SIF BANAT-CRIȘANA

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CURRENT REPORT

according to Regulation no. 1/2006 on issuers and operations with securities
and Law no. 24/2017 on issuers of financial instruments and market operations
Report date: May 21, 2018

Issuer **Societatea de Investiții Financiare Banat-Crișana SA (SIF Banat-Crișana)** | Registered office **35A Calea Victoriei, Arad 310158, Romania** | Phone **+40257 304 438** | Fax **+40257 250 165** | Webpage **www.sif1.ro** | Email **sifbc@sif1.ro** | Tax Identification Code **RO2761040** | Trade Register Number **J02 / 1898 / 02.09.1992** | Number In ASF AFIAA Register **PJR07.1AFIAA / 020007 / 09.03.2018** | Legal Entity Identifier (LEI) **254900GAQ2XT8DPA7274** | Subscribed and paid-up share capital **RON 52,000,000** | Regulated market on which the issued securities are traded: **Bucharest Stock Exchange (BVB) Premium category (symbol: SIF1)**

Important event to be reported:

Offer of options to acquire SIF1 shares to administrators and directors of SIF Banat-Crișana

Following the resolution of the EGM of April 26, 2018 by which:
- was approved the repurchase of 1,400,000 shares at most under Program II for the distribution free of charge to the members of the Company's management (administrators, 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;
- was approved the use of the shares purchased under buyback Program II for their distribution free of charge to members of the company's management (administrators, directors) in a "Stock Option Plan", in compliance with applicable legislation;
- The Board of Directors of the company was empowered to take all necessary measures and to fulfil all the formalities required for the approval and implementation of the "Stock Option Plan",

SIF Banat-Crișana's Board of Directors approved the "*Stock Option Plan*", by which 1,400,000 SIF1 shares were offered to the Company's administrators and directors.

The shares that are the object of the offer will be repurchased by SIF Banat-Crișana, in accordance with the resolution of the EGM of April 26, 2018.

The vesting (transfer of shares) will be made when the conditions in the "Stock option plan" are met and the option is exercised by each beneficiary, after a term of 12 months has passed since the signing of the payment agreements.

Attached the "Disclosure document" prepared according to CNVM Regulation no. 1/2006 (Annex no. 21).

Chairman and CEO,
Bogdan-Alexandru Drăgoi

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Disclosure document concerning the shares offered or allotted to administrators and directors of SIF Banat-Crișana

(Disclosure document as per Annex 21 of CNVM Regulation no. 1/2006)

1. Responsible persons

1.1. Name and position of natural persons or name and headquarters of legal persons responsible for the information included in the presentation document.

SOCIETATEA DE INVESTIȚII FINANCIARE BANAT-CRIȘANA S.A. (hereinafter **"SIF Banat-Crișana"**), headquartered in Arad, 35A Calea Victoriei, registered with the Trade Register Office of Arad Court under number Arad J02/1898/1992, having the Unique Registration Code 2761040, registered in ASF Register under number PJR07.1AFIAA / 020007 / 09.03.2018, with subscribed and paid-up share capital of RON 52,000,000, represented by Bogdan-Alexandru Drăgoi, Chairman and CEO.

1.2. ***Declarations of the responsible persons referred to in point 1.1. to ascertain that the information included in the presentation document is, to their knowledge, consistent with reality.***

SIF Banat-Crișana, represented by Bogdan-Alexandru Drăgoi, Chairman and CEO, declares and confirms that, to his knowledge, the information provided, and the content of this document are in line with reality and do not contain untrue mentions or statements that are likely to significantly affect the content of the document.

2. Information on the issuer

2.1. Name, headquarters, fiscal code and registration number at the Trade Register Office.

Name - SOCIETATEA DE INVESTIŢII FINANCIARE BANAT-CRIŞANA SA;
Headquarters – Arad, 35A Calea Victoriei, Arad county;
Legal form – joint-stock with private equity company;
Company type - Financial investment company in the category of Alternative Investment Fund Manager (AIFM) authorized by the Financial Supervisory Authority
Fiscal Identification Code – 2761040;
Number in Trade Register Office - J02/1898/1992
Number in ASF Register PJR07.1AFIAA / 020007 / 09.03.2018

3. Information concerning the offer or allotment of securities to administrators and directors of SIF Banat-Crișana

3.1. The decision-making documents that ruled the offer or allotment of securities to the administrators and directors of SIF Banat-Crișana

The offer of SIF1 shares to the members of the management structure (administrators and directors) of SIF Banat-Crișana is grounded on:

a. Resolution of the Extraordinary General Meeting of Shareholders of April 26, 2018[1] approving the company to carry out a buyback program ("Program II") for the distribution free of

[1] http://www.sif1.ro/wp-content/en/current-reports/2018/04-26-2018-EGM-resolution.pdf

charge to the members of the Company's management (administrators, directors) in order to build their loyalty as well and to reward their activity in the Company;

The maximum number of shares that may be repurchased to be distributed free of charge to the members of the Company's management is of 1,400,000 shares at most.

The Board of Directors was empowered to take all necessary measures and fulfil all formalities required for the implementation of the Buyback Program.

b. Resolution of the Extraordinary General Meeting of Shareholders of April 26, 2018[1] approving the use of shares purchased under Program II for the redemption of own shares for their distribution free of charge to members of the company's management (administrators, directors) in a "Stock Option Plan", in compliance with applicable legislation.

The Board of Directors of the company was empowered to take all necessary measures and to fulfil all the formalities required for the approval and implementation of the "Stock Option Plan".

c. Decision of SIF Banat-Crișana's Board of Directors no. 1 of 15.05.2018 approving the offering free of charge to the members of the management structure (administrators, directors) of 1,400,000 shares in a Stock Option Plan (hereinafter referred to as "SOP" or "Plan").

By Decision of the Board no. 1/15.05.2018, it was approved the list of eligible beneficiaries.

The exercise price by the Beneficiaries of the right of option on the shares is of zero RON / share.

The market price of the SIF1 share is RON 2.55 - the closing price of the day preceding the approval of the Plan.

Program beneficiaries may exercise their option at the expiration of a 12 months term from the conclusion of a written agreement with the Company, granting Beneficiaries the right to receive free of charge shares issued by SIF Banat-Crișana, subject to the fulfilment of the necessary criteria for the vesting, approved by the decision of the Board of Directors and mentioned in the Plan and in the content of the Share-based Payment Agreements concluded with each individual beneficiary. Beneficiaries may exercise the option within a period of 3 months from the date of the 12-month period referred to above.

The empowerment of the Chairman / Vice-Chairman of the Board was approved for signing on behalf of the Company of the Share-based Payment Agreements concluded between the Company and the Beneficiaries.

3.2 Description of the share capital increase **- Not the case**

3.3. Description of the operation: the reason for the offering of shares, the total number of securities offered, the number of securities offered individually by categories of investors.

The reason for offering the shares

According to the informative materials the decisions of the EGM of April 26, 2018 were grounded, the reasons for granting the members of the board of directors and the directors of the company the repurchased shares consist in enhancing the loyalty of the management by the introduction of remuneration instruments in equity, striving that incentives for the management increase the efficiency of the administration act.

The implementation of a Stock Option Plan has the benefit of lower operating expenses and tax optimization allowed by the provisions of the Tax Code in force. The Fiscal Code regulates a fiscal treatment favourable to the distribution of shares through programs of Stock Option Plan type.

For the proceeds of these operations, the company and the beneficiaries are exempt from the payment of the income tax assimilated to salaries (Article 76 of the Fiscal Code) and from the payment of social security contributions (Article 142 of the Fiscal Code). In order to benefit from

the tax benefits, the minimum period after which the shareholders in the Stock Option Plan can exercise their option to receive free shares cannot be less than 12 months.

The total number of offered securities and the number of securities offered individually by categories of investors

The number of shares offered is of 1,400,000 shares with market symbol SIF1, in accordance with the Resolution of the Extraordinary General Meeting of the Shareholders of the Company dated April 26, 2018, subject to compliance with the expenditure limits set out in the Revenue and Expenses Budget approved by the OGM.

The shares are offered to the members of the Board of Directors (administrators) and the directors of the company, to determine and quantify the extent of the right of each beneficiary being approved by the Board of Directors of the Company. The right granted to Beneficiaries is non-transferable, through acts between living parties.

The number of shares offered to the Beneficiaries is determined by the Board of Directors, based on the proposals made by the Remuneration and Nomination Committee, subject to the following conditions:

- the maximum number of shares may not exceed 1,400,000, as per the decision of the Extraordinary General Meeting of 26.04.2018 approving the Buyback Program II;
- compliance with the spending limits set for the Stock Option Plan in the Revenue and Expenses Budget approved by the general meeting of shareholders;
- compliance with the general limits of the additional remuneration of administrators, approved by the general meeting of shareholders on 26.04.2018;

Granting the right to receive shares free of charge is irrevocable and is accomplished by the Company concluding a share-based payment arrangement with the individual Beneficiary, in the form approved by the Board of Directors.

The share-based payment agreement gives the Beneficiary the right and not the obligation to claim the rights when the conditions are met. The Beneficiary may expressly or tacitly waive the exercise of the right thus created, upon his / her free choice and without any material or other consequential obligation or consequence.

The transfer of ownership of the shares from the company to the Beneficiaries will be made after all the necessary conditions for transfer have been fulfilled, after the transmission of this document and the documents related to the transfer, to Depozitarul Central, pursuant to the legislation in force.

3.4. Description of the type and class of securities that are offered or allotted.
The shares offered are of the same class, respectively common, nominative, indivisible, of equal dematerialized value and issued at nominal value of RON 0.10 / share.

3.5. Subscription period
Program beneficiaries may exercise the right to acquire the shares offered at the expiration of a period of 12 months after the conclusion of the payment agreement with the Company.

The Beneficiaries may exercise the right to acquire the shares within 3 months from the date of expiry of the 12-month period specified above, subject to the expiry of the right to exercise the option.

Not exercising the right of option within the agreed term leads to the extinction of the right to exercise the option. SIF Banat-Crișana undertakes that, at the moment of exercising the option by the Beneficiary, it will own the shares necessary for the transfer. In order to comply with this

obligation, the Company will redeem the required number of shares within 12 months of the approval of the Plan.

Beneficiaries will be vesting of those arising from the Stock Option Plan when the conditions set out in the Plan and the Payment Agreement are met. The Company, through the Board of Directors, has the right to determine the fulfilment of the necessary criteria for vesting and to determine concretely the number of shares to be transferred.

3.6. Subscription price.

Shares are offered free of charge, as per the EGM decision dated April 26, 2018. The tax value of shares acquired free of charge under the Stock Option Plan and the Share-based Payment Agreement is zero, according to the provisions of art. 76 of the Fiscal Code.

As a result of the exercise of the right to receive the shares free of charge, the Beneficiaries exercising their option in accordance with the provisions of the Plan and the Payment Agreement will receive the allocated shares at a price of zero RON / share. Beneficiaries who do not exercise their right of option within the term set by the Agreement lose the right to exercise it.

The market price of the SIF1 share at the time of their offering / alottment under the Stock Option Plan is of RON 2.55, the closing price of the day preceding the approval of the Plan.

3.7. The intermediary who assisted the issuer to prepare the presentation document and through which subscriptions will be made. - Not the case.

3.8. Any other information deemed important by the issuer or by A.S.F.

According to the Tax Code (Law 227/2015), the "stock option plan" is a "program initiated within a legal person by which is granted to its employees, directors and / or directors or its affiliated legal entities referred to in point 26 (c) and (d), the right to purchase at a preferential price or to receive, free of charge, a fixed number of securities, defined in accordance with point 40, issued by that entity."

For the purposes of point 40, "security" means "any share or other stake in a partnership, limited partnership, joint stock company, limited partnership, limited liability company, or other person legal or open-ended investment fund".

It is also provided that "For the qualification of a program as a *stock option plan*, the program must cover a minimum of one year between the moment when the right is granted and the time it is exercised (the acquisition of the securities).

The advantages granted in the form of options under the "Stock Option Plan" are not considered as taxable income, at the time the option is granted and when the beneficiary exercises the option, according to the provisions of Art. 76 par. 4 letter r) of the Fiscal Code, also being exempted from the payment of social security contributions, according to the provisions of art. 142 Fiscal Code.

This provision must be corroborated with the provisions of Art. 94 of the Fiscal Code, regarding the determination of the gain / loss from the transfer of securities, as the investment income registered by the eligible persons as a result of the subsequent sale of the shares acquired under the Stock Option Plan are subject to income tax.

Securities granted under a Stock Option Plan become taxable only when the beneficial owner decides to sell these securities[2].

[2] According to the Fiscal Code (Art. 94 par. 3), *in the case of transactions with shares acquired at a preferential or free of charge, under the stock option plan, the gain is determined as the difference between the selling price and the tax value of the preferential purchase price which includes the costs associated with the transaction. For those acquired free of charge the tax value is considered zero*.

This document has been prepared in accordance with the provisions of Art. 16 (3) letter b) point 5 and Art. 155 par. (2) of the Law no. 24/2017 on issuers of financial instruments and market operations, corroborated with the provisions of Art. 15 par. (3) pt. 5 of CNVM Regulation no. 1/2006, which stipulate that the preparation and publication of a prospectus is not mandatory for the Company, provided that a document containing the minimum content set out in Annex no. 21 of CNVM Regulation no. 1/2006 is made available.

Chairman and CEO,
Bogdan-Alexandru Drăgoi