

# ITEM 1 OF THE EGMS AGENDA

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

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

SIF Banat-Crișana is established as a joint stock company. Also, the company's shares are traded on the regulated market. From this perspective, the operation of repurchasing own shares complies to the provisions of Law no. 31/1990, of the capital market legislation and of the Regulation (EC) no. 2273/2003 of December 22, 2003 setting the rules for implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programs and stabilization of financial instruments are applicable

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

*"a) authorization for the purchase is given by the extraordinary general meeting of the shareholders, that shall establish the modalities to acquire the shares, mainly the upper limit of the number of shares which is going to be purchased, the time limit to carry out the operation which can not exceed 18 months as from the day the decision of the general meeting has been published in the Official Gazette of Romania, Part IV and, in case of consideration, the lower and upper limits of their equivalent value;*

*b) The nominal value of the shares purchased by the company, including those existing in its portfolio, cannot exceed 10% of the subscribed registered capital;*

*c) only fully paid shares can be purchased;*

*d) payment of the shares such purchased shall be done only out of the distributable profits and of the available reserves of the company, except the legal reserves, as registered in the last duly approved balance sheet."*

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

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

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

The conditions for trading under the repurchase program shall be performed observing the legal provisions, especially those of EC Regulation no. 2273/2003, among which we mention as relevant the following:

- in so far as prices are concerned, the issuer must not, when executing trades under a repurchase (buy-back) program, purchase shares at a price higher than the higher of the price of the last independent trade and the highest current independent bid for SIF1 shares.
- in so far as volume is concerned, the issuer must not purchase more than 25% of the average daily volume of the shares, except for the cases of extreme low liquidity, when informing the competent authority and the public, maximum 50% of the daily average daily volume may be purchased;
- the details of all transactions performed shall be publicly disclose no later than the end of the seventh daily market session following the date of execution of such transactions.

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

Under the provisions of EC Regulation no. 2273/2003, the Company will repurchase (buy-back) own shares to reduce its share capital, and also to distribute free of charge to its employees and members of leadership (administrators, directors), in order to build their loyalty, as well as to award them for the activity carried out in the Company, on performance criteria that are to be set by the Board of Directors.

The minimum price to be paid per share is of RON 0.50 and the highest price to be paid per share is of RON 3.15. The price for each transaction will be determined under the provisions of EC Regulation no. 2273/2003. Payment for the shares acquired under the program will be made the sources provided by law, namely of distributable profits or available reserves of the company, as recorded in the last approved financial statement, except legal reserves.

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

The maximum number of shares that may be repurchased is 30,849,268 shares at most. Of these, a maximum of 28,849,268 shares will be repurchased in order to reduce the share capital by cancelling them and up to 2,000,000 shares are to be distributed free of charge to employees and members of the company's leadership. As the shares are acquired, they will be allocated proportionally to the two goals of the Program, i.e. 93.5% for cancellation and 6.5% for distribution to employees and senior management (i.e. administrators and executive directors).

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

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

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

Striving to increase value for the shareholders, the Board of Directors submits for the approval of the general shareholders meeting a program to repurchase company's own shares, detailed above, appreciating it is beneficial for the shareholders.

By this program the company can buy-back a limited number of shares available on the market and the program is expected to contribute to an increased demand for SIF1 shares, with a positive effect on the liquidity, and reducing the discount at which the shares are traded.

Also, the component of repurchase program to reward the loyalty of the Company's employees and leadership has in view the development of the remuneration policy by introducing the remuneration instruments in equity, aiming the inducement of employees and leadership increasing the efficiency of the administration.

RESOLUTION SUBMITTED FOR THE APPROVAL OF EGMS at item 1 of the agenda  
– proposed by the Board of Directors

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

(i) The program's purpose: in accordance with the provisions of EC Regulation no. 2273/2003, the Company will repurchase shares under the program to reduce its share capital, as well as free distribution to employees and members of the Company's management (directors – i.e. administrators, managers - i.e. executive directors) in order to build their loyalty as well and to reward their activity in the Company, according to performance criteria to be determined by the Board of Directors.

(ii) The maximum number of shares that may be repurchased: 30,849,268 shares at most, of which (1) a maximum of 28,849,268 shares will be repurchased in order to reduce the share capital by cancelling them and (2) up to 2,000,000 shares will be distributed free of charge to employees and members of the company's management;

(iii) The minimum price per share: RON 0.50

(iv) The maximum price per share: RON 3.15

(v) Program Duration: 12 months after publication of the decision in the Official Gazette of Romania, Part IV;

(vi) The shares acquired under the program will be paid from sources permitted by law.

(vii) The program will include other requirements provided by law and which are not listed above. The acquisition of shares under the program will be done through all market operations allowed by law, which may include public purchase offers initiated by the Company in accordance with the law. As the shares are acquired, they will be allocated proportionally to the two goals of the Program, i.e. 93.5% for cancellation and 6.5% for distribution to employees and senior management (i.e. administrators and executive directors). In order to implement the Program, the Board will be empowered to take all necessary measures and fulfill all formalities required, in compliance with the above requirements.