



SIF BANAT-CRIȘANA

POLICY ON FORECASTS

SIF Banat-Crișana presents the forecasts underlying rationale of its lines of action as information made available in a non-discriminatory manner for all the shareholders of the company, comprised in the periodic reports and information material that form the basis for the approval of its *Operation Plan* and *Budget*, annually subject to the approval of the general meeting of shareholders.

These forecasts result from the analysis of updated and detailed information studied from a macro-sectoral perspective and microeconomic level, as well.

The available information is incorporated into forecasting and budgeting models, generating a presumable scenario for the progress of company's activity and performance on short and medium term, i.e. 1-3 years. In this scenario on medium term expectations are also included information on the intentions of changes in the legal and regulating framework concerning the banking-financial sector and the capital market, on European and domestic level.

The analyses of the economic context, the global, regional and countrywide trends generate the informational support for the forecasts, that are presented as assumptions developed grounded on public data, thus having a significant degree of uncertainty, as the future developments may differ from the outlooks presented initially.

The main elements that could impact SIF Banat-Crișana's future performance are:

- the progress of global and domestic economy, as measured by structural and performance indicators (e.g. GDP, unemployment, productivity, inflation, population growth etc.);
- changes of monetary policies by the Romanian central bank (BNR), ECB and FED, which closely correlated to the direction and the size of capital injections (bonds, equities, derivatives etc.);
- ratings assigned by rating agencies and the evolution of CDS, which determine the financing costs;
- risks relating to SIF Banat-Crișana's portfolio liquidity (unlisted holdings, listed with low free-float minority shareholdings etc.);
- risks related to the performance of domestic capital market, extremely low daily average liquidity, low number of active trading accounts, risks related to the exposures on state owned companies;
- dynamic of risks and opportunities (risk / reward ratio), related to industry sectors, on the basis of which the company's exposures are adjusted;
- legislative amendments inducing uncertainty, unpredictability and instability in the business environment, adversely impacting direct foreign investment;
- risks related to geopolitical instability, changes in the political class that affects business (monetary, economic, fiscal, legal, infrastructural, etc.);
- risks related to geo-political instability, changes at the level of the political class that distress the business environment (monetary, economic, fiscal, legal, infrastructural etc.);
- foreign exchange rate fluctuations having direct impact on foreign holdings and certain classes of goods (commodities traded in USD, exports to the European Union, Euro Zone etc.).

The aforementioned economic aspects are constantly being examined, and the progress of the economic climate in which the company operates is reflected in the half-yearly review of the forecasts. Depending on the frequency of reporting of indicators, appropriate adjustments to the projected economic scenarios are performed, at any significant change impacting the operational plan program and the budget of the company.

The *Operational plan* and the *Budget* are published each year as part of the documentation submitted for the approval of the general meeting of shareholders, made available on company's website, in the section *Investor Relations / General Meeting of Shareholders*. Information on the forecasts are also presented in the periodic reports, with reference to the factors, trends, events, associated costs and revenues that could influence the results of the next reporting period. In the monitoring the budget execution, forecasts for the remainder of the year are prepared for the internal use of investment management, including key performance indicators. The initial assumptions that were the basis for drawing up the budget and operational plan are periodically reviewed and should potential changes in the predicted results are identified, the new assumptions are disclosed in SIF Banat-Crișana's reports.