



SIF BANAT-CRIȘANA
SOCIETATE DE INVESTIȚII FINANCIARE

ANNUAL REPORT OF
SIF BANAT-CRIȘANA
FOR **2013** FINANCIAL YEAR

This report is provided as a free translation from Romanian, which is the official and binding version

Annual report apart according to:

Law no. 297/2004, CNVM Regulation no. 1/2006 and CNVM Regulation no. 15/2004

Company name:

Societatea de Investiții Financiare Banat-Crișana S.A.

Registered office:

ARAD, Calea Victoriei nr. 35A, postal code 310158

Phone / Fax:

+40257 234 473; +40257 250 165

Fiscal code / Unique Identification Code with Trade Register Office:

2761040

Number in trade Register:

J02/1898/1992

Number in ASF register:

PJR09SIIR/020002/02.02.2006

Regulated market on which the issued securities are traded:

Bucharest Stock Exchange, first tier, ticker SIF1

Subscribed and paid-up share capital:

RON 54.884.926,80

Main characteristics of the securities issued:

548.849.268 ordinary shares, common, registered, dematerialized, indivisible, nominal value of RON 0.10

1. COMPANY'S BUSINESS ACTIVITY

1.1. a) Description of the core activity

Societatea de Investiții Financiare Banat-Crișana S.A. (referred to as "SIF Banat-Crișana" or the "Company") is a Romanian legal entity, set up as a joint stock company with entire private capital.

The company operates in accordance with the provisions of ordinary and special laws enforceable to financial investment companies, as well as with the provisions of its Articles of Incorporation.

SIF Banat-Crișana operates as a closed investment company with a diversified investment policy having the Certificate no. 258/14.12.2005 issued by the Romanian National Securities Commission ("CNVM"). Starting 29 April 2013, the CNVM prerogatives were taken by The Financial Supervisory Authority ("ASF"), pursuant to Law no. 113/2013 for the approval of Government Emergency Ordinance no. 93/2012.

The Company is self-managed and is registered with the ASF Register in the category "Other undertakings for collective investments" (AOPC) under number RJR09SIIR/020002/2006.

The main activity of SIF Banat-Crișana, according to CAEN – National Classification of Economic Activities, is financial intermediations, except insurance and pension fund activities (CAEN code 64), and the main object of activity is Other financial intermediation (CAEN code 6499), as follows: a) undertaking financial investments in order to maximize the value of its own shares in accordance with the regulations in force; b) management of the investment portfolio and exercise of all rights associated with the instruments invested in; c) other auxiliary and related activities, in accordance with the regulations in force.

For 2013 financial year:

- The records of the Company's shares and shareholders were kept by Depozitarul Central S.A. Bucharest;
- Assets depository services were ensured by ING BANK N.V. AMSTERDAM Bucharest Branch;
- The financial-accounting statements regarding the Company's operations were audited by KPMG Audit S.R.L. Bucharest.

b) Mentioning the date of establishment of the company

SIF Banat-Crișana was set-up as a joint stock company in November 1996, through the reorganization and transformation of Private Ownership Fund I Banat-Crișana, under Law no. 133/1996 for the turn of Private Ownership Funds into financial investment companies.

c) Description of any significant merger or reorganization of the company, branches or controlled companies during the financial year

From the establishment until present day, SIF Banat-Crișana was not subject of a merger.

Restructuring the activity of SIF Banat-Crișana

Given the dynamics of economic conditions and the need to increase the efficiency of Company's operations, on May 27, 2013 the Board of Directors approved the setting forth of a reorganization process of the activity carried out by SIF Banat-Crișana.

The objectives of this process are to ensure an effective decision-making framework, simplifying operational and informational flows and optimizing the number of positions depending on the size and complexity of the underserved.

The measures taken by the Board of Directors in 2013 targeted:

- change of the Internal Regulations by completing and/or amending the attributions and responsibilities of compartments in the new organizational structure;
- closedown of two of the Company's branches: Bistrița and Satu Mare and the relocation of the branch in Bucharest;
- redefining the positions in the new Organizational Chart by reducing them.

In order to implement these measures, the Company requested from the Financial Supervisory Authority the issuance of the legal authorizations.

Through the Notice No. A/10/16.07.2013, the Financial Supervisory Authority approved the amendments to the Internal Regulations of the Company approved by the Board of Directors in May 2013.

Through the Notice No. A/20/24.10.2013, the Financial Supervisory Authority approved the modification of the Articles of Incorporation of SIF Banat-Crișana, as a consequence of the relocation of Bucharest branch in accordance with the Decision no. 4.1/26.07.2013 of the Board of Directors.

Through the notice No. A/9/05.07.2013, the Financial Supervisory Authority approved the change of the Statute and Articles of Incorporation of SIF Banat-Crișana, as a consequence of the closedown of Bistrița and Satu Mare branches.

Reorganization and judicial liquidation in portfolio companies

During 2013, the bankruptcy procedure opened for ARIO Bistrita, following the ruling of the syndic judge and the judicial reorganization initiated in 2009.

At the end of 2013, 72 companies from portfolio were in bankruptcy /insolvency /dissolution procedure. These companies are reflected with zero in the net asset value (calculated according to ASF regulations).

During 2013, six companies were radiated from portfolio following liquidation. The value of this companies was RON 646,655, amount provided for in previous years.

d) Description of acquisitions and/or sales of assets

Acquisitions and inflows of financial assets:

- acquisitions on domestic and foreign markets in total amount of RON 46,507,106, of which RON 11,046,572 represent investments in securities and RON 35,460,534 represent acquisitions of shares for short-time investments (RON 26,676,264 on domestic markets and RON 8,784,270 on foreign markets);
- direct investments in amount of RON 28,802,730, of which new investments in amount of RON 28,623,385;
- participation at share capital increases at four companies, amounting to RON 88,554,710. As at 31 December 2013, the Company has made payments for share capital increase at two companies amounting to RON 834,200, the share capital increase registration being in progress at the time;
- shares of SIF Imobiliare PLC, in amount of RON 100,476,337, acquired as a result of the share exchange following by the in-kind contribution of SIF Banat-Crişana to the share capital of the company with shares held in 18 companies from the real estate activity field;
- shares received at no cost, as a result of share capital increases by incorporation of reserves performed by three companies from SIF Banat-Crişana portfolio, amounting to RON 19,027,559;
- corporate bonds amounting to RON 33,033,941;
- other short term investments in securities amounting to RON 122,039 (fund units in a closed-end investment fund amounting to RON 14,089 and preference rights amounting to RON 107,950)

Significant sales and disposals of financial assets in 2013

- sales transactions on domestic and foreign markets amounting to RON 149,583,627, with a profit of RON 80,426,276;
- direct sales of shares held at closed companies generating an income amounting to RON 3,702,179, with a profit of RON 2,817,316;
- the in-kind contribution of SIF Banat-Crişana with shares owned at 18 companies from the real estate sector, to the share capital of SIF Imobiliare PLC, the cost of the shares being RON 31,468,495;
- the value of the securities disposed of as a result of liquidation of companies from the portfolio amounting to RON 646,655, with a cost of RON 576,921.

e) Description of main results of the evaluation of company's activity

Company's activity during 2013 is detailed in the Report of the Board of Directors for 2013 financial year presented to the general meeting of the shareholders on April 15, 2014 (appendix 1 to this report)

1.1.1 General assessment items

Key indicators for 2013:

Synthetic indicators [RON]	31.12.2012	31.12.2013
Total revenues	159,132,782	142,094,475
Total expenses	42,288,492	51,147,824
Gross profit	116,844,290	90,946,651
Net profit	100,514,044	80,143,950
Net asset value*	1,320,574,136	1,596,835,716

* values calculated as at 31 December 2012 according to Regulation no. 15/2004 and Measures no. 9/2010 and 21/2010 and as at 31 December 2013 according to Measure no. 23/2012

a) Profit

For 2013, SIF Banat-Crişana recorded a gross profit of RON 90,946,651 lei, exceeding the budgeted for 2013 by 32.5% as a result of a slightly higher income above provisions and a lower volume of expenses compared with the budgeted level. Net profit amounted to RON 80,143,950, 33.4% higher than the budgeted target for 2013, is 79.7% of the result for the previous year.

b) Turnover

For SIF Banat-Crişana turnover means total operating income. In 2013, turnover was of RON 142,094,475 lei, 1.3% higher than budgeted for 2013 and 10.7% lower 2012.

c) Export - not applicable

d) Costs

Costurile sunt reprezentate de totalul cheltuielilor din activitatea curentă a Societății, care au însumat 51.147.824 lei în anul 2013, reprezintă 71,4% din prevederi, depășind cu 20,9% realizările anului precedent. Costs mean Company's total operating expenses, amounting to RON 51,147,824 lei in 2013, representing 71.4% of the budgeted, 20.9% higher than previous year.

e) market share - not applicable

f) Liquidity

As of December 31, 2013, the cash in current bank accounts and the cash in hand held by SIF Banat-Crişana was of RON 2,300,588, and the cash equivalents (bank deposits, treasury bills, bonds and securities with maturity under three months, other values) amounted to RON 17,357,456. The total cash and cash equivalents as of December 31, 2013 is of RON 19,658,044. The Company also held on 31 December 2013 bank deposits with maturity over three months totaling RON 70,619,855, so that the total short-term monetary investments amounted to RON 90,277,899, representing 8.1% of total assets.

1.1.2. Evaluation of the technical level of the company

The company has the necessary assets and equipment to ensure the optimum carrying-out of the activity, in accordance with the law and a good level of competitiveness.

1.1.3. Evaluation of the technical-material supply

This item is not significant for the Company. The activity of technical-material supply carried on by SIF Banat-Crişana refers exclusively to the supply with consumables and it has an insignificant volume within the activity carried out by the Company.

1.1.4. Evaluation of the sale activity

Sales activity performed by SIF Banat-Crişana refers to transactions with financial instruments undertaken on the financial market in Romania and foreign capital markets. Sales of financial assets and significant outflows in 2013 are presented in section 1.1.d. The entire investment activity during 2013 is detailed in Chapter 1 of the Report of the Directors for the financial year 2013 presented in the general meeting of shareholders of April 15, 2014 (Annex 1 to this report).

1.1.5. Evaluation of aspects regarding Company's employees/staff

SIF Banat-Crişana's number of employees at 31 December 2013 was of 51 individuals with permanent employment contract (2012: 78), of which 44 at the headquarters in Arad and 7 at branches.

Structure of basic training level of employees is as follows: 74% of employees have higher education, 14% secondary and 12% general education.

No trade union was set up within the Company, the employees being represented for the negotiation of the collective labour agreement by the representatives elected in accordance with the legal requirements.

The employment relationships are regulated by the Individual Labour Agreements and by the Collective Labour Agreement, registered with the Local Labour Inspectorate of Arad under no. 298 / 2012.

There were no conflict issues during 2013 in the between management and employees. SIF Banat-Crişana provides a positive work environment and equal opportunities for all employees throughout the entire period from employment date to the end of labour relations.

The responsibilities of departments and positions were redefined in 2013 under the new organization and internal regulations approved by ASF Notice A/10/16.07.2013.

1.1.6. Evaluation of legal aspects concerning the impact for the environment of the Company's main activity

SIF Banat-Crişana, in the activities carried-out, complies with the legislation on environmental protection. SIF Banat-Crişana acknowledges that complying with environmental and social legislation, as well as conducting appropriate environmental and social business practices, are important factors in the proper management of the business.

1.1.7. Evaluation of research and development activity

Given the specificity of Company's business, the research activity aims to develop the proprietary models for studying the investment opportunities, to develop the informational and technical tools, the improvement of methods and models used, the analysis and research of the markets and their prospects, identifying areas business diversification.

1.1.8. Evaluation of Company's activity regarding risk management

The main risks the Company is exposed to are: market risk, credit risk, liquidity risk, cash flow risk, operational risk, risk related to taxation and economic environment risk.

Market risk – includes currency risk, interest rate risk and price risk.

Currency risk | Currency risk is the risk that the value of a financial instrument will fluctuate due to variations in exchange rates.

In 2013, the Company carried out transactions both in Romanian currency (RON) and foreign currency. The Romanian currency fluctuated during 2013 compared to foreign currencies, EUR and USD, at the end of the year recording a depreciation.

The financial instruments used ensure the preservation of the value of monetary assets held in RON, by making placements and interest collections by due date.

The Company did not conduct any transactions with derivative instruments during 2012 and 2013.

Interest rate risk | Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in interest rates on the market.

Interest rate risk consists of the risk of fluctuation in value of a particular financial instrument due to changes in interest rates and of the risk generated by the interest repricing intervals for interest bearing assets and interest bearing liabilities used to finance those assets.

The period for which the interest rate is fixed of a financial instrument thus indicates the extent to which the instrument is exposed to interest rate risk. The financial instruments bear interest at market rates, therefore it is assumed that the fair values do not differ significantly from the carrying amounts.

The majority of the Company's financial assets are denominated in stable currencies whose interest rates are unlikely to vary significantly.

Price risk | Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices, even if these changes are caused by factors specific to individual instruments or their issuer, or factors affecting all instruments traded in the market.

During 2013 the market capitalization of liquid listed issuers increased as compared to 2012.

Taking into account the fact that the Company has a large portfolio of listed shares, it was favorably affected in 2013 by the price risk.

Credit risk | Credit risk is the risk that one of the parties to a financial instrument will fail to fulfill an obligation, which will cause the other side to record a financial loss.

Financial assets which potentially subject the Company to concentrations of credit risk mainly include receivables from the core activity. These are presented net of allowances for doubtful receivables. Management closely and constantly monitors the credit risk exposure so as not to incur losses due to credit concentration in a specific sector or industry.

Liquidity risk | Liquidity risk is associated to difficulties encountered by the Company in obtaining the funds necessary to fulfill outstanding commitments.

The Company monitors the evolution of the level of liquidities in order to be able to settle the obligations as they become due. Assets and liabilities are analyzed based on the remaining period to the contractual maturity.

Cash flow risk | Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in size. For a floating rate financial instrument, for example, such fluctuations will result in a change in the effective interest rate of that financial instrument, usually without changes in its fair value.

Given the nature of its activity, the Company is not exposed to a major cash-flow risk, neither arising from the changes in the value of financial instruments nor from interest rate changes.

Operational risk | Operational risk represents the likelihood to incur direct or indirect losses due to a large number of factors associated to the processes, personnel and internal systems of

the Company or other external factors (other than credit, market and liquidity risk) such as those that come from regulatory requirements or the requirements of the generally accepted investment management standards. Operational risks arise from all the business lines of the Company.

The Company's objective is to manage operational risk in such way that there is a balance between the measures taken to limit financial losses and maintain the reputation and the realization of investment targets in order to generate income for the investors. Further information on operational risk management are presented in Chapter 3 of the Report of the Directors for the financial year 2013 presented to the general meeting of shareholders of April 15, 2014 (Annex 1 to this report).

Tax risk | Starting January 1st, 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 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 could adopt a position different from that of the Company's.

In addition, 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 issued.

Operating environment risk | The process of risk repricing on international financial markets in recent years has severely affected their performance, including the financial market in Romania, leading to increased uncertainty about future economic developments.

The effects of the international financial crisis were also felt on the Romanian financial market particularly in the form of: significant increase of non-performing loans volume in the local banking system, making access to finance more difficult both for population and economic agents, banks aiming more towards financing of the state authorities through purchases of government bonds rather financing economic and consumption development, national currency depreciation, lower real estate prices, the negative evolution of macroeconomic indicators (inflation, budget deficit, current account deficit, decrease of foreign direct investment, rising unemployment etc.)

SIF Banat-Crișana's management cannot predict all the effects of the crisis affecting the financial sector in Romania, but considers that in 2013 has adopted the measures necessary for sustainability and development of the Company in existing financial market conditions, by monitoring cash flows and adequacy of the investment policies.

The avoidance of risks and 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 adopted risk management policies through which an active management is performed, being applied specific procedures for the identification, assessment, measurement and control of risks, in order to provide reasonable assurance regarding the objectives of Company, a constant balance between risk and expected profit being sought.

The risk management process aims: (i) identification and assessment of significant risk with impact in meeting the investment objective and activities development to counter the risks identified, (ii) adapting the risk management policies to the financial developments of the capital market, performance monitoring and improvement of risk management procedures, (iii)

reviewing investment decisions in relation to capital market development, (iv) compliance with current legislation.

1.1.9. Outlook on Company's activity

a) Presentation and analysis of the trends, events or uncertainty factors that affect or might affect the liquidity of the company, as compared to the same period of the previous year

For the next period, as of the date of the present report, no trends, events or uncertainty factors are expected that could affect the liquidity of the company as compared to 2013. The liquidity influence factors are related to cash flows. According to 2014 financial planning, included in the budget submitted for the approval of the General Meeting of Shareholders, the evolution of the volume of liquidities is the result of the adopted investment policy.

b) Presentation and analysis of the effects of capital, current or anticipated expenses on the financial status of the company, as compared to the same period of the previous year

Total expenses projected for 2014 amount to RON 36.641.200 (2013: RON 51.147.824 lei) comprising:

- RON 21,060,000 expenses on the capital market (2013: RON 29.854.986) representing 57.5% in total expenses, include mainly expenses with the disposal of financial assets, transaction losses, and fees and commissions related to transactions (bank commissions, settlement fees etc.)
- RON 15,581,200 operating and auxiliary expenses (2013: RON 21,292,838), representing 42.5% in total expenses projected.

c) Presentation and analysis of the events and transactions, economic changes that significantly affect the income from the core activity

The income from the core activity of the company, both the income from transactions and income from the dividends collected from the companies in portfolio may be affected by the overall evolution of the financial market in Romania, the financial results and the dividend policy of the companies where SIF Banat – Crişana holds stakes.

In the investment activity, SIF Banat-Crişana will continue the optimization of resource allocation and management in higher efficiency parameters in order to obtain higher returns on invested capital. For securities, the selection will focus on sectors with potential for growth, on companies with long term development prospects, high level of innovation, market leadership position and provide a lower risk / reward ratio.

Operational plan and the budget for 2014 are presented as annexes to this report.

2. COMPANY'S TANGIBLE ASSETS

2.1. SIF Banat-Crisana owns locations for running the operational and administrative activities of the Company located in Arad (the headquarters) and in the cities: Bucureşti, Bistriţa, Cluj-Napoca, Oradea, Timişoara and Satu Mare. The branch offices in Bistriţa, Oradea, Timişoara, and Satu Mare were closed down in 2008 and 2013.

2.2. The net book value as of December 31, 2012 of tangible assets in the building category is of RON 4,490,239, the recorded rate of wear (determined based on the straight-line book depreciation) being of 37.6%. The last re-evaluation of Company's tangible assets was conducted

on December 31, 2012, taking into account the harmonization of book values to market values and other useful values of the assets held.

2.3. The Company has no ownership issues regarding the tangible assets.

3. THE MARKET OF THE SECURITIES ISSUED BY SIF BANAT-CRIȘANA

3.1 Characteristics of the shares issued by SIF Banat-Crișana

Total number of issued shares (December 31, 2013)	548,849,268
Nominal value	0.1000 RON /share
Type of shares	common, ordinary, registered, dematerialized, indivisible
Trading market	Regulated spot market of the Bucharest Stock Exchange (BSE), first tier - since November 1, 1999
Free float	100%
BSE ticker	SIF1
International identifier	Bloomberg BBGID: BBG000BMN388
ISIN Code	ROSIFAACNOR2

SIF BANAT-CRIȘANA SHAREHOLDERS as at December 31, 2013

	No. of shareholders	shareholding
Romanian individuals	5,796,626	50.05%
Foreign individuals	1,854	0.63%
Romanian legal entities	274	26.38%
Foreign legal entities	53	22.93%
TOTAL	5,798,807	100%

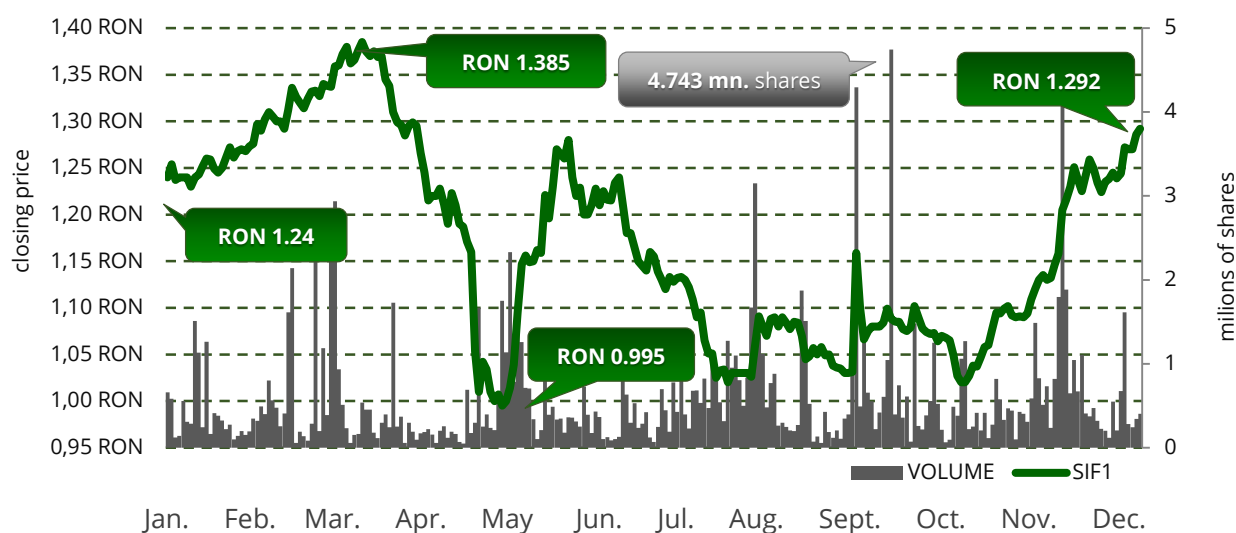
SIF1 SHARES ON BSE

	2011	2012	2013
Market price (RON, closing price)			
low	0.701	0.800	0.991
high	1.325	1.260	1.390
Year end	0.903	1.213	1.292
Net profit per share (RON)	0.1148	0.1831	0.1460
PER	7.87	6.62	8.85
NAV per share (RON)	2.3698	2.4061	2.9094
Dividend* (RON/share)	0.100	-	-
Mk. cap.** (RON mn)	495.61	665.75	709.11

* as approved by the OGM ** computed using closing price year end

Variation of SIF1 share price and volumes traded in 2013 are presented in the following chart:

SIF1 SHARE PRICE AND VOLUMES TRADED IN 2013



3.2 Dividend

For 2013, Board of Directors submitted for the approval of OGM the distribution of the net profit for the financial year 2013 amounting to RON 80,143,950 to other reserves for own financing sources, to be used in the future as decided by the ordinary general meeting of shareholders.

For 2012, The General Meeting of Shareholders decided the capitalization of the entire profit, with no dividend distribution, and the allocation of the amount of RON 100,514,044 to other reserves for own financing sources.

Dividend distribution

Financial year	2010	2011
Net profit (RON mn)	63	63.01
Gross payable dividend * (RON mn)	56.53	54.88
Gross dividend per share (RON)	0.103	0.1
Dividend payout ratio	89.7%	87.1%

* as approved by the OGM

3.3. Since establishment, SIF Banat-Crişana has not purchased and has not held its own shares.

3.4. As of 31.12.2013, SIF Banat-Crişana has two branches, located in Bucharest and Cluj-Napoca respectively. Branches are entities with no legal personality. The list of SIF Banat-Crişana branches is presented in Appendix 3 to this report.

3.5. Since establishment, SIF Banat-Crişana has not issued bonds or other debt instruments.

4. SIF BANAT-CRIȘANA MANAGEMENT

4.1. Board of Directors

Pursuant to the By-Laws provisions, SIF Banat-Crișana is managed under a one-tier (unitary) system, by a Board of Directors (BoD) comprised of seven members. The BoD members are elected by the General Meeting of Shareholders, by secret ballot, pursuant to a transparent procedure for the appointment, by a majority vote. The term of office of BoD members is of four years, with the possibility of re-election.

Board members must meet the general conditions stipulated by Law no. 31/1990 for the exercise of that function, while also meeting the criteria established by Law no. 297/2004 regarding the capital market and regulations issued by the Financial Supervisory Authority (FSA). Board members are authorized in this position by the FSA.

The Board of Directors has decisional powers regarding the administration of the Company in between the general shareholders meetings, except for decisions that the law or the Articles of Association provide exclusively for the general meeting.

The Board elects from their members a chairman and a vice-chairman. Pursuant to Company's Statute, the chairman also holds the general director executive position. The chairman, and in his absence, the vice-chairman, represent the Company in dealing with third parties.

The responsibilities of the chairman and the vice-chairman are established through the internal regulations of SIF Banat-Crișana, approved by the Board and endorsed by the FSA.

As of January 2013, the composition of the Board of Directors was the following:

Nume	Funcție
Dragoș-George BÎLTEANU	Chairman
Ioan CUZMAN	Vice-Chairman
Emil CAZAN	Member of the Board
Zoltan HOSSZU	Member of the Board
Ion STANCU	Member of the Board
Ștefan DUMITRU	Member of the Board
Marius Ioan PANTEA	Member of the Board

The directors in office as at January 1st, 2013 were elected by the Ordinary General Meetings of Shareholders from April 25, 2009, April 30, 2010 and April 28, 2011.

On April 24, 2013, the Ordinary General Meeting of Shareholders elected the members of the Board of Directors of the Company for a term of four years, as follows: George-Dragoș BÎLTEANU, Ștefan DUMITRU, Valentin CHISER, Ali LAKIS, Ion STANCU, Adrian PETREANU.

In the meeting held on April 24, 2013, the Board elected Mr. Dragoș-George BÎLTEANU as Chairman of the Board, and Mr. Ștefan Dumitru as Vice-Chairman of the Board.

Through Notice no. A/8/27.06.2013, FSA approved the changes of the members of the Board of Directors of SIF Banat-Crișana in accordance with Resolution no. 1 of the Ordinary General Shareholders Meeting from April 24, 2013.

In the meeting of the Board of Directors of SIF Banat-Crișana held on July 26, 2013, Mr. Najib EL LAKIS was appointed temporary administrator of SIF Banat-Crișana, until the next Ordinary General Meeting of Shareholders.

Through Notice no. A/22/06.11.2013, FSA approved the changes to the Board of Directors of SIF Banat-Crișana following the appointment of Mr. El Lakis Najib as interim Board member, in accordance with the decision of the Board of Directors no. 5 from July 26, 2013, until the Ordinary General Meeting of Shareholders.

BOARD OF DIRECTORS as at December 31, 2013

	Position	Other information
Dragoş-George BÎLTEANU (b. 1977)	Chairman of the Board and General Director of SIF Banat-Crişana	<p>Studies: Executive MBA (2004-2005); International Business Relations (ASE Bucureşti) (1995 – 1999)</p> <p>Experience: SIF Banat-Crişana – Member in BOD starting with Jan 2010, Vice-President BoD from June 2012, President BoD and General Director starting with December 2012; Vrancart S.A. – Member of BoD (March 2012 – present) Romenergo S.A. - Member of BoD (2008 – present), General Manager (2008 – Oct. 2012); BG Management Consultants SRL – Unique administrator (2005 – present); IEMI S.A. – main shareholder and unique administrator (2005 – 2007); ENERGOREPARAȚII SERV S.A. – significant shareholder and representative of the majority holder (2004 – 2006). BG Conta SRL – (1997 – 2004) coordinating associate.</p> <p>Specializations: Accounting Expert, CECCAR Member (Body of Expert and Licensed Accountants of Romania); Financial Auditor, member of Chamber of Financial Auditors of Romania Fiscal advisor, member of Chamber of Tax Consultants in Romania Insolvency practitioner, member of UNPIR (Uniunea Națională a Practicienilor în Insolvență din România)</p>
Ștefan DUMITRU (b. 1980)	Vice-Chairman of the Board, non-executive director	<p>Studies National Institute for Training Lawyers (2004 – 2005) Law Faculty, University Bucureşti (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 (b. 1972)	Member of the Board, non-executive director, member of the Audit Committee	<p>Studies Executive Master of Business Administration - Asebus - Kennesaw Atlanta University Program (2003 - 2005) ; Faculty of Finance, Banking and Accounting - Academy of Economic Studies, Bucharest (1991-1996)</p> <p>Experience Romenergo group - Romenergo SA , Chief Executive Officer (Nov 2012 – 1 Oct 2013) ; Romenergo group - Romenergo SA , Chief Financial Officer (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 - Dec2005); SEF Trans - Balkan Fund - Romania subsidiary 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>Specializations Certificate in Corporate Finance - Chartered Institute for Securities and Investments (CISI) London (Feb 2012); Driving Corporate Performance - Harvard Business School in Boston, USA in July 2007</p>
Ion STANCU (b. 1950)	Member of the Board, non-executive director, member of the Audit Committee	<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>Specializations: Academical Documentation in Corporate Finance at Ottawa University, Canada (1999) Academical Documentation in Finance and stock markets at University of Reading, Berkshire, UK (1997);</p>

BOARD OF DIRECTORS as at December 31, 2013

	Position	Other information
Ali H. LAKIS (b. 1981)	Member of the Board, non-executive director	<p>Academical Documentation in Direct Investments; Capital markets at Université de Genève, Switzerland (1996)</p> <p>Studies American University of Beirut, Lebanon (2004) - Bachelor in Business Administration (Finance) International Institute of Management, Cyprus (2013) - MBA Finance Department - Rating companies, financial accounting, governmental</p> <p>Experience Banque SBA SA, Cyprus - Head of Credit Department (June 2011 - present); First National Bank S.A.L. - Headquarters, Lebanon - Credit Officer (May 2007 - June 2011); Volunteers, local NGOs in Lebanon - independent consultant (2007 - 2010), Division Finance - Administrative MoD Lebanon - responsible audit (2005 - 2006); Allianz Insurance Company, Lebanon - Sales Assistant (2003 - 2004); Merrill Lynch, Pierce, Fenner & Smith (ME), Lebanon - training (2003-6 weeks); Central Bank of Lebanon, Beirut - training (2003 - two months);</p> <p>Specializations Credit Rating and Banking Analysis - Moody's & Capital Intelligence Ltd., Cyprus (2012); Certified Management Accountant (CMA) Part 1 and Part 2 - Morgan International, Beirut (2011); Securities certificate from the Chartered Institute for Securities and Investment - cisi.org (2010); Credit & Relationship Manager Certificate - Six Sigma Financial Consultancy LLC (2009); Financial Analysis Basel 2 - Six Sigma Financial Consultancy LLC; Career development - workshop at AUB.</p>
Petre Adrian PETREANU (b. 1974)	Member of the Board, non-executive director	<p>Studies Master of Business Administration (MBA) - Green College - Templeton, Said Business School University of Oxford (2009-2010); Scholarship - International Master of Science Program, Erasmus University, Rotterdam School of Management (1996) Faculty of Economics - Academy of Economic Studies (ASE), Bucharest (1993-1997).</p> <p>Experience Ashmore Investment Management - Fund Manager, Member of Investment Committee of Ashmore Investment in Corporate Bonds (2013 - present); UBS AG - European Department for trading fixed income market instruments (2010 - 2013); Cargill Inc. - Department of Treasury, various fund management positions in Romania, Switzerland, USA, UK (1997 - 2009); Black River Asset Management (London) - active division of Cargill Inc. funds - Managing Director (2004 - 2009); Cargill Financial Markets (Treasury Dept.) - various positions in offices in London, Geneva, Minneapolis and Bucharest (1997-2004).</p> <p>Specializations Member of the Romanian Business Club, an organization of Romanian working in finance in the City of London (2001 - present); Member of the Romanian Education Trust, a registered nonprofit organization in the UK and Romania in order to grant scholarships to students from Romania admitted to Masters in Business from prestigious universities in Europe (2004 - present); Pro Patrimonio Foundation founding member (2001 - present).</p>
Najib EL LAKIS (b. 1963)	Member of the Board, non-executive director	<p>Studies Long term Higher education - The College of Business and Public Administration - University of Liberia - Monrovia, Liberia (1984 - 1988)</p> <p>Experience SIF Banat-Crişana - Advisor (2012 - 2013); Romenergo Group of companies - President of the Board Sole administrator of Mechanical Romenergo S. A. (2008 - present); Robinson SA - shareholder representative (2006 - present); IEMI SA - shareholder (2005 - 2007); ARIS INVEST CONSULT SRL - shareholder and sole administrator (2004 - present); ENERGOREPARATII SERV SA - significant shareholder (2004 - 2006); CALYPSO Trading SRL - Associate (1991-1998).</p>

PARTICIPATION OF BOARD MEMBERS in the share capital of SIF Banat-Crişana

Name	Holdings as at December 31, 2013	
	Number of shares	Percentage of share capital
Dragoş-George BÎLTEANU	406	0.00007%
Ştefan DUMITRU	-	-
Valentin CHISER	-	-
Ali LAKIS	-	-
Ion STANCU	24,425	0.0045%
Adrian PETREANU	-	-
Najib EL LAKIS	2,000	0.00036%

The members of the Board of Directors were elected in the Ordinary General Meeting of Shareholders based on the vote of shareholders. Therefore, there are no agreements or family ties between the Company's board members and third parties that could have led to the appointment of the directors in their position.

Futher information on the activity of the Board of Directors in 2013 are presented in Chapter 3 of the Board of Directors Report for 2013 financial year presented in the General Meeting of Shareholders held on Aprilie 15, 2014 (annex 1 of this report).

4.2. Executive management

The Board of Directors has delegated part of its powers to the Chief Executive Officer, in accordance with Law no. 31/1990, within the limits set by the law, the articles of incorporation and BoD decisions.

The executive management of SIF Banat-Crişana is ensured by three executive directors, appointed by the Board of Directors in accordance with GEO 21/2012 and Regulation no.15/2004 and authorized by FSA.

During January 1st – December 31st 2013, the Executive Directors of SIF Banat-Crişana were: Mr Dragoş George BÎLTEANU, Mrs Gabriela GRIGORE and Mrs. Carmen DUMITRESCU (authorized by FSA with Decision 7/January 24, 2006 and Decision 43 / November 29, 2012).

The Executive Directors are empowered to lead and coordinate the daily activities of the Company and are invested with the power to engage the responsibility of the Company.

The Executive Directors cumulatively meet the general requirements of Law no. 31/1990 to perform these functions, and those established by Law 297/2004 regarding the capital market, GEO 32/2012 and Regulation 15/2004.

EXECUTIVE DIRECTORS OF SIF BANAT-CRIŞANA as at December 31, 2013

	Position	Other information
Dragoş-George BÎLTEANU	Chairman of the Board and General Director	<i>Information presented at 4.1</i>
		Studies Economic Sciences University, Timișoara University (1975 – 1979)
		Experience SIF Banat-Crişana, Arad (1992 – present) Deputy General Manager - Operations, 2004 – present Finance Director, 1995 – 2004
Gabriela GRIGORE	Deputy General Director - Operations	Head of Finance Department, 1992 – 1995 Vrancart S.A., Adjud – BoD member (2000 – present) Astra Vagoane S.A., Arad (1979 – 1992) Head of Finance Department (1985-1992) Chief Accountant – Technical Assitance and Services Division (1982 – 1985) Trainee Economist (1979-1982)
		Responsibilities Coordinates the investment activity on the financial markets, the management of SIF Banat-Crişana's portfolio and calcaution of net asset value.

EXECUTIVE DIRECTORS OF SIF BANAT-CRIȘANA as at December 31, 2013

	Position	Other information
		Studies MBA at Case Western Reserve University School of Management Cleveland, Ohio (1997 – 1999); Post-graduate course on robotics and automated machines at Technical University, Timișoara (1990 – 1991); Mechanical University from the Polytechnic Institute, Cluj-Napoca (1981 – 1986)
Carmen DUMITRESCU	Deputy General Director - Development	Experience SIF Banat-Crișana, Arad (1993 – present) Deputy General Manager (1999 – present) Head of Strategy Division (1994 – 1997) Analyst in FPP I Banat-Crișana (1993 – 1994) Depozitarul Central S.A. București Vice-president BoD (July 2012 – present) BoD member (December 2006 – July 2012) Bancpost, București - BoD member (September 2004 – May 2012) Napomar S.A., Cluj-Napoca – BoD member (2001 – present) The Institute for Research and Design of Railway Wagons, Arad – design engineer (1989 -1993) Astra Vagoane S.A., Arad – engineer (1986 – 1989)
		Responsibilities Coordinates the preparation and monitoring of the financial plan of the Company and of the organizational development plans, the investors relations, and IT

THE PARTICIPATION OF EXECUTIVE DIRECTORS in the share capital of SIF Banat-Crișana

Name	Position	Holdings as at December 31, 2013	
		Number of shares	Percentage of share capital
Dragoș-George BÎLTEANU	Președinte, Director General	406	0.00007%
Carmen DUMITRESCU	Director General Adjunct Dezvoltare	178,078	0.032%
Gabriela GRIGORE	Director General Adjunct Operațiuni	-	-

4.3. There were no litigations or administrative procedures were started against the members of the Board of Directors or against the Executive Management in 2013.

By Decision A/457/04.10.2013 issued by the Financial Supervision Authority, communicated to SIF Banat-Crișana on 7 October 2013, Mr Dragoș-George Bîlteanu was sanctioned with a fine of RON 10,000, as Chairman of the Board of Directors, due to the fact that the public was not timely informed by means of a current report about some characteristics of the SIF Imobiliare PLC, company held by SIF Banat-Crișana. The Company communicated to the market the sanction in the current report from 8 October 2013.

5. FINANCIAL STATEMENTS

The individual annual audited financial statements for 2013 are attached to this report. The financial statements for 2013 have been prepared pursuant to the Accounting Regulations compliant with Directive IV of EEC applicable to entities authorized, regulated and supervised by FSA, approved by Order of the President of CNVM no. 13/2011 and with applicability along with the Accounting Law no. 82/1991 (republished and amended).

Comments on the main items in the financial statements and on the achievement of 2013 budget are presented below.

BALANCE SHEET

<i>(all amounts are in RON)</i>	2010	2011	2012	2013
Securities and other non-current financial instruments	538,642,535	590,765,130	809,243,201	992,652,771
Receivables	94,239,811	584,861	748,040	4,350,750
Short-term financial investments	16,394,070	136,234,798	143,374,756	105,901,521
Other assets	6,688,471	6,344,874	5,698,632	7,319,133
TOTAL ASSETS	655,964,887	733,929,663	959,064,629	1,110,224,175
Current liabilities	63,012,355	37,863,920	33,058,982	34,153,880
Provisions	54,081,011	53,467,411	51,337,769	47,667,668
Other liabilities	324,757	0	44,160	0
Equity	538,546,764	642,598,332	874,623,718	1,028,402,627
TOTAL LIABILITIES	655,964,887	733,929,663	959,064,629	1,110,224,175

Securities and other non-current financial instruments have the largest weight in the total assets and mainly include the value of securities held in companies from the portfolio, carried at historical cost adjusted with impairment losses identified and calculated at the end of the year. The increase by 22.7% in 2013 compared to the previous year is due to the purchases of shares and bonds and due to the share exchange transaction performed by the in-kind contribution of the shares in 18 companies from the real-estate sector to the share capital of SIF Imobiliare PLC, the newly acquired participation being recorded at contribution value.

The decrease in receivables starting 2011 as compared to previous years is the effect of presenting the monetary placements with contractual maturity below 1 year (bank deposits, bonds) within the caption "Short term financial investments", in accordance with the Accounting Regulations applicable starting 2011. At the end of 2013, the weight of receivables in total assets is very low, 0.4%, higher than in the previous year, and includes mainly accrued interest receivable, dividends receivable for long-term investments and amounts advanced to two companies for the participation at the share capital increase.

Short-term financial investments include shares held for speculative purposes, fund units, bank deposits with maturity less than one year; the decrease as at 31 December 2013 as compared to 2012 is the result of shifting from monetary investments to the capital market (purchase of non-current financial instruments).

Other assets mainly include the value of tangible assets held by the Company for operational and administrative purposes at headquarters and in the branches.

The Company's current liabilities as at 31 December 2013 primarily include dividends uncollected by the shareholders for the past fiscal years, trade payables, payables to employees, social securities and tax. The increase in the volume of liabilities as at December 31, 2013 compared to the prior year is the result of higher amounts related to the income tax payable for the fourth quarter of 2013.

Provisions mainly include provisions for taxes calculated for the reserves related to securities held as non-current assets, revaluation reserves and reserves for tax incentives. Their volume is decreasing because as at December 31, 2013, no provisions for employee benefits were set-up.

Equity has the largest weight in the structure of liabilities. The increase in equity both as absolute amount and weight in total liabilities is the effect of the increase in portfolio reserves and profit appropriation measures.

The increase in equity as at December 31, 2013 as compared to 2012 was generated by the increase in the reserves (reserves from the share value and release of the reserves for impairment and adjustments of the shares, other reserves – own funds which were setup from the net profit etc.)

INCOME STATEMENT

<i>(all amounts are in RON)</i>	2010	2011	2012	2013
Income from non-current financial assets	51,891,144	12,500,230	14,106,496	18,339,692
Income from disposal of financial assets	33,441,654	94,312,744	118,856,410	98,974,344
Income from provisions, re-activated receivables and sundry debtors	17,041,212	10,318,045	10,862,121	9,307,046
Interest income	7,693,136	6,337,124	9,104,342	6,489,121
Other income	3,444,489	18,284,026	6,203,413	8,984,272
TOTAL INCOME	113,511,635	141,752,169	159,132,782	142,094,475
Expenses with disposal of financial assets	25,665,672	24,658,409	15,637,769	16,301,174
Expenses with fees and commissions	2,337,960	2,548,099	2,367,196	3,289,654
Depreciation, provisions and losses from receivables	3,147,922	19,108,918	5,569,138	6,749,375
Other operating expenses	17,158,650	18,747,569	18,714,389	24,807,621
TOTAL EXPENSES	48,310,204	65,062,995	42,288,492	51,147,824
GROSS PROFIT	65,201,431	76,689,174	116,844,290	90,946,651
INCOME TAX	2,205,115	13,682,655	16,330,246	10,802,701
NET PROFIT	62,996,316	63,006,519	100,514,044	80,143,950

Total revenues show a different evolution over the years, both in volume and structure. The 10.7% reduction in the total amount of revenues in 2013 as compared to 2012 is due to lower volumes of income from disposal of financial assets.

The evolution of revenues with significant weight is as follows:

The income from financial assets (dividends) increased in 2013, mainly as the effect of recent investments in companies which distributed dividends (Erste Group Bank AG, SAI Muntenia Invest S.A.)

The income from disposal of financial investments (sales of shares and short term financial investments) had an oscillating evolution. The significant increase of these revenues in 2012 is the effect of the sale/contribution contract concluded with Erste Group Bank AG and related to BCR stake, which did not occur in 2013 as well.

Income from reversal of provisions, re-activated receivables and sundry debtors mainly include the reversal of value adjustments for impairment losses on securities upon disposal or increase in value. In 2013, the same level as in previous years was maintained (2011 and 2012).

The interest income includes the interest from bank deposits, government bonds, treasury certificates and municipal bonds. These revenues are directly influenced by the amount of monetary investments (shown in the cash flow statement). In 2013, the decreasing volume of interest income is a result of the decrease in the average volume of monetary investments and lower average interest rates.

Other income recorded an increase compared to 2012 and comprise mainly income from foreign exchange differences.

The evolution of total expenses is primarily related to the cost of disposal of financial investments. The increase of total expenditure by 21% in 2013 as compared to the previous year was caused by increases in all expense elements.

On the main items of expenses, the evolution is as follows:

Expenses with the disposal of financial investments have a significant share in the total annual expenses, their level and dynamics being influenced by the sales of securities and the ratio between the historical cost of such securities and any reserves for shares received at no cost. In 2013, the volume of these expenses is above the level of the previous year and their weight in total expense is of 31.9%.

Expenses with depreciation, amortization, provisions, losses from receivables and sundry debtors increased in 2013, and include mainly permanent impairment losses related to the companies which went into liquidation in 2013 and from which a prompt recovery of the activity is not expected.

The category of other expenses includes mainly administrative expenses (consumables, energy, water, travel, phones etc.), staff costs, depreciation expenses, advertising and publicity and other administrative expenses.

These expenses were 32.6% higher in 2013 as compared to 2012 as a result of increases in the foreign exchange losses and personnel expenses.

CASH FLOW STATEMENT

<i>(all amounts are in RON)</i>	2010	2011	2012	2013
Receipts from customers	225,996	16,419,074	370,203	160,386
Payments to suppliers and employees	-16,880,668	-15,548,727	-16,746,482	-19,118,381
Income tax paid	-2,586,112	-645,015	-28,440,859	-3,696,935
CASH FLOW USED IN OPERATING ACTIVITIES	-19,240,784	225,332	-44,817,138	-22,654,930
Receipts from sale of financial assets and other receipts from investing activities	45,761,341	97,008,431	117,658,539	165,773,332
Payments for acquisition of financial assets and other payments from investing activities	-50,059,849	-47,264,422	-48,264,959	-269,521,373
Dividends received	13,131,098	13,515,309	15,373,836	18,897,902
Interest received	8,300,943	6,638,604	8,122,265	6,049,301
Receipts from sale of tangible and intangible assets	103,200	487,304	0	541,133
Payments to acquire tangible and intangible assets	-360,937	-320,045	-71,750	-18,751
CASH FLOW FROM INVESTING ACTIVITIES	16,875,796	70,065,181	92,817,931	-78,278,456
Dividends paid	-24,648,800	-42,402,042	-44,093,205	-3,539,483
CASH FLOW USED IN FINANCING ACTIVITIES	-24,648,800	-42,402,042	-44,093,205	-3,539,483
NET INCREASE/(DECREASE) OF CASH FLOW AND CASH EQUIVALENTS	-27,013,788	27,888,471	3,907,588	-104,472,869
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	119,348,642	92,334,854	120,223,325	124,130,913
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	92,334,854	120,223,325	124,130,913	19,658,044

The significant decrease in 2013, as compared to the previous year, of the net cash flow used in operating activities is mainly due to decreasing payments of income tax.

In 2013, the investment activity used cash as effect of the payments made for the acquisition of non-current financial assets and other payments from the investment activity. The higher volume of these payments as compared to 2012 is due to more investments in securities and monetary placements (bank deposits) with residual maturity over 3 months.

The volume of dividends paid in 2013 is lower as compared to 2012 due to the fact that no dividends were distributed from 2012 profit, the payments referring only to previous years dividends.

As at 31 December 2013, Cash and Cash Equivalents have significantly decreased due to the Company's policy to direct monetary investments in placements with contractual maturities over 3 months.

Annexes

Annex 1 Report of the Board of Directors for 2013 financial year presented to the general shareholders' meeting of April 15, 2014

Annex 2 Copies of SIF Banat-Crişana ByLaws and Articles of Association, restated in 2013

Annex 3 List of SIF Banat-Crişana branches as at December 31, 2013

Annex 4 List of companies where as at December 31, 2013, SIF Banat-Crişana holds stocks giving a position of control

Signatures

Dragoş-George BÎLTEANU
Chairman & CEO

Ştefan DOBA
Director Economic Department