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To: BUCHAREST STOCK EXCHANGE
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FINANCIAL SUPERVISION AUTHORITY
FINANCIAL INSTRUMENTS AND INVESTMENTS SECTOR
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PRESS RELEASE
regarding the agenda of AGEA SIF Oltenia SA convened for 09/10.05.2019

We hereby communicate to the shareholders and investors of S.I.F. Oltenia S.A. the information material regarding the Extraordinary General Meeting of Shareholders convened for 09/10.05.2019 at the request of SIF Banat Crișana SA and SIF Muntenia SA, in their capacity of shareholders, holding 5% of the share capital of the company.

We attach: Information material regarding the Extraordinary General Meeting of SIF Oltenia SA shareholders - 09/10.05.2019.

The information material can be consulted on the SIF Oltenia SA website : , www.sifolt.ro, section Investors information/Reporting/ Continuous reporting (**http://www.sifolt.ro/ro/comunicate/2019/comunicate.html**) and the section Investors information/General Assemblies / AGEA - May 2019 (**http://www.sifolt.ro/ro/aga/2019/aga_mai/agea.html**) .

Associate Prof. PhD ec. Tudor Ciurezu
Chairman / General Manager

Associate Prof. PhD Cristian BUȘU
Vice President/ Deputy General Manager

ec. Viorica Bălan
Compliance Officer

INFORMATION
on the
Extraordinary General Assembly of Shareholders
of 09.05.2019
convened in accordance with the provisions of art. 92 para. (23) of the Law no. 24/2017 and art. 119 para. (1) of the Law no. 31/1990 at the request of the shareholders
S.I.F. BANAT CRIŞANA S.A. and S.I.F. MUNTENIA S.A

DEAR SHAREHOLDERS,

SOCIETATEA DE INVESTITII FINANCIARE OLTENIA S.A. - ADMINISTRATOR OF ALTERNATIVE INVESTMENT FUNDS, under the legal provisions on the obligation to properly inform shareholders, we hereby notify you of the following:

On **13.03.2019, S.I.F. BANAT CRIŞANA S.A. and S.I.F. MUNTENIA S.A.** (by its director S.A.I. MUNTENIA INVEST S.A.), in their capacity as shareholders, holding 5% of the share capital of S.I.F. OLTENIA S.A., **have requested the convening of an Extraordinary General Meeting of Shareholders having as object the amendment of the Articles of Incorporation of the Company.**

The request of the two shareholders is the subject of items 4, 6, 7b and 8 of the agenda convened for 09.05.2019.

Considering the fact that the proposed agenda requires fundamentally modifying the modality of organization and operation of the Company as regulated by the Articles of Incorporation, and also the decision-making powers of the Board of Director and of the Superior Management of SIF OLTENIA S.A. are also changed, pursuant to art. 6 para. 4 and art. 10 para. 1 of the Law no. 74/2015 and art. 20 para. 2 of the Articles of Incorporation underlying the issuance of the Authorization no. 45/15.02.2018, taking into account the legal obligation of prior approval of any change that occurs in AFIA management structure, **SIF OLTENIA S.A. forwarded ASF the agenda proposed by the two shareholders, accompanied by the opinion**

of the management of SIF OLTENIA S.A.

By the official notice no. VPI/2540/17.04.2019 the Authority issued the following point of view that we fully quote:

"As a result of your official notices, registered with ASF under no. RG/9023/27.03.2019 and no. 9677/01.04.2019, whereby you bring to our attention the amendments proposed by the two shareholders of SIF Oltenia S.A regarding the amendment of the Articles of Incorporation of the Company and you submit the informative material of the risk manager, we communicate the following:

I. *Regarding the proposal for completing art. 8 of the Articles of Incorporation by introducing provisions regarding the establishment of an Investment Committee, we bring to your attention the following legal provisions:*

→ *art. 140 index 2 of the Law no. 31/1990, as subsequently amended and supplemented, according to which the Board of Directors may set up advisory committees with duties related to drafting recommendations for the Board.*

→ *art. 9 of the Regulation no. 2/2016, by virtue of which the Board (in this case the Board of Directors) may, depending on the nature, scale and complexity of the activity of the regulated entity, constitute advisory committees responsible for drawing up recommendations for the Board.*

Taking into account these legal provisions, we consider that among the duties established by law in charge of the Board of Directors is the competence to set up such a committee. The Board of Directors has full powers in taking any decisions regarding the administration of the Company, other than those which by law are expressly reserved for the General Meeting of Shareholders. Thus, the Board of Directors may establish committees whose competences and composition will be determined by the resolutions of the Board of Directors.

As regards the competences of the Investment Committee, *we consider that such a committee is a collegiate body that has a advisory, not a decision-making role and can assist the Board of Directors in fulfilling its responsibilities. The duties of this committee must be determined by the Board of Directors* ***in such a way that the decision-making power of the Superior Management in respect of investment acts is not affected****.*

Regarding these provisions, we consider that the Articles of Incorporation can not be changed in the sense that the Investment Committee has as duties the rejection/approval of the superior management proposals regarding the decisions

on the general investment policy and the investment strategies within the Company.

We recall that, in its capacity as AFIA, SIF OLTENIA S.A. must comply with the applicable national and European provisions, including those on organizational structure and allocation of responsibilities for management bodies, in this particular case the provisions of recital 733 and those of art. 60 para. (2) let. a) and b) of the EU Regulation no. 231/2013.

Regarding the establishment of this committee of Senior Management members and employees of the Company, and subject to the above considerations, we are of the opinion that this composition may be possible, but taking into account that the employees of the Company must have the necessary competency to analyse the investment opportunities. It is essential that those who perform the risk management function should not receive tasks conflicting with each other, they should make decisions on the basis of data that they can adequately assess and the decision-making process must be reviewable. Also, persons performing the compliance verification function should not be involved in the provision of services or in performing the activities they monitor.

Regarding the way in which decisions are made within the Investment Committee, namely "by the majority vote" and taking into account the proposed structure (two Senior Management members and three employees), ***we appreciate that the functioning of this committee should avoid situations that could lead to the violation of the provisions of art. 60 of the EU Regulation no. 231/2013 on the duties of the Senior Management.***

II. *Regarding the amendment of the Articles of Incorporation, in the sense of reducing the composition of the Board of Directors from 7 members to 5 members, we should state that the General Meeting of Shareholders, based on the duties established by the laws in force, may decide on this issue. The administration of a company operating according to the one-tier corporate model implies the existence of a Board of Directors consisting of an odd number of members. We also bring to the attention the Bucharest Stock Exchange (BVB) Code of Corporate Governance which provides for a minimum number of members in the structure of the Board of Directors / Supervisory Board, namely at least five members. At the same time, considering the proposals to amend the Articles of Incorporation in such a way as to reduce the structure of the Board of Directors from 7 members to 5 members and to replace the provisions on the automatic fulfilment by the Chairman of the Board of Directors, respectively the Deputy Chairman of the Board of Directors of the positions of*

General Manager and respectively Deputy General Manager, with provisions that allow the possibility/opportunity of performing these positions, ***please be aware that the proposals are accompanied by measures to ensure the management and leadership of the Company activity during the transitional period between the adoption of the decision to reduce the number of members and the moment of choosing a new composition of the Board of Directors.*** *In this way, we bring to your attention the provisions of art. 22 of the Regulation no. 1/2019 on the succession plan and especially para. (7)(1) according to which the regulated entities establish plans, policies and processes necessary to deal with the unforeseen or unexpected absences of the members of the management structure, including appropriate provisional measures. The plan/policies and processes established at the entity level should take into account the composition of the management structure, the appointment and succession of its members so that they can be applied on a case-by-case basis.*

III. *As regards the introduction to art. 9 of the Articles of Incorporation of a new paragraph, namely para. (7), please note that, as mentioned earlier, the role of the Investment Committee should not limit the duties of the Senior Management under the applicable legal framework.*

At the same time, regarding para. (5), please consider all our previous remarks that this committee is not a decision-making body but an advisory body.

IV. *Concerning the proposal to amend the provisions of the second thesis of art. 11 para. (5) of the Articles of Incorporation, according to which "[...] The benefit plan of directors, managers and employees may also provide for the granting of Company shares or options to acquire Company shares", we wish to make some clarification.*

In line with the provisions of the ESMA Guidelines on sound remuneration policies in accordance with DAFIA, the remuneration principles in Annex II to the Directive no. 2006/2011/61/EC are applicable to all AFIAs. Proportionality may, in exceptional circumstances and taking into account specific circumstances, lead to the non-application of certain requirements if this corresponds to the risk profile, risk appetite, and AIFM strategy within the limits set by law. If the AFIA considers that the non-application of some of these requirements is appropriate for their type of AFIA or their identified personnel, they shall explain the reasons for the non-application for each requirement that is not applied. The AFIA must carry out an assessment of each of the remuneration requirements that may not be applied and determine whether the principle of proportionality allows them not to apply it. If the AFIA concludes that it is not possible the non-application for any of the requirements,

there should be no deviation from the general application of these requirements in their case.

At the time of granting a variable remuneration, the Company management bodies must ensure compliance with the legal provisions governing the possibility of setting and granting variable remuneration to those categories of personnel whose professional activities have a significant impact on their risk profile. ***The determination of the conditions for the granting of a variable remuneration by an AFIA must be made prior to its approval by the shareholders****. Moreover, in order to substantiate the vote, shareholders should be duly informed, in accordance with the provisions expressly mentioned in the applicable legal framework (Law no. 74/2015 on Alternative Investment Fund Managers, ASF Regulation no. 10/2015 on the Management of Alternative Investment Funds, Delegate Regulation (EU) no. 231/2013, ESMA Guideline no. 232/2013 on Sound Remuneration Policies in line with DAFIA).*

At the same time, as a general recommendation, we bring to your attention the fact that the introduction in the Articles of Incorporation of provisions which, by their nature, could be introduced into the internal rules and procedures of the Company, may make it difficult to amend these provisions at a later date, taking into account that the amendment of the provisions of the Articles of Incorporation lays within the competence of the GMS. Taking into account the above-mentioned issues, we ask you to consider compliance with the applicable legal framework."

SIF OLTENIA S.A. shares the point of view of the Financial Supervisory Authority and reiterates that the proposed amendments to the Articles of Incorporation contravene with imperative legal provisions, consequently can not be approved by the EGMS without the risk of causing major disturbances in the Company's activity because:

1. It is undouble that, according to the law, the Investment Committee has **an advisory and not a decision-making role, as desired by the two shareholders.**

2. The decision to set up the Investment Committee must be left up to the Board of Directors and must be made up entirely of directors and not of employees.

Considering that this *Investment Committee* would decide on the achievement of the main object of activity of the Company, **the decision-making role can not be**

assigned by the Articles of Incorporation to simple employees, who are not subject to the rules of endorsement and permanent evaluation according to the ASF Regulation no. 1/2019 given that they are not part of the governing bodies and they are neither specialized managers nor personnel with control and investigation powers, considered to be key persons.

Given that the imposition of a decision regarding the achievement of the main object of activity of the Company is realized within this *Investment Committee*, by the majority vote of *three employees*, we consider **that such an amendment l*eads to the increase in all the categories of risk that could affect the activity of the Company and implicitly the investors* because the Superior Management has exclusive duties of staffing, direction and control of the employees, but, at the level of the Investment Committee, it subordinates hierarchically to the three employees with majority voting rights.**

From the point of view of the responsibility, for the decisions adopted, there is dissipation thereof because the employees (who represent the majority in the Investment Committee) are liable according to the Labour Code, while the members of the Superior Management are under the Law no. 31/1990 republished and capital market regulations.

The principle governing the liability of directors and managers is the joint liability, while patrimonial liability in the legal employment relationship is a several liability, excluding joint liability.

Also, according to art. 255 para. 2 of the Labour Code, "if the extent to which it contributed to the damage can not be determined, the liability of each employee shall be established pro rata their net salary as of the date of the damage finding and, where applicable, the actual time worked from its last inventory".

The duties of "investigations regarding the implementation of the investment strategy approved by the Board of Directors" are contrary to the hierarchical control principle, stipulated by art. 143 index 1 and art. 152 of the Law no. 31/1990 republished, and violates the competences of the Senior Management who is subordinated to the Board of Directors, and the activity of the Board of Directors is controlled by the General Assembly of Shareholders as a Senior Management board.

3. Regarding the competence limits established by the value criterion

Given the scope of activity of the AFIA, the imposition of some value limits

through the Company's Articles of Incorporation (except those imposed by law) is likely to obstruct current activity with consequences that are difficult to be quantified.

These limits must remain at the discretion of the Board of Directors, which assures the management of the Company between the General Meetings, as provided by the provisions of art. 142 of the Law no. 31/1990 republished.

Given the priority interest of the Company, shareholders and investors, as well as the general public interest in maintaining a functional capital market, the AFIA Articles of Incorporation can not contain investment/disinvestment limits arbitrarily established without any legal basis.

The establishment of limits through the Articles of Incorporation is likely to lead to the loss of business opportunities and the loss of profit objectives that shareholders are entitled to claim.

By comparison, we draw the attention that the Articles of Incorporation of any of the other Financial Investment Companies, i.e. neither those belonging to SIF BANAT CRIŞANA S.A. nor those belonging to SIF MUNTENIA S.A., do not contain the existence of a body similar to that claimed for SIF OLTENIA S.A. nor restrictive provisions relative to the limits of investment competence.

We note that if, in 2017, the Board of Directors of SIF BANAT CRIŞANA S.A. has set up an Investment Strategy Committee without decision-making powers in accordance with the provisions of art. 140^2 of the Law no. 31/1990, made up of non-executive directors, later in 2018 (as resulting from the Annual Report - page 46, final paragraph), that Committee was dissolved.

The legitimate question arises: what is the real purpose of the request made by the shareholder SIF BANAT CRIŞANA S.A. to introduce such a body (having a structure and duties that exceeds the legal framework) in the Articles of Incorporation of SIF OLTENIA S.A. if in their own activity they have already found out the futility of the Investment Strategy Committee created in accordance with the legal provisions?

The capacity of SIF OLTENIA S.A. as shareholder of SIF BANAT CRIŞANA S.A. allowed us to analyse the portfolios held by SIF 1 and SIF 4, their degree of restructuring, ascertaining that the investments made by the two entities are in overwhelming proportion in investment vehicles run by other management companies with the consequence of not knowing the real beneficiaries of those transactions, the results obtained or the returns of this type of investment, the administration costs, etc.

Regarding the transparency of the investment decisions and policy and, in particular, of the related transactions, the assets of SIF OLTENIA S.A. are fully and reliably verifiable by simply consulting Annex 17 published in the Quarterly

Reports in the form and within the time limit prescribed by law.

Instead, the assets of the two SIFs are hidden behind investment vehicles of the AOPC/OPCVM type, whose administration, mode of management, costs, returns do not provide an analysis of their effectiveness by the good faith investor audience. From the annual reports of the 2018 financial year, it results that **cumulative investments amounting to RON 548 million**: SIF BANAT CRIŞANA S.A. - RON 295 million representing 13.25% of the total assets, SIF MUNTENIA S.A. - RON 253 million representing 18.82% of the total assets, are made in such investment vehicles.

SIF BANAT CRIŞANA S.A., SIF MUNTENIA S.A., STRAUT RADU-RAZVAN, together with the investment vehicles created with financing from SIF 1 and SIF 4: **ACTIVE PLUS CLOSED-END INVESTMENT FUND, FIA CERTINVEST ACTIUNI, FDI CERTINVEST XT INDEX, FDI CERTINVEST BET FL INDEXD, STAR VALUE CLOSED-END INVESTMENT FUND, FII MULTICAPITAL INVEST, FDI STAR FOCUS, FDI STAR NEXT, OPTIM INVEST CLOSED-END INVESTMENT FUND, FII BET - FL INDEX INVEST, FDI PROSPER INVEST, FIA ROUMANIAN STRATEGY FUND AA/VADUZ, OPUS - CHARTERED ISSUANCES SA/AA LUXEMBOURG,** own as at 11.04.2019 a number of **165,685,572 shares of SIF OLTENIA S.A.**, representing **28.558%** of the share capital of the Company, respectively with **136,677,286 shares (23.558%** of the share capital of SIF Oltenia) above the 5% limit provided by art. 286^1 para. (1) of the Law no. 297/2004.

The investments made in these investment vehicles were aimed at circumventing the provisions of art. 286^1 para. (1) of the Law no. 297/2004, having as final objective the abusive takeover of the management of SIF OLTENIA S.A. in order to manage its resources in the exclusive interest of this group of shareholders (SIF 1 and SIF 4).

By comparison, at the level of SIF OLTENIA S.A., from the revenues obtained from BCR exit no amount was outsourced to investment vehicles based in Romania or in tax haven countries, but were used to increase the share of holdings held in listed, solvent, stable companies, capable of generating dividends and value added to the long-term.

SIF OLTENIA S.A. has achieved a special performance not seen in any of the SIFs, the share of holdings held in companies listed on the Bucharest Stock Exchange (BVB) representing over 90% of total assets, while holdings in closed-end companies represent approximately 8% - 8.5% of total assets.

The securities made amounted to approx. RON 500 million (79% in the banking system, 13.5% in energy, oil, gas, 7.5% in financial intermediation), with the consequence of the increase in the total assets of the investments in shares listed at approx. 90% in March. Currently, securities made between October 2018 and March

2019 record an added value of at least 18%.

The profit obtained by SIF OLTENIA S.A. amounting to RON 96.2 million in the 2018 financial year is higher than the achievements of any of the SIFs, without taking into account the gross profit from the BCR disinvestment. During the period from 2011 to 2018 (the period during which all SIFs capitalized their securities held in BCR), SIF OLTENIA S.A. has distributed from the net profit for dividends the amount of RON 565.6 million, while SIF BANAT CRIŞANA S.A. has distributed the amount of RON 109.8 million and SIF Muntenia S.A. the amount of RON 327.8 million.

All responsibility for the management of this activity is assumed transparently by the Senior Management who decides, according to internal rules and procedures, on the opportunity of the investment decision, without the intervention of any accessories, hidden departments, meant to dilute liability, other than those provided in the Organization Chart and Internal Regulations of the Company, adopted in accordance with the principle of the superior interest of the Company and the shareholders, based on the independent profitability analysis.

4. Regarding the reduction of the number of directors from 7 to 5

From a legal point of view, such an amendment is within the competence of the EGMS, but, given the size of the Company and the complexity of its activity as regulated by the Law no. 74/2015, ASF Regulation no. 10/2015, ASF Regulation no. 2/2016 and ASF Regulation no.1/2019, the reduction in the number of members of the Board of Directors could lead to the impossibility of ensuring diversified competences and to difficulties in creating the committees whose existence is mandatory and which should operate on the basis of independent reasoning and evaluations.

Also, the immediate enforcement of the provisions on reducing the number of members in the Board of Directors and convening new elections for a new Board is likely to disrupt the Company's activity and create legal, reputational and operational risk.

The termination of the current commission of the Board of Directors is able to disrupt the activity, not to actually reduce the costs of the Company, on the contrary, the unjustified revocation of both the Board of Directors members and the Senior Management implies the payment of damages for the period the management structure has not exercised its commission (art. 1431 of the Law no. 31/1990 republished) and the provisions of the Articles of Incorporation. **This will result in**

the absurd situation to have to pay not 7 but 12 directors.

The justification of the two shareholders to reduce the number of directors in order to reduce the costs is incorrect, as this expense is reduced by the amount of the indemnity due to the 2 directors. Instead, by setting up the Investment Committee with the required structure and duties, it results that, in reality, **the salary costs with the 3 employees are much higher than the saving that is claimed to be made as a result of the reduction in the number of directors plus the payment for damages that will be paid to the directors for the unexercised commission period.**

The justification for the cost reduction invoked by the two shareholders contradicts the proposal to introduce in the Articles of Incorporation certain provisions according to which "The Directors, the Managers of the Company with a mandate contract and the employees of the Company will have the right to participate in the profit of the Company under the conditions established by the Ordinary General Assembly of Shareholders and in relation to the results obtained, according to the financial statements approved by the General Meeting of the Shareholders. The benefits plan of directors, managers, and employees may also provide for granting Company shares or options to acquire Company shares."

Therefore, additional variable benefits will be attributed through the Articles of Incorporation without first establishing the conditions for granting a variable remuneration by an AIFM to substantiate the vote - see the applicable legal framework (Law no. 74/2015 on Directors of Alternative Investment Funds, ASF Regulation no. 10/2015 on the Management of Alternative Investment Funds, Delegate Regulation (EU) no. 231/2013, ESMA Guideline no. 232/2013 on Sound Remuneration Policies in line with DAFIA), as well as the point of view of the ASF revealed through the official notice no. **VPI/2540/17.04.2019 presented herein.**

We conclude by pointing out that the amendment to the Articles of Incorporation of SIF OLTENIA S.A. does not have the role to make the activity of Company more efficient but, on the contrary, to create the premises of the transformation of SIF OLTENIA S.A. in a subsidiary of the two SIFs, given the level of concentration of the voting rights controlled by them in the General Meeting through indirect shareholdings controlled by the investment funds.

Taking into account the arguments presented herein, as well as the recommendations contained in the ASF point of view, the management of the Company considers inappropriate the approval of the amendment of the Articles of Incorporation according to the proposal of the two shareholders, thus avoiding the issue of a resolution of the Extraordinary General Meeting of Shareholders containing illegal provisions that would cause serious disruption to the Company's activity. A vote against all amendments to the Articles of Incorporation required to be introduced by the two shareholders would eliminate the previously described risks.

With esteem and respect,

Assoc. Prof. Ec. Tudor Ciurezu,
Chairman / General Manager

Ph.D. Assoc. Prof. Cristian Busu, Ph.D.
Deputy Chairman/Deputy General Manager