

TOPIC 3 ON THE OGM AGENDA

Appointment of the financial auditor and setting the duration of the financial audit contract for a period of 2 (two) years and empowerment of the board of directors to negotiate and conclude the audit contract

As per the provisions of Law no. 31/1990, article 111, letter b¹, the general meeting of shareholders is required that: *"in case of the companies whose financial statements are audited, to appoint or dismiss the financial auditor and set the minimum duration of the audit contract."*

The General Meeting of Shareholders of SIF Banat-Crişana of April 26, 2016, decided to appoint PricewaterhouseCoopers Audit SRL, with a minimum duration of the contract of three years and empowered the Board of Directors to conclude the audit contract.

The financial Auditor PriceWaterhouseCoopers Audit SRL audited SIF Banat-Crişana's annual standalone and consolidated financial statements, prepared for the financial years 2016, 2017 and 2018 according to the Rule no. 39/2015 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector.

In view of the expiry of the statutory financial audit contract concluded with PriceWaterhouseCoopers Audit SRL, SIF Banat-Crişana carried out a procedure for the selection of the financial auditor for the statutory audit of the standalone and consolidated financial statements prepared for the financial years 2019 and 2020.

The legal provisions in force regulating the appointment of the financial auditor are addressed in the following normative acts:

- *Regulation (EU) No. 537/2014* of the European Parliament and of the Council on the Statutory Audit of Public Interest Entities;
- *Directive 2014/56 / EU of the European Parliament and of the Council amending Directive 2006/43/EC* on statutory audits of annual financial statements and consolidated financial statements;
- *Law no. 162/2017* on Statutory Audit of Annual Financial Statements and Consolidated Annual Financial Statements;
- *Rule no. 27/2015* regarding the activity of financial audit at the entities authorized, regulated and supervised by the Financial Supervisory Authority;
- *Law 31/1990* on trading companies.

The procedure for selecting the financial auditor

Under the regulations applicable to the statutory audit and the internal regulations of SIF Banat-Crişana, the Audit Committee has the responsibility to make recommendations to the Board of Directors on the selection and appointment of the financial auditor, and the terms and conditions of their remuneration.

The procedure on the selection of the financial auditor selection was executed under the coordination and supervision of the Audit Committee.

Minimum requirements to be included in the offers submitted by the audit firms to which were requested during the selection procedure were set out, the criteria being structured in three main categories:

- *Relevant information about the audit firm*, with reference to: key competencies, activities and relevant clients, available human and information resources, approach of the audit, ensuring the quality of the audit process, and the requirements of independence and avoidance of conflicts of interest;
- *Mandatory documents* certifying: the status of financial auditor of the legal entity, certificate issued by Trade Register Office on the company's up-to-date status, professional liability insurance contract, relevant information on the key audit partner (curriculum vitae, criminal record, statement on the lack of sanctions and prohibitions, respectively regarding possible incompatibilities or conflicts of interest).
- *The financial offer*, including fees for auditing standalone and consolidated financial statements for the financial years 2019 and 2020, as well as separate estimates of fees for additional or occasional services.

Were invited to submit financial audit services several professional firms part of prestigious international companies ("Big Four") and are authorized to perform the statutory audit of entities authorized, regulated and supervised by the Financial Supervisory Authority, Financial Instruments and Investments Sector.

Requests for offers have been submitted to:

- PriceWaterhouseCoopers Audit
- KPMG Audit
- Ernst & Young
- Deloitte Audit.

All four audit firms responded to the request and all sent the complete necessary documentation within the set deadline.

The members of the Audit Committee examined the documentation submitted by each audit firm and found that the necessary information requirements were fully met, as well as the existence of all the documents required to be attached to the tender, and that the legal requirements were met.

The Audit Committee analysed the bids submitted, evaluating the offers by selecting the audit offer that would lead to the provision of quality professional services under favourable financial conditions for the Company, prioritizing the interest of the shareholders in selecting an auditor with the relevant experience in the matter having the capacity and the resources needed to provide high-quality services in the audit process. Throughout the selection process, eligible applicants had the opportunity to improve their financial offers.

The members of the Audit Committee analysed the information contained in the submitted offers, separating them into the following representative categories:

a) Information provided and requirements met as a result of compliance with the rules and principles governing statutory audit:

- the organization and structure of the audit firm,
- collaboration between various segments (consultancy, fees, evaluation, etc.) in providing services,
- the existence of a key partner and a quality assurance partner,
- approach of general and specific risks,
- communication with the management of the company,
- internal procedures for independence and avoidance of conflict of interest.

b) Specific aspects that differentiate the audit approach, critical success factors in delivering quality work and meeting reporting deadlines:

- relevant experience in the investment funds industry, for key partner and team members,
- the use of information technology to facilitate the communication and transfer of information and data in the course of the audit,
- the degree of understanding and approach of the main aspects specific to SIF Banat-Crișana activity of presented in the offer.

c) Financial offer

Following the evaluation of the offers received, the Audit Committee recommended to the Board of Directors two audit firms and expressed an acknowledged preference for Deloitte Audit SRL.

The Board of Directors approved the recommendation and preference of the Audit Committee and including on the voting forms, for the approval of the Ordinary General Meeting of SIF Banat-Crișana's Shareholders, convened for the June 20 (21), 2019, of the financial auditor Deloitte Audit S.R.L.

Bogdan-Alexandru DRĂGOI

Chairman of the Board of Directors

RESOLUTION SUBMITTED FOR THE APPROVAL OF OGM on topic 3 on the agenda

Approval of appointing Deloitte Audit S.R.L. as financial auditor with a duration of the contract of 2 (two) years and empowerment of the board of directors to negotiate and conclude the audit contract.