

RULES OF SIF BANAT-CRIȘANA

— Investment Company classified as an Alternative Investment Fund addressed to Retail Investors —

The rules were drawn up on:

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1. INFORMATION ABOUT SIF BANAT-CRIȘANA

1.1. Identification data

Societatea de Investiții Financiare Banat-Crișana S.A. (hereinafter „**SIF Banat-Crișana**”) is established since November 1996 as a joint stock company in accordance with the provisions of Law no. 31/1990 on trading companies, being a Romanian legal entity with entirely private capital, with the duration of company's operation of 99 years, registered at the Trade Register Office attached to the Arad Court under number J02/1898/1992, having the unique Registration Code 2761040.

SIF Banat-Crișana is established as a self-managed investment company and is authorized by the Financial Supervision Authority (ASF) as an Alternative Investment Fund Administrator (AIFM), in accordance with Law no. 74/2015 with Authorization number 78/09.03.2018, registered in the ASF Public Register with number AFIAA PJR07.1AFIAA / 020007 of 09.03.2018.

In accordance with the provisions of Law no. 243/2019 on alternative investment funds, SIF Banat-Crișana qualifies as a closed-ended, diversified Alternative Investment Fund, addressed to retail investors (AIFRI), self-managed.

Registered office (domicile): Arad, 35A Calea Victoriei, 310158, Arad county, Romania, tel: 0257 304 438, fax 0257 250 165, email: sifbc@sif1.ro, website: www.sif1.ro. **Bucharest Branch:** 46-48 Serghei Vasilievici Rahmaninov Str. 3rd floor, sector 2, Bucharest, 020199, Romania.

LEI Code (Legal Entity Identifier): 254900GAQ2XT8DPA7274

SIF Banat-Crișana has been listed on the Bucharest Stock Exchange since November 1, 1999, the shares are being traded on the regulated market - Premium category under the symbol **SIF1 (ISIN: ROSIFAACNOR2)**.

Financial auditor: DELOITTE AUDIT S.R.L.

1.2. Purpose and objective of the management

Main activity of SIF Banat-Crișana is, as per the classification of economic activities in the national economy, financial intermediation except insurance and pension funds, and the main object of activity: other financial intermediation n.c.a. (CAEN code 6499).

As Alternative Investment Fund Manager, the main activities the Company carries out, as per the provisions of the Articles of Association and AIFM legislation, are:

- a) portfolio management;
- b) risk management;
- c) other activities carried out within the collective administration (management) of an investment fund, allowed by the legislation in force, such as:
 - (i) management of the entity: legal and accounting services of the company, requests for information from investors, valuation of assets, tax returns, monitoring of compliance with applicable law, keeping of the register of equity holders, distribution of income, issuance and redemption of securities participation, settlement of contracts, including issuance of certificates, record keeping.
 - (ii) distribution;
 - (iii) activities related to the assets of the AIF: services required for the performance of the AIFM's management, infrastructure management, real estate management, consultancy to entities on the structure of capital, industrial strategy and related matters, consultancy and services on mergers and acquisitions entities, as well as other services related to the management of the AIF and the companies and other assets in which it has invested.



SIF Banat-Crișana is managed by a Board of Directors consisting of five members elected by the general meeting of shareholders and authorized in this position by ASF, the Board being responsible for the strategic management of the company and the preparing of the general investment policy.

1.3. Expenses that SIF Banat-Crișana is empowered to make as AIFM / AIF

In accordance with the provisions of Law no. 243/2019 and of the FSA Regulation no. 7/2020, SIF Banat-Crișana, is authorized to make the following expenses:

- a. expenses on the payment of commissions due to the depositary bank;
- b. expenses on the payment of commissions due to the central depository;
- c. expenses with commissions due to intermediaries and other expenses directly or indirectly related to trading and / or the purchase / sale of SIF Banat-Crișana assets or admission to trading, including fees and commissions due to relevant market operators;
- d. expenses with turnover commissions and other banking services;
- e. interest expenses, in case of contracting by SIF Banat-Crișana of the loans in accordance with the law;
- f. expenses with commissions and fees due to ASF or other competent authorities, as well as any taxes or other fiscal obligations imposed as a result of SIF Banat-Crișana activity;
- g. issuance expenses with SIF Banat-Crișana documents and any reporting and transparency obligations in connection with SIF Banat-Crișana;
- h. expenses with the financial audit for SIF Banat-Crișana, as well as any expenses with the unaudited services, which may be made by the financial auditor as per the legislation in force;
- i. the equivalent value of the amounts due on account of the loans contracted under the conditions imposed by the regulations in force;
- j. expenses related to investor relations and public relations in the interest of SIF Banat-Crișana;
- k. other operational expenses occasioned by the operation of SIF Banat-Crișana, in its double capacity of AIFM and AIFRI: expenses with salaries and related contributions, expenses with remuneration in equity instruments, expenses with taxes and fees due, expenses with other services performed by third parties (mainly: fair value measurement of assets, internal audit services, consultancy and accounting, tax and legal assistance, computer systems audit), material expenses (consumables, inventory items, non-stocked materials), energy expenses, maintenance and repair expenses, rental expenses due, insurance premium expenses, protocol, advertising and publicity, travel expenses, telecommunications expenses, banking services expenses, depreciation expenses, expenses on the rights to use the assets related to leasing contracts, other expenses (sponsorship, unamortized value of disposed tangible and intangible assets, etc.).

Expenditures are recorded monthly, being recorded with the same frequency in the calculation of the net asset value.

2. INFORMATION ON DEPOSITARY, RELATIONSHIP BETWEEN SIF BANAT-CRIȘANA AND THE DEPOSITARY

2.1. Depositary identification data

The depositary bank of SIF Banat-Crișana's assets is **BANCA COMERCIALĂ ROMÂNĂ SA**, a company managed in a dualistic system, headquartered in Bucharest, **159 Calea Plevnei, Business Garden Bucharest, building A, 6th floor, sector 6, Bucharest**, registered at the Trade Register Office under no. J40 / 90 / 23.01.1991, unique registration code R361757, a credit institution in Romania, authorized by the National Bank of Romania (BNR) registered in the Banking Register under no. RB-PJR-40-008 / 1999, registered in the ASF Register under no. PJR01INCR / 400007 of 26.05.2006, having registration number 3776 at ANSPDCP.



The depositary, being a commercial bank, carries out the entire range of banking operations, according to the authorization issued by the National Bank of Romania.

The custody of financial instruments traded on foreign markets was entrusted by the Depositary to Erste Bank AG headquartered in Austria, Am Belvedere 1, A-1100 Vienna, tel: +43 (0) 5 0100 - 10100; fax: +43 (0) 5 01009 - 10100, website: <https://www.erstegroup.com>, (SWIFT: GIBAATWGXXX), as Global Custodian.

2.2. The object of the depositary contract

The object of the depositary contract is the provision by the Depositary of the depositary activity in accordance with the regulations in force, which ensures the safe deposit of the assets of SIF Banat-Crișana, entrusted for deposit according to the contractual clauses, as well as ensuring a control permanently, from the point of view of legality, on the operations of SIF Banat-Crișana.

2.3. Duration of the depositary contract

SIF Banat-Crișana and the Depositary have concluded the Depositary Contract for a period of 1 (one) year, from the date of its entry into force. If neither party notifies the other of the termination of the contract at least 90 calendar days before the expiry date of the contract, the contract shall be deemed to be automatically extended under the same conditions and for new identical periods, being considered as a tacit agreement of the parties.

2.4. Instructions received by the Depositary from SIF Banat-Crișana

SIF Banat-Crișana sends instructions to the Depositary in accordance with the rules and operational procedures of the capital market institutions and with the market practice on which those instructions are executed.

The Depositary will not be obliged to execute any Proper Instruction if there are good reasons to appreciate that the obligations arising from the execution of that Proper Instruction cannot be adequately covered by the assets currently held by the Depositary on behalf of SIF Banat-Crișana and available for this purpose.

The Depositary may act based on any Corresponding Instruction of SIF Banat-Crișana, the latter being required to fulfil the obligations arising from the Instruction.

2.5. The level of the commission collected by the Depositary for the depositary activity

For services rendered in accordance with the provisions of the depositary contract and the custody contract, the Depositary is entitled to receive the following types of commissions:

Depositary fee - has a maximum value of 0.03% per month, depending on the volume of assets in depositary and the number of certifications of net assets in a month;

Maximum commissions related to custody services for financial instruments traded on regulated markets in Romania:

- a) Fee for safekeeping of financial instruments: 0.10% / year applied to the value on the last day of the portfolio of financial instruments in custody,
- b) Commission for the settlement and processing of transactions with financial instruments: RON 20 / ISIN / settled transaction, to which are added the commissions charged by the Central Depositary in force at the date of determining the commission;
- c) Commission for corporate events:
 - notification in connection with the GMS: RON 20 / notification;
 - payment event (such as, without being limited to dividends, coupons, principal reimbursed): 20 RON / payment event;



- Exercise of the vote in the GMS: RON 200 / GMS + participation expenses;
- d) other fees: RON 20 to which are added the fees charged by the Central Depository, according to the List of fees and fees due by participants in the settlement and registry clearing system, custodians and clearing participants in the Central Depository Code.

Maximum fees for custody services for financial instruments traded on foreign markets:

- a) Fees for keeping financial instruments safe: 0.35% annually, applied to the value from the last day of the portfolio of financial instruments in custody;
- b) Settlement of transactions with financial instruments on foreign markets: EUR 60 / transaction
- c) Fee for corporate events: EUR 100 + third party fees / transaction
- d) Other fees: EUR 50 + third party fees / transaction

Maximum commissions related to custody services for financial instruments kept in the BNR SAFIR depository system:

- a) Fee for the settlement of DVP type transactions / free transfers: RON 150 / settled transaction -
- b) Commission for related services: - corporate events (e.g. coupon, maturity): 20 RON / event; establishment of pledge: RON 160 / event; replacement of financial instrument (ISIN) pledged: RON 95/ event;

2.6 Responsibilities of the Depository towards SIF Banat-Crișana and the investors

The Depository has the following obligations:

- The Depository / Custodian shall ensure that all financial instruments that can be recorded in an account of financial instruments opened in the Depository's records are recorded in the Depository's accounts in separate accounts, in accordance with the principles of safeguarding clients' financial instruments provided by the legal regulations and the Government Emergency Ordinance no. 32/2012, opened in the name and on behalf of SIF Banat-Crișana, so that they can be clearly identified at any time as belonging to SIF Banat-Crișana in accordance with the applicable legislation.
- In case of other assets, the Depository verifies the ownership right of SIF Banat-Crișana and on behalf of SIF Banat-Crișana regarding the respective assets and keeps records of the assets regarding which it has the certainty that SIF Banat Crișana owns the property right; to verify whether SIF Banat-Crișana owns the property right, the Depository relies on information or documents provided by the AIFM and, when available, on external evidence.
- The depository ensures the monitoring of SIF Banat-Crișana cash flows, thus ensuring that all cash is accounted for in accounts opened at a central bank, credit institution authorized under Community Law or at a bank authorized in a non-member state or at a another entity of the same nature on the relevant market where cash accounts are required, provided that the entity is subject to prudential regulation and effective supervision which have the same effects as Union Law and which are effectively applied and in accordance with the principles of keeping safe the clients' funds provided in the regulations issued in application of Law no. 297/2004 and the Government Emergency Ordinance no. 32/2012. The cash of SIF Banat-Crișana must be identified at all times as the property of SIF Banat-Crișana.
- Establishes effective and appropriate procedures for reconciling all cash movements and for carrying out these monthly reconciliations;
- Establishes appropriate procedures to identify, at the end of the working day, at the latest on the following working day, significant cash flows and in particular those that could be inconsistent with the activities of SIF Banat-Crișana;



- Regularly reviews the adequacy of these procedures, including through a complete review of the reconciliation process, at least once a year, and ensures that cash accounts opened on behalf of SIF Banat-Crișana are included in the reconciliation process;
- Permanently monitors the results of reconciliations and actions taken as a result of any inconsistencies detected in the reconciliation procedures and informs SIF Banat-Crișana if an irregularity has not been rectified without undue delay and, at the same time, ASF if the situation cannot be clarified and / or corrected;
- Controls the consistency between its own records regarding cash positions and those of SIF Banat-Crișana;
- Not to reuse the entrusted assets and, in case of delegation of its functions, not to allow the third party concerned to reuse those assets either.
- To register, verify, monitor, and control all the assets held by SIF Banat-Crișana for which it carries out the depository activity;
- To make payments from the SIF Banat-Crișana accounts only upon receiving of the corresponding instructions, for the following purposes:
 - for the purchase of financial instruments on behalf of SIF Banat-Crișana;
 - for the settlement of obligations, including the payment of interest, fees, commissions and operating expenses of SIF Banat-Crișana;
 - for the payment of repurchase of shares issued by SIF Banat-Crișana;
 - for any other purpose indicated in the corresponding instructions given by SIF Banat-Crișana, prepared in compliance with the constitutive documents of SIF Banat-Crișana.
- To ensure that the revenues of SIF Banat-Crișana are used in accordance with the applicable national legislation and the constituent documents of SIF Banat-Crișana.
- To ensure that the value of the net asset per share of SIF Banat-Crișana is calculated in accordance with the applicable national legislation, with the constitutive documents of SIF Banat-Crișana and with the procedures provided by the applicable legal provisions.
- To comply with the instructions of SIF Banat-Crișana unless they are contrary to the applicable national legislation or the constituent documents of SIF Banat-Crișana.
- To notify SIF Banat-Crișana and ASF regarding the violation of the legal provisions and of the constitutive documents of SIF Banat-Crișana, respectively regarding any act or fact that cannot be clarified and / or remedied, according to the escalation policy.
- To inform SIF Banat-Crișana in writing about any act or fact relevant for the activity of SIF Banat-Crișana for which it carries out the depository activity.
- To notify ASF regarding the recognition of the loss of a financial instrument held in custody, on the working day immediately following the materialization of the event that generated the recognition of the loss.

2.7. Termination of depository contract

The depository contract terminates automatically, without any additional formality or the intervention of the competent court, in the following cases:

- a) on the date of expiry of the term of the Contract or of any duration subsequent to the expiration of the initial term, if one of the parties has notified the other of the intention to terminate the Contract;



- b) withdrawal of either party, only after giving the other party a notice of at least 90 days before it takes effect, a period that runs from the date of notification of the termination of the contract to ASF. The decision to terminate de contract is published on SIF Banat-Crișana website within 3 working days from the date of withdrawal;
- c) by agreement of the parties, following that SIF Banat-Crișana transmits ASF an original copy of the addendum by which the parties decide and regulate the termination of the Contract. The notice of termination of the contract to the ASF will be made at least 90 days before it takes effect.
- d) provided that the ASF withdraws the operating authorization / approval of any of the parties and / or the National Bank of Romania withdraws the operating authorization of BCR;
- e) under the conditions in which the National Bank of Romania initiated the supervision or special administration procedures of BCR or the bankruptcy procedure was opened.
- f) termination of the Contract as a result of non-execution and / or improper execution by SIF Banat-Crișana of its legal obligations, deriving from any of the normative acts applicable to its activity, provided in the specific Legislation, and / or of the obligations provided in the Contract, and which are likely to no longer provide sufficient protection for the Fund's assets.

2.8. Force majeure in the case of depositary contract

Force majeure exonerates from liability the Party unable to perform its obligations caused by it.

Force majeure is any unpredictable external event, absolutely invincible, inevitable, insurmountable and extrinsic to the contractual circumstances, not imputable to the debtor of the obligation, occurring before the eligibility of the obligation and which causes impossibility of total or partial execution, temporary or definitive, of one or some of the debtor's obligations.

Cases of force majeure are considered circumstances that include, without restriction: war or war-like situations, revolution, earthquake, severe floods, embargo, and any other situations that are certified by the Chamber of Commerce and Industry or any other competent authority as cases of force majeure.

The party invoking a force majeure event must communicate to the other party the occurrence of the event and the cause of impossibility of execution, within 2 days from the date of its occurrence, and within 15 days from the date of notification to send the certificate attesting the case of force majeure, issued by the competent legal institution. At the same time, the Party invoking force majeure must notify the other Party of the cessation of the event and its consequences regarding the impossibility of execution within 2 days from the date on which the cessation took place. If due to force majeure the Depositary is unable to perform its obligations, it will have to ensure immediately, with the agreement of SIF Banat-Crișana and prior notification of the ASF, the transfer of assets to another custodian or sub-custodian.

If the impossibility of execution caused by force majeure extends for a period not exceeding 30 days, the execution of the affected obligation is suspended, its maturity being extended by the duration of the impossibility of execution, unless the creditor of that obligation notifies otherwise. If the impossibility of execution caused by force majeure and / or the fortuitous event extends for a period of 30 days or longer, either party may terminate the Contract without payment of damages by sending a notification to the other party.

Failure to communicate the occurrence of the event of force majeure, of its termination and the evidence of its attestation within the time limits provided above entitles the creditor to the obligation to pay compensations for damages caused to him for failure to communicate within the time limit.



2.9 Description of conflicts of interest that may arise in the current activity

As part of the current custody and depositary activity performed by Banca Comercială Română, the Depositary may enter into commercial or financial transactions with other clients, investment funds or third parties at certain times.

In case of any conflict of interests during the activity, the Depositary will always comply with its obligations under the legislation in force and the custody and depositary contract concluded with SIF Banat-Crișana.

The depositary acts honestly, correctly, professionally, independently, and exclusively in the interest of SIF Banat-Crișana. The Depositary diligently and professionally carries out its entire custody and depositary activity and will be liable to SIF Banat-Crișana for any loss suffered by it due to the Depositary's negligence or failure to properly fulfil its obligations in accordance with applicable law.

Investors may obtain from SIF Banat-Crișana, upon request, up-to-date information on third parties to whom the Depositary has transferred one or more of its responsibilities, as well as on conflicts of interest that may arise in the current activity.

3. INFORMATION ON SIF BANAT-CRIȘANA AS AIFRI

SIF Banat-Crișana qualifies, in accordance with the provisions of Law no. 243/2019, as a closed-ended, diversified Alternative Investment Fund, addressed to retail investors (AIFRI), self-managed. Information on SIF Banat-Crișana is presented in point 1.

3.1. Description of SIF Banat-Crișana objectives

3.1.1. Financial objective and investment policy

The long-term investment strategy of SIF Banat-Crișana aims to maximize the performance of the portfolio to increase the value of the assets under management and the investment income.

The financial objective is to make use of an aggregate return on the portfolio generated from dividend and capital gains.

SIF Banat-Crișana has as investment objective the efficient management of a diversified portfolio of quality assets, able to provide a constant flow of income, conservation, and medium-long term capital growth, in order to increase shareholder value and attain returns as high as possible of the invested capital.

SIF Banat-Crișana has under management a complex portfolio, the financial instruments in which it invests are mainly shares, fixed income instruments and fund units. All significant investments are structured according to the relevant portfolios of financial instruments and their risks, in 3 classes of instruments as follows: (i) equity instruments: listed shares, unlisted shares; (ii) debt instruments: government bonds, municipal bonds, corporate bonds, bank deposits (investments), fund units issued by AIF; (iii) derivative instruments for the purpose of risk reduction / hedging / management.

Strategic allocations by asset class and within each class are based on assessments of the individual attractiveness of investment opportunities, given the current macroeconomic and market environment.

Investments are made over a certain period, under regulated prudential conditions, under adequate monitoring and control of risks, in order to ensure a constant balance between risk and expected return. The investment decision-making process is formalized through internal procedures and skill levels approved by the company's Board of Directors.



The company applies an exit strategy adapted to the specifics of each investment, defined on the basis of: the applied strategy; investment objectives; the conditions (triggers of) the exit transaction.

The execution of the different exit strategies is adapted and correlated with a series of internal and external factors, such as: the general economic perspectives; the evolution of financial markets; liquidity of listed securities and daily trading volumes; small business regionality; barriers to access (interest), depending on the shareholding structure; the liquidity needs of SIF Banat-Crișana.

Lines of actions for portfolio management:

- creating a diverse portfolio of assets capable of achieving the targeted returns at the designated risk level;
- increasing the quality of the portfolio, as a basis for improving its value and the ability to generate constant revenues;
- managing and developing the portfolio so as to adapt to the global risk profile;
- development of specific areas of expertise that form the basis of operations;
- improving corporate governance practices.

SIF Banat-Crișana does not use securities financing transactions (SFTs) and does not invest in total return swap instruments, as defined by Regulation (EU) no. 2365/2015.

SIF Banat-Crișana may not make short sales, as defined according to the provisions of Regulation (EU) no. 236/2012 on the sale in default and aspects of credit risk swaps, other than for the purpose of risk coverage, respectively hedging.

In the investment decision-making process, SIF Banat-Crișana acknowledges that the global sustainability challenges, including climate change, resource scarcity and human rights, are critical and need to be addressed. In this regard, to provide long-term value to the investments made, SIF Banat-Crișana analyses the sustainability risk of issuers concerning the criteria applied to determine whether an economic activity qualifies as sustainable and contributes substantially to one or more of the sustainability objectives.

SIF Banat-Crișana does not currently consider the potential negative effects of investment decisions on sustainability factors, as this process is described in EU Regulation 2088/2019, for the following reasons:

- The requirements to be met by the financial market participants, formulated by EU Regulation 2088/2019 (SFDR) and supplemented by EU Regulation 852/2020 on establishing a framework to facilitate sustainable investment, cover only environmental issues and not social issues and labour or governance matters. The technical standards related to the application of the respective regulations are in the project phase with a term of elaboration at the end of 2021;
- Data and information on issuers or financial products classified as sustainable are limited and non-uniform;
- The complexity of the requirements formulated by the published regulations and in the draft technical standards requires additional time for the adequacy of the sustainability risk analysis and reporting processes.

Understanding the importance of ESG factors and their long-term impact, SIF Banat-Crișana will consider that, depending on the clarification of the above-mentioned matters, to analyse and decide on the consideration of the negative effects of investment decisions on the sustainability factors, informing the investors on any new concrete steps taken in this regard.



3.1.2. The main categories of financial instruments in which SIF Banat-Crișana invests

SIF Banat-Crișana investments can be made exclusively in one or more of the following assets:

a) transferable securities and money market instruments registered or traded on a trading venue, in Romania or in a Member State;

b) transferable securities and money market instruments admitted to official listing on a third country stock exchange, which operate regularly and are recognized and open to the public, provided that the choice of stock exchange is approved by ASF, in accordance with the requirements of eligibility from the regulations issued by ASF and be provided for in the fund rules or in the articles of incorporation of the investment company, approved by ASF;

c) newly issued securities, which are the subject of a public offer for admission to trading, in cumulative compliance with the following conditions:

i. the issuance documents include a firm commitment that would require admission to trading on a trading venue or trading on a third-country stock exchange that operates regularly and is recognized and open to the public, provided that the choice the trading venue or the stock exchange to be approved by ASF or to be provided in the fund rules or in the articles of incorporation of the investment company, approved by ASF;

ii. this admission must be ensured within a maximum of one year from the issue;

d) securities of other undertakings for collective investment in transferable securities (other UCITS or AIF established or not in Member States, with the cumulative fulfilment of the following conditions:

i. AIF are authorized or registered;

ii. AIF are subject to periodic reports, which allow an assessment of assets and liabilities, income and operations during the reporting period, in accordance with the frequency of redemption offered to investors, as appropriate; invests exclusively in other UCITS / AIF which ensures through the constitutive documents or other relevant documents the individual segregation of the held assets or their segregation in "omnibus" accounts, which are reconciled by the other UCITS / AIF depository at least with a periodicity similar to the subscription or redemption frequency offered to the respective other UCITS / AIF investors.

iii. AIF fits the liquidity profile of SIF Banat-Crișana;

e) deposits made with credit institutions, which are repayable on request or offer the right of withdrawal, with a maturity not exceeding 12 months, provided that the registered office of the credit institution is located in Romania, in a Member State, or in a third country, in the latter case provided that the credit institution is subject to prudential rules equivalent to those issued by the European Union;

f) derivative financial instruments, with final settlement in cash or in the supporting action of the instrument, traded within a trading venue or on a stock exchange from a third country within the meaning of letter a) and b), and / or derivative financial instruments, traded outside regulated markets, with the cumulative compliance with the following requirements:

i. the underlying asset consists of the instruments provided for in this Article, as well as financial indices, interest rates, precious metals, energy products and the exchange rate, in which the AIF may invest, according to its investment objectives, as provided for in the fund rules or in the articles of association of the investment company;

ii. counterparties, in the context of negotiating outside regulated markets, are entities subject to prudential supervision, which belong to the categories approved by the ASF;



iii. derivative financial instruments traded outside regulated markets are subject to a daily and verifiable assessment and may be, at the initiative of the external AIFM or self-managed AIF, sold, liquidated or the position may be closed daily, at their fair value, by a transaction of the opposite direction;

g) money market instruments, other than those traded on a trading venue, that are liquid and have a value that can be accurately determined at any time, except for commercial paper, provided that the issue or issuer is subject to regulation on the protection of investors and their savings, and the instruments:

i. are issued or guaranteed by an administrative authority, central, local or regional, a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a third country or, in the case of federal states, one of the component members of the federation or an international public body, of which one or more Member States are members; or

ii. are issued by a body whose securities are traded on regulated markets, referred to in letter a) and b); or

iii. are issued or guaranteed by an entity subject to prudential supervision in accordance with criteria defined by European law, or by an entity that is subject to and complies with prudential rules, rules validated by the ASF as equivalent to those provided for by European legislation; or

iv. are issued by other entities belonging to categories approved by the ASF, provided that investments in such instruments are subject to investor protection equivalent to that provided for in points (i), (ii) and (iii), and that the issuer is a company whose capital and reserves amount to at least the RON equivalent of 10,000,000 euros, which presents and publishes its annual financial statements, in accordance with the applicable European legislation, or an entity which, within a group of companies that contain one or more listed companies, has the role of financing the group or is an entity dedicated to the financing of securitization vehicles that benefit from a bank financing line;

h) shares of limited liability companies, regulated by Law no. 31/1990, republished, with subsequent amendments and completions, whose annual financial statements are audited according to law;

i) securities defined in art. 3 par. (1) point 26 of GEO no. 32/2012 (shares and other securities equivalent to shares; bonds and other debt securities; any other negotiable securities that give the right to purchase those securities by subscription or exchange) that are not admitted to trading on a trading venue or are not traded on a stock exchange in a third country;

The Company invests in corporate bonds not admitted to trading on a trading venue, complying with at least the following requirements:

i. the issuer of corporate bonds must have at least 2 years of activity at the time of making the investment in the issue of corporate bonds. If the issuer of corporate bonds has less than 2 years of activity, SIF Banat-Crișana invests only in issues of corporate bonds guaranteed by a credit institution authorized by BNR or a Romanian branch of a credit institution authorized in another Member State or with other liquid / eligible collaterals representing at least 100% of the value of the corporate bond issue;

ii. the annual financial statements of the corporate bond issuer must be audited in accordance with the law and not indicate significant risks (such as creditworthiness, liquidity, or solvency risk) regarding its financial position, which could lead to non-compliance with the payment obligations of the coupons and the related principal related to the issuance of corporate bonds;

iii. the issuer of corporate bonds must not be registered in the list of taxpayers with tax arrears published on the website of the National Agency for Fiscal Administration;



iv. the corporate bond issuer recorded profit in at least the last three consecutive financial years, as shown in the annual financial statements, audited in accordance with the law; if the issuer of corporate bonds has less than 2 years of activity, then it has recorded a profit in all the previous financial years.

The statement of collaterals set forth in paragraph (i) above is notified to the A.S.F. on sending the first report on SIF Banat-Crișana net asset statement after the moment of the placement.

The statement of collaterals - which may be letters of bank guarantee, insurance of the issuance of bonds by an insurance company or other similar documents issued by financial institutions or the legal representative of the issuer of those guarantees - includes the signature of the responsible persons within SIF Banat-Crișana and that of the representative of the SIF Banat-Crișana Depository.

The valuation of the respective guarantees will be performed off-balance sheet in accordance with the rules applicable to the valuation of SIF Banat-Crișana assets.

The valuation in the SIF Banat-Crișana assets of the corporate bonds not admitted to trading within a regulated market or an alternative trading system for which the payment of principal and coupons was not performed at maturity, will be made at value 0 (zero) or at the value of the executed collateral, as the case may be, and is forbidden to make additional investments in financial instruments issued by the same issuer.

If the amounts related to SIF Banat-Crișana's investments in corporate bonds not admitted to trading on a regulated market or an alternative / multilateral trading system issued by joint stock companies are not collected within 10 working days from the deadline provided in the prospectus, then SIF Banat-Crișana initiates and communicates to ASF the legal steps to recover the claim.

To fulfil its attributions of monitoring and controlling SIF Banat-Crișana assets and of reporting to ASF of possible violations of the legal provisions and of the regulations in force regarding the settlement of operations, the depository verifies that SIF Banat-Crișana complies with the provisions provided in article 44 of ASF Regulation no. 7/2020 on the authorization and operation of alternative investment funds.

The internal rules and procedures on risk management and the management of investment portfolio of corporate bonds not admitted to trading include additional rules regarding the internal methodology of selecting this type of financial instrument, in compliance with legal requirements.

The internal methodology for selecting corporate bonds not admitted to trading in SIF Banat-Crișana portfolio includes an analysis of the credit risk of the issuer of corporate bonds not admitted to trading and it is based at least on the following principles:

- quantifying the credit risk of the issuer of corporate bonds not admitted to trading and assessing the probability of default and its respective issuance corporate bonds not admitted to trading, based on a valuation model;
- the use of qualitative indicators to assess the issuer's credit risk, taking into account the national and international macroeconomic situation and existing market conditions;
- use of the rating provided by a credit agency registered by ESMA or internationally recognized or of the indicative quotes provided by specialized agencies, based on the principle of comparison with other similar financial transactions, if available;
- the cost-benefit analysis of the reliability and economic profitability of the investment purpose for which the issuer of corporate bonds not admitted to trading aims at attracting financing;
- analysis of the liquidity of the issue of corporate bonds not admitted to trading in relation to other securities issued by the same issuer.

The above provisions do not apply if the corporate bonds not admitted to trading are issued by a company in which SIF Banat-Crișana holds at least 51% of the share capital.



- j) foreign currency, purchased on the domestic market, freely convertible, according to BNR criteria;
- k) government securities;
- l) real estate assets, in compliance with ASF regulations;
- m) certificates of greenhouse gas emissions, as they are defined in art. 3 lit. b) of the Government Decision no. 780/2006 on establishing the scheme for greenhouse gas emission allowance trading, with subsequent amendments and completions;
- n) movable and immovable property strictly necessary for carrying out the activity of SIF Banat-Crișana.

3.1.3. Limits of investment policy

SIF Banat-Crișana will make the investments complying with the following limits:

a) may not hold more than 10% of the assets in transferable securities and money market instruments issued by the same issuer, except for securities or money market instruments issued or guaranteed by a Member State, the local public authorities of the Member State, a third country or international public bodies to which one or more Member States belong;

The limit of 10% may be increased up to a maximum of 40%, provided that the total value of the securities held by SIF Banat-Crișana in each of the issuers in which it holds holdings of up to 40% does not in any case exceed 80% of the value of its assets;

b) may not hold more than 50% of its assets in securities and money market instruments issued by entities belonging to the same group, defined according to the provisions of art. 2 letter j) of Law 243/2019, and in the case of the group to which SIF Banat-Crișana belongs, this limit is 40%;

c) the exposure to counterparty risk in a transaction with derivative financial instruments traded outside regulated markets may not exceed 20% of its assets, regardless of the counterparty of the transaction;

d) the overall exposure to derivative financial instruments may not exceed the total value of its assets;

e) the value of current accounts and cash to be within a maximum of 20% of its assets; the limit may be exceeded up to a maximum of 50%, provided that the amounts in question come from the issue of equity securities, maturing investments or the sale of financial instruments in the portfolio, and that the excess does not exceed 90 days;

f) may not set and hold bank deposits made with the same bank representing more than 30% of its assets;

g) may not hold more than 20% of its assets in shares not admitted to trading on a trading venue or on a stock exchange in a third country, issued by a single AIF addressed to retail investors;

h) may not hold more than 10% of its assets in securities not admitted to trading on a trading venue or on a stock exchange in a third country, issued by a single AIF addressed to professional investors;

i) may not hold more than 50% of its assets in shares not admitted to trading on a trading venue or on a stock exchange in a third country, issued by other open type AIF. In the case of the group to which SIF Banat-Crișana belongs, the holding limit is 40% of its assets;

j) may not hold more than 40% of its assets in equity securities issued by a single O.P.C.V.M. (collective investment undertaking) authorized by ASF or by a national competent authority of another Member State, as well as in securities issued by a single collective investment undertaking



admitted to trading on a trading venue in Romania, another Member State or on a stock exchange in a third country;

k) may not grant loans of financial instruments representing more than 20% of its assets, the period of granting the loan may not exceed 12 calendar months, in accordance with the regulations issued by the ASF on margin transactions and lending operations; the limit of 20% of its assets may be increased up to 30%, with the approval of ASF, under the conditions established by ASF regulations;

l) may not grant cash loans, may not participate in / subscribe to syndicated loans, may not guarantee cash loans in favour of a third party, except for entities in the group to which SIF Banat-Crișana belongs within 10% of its assets and may not acquire, in whole or in part, loan portfolios issued by other financial or non-financial institutions, except for investment investments in financial instruments issued by internationally recognized financial institutions, credit institutions or non-bank financial institutions authorized by BNR or other central banks of a Member State or third countries;

m) may not hold more than 40% of the value of its assets in transferable securities, money market instruments not traded on a trading venue or on a stock exchange in a third country, with the exception of government securities and bonds issued by the Ministry of Public Finance;

n) may not hold more than 20% of the value of its assets in shares issued by limited liability companies, regulated by Law no. 31/1990, republished, with subsequent amendments and completions;

o) may not hold more than 10% of the value of its assets in greenhouse gas emission certificates, as defined in art. 3 letter b) of the Government Decision no. 780/2006, with subsequent amendments and completions;

p) may not hold more than 20% of the value of its assets in real estate assets. In order to prevent conflicts of interest, SIF Banat-Crișana does not invest in real estate assets in which the top management, its employees or their relatives and relatives up to the second degree have a patrimonial interest.

3.1.4. Exceeding investment limits

The management has established procedures for internal risk management, to identify, monitor and cover the risks associated with the investments made by SIF Banat-Crișana. The management regularly reviews the compliance with prudential limits and investment restrictions. If violations of the applicable investment restrictions are found due to changes in stock market prices or other circumstances, the management must take immediate action to correct these breaches.

In case of exceeding the limits mentioned in the subpoints from point 3.1.3., exclusively in situations independent of its will, SIF Banat-Crișana has to comply with the legal requirements within 30 days from the date of exceeding that limit.

SIF Banat-Crișana has to inform within two working days, the depositary of assets and ASF regarding the exceeding of the established limits, in a document containing the justification of the causes that led to this situation, as well as of a plan of measures for re-compliance with the legal requirements within 30 days from the date of the deviation.

3.1.5. Technical instruments that can be used in portfolio management

The following specific techniques can be used in an active portfolio management:

- Analysis of the national and international macroeconomic condition and of the existing market circumstances according to which the structure of the fixed income instrument portfolio will be adjusted;



- Fundamental analysis of fundamental factors and indicators that compare the price of a share with measures of profitability / financial situation of the issuer such as: analysis of financial performance, dividend policy, sectoral comparative analysis.
- Statistical analysis of market indicators, historical trading data to determine statistical indicators;
- Asset liquidity analysis to permanently ensure an adequate liquidity of the asset portfolio.

SIF Banat-Crișana does not currently use technical tools for efficient portfolio management. However, the rules or the prospectus do not exclude the possibility of using such techniques in the future. Their use must always comply with the applicable legal requirements and will never lead to circumvention of investment policy requirements and investment restrictions.

Other techniques may include the use of derivative instruments. Derivative financial instruments used for the efficient management of the portfolio will be traded on regulated markets / admitted to official listing on stock exchanges in the European Union, the European Economic Area or a third country, which operate regularly and are recognized and open to the public, provided that the choice of the stock exchange or market in a third country is approved by ASF, so that they can be assessed at any time both in terms of return and risk.

SIF Banat-Crișana does not use securities financing transactions (SFTs) and does not invest in Total Return Swap instruments as defined by EU Regulation no. 2365/2015.

SIF Banat-Crișana may not make short sales, defined according to the provisions of Regulation (EU) no. 236/2012 aspects of credit risk swaps, other than for the purpose of covering risks, respectively hedging.

3.1.6. Risk factors arising from the investment policy

The potential financial risks associated with the investment activity carried out by SIF Banat-Crișana include: market risk; liquidity risk; credit and counterparty risk.

a) Market risk is the risk resulting from an unfavourable change in the value or income obtained from assets held or from fluctuations in exchange rates or interest rates. Market risk can be broken down into a *general component of market risk* (risk that the market as a whole will decline in value) and a *specific component of market risk*, unique to the special financial transaction projected.

From the relevant point of view of SIF Banat-Crișana, there are **four major types of market risk**: price / position risk, interest rate risk, currency risk and concentration risk.

Price risk is the risk that the volatility of market prices, such as stock prices, interest rates and exchange rates will adversely affect the income and value of the portfolio of financial instruments and shareholdings of SIF Banat-Crișana.

The position risk is associated with the portfolio of financial instruments held by SIF Banat-Crișana with the intention of profiting from the favourable evolution of the price of the respective financial assets or from any dividends / coupons granted by issuers. SIF Banat-Crișana is exposed to the position risk, both to the general one and to the specific one, due to the investments in bonds, shares and fund units.

Interest rate risk is the risk that income or expenses, or the value of the Company's assets or liabilities fluctuate as a result of changes in market interest rates. For interest-bearing financial instruments, interest rate risk consists of the risk of fluctuations in the value of a particular financial instrument due to changes in interest rates and the risk of differences between the maturity of interest-bearing financial assets and interest-bearing liabilities ("mismatch" risk).

Currency risk is the risk of losses or not realizing the estimated profit due to unfavourable exchange rate fluctuations. SIF Banat-Crișana invests in financial instruments and enters into



transactions that are denominated in currencies other than its functional currency, thus exposing itself to the risks that the exchange rate of the national currency in relation to other currency will have adverse effects on fair value or future cash flow of that portion of financial assets and liabilities denominated in other currency.

The concentration risk represents the vulnerability given by the existence of exposures to entities that have common or similar characteristics and affects all the assets held by SIF Banat-Crișana, regardless of their holding period.

b) Liquidity risk is the risk arising from the lack of marketability of an investment, so that it cannot be bought or sold quickly enough to minimize a loss (related to the portfolio of financial instruments) as well as the current or future risk of adverse impairment of profits and equity, determined by the inability of SIF Banat-Crișana to fulfil the obligations arising from short-term financial debts, which are extinguished by payment in cash or by other financial means, or that such obligations are extinguished in an unfavourable manner for SIF Banat-Crișana (related to payment obligations).

c) Credit and counterparty risk

Credit risk is the risk of an economic loss due to a counterparty's breach of contractual obligations or an increased risk of default during the transaction as a result of changes in the credit quality of an asset.

Counterparty risk is a contingent one, any loss being dependent on a counterparty insufficiency (credit risk) in an ongoing transaction (market risk) at the date of default of the credit counterparty.

The company is exposed to credit and counterparty risk as a result of investments in bonds issued by companies, current accounts and bank deposits and other receivables.

3.1.7. Activity-specific risk factors

a) Operational risk is the risk of direct or indirect losses resulting from flaws or deficiencies in the procedures, personnel, internal systems of SIF Banat-Crișana or from external events that may have an impact on its operations. The operational risks derive from all the activities of SIF Banat-Crișana.

b) Reputational risk is the current or future risk of a negative impact on profits and capital determined by the unfavourable perception of an institution's image by customers, counterparties, shareholders, investors, or supervisory authorities.

c) Strategic risk represents the current or future risk of negatively affecting the profits and asset value of the portfolio of the entity managed by the Company, arising from the implementation of inappropriate management decisions, improper implementation of management decisions or lack of reaction to changes in business environment. Strategic risk is uncontrollable and unquantifiable.

d) Systemic and contagion risk - Macroeconomic influences can have an impact on the business of companies in the company's portfolio and implicitly on the investment activity.

e) Regulatory risk is the risk of a loss due to non-application, or incorrect application of legal and / or contractual provisions and / or due to inadequate contractual framework or insufficient regulation.

f) Taxation risk - Interpretation of texts and practical implementation of the procedures of the new applicable tax regulations harmonized with European legislation, could vary from entity to entity and there is a risk that in some situations the tax authorities will adopt a different position than that of SIF Banat -Crișana.

g) The risk related to the business environment represents the current or future risk of negative damage to profits and equity, as a result of unfavourable developments of the main macroeconomic variables or of any variables that constitute targets of the country's economic policy.



Through risk management, both through prior verification of investments and through ex-post monitoring, the Company ensures that portfolio management is within the appropriate risk parameters.

The risk management policies implemented by SIF Banat-Crișana include the necessary procedures to allow the Company to assess the exposure to all relevant risks that may have a significant level for SIF Banat-Crișana, taking into account the investment objectives and strategies, styles or methods of asset management and which may thus directly affect the interests of shareholders.

Transactions with derivatives can expose us to unexpected risk and possible losses.

It cannot be excluded the possibility that at some point SIF Banat-Crișana will be a party to certain transactions with derivative instruments for hedging against certain financial risks. Changes in the fair value of these derivative financial instruments are reported in the income statement and could therefore have a significant adverse effect on the reported result of any period. Furthermore, we may be exposed to the risk that, in the derivative transaction, our counterparty may not be able to fulfil its obligations because it is in judicial reorganization or for other reasons. If a counterparty to an important derivative transaction is unable to meet its obligations under it, we may incur losses that may have a significant adverse effect on our financial position, financial results, and results of operations.

SIF Banat-Crișana has an office dedicated to risk management that evaluates and monitors the above-mentioned risks. The Company periodically reviews the adequacy and effectiveness of the risk management policy and procedures and submits them to the Board of Directors for approval, notifying ASF accordingly, any change in the internal regulatory framework.

Sustainability Risk Integration (ESG)

Sustainability risk means an environmental, social or governance event or condition that, if occurring, could cause a significant, actual, or potential adverse effect on the value of the investment.

Sustainability risks in the climate and environment area are divided into physical risks and transition risks. Physical risks arise both due to extreme individual meteorological phenomena and their consequences, as well as from long-term changes in climatic and environmental conditions. The risk of transition arises from adapting to a low-carbon economy to mitigate climate change.

Risks related to social matters may include, but are not limited to, labour rights, and relations with the community.

Risks related to governance may include, but are not limited to, risks related to the independence of the board, shareholding and control, or auditing and tax management.

These risks may affect the operational effectiveness and resilience of an issuer, as well as the public perception and reputation that affect its profitability and capital growth and have an impact on the value of the Fund's holdings.

SIF Banat-Crișana analyses the sustainability risk of issuers regarding the criteria applied to determine whether an economic activity qualifies as sustainable and contributes substantially to one or more of the sustainability objectives.

Sustainability risk assessment and management is part of both the pre-investment verification process and the investment monitoring process and is in constant connection with the investment strategy and objectives in terms of portfolio allocation. If the sustainability risk is assessed as relevant for that investment, the effect on the return on investment is estimated, determined according to the evolution of the fair value of the underlying assets plus other income generated by them during the holding period.



SIF Banat-Crișana considers the following criteria in the analysis of the impact of sustainability factors on portfolio investments:

- *economic activities pursuing environmental sustainability objectives:* (a) climate change mitigation; (b) adaptation to climate change; (c) sustainable use and protection of water and marine resources; (d) the transition to a circular economy; (e) pollution prevention and control; (f) the protection and restoration of biodiversity and ecosystems.

- *economic activities pursuing social sustainability objectives:* (a) compliance with recognized labour standards, occupational safety, and health protection; (b) adequate remuneration, fair working conditions, diversity and training and development opportunities; (c) exclusive projects and consideration of the interests of communities and social minorities; (d) customer responsibility (responsible marketing, product quality, data confidentiality).

- *economic activities pursuing good governance practices:* (a) sound management structures (fiscal honesty, anti-corruption measures, transparency of information, data protection, etc.); (b) guarantees of employees' rights; (c) the remuneration of relevant staff based on sustainability criteria.

A financial instrument subject to analysis will be considered as "sustainable investment" if most sustainability factors are met. Thus, the likely effect of sustainability risks on the portfolio and implicitly on the return on investment is minimal, leading to the conclusion that sustainability risks are not relevant.

The manifestation or materialization of a sustainability risk factor in a way that is not anticipated may have a negative impact on the value of an investment and therefore on the total value of the asset under management with a negative impact on the market price of SIF1 shares traded on BVB.

SIF Banat-Crișana takes steps to identify, assess, prevent, and integrate sustainability risks in the investment decisions, including:

- collaborates with the companies in which it invests, in order to be able to direct the administrators of the respective companies towards a sustainable business strategy;
- monitors the regular sustainability reports, published by the companies in which it invests in its activities, in order to identify vulnerabilities in the area of environmental protection, social impact and corporate governance;
- monitors the companies' implementation of the legal provisions regarding ESG;
- explores and identifies relevant and compatible sources of information for identifying and measuring sustainability risks related to the activity of issuers of financial instruments in which it invests (e.g. reports of rating agencies, news from local and international press, analyses of consulting firms, etc.).
- periodically reassesses the data to which the company has access, regarding the ESG criteria, necessary in order to carry out the assessment of the risks related to sustainability and their integration in the investment decision-making process.

The results of the analysis and assessment on the probable effect of the risks related to sustainability on the portfolio under management are presented in the periodic reports published by the company, according to the incident legal provisions.

SIF Banat-Crișana's remuneration policy promotes an effective and sound risk management, without the remuneration structure encouraging excessive risk-taking in relation to sustainability risks, being correlated with risk-adjusted performance.



3.2. Persons responsible for analysing investment opportunities

The Board of Directors is responsible for conceiving the general investment policy of SIF Banat-Crișana, which is reflected in the company's documents. The (executive) directors are responsible for implementing the general investment policy.

Within SIF Banat-Crișana, the analysis of investment opportunities is performed by the Investment Department, which is the organizational structure responsible for the management of the portfolio of financial instruments held by the Company, for performing analysis to substantiate investment policy and decisions, implementation and execution of investment projects and operations on the financial market.

Investment decisions are taken in compliance with the provisions in force, the investment policy provided by these Rules and in accordance with the procedures and internal policies approved by the Board of Directors of SIF Banat-Crișana. Three internal decision-making levels are established, in the following descending hierarchy depending on the value of the investments: The Board of Directors, the Investment Committee and the Executive Director.

The investment proposals are analysed based on the substantiation elements of the investment presented by the Investment Department and the preliminary analysis and the opinion issued by the risk officer.

3.3. Methods for determining the value of net assets

3.3.1. Rules for asset valuation

Shares

Shares admitted to trading and traded in the last 30 trading days (working days) on a regulated market in Romania, in a Member State, as well as those admitted to official listing on a stock exchange from a third country are valued at the closing price of the market section considered as the main market, corresponding to the day for which the calculation is made.

Shares admitted to trading and traded in the last 30 trading days (working days) in trading systems other than regulated markets, in Romania, in a Member State, or in an alternative trading system in a third country are valued at the reference price of the day for which the calculation is performed. The price used as the reference price is calculated based on the trading activity on the day for which the asset is calculated, used as a benchmark in the opening of the trading session on the following day.

Shares admitted to trading on several regulated markets and / or in several trading systems other than regulated markets, traded in the last 30 trading days (working days), are valued at the closing price of the market section considered to be the main market or at the reference price provided under the alternative systems with the highest degree of liquidity and frequency of trading of that financial instrument determined on the basis of the volume and number of transactions recorded in the previous calendar year.

The provisions on ascertaining the most relevant liquidity market apply to all financial instruments admitted to trading on several regulated markets and / or within several trading systems, other than regulated and traded markets in the last 30 trading days (working days). The calculation shall be made on an annual basis at the beginning of each calendar year.

Shares admitted to trading on a regulated market, under an alternative system or in systems other than regulated markets, in a Member State, including under an alternative trading system in Romania, as well as those admitted to the official listing of a stock exchange or an alternative trading system from a third country but not traded in the last 30 trading days (working days), will be valued, starting with the 31st non-trading day, at the accounting (book) value per share, as it results from the last the



approved annual financial statement of that entity. In the case of credit institutions, the accounting value per share may be based on the value of equity included in the monthly reports submitted to BNR.

If the financial statements are not obtained within 90 days from their legal filing date, and on the website of the regulated market, the alternative trading system, the Ministry of Public Finance or the issuer are not available quarterly / half-yearly financial reports on the basis of which the accounting value could be determined, shares not traded in the last 30 trading days (working days) will be valued at zero or at the value determined using valuation methods in accordance with international valuation standards (in which the fair value principle is used) and approved by the board of directors of SIF Banat-Crișana.

Shares suspended from trading for a period of at least 30 trading days (working days), following a decision by the market or system operator, in order to inform investors of information which may lead to changes in the issuer's share price, will be valued at the weighted average price for the last 30 trading days (working days) calculated up to the date of occurrence of such an event as the arithmetic average of the weighted average prices in each of the last 30 trading days.

Shares issued by companies admitted to trading on a regulated market or in trading systems other than regulated markets, but not traded in the last 30 trading days, in connection with which ASF or another competent authority has decided to open the financial recovery procedure through special administration, will be measured at the accounting value per share, as it results from the last approved annual financial statement of that entity. In the case of credit institutions, the accounting value per share may be based on the value of equity included in the monthly reports submitted to BNR.

In the case of joint stock companies admitted to trading on a regulated market or a multilateral trading system with a considered liquidity, based on a prudent value judgment on the active market defined by International Financial Reporting Standard 13 - Fair Value Measurement (IFRS 13), as irrelevant for the application of the market valuation method, SIF Banat-Crișana may decide that the shares of the respective companies be valued in its assets in accordance with the valuation standards in force, according to the law, based on a valuation report. In this case, SIF Banat-Crișana will maintain this evaluation method for a period of at least one calendar year, for the respective shares considered illiquid. SIF Banat-Crișana will mention in the annual report a substantiation of its decision, which also includes an analysis of the issuer's liquidity that has not been assessed based on the mark to market principle.

Shares not admitted to trading on a regulated market or in trading systems other than regulated markets, including alternative trading systems in Romania, from a Member State or a third party, will be valued at the accounting value per share, as shown in the last financial statement approved of that entity. In the case of credit institutions, the accounting value per share may be based on the value of equity included in the monthly reports submitted to BNR.

In the case of joint stock companies not admitted to trading on a regulated market or alternative/multilateral trading system, in which SIF Banat-Crișana holds more than 33% of the share capital, those shares are valued exclusively in accordance with international valuation standards based on an evaluation report, updated at least annually.

Shares admitted to trading and not traded in the last 30 trading days (working days) as well as shares not admitted to trading, including those issued by credit institutions whose financial statements are not obtained within 90 days of the legal filing date, and on the website of the regulated market, of the alternative trading system, of the Ministry of Public Finance (MFP) or of the issuer are not available quarterly / half-yearly financial reports based on which the book value could be established, the shares not traded in the last 30 trading days are included at zero value or at the value determined by



using valuation methods that comply with international valuation standards (in which the fair value principle is used) and approved by the board of directors. For the purpose of counting the 30 non-trading days, it will be considered that the first non-trading day is the first working day in which the share did not record transactions.

The shares of the companies regulated by Law no. 31/1990 in the process of judicial liquidation or in other forms of liquidation and of those in temporary or permanent cessation of activity are included in the net assets of SIF Banat-Crișana at zero value, from the date on which the announcement was made public on the website of the regulated market or the alternative trading system on which they are traded. These provisions also apply to shares not admitted to trading.

The shares of the companies regulated by Law no. 31/1990 in the judicial liquidation procedure or in other forms of liquidation and of those in temporary or permanent cessation of activity are included in the net assets of SIF Banat-Crișana at zero value, from the date on which the announcement was made public on the website of the regulated market or of the alternative trading system on which they are traded. These provisions also apply to shares not admitted to trading.

In the case of companies in insolvency or reorganization proceedings, whose shares have been readmitted to trading on a regulated market or alternative/multilateral trading system following the issuance of a final judgment on the confirmation by the appointed syndic judge of the reorganization plan issuer and the confirmation from the issuer / market or system operator regarding the non-appeal of the sentence regarding the confirmation of the reorganization plan, the evaluation of the respective shares will be made at the closing price of the market segment considered as the main market, corresponding to the day for which the calculation is made, in the case of shares admitted to trading on that regulated market in the Member State / non-member State stock exchange, or the reference price for the day the calculation, in the case of shares traded in trading systems other than regulated markets, including in other alternative trading systems, provided by the operator of that trading system for each of the segments of that system if those shares have a market price, in the sense that they recorded transactions from the date of readmission to trading. If the shares do not have a market price, they will be valued, up to the date of recording an available reference price, at the accounting value per share, as it results from the last approved annual financial statement of that entity. In the case of credit institutions, the accounting value per share is based on the value of equity included in the monthly reports submitted to BNR;

The shares of the companies regulated by Law no. 31/1990 in SIF Banat-Crișana portfolio admitted to trading on a regulated market, within an alternative system or within other trading systems, in a Member State, including within an alternative trading system in Romania, as well as those admitted to official listing on a stock exchange or alternative trading system in a third State but not traded in the last 30 trading days (working days), with negative equity values, are included in the calculation of net asset value at zero value. These provisions also apply to shares not admitted to trading.

In case of a division / consolidation of the nominal value of shares admitted to trading on a regulated market or in trading systems other than regulated markets, the shares resulting from the division shall be valued, starting with ex-dates and up to the date of their introduction into trading, by dividing the price before the division by the division coefficient, respectively by multiplying by the consolidation coefficient.

In the case of operations of reducing the share capital of a company, the shares of which are admitted to trading on a regulated market or in an alternative/multilateral trading system, without distribution of amounts of money, as a result of the reduction in the number of shares, in the assets SIF Banat-Crișana, starting with ex-dates, will reflect the new diminished number of shares, and the evaluation will be performed according to the provisions of the previous paragraph. If ASF does not approve the operation of diminishing the share capital, the amounts previously registered in the assets of



SIF Banat-Crișana according to the provisions in force are eliminated from the assets from the date of the individual act of rejection.

The shares of companies not admitted to trading resulting from increases in share capital without cash consideration are recorded in the assets of SIF Banat-Crișana from the date of operating the share capital increase at National Trade Register Office, based on supporting documents provided by the company, certifying the new value of equity corresponding to the new share capital.

In the case of share capital increases that involve a cash consideration from investors, with the issuance of preference rights, the due shares are registered in SIF Banat-Crișana's assets on the date of effective payment of the shares subscribed for the share capital increase.

In the case of operations of increase / decrease of share capital (by increasing / decreasing the number of outstanding shares) of some companies, which are registered with the ONRC (National Trade Register Office) (in the case of a company not admitted to trading on a trading venue) during the same financial year and for which the new number of outstanding shares is not actually reflected in the last approved annual financial statements for the purpose of calculating the accounting value at this point, the information provided by the company / issuer will be used, based on supporting documents (registration certificate from ONRC and / or monthly verification balance - in the case of unlisted companies, as well as, to the extent that a report is available prepared by an independent auditor certifying the new value of the company's equity).

In the case of share capital increases involving a cash consideration from investors, without the issuance of preference rights, if SIF Banat-Crișana decides to participate in the share capital increase of the issuer, the shares due and the amount owed by SIF Banat-Crișana following the participation in the share capital increase are registered in the assets of SIF Banat-Crișana, as follows:

- on the first day on which the investors who buy the shares can no longer participate in the capital increase, in case the market price is higher than the subscription price;
- on the date of actual payment of the shares subscribed for the share capital increase in case the market price is lower than the subscription price.

If the operation of increasing the share capital with cash consideration from the investors is not completed within the legal term established by Law no. 31/1990 from the date of adoption of the GMS decision, SIF Banat-Crișana will exclude from its portfolio the subscribed shares and may record the amounts paid related to the non-operating capital increase under the item "Other assets - Amounts receivable". SIF Banat-Crișana will use all legal steps to recover the cash consideration paid to the issuer for the shares that have not been subscribed for objective reasons attributable to it.

Until the time of admission to trading, shares subscribed in an initial public offering to sell shares are considered "newly issued securities" and are valued based on the purchase price of the shares subscribed in the public offer. This method of recording and valuation of those shares shall be maintained until the date of the first transaction on the stock exchange.

If the admission to trading of those shares is not carried out within a maximum of 12 months from the date of the start of the offer period, the shares will be valued similarly to the shares not admitted to trading, respectively to the accounting value per share, as it results from the last approved annual financial statement of that entity. In the case of credit institutions, the accounting value per share is based on the value of equity included in the monthly reports submitted to BNR.

If the public offer of securities indicated above involves the issuance of marketable allotment rights, the allotment rights belong to SIF Banat-Crișana, which has subscribed and paid in full in the offer, respectively during the period of exercise of the pre-emptive right, are evaluated as follows:



- a. between the issue date and the date of possible admission to trading of the allocation rights based on the purchase price of the shares subscribed within the public offer;
- b. between the date of the possible admission to trading of the allotment rights and the effective date of the admission to trading of the shares, based on the valuation of the respective allotment rights as follows:
 - at the closing price of the market section considered as the main market, corresponding to the day for which the calculation is made, in the case of shares admitted to trading on that regulated market in the Member State / non-member State stock exchange; or
 - at the reference price for the day on which the calculation is made, in the case of shares traded in trading systems other than regulated markets, including in alternative trading systems, provided by the operator of that trading system for each of the segments of that system;

The allocation rights will be presented in the reporting forms of SIF Banat-Crișana, as follows:

- a. until the moment of admission to trading within the sections related to the holdings of other securities and money market instruments not admitted to trading;
- b. from the moment of admission to trading and until the moment of the issue of the shares subscribed in the public offer, within the sections related to the holdings of other securities assimilated to the shares and instruments of the admitted or traded money market.

If SIF Banat-Crișana has subscribed and paid in full for the shares in the offer, it holds shares of the respective company prior to the public offering and the admission to trading of those shares, they are valued as follows:

- a. between the date of issue and the date of possible admission to trading of the allocation rights, at the book value;
- b. between the date of the possible admission to trading of the allotment rights and the effective date of the admission to trading of the shares, based on the assessment of the respective allotment rights as follows:
 - at the closing price of the market section considered as the main market, corresponding to the day for which the calculation is made, in the case of shares admitted to trading on that regulated market in the Member State / non-member State stock exchange; or
 - at the reference price for the day on which the calculation is made, in the case of shares traded in trading systems other than regulated markets, including in alternative trading systems, provided by the operator of that trading system for each of the segments of that system;

The valuation of the shares held by SIF Banat-Crișana as a result of the participation in the share capital increase without cash consideration, as well as of those with cash consideration, is performed at the closing price of the market section considered main market or at the reference price provided in other systems other than regulated markets, including alternative trading systems by the Operator of that trading system, on the day for which the calculation is made.

The amount due as a result of participating in the share capital increase with cash consideration recorded in assets is valued at the subscription value.

If ASF does not approve the prospectus for the issue of new shares decided by the EGM of an issuer, the newly issued shares previously registered in the assets of SIF Banat-Crișana according to the provisions in force are eliminated from the assets of SIF Banat-Crișana.

Preference rights

If the capital increase is carried out with the issuance of preference rights, they will be recorded in the fund's assets on the first day on which the investors who buy the shares can no longer participate in the capital increase.



Until the moment of the first trading day, the valuation of the preference rights is performed at the theoretical value. The theoretical value of the preference right shall be calculated according to the formula:

*Theoretical value of the preference right = (market price of old shares - subscription price of new shares based on preference rights) * [number of new shares / (number of old shares + number of new shares)] * [number of old shares / number of preference rights issued],*

where the market price of the old shares is the closing price for shares admitted to trading on a regulated market in a Member State / stock exchange in that non-member State, the reference price for shares traded in trading systems other than regulated markets, including in other alternative trading systems from the last day in which those who buy shares have the right to participate in the capital increase.

Following admission to trading, the preference rights will be valued at the market price / reference price for the day for which the calculation is made. If no transactions are recorded, the valuation will be maintained at the theoretical value.

After the trading period of the preference rights and until the time of their exercise, the preference rights will be valued at the last closing price of the trading period and recorded under a separate item "Dividends or other receivables".

At the time of exercising the preferential rights, the due shares will be duly registered in the assets of SIF Banat-Crișana.

Dividends

Dividends, as well as shares distributed without consideration in cash resulting from participation in capital increases are recorded in the assets of SIF Banat-Crișana on the first day when investors who buy shares no longer receive a dividend or on the first day when investors who buy shares, they can no longer participate in the capital increase.

If, due to lack of information, the recording of dividends related to the holding of shares listed on foreign markets cannot be carried out in accordance with the provisions of the first paragraph, the value of those dividends must be recorded in the assets on the date the depository of assets gets the information on the ex-dividend date, as evidenced by documents / extracts / publications.

Dividends distributed by companies not admitted to trading on a trading venue in a Member State or on a stock exchange in a third country are recorded in the accounts of SIF Banat-Crișana as receivables, based on the decisions of the GMS approving the dividends, and are recorded in net assets.

Dividends and shares distributed without cash consideration, as well as those distributed with cash consideration and amounts due to SIF Banat-Crișana are recorded in a separate position "Dividends or other receivables" in the assets of SIF Banat-Crișana.

If dividends and shares distributed without consideration in cash are not paid / allocated within the legal term / term established in the GMS decision, they will be included in the asset at zero value. If the legal term / established in the GMS decision for payment / allocation of dividends falls on a non-working day, it is extended until the end of the first working day.

Registration in the assets of SIF Banat-Crișana of the cash resulting from the distribution to shareholders of sums of money on the occasion of the operations of diminishing share capital by reducing the nominal value of the share or as a result of the reduction of the number of shares and distribution to existing shareholders of registration of a sum of money corresponding to the reduction of the nominal value or number of shares approved by the GMS Decision is made in the same way as for recording dividends distributed to shareholders, respectively the recording in the assets of



SIF Banat-Crișana of amounts receivable share capital under the item "Dividends and other receivables", in return for reducing the number of shares related to the reduction of share capital.

Securities issued by collective investment undertakings

Securities issued by collective investment undertakings (CIU) admitted to trading on a regulated market shall be valued at the closing price of the main market section on the day for which the calculation is made, respectively at the reference price for the day for which the calculation is made, for those admitted to trading on other trading systems than regulated markets.

Securities issued by collective investment undertakings not admitted to trading on a regulated market or in trading systems other than regulated markets will be valued at the last net asset value calculated and published by the manager of that CIU or published by internationally recognized private companies. (e.g. Bloomberg, Reuters).

Fixed income instruments

Fixed-income financial instruments admitted to trading on a regulated market or in trading systems other than regulated markets shall be valued using one of the following methods:

1. at the closing / reference price of the market section considered as the main market, corresponding to the day for which the calculation is made;
2. by the method based on the daily recognition of interest and the amortization of the discount / premium for the period passed from the date of investment.
3. the method based on the use of market quotations of the MID type (calculated as the arithmetic average between the best-selling price and the best buying price), if there are relevant composite price benchmarks published by official institutions or private companies internationally recognized (e.g. BNR, Bloomberg, Reuters);

If the valuation method referred to in point 3 is chosen and there is no relevant composite price benchmark for a fixed income instrument, that instrument shall be valued on the basis of the method set out in point 2, starting from the net price of acquisition (in the case of newly issued instruments for which there is no relevant composite price benchmark) or the last composite price used in the valuation. From the moment a relevant composite price appears and provided that it exists for a trading period of 30 days (the observation period in which the relevance of this price is analysed), the fixed income instrument will be valued on the basis of the valuation method provided in 3, starting with the business day immediately following the observation period of 30 trading days;

If the valuation method referred to in point 3 is chosen and the composite price benchmark used is not available or becomes irrelevant over an observation period of 30 trading days, the method based on the daily recognition of interest and amortization of the discount / related premium shall be used, starting with the working day immediately following the observation period of 30 trading days, starting from the last composite price used in the valuation. If, after applying the method based on the daily recognition of interest and amortization of the discount / related premium, there is a relevant trading history and a composite price benchmark over an observation period of 30 trading days, then the will return to the valuation method provided for in point 3, starting with the working day immediately following the observation period of 30 trading days;

When applying the evaluation method provided in point 3, SIF Banat-Crișana has to prepare and submit to ASF rules and procedures for determining the relevance of the composite quotations used.

The valuation method used shall be approved by the Board of Directors and shall be maintained for a period of at least one year.

Fixed income financial instruments admitted to trading on a regulated market, in an alternative system or in systems other than regulated markets, in a Member State, including in an alternative



trading system in Romania, as well as those admitted to the official listing of a stock exchange or alternative trading system in a third country, valued in accordance with point 1 but not traded in the last 30 trading days (working days), will be valued, starting with the 31st day of non-trading using the method based on the daily recognition of the interest and the amortization of the discount / premium related to the period passed from the date of the investment. In this case, the daily recognition of the interest and the amortization of the discount / related premium will be made starting with the date of the last trading price and starting from that price level.

Newly issued fixed income financial instruments including a listing commitment are valued up to the date of admission to trading using the method based on the daily recognition of interest and amortization of the discount / premium for the period passed from the date of the investment.

If within one year of the issue the fixed income financial instruments are not be admitted to trading, they will be considered unlisted fixed income financial instruments and valued according to the valuation methods of unlisted fixed income financial instruments.

Fixed income financial instruments not admitted to trading on a regulated market or in trading systems other than regulated markets will be measured using the daily interest recognition method and amortization of the discount / premium for the period passed from the investment date or by the method based on the use of MID type market quotations.

The valuation in the assets of SIF Banat-Crișana of the corporate bonds not admitted to trading on a regulated market or an alternative trading system for which the payment was not performed within 10 (ten) working days of the term provided in the issue prospectus, will be made at value 0 (zero) or at the value of the executed guarantee, as the case may be, being forbidden to make additional investments in financial instruments issued by the same issuer.

Provided that the amounts related to the investments of SIF Banat-Crișana in corporate bonds not admitted to trading in a regulated market or an alternative / multilateral trading system issued by joint stock companies are not collected within 10 working days from the term provided in the prospectus of the issuance, the management of SIF Banat-Crișana initiates and communicates to ASF the legal steps to recover the debt.

In monitoring the number of 10 working days, the calendar to be taken into account is the corresponding calendar of the country of residence of fixed income instruments, in case there may be differences between the working days in Romania and the working days related to other countries. If the payment deadline coincides with a non-working day, it is automatically extended until the end of the first working day.

For unlisted fixed income financial instruments in the portfolio, for prudential purposes, if it is found, according to the periodic financial statements of the issuer of these instruments, that there is a significant risk that it will not meet its payment obligations related to periodic coupons and principal, value adjustments of the exposure will be gradually made on the respective instrument, based on an internal analysis or an evaluation report prepared by an external valuator member of ANEVAR (according to the provisions of art. 18 paragraph (9) of Law No. 74/2015), previously sent to ASF at least 5 working days before implementation.

Within two working days, SIF Banat-Crișana will notify ASF on the causes that determined the value adjustment. If the issuer of unlisted fixed income financial instruments subsequently does not effectively meet its payment obligation for recurring and principal coupons, they will be included in the asset at zero value.

The valuation of the guarantees related to the corporate bonds not admitted to trading on a trading venue, will be performed off-balance sheet in accordance with the rules applicable to the valuation of SIF Banat-Crișana assets.



Gradual adjustment methodology

The Company calculates *the expected credit loss* (ECL) as the average of the credit losses weighted with the respective risks of default.

There are 3 stages of expected credit loss recognition under IFRS 9, summarized below:

Explanation	Stage 1	Stage 2	Stage 3
Trigger factor	Initial recognition or lack of significant increase in credit risk	Significant increase in credit risk	Depreciated instrument in terms of credit risk
Expected credit loss	ECL 12 months	ECL lifetime	ECL lifetime
Instrument interest calculation	Effective interest rate x Gross value	Effective interest rate x Gross value	Effective interest rate x Net value (minus ECL)

Stage 1

The Company calculates, at initial recognition, the expected credit loss (ECL) based on quantifying the impact of credit risk events that may occur within 12 months from the date of initial recognition. The expected credit loss is recorded in profit or loss for the period, the interest due being recognized based on the gross value of the bond. At the post-recognition reporting dates, in the absence of a significant increase in credit risk (estimated based on the items in pt. 2 above), the Company maintains the debt instrument in stage 1, recognizes the ECL for the next 12 months and calculates interest depending on the gross value of the bond.

Stage 2

If, at the reporting date, the Company concludes that the criteria for a significant increase in credit risk are met, the debt instrument is transferred from Stage 1 to Stage 2 of impairment. In this situation, the instrument continues to be recognized by the Company. The ECL calculation at the reporting date will be performed considering the credit risks that may affect cash flows over the life of the instrument. The supplementation of the expected credit loss is recognized in profit or loss for the period, with interest continuing to be calculated on a gross basis.

Stage 3

If, at the reporting date, the Company concludes that the criteria for a significant increase in credit risk are met to the extent that it is considered impaired, the debt instrument is transferred from Stage 2 to Stage 3. In this situation, the Company will recognize in the profit or loss account the difference in value between the amortized cost and the new (impaired) value of the instrument. The ECL calculation at the reporting date will be performed considering the credit risks that may affect cash flows over the life of the instrument. The supplementation of the expected credit loss is recognized in the profit or loss for the period, the interest being calculated based on the net value (Gross value minus the expected credit loss).

To size the expected credit loss, a minimum of 10 possible variants are taken into account, depending on the variability:

- probability of default;
- exposure on the default date,
- loss in case of default.

The expected credit loss for each scenario is updated at the date of the calculation, using the initial effective interest rate, as required by paragraphs 5.5.17 and B 5.5.44 of IFRS 9, respectively.

Subsequently, weights of each scenario / variant are associated, the weighted average of the expected credit losses related to each scenario. The expected credit loss is recognized in the profit and loss account at the reporting date.



Money market instruments

Money market instruments admitted / not admitted to trading on a regulated market or in trading systems other than regulated markets are valued by the method based on the daily recognition of interest and amortization of the discount / premium for the period passed from the date of the investment.

Money market operations, respectively reversible purchases / sales of assets eligible for trading (repo / reverse repo), except for the operations consisting in concluding two simultaneous transactions, are recorded in the portfolio of SIF Banat-Crișana as follows:

- reversible purchases in which SIF Banat-Crișana buys assets eligible for trading, with the counterparty's commitment to repurchase those assets at a later date and at a price set at the date of the transaction, are valued by daily recognition of the receivable added to value of purchase;
- the reversible sales in which SIF Banat-Crișana sells assets eligible for trading, committing to repurchasing of those assets at a later date and at a price set at the date of conclusion of the transaction, are valued as follows:
 1. for the period between the date of receiving the amount related to the money market operation and the date of the firm redemption commitment, the securities subject to the operation will be valued daily
 2. during the same period, the settlement value shall be entered with the minus value together with the daily recognition of the attached debt, under an asset item "money market instruments other than those traded on a regulated market, - Securities carry-forward contracts issued by the central public administration".

At the time of preparing this document, the investment policy of SIF Banat-Crișana does not provide for investment in money market instruments such as repo and reverse repo contracts as defined by Regulation (EU) no. 2365/2015.

If the investment policy of SIF Banat-Crișana will pursue the use of these money market instruments, will be applied the transparency rules on reporting provided for in Regulation (EU) no. 2365/2015 regarding: (i) the exposure obtained through efficient portfolio management techniques; (ii) the identity of the counterparty (s); (iii) the type and amount of collateral received to reduce counterparty risk exposure; (iv) the revenues resulting from the use of these instruments, the direct and indirect operating costs and fees incurred

Money market instruments such as bills of exchange are valued similarly to the calculation of fixed income financial instruments using the method based on the daily recognition of interest and amortization of the discount / premium for the period passed from the date of the investment.

Current accounts

Holdings in current accounts are measured by considering the balance available on the date for which the calculation is made. Operations are reflected in the calculation of net assets at the accounting date.

The amounts existing in the current accounts of SIF Banat-Crișana at the credit institutions that are in the bankruptcy procedure will be included in the net assets at zero value.

Bank deposits

Bank deposits and certificates of deposit are measured using the method based on the daily recognition of interest for the period passed from the date of the investment.

Deposits with interest payment in advance, regardless of the duration of the deposit, are valued at the amount of the initial amount set up as a deposit for the entire period of the deposit.



If interest was collected for bank deposits and certificates of deposit before maturity, the amounts thus collected are deducted from the calculated value.

Structured deposits are valued based on the principle of daily recognition of the minimum guaranteed interest of that structured deposit which will be subsidized by the bank. In case of non-guarantee of a minimum interest, the valuation will be made at the minimum interest on current account. At maturity, if the progress of the underlying asset was in line with the deposit, the positive interest difference will be recognized for the entire period from the time the deposit is made. The valuation method will be maintained throughout the deposit.

Derivative financial instruments

Derivative financial instruments admitted to trading and traded in the last 30 trading days on a regulated market in Romania, in a Member State as well as those admitted to the official listing on a stock exchange in a third country, are valued at the closing price of the market section considered as the main market, corresponding to the day for which the calculation is made.

Derivative financial instruments admitted to trading and traded in the last 30 trading days in trading systems other than regulated markets, in Romania, in a Member State, or in an alternative trading system in a third country, are valued at the reference price for the day for which the calculation is done. The price used as the reference price is calculated based on the trading activity on the day for which the asset is calculated, used as a benchmark in the opening of the trading session on the following day.

Derivative financial instruments admitted to trading on several regulated markets and / or on several trading systems other than regulated markets, traded in the last 30 trading days (working days), are measured at the closing price of the market section considered as the main market or at the reference price provided under the alternative systems with the highest degree of liquidity and frequency of trading of that financial instrument determined based on the volume and number of transactions recorded in the previous calendar year.

The provisions on determining the most relevant market in terms of liquidity apply to all financial instruments admitted to trading on several regulated markets and / or within several trading systems, other than regulated markets and traded in the last 30 trading days (working days). The calculation shall be made on an annual basis at the beginning of each calendar year.

Derivative financial instruments admitted to trading on a regulated market, in an alternative system or in systems other than regulated markets, in a Member State, including in an alternative trading system in Romania, as well as those admitted to the official listing of a stock exchange or alternative trading system from a third country, but not traded in the last 30 trading days (working days), will be valued, starting with the 31st day of non-trading using techniques established on the financial markets (e.g. relating to the current value of another similar financial instrument, cash flow analysis and options valuation models, etc.), so that the fair value principle is observed.

Derivative financial instruments not admitted to trading on a regulated market or in trading systems other than regulated markets, including alternative trading systems in Romania, from a Member State or a third-party country, will be measured using techniques established on the financial markets (e.g. relating to the current value of another similar financial instrument, cash flow analysis and option valuation models, etc.), so that the fair value principle is observed.

Structured products

Structured products will be measured at the reference price (for an individual issue of structured products or a trading session) calculated by the market operator on which those instruments are traded, as follows:



1. the arithmetic average, calculated based on the best buy quotation (ask) and the best sale quotation (bid) entered / managed by the liquidity provider(s) or by the market maker(s), as appropriate, existing in the market after the end of the current trading session, if there were quotations of liquidity provider(s) or of the market maker(s), and the symbol was available for trading. That value is rounded to the nearest price step corresponding to that symbol;
2. the closing price recorded in the main market of the symbol in the current trading session if it was available for trading, in case there are no available quotations of the liquidity provider(s) or market maker(s), according to pt. 1, and transactions were recorded in that trading session;
3. the most recent reference price of the symbol (the reference price remains unchanged), provided that the following requirements are cumulatively met:
 - (i) no transactions were recorded in the most recent trading session in which that symbol was available for trading;
 - (ii) there were no quotations from the liquidity provider(s) or market maker(s), as the case may be, at the end of the most recent trading session in which the symbol was available for trading.

Other investment instruments

The measurement of these instruments will be performed in accordance with the ASF regulations in force.

The partnership shares and certificates of greenhouse gas emissions in SIF Banat-Crișana portfolio are measured at least annually based on the value determined by applying valuation methods in accordance with the valuation standards in force, according to the law (in which the fair value principle is used), approved by the Board of Directors of SIF Banat-Crișana.

Real estate assets

Real estate assets are measured in SIF Banat-Crișana assets based on a valuation report prepared by an independent valuator, registered in the ASF Public Register. The revaluation of real estate assets will be performed at least annually.

Note

Registration of the financial instruments in SIF Banat-Crișana portfolio is made starting with the date of the transaction. Financial instruments issued by the same entity, but purchased in different tranches, will be measured according to the category to which they belong.

In some cases, some shares may be measured, in accordance with ASF regulations, at the value determined by a valuator by using valuation methods in accordance with International Valuation Standards (in accordance with the fair value principle). The use of this method is made with the approval of the Board of Directors.

If it is decided the use of valuation methods in accordance with International Valuation Standards, the value mentioned in the valuation report shall be taken into account for a period of at least one year.

SIF Banat-Crișana will notify ASF and inform the investors about the use of this method.

SIF Banat-Crișana has to maintain the asset valuation method for a period of at least 12 months.

3.3.2. Method of calculating the net asset and the calculation frequency

The calculation of the Net Asset Value (NAV) and the Net Asset Value per Share (NAV/S) is performed by SIF Banat-Crișana as an AIFM and is certified by the Depositary.

The calculation of NAV and NAV/S is done monthly, for the last calendar day of the month, in accordance with the provisions of Regulation (EU) no. 231/2013 and the regulations issued by ASF.



The assets in the SIF Banat-Crișana portfolio are measured according to the rules presented in point 3.3.1 of these Rules, in accordance with the provisions of art. 18 of Law no. 74/2015, with subsequent amendments and completions, and with those of the regulations in force of the Financial Supervision Authority.

The calculation of the net asset value per share (NAV/S) at a certain date is performed as follows:

$$\text{Net asset value per share at that date} = \frac{\text{Net asset value at that date (1)}}{\text{Number of outstanding shares at that date (2)}}$$

Where:

(1) The net asset value (NAV) of SIF Banat-Crișana - AIFRI closed-end type established as an investment company - is determined as the difference between the total value of assets and the aggregated total value of debts and deferred income.

The total value of the assets is calculated with a monthly frequency, as per the legal regulations in force, by cumulating: a) fixed assets composed of: intangible assets, tangible assets, financial assets; b) current assets; c) derivative financial instruments; d) accrued expenses.

The total value of liabilities is determined based on the information provided by the own accounting, organized and conducted in accordance with the legal provisions in force.

(2) The number of shares issued and outstanding on that date shall be determined as the difference between the number of shares issued and the number of treasury shares and shares relating to certificates of deposit or certificates of interest of own shares repurchased and held at the reporting date.

The treasury shares repurchased by the company are assimilated to the certificates of deposit and certificates of interest issued by a third party based on the respective underlying shares.

The value of the total assets and the value of the net assets are stated in RON.

If some assets are denominated in freely convertible currencies, the reference exchange rate communicated by the National Bank of Romania (BNR) for that currency on the day for which the calculation is performed is used for the conversion into RON.

The obligations of SIF Banat-Crișana consist, as the case may be, of:

- a. expenses regarding the payment of commissions due to the depositary bank;
- b. expenses regarding the payment of commissions due to the central depositary;
- c. expenses with commissions due to intermediaries and other expenses directly or indirectly related to trading and / or the purchase / sale of SIF Banat-Crișana assets or admission to trading, including fees and commissions due to relevant market operators;
- d. expenses with turnover commissions and other banking services;
- e. interest expenses, in case of SIF Banat-Crișana contracting loans in accordance with the law;
- f. expenses with commissions and fees due to ASF or other competent authorities, as well as any taxes or other fiscal obligations imposed as a result of SIF Banat-Crișana activity;
- g. issuance expenses with SIF Banat-Crișana documents and any reporting and transparency obligations related to SIF Banat-Crișana;
- h. expenses with the financial audit for SIF Banat-Crișana, as well as any expenses with the non-audit services, which may be made by the financial auditor according to the legislation in force;
- i. the equivalent value of the amounts due for the loans contracted under the conditions imposed by the regulations in force;
- j. expenses related to investor relations and public relations in the interest of SIF Banat-Crișana;
- k. other operational expenses occasioned by the operation of SIF Banat-Crișana, in its double



capacity of AIFM and AIFRI expenses with salaries and related contributions, expenses with remuneration in equity instruments, expenses with taxes and fees due, expenses with other services performed by third parties (mainly: fair value measurement of assets, internal audit services, consultancy and accounting, tax and legal assistance, IT systems audit), material expenses (consumables, inventory items, non-stocked materials), energy expenses, maintenance and repair expenses, rental expenses due, insurance premium expenses, protocol, advertising and publicity, travel expenses, telecommunications expenses, banking services expenses, depreciation expenses, expenses related to the rights to use the assets, other expenses (donations granted, expenses with disposed of assets, etc.).

Expenses are recorded on a monthly basis, being recorded with the same frequency in the calculation of the net asset value.

The categories of expenses of SIF Banat-Crișana and their estimated amount are provided in the annual budget of revenues and expenses approved by the shareholders in the general meeting of shareholders.

3.3.3. Means, places, and frequency of publication the net asset value

Net Asset value (NAV) and Net Asset Value per Share (NAV/S), for each month, are permanently available to investors by publication by SIF Banat-Crișana on its website (www.sif1.ro) within a maximum of 15 days from the end of the reporting period. If the last reporting day is not a business day, the publication will be made on the next business day after that date. The end of the reporting period is considered to be the last calendar day of the reporting period.

SIF Banat-Crișana will make available to shareholders by publishing on its website (www.sif1.ro) quarterly, half-yearly and annual reports on the statement of assets and liabilities, including the detailed statement of investments at the reporting date, with the content and form provided by Law no. 74/2015, with subsequent amendments and completions, Regulation (EU) no. 231/2013 and the ASF regulations. The publication on the website is made within 5 working days from the approval of the reports by the statutory bodies of SIF Banat-Crișana.

The monthly, half-yearly and annual reports published by SIF Banat-Crișana will also contain explanations regarding the valuation methods used for those financial instruments for which valuation methods have been chosen in accordance with International Valuation Standards (in accordance with the fair value principle), the leverage level and the value of the AIFRI exposure calculated according to the provisions of Regulation (EU) no. 231/2013.

4. CONDITIONS FOR REPLACING THE DEPOSITARY

The depositary may be replaced with the approval of ASF and in compliance with the applicable ASF regulations and the provisions of the depositary and custody contract (referred to in point 2.7 of these Rules).

The depositary may cease its function: (a) on the initiative of a party under the conditions laid down in the contract; (b) by agreement of the Parties.

SIF Banat-Crișana, respectively the Depositary, may withdraw from the depositary contract only after granting a written notice of at least 90 days. The notice period runs from the date of notifying ASF on the withdrawal.

If the depositary contract terminates by agreement of the parties, SIF Banat-Crișana will submit to ASF the addendum (in original) to the old depositary contract, regarding the termination of the contractual relations between the two entities.



The decision of withdrawal (to terminate the depositary contract) is published on SIF Banat-Crișana website, www.sif1.ro, within 3 working days from the date of withdrawal.

SIF Banat-Crișana must conclude a new depositary contract within the 90 days mentioned above, the entry into force of the new contract will be made at the latest on the first working day following the 90th day.

If special supervision or administration or bankruptcy proceedings are initiated against the Depositary, within a maximum of 5 days from the initiation of such proceedings, SIF Banat-Crișana will proceed to change the Depositary, by unilaterally terminating the contract (withdrawing) in writing. In the case of opening the bankruptcy procedure, the procedure is considered as initiated following the issuance by the syndic judge of the decision to open it.

ASF is entitled to withdraw the issued endorsement in the following cases:

- a) if it was obtained based on false or misleading information or documents;
- b) if the Depositary does not comply with the legal provisions regarding the activities, obligations and liability of a depositary;
- c) if the Depositary's authorization has been withdrawn by BNR;
- d) at the request of the Depositary;
- e) in case the conditions from the approval of the depositary are no longer fulfilled;
- f) if the depositary has not concluded contracts for the depositary of AIFRI for a period of 18 months from the date of granting the approval and did not request the suspension in accordance with the legal provisions.

In case of withdrawal of the endorsement because of the depositary violating the legal provisions, ASF communicates its decision to the Depositary and to SIF Banat-Crișana. Following the ASF decision to withdraw the depositary's endorsement, within maximum 5 days from the initiation of such a procedure, SIF Banat-Crișana proceeds to change the depositary, by unilaterally terminating the contract (withdrawing) in writing.

Within a maximum of two working days from the date of approval by ASF of the new depositary contract, the transferor depositary begins the entire transfer of the assets held by SIF Banat-Crișana to the new depositary that has concluded a contract with the self-managed investment company. The transfer period may not exceed 30 days from the date of the endorsement of the new depositary.

Within a maximum of two days from the date of completion of the transfer of assets, but not later than the deadline of 30 days provided above, the transferor depositary must submit to ASF the report on handover of assets. The responsibility for the damages caused during the transfer rests with the transferor depositary or the new depositary, due to which the respective damage occurred.

Within 7 days from the end of the transfer process of SIF Banat-Crișana assets, the transferor depositary has the obligation to send a report to ASF and SIF Banat-Crișana, containing a detailed description of how the assets were transferred, the certified value of the net asset and net asset per share, the number of equity holders and the number of equity securities issued on the date on which the last transfer operation was performed.

Within 30 days from the date of endorsement of the new depositary contract, SIF Banat-Crișana must update the documents with the name of the new depositary and the elements of the new depositary contract and to submit them to ASF.

Within 15 days from the date of completion of the transfer process of SIF Banat-Crișana assets, the new depositary must send to ASF the handover of company's assets report concluded with the transferor depositary.



In all situations of replacing the Depositary, these will be carried out with a view to ensuring the protection of investors, regardless of the causes that led to the replacement.

5. METHODS OF CALCULATING LEVERAGE

The Company does not substantially (continuously and constantly) use leverage, defined as any method by which the AIFM increases the exposure of an AIF it manages either by borrowing cash or securities, or by derivative positions or by any other means, in the process of portfolio management, respectively the methods used to increase the portfolio exposure will respect the average risk profile decided.

Exposure assessment is performed by specialized personnel in the Risk Management department.

The calculation of the exposure is made using the gross method and the commitment method according to the provisions of EU Regulation 231/2013 - art. 7 and art. 8, Annex I on "Methods of increasing the exposure of an AIF" and Annex II on "Conversion methodologies for derivative instruments".

In calculating exposure, all AIF positions are initially included, including short-term and long-term assets and liabilities, loans, derivative financial instruments, and any other method that increases exposure when the risks and remuneration of assets or liabilities revert to the AIF, as well as all other items the value of the net asset is constituted of.

If the Company does not use the leverage for the portfolio under management, not having instruments to generate such an effect, the leverage indicator will have the basic value "1" (viz. 100%).

The Company shall ensure that its overall exposure to derivative financial instruments in the portfolio under management does not exceed the total value of its assets.

Leverage is considered to be substantially used when the overall exposure of the portfolio, calculated using the commitment method, exceeds three times the value of the net asset.

If the Company makes significant use of leverage, then will regularly provide ASF with information regarding the overall level of leverage used, a breakdown of leverage resulting from borrowings of cash or securities and leverage incorporated in derivative financial instruments, as well as the extent to which the assets have been reused under agreements that have given rise to leverage.

6. FINAL PROVISIONS

These Rules are an integral part of the Simplified Prospectus of SIF Banat-Crișana.

To ensure the correct information of investors, ASF may at any time request SIF Banat-Crișana to adopt or modify the information in the simplified prospectus.

These Rules were approved by the Board of Directors of SIF Banat-Crișana in the meeting of June 16, 2021.

These Rules shall enter into force on the date of authorization by the Financial Supervisory Authority.

SIF BANAT-CRIȘANA

Chairman, CEO (General Director)

Bogdan-Alexandru DRĂGOI