-performing loans

* preliminary results submitted to BVB

As at December 31, 2015, SIF Banat-Crişana held 4.437% of Banca Transilvania's share capital.

In 2015 Banca Transilvania acquired Volksbank for RON 360 mn. At the time of acquisition, Volksbank had equity worth RON 1,905 mn, meaning that for this transaction a value of P/BV of 0.188 was recorded (*source: Banca Transilvania – Informative materials for EGM of April 30, 2015*). Banca Transilvania announced the completion of the integration of Volksbank Romania, the effective date of the merger being December 31, 2015.

Fitch Ratings Agency increased the Long Term Issuer Default rating for Banca Transilvania from BB- to BB with a stable outlook. Following the completion of Volksbank Romania acquisition, Fitch announced they removed Banca Transilvania from Rating Watch Evolving category (RWE).

On October 8, 2015, the bank's General Meeting of Shareholders approved the updating of the annual budget of the bank following the merger with Volksbank. Gross profit for 2015 upsurged from RON 596 mn to RON 2,227 mn.

The Bank has distributed bonus shares in the ratio of 16 free shares for every 100 shares held.

On February 15, 2016, Banca Transilvania posted the preliminary results for 2015, bank's net profit is RON 2,418 mn, including the profit of RON 1,651 mn resulting from the acquisition of Volksbank Romania, while Banca Transilvania's total assets reached RON 47,240 mn.

Banca Transilvania, ticker TLV, is listed on BVB since October 15, 1997, being traded in the Main segment, Premium category.

3. BRD - GROUPE SOCIÉTÉ GÉNÉRALE

	2013	2014	2015*
Net income [RON mn]	2,371	2,233	2,140
Net profit [RON mn]	-386	43	445
Total assets [RON mn]	47,079	45,180	49,192
Capital Adequacy Ratio ¹ [%]	14,2	17,0	17,3
Coverage of NPL with related provisions ² [%]	68,9	71	76,6
Cost/income ratio [%]	47,4	50,2	51,2

¹ minimum value acc. to BNR 8%

² NPL – non-performing loans

* preliminary results submitted to BVB

As at December 31, 2015, SIF Banat-Crişana held 1.95% of BRD-Groupe Société Générale share capital.

BRD's net profit increased nearly seven-fold in 2015, from RON 68 mn in 2014 to RON 467 mn, thanks to further decline of net cost of risk (-45.8%) and reduction of operating expenses (-2.3%)

Total assets of the bank at 2015-year end amounted to RON 49.2 bn, 8.8% up from RON 45.2 bn at 2014-year end.

BRD Group reduced the non-performing loans ratio (including net financial lease receivables) from 20.3% as at December 31, 2014 to 17.1% as at December 31, 2015, mainly as a result of write-off transactions.

The coverage of non-performing loans with IFRS provisions increased from 71.1% at December 31, 2014 to 76.6% at December 31, 2015. The decline of net cost of risk (- 45.8% versus the previous year) led to the rise in net profit in 2015 versus 2014.

BRD-Groupe Société Générale, ticker BRD, is listed on BVB since January 15, 2001, being currently traded in the Main segment, Premium category.

4. SIF IMOBILIARE

	2013*	2014*
Turnover [EUR mn]	2,13	5,19
Operating profit [EUR mn]	-0,46	13,43
Net profit [EUR mn]	0,06	3,04

* consolidated financial statements

SIF Imobiliare Plc is an important company in SIF Banat-Crişana's portfolio, the stake of 99.99% of its share capital weighing 7.5% in SIF Banat-Crişana's NAV.

SIF Imobiliare Plc is listed on BVB since December 23, 2013, its securities being traded on AeRo under the ticker SIFI (ISIN: CY0104062217). The independent auditor for SIF Imobiliare Plc is Evoserve Auditors Limited from Cyprus.

The holding SIF Imobiliare Plc, registered in Cyprus, was founded in August 2013 as an investment vehicle by incorporating 18 companies from SIF Banat-Crişana portfolio with activities in the real estate sector, to ensure a unified management, increase the rates of return for the companies in the portfolio and to seize the opportunities arising in the market.

In 2014, SIF Imobiliare Plc contributed to the establishment of three new companies, that entered into its portfolio: two companies with activities in renting commercial premises and one in agriculture.

In 2015 SIF Imobiliare Plc held stakes in 21 companies, of which 19 companies having assets in the real estate and rental activity and two companies with operations in the agriculture.

Of the 21 companies in SIF Imobiliare Plc's portfolio, five are listed on the Bucharest Stock Exchange, AeRo category, two companies were withdrawn from trading during 2015, the main reason being the insufficient trading liquidity.

During 2015 the holding SIF Imobiliare Plc has optimized its activity by restructuring the management and the activities of the companies held in the portfolio. Thus was implemented a resource planning system - ERP Atlantis at companies' level, the integration of all internal information at subsidiaries level into a single platform, aiming to ensure data transparency within the group and facilitate decision-making process in order to improve the efficiency and effectiveness of the business.

Analyses of some business opportunities were performed, aiming to improve the performance of SIFI's global portfolio, and rationalization and review of operational processes at affiliates level, in order to increase their efficiency, as well as achieving a quantum leap on performance measures such as return of investments, cost reduction and improving the quality of services.

A process of optimization of the costs incurred at group level was designed and initiated, that will ensure the centralization of approval operations for the necessary purchases, and disbursements.

Also, the groundwork was laid for creating a package of unitary financial reporting, customer reports, monitoring reports claims, budget reports, etc. and developing a system for calculating the rates of profit margins and return on equity, which will underpin the construction of models of analysis of yield and risk investments, their efficiency, cost-benefit analysis, distribution of performance indicators - return and profitability, high sensitivity analysis, scenarios, stress testing, etc. Some guidelines at IFIS Group were drawn, comprising concepts and business processes, legal and economic methods, able to provide the basic principles on the management of real estate owned by affiliates.

5. SIF HOTELURI

	2013	2014	2015*
Turnover [RON mn]	12.5	11.5	12
Operating profit [RON mn]	-4.7	-0.8	-4.8
Net profit [RON mn]	-6.9	0.2	-5.4
EBITDA	0.38	4.13	0.07

* preliminary results submitted to BVB

SIF Banat-Crișana holds a stake of 98.9997% of SIF Hoteluri's share capital as at December 31, 2015.

The company SIF Hoteluri, resulting from the change of Calipso's company name in 2014, listed on BVB with the ticker CAOR, had a sound performance in 2015. At the end of October 2015, SIF Hoteluri has completed the process of merger by absorption started in 2014, with the deregistration of Trans Euro Hotel SA Baia Mare, Beta Transport SA Cluj, Hotel Meseșul Zalău, Rusca SA Hunedoara and Valy Tim SA Timișoara, companies in which SIF Banat-Crișana held stakes between 90% and 99.99%, and the full takeover of their properties by SIF Hoteluri SA.

With the completion of the merger it was planned the establishment of an integrated management system that will improve the financial performance of the acquired units and creating more value for the shareholders. Not least, this merger provided the shareholders of the merged companies the advantage of having marketable shares, listed on BVB.

Following the merger, SIF Hoteluri became the owner of six hotels with 2, 3 and 5-stars classification, providing touristic, public food, catering and event planning services, as well as recreational and body maintenance services. The most important asset of the Company's portfolio is still DoubleTree by Hilton hotel in Oradea (147 rooms, two restaurants, five meeting / discussions / conferences / events rooms, EforeaSpa), inaugurated in September 2012, offering tourist services at the highest level, and whose results are beginning to confirm three years after its opening (revenue over RON 10 mn, with a 12.4% yield at an occupancy rate of 49%).

The preliminary results submitted by the for the financial year 2015 were influenced to some extent by the takeover process within the merger, concluded with 75 days prior to closing of the financial year.

6. VRANCART S.A. ADJUD

	2013	2014	2015*
Turnover [RON mn]	183.9	197.4	209.8
Operating profit [RON mn]	(5.2)	22.8	21.4
Net profit [RON mn]	(6.8)	18.8	17.9
Dividends [RON mn]	-	2.6	

*preliminary results; source: Company report submitted to BVB

SIF Banat-Crișana held 74.72% of the share capital of Vrancart SA as at December 31, 2015.

The main activity of Vrancart is the production and sale of papers for the production of corrugated

cardboard in various assortments, corrugated cardboard, packages made of corrugated cardboard (boxes) of different sizes, embossed and printed, toiled and various hygienic-sanitary papers.

The large investments made in the recent years have led to a steady increase in turnover, +16.4% in the last three years, and the company's profitability, +244% net profit growth in the last three years.

Significant in company's activity during 2015 were the acquisition of a stake of 100% in Giant Prodimpex SRL Ungheni, processor of apparel cardboard, aiming to increase the conversion rate of the manufactured cardboard; the increase of approximately 20% of production capacity for paper and cardboard and the growth of recycling paper capacity, reaching 20 centres nationwide.

Vrancart SA, ticker VNC, is listed on BVB since July 15, 005, being currently traded in Main segment, Standard category.

7. BIOFARM S.A. BUCHAREST

	2013	2014	2015*
Turnover [RON mn]	117.6	128.5	149.7
Operating income [RON mn]	22.3	27.4	32.2
Net profit [RON mn]	25.5	26.5	28.0
Dividends [RON mn]	-	14.7	

* preliminary results; source: Company report submitted to BVB

As at December 31, 2015, SIF Banat-Crişana held a stake of 22.06% of Biofarm's share capital.

Founded in 1921, Biofarm is one of the first medicines and dietary supplements manufacturers in Romania, having a competitive portfolio, of over 200 products, covering 61 therapeutic areas.

The company has a continuous advance of turnover, recording +42.7% over the past three years, and an increase of +33.3% profit in this period. With a stable position on the Romanian pharmaceutical market, Biofarm aims at improving its position in the international arena. Biofarm is currently present in 12 countries.

Biofarm, ticker BIO, is listed on BVB since November 19, 1996, currently traded in Main segment, Premium category.

8. AZUGA TURISM

	2013	2014	BVC 2015*
Turnover [RON mn]	3.17	3.37	8.59
Operating profit [RON mn]	-0.59	-1.05	0.31
Net profit [RON mn]	-0.92	-1.08	0.27
EBITDA	0.43	0.04	1.60

* budget approved in OGM held on May 25, 2015

SIF Banat-Crişana holds 98.94% of Azuga Turism SA share capital.

The company Azuga Turism SA is part of SIF Banat-Crişana's portfolio of closed unlisted companies, operating in tourist services field.

The company has as assets a hotel, an entertainment centre, a sports field, the facility of cableway transportation - gondolas, ski lifts, baby ski, center for renting sports equipment, public food services units, all assets located in the city Azuga, in the touristic area upper valley of Prahova.

The facility of cableway transportation with gondolas, the most valuable asset of the company, has a transport capacity of 1200 persons per hour, on a length of 2 km, covering a difference in height of 600 m and serves two ski slopes Sorica and Cazacu. The city of Azuga entered in the winter tourism circuit starting with the commissioning of this equipment.

The Hotel “Azuga Ski&Bike Resort”, with an accommodation capacity of 60 beds, ranked as a 3-stars hotel, is located at the bottom of the ski slopes, offering guests accommodation, food and leisure. For the high quality services offered to customers, the hotel was honoured by Booking.com with the award of excellence “Award Guest Review 2015”.

Located in a mountainous tourist area, the company operates mainly in two seasons - winter and summer - which induces large periodic fluctuations cash inflows.

To counteract periods less productive on the tourism side, in 2015 the company has had an active participation in national programs RNDR/POSDRU on organizing training courses and staff training, especially for those in rural or disadvantaged areas.

Also the company has a tradition in organization several annual competitions for mountain biking (on difficulty rankings), providing participants full services (accommodation, food, transport to the place of departure, washing and bicycle repair etc.) during spring-autumn.

9. SIF MOLDOVA

	2013	2014	2015*
Net profit [RON mn]	90.8	237.0	116.7
Dividends [RON mn]	34.2	52.5	n/a

* preliminary results; source: Company report submitted to BVB

SIF Banat-Crişana held, as at December 31, 2015, a stake of 4.96% of SIF Moldova’s share capital.

SIF Moldova is a closed-end financial investment company established pursuant to Law 133/1996.

During 2015 the company distributed bonus shares in the ratio 1: 1, the quota for SIF Banat-Crişana was of 25,749,960 shares. For 2016, SIF Moldova is carrying out a consolidation of the nominal value of the share, from RON 0.10 per share to RON 2.50 per share.

SIF Moldova, ticker SIF2, is listed on BVB since November 1, 1999, traded currently in Main segment, Premium category.

10. SNGN ROMGAZ S.A.

	2013	2014	2015*
Turnover [RON mn]	3.894,3	4.493,3	4.052,6
Operating profit [RON mn]	1.180,7	1.753,8	
Net profit [RON mn]	995,6	1.409,9	1.184,4
Dividends [RON mn]	990,5	1.214,1	1.079

* preliminary results; source: Company report submitted to BVB

As at December 31, 2015, SIF Banat-Crişana held a stake of 0.37% of SNGN Romgaz share capital.

Having more than 6,000 employees, Romgaz is the largest natural gas producer and supplier in Romania, with a market share of 45% of total domestic consumption of natural gas in 2015. Romgaz recorded annual revenues of RON 4 bn, with an average net return of over 20%. Romgaz’s main business segments are: exploration, production and supply of natural gas, underground storage of natural gas, and electricity production.

During 2015, the consumption of natural gas declined in Romania, as average annual temperatures were higher, and the consumption of natural gas by the chemical industry (particularly manufacturers of chemical fertilizers) decreased, which led the profitability adjustment for Romgaz.

Company’s majority shareholder is Romanian State, through the Ministry of Energy, with a holding of 70.0071%, the average liquidity on BVB goes above RON 2 mn daily.

SNGN Romgaz S.A., ticker SNG, is listed on BVB since November 12, 2013, being traded in Main segment, Premium category.

Administration of majority stakes

At the 2015-year end, SIF Banat-Crişana holds the majority stakes in 11 companies, with an aggregate value of RON 453.97 mn, weighing 24.7% in NAV.

The companies in which SIF Banat-Crişana holds majority and control are classified as subsidiaries as per International Financial Reporting Standards. Information on these subsidiaries are included in *Note 26 to the Financial Statements*.

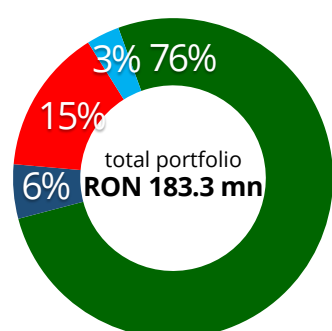
During 2015, SIF Banat-Crişana's leadership focused on streamlining the administration of majority stakes, in order to ensure a high financial return, a competitive management and the construct of development programs. These companies are being analysed and continuously monitored by our analysts, the managerial involvement of SIF Banat-Crişana focusing on:

- providing support in preparing and optimizing budgets, adopting measures to rationalize the use of resources, cost optimization and coordination of major investment processes;
- negotiating competitive performance criteria with the management teams;
- valuating and analysing on a monthly basis the recorded results and supporting the implementation of measures to streamline the activities;
- implementing best practice of corporate governance, up-to-date management techniques and promoting resourceful management teams;
- implementing unified management techniques;
- regularly visiting (monthly) to companies and analysing, together with the management teams, the results, prospects, opportunities and potential risks.

Analysis of the portfolio of fixed income financial instruments

PORTFOLIO OF FIXED INCOME FINANCIAL INSTRUMENTS

breakdown as at December 31, 2015



- bank deposits in RON
RON 140.18 mn (Dec. 31, 2014: RON 79.24 mn)
- bank deposits in euro
equivalent of **RON 10.05 mn** (Dec. 31, 2014: RON 13.52 mn)
- corporate bonds in RON
RON 26.95 mn (31 dec. 2014: RON 26.95 mn)
- corporate bonds in euro
equivalent of **RON 6.14 mn lei** (Dec. 31, 2014: RON 6.08 mn)

Note: percentages in the chart represent the weight of the respective category in the value of the portfolio of fixed income financial instruments as at Dec. 31, 2015; values calculated acc. to ASF regulations amounts do not include interest receivable

Cash management aimed at achieving real positive returns, liquidity risk dispersion and ensuring necessary cash to conduct the company's business.

Average return on monetary investments in RON was of 3.80% in 2015, throughout the year higher than ROBOR (3M) (Romanian Interbank Offered Rate).

The average return on monetary investments in EURO 2015 was of 3.57%, higher throughout the period than EURIBOR 3M (Euro Interbank Offered Rate) that in 2015 recorded values in the range -0.0133% (minus 0.0133%) to 0.055%.

An efficient collaboration with the banks satisfied the requirement to achieve a high yield for the cash investments and the flexibility in ensuring at the required terms the necessary amounts for investment objectives or to finance current activities.

On January 15, 2015 and on July 15, 2015 respectively (maturity date) the interest for coupon 4 and respectively coupon 5 was redeemed, totalling EUR 89,212 for the euro bonds issued by Banca Transilvania.

On June 9, 2015, the interest for coupon 2 was redeemed, in the amount of RON 2,185,944, for the corporate bonds issued by the company Industrial Energy (formerly Romenergo).

On July 29, 2014, the due date for the last coupon was redeemed the interest for the coupon 4 amounting to EUR 169,200 and the principal, amounting to EUR 3,600,000 for the euro bonds issued by the Romanian Ministry of Public Finance.

Workout portfolio

In the internal structure of holdings management, the workout portfolio includes companies undergoing various stages during the procedure of judicial liquidation, insolvency or those inactive, and those likely to enter the insolvency proceedings.

	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015
No. of companies in workout portfolio	77	74	75
Book value of companies in workout portfolio (RON mn)	61.5	62.2	59.5

These companies originate from the historic portfolio taken from FPP1 at the moment of SIF Banat-Crişana incorporation, and they are not the result of portfolio investment decisions.

During 2015, the following changes occurred in workout portfolio: two inactive company went into liquidation; none of the companies in insolvency exited from the scope of Law no. 85/2006, to become active again; eight companies in liquidation were deleted (their purchase value totalling RON 2.4 mn, amount that was provisioned in the previous years); five operating companies (unregistered as inactive) became insolvent, and other companies, operating during the previous year, were taken in the workout portfolio in the course of 2015.

As for the company ARIO Bistrita, the bankruptcy proceedings continued during 2015, following the verdict of the bankruptcy judge, and the judicial reorganization initiated in 2009.

The Company monitors the progress of these companies, without allocating significant resources. The main activities concerning these companies are: (i) monitoring and recording important events occurring in their status; (ii) exercising shareholder's duties pursuant to the Company's objectives, monitoring the legality and expediency of the decisions of their governing bodies; (iii) choosing the appropriate legal means to protect the interests of the Company as a result of possible unlawful OGM decisions; (iv) preparing and submitting declarations of debt / other legal papers that need to be prepared; (v) periodically checking of the files for insolvency in Insolvency Bulletin and Courts' Portal and Trade Register website; (vi) the removal of records when companies are de-registered.

Summary of transactions in 2015

Transactions performed throughout 2015 followed the coordinates set by the operational plan approved by the general meeting of shareholders.

The investments (shares purchased) aimed at providing a mix of growth and value, seizing opportunities mainly in the energy sector, in companies with constant dividends and a high dividend yield, above the market average.

The sales aimed at reducing the exposure of the portfolio in the banking sector, and seizing the opportunities to exit from illiquid companies with negative impact on the profitability of the portfolio.

Financial assets acquisitions and inflows:

- acquisitions of shares on the domestic markets amounting to a total of RON 34.8 mn, of value being the purchases of Romgaz and Electrica shares;
- direct investments amounting to RON 5.7 mn in a company (SAI Muntenia Invest - payment of the last instalment for the transaction initiated in 2013);
- bonus shares, received free of charge, following the share capital increase by incorporation of reserves by two companies in SIF Banat-Crişana's portfolio, totalling RON 21 mn;
- following the merger by absorption of the companies Rusca, Valy-Tim, Meseşul, Beta Transport and Trans Euro Hotel by the company SIF Hoteluri, SIF Banat-Crişana recorded the shares received after the capital increase of the acquiring company worth RON 28.8 mn.

Sales and outflows of financial assets:

- sales of listed shares on the domestic and foreign markets amounting to RON 72.1 mn, recording a profit of RON 49.7 mn (of significant values were the transactions with BRD and ERSTE shares);
- direct sales of shares held at closed (unlisted) companies generating an income amounting to RON 0.5 mn, with a profit of RON 0.2 mn.
- value of full and/or partial withdrawals out of three companies, totalling RON 8.2 mn, with a profit of RON 5.3 mn;
- value companies acquired following the merger through absorption by SIF Hoteluri in the amount of RON 21.4 mn (Beta Transport, Valy Tim, Hotel Meseşul, Trans Euro Hotel and Rusca);
- sale of the entire structured products held, with a value of RON 14.6 mn, with a gain of RON 6.9 mn.

Risk management

By the nature of its business activity, the Company is exposed to various risks, associated to the financial instruments and markets in which investments are made. The main types of risks the Company is exposed to are:

- market risk (interest rate risk, currency risk, price risk);
- credit risk;
- liquidity risk;
- taxation risk;
- economic environment risk;
- operational risk.

Risk management is considering the maximization of Company's profit relating to the level of risk it is exposed.

The company makes use of a range of policies and procedures for the management and evaluation of the types of risk to which it is exposed. These policies and procedures are presented in the subchapter dedicated to each type of risk.

(a) Market risk

Market risk is the risk that changes in market prices, such as stock prices, interest rates and foreign exchange rates will affect the Company's income or the value of financial instruments it holds. Market risk of the equity instruments is the risk that the value of such an instrument will fluctuate due to changes in market prices, whether caused by factors particular for the issuer or factors impacting all instruments traded on the market.

Market risk of the equity instruments arise mainly from shares available for sale. Entities in which the Company holds shares operate in various industries.

The objective of market risk management is to manage and control the exposures on market risks within adequate limits, while optimizing the profitability.

Company strategy for managing market risk is led by its investment objective, and market risk is managed pursuant to the practiced policies and procedures.

The Company is exposed to the following categories of market risk:

(i) Price risk

Price risk is the risk of loss from both in balance sheet positions as well as off the balance sheet, caused by movements of asset prices.

The Company is exposed to the risk that the fair value of financial instruments it holds to fluctuate due to changes in market prices, whether caused by factors specific to the issuer itself or factors impacting all instruments traded on the market.

The Board of Directors monitors the implementation of market risk management, and internal procedures require that when price risks are not consistent with the principles of the Company's investment policy, the portfolio needs to be rebalanced.

In the recent years, due to the global financial crisis, Romania was impacted by the price risk through the decline of stock prices.

A positive change of 10% in the price of financial assets at fair value through profit or loss would lead to an increase in profit after tax by RON 38 (December 31, 2014: RON 10,466,445), a negative change of 10% would have an equal equivalent net impact, only opposite.

A positive change of 10% in prices of financial assets available for sale at fair value (Level 1) would lead to an increase in equity, net of tax, of RON 100,229,985 (December 31, 2014: RON 67,826,694), a negative change of 10% would have an equal equivalent net impact, only opposite.

As at December 31, 2015, the Company held mainly shares of companies operating in banking-financial and insurance, weighing for 57% of the total portfolio (calculated acc. to IFRS), up from 49% as at December 31, 2014.

(ii) Interest rate risk

Interest rate risk is the risk that revenues or expenses, or the value of assets or liabilities of the Company will fluctuate due to changes in interest rates on the market.

Regarding financial instruments bearing interest: the risk of interest rate consists of the risk of fluctuation recorded in the value of a financial instrument due to changes in interest rates and of the risk of differences between maturity of financial assets bearing interest and the debt bearing interest. However, the risk of interest rate may also impact the value of assets bearing fixed interest rates (e.g. bonds) so that an increase in the market interest rate will diminish the value of future cash flows generated by them and might lead to their price reduction, if it generates an increase of investors' preference to invest their funds in bank deposits or other instruments whose interest grew, and vice versa - a reduction in the market interest rate may increase the price of shares and bonds and will lead to an increase of the fair value of future cash flows.

Regarding Company's financial instruments bearing interest, the policy is to invest in financial instruments generally on short-term, no more than 12 months, thus considerably reducing both the risk of fluctuation and the risk differences in maturity (the Company having no debt maturing over 1 year). As for the assets bearing fixed interest or marketable assets, the Company is exposed to the risk that the fair value of future cash flows related to financial instruments will fluctuate as a result of changes in market interest rates. However, most financial assets of the Company are in stable currencies whose interest rates are unlikely to vary significantly.

Thus, the Company will be subject to a limited exposure on fair value rate risk or future cash flows due to fluctuations in the prevailing levels of market interest rates.

The Company does not use derivative financial instruments to protect against fluctuations of interest rate.

(iii) Currency risk

Currency risk is the risk of loss or failure to achieve the estimated profit as a result of unfavourable exchange rate fluctuations. The Company invests in financial instruments and performs transactions which are denominated in currencies other than its functional currency, thus being exposed to risks that the exchange rate of the national currency in relation to another currency to adversely affect the fair value or future cash flows for the portion of those financial assets and liabilities denominated in other currencies.

The Company carried out transactions for the reporting period both in Romanian currency (RON) and foreign currency. The Romanian currency fluctuated compared to foreign currencies, EUR and USD.

The utilised financial instruments enable the value preservation of monetary assets held in RON, by making investments and collecting of interest based on the maturity period.

The Company has not entered into any transaction with derivatives on the exchange rate during the financial years presented.

The net impact on Company's profit in case of a change of $\pm 15\%$ of the RON / EUR exchange rate, while all other variables remain unchanged, is of \pm RON 72,545,776 (December 31, 2014: \pm RON 63,513,905).

(b) Credit risk

Credit risk is the risk that one of the parties to a financial instrument fails in fulfilling an obligation or a financial commitment it entered in relationship with the Company, thus causing the Company to record a financial loss.

The Company is exposed to credit risk due to the investments in bonds issued by companies or Romanian State, current accounts and bank deposits and other receivables.

The leadership of the Company closely and constant monitors the exposure to credit risk so as the Company does not to suffer losses due to credit concentration in a particular sector or industry.

The Company's maximum exposure to credit risk amounts to RON 189,165,394 as at December 31, 2015 (31 December 2014: RON 144,173,668).

(c) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations arising from short term financial liabilities, that are settled by payment in cash or other financial means, or that such obligations are settled in a manner unfavourable for the Company.

The company monitors the evolution of liquidity to be able to fulfil its obligations of the date on which they become due, and permanently analyse the assets and liabilities based on the remaining period until the contractual maturities.

(d) Tax risk

Starting January 1, 2007, following Romania's accession to the European Union, the Company had to comply with EU regulations, and therefore it prepared to implement changes brought by the European legislation. The Company implemented these changes, but the method of implementation remains open to fiscal controls for 5 years.

Interpretation of texts and the practical implementation of new tax regulations may vary and it is likely, in some cases, that the tax authorities and the Company have different views.

Application of IFRS by the Company generated additional tax implications which are not covered by the tax regulations in force, which increased the risk level on taxation.

Moreover, the Romanian Government has a number of agencies authorized to audit (control) companies operating in Romania. These controls are similar to tax audits in other countries, and may cover not only fiscal issues, but other legal and regulatory issues of interest to these agencies. The Company may be subject to fiscal controls as new tax regulations are being issued.

(e) Economic environment risk

The process of adjusting the values based on risk occurred on the international financial markets during the recent years has severely impacted their performance, Romanian financial market included, leading to an increased uncertainty about future economic progress.

The effects of the international financial crisis were also felt by the Romanian financial market mainly as: significant increase of non-performing loans in the local banking system, making more difficult the access to funding both for population and companies, banks aiming more towards financing the state authorities through purchases of government bonds rather than financing the economic growth or consumption, the national currency depreciation, the drop of prices in the real estate, the negative evolution of macroeconomic indicators (inflation, budget deficit, current account deficit, decrease of foreign direct investment, increase of unemployment rate etc.)

SIF Banat-Crișana's management cannot foresee all the effects of the crisis impacting the financial sector in Romania, but considers that has adopted in 2015 the necessary measures for the sustainability and the development of the Company given the current conditions on the financial market, by monitoring cash flows and adjusting the investment policies.

The avoidance of risks and the mitigation of their effects are provided by the Company through an investment policy that complies with prudential rules imposed by laws and applicable regulations.

SIF Banat-Crișana has adopted risk management policies through which an active management is performed, specific procedures being applied for the identification, assessment, measurement and control of risks, apt to provide reasonable guarantee regarding the objectives of the Company, a constant balance between risk and expected profit being sought.

The risk management process aims at: (i) identifying and assessing the significant risk that might severely impact the fulfilment of the investment objective and developing activities to counter the identified risks, (ii) adapting the risk management policies to the financial progress of the capital market, monitoring the performance and improving the risk management procedures, (iii) reviewing investment decisions in relation to the evolution of the capital market, (iv) compliance with current legislation.

Significant solvency issues of some countries in the Eurozone continued in 2015, which led to speculations on the long-term sustainability of the Eurozone. The deep recession of several countries, the consequences of widespread fiscal austerity programs and other governmental actions and concerns about the viability of financial institutions in some countries led to an increase in volatility.

Most recently, certain actions undertaken by the European Central Bank and European Commission have yielded to positive results in terms of improving market confidence. However, the situation remains fragile.

(f) Operational risk

Operational risk represents the risk of direct or indirect loss resulting from deficiencies or weaknesses in procedures, personnel, the Company's internal systems or from external events that can have an impact on its operations. Operational risks arise from all activities of the Company.

Company's objective is to manage operational risk in such way that limits the financial loss, or damages to its reputation and to achieve the investment objective of generating returns for investors.

The primary responsibility for the implementation and development of control over the operational risk lies with the Board of Directors. This responsibility is supported by the development of general standards operational risk management, including controls and processes to service providers and service arrangements with providers of services.

(g) Capital adequacy

The policy adopted by Company's leadership regarding capital adequacy focuses on maintaining a solid capital base, in order to support the ongoing development of the Company and achieving the investment objectives.

Company's equity includes share capital, different types of reserves and retained earnings. Equity totalled RON 1,788,809,394 as at December 31, 2015 (RON 1,540,043,342 as at December 31, 2014).

Human resources and process optimization

Labour relations

SIF Banat-Crişana as at December 31, 2015, has 41 employees (20 women, 21 men), (2014: 48 employees), of which 28 at headquarters in Arad and 3 at Bucharest branch.

The structure of the education of employees is as follows: 83% of employees have higher education, 17% secondary education.

No trade/labour union was created within the Company, the employees are represented in the negotiation of the collective labour contract by their representatives, elected pursuant to the legal requirements in force.

The employment relationships are regulated by the Individual Labour Contracts and by the Collective Labour Contract. During 2015, the Collective Employment Contract for the employees of the Company was in force, document registered with the Arad Labour Inspectorate under no. 609/27.08.2014.

There were no conflicting aspects throughout 2015 in the relations between management and employees. SIF Banat-Crişana encourages social dialogue, provides a positive working environment and offers equal opportunities to all of its employees.

During 2015 the professional training programs initiated in the previous years were continued, supporting the development of human capital. Of the specialist employees, 54% participated in at least one form of training during 2015 - seminars, conferences, courses, continuing education programs. Thematic area addressed was related to valuation, financial reporting standards, information technology, insolvency and bankruptcy, legislation. The training programs the employees attended were conducted in accordance with the plans of personal development.

During the year computer applications to monitor the status of personnel were developed, in order to improve a useful and easy to use instrument.

Measures to streamline the Company's activity

Acknowledging the need to increase efficiency and dynamics of the company's operations, a process of consolidating the activity was carried out during 2015, with the objective to optimize the activities by redesigning business processes, targeting an overall improvement of company's performance.

The Board of Directors approved, in the second half of 2015, changes in organization chart of the Company and the revised of internal regulations and procedures, in order to provide an effective decision making framework, to simplify operational and information flows, optimize business segments that generate income and, overall, to provide appropriate structures both for business development and for the specific requirements of the Company as an entity regulated by the financial supervisory authority and as issuer listed on the Bucharest Stock Exchange.

The revised internal regulations were subject to endorsement by the Financial Supervisory Authority, pursuant to applicable regulations.

By Endorsement no. 64 dated February 18, 2016, the Financial Supervisory Authority approved the changes in the Company's internal regulations, as they were approved by the Board of Directors decision no. 2/29.012016.

The tangible assets of the company

SIF Banat-Crișana owns the premises for the conduct of operational and administrative activities of the company, located in Arad (headquarters). The company owns properties in the cities of Bucharest, Cluj-Napoca, Oradea and Timișoara, as a result of the closing-down of its branch offices in 2008 (Oradea and Timișoara) and respectively 2015 (Cluj-Napoca). Moreover, following the withdrawal of the contribution in kind to the capital of the company Azuga Turism, SIF Banat-Crișana owns a land located in the town of Bușteni, and following the withdrawal from the company Hidrotim, in 2015, the Company took possession of a building and the related land a located in Timisoara. The buildings above mentioned (except for the headquarters located in Arad, included in tangible assets) are accounted pursuant to IFRS as investment property at fair value, totalling RON 19,288,964 as at December 31, 2015.

As at December 31, 2015, the net book value of tangible assets in the construction category is of RON 2,991,643, recorded amount of wear (determined on the basis of accounting under linear amortization) was 42.7%. The company carried out the revaluation of tangible assets at December 31, 2015 in view of harmonizing the accounting and the market and utility values of the tangible assets owned.

The company has no problems concerning the ownership of its tangible assets.

Litigations

As documented in the Legal Department records, the Company was involved in 116 litigations in Court as at December 31, 2015.

The Company had an active procedural activity in 96 litigations and passive procedural activity in 19 litigations, while in one it had intervening quality.

In most of the litigations where the Company is the claimant, the object of the litigations is the cancellation/ruling of the nullity for some decisions of the general meetings of shareholders from the companies in the portfolio, recovering the dividends, or the insolvency procedure for some of

the companies in the portfolio.

Company's leadership will continue make all the efforts to protect the legitimate interests of the Company and its shareholders in all such litigations, in accordance with the law.

Perspectives for 2016

For the Eurozone, IMF and European Commission predicted an acceleration in GDP growth from 1.5% in 2015 to 1.7% in 2016 following the recovery from the recession began in 2008. The growth estimates are supported by the economic stimulus measures adopted by the ECB, such as the cut in monetary policy rate, the on-going of quantitative easing (QE) program and a possible extension of "asset purchase program", or the easing of access to loans by relaxing credit requirements. All these has led to the devaluation of the euro against major currencies, thus supporting the exports of European companies.

For Romania, the European Commission expects a strong increase of 4.2% for the GDP in 2016, as a result of tax cuts and fiscal expansion measures aimed at investments in infrastructure and increase of salaries in the public sector, elements that will stimulate domestic consumption and foreign direct investments. The unemployment rate in Romania for the year 2015 was of 6.7%, as compared to a European average of 10.4%, with an improving trend for the current year.

The Romanian capital market was a rather volatile one during 2015, mainly caused by external influences, such as FED's change in its monetary policy, China's economy slowing, the prospects of Greece and UK exiting the European Union, news that worsened the investment sentiment on the equity markets worldwide. The return of the most important companies listed on BVB has not changed significantly in 2015 as compared to 2014, except those in the oil industry, facing difficulties caused by the continuous decline of oil price. The average daily value traded on the Bucharest Stock Exchange in December was of RON 7.11 mn, slightly lower as compared to the previous year. Significant listings of companies from the private sector did not occur during 2015, but there are positive future prospects for listings from the State owned companies such as Hidroelectrica, Salrom or Bucharest Airports. Although AeRo market segment attracted several companies from the private sector, particularly in IT and others, BVB is currently facing difficulties in serving as an alternative for financing or raising capital for companies. Market indicators outline an undervalued and underdeveloped market as compared to other financial markets in the area: PER of 11.6 and a high dividend yield (5.35%), given the low liquidity, which limits price increases of listed shares. Most traded companies during 2015 were those activating in banking, financial and energy sectors. (Source: BVB Monthly reports, European Commission Report, investing.com)

SIF Banat-Crişana's objectives for 2016

- create a "core" portfolio structure aimed at providing steady, constant and predictable returns to shareholders;
- active involvement in majority-owned companies in order to increase performance;
- restructure the existing portfolio with an aim to reduce exposure in minority-stake companies;
- promote SIF Banat-Crişana within the capital market events (either individually or along with BSE, brokers) in order to increase transparency and attract new investors/shareholders;
- active involvement in attracting new IPOs from privately-owned companies, targeting the development of the local capital market.

2. SIF BANAT-CRIȘANA SHARES

CHARACTERISTICS OF THE SHARES ISSUED BY SIF BANAT-CRIȘANA

Total number of issued shares (December 31, 2015)	548,849,268
Nominal value	RON 0.1000 / share
Type of shares	common, ordinary, registered, dematerialized, indivisible
Trading market	Regulated spot market of Bucharest Stock Exchange (BVB or BSE), Premium category, listed since November 1, 1999
Free float	100%
BVB symbol (ticker)	SIF1
ISIN code	ROSIFAACNOR2
International identifier	Bloomberg BBGID: BBG000BMN388 (SIF1:RO)

Shares issued by SIF Banat-Crișana grant all shareholders equal rights.

Pursuant to art. 286¹ par. (1) of Capital Market Law no. 297/2004, as amended by Law no. 11/2012, any person may acquire under any title or may hold, alone or together with the persons acting in concert with such person, shares issued by the Company, but not more than 5% of the share capital.

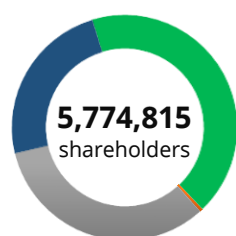
The voting right is suspended for the shares held by shareholders that exceed this limit, pursuant to art. 286¹ par. (2) of Law no. 297/2004 and CNVM/ASF Instruction no. 6/2012 issued in application of art. 286¹ of Law no. 297/2004.

Since its set-up, SIF Banat-Crișana has not issued bonds or other debt instruments, nor has it acquired or held its own shares.

As at December 31, 2015, SIF Banat-Crișana had **5,774,815** shareholders, according to the data reported by Depozitarul Central SA Bucharest, the company that keeps the registry of shareholders for SIF Banat-Crișana

SHAREHOLDERS' STRUCTURE

as per holdings, on December 31, 2015



■ 42.64%
Romanian individuals
(5,772,614 shareholders)

■ 0.46%
non-resident individuals
(1,938 shareholders)

■ 32.93%
Romanian legal entities
(222 shareholders)

■ 23.97%
Non-resident legal entities
(41 shareholders)

History of dividend distribution from the net profit of the Company for the 2011 – 2014 financial years

Financial year for which the distribution was made	2011	2012	2013	2014
Net profit (RON mn)	63.01	100.51	80.14	134.17
Total number of shares	548,849,268	548,849,268	548,849,268	548,849,268
Gross dividend per share (RON)	0.1	-	-	0.1
Gross dividend payable (RON mn)	54.88	-	-	54.88
Net dividends payable (RON mn)	47.83	-	-	47.74
Dividend payout ratio	87.1%	-	-	40.9%
Payment stage as at December 31, 2015	76.5%	-	-	56.3%

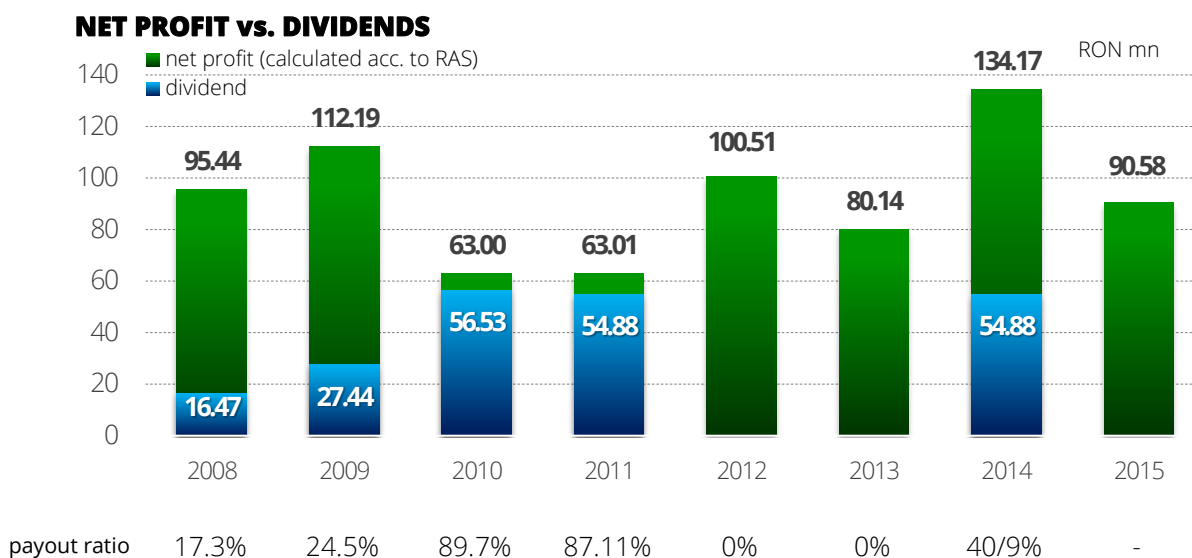
For the financial years 2012 and 2013, the general meeting of SIF Banat-Crişana shareholders held on April 24, 2013 and respectively April 15, 2014 decided the capitalization of the entire net profit for the respective financial year, without dividend distribution and allocation of net profit to *other reserves for own sources of funding*.

The general meeting of SIF Banat-Crişana shareholders held on April 29, 2015 decided the distribution as dividends of 40.9% of net profit for 2014, amounting to RON 54.9 mn, corresponding to a gross **DPS of RON 0.10**. The payment of dividends started on September 4, 2015 (payment date) through Central Depository S.A., the Participants to the clearing-settlement and registry, and Banca Transilvania as payment agent, pursuant to ASF Regulation no. 3/2015. The company has fulfilled all the legal formalities to inform the shareholders about the dividend payment, and the payment procedure is available on Company's website.

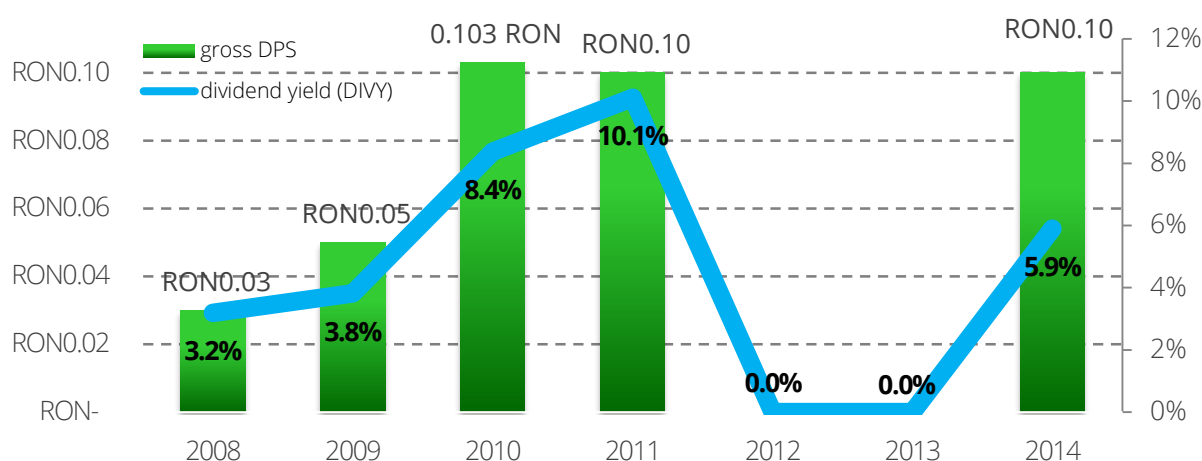
Methods for the payment of dividends:

- payments through Participants (Custodian Banks or Brokers) to individuals and legal entities / other entities having accounts opened with a Participant;
- Payments through bank transfer for individuals / legal or other entities not represented by Participants;
- Payments in cash through the payment agent - Banca Transilvania: only for private individual shareholders who do not have a bank account opened with a Participant

Of the **total net dividends** for the financial year 2014 amounting to RON 47.74 mn, were paid until December 31, 2015 RON 26.88 mn, representing a rate of payment of 56.3%.



DIVIDEND YIELD



DIVY calculated using **SIF1** closing price at registration date

SIF1 SHARES ON BVB

	2012	2013	2014	2015
Price (RON, closing quotation)				
low	0.800	0.991	1.005	1.253
high	1.260	1.390	1.405	1.740
year end	1.213	1.292	1.296	1.688
Net profit per share (RON)	0.1831	0.1460	0.2445	0.1372
PER	6.62	8.85	5.30	12.30
NAV/S (RON)	2.4061	2.9094	2.9228	3.3541
DPS (RON)	-	-	0.1	-
Market cap.* (RON mn)	665.75	709.11	715.15	926.46

* calculated using the closing price on the last trading session of the year

BSE indices including SIF1:

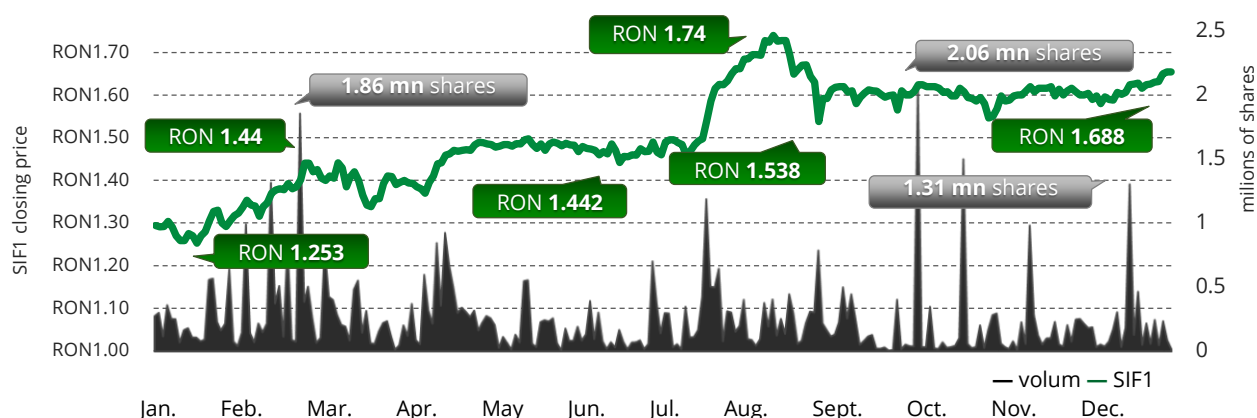
BET-FI is the first sectorial index of the BSE and reflects the overall trend of prices of financial investment funds (SIFs and Fondul Proprietatea) traded on the BSE regulated market. Performance of BET-FI in 2015: +0.126%. Weight of SIF1 in BET-FI: 16.16% (Dec. 30, 2015).

BET-BK is a price index weighted by the free-float capitalization of the most liquid companies listed on the regulated market of the BSE, E, which can be used as a benchmark by fund managers, and other institutional investors, the calculation methodology reflecting the legal requirements and the investment limits of funds. Performance of BET-BK in 2015: +2.722%. Weight of SIF1 on NET-BK: 4.64% (Dec. 30, 2015).

BET-XT is a blue-chip index and reflects the evolution of the prices of the 25 most liquid stocks traded in the regulated market, including the SIFs, the maximum weight of a ticker in the index being of 15%. Performance of BET-XT in 2015: +1.022%. Weight of SIF1 in BET-XT: 3% (Dec. 30, 2015).

BET-XT-TR is the total return version of BET-XT index, which includes the 25 most traded Romanian companies listed at BVB, tracking the price changes of its constituent companies and is adjusted to also reflect the dividends paid by them. Performance of BET-XT-TR in 2015: +6.075%. Weight of SIF1 in BET-XT-TR: 3% (Dec. 30, 2015).

SIF1 PERFORMANCE AND VOLUME IN 2015



Note: highlighted values recorded at the close of trading sessions

During 2015, SIF1 shares were traded on BVB in 249 trading sessions.

Price of SIF1 rose by 30.5%, from RON 1.2940 lei (closing price on January 5 2015, the first trading session of the year), to RON 1.6880 (closing price on December 30, the last trading day of 2015). The highest price, of RON 1.7400 per share was reached during the trading session of August 6th, and the lowest was recorded in the trading session of January 19th, when the price dropped to RON 1.2530 per share, the spread between the highest and the lowest price for the period was 39%.

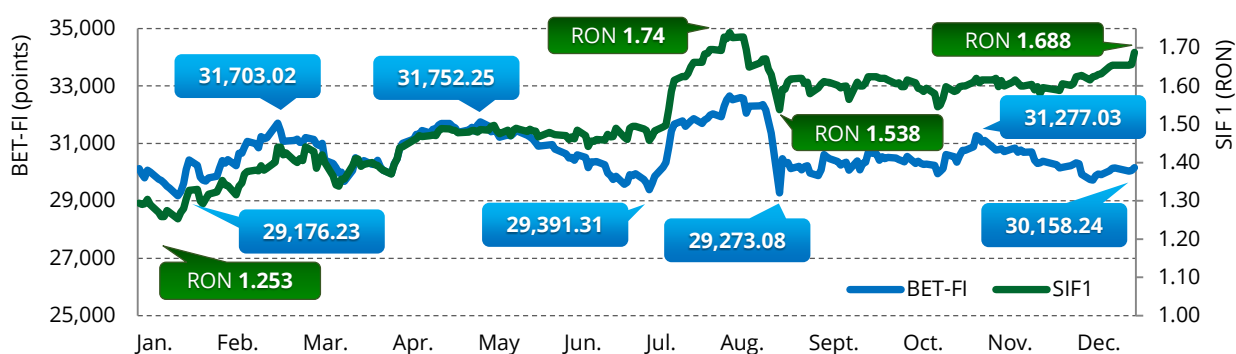
Highest daily volume traded in 2015 was of 2,056,619 shares, recorded in the session of September 25th.

The liquidity of SIF1 was a rather low one, with a total of 59,889,241 shares traded, representing 10.9% of total shares issued.

12 transactions were concluded on "Deal" market, totalling 53,176,930 shares, amounting to RON 85.5 mn, very close in terms of value and volume to main regular market.

Market capitalization for SIF1 was of RON 926.46 mn on December 30, 2015 (calculated using the closing price), up 30% as compared to 2014-year end.

SIF1 vs. BET-FI PERFORMANCE IN 2015



Note: highlighted values recorded at the close of trading sessions

3. CORPORATE GOVERNANCE

SIF Banat-Crişana is committed to maintaining and developing the best practices of corporate governance, to ensure an efficient decision making process, leading to the long-term viability of the business, achieving the objectives of the company and creating sustainable value for all stakeholders (shareholders, management, employees, partners and authorities).

Starting with 2011, SIF Banat-Crişana's Board of Directors decided the voluntary compliance to the Corporate Governance Code issued by Bucharest Stock Exchange. The provisions of *SIF Banat-Crişana's Corporate Governance Regulation*, issued for the first time in February 2011, were subsidiary to Romanian laws and regulations of the ASF / National Commission Securities impacting the operation of issuers listed on Bucharest Stock Exchange. In company's annual reports, SIF Banat-Crişana submitted in "Comply or Explain" Statement, the status of compliance with the principles and recommendations of the Code, being in full compliance with most of these provisions.

On September 2015 BVB issued a new Corporate Governance Code, applicable starting January 4, 2016. SIF Banat-Crişana appraised the degree of compliance with the new provisions, most of them being met. Noncompliance with certain provisions of the new Code were carefully analysed, examining the possibility of compliance with these requirements as well, in accordance with the specific legal status of the Company, aiming to raise the compliance extent.

A statement on the compliance with the principles and recommendations of the Code by SIF Banat-Crişana is presented in Annex 5 of this report, the document will be published on Company's website, www.sif1.ro. Noncompliance or partial compliance with the provisions of the Code are explained.

SIF Banat-Crişana has always thought good corporate governance is of a great importance and has observed most of the principles set by the Corporate Governance Code issued by the Bucharest Stock Exchange. To remain competitive in an extremely dynamic environment, and SIF Banat-Crişana develops and adapts its corporate governance practices so that the company could comply with the new requirements and take advantage of new opportunities.

Pursuant to best corporate governance practices, the administration of the company is conducted in a climate of openness, based on honest dialogue between the executive management and Board of Directors, and within each of these bodies. Board members, directors, and employees of the Company have assumed the duty to be diligent, responsible and loyal to the company, adopting decisions in the interests of the Company and increase its value, taking into account the legitimate interests of all interested parties (stakeholders).

Administration and management of the Company

Pursuant to Company bylaws, SIF Banat-Crişana is administrated on a unitary system, capable to ensure an efficient operation of the Company, in accordance with the objectives of good corporate governance and the protection of the shareholder's legitimate interests.

General meeting of shareholders

The General Meeting of Shareholders is the supreme governing body of the company.

General meetings are ordinary and extraordinary. The Ordinary General Meeting convenes at least once a year no later than four months after the close of the financial year. The Extraordinary General Meeting shall be convened whenever necessary. The powers of the general meeting of shareholders are stated in the bylaws and comply with the legal provisions. Bylaws is published on company's website, www.sif1.ro, in *Corporate Governance* section.

General Meeting's decisions are taken by show of hands or by secret vote. The secret vote is compulsory for electing Board members and for the appointment of the financial auditor and to revoke them and also for decisions on the liability of the Board members. The decisions taken by the general meeting within the law and Company's bylaws shall be binding upon the shareholders who did not attend the meeting or voted against.

The general meeting of shareholders is chaired by the Chairman of the Board of the Directors and in his absence by the vice-chairman. The meetings are recorded by the secretariat elected by the General Meeting. Minutes of the meeting shall be recorded in a special register.

The Board of Directors

SIF Banat-Crişana is administered by the Board of Directors (i.e. administrators) comprised of seven members, elected by the ordinary general meeting of shareholders for a mandate of four years, with the possibility of being re-elected.

Board of Directors has decision-making powers regarding the administration of the Company in the period between the general meetings of shareholders, except for the decisions that the law or company's bylaws provide exclusively for the general meeting.

The Board elects from among its members a chairman and a vice-chairman. As per bylaws, the chairman of the Board holds the position of CEO (general director) of the Company.

Board members must cumulatively meet the general conditions stipulated by Law no. 31/1990 regarding the companies, completed with the criteria established by Law no. 297/2004 regarding the capital market, and the regulations issued by the Financial Supervision Authority (ASF).

The members of the Board are authorized in this function by ASF following their election by the general meeting of shareholders.

Powers of the Board of Directors

The Board has the following main responsibilities:

- a) Decides and periodically reviews the general investment policy of the Company
- b) Convenes the general meetings of shareholders and coordinates the organization and holding of the meeting abiding the law and implements its resolutions
- c) Submits for the approval of the general meeting of shareholders within the legal terms, the report on the company's business, the financial statements, profit distribution, the activity plan and draft budget for the current year
- d) Reviews as necessary the budget of revenues and expenses

- e) Reports to ASF and the regulated market on which the company is listed, under the signature of Company's representatives, the information required by regulations in force, compliant with the terms and the requested content
- f) Appoints and recalls the Directors of the Company and decides their remuneration
- g) Delegates the management of the Company pursuant to the legal provisions
- h) Decides the Investment Committee's composition
- i) Approves the limits of competence decisions on Company's operations
- j) Approves the contract with the depositary, the company keeping the Company's shareholders' registry pursuant to the regulations in force and the financial auditor
- k) Approves the Company's organizational chart, internal regulations, internal rules and system procedures
- l) Approves the strategic plan and the annual internal audit plans; analyses the internal audit reports and takes the appropriate measures
- m) Approves the plan for the investigation of the Internal Control department; analyses the reports prepared by the Internal Control department and takes the appropriate measures
- n) Approves prospectuses and advertisements in case of issuance of own shares
- o) Authorizes the initiation and the course of public offerings on own issues of shares
- p) Decides on the marketing tactics and strategy
- q) Analyses the reports prepared by the financial auditor
- r) Analyses the activity reports of the functional departments of the Company
- s) Analyses the reports of transactions performed on behalf of the Company
- t) Decides upon the methods for evaluating the portfolio performance
- u) Approves the methods for the valuation of assets
- v) Approves policies, methodologies and procedures for identifying, assessing, monitoring and control of significant risks
- w) Approves the classification of information in the categories of privileged and confidential and the measures for their management
- x) Authorize associations, partnerships and joining the Company as a member of various associations, unions, foundations or business centers
- y) Approves the positions with the pay limits, company-wide salary increases, salary increases and bonuses for the Directors
- z) Other duties specified in Company's bylaws or applicable law.

The Board may create advisory committees comprised of its members, to conduct investigations and make recommendations to the Board.

Changes in the composition of the Board of Directors during 2015

During January 1, 2015 – March 3, 2015 the Company was administrated by a Board of Directors (administrators) comprising only three members, the other four seats were vacant. The administrators in office at that time were Mr. Stefan Dumitru – Vice-Chairman of the Board, Mr. Valentin Chiser member, and Mr. Ion Stancu - member, all of whom elected by the General Meeting of Shareholders held on April 24, 2013 for a term of office of four years and endorsed by ASF Endorsement no. A/8/27.06.2013.

The Ordinary General Meeting of Shareholders held on March 3, 2015 elected Mr. Bogdan-Alexandru Drăgoi, as administrator of SIF Banat-Crișana, with a term of office valid until the expiry of the term of office of the current administrators (24.04.2017). The change in the composition of the Board of Directors by the election of Mr. Bogdan-Alexandru Drăgoi was endorsed ASF by Endorsement no. 115 / 09.04.2015.

The Ordinary General Meeting of Shareholders held on April 29, 2015 elected Mr. Octavian Avrămoiu and Mr. Dan Weiler as administrators of the Company with term of office valid until the expiry of the term of office of the administrators (24.04.2017). The change in the composition of the Board of Directors by the election of Mr. Octavian Avrămoiu and Dan Weiler was endorsed by ASF by Endorsement no. 223 / 03.07.2015.

On July 14, 2015, SIF Banat-Crișana's Board of Directors decided the following:

- appointed Mr. Ionel-Marian Ciucioi as interim administrator of SIF Banat-Crișana, with the term of office until the general meeting of shareholders, thus completing the number of 7 members for the Board of Directors;
- elected Mr. Bogdan-Alexandru Drăgoi as Chairman of the Board and CEO (General Director) of SIF Banat-Crișana.
- elected Mr. Octavian Avrămoiu as Vice-Chairman of the Board and Deputy General Director of SIF Banat-Crișana.

On September 17, 2015, SIF Banat-Crișana informed the shareholders that by Endorsement no. 312 / 16.09.2015, the Financial Supervisory Authority has approved changes in SIF Banat-Crișana's documents following the changes in the Board of Directors by the appointment of Mr. Ionel-Marian Ciucioi as interim administrator of the company, pursuant to Resolution No. 1 / 14.07.2015 of the Board of Directors, until the assembly of the Ordinary General Meeting of Shareholders.

As of December 31, 2015 the composition of the Board of Directors was as follows: Mr. Bogdan-Alexandru Drăgoi - Chairman, Mr. Octavian Avrămoiu - Vice-Chairman, Mr. Ștefan Dumitru - Member, Mr. Valentin Chiser - Member, Mr. Ion Stancu - Member, Mr. Dan Weiler - Member, and Mr. Ionel Marian Ciucioi - interim member.

BOARD OF DIRECTORS as at December 31, 2015	
Position	Other information
Bogdan-Alexandru DRĂGOI (1980)	<p>Chairman of the Board of Directors, executive administrator</p> <p>Studies Tufts University, Fletcher, Boston, Massachusetts, USA Specialization in International Relations – graduated <i>Magna cum Laudae</i> Specialization in Economics – graduated <i>Magna cum Laudae</i> Member of Golden Key Honor Society</p> <p>Experience Presidential Adviser – The Administration of the President of Romania – (May 2012 – December 2014) Minister – Ministry of Public Finance – (February 2012 – May 2012) Secretary of State – Ministry of Public Finance – (January 2009 – February 2012) General Director, Economic Dept. – Bucharest Municipality – (November 2007 – June 2008) Secretary of State – Ministry of Public Finance – (September 2006 – November 2007) Advisor of the Minister – Ministry of European Integration – (April – September 2006) Vice-President/Shareholder- FocusSat SA România – (October 2004 – April 2006) Associate – Inquam Limited UK – (November 2003 – December 2004) Business Analyst – Inquam Limited UK – (January 2002 – November 2003)</p>
Octavian AVRĂMOIU (1977)	<p>Vice-Chairman of the Board of Directors, executive administrator</p> <p>Studies Faculty of law, department of criminal law, University of Bucharest – (2010 – present) Doctoral candidate in criminal sciences Titu Maiorescu University Bucharest - (2005 – 2007) Master Degree in mediation of trade conflicts Faculty of Law, University of Bucharest – (1996 – 2000)</p> <p>Experience Bucharest Bar – National Association of Romanian Bars – Lawyer individual office Avrămoiu Octavian / Euroinsol consulting SPRL - member of UNPIR – (May 2012 – present) Coordinator Lawyer / Associate Practitioner Ministry of Public Finance – (February 2012 – May 2012) Director of cabinet of the Minister / Member of the Board of CEC Bank Ministry of Public Finance – (September 2010 – February 2012) Counsellor of the Finance Minister Ministry of Public Finance – (February 2009 – September 2010) Counsellor of the Secretary of State Bucharest Bar – National Association of Romanian Bars – Lawyer individual office Avrămoiu Octavian – (2002 – 2009) (suspended on request) Lawyer, (since 2005) liquidator member of UNPIR</p>
Ștefan DUMITRU (1980)	<p>Member of the Board of Directors, independent, non-executive administrator, member of the Audit Committee</p> <p>Studies National Institute for Training Lawyers (2004 – 2005) Law Faculty, University Bucharest (1999 – 2003)</p> <p>Experience Societatea Civilă de Avocați „Stănescu, Miloș, Dumitru & Asociații” - partner (2006 – present) Societatea Civilă de Avocați „Călin Andrei Zamfirescu” – lawyer (2004 – 2006) RVA Insolvency Specialists SPRL – partner (2011 – present)</p>
Toma-Valentin CHISER (1972)	<p>Member of the Board of Directors, independent, non-executive administrator, Chairman of the Audit Committee</p> <p>Studies Executive Master of Business Administration – ASEBUSS – Kennesaw University Atlanta Program 2003 – 2005; Faculty of Finance, Banking and Accounting – Academia de Studii Economice București 1991 – 1996.</p> <p>Experience Bog'Art Group, Chief Financial Officer - Feb. 2014 – Aug. 2015 Grup Romenergo - Romenergo SA, CEO (Nov. 2012 – 1 Oct. 2013); CFO (Nov. 2009 – Oct. 2012); CCCF Group - Central Railway Construction (reorganization project), Project based management consultant for the strategy, restructuring / reorganization and financial services Board member in several companies belonging to the Group (Nov 2008 – Oct. 2009); A&D Pharma - A&D Holdings - Group Management, Financial Director / Head of Controlling. Operational Board member of A & D Pharma Romania (Mar. 2007 - Sept. 2008); A&D Pharma - A&D Holdings - Group Management, Financial Director Mediplus (distribution). Mediplus Board Member (Dec 2005 – Mar 2007); Group AQUILA - Aquila&Seca Distribution, Chief Financial Officer. Board member Aquila (May 2004 – Dec 2005); SEF Trans - Balkan Fund - Subsidiary in Romania of a private equity fund dedicated to financing SMEs; Investment Officer. Board member of several portfolio companies of SEAF (May 2003 – April 2004); Intervam Bucharest (SSIF) - part of Libra Bank Group, Managing Director. Board Member (Jan 2001 – Apr 2003); Intervam Bucharest (SSIF) - part of Libra Bank Group, Financial Analyst (Feb 1999 – Jan 2001); Active International (SSIF), Project manager (Jan. 1997 – Jan. 1999).</p> <p>Specialization Certificate in Corporate Finance - Chartered Institute for Securities and Investments (CISI) London (Feb. 2012); Driving Corporate Performance – Harvard Business School in Boston, USA Jul. 2007.</p>

BOARD OF DIRECTORS as at December 31, 2015	
Position	Other information
<p>Ion STANCU (1950)</p> <p>Member of the Board of Directors, non-executive administrator, member of the Audit Committee</p>	<p>Studies PhD in Economics, Academy of Economic Studies, Bucharest (1976 – 1980); Economist, Academy of Economic Studies, Bucharest (1969 – 1973)</p> <p>Experience Academy of Economic Studies, Bucharest (Vice - rector / Doctoral supervisor/ Professor / Vice Dean / Associate Professor/ Lecturer / Assistant Professor (1974 – present); Banca Românească - Member of BoD, President of Internal Audit Committee (2003– present) Financial Auditor, member of Chamber of Financial Auditors of Romania (2000 – present)</p> <p>Specialization Academical Documentation in Corporate Finance at Ottawa University, Canada (1999) Academical Documentation in Finance and stock markets at University of Reading, Berkshire, UK (1997); Academical Documentation in Direct Investments; Capital markets at Université de Genève, Switzerland (1996)</p>
<p>Dan Weiler (1950)</p> <p>Member of the Board of Directors, non-executive administrator</p>	<p>Studies MBA, IMD; Top Business School in Lausanne, Switzerland, 1984 Diplom-Kaufmann (MBA equivalent), University of Koeln, Germany, 1979</p> <p>Experience Independent Consultant in mergers and acquisitions, capital markets, restructuring projects, since 2012 Member of the Board of Administration (BoA) / Supervisors (BoS) at: Conpet SA – Chairman of BoA since December 2013 Chimica SA – member of BoS since October 2012 Mihail Kogălniceanu Airport - member of BoA since June 2013 VES Sighişoara – member of BoS October 2014 – July 2015 Chimica SA – member of BoS January 2012 – May 2015 Chimsport SA – member of BoS May 2013 – May 2015 Banca Comercială Română - June 2009 – September 2012 Executive Director: Corporate Finance & Investment Banking Independent Consultant (Romania / USA) November 2008 – May 2009 Allegiance Capital (USA) October 2007 – October 2008 Executive Director (Managing Director) Independent Consultant (USA / Europe) May 2007 – October 2007 HVHC / Davis Vision (USA) – May 2005 – May 2007 Vice President Mergers and Aquisitions (Corporate Development) Independent Consultant (USA / Europe) August 2004 – April 2005 Schott Corporation (USA) 1993 – 2004 Corporate Development Director / M&A 1995 – 2004 Strategy & Marketing Director 1993 – 1995 Schott Zwiesel, Germany (Schott Group consumer goods division) 1989 – 1993 IBB (consultancy company), Germany 1986 – 1989 Kurt Salomon Associates (consultancy firm), Germany 1985 – 1986 Veba Oil, Germany (the biggest petrochemical company in Germany in the 80's) 1981 – 1984 Lifestyle Energy, SUA (oil exploration) 1979 – 1981</p>
<p>Ionel Marian Ciucioi (1977)</p> <p>Interim member of the Board of Directors, non-executive administrator</p>	<p>Studies University of Economic Studies Bucharest 2002 Faculty of International Business and Economics</p> <p>Experience Vrancart S.A. Chairman of the Board of Directors and General Director - November 2013 – present PricewaterhouseCoopers Romania - January 2011 – July 2013 Senior Manager, Financial Services Dept. Ernst & Young Romania - October 2004 – December 2010 Audit Manager, Financial Services Dept. UTI Group - June 2003 – September 2004 Financial analyst DDP Consult - October 2002 – June 2003 Financial analyst</p>

The Board of Directors is assisted in its activity by a secretary of the Board, position occupied by Mr. Dan Buda, a person with the necessary experience and training who attends the Board meetings and is responsible with aiding the Board and its committees in having an effective activity, his role consisting in supporting the Chairman and the other members of the Board, both as a and individually, and ensuring compliance by the Council with internal regulations, observing the compliance with the current corporate governance regulations, laws and regulations relevant to the company's business. The Secretary shall also be responsible for providing the effective communication between the Board and its committees, between the directors and the Board and between the company and the shareholders.

The activity of the Board of Directors in 2015

During 2015, the Board of Directors of SIF Banat-Crişana met in 23 sessions, pursuant to the statutory provisions.

The presence of Board members at meetings held during 2015 was in accordance with the legal provisions. The Chairman of the Board President chaired 9 meetings, and the Vice-Chairman 14 meetings.

During 2015, the Board of Directors issued a total of 121 resolutions on the current activity of the company. All decisions were taken by the vote "for" of the majority of those present.

Of the 121 resolutions issued by the Board of Directors during the period under review:

- 97 resolutions had well defined objective, requiring its fulfilment;
- 24 were resolutions for the approval of procedures, mandatory reports and activity reports, of which: (i) 14 resolutions for the approval of internal regulations and working procedures; (ii) 4 resolutions for the approval of mandatory annual, quarterly and half-yearly periodic reports submitted to ASF, BVB, MFP; (iii) 6 resolution for the approval of the activity reports issued by company's departments.

By analysing the status of execution for the 121 resolutions issued by the Board of Directors, it results they were all fully fulfilled.

For 2015, the Ordinary General Meeting of Shareholders held on April 29, 2015 approved the individual monthly remuneration for the Board members and the general limits of all additional remunerations for administrators and the general limits of directors' remuneration.

The Audit Committee

The Board of Directors created therein, with an advisory capacity, an Audit Committee comprised of three non-executive directors, as at December 31, 2015.

Pursuant to Art. 140² of Law no. 31/1990, the Board of Directors, in meeting held on December 9, 2015 approved the increase of the number of members of the Audit Committee from two to three members, by appointing Mr. Ştefan Dumitru, independent non-executive administrator.

The composition of the Audit Committee within the Board of Directors of SIF Banat-Crişana is as follows: Mr. Valentin Chiser – Chairman of the Committee, Mr. Ion Stancu – member, Mr. Ştefan Dumitru – member. The members of the Audit Committee have the appropriate experience for the specific duties incumbent as members of the Committee.

The Audit Committee assists the Board in fulfilling its responsibilities in matters of financial reporting, internal control and risk management. The Committee supports the Board in monitoring the trustworthiness and integrity of the financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting standards the Company applied.

Main duties of the Audit Committee:

- a) monitors the financial reporting process;
- b) monitors and evaluates the effectiveness of the internal control systems, the internal audit and risk management of the Company; makes sure the audits performed and audit reports prepared are pursuant to the audit plan approved by the Board of Directors;
- c) monitors the statutory audit of the financial statements prepared by the Company in pursuant to the applicable legal provisions as well as any other reports prepared at the request of shareholders;
- d) reviews and monitors the independence of the statutory auditor or audit firm and, in particular, the providing of additional services to the Company;
- e) makes recommendation to the Board of Directors on the selection, appointment or replacement of the financial auditor, as well as on the terms and conditions of its remuneration;
- f) assesses potential conflicts of interest in connection with the Company's related party transactions;
- g) any other matters that are on the responsibility of the audit committee according to the Company's documents of incorporation and Code of Corporate Governance;

During 2015, the Audit Committee met in 9 sessions, these meetings were held for the monitoring of the financial reporting process, namely the annual financial statements prepared in pursuant to CNVM Regulation no. 4/2011, those prepared in accordance with International Financial Reporting Standards (IFRS) and the annual consolidated financial statements; monitoring accounting reporting to the first half of 2015 and the quarterly reports prepared pursuant to ASF regulations; for the analysis and selection of financial offers for financial audit submitted by 4 (four) companies for the years 2015 and 2016; for the analysis and approval of the internal auditor's schedule for 2016; for the evaluation of internal control system; for the assessment of conflicts of interest in connection with transactions of the company and its subsidiaries with related parties; for the assessment of the effectiveness of internal control and risk management system; for the monitoring of the effectiveness of the Company's internal control and internal audit systems.

Within the Board of Directors there is no Nomination Committee. The Board in its entirety assumes the task that would be entrusted to a separate nomination committee, of evaluating the candidates for the position of administrator that would propose for the election to the general meeting of shareholders. Moreover, pursuant to the laws and regulations applicable to the Company, the conditions and criteria for eligibility and incompatibilities for the position of administrator of the Company are strict and are governed explicitly by the Financial Supervisory Authority, which is responsible and competent with the endorsement of the administrators elected by the general meeting of shareholders.

The Executive team

The effective management of the Company is performed by Executive Directors appointed by the Board of Directors, in accordance with the Company's bylaws and applicable regulations so that everyday management of the Company to be provided, at all times, by at least two persons.

The Executive Directors must meet the conditions set by the regulations issued by the Financial Supervisory Authority applicable to the Company and are endorsed in this position by the Authority.

Pursuant to Company Law no. 31/1990, the Board of Directors has delegated some of his powers to the CEO (General Director) and the Deputy Director General, within the limits set by the law, Company's bylaws and the resolutions of the Board of Directors, except for the powers reserved for the general meeting of shareholders or the Board of Directors by the law and / or Company's bylaws.

The CEO (Director General) and the Deputy Director General exercise their mandate under a "Contract for the delegation of powers" granted by the Board, and are vested with all powers to act on behalf of the Company and to represent it in relations with third parties. The other two directors are employees of the Company and have limited powers of representation.

Responsibilities and duties of directors are set by the Board of Directors and are described in the Company's Internal Regulations.

Changes in the composition of executive team during 2015

Between January 1, 2015 - August 19, 2015, the company executive directors were: Mrs. Gabriela Grigore - Deputy General Director Operations and Mrs. Teodora Sferdian - Deputy General Director Development, endorsed by ASF Endorsement no. A/28/22.05.2014.

On July 14, 2015, SIF Banat-Crișana' Board of Directors elected Mr. Bogdan-Alexandru Drăgoi as Chairman of the Board and CEO (General Director) of SIF Banat-Crișana and Mr. Octavian Avrămoiu for the position of Vice-Chairman of the Board and Deputy General Director of SIF Banat-Crișana. The Board also approved the delegation of leading powers to the Chairman - CEO, and Vice-Chairman - Deputy General Director, pursuant to Art. 143 of Law no. 31/1990 and also approved the amendment of the Company's organizational chart by instituting four director positions for the effective management of the Company, pursuant to Art. 12 of GEO no. 32/2012.

By Endorsement no. 285/19.08.2015, ASF endorsed the appointment of Mr. Bogdan-Alexandru Drăgoi and Mr. Octavian Avrămoiu for the position of director, pursuant to the Resolution no. 3 / 14.07.2015 of the Board of Directors of SIF Banat-Crișana.

On November 23, 2015 SIF Banat-Crișana informed the shareholders that as of 24.11.2015, under the joint will of the parties, ceased the employment relationship with the company of Mrs. Gabriela Grigore, who served as deputy general director.

On November 27, 2015, the Board of Directors decided to appoint Mr. Laurențiu Riviș as Director. By Endorsement no. 75 / 25. 02.2016, ASF endorsed the appointment of Mr. Laurențiu Riviș as Director pursuant to Resolution no. 3 /27.11.2015 and Resolution no. 8/29.01.2016 of the Board of Directors of SIF Banat-Crișana.

EXECUTIVE DIRECTORS OF SIF BANAT-CRIȘANA as at December 31, 2015		
	Position	Other information
Bogdan-Alexandru DRĂGOI	CEO (General Director)	Information presented on page 32
Octavian AVRĂMOIU	Deputy General Director	Information presented on page 32
Teodora SFERDIAN	Deputy General Director	<p>Studies Faculty of Economics - Aurel Vlaicu University Arad (2000 – 2004) Faculty of Electronics and Telecommunications – Polytechnic Institute of Timișoara (1975 – 1980)</p> <p>Experience SIF Banat-Crișana, Arad (1994 – present) Deputy General Director (2014 – present); Communication & Logistics Manager, Director of development Direction (2004 – 2013); Head of Development Office (2001 – 2004); Counsellor – Transactions Dept. (1999 – 2001); Head of Office Sale by private treaty – Portfolio Management Dept. (1996 – 1999), Head of post-privatization Office – within Private Ownership Fund (FPP) I Banat-Crișana (1994 – 1996) Member of the Board of Directors at COMALIM SA Arad; SIFI Cluj Retail SA, Saturn SA Alba Iulia SA Rolling Stock Company Arad – electrical engineer (1981 – 1994)</p> <p>Specialization Capital markets / analysis and portfolio management (Bank Akademie & CDG Germany); General management (Austrian Chamber of Commerce & WIFI Vienna); Investment consultant; Implementing IFRS (KPMG); Business Valuation (ANEVAR); Risk Management; Corporate governance standards; Development and HR performance management.</p> <p>Responsibilities Coordinates the activities of <i>Economic Dept.</i>, and <i>Communication & Logistics</i></p>

The participation of executive directors in the share capital of SIF Banat-Crișana

Name	Position	SIF1 shares held as at December 31, 2015	
		No. of shares	% of share capital
Octavian AVRĂMOIU	Vice-Chairman, Deputy General Director	3,325	0.00061%
Ion STANCU	Non-executive administrator	24,425	0.0045%
Dan Weiler	Non-executive administrator	10,000	0.0018%
Teodora SFERDIAN	Deputy General Director	13,005	0.002%

To the knowledge of the Company, there are not identified agreements, arrangements or family connections between the respective person and another person for the reason that the respective person has been appointed in this position.

Description of the main elements of the internal control systems and risk management

SIF Banat-Crișana provides a permanent risk management function, which is hierarchically and functionally independent from the other functional compartments. The operations of the internal control and risk management systems are described in SIF Banat-Crișana's Internal Regulations, which are subject for the approval of ASF at each revision.

The leadership of the Company is responsible for providing the function of risk management with the necessary authority, status, independence (including from the revenue-generating activities) and resources (financial, human and technical) to achieve the identifying, assessing and measuring risks both across the organization and at individual level.

The executive team take the appropriate measures both for the adjustment of the risk infrastructure to the external environment and the risk profile, and as well for the timely and accurate communication within the organization of all aspects related to risk.

The Board of Directors of SIF Banat-Crişana approves and periodically reviews the risk strategy and the management policy of significant risks.

Company's Board supervises the execution of risk management practices and their implementation in the Company, forewarning with regard to the significant risks and the responses of the executive team.

The responsibility of risk management to which the Company is exposed is the duty of personnel in all business lines and is not limited to the risk management function.

The Identification and assessing significant risks impacting the investment process and the portfolio performance are subject to monthly risk reports, which are subject to approval by executive team and presented to the Board of Directors.

The monthly report on risk management includes profitability and risk indexes for the portfolio of listed and liquid securities held by SIF Banat-Crişana, reflecting structural information about the exposures on sectors and issuers, the analysis of portfolio performance indicating profitability, risk and risk-return relation for the selected portfolio, analysis of risk indicators and evolution of early warning indicators.

Reports on the classification of assets managed and prudential limits are sent to portfolio managers and departments with specific duties.

SIF Banat-Crişana identifies its exposure to risks resulting from daily operations, and from achieving its strategic objectives. The company pursues a proactive risk prevention and, by identifying, preventing and limiting them before the generating events occur. At the same time, the Company's management is concerned with ensuring specific technical, operational and financial solutions in order to minimize and prevent potential losses.

Documented work procedures implemented in the Company aim at activating preventive and counteractive actions to manage risks. The procedures are readily available to personnel, on Company's intranet to be accessed by the persons with specific responsibilities. At the end of 2015 there were 58 operational procedures documented, pursuing the compliance with legal provisions, the transmittal of information flows and efficient operations and strengthening internal control.

Since 2012, SIF Banat-Crişana has been certified on Information Security Management System (ISMS) – pursuant to the requirements of ISO 27001:2005, by the certification body accredited by United Registrar of Systems Ltd UKAS (United Kingdom Accreditation Service). In March 2015, a recertification audit for ISMS was performed, by ROS SYSTEMA Romania.

Internal Control

SIF Banat-Crişana sets and permanently and operatively maintains the internal control function, which runs independently of other activities. The Internal Control Compartment reports to the Board and has the following main responsibilities:

- monitors and regularly evaluates of the effectiveness and means of implementation of the set measures and procedures, as well as measures decided to resolve any cases of non-compliance by the Company;
- advises and assists the relevant responsible persons for carrying out services and activities to meet the requirements set for the Company under the law.

Internal control activities are performed pursuant to the applicable legislation and regulations issued by ASF and Company's internal rules and procedures.

The person who carries the duties of being representative of the Compartment of Internal Control is authorized by ASF and is registered in the ASF Public Registry.

The representative of the Compartment of Internal Control is Mr. Eugen Cristea, authorized by Decision no. 3521/29.12.2005 by the regulatory and supervisory authority – and is registered in ASF Registry under no. PFR13/RCCI/020033

During 2015, the activities of the Internal Control Compartment were performed pursuant to the plan of investigation and control for 2015, approved in the meeting of the Board of Directors of SIF Banat-Crișana held on 23.01.2015, the provisions of Regulations ASF / CNVM no. 15/2004 and 9/2014, the working procedures and internal regulations.

Lines of action addressed were the control of compliance with regulations concerning the capital market and/or internal procedures, informing the Company and personnel of the legal status of the capital market, endorsement of documents submitted by SIF Banat-Crișana to ASF in order to get authorizations provided by the ASF regulations, endorsing the reports submitted to capital market entities and ASF, endorsement of informative materials and advertisements of the company, other activities concerning Company's and its personnel compliance with the capital market legislation in force and internal regulations.

In the inspection activity carried out during 2015, it was verified the compliance with work procedures and capital market legislation during such activities as: trading securities, electronic recording of transaction data, IT system security and electronic archiving of data, calculation of net asset value, compliance with the regulated limits of holding for the portfolio of assets, observing the legal requirements of reporting, calculation and payment of monthly quota of 0.0078% of the net asset value to ASF, prevention of money laundering and terrorism financing through capital market, compliance with the legal provisions concerning persons with access to inside information.

As a result of the control activities, it was determined the controlled activities are compliant with capital market regulations and procedures. Following the inspections, proposals and recommendations for the improvement of activity and working procedures were made.

Internal Audit

SIF Banat-Crișana sets and permanently and operatively maintains the internal audit function, which runs independently of other functions and activities, reporting directly to the Board of Directors.

Internal audit is conducted periodically in order to provide an independent assessment of the operations carried out, their control and management processes, considering the possible exposure to risk on various business segments (security of assets, compliance with regulations and contracts, integrity of financial and operational information, etc.) makes recommendations to improve the systems, controls and procedures, to provide efficient and effective operations and observes the proposed corrective actions and the attained results.

Internal audit is performed as: evaluation of management and internal control systems: - *audit of system*; assessment of results in relation to the objectives targeted and assessing their actual impact - *performance audit*; compliance with the legal norms of procedures and operations - *regularity audit*.

The internal audit activity is carried out grounded on the audit plan prepared pursuant to the Company's objectives. The audit plan and the necessary resources are endorsed by the Audit Committee and approved by the Board of Directors, pursuing the examination of all activities and operations carried out by the Company.

The internal audit activity is an independent and objective activity offering the Company a

guarantee of a certain control over the operations and which is performed pursuant to the procedures developed for the purposes of the work. Each internal audit assignment is performed based on a detailed program, which comprises the applicability, scope, objectives, allocated resources and its period.

The internal audit aims to assist the Company in identifying and evaluating the significant risks in order to provide an independent assessment of the risk management, control, management processes and to assist the Company in maintaining an effective and efficient control system.

The main activities and operations of the Company subject to internal audit in 2015 included:

- management of financial instruments, decision making for investment / divestment in these instruments and compliance with the approved decisional competence limits;
- trading securities, compliance with the short-term investment policy and the approved work procedures;
- organizing Board meetings and the degree of fulfilment of the decisions taken;
- compliance with the work procedures related to the economic and administrative activity, including inventory of patrimony;
- compliance with the procedure of procurement and conclusion of contracts SIF Banat-Crişana is a part of;
- compliance with procedures on archiving the documents.

The internal auditor reports to the Audit Committee and the Board of Directors of SIF Banat-Crişana on the purpose of the audit, the findings, conclusions, recommendations and proposals. No significant issues that would require the intervention from the Board of Directors were identified.

Internal Audit appreciates that the activities and operations performed by SIF Banat-Crişana in 2015, which were subject to the audit, are compliant with the policies, programs and management of the Company and with the legal and internal regulations.

The activity of internal audit of SIF Banat-Crişana is outsourced to the company New Audit SRL from Arad.

Respecting shareholders' rights

SIF Banat-Crişana shares are common, ordinary, nominative, dematerialized, indivisible, granting equal rights to shareholders.

Pursuant to art. 286¹ par. (1) of Capital Market Law no. 297/2004, as amended by Law no. 11/2012, any person may acquire under any title or may hold, alone or together with the persons acting in concert with such person, shares issued by the Company, but not more than 5% of the share capital.

The exercise of voting right is suspended for the shares held by shareholders that exceed this limit, pursuant to art. 286¹ par. (2) of Law no. 297/2004 and CNVM/ASF Instruction no. 6/2012 issued in application of art. 286¹ of Law no. 297/2004.

SIF Banat-Crişana guarantees an equitable treatment for all shareholders, including minority and foreign shareholders, pursuant to legal provisions and those of Company's bylaws.

General meetings of shareholders are convened by the Board of Directors at least 30 days before the set date to be held. The general meetings give the opportunity for Board members and Company directors to present the shareholders the results achieved during the exercise of their mandate under the conferred responsibilities.

The right to vote SIF Banat-Crişana endeavours to facilitate the participation of shareholders at the general meetings of shareholders ("GMS"). SIF Banat-Crişana's shareholders can participate in

the GSM directly, by designating a representative by a special/general empowerment or can vote by correspondence (through the post or by electronic voting).

The Board approves procedures for the orderly and efficient organization of GSM works, pursuant to the incident laws and ASF regulations. At Company's headquarters and posted on its website are made available for the shareholders the information and materials concerning the General Meeting: the convening notice for the GSM, informative materials and the documents to be discussed and approved by the meeting, the participation and voting procedures, empowerment forms and correspondence voting forms, the resolutions approved by GSM, and the results of votes for each item on the agenda.

One or more shareholders, representing individually or jointly at least 5% of share capital of the Company, may request by an application addressed to SIF Banat-Crișana, the introduction of additional items on the agenda of the GSM and / or table draft resolutions for items included or to be included on the agenda of the GSM.

Are entitled to attend and vote at the general meeting of shareholders only the shareholders registered at the reference date in consolidated shareholders' register kept by the Central Depository Company S.A. Bucharest.

Shares issued by SIF Banat-Crișana grant all shareholders equal rights.

The Board of Directors convened in 2015 the shareholders ordinary general meeting (OGM) three times.

First OGM of 2015 gathered at the second call, on March 3rd and approved: election of Mr. Bogdan-Alexandru Drăgoi as member of the Board of Directors, with a term of office valid until the expiry of the term on office of current administrators (24.04.2017).

On April 29, 2015 gathered at the second call the OGM which approved: the financial statements for 2014 financial year, profit distribution, setting the dividend per share as proposed in the financial statements of 2014 financial year and the payment date of the dividend, discharge from liability of the Board of Directors for the financial year 2014, budget and operation plan for the financial year 2015, the monthly remuneration for Board members for the current financial year, the general limits of all additional remunerations of board members and the general limits of remuneration for executive directors, election on the vacant seats of the Board of two administrators, Mr. Octavian Avrămoiu Mr. Dan Weiler with a term of office valid until the expiry of the term of office of current administrators (24.04.2017).

On June 9 gathered at the second call the OGM which approved: extension of mandate of company KPMG Audit SRL as financial auditor of the company, with a minimum duration of the audit contract of one year, empowerment of the Board of Directors for the negotiation and conclusion of the audit contract with the auditor KPMG Audit SRL.

For the general meeting of shareholders, the suspension of voting rights for the holdings above the legal and statutory threshold of 5% of the share capital was made pursuant to the legal provisions.

Right to information SIF Banat-Crișana observes the right of shareholders to be informed, providing them timely and relevant information, enabling them to exercise their rights in a fair manner. Information on Company's activity considered to affect the price of shares on the stock exchange market was subject to current reports or announcements, communicated within 24 hours to the market, immediately made available to investors on BVB website and on the Company's website, www.sif1.ro.

To ensure equal access to information for the investors, posting on the Company's website of reports and announcements destined to the market participants is made after the information is published by the market operator, Bucharest Stock Exchange, on its website www.bvb.ro

In order to inform the shareholders and investors, the Company sets a financial reporting calendar that is communicated to BVB and ASF, and also published on Company's website, www.sif1.ro.

The organizational structure providing the relationship with shareholders, potential investors, analysts, mass-media and the interested public is the *Investor Relations* Compartment. Contact details: 35A Calea Victoriei, Arad 310158, Romania, tel | fax: +40257 304 446, email: comunicare@sif1.ro, person of contact Mr. Claudiu Horeanu.

Right to dividend The dividend is a distribution of a portion of a company's earnings, payable to shareholders, as per their shareholding reported to Company's share capital. The dividend value is decided by the Board of Directors and submitted for the approval of the general meeting of shareholders. To have the right to collect dividends, a person must be a shareholder of SIF Banat-Crișana as at the record date established by the general meeting of shareholders, the dividend payment is performed pursuant to the laws and the resolutions of the general meeting of shareholders.

SIF Banat-Crișana aims at keeping a balance between the annual remuneration of shareholders by dividend and the need to finance its investments from reinvested profits, this statement is comprised in the annual reports to shareholders, published on the website of the Company, even though it was not formalized as a distinct statement. The company distributed substantial dividends over the years.

Board's proposals regarding profit distribution, GSM decisions in this regard, terms and methods of payment of dividends are made public by the company pursuant to the legal provisions in force, ensuring the proper and comprehensive information of shareholders in order to make their appropriate investment decisions and to exercise their rights in a fair manner.

The OGM held on April 29, 2015 decided the allocation of net profit for the financial year 2014, and set the gross dividend per share to RON 0.10 as proposed in the financial statements of the financial year 2014. Dividend payment started in 04.09.2015 (date of payment) through Depozitarul Central ("Central Depository"), the Participants to the clearing-settlement and registry system ("Participants") and Banca Transilvania – the selected paying agent, under ASF Regulation no. 3/2015. The dividend income is taxed at source.

Shareholders must exercise their rights in good faith and with respect for the rights and legitimate interests of the Company and other shareholders.

SIF Banat-Crișana makes all efforts to ensure an equitable treatment of all shareholders, providing them with relevant information and information, thus enabling them to exercise their rights in a fair manner. Should they have complaints about the company's business activity performed under Law no. 297/2004 or about the information provided by the company following their request, shareholders have the option to address SIF Banat-Crișana by means of a petition. The method of solving the petitions submitted by shareholders is set by ASF Regulation no. 9/2015 and the procedure to be followed is published on company's website.

Transparency in communication

SIF Banat-Crișana pays a great importance to transparency in communication, convinced that the confidence of the public is essential for the proper activity of the Company. SIF Banat-Crișana aims to ensure continuous and periodic reporting in an objective and fair manner, covering all the important characteristics of Company's business and results it achieved.

The Company's website is a useful means for communicating with the shareholders. The section dedicated to investor relations hosts information of interest for the shareholders and all the announcements and reports of the Company are made available both in Romanian and in English.

Financial reporting

Financial statements for 2015 have been prepared pursuant to the International Financial Reporting Standards and ASF Norm no. 39/2015, which applies along with the Accounting Law no. 82/1991 (republished and amended).

On June 29, 2015, the Company published the separate financial statements as at December 31, 2014 - prepared pursuant to International Financial Reporting Standards adopted by the European Union (IFRS) and the requirements of CNVM Instruction no. 6/2011 on the application of International Financial Reporting Standards by entities authorized, regulated and supervised by CNVM, as amended by the Disposal of Measures no. 14 / 21.06.2012.

On August 31, 2015, the Company published the consolidated financial statements for the financial year of 2014 - prepared pursuant to CNVM Order no. 12/2011 approving the Regulation no. 3/2011 regarding the Accounting Regulations compliant with Directive VII of the European Economic Communities applicable to entities authorized, regulated and supervised by CNVM/ASF and CNVM Decision no. 1176 / 15.09.2010 regarding the responsibility of the financial investment companies, entities registered with CNVM/ASF in non-UCITS category with a diversified investment policy, to prepare and submit to CNVM/ASF consolidated financial statements pursuant to IFRS adopted by the European Union, within 8 months of the end of financial year - accompanied by the report of the Board of Directors.

The separate financial statements prepared pursuant to IFRS were audited by KPMG Audit SRL, the Company's independent financial auditor.

Conflict of interest and transactions with related parties

The Board of Directors implemented operational solutions to facilitate the proper identification and resolution of situations where an administrator or an employee has a material interest in its own name or on behalf of third parties.

Each member of the Board must make sure that he/she avoids any direct or indirect conflict of interest with SIF Banat-Crișana or with the companies controlled by the Company. To the extent that there is a conflict of interest, the concerned administrator (Board member) has the obligation to inform the Board and shall refrain from the debate and vote on those issues.

Internal regulations and procedures of SIF Banat-Crișana include adequate provisions to ensure, with reasonable confidence, prevention and avoidance of situations that could constitute conflicts of interest. Moreover, in order to take prompt decisions and measures required, the administrators, directors, employees of SIF Banat-Crișana and other categories of people having the quality of insiders have the legal obligation to know the restrictions on personal transactions and the disclosure of inside information.

By Internal procedures it is forbidden the use of "inside information" related to SIF Banat-Crișana's investment policy by the members of the Board, directors of the company and by any person with whom the Company has entered into an employment contract when they trade financial instruments in their portfolio ("personal transactions").

Pursuant to the provisions of Law no. 297/2004 and Regulation no. 1/2006, insiders and people with access to inside information about SIF Banat-Crișana have to notify ASF and the Company of any transaction with shares issued by SIF Banat-Crișana. Notifications are published on BVB website. SIF Banat-Crișana published these notifications on its website, as well, throughout 2015.

Corporate information regime

The members of the Board, directors and employees of SIF Banat-Crișana are required to keep

the confidentiality of the documents and corporate data and comply with the *Code of Ethics and Business Conduct* and with the procedures approved by the Board of Directors regarding corporate information.

The Board of Directors implemented procedures regarding the Company's internal circuit of the documents and the disclosure to third parties of documents and information concerning SIF Banat-Crișana, giving special importance to inside information - as defined by Law no. 297/2004, that may impact the market price of the shares issued by the Company.

The company must inform the public and ASF, thereupon, on privileged information directly concerning it. Postponement of public disclosure of inside information is made under the conditions specified by the applicable law, provided the confidentiality of such information.

The Company has the obligation to communicate to ASF and regularly update its list of persons with access to inside information regarding the Company.

Diversity policy

SIF Banat-Crișana upholds a culture of respect, collaboration and performance, where all employees can perform and grow under conditions of equality in terms of gender, ethnicity, age etc. The company supports and encourages employees' individual abilities and turns them into added value for the organization, at human capital level. During 2015, 50% of top management were women.

Social responsibility

Given that companies are no longer judged only by their economic performance, but also by their contribution to the communities they operate in, SIF Banat-Crișana understands to be an involved and responsible player, attentive and responsive to community needs and to the sustainable development of the society.

SIF Banat-Crișana financially supports by means of sponsorships and other ways of financing, projects in education, culture and arts, healthcare, social, environment protection, sports and expeditions.

Social responsibility of SIF Banat-Crișana is also expressed by the use of procedures of appropriate management of environmental issues, responsible management of personnel, ensuring safety standards in the workplace, and in general by conducting socially responsible business practices.

During 2015, SIF Banat-Crișana financially supported projects in education and business environment (the publishing of volume, *Corporate Finance*, vol. I, by the General Association of Economists in Romania; the organizing the conference "*International Finance and Banking Conference - FI BA 2015*" by the Romanian Association of Finance and Banking - ROFIBA together with the Faculty of Finance, Insurance, Banking and Stock Exchange from Academy of Economic Studies in Bucharest) and healthcare (purchase of medical equipment for *Clinical Institute Fundeni* and *Clinical Hospital Coltea*, IT equipment of the *County Emergency Hospital of Arad*).

4. FINANCIAL ANALYSIS

SIF Banat-Crișana prepared the financial statements as at December 31, 2015, pursuant to the International Financial Reporting Standards (IFRS) as adopted by the European Union and in compliance to the Norm 39/2015¹ for the approval of the Accounting Regulations applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority (ASF) in Financial and Investment Instruments Sector.

Pursuant to Norm. 39/2015, starting with the annual financial statements for the year ended December 31, 2015, IFRS are the official accounting regulations (statutory basis of accounting) for the regulated entities, including SIF Banat-Crișana. Given this fact, becoming statutory official accounting regulations, IFRS financial statements were used to prepare this report.

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

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

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

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

¹ Norm no. 39/2015 issued by the Financial Supervisory Authority for the approval of Accounting Regulations compliant to International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the ASF - Financial Instruments and Investment Sector (“ASF Norm no. 39/2015”), published in the Official Gazette of Romania no. 982/December 30, 2015 (“Norm no. 39/2015”)

The following are comments on the financial position and results for the past three years.

FINANCIAL POSITION

STATEMENT OF ASSETS, LIABILITIES AND EQUITY acc. to IFRS	2015	2014	2013	2012
Cash and cash equivalents, of which	151,400,510	93,827,738	91,050,230	126,472,807
- with maturity of less than three months	1,478,015	37,065,143	18,158,045	15,117,434
- with maturity over three months	149,922,495	56,762,595	72,892,185	111,355,373
Financial assets at fair value through profit and loss	449	132,318,525	18,810,969	7,796,060
Financial assets available for sale	1,728,617,277	1,354,602,562	1,444,544,095	1,287,192,278
Investments held to maturity	34,498,231	50,844,602	51,837,732	26,565,271
Investment property, Tangible assets, Other assets	27,008,237	7,014,898	6,584,190	5,902,788
Total assets	1,941,524,704	1,638,608,325	1,612,827,216	1,453,929,204
Deferred income tax liabilities	124,114,688	82,769,736	138,540,418	134,210,797
Other liabilities	28,600,622	15,795,247	32,730,219	37,615,706
Total liabilities	152,715,310	98,564,983	171,270,637	171,826,503
Share capital (inflated under IAS 29)	739,183,919	739,183,919	739,183,919	739,183,919
Accumulated profit	731,652,414	698,319,923	549,304,819	499,297,429
Other components of equity (legal reserves, other reserves, the effect of applying IAS29)	(527,770,890)	(527,835,919)	(527,835,919)	(527,835,919)
Reserves from revaluation of financial assets available for sale	845,743,951	630,375,419	680,903,760	571,457,272
Total equity	1,788,809,394	1,540,043,342	1,441,556,579	1,282,102,701
Total liabilities and equity	1,941,524,704	1,638,608,325	1,612,827,216	1,453,929,204

Cash and cash equivalents include all liquid investments of the Company in term bank deposits, current accounts and petty cash. The amount is higher as compared to 2014, as the proceeds from collected dividends and sales of securities were not fully reinvested on the capital market, directing them to monetary investments.

Financial assets at fair value through profit and loss mainly include the value of investments in shares held by the Company for short-term trading. The reduction as compared to 2014 is due to the reclassification of most investments in this category (Electrica, Nucleoelectrica Fondul Proprietatea, Albalact, Romgaz, SIF2, SIF4, SIF5) in financial assets available for sale, as a result of an internal analysis regarding the timing and management's intent regarding those holdings.

Assets available for sale category mostly includes Company's holdings of securities, recorded at fair value or at cost, where the fair value cannot be reliably determined. The increase over the previous year is explained by the higher price of banks during 2015, and the reclassification in this asset category of the most part of short-term investments.

Investments held to maturity at December 31, 2015 are the Company's investments in bonds issued by companies (Industrial Energy) or banks (Banca Transilvania). Their diminution as compared to 2014 in the value of these holdings is due to the maturity of govt. bonds in foreign currency held by the Company during 2015.

Property investments, property and other assets mainly include land and buildings acquired by the Company following the withdrawal from companies in the portfolio (Hidrotim) or withdrawal of the contribution in kind (Azuga Turism). The value of Company's property investment at fair value as at December 31, 2015 is of RON 19.3 mn. Tangible assets held by the Company are used while performing operational and administrative headquarters.

Deferred tax liabilities represent the tax payable / recoverable in future in connection with taxable / deductibles temporary differences between the book value and fiscal value of an asset or liability. The increasing in this position as compared to the previous year is mainly due to growth of reserve from fair value measurement of financial assets available for sale.

Equity holds the largest stake in the structure of liabilities. The increase in total liabilities come as an effect of the increase of reserves for the valuation at fair value of the portfolio and maintaining in equity a part of the previous financial year result as own sources of funding (the *Accumulated profit* category).

COMPREHENSIVE INCOME STATEMENT

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME acc. to IFRS	2015	2014	2013	2012
Income, of which	51,276,394	22,600,547	28,230,318	25,552,603
Dividend income	34,072,103	15,951,208	21,050,159	16,010,183
Interest income	6,461,141	6,506,501	6,489,121	9,104,342
Other operational income	10,743,150	142,838	691,038	438,078
Gain on investments, of which:	52,852,814	140,521,765	56,977,869	216,229,007
Net foreign exchange gains	73,886	83,542	1,444,876	1,295,666
Net profit on sale of assets	55,302,792	157,263,512	44,568,749	262,015,621
Net gain / (Net loss) on financial assets at fair value through profit and loss	(672,551)	(9,665,010)	13,191,818	(87,337)
Expenses on impairment adjustments	(1,851,313)	(7,160,279)	(2,227,574)	(46,994,943)
Expenses, of which:	(15,784,718)	(14,610,395)	(17,771,298)	(18,895,693)
Expenses related to fees	(2,443,923)	(3,344,555)	(2,936,107)	(1,970,475)
Other operating expenses	(13,340,795)	(11,265,840)	(14,835,191)	(16,925,218)
Profit before income tax	88,344,490	148,511,917	67,436,889	222,885,917
Income tax	(13,019,922)	(9,505,428)	(22,316,608)	(34,542,967)
Net profit for the period	75,324,568	139,006,489	45,120,281	188,342,950
Other comprehensive income	215,368,532	(50,528,341)	109,446,488	(48,251,162)
Total comprehensive income for the period	290,693,100	88,478,148	154,566,769	140,091,788

Progress of income with significant with weight is as follows:

Income from financial assets (dividends) increased in 2015, due to the higher volume of dividends distributed by companies on SIF Banat-Crişana's portfolio.

Interest income includes interest on bank deposits, corporate bonds and govt. bonds. In 2015, interest income is roughly the same as in the previous year, while the decline in yields on placements in bank deposits were offset by higher amounts for such investments.

Other operating income usually includes Company's proceeds from rent, recovery of trial costs and other incidental income. In 2015, the main component of this income is the recognition of the fair value of investment property (new-entry in the patrimony, during the year 2015) in the income statement, thus explaining the significant difference as compared to the previous years.

Gain from investments recorded in 2015 is mainly due to the *net profit from the sale of assets*. The diminution as compared to 2014 is explained by a lower volume of sales of securities in the portfolio. The component of *net income from financial assets at fair value through profit or loss* includes the performance of speculative investments in 2015 and the net result of the impairment of financial instruments recognized in the income statement.

Expenses on impairment of assets include provisions for the depreciation of fixed assets, adjustments recognized as expenses for securities for which it was established the depreciation (prolonged reduction in fair value below the acquisition cost, adverse and lengthy changes within the industry, etc.).

The commission expenses include fees payable to regulatory agencies, the depositary and stock exchange, the largest share of 0.0078% is the monthly commission of the net asset value due to ASF. The reduction as compared to 2014 comes from the lower volume of commissions on transactions.

Other operating expenses include staff salaries and management costs, the taxes and fees and other expenses incurred in the operation of the Company. The increase from 2014 is mainly due to the increase in personnel expenses.

CASH FLOW STATEMENT acc. to IFRS	2015	2014	2013	2012
Operating activities				
Profit for the year	75,324,568	139,006,489	45,120,281	188,393,099
<i>Adjustments for:</i>				
Amortization of tangible and intangible assets	255,359	253,352	310,877	380,297
Net (Gain) / Loss on disposal of property, plant and equipment	-	21	(316,056)	-
Gain on valuation of property investment	(10,515,917)			
Expenditure on adjustments for impairment	1,851,313	7,160,279	2,227,574	46,994,943
Net profit on sale of assets	(55,302,792)	(157,263,512)	(44,568,749)	(262,015,621)
(Net gain) / Net loss from financial assets at fair value through profit and loss	672,551	9,665,010	(13,191,818)	87,337
Dividend income	(34,072,103)	(15,951,208)	(21,050,159)	(16,010,183)
Interest income	(6,461,141)	(6,506,501)	(6,489,121)	(9,104,342)
Expense with / (income from) other provisions and adjustments	(12,605)	(479,322)	(4,567,296)	1,844,906
Income tax	13,019,922	9,505,428	22,316,608	34,542,967
Changes in assets and liabilities related to operating activities				
Changes in other assets	(2,019,926)	2,230,844	(630,155)	(280)
Changes in other liabilities	(9,740)	(261,653)	989,340	(322,492)
Tax on profit paid	(2,246,890)	(34,760,842)	(2,628,119)	(28,491,007)
Net cash (used in) / from operating activities, of which:	(19,517,402)	(47,401,615)	(22,476,792)	(43,700,376)
Investing activities				
Payments for purchase of shares	(36,895,424)	(77,622,851)	(99,944,903)	(17,655,906)
Proceeds from the sale of shares	73,114,113	230,270,597	87,724,747	88,440,799
Investments) / Proceeds from deposits with term longer than 3 months	(92,790,943)	15,857,359	37,790,624	(89,326,414)
Net proceeds / (payments) from sale of assets at fair value through profit and loss	18,656,690	(123,172,566)	2,176,909	(5,489,023)
Proceeds / (payments) for purchase of investments held to maturity	16,016,606	1,012,845	(24,160,077)	526,383
Payments for purchases of property, plant	(125,531)	(46,507)	(18,751)	(120,186)
Proceeds from sale of property and assets held for sale	-	-	541,134	-
Dividends received	30,477,215	13,455,031	18,897,902	15,373,836
Interest received	6,421,949	6,759,017	6,049,301	8,122,265
Net cash (used in) / from investing activities	14,874,676	66,512,925	29,056,886	(128,246)
Financing activities				
Dividends paid	(30,944,403)	(204,211)	(3,539,483)	(44,093,205)
Net cash (used in) / from financing activities	(30,944,403)	(204,211)	(3,539,483)	(44,093,205)
Increase / (decrease) in net cash and cash equivalents	(35,587,129)	18,907,099	3,040,611	(87,921,827)
Cash and cash equivalents at January 1	37,065,143	18,158,045	15,117,434	103,039,261
Cash and cash equivalents at December 31	1,478,015	37,065,143	18,158,045	15,117,434

The significant decrease in 2015, as compared to the previous year, of net cash used in operating activities is due to the lower volume of tax payments.

During 2015, the investment activity generated cash as result of proceeds from sale of financial assets and other receipts from investment activities. Structurally, as compared to the previous year, cash flows related to investment activity have changed as follows:

- In 2015 the activity of reinvestment of the proceeds from the sale of shares, assets at fair value through profit or loss or investments held to maturity was inferior as compared to 2014, generating a cash surplus of RON 70.9 mn, compared to 30.5 mn in the previous year;

- The cumulative surplus with higher dividends collected of about RON 20 mn from portfolio companies as compared to the previous year were directed to monetary investments with maturities exceeding 3 months.

Dividends paid in 2015 increased as compared to 2014, because dividends were distributed to shareholders from the profit of the previous year, payments in 2014 were just for outstanding dividends.

As at December 31, 2015 *Cash and cash equivalents* significantly declined as compared to the beginning of the year mainly due to directing investments on monetary investments with residual maturity greater than 3 months. This reduction is determined by the temporal structure of monetary investment, while the Company's total liquidity increased from RON 93.8 mn in 2014 to RON 151.4 mn in 2015.

The main differences between RAS and IFRS accounting treatments upon the statement of comprehensive income

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

The main differences between these accounting treatments:

- As per IFRS the financial assets available for sale are valued at fair value and the differences resulted (temporary increase or decrease) are recognized in an allowance account. Increases in value are recorded in Other comprehensive income. Under the RAS system only the negative differences, in a reserve account for impairment were recognized.
- As per IFRS, listed shares, classified as financial assets at fair value through profit and loss are valued at fair value, based on the quotations available on the Bucharest Stock Exchange on the last trading day of the financial year. Under the RAS system, these shares are valued at cost less impairment, the positive differences to the cost of acquisition are not recognized.
- Shares received free of charge do not affect the profit and loss pursuant to IFRS. As per RAS, the nominal value of the shares received free of charge has been recognized as income or reserves.
- By applying IAS 29 ("Financial reporting in hyperinflationary economies") the value of financial assets available for sale the Company purchased before December 31, 2003 and accounted for at cost, has been adjusted with the inflation index between the acquisition date and December 31, 2003. The main the effect of applying IAS 29 is the increase of the cost of these financial assets held by the Company.
- As per IFRS, the Company recognized deferred tax for those temporary differences arising between the tax base for calculating the tax for assets and liabilities and their carrying amount used for reporting in the financial statements. Under the Romanian accounting regulations deferred tax is not recognized.
- As per IAS 18 "Revenues", the revenues from dividends are recognized at gross value when the shareholder's right to receive the payment is set. Under RAS, dividend revenues were recognized at net value by the tax on dividends.

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

STATEMENT OF COMPREHENSIVE INCOME	BUDGET*	RAS	IFRS	Difference IFRS-RAS
<i>in RON</i>	2015	2015	2015	2015
Income				
Dividend income	28,675,000	32,073,989	34,072,103	1,998,114
Interest income	4,350,000	6,461,141	6,461,141	0
Other operating income	120,000	227,227	10,743,150	10,515,923
Gain on investments				
Net gain from foreign exchange differences		73,885	73,886	1
Net profit from sale of assets	71,625,000	72,821,891	55,302,792	(17,519,099)
Net gain / (Net loss) on financial assets at fair value through profit and loss	8,875,000	9,148,632	(672,551)	(9,821,183)
Expenses on impairment adjustments		3,414,647	1,851,313	(1,563,334)
				-
Expenses				
Expenses related to fees	2,757,040	2,443,923	2,443,923	0
Other operating expenses	14,615,760	13,340,795	13,340,795	0
Profit before income tax	96,272,200	101,607,402	88,344,490	(13,262,911)
Income tax	12,483,000	11,024,892	13,019,922	1,995,030
Net profit for the period	83,789,200	90,582,510	75,324,568	(15,257,941)

NOTE: * transposition of Budget for 2015 on IFRS structure

Under RAS:

- Total income stands for 95.6% of the total budgeted for 2015, while total expenses are 24.9% below the budgeted level, mainly as a result of a lower volume of expenses on assets sold;
- The net result for 2015 under RAS is 8.1% higher than budgeted, as a result of a profit on the disposal of fixed assets over the budget estimates.

Under IFRS:

- Revenues are higher than budgeted because dividends are recorded as gross value and was recognized in income the difference in the fair value measurement of investment property;
- Gains from transactions are lower due to changes in the cost of securities sold;
- Expenses are quite similar to those under RAS.

The difference between the net profit of 2015 determined under IFRS and RAS is mainly due to the different accounting treatment of determining the value that existed the portfolio during 2015 which, in case of some issuers, was superior under IFRS as compared to RAS, either as a result of the manner of recognizing the assets at the time of their entry into the portfolio, either as a result of using inflated cost. Further information on the Statement of comprehensive income as at December 31, 2015 are presented in the Notes to the individual financial statements as at December 31 2015 prepared pursuant to IFRS, annex to this report.

For the budget of revenues and expenses approved by the general meeting of shareholders held on April 2015, the financial indicators have been projected and built upon RAS principles and accounting treatments, according to regulations in force at the time, and the change of accounting regulations occurred in late December 2015.

The net profit under RAS projected in the budget for the financial year 2015 was of RON 83.8 mn. Net profit recorded as at December 31, 2015, calculated pursuant to RAS, amounts to RON 90.6 mn, up 8.14% above the budgeted level.

5. OTHER SIGNIFICANT INFORMATION

ASF endorsements for changes in Company's bylaws

- By Endorsement no. 181/04.06.2015, the Financial Supervisory Authority endorsed the changes in Company's bylaws concerning the quorum and majority requirements for the extraordinary general meetings of shareholders, pursuant to the decisions of the Board of Directors of SIF Banat-Crișana adopted based on Art. 286³ of Law no. 297/2004, as amended by Law no. 10/2015. (Current report – June 5, 2015)
- By Endorsement no. 392/10.12.2015, the Financial Supervisory Authority endorsed the amendments to SIF Banat-Crișana's bylaws and Articles of Incorporation, following the closure of secondary office: *"Cluj branch office, with the premises in Cluj-Napoca, Muzeului Sq., no. 1, Apt. 2/1, Cluj County, J12/984/1994, CUI 7593746"*, pursuant to the Decision of the Board of Directors no. 4/30.10.2015. (Current report – December 11, 2015).

Legislative changes having impact on Company's activity

- **Changes in accounting regulations**

On 6 August 2014, ASF issued Instruction no. 2/6 August 2014, whereby entities authorised, regulated and supervised by the FSA in the Financial Investments and Instruments Sector were required to apply IFRS, as the official basis of accounting with effect from January 1, 2015.

During 2015, by the ASF Instruction no. 1/May 19, 2015 regarding the amendment of Instruction 2/2014, entered into force on May 19, 2015, ASF decided to postpone the implementation of IFRS as official accounting regulations for regulated entities, delaying the implementation of IFRS as the official accounting regulations until January 1, 2016.

On December 28, 2015 the official accounting regulations applicable to SIF Banat-Crișana were once again changed by the ASF Norm no. 39/2015 regarding the approval of the accounting regulations in accordance with IFRS, applicable to the entities authorised, regulated and supervised by ASF – Financial Investments and Instruments Sector, published in the Official Gazette of Romania no. 982/December 30, 2015.

As per Norm no. 39/2015, starting with the annual financial statements for the year ended December 31, 2015, IFRS are the official accounting regulations (the statutory basis of accounting) for SIF Banat-Crișana.

- **AIFM Law**

In the Official Gazette of Romania, Part I, no. 274 of April 23, 2015, was published the Law no. 74/2015 on alternative investment fund managers ("Law no. 74/2015" or "AIFM Law"). The Law no. 74/2015 came into force 30 days after its publication in the Official Gazette, i.e. on May 23, 2015.

The main purpose of the Law no. 74/2015 is the transposition into Romanian legislation of the Directive 2011/61/EU (known as AIFMD Directive) on Alternative Investment Fund Managers and amending the Directives 2003/41/EC and 2009/65/EC and Regulations (EC) no. 1060/2009 and (EU) no. 1095/2010.

AIFMD Directive aims at unitary regulating the entities that manage alternative investment funds (AIF): *"The scope of this Directive should be limited to entities managing AIFs as a regular business – regardless of whether the AIF is of an open-ended or a closed-ended type, whatever the legal form of the AIF, and whether or not the AIF is listed – which raise capital from a number of investors with a view to investing that capital for the benefit of those investors in accordance with a defined investment policy."*

The new legislation on alternative investment fund managers (“AIFM”) regulates organizational and operational requirements for the management structures of the AIFM. Are also regulated requirements for the establishing, implementing and maintaining of effective mechanisms for surveillance and control of specific activities such as portfolio management, risk management, internal control and internal audit. Moreover, the new law establishes new requirements for reporting and informing, both the market and the supervisory authority.

Concerning the implementation and transposition of the new law for the entities, art. 63 of Law no. 74/2015 provides that managers of non-UCI (undertakings for collective investment) in Romania (in original AOPC), operating before the entry into force of the law, are to take all necessary measures to comply with the new law, and are bound that not later than 12 months after entry into force to submit to the ASF, depending on the value of the portfolios managed, with consideration of art. 2 para. (2), either application for authorization or their registration as self-managed AIFM / AIF.

Under the new legal provisions, SIF Banat-Crișana S.A. (assimilated to a non-UCI) must request the Financial Supervisory Authority (“ASF”), no later than May 23, 2016, either registration, or authorization as self-managed AIF.

6. SUBSEQUENT EVENTS TO THE DATE OF THE BALANCE SHEET

Preliminary financial results for the year 2015

On February 15, 2016, SIF Banat-Crişana published the preliminary financial results for the year ended December 31, 2015 which are available to the public and investors on company's website, www.sif1.ro

Endorsement of changes in Internal Regulations

On February 18, 2016, the Financial Supervisory Authority endorsed the changes in the Company's Internal Regulations, following the resolution no. 2/29.01.2016 of the Board of Directors.

Endorsement of Company's executive team

By Endorsement no. 75 dated 25.02.2016, the Financial Supervisory Authority has endorsed the changes in Company's management, following the appointment of Mr. Laurențiu Riviș as Director, pursuant to Resolution no. 3/27.11.2015 and Resolution no. 8/29.01.2016 of the Board of Directors of SIF Banat-Crişana.

7. BOARD OF DIRECTORS' PROPOSALS

Given this report, the Board of Directors submits for approval of the Ordinary General Meeting of Shareholders:

1. The financial statements as at December 31, 2015 prepared pursuant to International Financial Reporting Standards adopted by the European Union, including:
 - Statement of profit or loss and other comprehensive income
 - Statement of financial position
 - Statement of Changes in Equity
 - Statement of Cash Flows
 - Notes to the financial statements
2. Allocation of the net profit for the financial year ended December 31, 2015, in the amount of RON 75,324,568 to retained earnings.
3. Discharge of liabilities the Board of Directors for the year 2015

This report is accompanied by the following annexes:

ANNEX 1	Financial statements as at December 31, 2015, prepared pursuant to International Financial Reporting Standards – IFRS and ASF Norm no. 39/2015
ANNEX 2	Statement of SIF Banat-Crişana assets and liabilities as at December 31, 2015 and the detailed statement of investments (pursuant to Annexes No. 16 and 17 to Regulation no. 15/2004)
ANNEX 3	Statement of SIF Banat-Crişana assets and liabilities as at December 31 2015 - comparative report
ANNEX 4	Amendments to the articles of incorporation in 2015
ANNEX 5	Status of compliance with the Code of Corporate Governance issued by BVB

The version prepared in Romanian of the Annual Report of the Board of Directors (which is the official and binding version) was approved by the Board of Directors of SIF Banat-Crişana in the meeting held on March 14, 2016, revised and approved in final form in the meeting held on March 25, 2016.

Bogdan-Alexandru DRĂGOI

Chairman of the Board of Directors

Octavian AVRĂMOIU

Vice-Chairman of the Board of Directors