

## ITEM 2 OF THE EGM AGENDA

### **Approval of running a program to repurchase its own shares by the Company**

#### **The legal framework applicable to the share repurchase program**

SIF Banat-Crișana is established as a joint stock company. Also, the company's shares are traded on the regulated market. From this perspective, the operation of repurchasing own shares complies to the provisions of Law no. 31/1990, of the capital market legislation and of the Regulation (EC) no. 596/2014 on market abuse, and those of Delegated Regulation (EU) no. 1052/2016 supplementing Regulation (EU) no. 596/2014 of the European Parliament and of the Council concerning regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.

Pursuant to the provisions of Art. 103<sup>^1</sup> of Law no. 31/1990 on trading companies, republished, as amended and supplemented, the repurchase of shares (buy-back) may take place under the following conditions:

- "a) authorization for the purchase is given by the extraordinary general meeting of the shareholders, that shall establish the modalities to acquire the shares, mainly the upper limit of the number of shares which is going to be purchased, the time limit to carry out the operation which can not exceed 18 months as from the day the decision of the general meeting has been published in the Official Gazette of Romania, Part IV and, in case of consideration, the lower and upper limits of their equivalent value;*
- b) The nominal value of the shares purchased by the company, including those existing in its portfolio, cannot exceed 10% of the subscribed registered capital;*
- c) only fully paid shares can be purchased;*
- d) payment of the shares such purchased shall be done only out of the distributable profits and of the available reserves of the company, except the legal reserves, as registered in the last duly approved balance sheet."*

Pursuant to Art. 104, para (1) letter a) of Law no. 31/1990 on trading companies, republished, as amended and supplemented, the restrictions stipulated by Art. 103<sup>^1</sup> are not applicable when the purchase by the company of a certain number of its own shares, fully paid, is done in the purpose to reduce the social capital.

Pursuant to Art. 105 of Law no. 31/1990, the shares so acquired by the company do not entitle to dividends during their holding by the company. Under that provision, the right to vote attached to the shares acquired by the company will be suspended during their holding by the company.

Art. 120 of Capital Market Law no. 297/2004 sets that the provisions regarding closed-end investment companies shall apply accordingly also to investment companies established according to the provisions of Law No. 133/1996 on the transformation of the Private Property Funds in investment companies, referred to as investment companies (SIFs). Art. 119 para (2) of Capital Market Law no. 297/2004, applicable to closed-end investment companies, provides that *"closed-end investment companies may repurchase their own shares subject to the conditions provided by Law No. 31/1990 and in observance of the CNVM Regulations"*.

The conditions for trading under the repurchase program shall be performed observing the legal provisions, among which we mention as relevant the following:

- in so far as prices are concerned, the issuer must not, when executing trades under a repurchase (buy-back) program, purchase shares at a price higher than the higher of the price of the last independent trade and the highest current independent bid for SIF1 shares.
- may not be purchased shares representing more than 25% of the volume of the average daily volume of shares traded in place of trading where the purchase is carried out;
- the details of all transactions performed shall be publicly disclose no later than the end of the seventh daily market session following the date of execution of such transactions.

### **Features of the Repurchase program submitted for the approval of the extraordinary general meeting of shareholders**

Under the provisions of EC Regulation no. 596/2014 on market abuse, the Company will repurchase (buy-back) own shares to reduce its share capital

The minimum price to be paid per share is of RON 0.50 and the highest price to be paid per share is of RON 3.41. The price for each transaction will be determined under the provisions of no. 596/2014 on market abuse. Payment for the shares acquired under the program will be made from the sources provided by law, namely distributable profits or available reserves of the company, as recorded in the last approved financial statement, except legal reserves.

Program duration will be of 12 months from the date the publication in the Official Gazette of Romania, Part IV, of resolution of the extraordinary general meeting of shareholders.

The maximum number of shares that may be repurchased is 20,000,000 shares at most.

The program will include additional requirements required by law and the acquisition of shares under the Program will run through all market operations allowed by law, which may include public purchase offers initiated by the Company pursuant to the legal provisions.

In order to implement the Repurchase of shares (buy-back) Program, it is submitted for the approval of the extraordinary general meeting the empowerment of the Board of Directors to take all necessary measures and fulfill all formalities required for the fulfillment of the decision of extraordinary general meeting of shareholders.

### **Objectives of the Program to repurchase Company's own shares (buy-back)**

The repurchase program previously approved by the general meeting of shareholders on 25.04.2016 has been carried out by means of a public tender offer, which was very successful one, very attractive for investors. The public tender offer by which SIF Banat-Crișana repurchased a total of 30,849,268 of its own shares at a price of RON 1.7 /share, was oversubscribed 4.59 times.

The success of the buyback program carried out has determined the Board of Directors of SIF Banat-Crișana to submit for the approval of the extraordinary general meeting of shareholders the repurchase by the company of a number of 20,000,000 shares, in the detailed above circumstances. Through this program, deemed as beneficial for the shareholders, the company can absorb a limited number of shares in the market and it is expected the program to contribute to an increased demand for SIF1 shares, with a positive effect on liquidity and reducing the discount at which shares are traded.

RESOLUTION SUBMITTED FOR THE APPROVAL OF EGM at item 2 of the agenda  
– proposed by the Board of Directors

Approval of running a program to repurchase its own shares (“Program”) by the Company, in compliance with applicable legal provisions and having the following features:

- (i) The program’s purpose: The Company will repurchase shares under the program to reduce its share capital.
- (ii) The maximum number of shares that may be repurchased: 20,000,000 shares at most;
- (iii) The minimum price per share: RON 0.50;
- (iv) The maximum price per share: RON 3.41;
- (v) Program Duration: 12 months after publication of the decision in the Official Gazette of Romania, Part IV;
- (vi) The shares acquired under the program will be paid from sources permitted by law.

Besides its main characteristics, the program will include other requirements provided by law and which are not listed above. The acquisition of shares under the program will be done through all market operations allowed by law, which may include public tender offers initiated by the Company, in accordance with the law. In order to implement the Program, the Board will be empowered to take all necessary measures and fulfil all formalities required, in compliance with the above requirements.

This is an English translation of the Informative materials for the EGMS Agenda, approved by the Board of Directors of SIF Banat-Crişana. The Company provides this translation for shareholders’ reference and convenience. In the event that the English version of this informative materials differ from the Romanian version, the latter prevails.