



SIF BANAT-CRIȘANA

— **ANNUAL REPORT** —
OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR 2022

PREPARED PURSUANT TO LAW NO. 24/2017, LAW NO. 74/2015, LAW NO. 243/2019,
ASF REGULATION NO. 5/2018, ASF REGULATION NO. 10/2015, ASF REGULATION NO. 7/2020
AND ASF RULE NO. 39/2015

*This Report of the Board of Directors is provided as a free translation from Romanian,
which is the official and binding version. In case of inconsistencies between the information provided
in Romanian and those provided in English, Romanian language shall prevail.*

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MAIN FINANCIAL AND OPERATIONAL INFORMATION

FINANCIAL POSITION [RONm]			
	2020	2021	2022
Total assets, of which	2,883.77	3,607.39	3,405.26
Total financial assets	2,859.53	3,579.13	3,374.95
Equity	2,729.90	3,416.13	3,242.85
Total liabilities	153.87	191.26	162.41

FINANCIAL PERFORMANCE (IFRS) [RONm]			
	2020	2021	2022
Income	94.84	135.55	174.92
Gain on investment	27.82	288.29	(47.40)
Expenses	28.47	27.50	24.39
Gross profit	94.18	396.34	103.12
Net profit for the year	92.12	387.00	95.47

FINANCIAL INDICATORS [%]			
	2020	2021	2022
ROE (net profit / equity)	3.37	11.33	2.94
ROA (net profit / total assets)	3.19	10.73	2.80
Gross profit margin (gross profit / total income)	30.47	73.32	27.43

SHARES AND NET ASSET PERFORMANCE			
	2020	2021	2022
Share price (year end, in RON)	2.2000	2.5400	2.4300
Net asset value* / share (RON)	5.6051	6.7170	6.3817
PER**	12.3	3.4	12.9
Dividend / share (RON)	-	0.06	***
Accounting net asset / share (RON)	5.3055	6.7311	6.3897
Nominal value of share (RON)	0.1	0.1	0.1
Number of issued shares	515,422,363	515,422,363	507,510,056
Number of outstanding shares	514,542,363	507,510,056	507,510,056

* calculated acc. to ASF regulations
** calculated using EPS for the average number of shares in the respective year
*** as per GMS decision

OPERATIONAL DATA			
	2020	2021	2022
Number of employees, year end	34	33	32
Number of branch offices	1	1	1

SHAREHOLDING STRUCTURE as of December 31, 2022		
	number of shareholders	stake
Romanian individuals	5,738,903	40.18%
Non-resident individuals	2,125	0.34%
Romanian legal entities	114	43.67%
Non-resident legal entities	22	15.81%
TOTAL	5,741,164	100%

GENERAL INFORMATION ON THE COMPANY

COMPANY NAME	Societatea de Investiții Financiare Banat-Crișana S.A. (hereinafter referred to as "SIF Banat-Crișana" or "the Company")
COMPANY TYPE	<ul style="list-style-type: none">▪ joint stock company, Romanian legal entity with entire private capital▪ established as a self-managed investment company, authorized by the Financial Supervisory Authority as Alternative Investment Fund Manager (AIFM) - Authorization no. 78 / 09.03.2018, and as closed-ended alternative investment fund, diversified, addressed to retail investors (AIFRI) - Authorization no. 130 / 01.07.2021
SHARE CAPITAL	<ul style="list-style-type: none">▪ RON 50,751,005.60 – subscribed and paid-up capital▪ 507,510,056 shares issued; entirely outstanding as of December 31, 2022▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none">▪ Number in Trade Register J02/1898/1992▪ Tax Identification Code RO 2761040▪ Number in ASF AFIAA Register PJR07.1AFIAA / 020007 / 09.03.2018▪ Number in ASF FIAIR Register PJR09FIAIR / 020004 / 01.07.2021▪ Legal Entity Identifier (LEI) 254900GAQ2XT8DPA7274
MAIN ACTIVITY	Main activity is, as per the classification of economic activities in the national economy (NACE; ro: CAEN): financial intermediation, except for insurance and pension funds (NACE Code 64), and the main object of activity: Other financial intermediation n.c.a. (NACE Code 6499): <ul style="list-style-type: none">▪ portfolio management▪ risk management;▪ other activities carried out within the collective management of an investment fund, allowed by the legislation in force.
TRADING MARKET	The company is listed since November 1, 1999, on the regulated market of Bucharest Stock Exchange (BVB or BSE) – Premium category - ticker SIF1
FINANCIAL AUDITOR	Deloitte Audit S.R.L.
DEPOSITARY BANK	Banca Comercială Română (BCR)
SHARES AND SHAREHOLDERS' REGISTER	Depozitarul Central S.A. Bucharest
HEADQUARTERS	Arad , 35A Calea Victoriei, 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
BRANCH	SIF Banat-Crișana SA Arad-Bucharest Branch-Rahmaninov 46-48 S. V. Rahmaninov Str., 3rd floor, sector 2, 020199, Bucharest

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1. ANALYSIS OF SIF BANAT-CRIȘANA ACTIVITY

Economic environment

European economic environment

In 2022 Europe faced a difficult economic condition. The fragility of European economies following the negative economic effects generated by the pandemic that erupted in 2020 has become even more evident. Escalating tensions and geopolitical risks exposed EU member countries to a succession of new shocks that led to a deterioration of the economic condition. The war between Russia and Ukraine has raised security concerns in Eastern European countries and required the provision of economic, humanitarian, logistical and military technical support to Ukraine from neighbouring countries and NATO members.

Unfortunately, there was poor diplomatic communication between the two countries, without a compromise solution, which precluded the chances of a quick end to the war to avoid loss of life and all the negative economic consequences derived from prolonging the conflagration.

At the level of macroeconomic indicators, the consequences of these circumstances were manifested by increased inflation, higher credit prices, budget imbalances, increased deficits and indebtedness, excessive volatilities of energy and food prices, energy crises and a slowdown in economic growth, along with prospects uncertain future.

In addition to the financial efforts made to support Ukraine, packages of economic sanctions were applied against the aggressor country - Russia, resulting in severe economic repercussions on the countries of the European Union. Some of the Union's countries are particularly energy-intensive and therefore depend on fossil fuels such as natural gas, oil and coal that were historically imported from Russia. The embargo on Russia caused an explosion in energy prices in the first part of 2022 and hit these countries disproportionately hard. The acute shortage of hydrocarbons has pushed European countries, but also Great Britain, to desperate measures to reduce and rationalize gas consumption. Real substitutes for gas imported from Russia, such as shale gas imported from the US, have been limited in quantity due to the lack of specific infrastructure and much higher prices. The sudden imbalance between gas supply and demand has forced EU countries to quickly move towards renewable energy sources, i.e. to reduce dependence on Russian hydrocarbons, trying to obtain supplies from alternative sources, but the transition period is long and requires massive investments.

As a result, inflation rates in Europe and especially in countries with massive hydrocarbon imports were significantly higher than in most other countries during 2022. Thanks to adequate storage and the mild winter, when average temperatures were higher compared to historic ones, the benchmark price of European gas has fallen below pre-war levels, helped by a sharp drop in gas consumption and continued diversification of supply sources.

The economic growth in 2022 is estimated by the European Commission at 3.5% both in the EU and in the eurozone. GDP is forecast to grow by 0.8% in 2023 and 1.6% in 2024, respectively 0.9% and 1.5% in the eurozone. The institution's forecasts show that headline inflation will decrease in the EU from 9.2% in 2022 to 6.4% in 2023, and 2.8% in 2024. In the eurozone, it is expected to decelerate from 8.4% in 2022 to 5.6% in 2023, and to 2.5% in 2024.

Since autumn 2022, the EU economy has also seen some positive developments. Labour markets continued to perform strongly, with the EU unemployment rate remaining at a record low of 6.1% in December 2022.

The prices of raw materials reached historical highs until the first half of the year, and in the second half they began to undergo significant corrections, a trend that continues today.

After a steep decline in which the Euro Area ZEW Economic Sentiment indicator reached a ten-year low (September 2022), it entered an upward trend, supported by the return of orders, the restoration of supply chains, the drop in raw material prices, respectively the abandonment of the zero covid policy by China.

However, consumers and businesses continue to face high energy costs, and more than 90% of staple products in the shopping basket experiencing above-average price increases. As a result, inflationary pressures continue to expand, so both the ECB and the European Commission expect extensions of monetary tightening, which may affect both financial markets and over-indebted economies. Inflation continues to outpace nominal wage growth, which will diminish purchasing power and consumption - the main driver of the economy.

In the winter economic forecast, the European Commission foresees a more significant reduction in inflation in the European Union only after 2023.

Domestic economic environment

Macroeconomic indicators in Romania continued to evolve divergently in the recent period.

The main influences on the domestic economy in 2022 were in line with the European ones, where the post-covid economic effects and the extreme volatilities of gas and electricity prices following the invasion of Ukraine by Russia strongly fuelled the inflationary push.

INSS data show that the Gross Domestic Product estimated for 2022 was of RON 1,412,457.4m, increasing in real terms by 4.8% compared to 2021.

To the formation of GDP, in 2022 vs. 2021, sectors that added significant positive contributions were IT&C with +20%, support services +13%, constructions +11%, and trade with +6.6%. The negative influences came from agriculture, where declines of -12% and -2% were reported. Romania's economy grew under the impetus of fixed capital formation and private consumption against the background of a strong labour market and solid salary increases, respectively, government measures to mitigate the impact of higher energy prices (capping of electricity and gas prices) also helped, placing Romania in a position of percentage growth above the average of the CEE area.

Economic growth forecasts for the current year and next year are divergent, given the very complex and unpredictable geostrategic context. As a result, the institutions published expectations with significant differences at the level of Romania's GDP growth scenarios for 2023 and 2024.

The IMF estimated +3.1% for 2023, the World Bank +2.6% for 2023 and +4.2% for 2024. The European Commission expects a more moderate economic growth of +2.5% in 2023, and a spurt up to +3.0% for 2024.

The annual consumer price index for 2022, reported by the INS, was 13.8%. The ECB, together with the European Commission, forecasts an inflation of 9.7% for the end of 2023 for Romania, with a modest deceleration trend to 5.5% in 2024. The reasons given are the inflationary pressures that remain at a very high level in terms of services, non-energy industrial goods and processed food, but there are also elements that partially counterbalance price increases, such as the decrease in recent international quotations of raw materials and materials, the expansion of energy price capping, respectively the diversification of supply sources and the production of energy.

The steeply rising inflation rate has prompted central banks to adopt a hawkish monetary policy. As early as the first month of 2022, the National Bank of Romania started a tougher monetary tightening, by increasing the monetary policy interest rates, from 1.75% in December 2021 to 2% in January 2022. From February, to restrain inflation, the Governor of the BNR decided to accelerate the rate of increase in reference rates in several steps, reaching at the end of 2022 a reference interest rate of 6.75%, together with the credit facility of 7.75% and a deposit facility of

5.75%. Currently, the monetary policy interest set by BNR is 7%, the credit facility 8% and the deposit facility 6%.

The economic advance was accompanied by the maintenance of macroeconomic imbalances reflected by the twin deficits: the current account deficit and the fiscal deficit. Romania ended 2022 with a current account deficit of 26.57 billion euros, respectively -8.9% of GDP, compared to 17.47 billion euros in the period January - December 2021, according to BNR data. The European Commission estimates a deterioration of the external balance to -9.1% of GDP in 2022, followed by a slight recovery in 2023, to -8.8% of GDP.

The domestic unemployment rate at the end of 2022 decreased, registering a rate of 5.6%, down 0.1 percentage points compared to December 2021, according to INS data. Compared to the EU average of 6.1% and the Eurozone average of 6.6% at the end of 2022, the indicator ranks Romania in a favourable position.

Foreign direct investments (FDI), increased according to the BNR, amounting to 9.6 billion euros in 2022, compared to 8.8 in 2021 and 3 billion in 2020.

The evolution of the domestic currency in relation to the euro had moderate variations, but with a slight depreciation tendency, resulting in an average annual exchange rate of 4.9315 RON/EUR in 2022 compared to 4.9204 RON/EUR in 2021. In relation to the USD, the evolution of the exchange rate can be considered slightly more volatile, the annual average in 2022 standing at 4.6885 RON/USD compared to 4.1604 in the similar period of 2021. There were no excessive volatilities of the exchange rate.

The rating agencies kept unchanged Romania's rating and outlook. Moody's and Standard & Poor's gave a stable outlook, while Fitch reported a negative outlook. Ratings were maintained at Baa3 by Moody's, and S&P and Fitch rated current conditions at BBB-.

BVB (BSE) capital market

The difficult regional and international context, impacted mainly by the war in Ukraine, rising monetary policy interest rates, double-digit inflation rates, rising energy prices, as well as supply chain disruptions, affected all capital markets.

In this difficult market context, all BSE indices ended 2022 in the red, but with a less steep decline vs. the level shown by the main global indices such as the S&P500 in the US or the STOXX600 in the EU. The BET index, which includes the 20 most liquid companies listed on the BVB, recorded a 10.7% decrease at the end of last year, to a level of 11,663 points, the BET-TR decreased by almost 1.9% and reached 22,686 points. By comparison, the European STOXX600 index slumped last year by 12.9%, while the US S&P500 index fell by 19.4%.

The domestic capital market managed to effectively develop several important operational indicators in 2022 and reached new records on three levels of liquidity after a challenging 2022, recording new highs in terms of total trading value, average daily liquidity, and the number of transactions.

In 2022, the total value of transactions carried out on all markets with all types of financial instruments exceeded RON 24bn, up 11% vs. 2021, when this value was RON 21.6bn. In the share segment, in 2022, total transactions of almost RON 13.5bn were made.

The average daily trading liquidity for all types of financial instruments listed on the Regulated Market and the Multilateral Trading System was of RON 95.6m, up 11% vs. 2021.

The number of transactions in all markets in all types of financial instruments exceeded more than 1.67 million transactions, compared to 1.53 million transactions in the previous year, more than 9% YoY.

The number of investors on BVB went over 128,000, the absolute maximum for the Romanian capital market. Data from the Investor Compensation Fund show that at the end of 2021 there were just over 82,000 investors, indicating increased investment interest, despite the unfavourable economic climate.

During 2022, 42 financing rounds were carried out, with a total value of EUR 1.9bn. The Ministry of Finance gathered RON 853.9m and EUR 162.7m, respectively, through the tenth primary offer for the sale of government securities for the population (Fidelis) held in the last three years through the systems of the Bucharest Stock Exchange (BVB). Thus, the value of the ten financing rounds carried out in the last three years at BVB by the Ministry of Finance is close to RON 15.2 bn.

The transparency of companies listed on BVB has also improved. More than 70 analysis reports were published in 2022 alone under the BVB Research Hub project, a tool aimed at improving the coverage of analysis reports for local issuers and increasing access to fundamental analysis for local investors. ESG scores for 11 listed companies are also available on bvbresearch.ro. Part of the efforts to promote Romania as a regional financing hub, BVB organized together with MAIB, the largest bank in the Republic of Moldova, the first high-level forum "Moldova – Romania: Capital Bridges", dedicated to promoting opportunities in the capital market.

At the end of 2022, most of the stock market valuation indicators failed to maintain the level of the similar period last year.

In the last month of 2022, the P/E indicator was of 4.79 vs. 11.64 in 2021, the P/BV was at 1.02 compared to 1.15. The dividend yield improved slightly as a result of the price declines, with DY in December reaching 4.6% from 4.47% in the same month last year.

The stock market capitalization (regulated market) totalled RON 197.18bn, the stock market capitalization for Romanian companies reaching RON 133.79bn, but the stock market liquidity, although it had an upward trend, is still undersized. For an institutional investment environment, these amounts mean extremely limited market liquidity and hide high risks in the event of the will or need to sell the shareholdings listed on the BVB (difficulty / impossibility of exit).

For the year 2023, the listing of Hidroelectrica and the Central Counterparty are on the agenda of the capital market, which should contribute in the medium and long term to a doubling of market liquidity, based on the statements of the BVB management.

The Central Counterparty project has entered a technical stage of implementation and authorization, and the first derivative products will be available on the capital market in 2023.

Analysis of the portfolio

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

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

SIF Banat-Crişana has as investment objective the efficient management of a diversified portfolio of quality assets, able to ensure a constant flow of income, the conservation and medium-long term capital growth, to increase the value shareholders and obtain high return from the invested capital.

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, to ensure a constant balance between risk and expected

return. The investment decision-making process is formalized through internal procedures and competency levels approved by the company's Board of Directors.

The company applies an exit strategy adapted to the specifics of each investment, defined based on the applied strategy, the investment objectives, the conditions of the exit transaction.

The execution of various exit strategies is adapted and correlated with a series of internal and external factors, such as: general economic outlook, course of financial markets, liquidity of listed equity securities and daily trading volumes, small business regional, access barriers depending on the shareholders' structure, Company's needs for liquidity.

Lines of action in portfolio management:

- establishment of a diverse portfolio of assets apt to reach the targeted returns at the chosen risk level
- improving portfolio quality, as basis for its growth and capacity to constantly generate revenues
- portfolio management and development to adapt to the overall risk profile
- development of specific areas of expertise that form the basis of operations
- improvement of corporate governance practices

SIF Banat-Crișana has under management a diversified portfolio, and the financial instruments in which it invests are mainly shares, fixed income financial instruments and fund units.

In the investment process, SIF Banat-Crișana acknowledges that global sustainability challenges, including climate change, resource scarcity and human rights are of critical importance 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 regarding the criteria applied to determine whether an economic activity qualifies as sustainable and contributes substantially to one or more among the sustainability objectives.

Both the Policy on the integration of risks related to sustainability in the investment decision-making process as well as the Statement prepared in accordance with the provisions of art. 4 paragraph (1) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019, on sustainability-related disclosures in the financial services sector, are available for consultation on the company's website, at www.sif1.ro, in the *Corporate Governance section*.

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

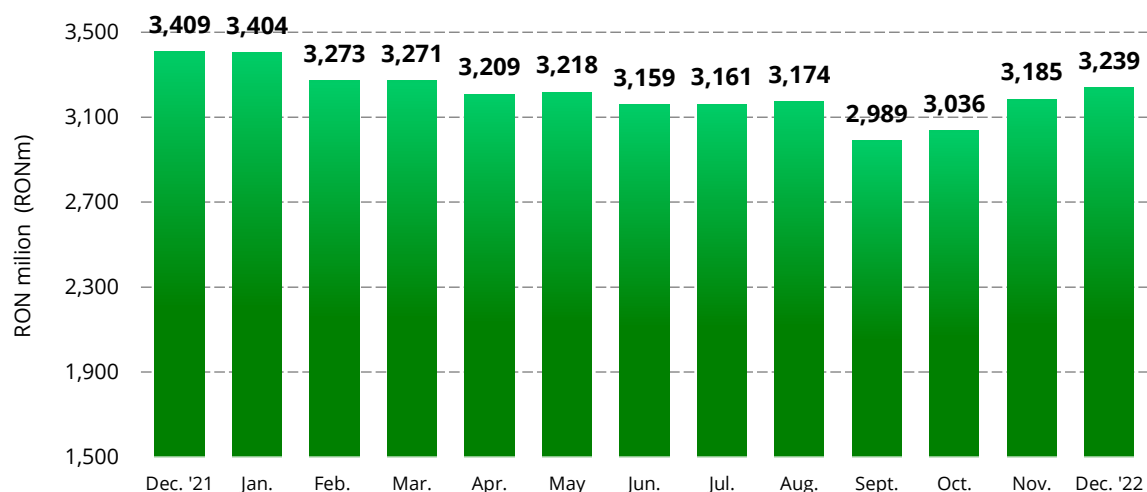
Understanding the importance of ESG factors and their long-term impact, SIF Banat-Crișana has under analysis the integration of the sustainability factors in the investment decisions and will inform the investors on any new concrete steps taken in this regard.

Detailed information on the objectives and investment policy, as well as the description of the types of assets in which SIF Banat-Crișana can invest as an Alternative Investment Fund addressed to Retail Investors (AIFRI; in Romanian: FIAIR) are presented in detail in the fund's operating documents, available for consultation on the company's website, at www.sif1.ro, in the section *Corporate Governance > AIFRI*.

Net asset value (NAV) evolution

SIF Banat-Crişana net asset value (NAV) as of December 31, 2022, amounted to **RON 3,238,773,573¹**, down **4.99%** as compared to **RON 3,408,921,783** as of December 31, 2021, while net asset value per share (NAV/S) was of **RON 6.3817** on December 31, 2022, vs. RON 6.7170 as of December 31, 2021.

NET ASSET VALUE IN 2022



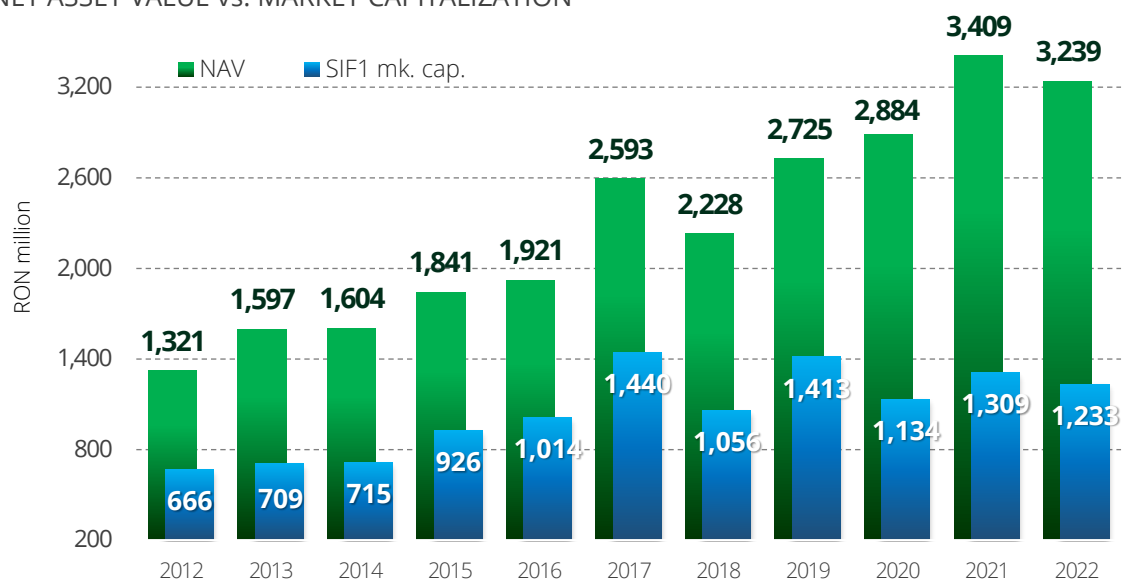
The calculation of NAV and NAV/S is performed by SIF Banat-Crişana monthly, the values are certified by the depositary bank Banca Comercială Română (BCR). Throughout 2022, the valuation of assets for the calculation of SIF Banat-Crişana NAV was carried out in full compliance with the regulations issued by the Financial Supervisory Authority and the rules of the fund.

NAV and NAV/S for each month were submitted to Bucharest Stock Exchange and the Financial Supervisory Authority – Financial Instruments and Investments Sector, and are permanently available to investors, as they are published on SIF Banat-Crişana website (www.sif1.ro) no later than 15 calendar days from the end of the reporting period.

The net asset value shows an annual decrease of 4.99%, a more pronounced reduction in NAV being marked in September 2022, as a result of the decrease in the quotations of the issuers in the portfolio listed on the Bucharest Stock Exchange.

¹ Net Asset Value as of 31.12.2022 was recalculated as follows: portfolio items (shares) valued on the basis of valuation reports - recorded at values updated as of 31.12.2022; non-portfolio items - based on the final balance sheet underlying the preparation of the standalone annual financial statements subject to the approval of the OGM of April 2023. Statement of assets and liabilities of SIF Banat-Crişana as of December 31, 2022, and detailed statement of investments (as per annexes 10 and 11 to Regulation No. 7/2020) - recalculated and certified by the depositary of assets, Banca Comercială Română - are attached to this report.

NET ASSET VALUE vs. MARKET CAPITALIZATION



NOTE: net asset values (NAV) are those reported for the end of December for each year; until 2015 non-portfolio items were calculated based on accounting records pursuant to Romanian Accounting Regulations (RAS) in force at that time; and under IFRS for 2016 – 2022; mk. cap. calculated using closing price for SIF1 in the last trading day of each year

The methodology for calculating the net asset value

During 2022, NAV calculation was performed in accordance with the provisions of *Law no. 243/2019 on alternative investment funds and for the amendment and completion of certain normative acts* and of the *ASF Regulation no. 7/2020 on the authorization and operation of alternative investment funds* with subsequent amendments and completions. The reporting formats of *statement of assets and liabilities*, respectively *the detailed statement of investments*, related to the reporting period comply with the content established in annexes no. 10 and 11 of the *ASF Regulation no. 7/2020*, with subsequent amendments and completions.

According to *ASF Regulation no. 7/2020*, the net asset value of an AIFRI established as an investment company is determined as the difference between the total value of the assets and the sum of the accrued expenses and deferred income. Both current and non-current debts and accrued provisions are included in the calculation of the total amount of debts. In accordance with these regulations, starting with July 1, 2021, following the authorization of SIF Banat-Crișana as AIFRI, the company calculated the net asset value by adding the deferred income tax (non-current debt) to the total debts.

The statement of SIF Banat-Crișana's assets and liabilities as of December 31, 2022, prepared as per the provisions of annex 10 to Regulation no. 7/2020 is presented as annex to this report.

Throughout 2022, the valuation of assets for the calculation of net asset value was carried out in accordance with the regulations issued by the Financial Supervisory Authority, the provisions of *ASF Regulation no. 10/2015* and of *ASF Regulation no. 9/2014* (art. 113-122), with subsequent amendments and completions.

As per these regulations:

- Financial instruments admitted to trading or traded in the last 30 trading days on a regulated market or in systems other than regulated markets, including in an alternative trading system in Romania, from a Member State or a non-member, are measured:

- a) At the closing price of the market segment considered as the main market or the reference price provided in trading systems other than regulated markets including alternative systems by the operator of that trading system for the day for which the calculation is made;
- b) By way of exception from the provisions of letter a) above, in the case of joint stock companies admitted to trading on a regulated market or a multilateral trading system with a liquidity considered by SIF Banat-Crișana, based on a judgment of prudential value in relation to the active market defined by International Financial Reporting Standard 13 - Fair value measurement (IFRS 13), as irrelevant for the application of the marking to market valuation method, the shares of those companies will be measured in the assets of SIF Banat-Crișana in accordance with the evaluation standards in force, according to the law, based on an evaluation report.
- c) SIF Banat-Crișana maintained in 2022 this valuation method for *the following portfolio companies: SIF Imobiliare PLC (symbol SIFI), SIF Hoteluri SA (symbol CAOR), and IAMU SA (symbol IAMU)*. The analysis carried out by the company revealed that for the issuers SIF Imobiliare, SIF Hoteluri and IAMU, the active market criteria are not respected, as during 2022 transactions representing less than 1% of the issuer's share capital were recorded, the total number of transactions being less than 50 (during the last 12 months), their frequency being insufficient to meet the criterion of providing reliable price information on an ongoing basis.
- Securities not admitted to trading on a regulated market or not traded in the last 30 trading days are valued at the book (accounting) value per share resulting from the last annual financial statements, respectively the value of equity included in the monthly reports to BNR (National Bank of Romania) for credit institutions.
 - In the case of joint stock companies not admitted to trading in a regulated market or alternative system, in which SIF Banat-Crișana holds more than 33% of the share capital, those shares are measured in SIF Banat-Crișana net asset exclusively in accordance with the international standards evaluation based on an evaluation report, updated at least annually. These companies are presented in a separate annex under the *Detailed Portfolio Statement*.
 - Fixed income financial instruments are measured 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.
 - The shares of companies in insolvency, judicial liquidation or reorganization proceedings are valued at zero until the procedure is completed.
 - The values of non-portfolio items taken into account in the calculation of net assets are in accordance with International Financial Reporting Standards ("IFRS").

The valuation methods applied by the Company to evaluate the financial assets in the portfolio are presented on Company's website, www.sif1.ro, in the operating documents as AIFRI, namely Simplified Prospectus, Rules of the Fund in the section *Corporate Governance* › *AIFRI*, and in the section *Investments* › *Net Asset* › *Net asset value calculation methodology*.

Portfolio structure

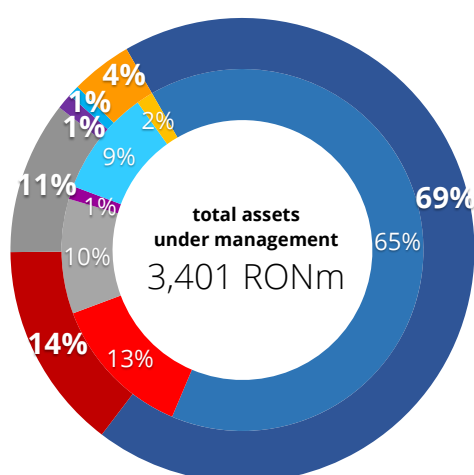
The investment limits and restrictions incidental to the operations carried out by SIF Banat-Crișana throughout 2022 complied with the incidental legal provisions, established by Law no. 243/2019 on the regulation of alternative investment funds.

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 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 is compelled to take immediate action to correct these breaches.

The investment limits and restrictions incidental to the operations carried out by SIF Banat-Crișana during 2022 complied with the legal provisions incidental to the status of Closed, Diversified Alternative Investment Fund addressed to retail investors and no violations of these limits were recorded.

The detailed statement of SIF Banat-Crișana's investments as of December 31, 2022, prepared pursuant to Annex 11 of Regulation no. 7/2020, is presented as annex to this report.

ASSETS UNDER MANAGEMENT as of December 31, 2022 breakdown on classes (weight on total assets)



■ **listed shares**
value **2,336.59 RONm**
(31.12.2021: 2,328.99 RONm)

■ **unlisted shares**
value **492.84 RONm**
(31.12.2021: 466.21 RONm)

■ **unlisted fund units**
value **362.94 RONm**
(31.12.2021: 369.18 RONm)

■ **corporate bonds**
value **37.58 RONm**
(31.12.2021: 42.38 RONm)

■ **bank deposits + cash available**
value **26.61 RONm**
(31.12.2021: 339.36 RONm)

■ **receivables and other assets**
value **144.62 RONm**
(31.12.2021: 54.07 RONm)

Note: values calculated as of December 31, 2022 (the outer ring), and December 31, 2021 (the inner ring), as per ASF Regulations no. 9/2014, no. 10/2015, and no. 7/2020

As of December 31, 2022, the value of SIF Banat-Crișana's stock portfolio reached RON 2,829.43m (2021: RON 2,795.19m) having a weigh of 83.19% in the total assets under management at 2022 year-end.

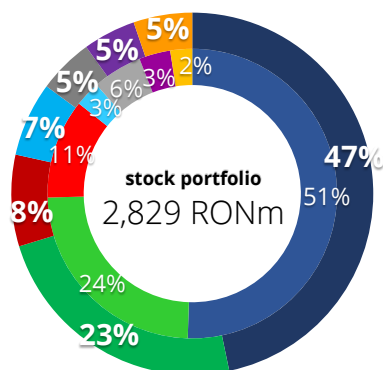
Stock portfolio structure

A significant share in the portfolio structure as of 31.12.2022 is still held by the banking-financial sector (46.72%), that includes banks, AIF and AIFM (SIFs) and other companies in the financial field; the commerce - real estate sector (23.58%) and the pharmaceutical sector (8.17%).

The financial-banking sector further has the largest weight in the portfolio, and the value of the shareholdings in this sector, calculated as per ASF regulations, declined during the year 2022, due to the decreases of share prices on the trading markets.

SIF Banat-Crișana's portfolio of assets under management has been within the holding limits provided by the ASF regulations throughout 2022. Detailed information is presented in the subchapter *Risk Management*.

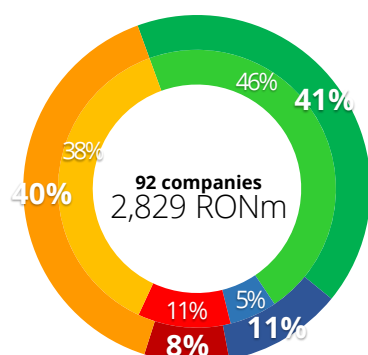
STOCK PORTFOLIO - breakdown by sector



- **banking - financial**
 stakes in **13** companies, worth **1,322 RONm**
 (31.12.2021: 13 companies, worth 1,411.53 RONm)
- **commerce - real-estate**
 stakes in **12** companies, worth **667.07 RONm**
 (31.12.2021: 12 companies, worth 672.83 RONm)
- **pharmaceuticals**
 stakes in **2** companies, worth **231.07 RONm**
 (31.12.2021: 2 companies, worth 310.57 RONm)
- **energy - utilities**
 stakes in **5** companies, worth **187.75 RONm**
 (31.12.2021: 6 companies, worth 79.31 RONm)
- **cardboard and paper**
 stakes in **4** companies, worth **139.47 RONm**
 (31.12.2021: 4 companies, worth 154.97 RONm)
- **hospitality (hotels and restaurants)**
 stakes in **4** companies, worth **133.52 RONm**
 (31.12.2021: 4 companies, worth 97.65 RONm)
- **other industries and activities**
 stakes in **52** companies, worth **148.55 RONm**
 (31.12.2021: 57 companies, worth 68.34 RONm)

Note: percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of December 31, 2022 (the outer ring), and December 31, 2021 (the inner ring), as per ASF Regulations no. 9/2014, no. 10/2015 and no. 7/2020

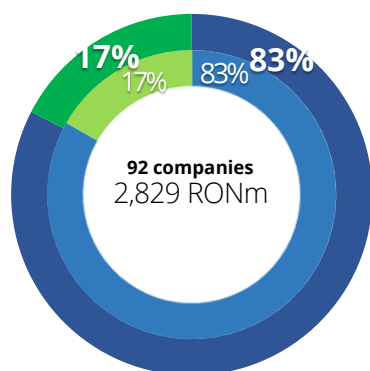
STOCK PORTFOLIO - breakdown by stake held



- **up to 5%**
 stakes in **29** companies, worth **1,173.25 RONm**
 (31.12.2021: 32 companies, worth 1,289.29 RONm)
- **5-33%**
 stakes in **47** companies, worth **314.33 RONm**
 (31.12.2021: 50 companies, worth 154.67 RONm)
- **33-50%**
 stakes in **3** companies, worth **223.05 RONm**
 (31.12.2021: 3 companies, worth 301.99 RONm)
- **over 50%**
 majority stakes in **13** companies, worth **1,118.81 RONm**
 (31.12.2021: 13 companies, worth 1,049.23 RONm)

Note: percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of December 31, 2022 (the outer ring), and December 31, 2021 (the inner ring), as per ASF Regulations no. 9/2014, no. 10/2015, and no. 7/2020

STOCK PORTFOLIO - breakdown on liquidity



■ listed companies

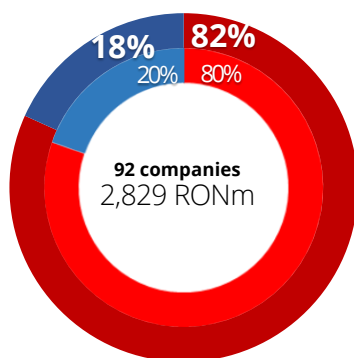
2,336.59 RONm (31.12.2021: 2,328.99 RONm) value of shareholdings in **32** companies (31.12.2021: 34)

■ unlisted companies

492.84 RONm (31.12.2021: 466.21 RONm) value of shareholdings in **60** companies (31.12.2021: 64)

Note: percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of December 31, 2022 (the outer ring), and December 31, 2021 (the inner ring), as per ASF Regulations no. 9/2014, no. 10/2015, and no. 7/2020

STOCK PORTFOLIO - geographical exposure



■ Romania

2,313.11 RONm (31.12.2021: 2,244.03 RONm) value of shareholdings in **90** companies (31.12.2021: 96)

■ foreign markets

516.33 RONm (31.12.2021: 551.16 RONm) value of shareholdings in **2** companies (31.12.2021: 2): Austria (1 company – Erste Bank), Cyprus (1 company – SIF Imobiliare)

Note: percentages in the chart represent the stake of the category in the stock portfolio; values calculated as of December 31, 2022 (the outer ring), and December 31, 2021 (the inner ring), as per ASF Regulations no. 9/2014, no. 10/2015, and no. 7/2020

Stock portfolio management

As at 2022-year end, SIF Banat-Crişana was majority stakeholder (with a stake above 50%) in 13 companies, (2021: 13) with an aggregate value of RON 1,118.81m, standing for 39.54% of NAV.

Throughout 2022, the management of SIF Banat-Crişana continued its efforts to streamline the process of managing the majority holdings, by actively involving and supporting the development plans and medium and long-term strategies of the companies. SIF Banat-Crişana collected dividends amounting to RON 166.19m, significantly higher vs. 2021, the increase being primarily on the back of dividends collected from stakes in banks, given that in the previous year the dividend policy was impacted by their decision to reduce the amounts distributed or to postpone their distribution. Structurally, the majority amount (58%) of the dividends collected was from the dividends distributed by banks, while in 2021 61% of the dividend volume came from the companies where SIF Banat-Crişana was holding the majority stake.

TOP 10 COMPANIES IN SIF BANAT-CRIȘANA PORTFOLIO as of December 31, 2022

Company (market symbol)	Sector	Stake	Value of stake* [RON]	% of NAV
1 Banca Transilvania (TLV)	banking - financial	4.78%	673,363,310	20.79%
2 SIF Imobiliare Plc (SIFI)	real estate	99.99%	368,402,807	11.37%
3 SIF1 IMGB	real estate	99.92%	244,084,459	7.54%
4 Biofarm (BIO)	pharmaceuticals	36.75%	223,051,498	6.89%
5 BRD Groupe Société Générale (BRD)	banking - financial	1.95%	177,001,461	5.47%
6 SIF Muntenia (SIF4)	financial (AIF)	17.93%	168,796,290	5.21%
7 OMV Petrom (SNP)	energy - utilities	0.57%	149,134,107	4.60%
8 Erste Group Bank AG (EBS)	banking - financial	0.23%	147,927,260	4.57%
9 Vrancart (VNC)	cardboard and paper	75.50%	139,017,720	4.29%
10 SAI Muntenia Invest	financial (AIFM)	99.98%	88,902,216	2.74%
TOTAL			2,379,681,127	73.47%

* computed as per ASF Regulations ASF no. 9/2014 (art. 113-122), no. 10/2015 și no. 7/2020, NAV = net asset value

With stakes held mainly in companies listed on regulated markets, the structure and exposure of the portfolio aim to adapt to the dynamic economic realities of recent years, as well as to a balance and diversification between different economic branches, to capture their development and growth potential, in correlation with the investment risks assumed.

There is a constant need for strategic rebalancing of the portfolio, for which the dynamics of the economy, macroeconomic and geopolitical factors, as well as capital markets are continuously analysed, identifying, as far as possible, the risk factors that may affect the portfolio of the Company.

Information on the largest holdings in the stock portfolio

1. BANCA TRANSILVANIA

CONSOLIDATED RESULTS (mRON)	2021	2022*
Net interest income	3,142.1	4,426.6
Net fee and commission income	961.3	1,167.8
Net trading income	528.7	686.0
Operating income	4,941.4	6,279.9
Operating expenses	2,382.0	2,893.7
Gross result	2,302.8	2,801.0
Net profit	2,024.5	2,488.4

*preliminary results

BT Financial Group's assets reached RON 140.5bn at 2022-year end. Loans increased to RON 68bn, and deposits reached RON 119.7bn, of which RON 79.9bn belonging to individual customers, and RON 39.85bn to legal entities.

The consolidated net profit of the BT Financial Group is of RON 2,488.4m, of which the bank's is RON 2,178m. The bank's operating profit rose to RON 2,698.7m.

The number of active customers continued to grow: more than 3.9 million customers, of which 3.5 million are individuals and 400,000 are companies. Non-performing loan rate: 2.44%.

Banca Transilvania, ticker TLV and ISIN ROTLVAACNOR1, is listed on BVB and traded in the Main segment, Premium category. SIF Banat-Crișana holds a stake of 4.78% of the share capital of Banca Transilvania.

2. SIF IMOBILIARE

CONSOLIDATED RESULTS	2020	2021	H1 2022*
Revenues [EURm]	5.8	8.5	2.3
Gross Profit [EURm]	7.9	6.2	2.3
Net Profit [EURm]	6.9	5.8	2.3

* data published by the company on BVB

SIF Imobiliare Plc is the important company in from the real-estate sector in SIF Banat-Crișana's portfolio, holding a stake of 99.99% of its share capital.

The holding SIF Imobiliare Plc was established in 2013 following the decision of SIF Banat-Crișana to create a centralized managing structure, according to the principles of an integrated management, for several companies with activities in the real estate field. This decision was based on the unification of objectives, the minimization of operational costs, the maximization of revenues and at the same time to seize the opportunities arising in the market.

The General Meeting of Shareholders of April 2022 decided to distribute the amount of 2,429,985 euros as dividends from the profit of the year 2021, the dividend per share being of EUR 0.54.

SIF Imobiliare Plc is listed on BVB since December 23, 2013, its securities are traded on AeRo exchange segment under the ticker SIFI (ISIN: CY0104062217). The independent auditor for SIF Imobiliare Plc is Evoserve Auditors Limited from Cyprus.

3. SIF1 IMGB

SIF Banat Crișana purchased, during 4Q 2020, the majority stake in Doosan IMGB S.A., representing 99.92% of the share capital. Following the acquisition, the name of the company was changed to SIF1 IMGB S.A.

Following the General Meeting of Shareholders in January 2020, the termination of the production activity was approved, a cessation that took place gradually between February and May 2020.

In 2021, the General Meeting of Shareholders approved the strategy of capitalization of assets and settlement of the Company's liabilities with a view to transforming the former industrial platform into a modern mixed urban project. Thus, in the first half of 2021, according to the GMS decision of March 2021, measures were initiated / carried out to capitalize on the surplus assets of SIF1 IMGB SA.

The company recorded a net profit of RON 47.5m for 2021 vs. a net loss of RON 22.9m for 2020. For 2022, revenues of RON 118m were budgeted from the sale of ferrous waste and from the sale of equipment, operating expenses of RON 42m and a net profit of RON 77.4m.

4. BIOFARM

	2019	2020	2021	2022p
Turnover [RONm]	202,8	216,4	239,0	276,9
Operating Profit [RONm]	60,8	63,5	68,1	77,7
Net Profit [RONm]	50,8	54,2	60,3	70,9
Dividends [RONm]	30,5	21,6	23,6	n/a

p = preliminary results

Currently, Biofarm is the most important Romanian producer of soft gelatine capsules, standing in the top three producers of solutions and suspensions for oral administration, also being one of the largest producers of tablets and dragées in Romania. The Biofarm portfolio has over 20 representative brands, covering the most important therapeutic areas in the Consumer Healthcare division – digestive & metabolic, respiratory & ENT, cardiovascular & circulatory, nervous system, multivitamins, nine brands in the portfolio having the leading position in terms of volumes on reference markets.

In 2022, through sustained investments, Biofarm launched 18 new products in categories such as Pain Management, Immunity & Well-being, Bloating, consolidating its position on the local pharmaceutical market, occupying 3rd place in the Consumer Healthcare (CHC) segment.

Biofarm has reached total investments of over 44 million euros at the new factory opened in Q4 2021 in Bucharest, the largest greenfield investment in the pharmaceutical field in Romania. The factory has an area of more than 10,000 square meters, four production streams, for tablets/filmed tablets/drugs, soft capsules, solutions, and syrups. Biofarm officials aim to double

the turnover in the next five years, a plan to which the new factory will significantly contribute, considering that the new Biofarm production unit represents an extremely important pillar in achieving the company's strategic objectives: portfolio development through line extensions, product launches new products and expansion into foreign markets.

Biofarm continued to achieve outstanding results in 2022 as well, recording a +15.8% surge in turnover and a +17.6% increase in net profit compared to the previous year.

Biofarm, ticker BIO, ISIN: ROBIOFACNOR9, is listed on BVB since November 19, 1996, currently traded in Main segment, Premium category. As of December 31, 2022, SIF Banat-Crişana holds 362,096,587 BIO shares, a stake of 36.75% of Biofarm's share capital.

5. BRD - GROUPE SOCIÉTÉ GÉNÉRALE

CONSOLIDATED RESULTS (RONm)	2021	2022*
Net interest income	2,084.1	2,370.4
Net fees and commission income	744.2	754.3
Net trading income	245.3	316.2
Net banking income	3,097.1	3,459.2
Operating expenses	1,597.0	1,744.6
Gross result	1,645.7	1,619.5
Net Profit	1,318.9	1,337.1

* preliminary results

The bank reported net banking income up 11.7% vs. 2021 and net profit up 1.3%. The rate of non-performing loans is of 2.5%

For the entire BRD group, loans advanced by about 10.2% compared to the level at the end of 2021, up to RON 36.3bn.

BRD-Groupe Société Générale, ticker BRD and ISIN ROBRDBACNOR2, is listed on BVB, traded in the Main segment, Premium category. SIF Banat-Crişana holds a stake of 1.95% of the share capital of BRD-Groupe Société Générale.

6. SIF MUNTENIA

	2020	2021	2022*
Net Profit [RONm]	-25.86	266.19	-33.2
Dividends [RONm]	-	-	n/a

* preliminary results

SIF Muntenia is a closed-end financial investment fund with a diversified investment policy. The strategic objectives assumed by the fund are the continuation of the portfolio restructuring process and its efficient management, respectively the continuation of the investment process, focusing on investments in Romania.

The shares of SIF Muntenia SA are admitted to trading on the Bucharest Stock Exchange, Premium category. The company has a portfolio of financial instruments consisting of the following main categories of financial instruments: shares, bonds, fund units and bank deposits.

As of December 31, 2022, SIF Banat-Crişana holds a stake representing 17.93% of the share capital of SIF Muntenia.

7. OMV PETROM

CONSOLIDATED STATEMENTS	2020	2021	2022*
Total Revenues [RONm]	19,716.9	26,011.1	61,344.4
Operating result [RONm]	1,467.1	3,708.8	12,038.7
Financial result [RONm]	11.6	-310.7	17.1
Amortization and depreciation [RONm]	2,996.0	3,399.4	5,064.3
Net profit [RONm]	1,291.0	2,864.3	10,300.0

* preliminary results

The value of revenues from consolidated sales, of RON 61,344m lei in 2022, boosted by 136% compared to 2021, supported mainly by higher commodity prices and higher volumes related to sales of petroleum products and electricity, partially offset by lower volumes related to natural gas sales.

Sales from the Refining and Marketing segment represented 51% of total consolidated sales, and sales from the Gas and Energy segment represented 49%. Exploration & Production sales accounted for only 0.1% after the sale of Kazakhstan subsidiaries in Q2/21 (Exploration & Production sales being mostly intra-Group sales, not third parties)

The operating result in 2022 increased to the value of RON 12,039m, vs. 3,709m in 2021, largely determined by higher market prices, as well as the benefits of integrated activities.

Investments totalled RON 3,551m lei in 2022, 26% up vs. 2021 (RON 2,821m), especially directed to Exploration and Production, with investments worth RON 2,559m (2021: RON 2,025m). Investments in Refining and Marketing amounted to RON 835m (2021: RON 766m), while investments in Gas and Energy amounted to RON 97m (2021: RON 12m)

OMV Petrom SA, market symbol SNP, is listed on the BSE, currently traded on the Main segment, Premium category. As of December 31, 2022, SIF Banat-Crișana holds a stake representing 0.57% of the share capital of OMV Petrom.

8. ERSTE GROUP BANK AG

CONSOLIDATED RESULTS (EURm)	2021	2022*
Net Interest Income	4,975.7	5,950.6
Net fee and commission income	2,303.7	2,452.4
Net trading income	231.8	-47.3
Operating income	7,742.0	8,570.6
Operating expenses	4,306.5	4,574.9
Operating result	3,435.5	3,995.8
Net profit	1,923.4	2,164.7

* preliminary results

The most important revenues, interest income, increased significantly both in relation to individuals and companies in the loan portfolio.

The increase in retail was due to higher interest rates in the Czech Republic, Hungary, Romania, Austria, and Slovakia, as well as increased loan volumes, predominantly in the Czech Republic, Slovakia and Austria, driven by real estate loans. In the companies segment, lending increased in all markets.

Compared to 2021, the Erste Group reported operating income up 10.7% and a 12.5% higher net profit, and the management proposes to shareholders a dividend of EUR 1.9 / share.

The securities issued by Erste Group Bank AG, ticker EBS, ISIN: AT0000652011, are listed on Vienna, Prague, and Bucharest Stock Exchange. As of December 31, 2022, SIF Banat-Crișana holds a stake representing 0.23% of the share capital of Erste Group Bank AG.

9. VRANCART

CONSOLIDATED STATEMENTS	2020	2021	2022*
Turnover [RONm]	349.7	453.9	614.1
Operating Profit [RONm]	24.7	12.4	34.0
Financial result [RONm]	-6.1	-4.6	-11.5
Amortization and Depreciation [RONm]	34.8	35.1	39.4
Net Profit [RONm]	16,6	6.34	20.2

* preliminary results

The company's performance in 2022 was affected by the increase in raw material prices and utility rates, reflecting global market trends also observed in the local market, as well as the increase in expenses for salaries and third-party services.

Vrancart had two projects under way in 2022 that are part of the principles of the green economy, the cumulative investments for them reaching EUR 36m. Through the companies owned, the Vrancart Group has several undergoing projects, the most significant being the construction of a non-hazardous waste recycling platform and the construction of a photovoltaic park of 20 MWh installed power, in Adjud, Vrancea county. The recycling platform would focus on materials such as paper, wood, plastic, and their transformation into finished products (forms, granules, pallets). The project is expected to be completed by 2023 and involves total investments of approximately EUR 20m. Through the photovoltaic park, an investment estimated at EUR 16m, the reintroduction into the economic circuit of a former waste hall, closed since 2008, is being considered, and more than 90% of the energy obtained will be consumed internally, on the Vrancart platform.

Another investment project involves the commissioning by the end of 2024 of the group's second toilet paper machine. The project worth EUR 10m implies the reinstallation of a paper machine purchased by Vrancart in 2021 on the Adjud platform and the construction of the facilities necessary for its operation.

The measures taken by the company since 2021 regarding the enhancement of the activity and the pricing strategy have proven effective, with Vrancart maintaining a good economic-financial stability, despite the worsening of market conditions in the second half of 2022, as a result of the ever-increasing inflation, the effects of external crises and an increased risk of insolvency among small and medium-sized companies.

The Vrancart Group has prepared a series of preventive measures - credit insurance, resettlement of the credit system granted to customers, the efficiency and flexibility of certain activities -, but also measures regarding the identification and capitalization of opportunities in the market, such as the expansion of the collection and capitalization of recyclable waste (including through trading), creating new products on the paper and cardboard market, accessing new business lines, Vrancart being a dealer of equipment in the field of collection for important companies in Germany. The network of cardboard packaging production centres is also expanding in other areas of strategic interest for Vrancart.

Compared to the corresponding period of last year, the turnover increased by +35%, to RON 614.1m, and the net profit increased 3.2 times, reaching RON 20.2m.

Vrancart SA, ticker VNC, ISIN: ROVRJUACNOR7, is listed on BVB, currently traded in the Main segment, Standard category. As of December 31, 2022, SIF Banat-Crişana holds a stake representing 75.5047% of the share capital of Vrancart S.A.

10. SAI MUNTENIA INVEST

	2019	2020	2021	H1 2022
Total Income [RONm]	26.14	20.69	53.11	15,10
Total Expenses [RONm]	13.89	13.00	10.72	5,04
Net Profit [RONm]	12.25	6.80	35.86	8,76

Societatea de Administrare a Investițiilor (Investment Management Company) Muntenia Invest SA ("SAI Muntenia Invest SA") was established in 1997, as a joint stock company, and entered in SIF Banat-Crişana's portfolio in 2013. SAI Muntenia Invest has no subsidiaries, branches, or places of business.

The company's main activity (as per the Code of Classification of Activities in the National Economy – other financial intermediation n.c.a.) is the management of collective investment undertakings in transferable securities (UCITS, Ro: OPCVM) established in Romania or in another Member State, and the activity of management of alternative investment funds (AIF), in compliance with the

provisions of the relevant legislation. The activity of SAI Muntenia Invest is regulated and supervised by ASF.

The current activity of SAI Muntenia Invest SA carried out during 2022 was the management of SIF Muntenia S.A., FDI Plus Invest and FIA Muntenia Trust.

Administration, management of the financial assets portfolio and making financial investments for SIF Muntenia S.A. were made in compliance with the legal provisions in force, the provisions of the management contract concluded between the Company and SIF Muntenia S.A., the articles of association of SIF Muntenia S.A., as well as the provisions of the Management Program approved by the General Meeting of Shareholders of SIF Muntenia S.A. held on April 28, 2022.

FDI Plus Invest operates under the authorization issued by ASF no. A/86/09.04.2014 and it is registered in the ASF Registry under no. CSC06FDIR/120092.

FDI Plus Invest has as its objective investing the financial resources in such a way as to provide investors with the protection of invested capital from the eroding effect induced by long-term inflation and obtaining higher returns than they would obtain should they individually invested the amounts in bank deposits.

The management of the Fund was carried out in 2021 in terms of continuity, in compliance with the Fund's documents and the legal regulations in force.

During 2022, SAI Muntenia Invest did not invest on its behalf or through entities managed in derivative financial instruments (traded on regulated markets, on organized trading facilities (OTF) or outside markets (over the counter OTC) and not has not used leverage, collateral, or asset reuse techniques, nor has it carried out securities financing transaction (SFT) operations, nor has it used full return swap instruments, as defined by the EU Regulation 2015 / 2365.

Workout portfolio

In the internal structure of holdings management, the workout portfolio consists of companies undergoing various stages during the procedure of judicial liquidation, insolvency, or those inactive, and those likely to enter the insolvency proceedings.

As of December 31, 2022, the number of companies in the workout portfolio was of 43 (2021: 47).

Most of these companies originate from the earlier portfolio taken from FPP1 when SIF Banat-Crișana was established, and they are not the result of portfolio investment decisions.

During the year 2022, no new companies were included in the workout portfolio. At the same time, two companies whose value was provisioned in previous years were stricken off the portfolio, and two companies were sold, one the capital market and the other by a sale-purchase agreement.

At the end of 2022, 38 companies in the portfolio were still in bankruptcy / insolvency / dissolution proceedings. All these companies are reflected in the calculated value of the portfolio at zero.

The Company monitors the progress of these companies in the workout portfolio, without allocating significant resources. The main activities concerning these companies are: (i) monitoring and recording important events occurring in their situation; (ii) exercising shareholder's duties, monitoring the legality and expediency of the decisions of their governing bodies; (iii) choosing the appropriate legal means to protect the interests of the Company as a result of possible unlawful OGM decisions; (iv) preparing and submitting declarations of debt / other legal papers that need to be prepared; (v) periodically checking of the files for insolvency in Insolvency Bulletin and Courts' Portal and Trade Register website; (vi) the removal of records when companies are de-registered.

Purchases and sales of financial assets in 2022

During 2022 the following acquisitions of financial assets were carried out:

- on the domestic markets in a total amount of RON 357.95m, of which RON 2.4m investments in share capital increases with cash contribution (RON 357.3m representing purchases of securities recorded at fair value through other comprehensive income, and RON 0.66m representing acquisitions of securities recorded at fair value through profit and loss;
- shares acquired free of charge as a result of the share capital increase by the incorporation of profit by Banca Transilvania (36.55m shares) and Impact S.A (6.2m shares);
- the granting of a loan in the amount of RON 115.8m to SIF SPV Two S.A., recognized under financial assets at fair value through profit or loss, as per IFRS 9.

Disposals financial assets during 2022 include:

- sales of listed shares reflected at fair value through other comprehensive income in the total amount of RON 3.2m and shares in associated entities reflected as assets at fair value through profit and loss amounting to RON 27.2m,
- the value of derecognized securities off the portfolio as a result of writing off the companies in the total amount of RON 6.8m (net book value adjusted to zero in the previous years);
- redemption at maturity of the bonds issued by Impact S.A. (EUR 1,050,000 – December 2022).

The restructuring of the portfolio continued in 2022, aiming to increase its quality, consistently pursuing the objective of reducing minority exposures that do not fit into the Company's investment strategy. The exit from closed/illiquid, non-performing companies or with exhausted growth potential was considered, based on the internal analyses carried out. The exit from these companies creates sources for reinvestment in assets with higher returns, while maintaining the assumed risk profile related to the portfolio and ensuring the long-term sustainable profitability of the activity. Efforts to restructure the portfolio will continue in 2023.

Engagement policy and principles on exercising the voting rights for the portfolio under the management in 2022

SIF Banat-Crișana has an active engagement policy, aiming to support and create value in the medium and long term in the issuers of securities in the portfolio.

Constantly pursuing the maximization of risk performance in companies and protecting the interests of shareholders, SIF Banat-Crișana acted, also in 2022, on several levels in relation to this policy:

a) Monitoring issuers and corporate events occurring throughout the year

Financial and non-financial reports, general meetings of shareholders and the impact of decisions taken, as well as other significant aspects likely to influence the company's heritage, performance, value, or development, were monitored for each individual company. The accumulated information and reports prepared by the personnel of the Investments Office served both as the basis for decision-making in the general meetings of shareholders and as the basis for the internal analysis carried out.

b) Dialogue with the issuers

To have a complete picture of the financial and non-financial position, a constant dialogue was maintained with the issuers, especially where SIF Banat-Crișana holds significant stakes. Visits were made to the headquarters of some of the companies, the organized teleconferences were participated in, and information was requested, including by written correspondence.

c) Exercising the voting rights

As the main instrument of engagement in the activity of the companies in the portfolio, the vote in the general meetings of the shareholders was used by SIF Banat-Crișana in accordance with the

Engagement Policy as well as with the objectives and the Investment Policy approved by the Board of Directors.

In order to maximize the value of the investments, as well as to protect the Company's interests, based on the available information, each resolution submitted to the vote in the general meetings of the issuers in the portfolio was analysed and decisions were taken accordingly.

All voting methods were used, depending on the specific situation: electronic / correspondence vote, direct participation of legal representatives or representation by proxy in general meetings.

SIF Banat-Crişana participated in all the general meetings of the issuers in which the voting power of the company is of strategic importance, being actively involved in the approvals of the financial statements, income and expenditure budgets, investment programs, as well as all other proposed resolutions and discussed in the respective general meetings. There were no conflicting situations or voting against these resolutions.

Risk Management

Risk management requires verifying the available input data for their assessment as well as falling within the risk limits established by the procedures and the global risk profile.

The result of the monitoring is materialized in the periodic reports issued by the Risk Management Office and subject to the information of the senior management (CA and directors).

In 2022, the Risk Management Office issued quarterly reports for monitoring the investment risk and liquidity of the financial asset portfolio, monitoring prudential holding limits, operational risk events and other types of risks defined by the global risk profile.

The person in charge of risk management analyses the investment proposals prepared by the Investment Managers to ensure that the risks associated with each investment position and their overall effect on the portfolio correspond to the investment objectives and the risk profile approved by the Board of Directors.

Main risks for the Company

The significant financial risks to which SIF Banat-Crişana is exposed are **market risk**, comprising the sub-categories: price / position risk, interest rate risk, foreign exchange risk and concentration risk, **liquidity risk**, **credit and counterparty risk**, **operational risk** including the sub-categories: risk related to technical resources / IT systems, professional risk, model / process risk, risk associated with outsourced activities, **other risks** including sub-categories: reputational risk, strategic risk, regulatory risk, tax-related risk, business-related risk.

The Company's exposure to each of the aforementioned risks is detailed in *Note 4 to the Financial Statements*.

In the analysis of risks and their materialization potential, all significant holdings of the Company were structured according to the relevant portfolios of financial instruments into 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 – category not present in the portfolio in 2022.

For the risks associated with each class of instruments mentioned, the rules of identification, assessment and monitoring described in the approved specific risk procedures shall apply.

a) Market risk

The Company is exposed to the risk that the fair value of the financial instruments held will fluctuate following the changes in market prices caused either by factors specific to the activity of issuers or by factors affecting all instruments traded on the market.

PROXI-85 risk portfolio, a reference for price risk in the traded stock portfolio, is analysed compared to the total risk of the BET-BK index as a forecast of future volatilities.

The Romanian capital market reached new highs on three levels of liquidity after a year 2022 marked by volatility and uncertainties, recording new highs at the level of total trading value, average daily liquidity, and number of transactions. All these results were achieved in a difficult regional and international context marked mainly by the war in Ukraine, the rise of monetary policy interest rates, double-digit inflation rates and the persistence of the inflationary phenomenon, the upsurge in energy prices, as well as the disruption of supply chains.

In this context, the market value of PROXI-85 returned to the level from the beginning of the year (approx. RON 2,000m) after the decreases recorded in March and September. Portfolio risk diminished towards the end of the year, with VaR as a percentage of the PROXI-85 portfolio exposure remaining above the 10% level. As of 31.12.2022 VaR for the PROXI-85 portfolio was of 11.14% of the market value of RON 1,989m. *Tracking-error*, indicating active management and representing the risk for the part of the PROXI-85 portfolio different from the BET-BK reference index, was of 6.16% and the *Expected shortfall (Conditional VaR)*, indicating the potential loss of the portfolio in extreme cases of exceeding the 99% confidence level, was of 13.08%, down vs. half-year data.

With respect to interest-bearing financial instruments, the Company's policy is to invest in short-term financial instruments in general, thus partially reducing both the risk of fluctuation and the risk of maturity differences (the Company has no liabilities with maturities over 1 year).

The portfolio of assets and debt instruments includes the bonds issued by Vrancart SA denominated in RON and the loan granted to SIF SPV TWO in EURO (financial asset), the weight of these exposures in the total asset being of 4.66%. Both the bonds and the loan granted fall within the remaining maturity range of up to 5 years. The company is subject to exposure to changes in fair value or future cash flows due to fluctuations in prevailing market interest rates (ROBOR 3M and EURIBOR 3M).

The company did not use derivative financial instruments for hedging against interest rate fluctuations.

Financial instruments denominated in euro (shares, loan granted to a subsidiary), as well as monetary instruments (bank deposits and current accounts) are subject to currency risk. The value of the exposure of the Company's portfolio to currency risk represents a weight of 20.06% of total assets as of December 2022, the currency risk exposure limit, established by the global risk profile for a medium-high currency risk appetite, being complied with.

The company did not make any derivative transactions on the exchange rate during the financial year presented.

The first three sectors with important weights in the structure of total assets are the banking sector, investment management and the real estate sector and accumulate 67.61% of total assets, down from 72.34% of total assets as of December 2021. Exposure to the banking sector remains important, issuers from the banking sector and financial instruments issued (capital instruments, deposits, and current accounts) have a weight of 31.05% in TA as of 31.12.2022. The banks are the most exposed to systemic and contagion risk in crisis situations, a positive aspect of these holdings is the liquid nature of the investment.

Diversifying the investment allocation by increasing exposure to other sectors (with lower weights or sectors without exposure) would reduce the concentration risk of the portfolio.

b) Liquidity risk

The company carefully maintains a level of liquidity appropriate to its underlying obligations, based on an assessment of the relative liquidity of the assets on the market, carefully considering the period required for liquidation and the price or value at which those assets can be liquidated, as well as their sensitivity to market risks or other market factors.

The liquidity profile of the stock portfolio is largely influenced by the liquidity of the market on which they are listed, only 12 companies in the portfolio, listed on the BSE (BVB), meet the liquidity criteria for daily transactions.

The liquidity risk related to the company's payment obligations is very low, as current debts can be immediately covered by the current account balance and short-term deposits. The valuation of net LCR indicator as of December 31, 2022, is 7.24, indicating a much higher asset value than the current debt value.

To limit / avoid liquidity risk, the Company systematically monitors the liquidity profile of assets, the Company systematically monitors the liquidity profile of assets, considering the marginal contribution of each asset that may have a significant impact on liquidity, as well as significant liabilities and commitments, contingent or otherwise, that the Company may have in relation to its underlying obligations and will continuously adopt a prudent cash outflow policy.

c) Credit risk

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

The credit risk is also reduced by investing the Company's available cash in several banks. In 2022, bank deposits were established at the first banking institutions in the system, with a rating similar or close to the country rating (BBB+ and BB+, confirmed by the Fitch rating agency in October 2022).

Credit risk management is carried out by closely and constantly monitoring credit risk exposures so that the Company does not suffer losses because of the credit concentration in a certain sector or field of activity.

The assessment of the counterparty's credit risk indicators according to the exposure to unlisted or unrated issuers, representing 4.66% of total assets, and according to the exposure to business sectors, representing 3.53% of total assets, reveals an expected loss below 1% of the exposure value.

The company did not trade derivative financial instruments (listed or OTC), so it is not subject to counterparty risk.

d) Operational risk

The Company's objective of managing operational risk in such a way as to limit financial losses, to not damage its reputation, to achieve its investment objective and to generate benefits for investors, was met throughout the year.

The risk limits for the operational risk subcategories (legal, professional, process / model and associated with outsourced activities) are established following the risk indicator assessment (KRI), the appetite for operational risk being medium.

For the year 2022, based on the value of the assets under management on the last working day of the previous year, SIF Banat-Crișana was included by ASF in the category of medium risk for the risks generated by the IT systems. In March 2022, the internal assessment of the operational risks

generated by the information systems according to the ASF Norm no. 4/2018 for the year 2021 was performed.

During 2022 there were no incidents of an operational risk arising from IT systems. In the fourth quarter began the operation to install the new servers in the two locations according to the Plan of measures established as a result of the periodic control carried out by ASF between February and May 2022.

In March, an operational risk event of the processes nature was registered, evaluation error, for which the Report Form was drawn up and it was registered in the Register of operational risks. As a result of the evaluation of the risk event, the KRI indicator has a value of 1, with a low probability of the event occurring and a low impact value (below RON 10,000). The corrective measures taken were immediate and consisted of expediting the automation of the net asset value calculation process and checking the process to fully comply with calculation procedures for NAV.

Operational expenses related to operational risks represent a weight of 0.0005% of NAV while operational risk tolerance has been set at 1% of NAV within the global risk profile for a medium level risk appetite.

Risk of money laundering and terrorist financing (ML/TF)

The Company makes sure that it takes appropriate measures to identify and assess the risks related to money laundering and terrorist financing, considering the risk factors, including those relating to customers, countries or geographical areas, products, services, transactions, or distribution channels, in proportion to the nature and size of its activity. The assessment of ML / TF risks associated with the clientele of SIF Banat-Crișana is performed both at the initiation of a business relationship and after the transaction, if during it one of the risk factors changes.

Following the ML / FT risk assessment for 2022, it turned out that all business partners have an inherently low risk (score between 0-5 points). Simplified customer awareness and normal business monitoring measures have been applied. The total residual risk remaining after the internal controls have been applied to the inherent risk leads to the conclusion that the exposure of SIF Banat-Crișana to the risk of ML / TF is low and falls within the appetite and limits approved by the Board of Directors.

e) Other risks the Company is exposed to

The internal assessment of other types of risks not included in the main categories (market, credit, liquidity, operational) consists in their qualitative assessment depending on the impact it could cause on the income, expenses, and value of Company's assets.

From a risk management perspective, *reputational risk* can be divided into two important classes: (i) the belief that the Company can and will deliver on its promises to shareholders and investors; (ii) the belief that the Company conducts its business properly and adheres to ethical practices.

Regarding the efficient management of events that may give rise to reputational risk, the Risk Management Office monitored the image of the Company in the media in order to identify any events/rumours that could generate reputational risk and link them with the course of SIF1 stock on BVB (BSE).

Reputational risk assessment falls within the low risk level for 2022. At the moment there is a direct relationship between the price movements and the low liquidity of SIF1 shares at the BVB, the concentration of corporate investors and the immobilization of retail investors (approx. 40% of the total issued shares) who prefer to collect dividends even if they are small amounts.

The Company's policy on *strategic risk* addresses the establishing of rational long-term strategic objectives, the management structure constantly adopting a prudential policy to mitigate / avoid strategic risk and will continuously monitor the progress of the market in relation to budgeted operations.

According to the internal evaluation methodology, the strategic risk is low for the Company.

Regulatory (compliance) risk is uncontrollable and unquantifiable in that neither the triggering event nor the level of impact can be anticipated. The regulatory risk assessment is part of the medium risk appetite. On July 1, 2021, SIF Banat-Crişana was authorized as AIFRI and the legal regulations in this regard became applicable. From a qualitative point of view, the management of regulatory risk was achieved by permanently adapting policies, rules, and procedures to changes occurred and by reducing or increasing the level of activities where appropriate.

Compliance risks are considered as parts of the risk management framework. The compliance function monitors all aspects of compliance with legal and regulatory provisions and provides reports to directors on a regular basis, if necessary, in cooperation with the risk management function.

Following the periodic control carried out by the ASF between February and May 2022, the authority issued the ASF Decision no. 863/11.07.2022 and imposed the Plan of measures whose remedial term was of 90 calendar days. Measures have been taken and steps have been created to remedy and implement the requirements. The actual implementation in the current activity of the reported measures (consisting of internal controls and mechanisms), as well as the evaluation and monitoring of the implementation, effectiveness and proportionality of these measures are part of a continuous internal process.

The taxation risk remains medium but could increase in the next period through the practical implementation of the procedures of the new tax regulations applicable from January 1, 2023, the rules for applying the changes to the Fiscal Code were not clear or did not include all the issues of concern. The interpretation of the texts could vary from entity to entity and there is a risk that in certain situations the tax authorities will adopt a position different from that of the Company and/or the companies in the portfolio. Also, the increase in the tax rate of dividends distributed/paid between Romanian legal entities, as well as for those distributed/paid to non-residents from 5% to 8% could have an unfavourable impact on cash-flow forecasts for the following year.

The business environment risk is high given the short-and medium-term evolution of the domestic economy.

The war in Ukraine and the associated sanctions continue to generate significant uncertainties and induce risks to the outlook for economic activity, implicitly the medium-term evolution of inflation, mainly through the effects exerted on the confidence of the population and investors, as well as on their revenues, but also through affecting the economies of the main trading partners and the perception of risk on the economies of the region, with an impact on financing costs.

Significant uncertainties and risks are also associated with the conduct of fiscal policy, as follows:

- the budget deficit target set for 2023 to continue the budget consolidation in the context of the excessive deficit procedure and the significant increase in the cost of financing,
- the sets of support measures expected to be applied or extended this year, in an economic and social situation that remains difficult domestically and globally, with potential adverse implications on budgetary parameters.

SIF Banat-Crişana takes the necessary measures for the sustainability and development of the Company in the existing conditions on the financial market, by monitoring the cash flows and the adequacy of the investment policies.

The avoidance of risks, the mitigation of their effects, are ensured by the Company through an investment policy that respects the prudential rules imposed by the applicable legal provisions and regulations in force.

No exceedances of the risk limits at the level of the global risk profile were reported during 2022.

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

Internal mechanisms to ensure monitoring of exposure limits

The internal regulatory framework is represented by the following documents: (i) SIF Banat-Crișana Simplified Prospectus, Registration document Part two; (ii) The internal regulations of SIF Banat-Crișana; (iii) Significant risk management policy; (iv) The methodology of verification and periodic reporting of compliance with the investment limits according to the provisions of art. 35 par. (2) of AIF Law 243/2019, approved by the Board of Directors; (v) The procedure for prior verification at the time of investment; (vi) Work procedure for conducting depository and custody operations.

Periodic monitoring and reporting

The verification and reporting of compliance with the investment limits is performed monthly, together with the calculation and reporting of the statement of SIF Banat-Crișana assets and liabilities, to the senior management and the operational offices. At the request of the depository bank BCR, this is also sent to them for double verification.

Prior verification at the time of investment

The person responsible for risk management analyses the investment proposals prepared by the Investment Managers to ensure that the risks associated with each investment position and their overall effect on the portfolio correspond to the investment objectives and risk profile approved by the Board.

The risk opinion, in which the investment proposals are analysed and are verified both the compliance with the holding limits specified by art. 35 par. (2) of Law 243/2019 as well as the investment risk limits defined by the global risk profile, together with the Investment Report constitute the documents based on which the investments are approved according to the Decision and Signature Competencies within the Company.

Exposures higher than 10% on instruments issued by the same issuer are on Banca Transilvania SA (largest weight TA of 18.11%) and SIF Imobiliare PLC (weight of 10.44% in TA). These holdings together represent an exposure of 30.76% of the TA without exceeding the upper limit of 80%.

On 31.12.2022 SIF Banat-Crișana holds 9,878,329 shares issued by Depozitarul Central, a stake of 3.9057% of the share capital of the issuer, 142,500 shares issued by the Central Counterparty CCP.RO, a stake of 1.7857% in the share capital of the issuer.

As of 31.12.2022, SIF Banat-Crișana holds 410,637 shares issued by the market operator Bucharest Stock Exchange, a stake of 5.1016% in the share capital of the issuer.

Throughout 2022, the assets portfolio of SIF Banat-Crișana complied with the legal provisions in force regarding the permitted investments and the holding limits specified by Law 243/2019, Law 24/2017 and ASF Regulation no. 3/2016.

Leverage

Through the Simplified Prospectus and the Rules of SIF Banat-Crișana, as a FIAIR, the Company has stipulated that it does not use substantially (continuously and consistently) the leverage effect, defined as any method by which the AIFM increases the exposure of an AIF it manages either by loan of cash or securities, or by positions of derivative financial instruments or by any other means, in the process of portfolio management, respectively the methods used to increase the portfolio exposure will comply with the average risk profile decided.

Through the Risk Management Policy and the Authorization Documents as AIFRI, the Company ensures that its overall exposure to derivative financial instruments in the portfolio under management does not exceed the total value of its assets, SIF Banat-Crișana will not use financing operations through financial instruments and will not invest in Total Return Swap instruments as defined by Regulation (EU) no. 2365/2015. SIF Banat-Crișana cannot 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 hedging (risks).

Leverage is expressed as the ratio between the overall exposure of the financial instruments portfolio and the net asset value. 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 financial derivatives" and the approved internal procedures.

Throughout 2022, the Company did not use the leverage effect for the portfolio under management, not having any instruments that could generate such an effect. On December 31, 2022, the leverage indicator by the gross method had the value of 99.79%, and by the commitment method 100%.

Crisis simulations

The Risk Management Office carried out a crisis simulation in January 2023, the methodology of which was approved by the Board of Directors on December 20, 2022, with the reference date being November 30, 2022. The methodology was based on the European Systemic Risk Board's forecasts on the risks and vulnerabilities of the non-banking financial sector.

The baseline scenario of the stress test considered the maintaining throughout 2023 of economic sanctions imposed on Russia. It is also assumed that large-scale rationalization of energy consumption in European countries, likely to disrupt significant economic activity, will not occur. The upside potential of the capital market is limited, and the downside is more pronounced under current conditions, making it increasingly difficult to end the year on an optimistic note. An optimistic scenario could take place in the context of a rally on the international markets, which could drag along the local stock market as well.

Comparing the results of the stress tests carried out starting with 2018 and maintaining the same methodology but applying different shocks to the risk factors depending on the analysed scenarios, it can be found that due to the increase in the value of the investment risk exposures, the value of the risks also increases. The impact of risks is higher in 2022 due to higher shocks applied compared to the previous period, but it is kept below 50% of the total value of assets.

The total impact of the tested scenarios on the assets under SIF Banat-Crișana management

The simulation of the simultaneous application of the shocks tested on the various categories of financial instruments under SIF Banat-Crișana management as of on 30.11.2022 indicates that they could lead to a decline of RON 1,532.03m in absolute value representing -45.74% of total assets (vs. RON 1,477.22m representing -42.48% in the previous stress test) and of NAV/S down to the value of RON 3.2564/share (vs. RON 3.5851/share in the previous stress test).

The most important risk identified at the level of assets under management is the market risk to which investments in shares and securities in closed-end AIFs exposed to the risk of falling prices are subject to 90.97% of the total risk (vs. 85.90 % of the total risk in the previous stress test).

The credit risk of the counterparty, the second risk in terms of weight in total risk (5.56% vs. 12.08% of the total risk in the previous stress test), is mostly derived from the exposure to subsidiary counterparties of the group (VNC24 bonds and the loan granted to SIF SPV TWO).

The total impact of the tested scenarios on the SIF Banat-Crişana profit and loss account

The applied shocks could have a negative impact on the Profit and Loss Account in absolute value of RON 967.53m representing -52.46% of the book value of the assets measured FVTPL on the reference date (vs. RON 748.52m representing -35.37% in the previous stress test),

Crisis simulation of liquidity risk

The analysed LST scenario for assets was the decrease of the share prices at the level calculated in the assumptions of the stress scenario at market risk at the same time with a decrease of trading volumes by 5%, 10% and 20% respectively. Financial instruments that provide immediate and reserve liquidity can cover an atypical liquidity requirement of at least RON 185.73m for the next 30 days.

In the LST for liabilities, 4 scenarios were tested: (i) increasing the liquidity requirement on the debt side by fully distributing the profit obtained until Q3; (ii) a 25% increase in current debt over their annual average over the last 12 months; (iii) the highest amount paid as dividends or for buyback programs (including the running costs of the program) in the last 5 years (2017-2022); (iv) the hypothetical case of buyback program representing maximum 10% of the subscribed share capital requested by the shareholders in an OGM/EGM.

The limits set for the liquidity requirement (LCR) indicator, after applying the shocks analysed in the combined LST scenarios for assets and liabilities, can be exceeded in the pessimistic scenario of simultaneous payment of the simulated debt by LST for liabilities and the sale of financial instruments high-quality liquid assets for which deferred income tax is also paid, simulated by LST for assets, to obtain short-term liquidity.

Maintaining the prudent management of liquidity by ensuring a liquidity buffer that allows the current activity in good conditions, as well as defining their management tools are concrete objectives of the liquidity risk management policy at SIF Banat-Crişana.

The results obtained following the annual stress test were presented to the Board of Directors and approved on January 31, 2023, and together with the methodology used, detailing the tested scenarios, were filed with ASF on February 1, 2023.

Sustainability Risk – implementing SFDR

In 2022, SIF Banat-Crişana as AIFM reviewed the Policy on the integration of sustainability risks in the investment decision-making process, this being supplemented with the definition of the Company's objective and strategy on the sustainability risk and the separation by processes and responsibilities of the integration of the sustainability risk at the level of the investment decision versus the integration in the risk management system (document available on Company's site, www.sif1.ro in the *Corporate Governance* section).

The Policy on the management of significant risks, revised together with the Policy on the integration of sustainability risks in the investment decision-making process, has been supplemented with the definition of the processes of identification, assessment, and management of sustainability risks. Thus, it was met the requirement of Delegated Regulation (EU) no. 1255/2021 amending Delegated Regulation (EU) no. 231/2013 regarding sustainability risks and sustainability factors that the AIFM must consider.

The global risk profile was completed with two items corresponding to sustainability risk: (i) risk related to the investment process, (ii) risk at the organizational level.

A preliminary assessment of the share portfolio according to the weight of exposure in the total asset, according to the ESG scores available, the non-financial reports of the issuers, questionnaires sent to the companies where we hold majority stakes reveals a medium-low risk.

The qualitative assessment of the sustainability risk at the organizational level is based on the analysis of the impact of the asset management activity on the environment, and of the measures taken by the Company to manage social aspects, diversity, and sustainable governance. Thus, the risk is assessed as low.

As presented in the Simplified Prospectus and the Rules of the Fund, documents that formed the basis of SIF Banat-Crișana's authorization as FIAIR, the Company analyses the sustainability risk of issuers with respect to the criteria applied to determine whether an economic activity qualifies and contributes substantially to one or more of the sustainability objectives to provide long-term value to the investments made.

SIF Banat-Crișana does not currently take into account the potential negative effects of investment decisions on sustainability factors, as described in this process under EU Regulation 2088/2019, the reasons being the following: (i) the requirements to be met by financial market participants, formulated by the SFDR and supplemented by the Taxonomy Regulation, cover only environmental aspects and not social and labour aspects or governance aspects; (ii) the data and information regarding issuers or financial products classified as sustainable are limited and non-unitary; (iii) 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 (environmental, social and governance) factors and their long-term impact, SIF Banat-Crișana will consider, depending on the clarification of the above-mentioned aspects, to analyse and decide on the consideration of the negative effects of investment decisions on sustainability factors, informing investors of any new concrete steps taken in this regard.

SIF Banat-Crișana's remuneration policy, updated in 2021 and approved by shareholders, promotes effective and sound risk management, without the remuneration structure encouraging excessive risk-taking in relation to sustainability risks, being correlated with risk-adjusted performance.

Human resources

SIF Banat-Crișana's personnel, as of December 31, 2022, consisted of 32 persons with an employment contract (41% women, 59% men), of which 23 at headquarters in Arad and 9 at Bucharest branch.

To achieve the business objectives, SIF Banat-Crișana's personnel consists of specialists with various qualifications in the field of investments, as well as employees providing support activities. The distribution of employees in offices is appropriate and balanced in terms of gender, age, and level of education. The company's employees have the necessary knowledge, skills, and experience to carry out their activities effectively and in accordance with all the requirements of the specific applicable regulations.

In its approach to human resources, SIF Banat-Crișana attaches great importance to diversity and equal opportunities, encouraging a work environment free of discrimination and prejudice. The human resources policy of SIF Banat-Crișana is concerned with providing opportunities for professional and personal growth of employees, in an environment full of challenges and which capitalizes on the principles of diversity, non-discrimination and equal opportunities. The company also pays special attention to the safety and security of employees.

SIF Banat-Crișana recognizes the role of employees' health in their performance, considering that a balance between professional and private life can contribute to additional motivation and better performance, therefore it attaches importance to a healthy lifestyle and provides access to preventive medical assistance employees, as an additional service to the public health system.

Particular importance is being given to the safety of employees at work, as the company has appointed responsible employees in this area. They are regularly trained and instructed to improve their skills in hazard identification and risk assessment related to the work system, including equipment, work environment and workload. SIF Banat-Crişana is proud of a history without work accidents.

For the employees to obtain superior professional performance, SIF Banat-Crişana is concerned with the training and professional development of personnel, adapted to the specifics of each of their activities, in close correlation with the legislative changes in the field of investment funds. In this sense, professional development programs adapted to internal needs and legislative developments in the field of investment funds are implemented. These programs include trainings to expand staff skills in key areas, in accordance with the regulations imposed by the Financial Supervisory Authority regarding the continuous professional training of employees. In 2022, employees, members of the board of directors and executive directors carried out a cumulative number of 865 hours of training, respectively 81% of the total number participated in at least one form of professional training, such as seminars, conferences or forms continuous training.

The labour relations of the company are regulated by the individual labour contracts and Collective Labour Contract. The collective labour contract at company level was renegotiated in 2022. The contract is valid for two years and was registered at the Arad Territorial Labour Inspectorate with no. 2019/17.08.2022.

The company's employees are represented in the negotiation of the collective labour contract by representatives elected according to the law, as they are not being organized in a trade union group. During 2022, elections were held to appoint employee representatives for a two-year term. No conflicting elements were recorded in the relations between management and employees.

Evaluating the individual performance of employees. Each year, the evaluation of individual employee performances plays a crucial role in substantiating and ensuring fair reward and professional development, aiming to identify and improve performances and thus optimize activities.

Diversity policy. SIF Banat-Crişana's healthy diversity and equality policy plays a crucial role in its development and performance. By promoting a culture of respect, collaboration, and performance, it is ensured that all employees have the same opportunities to develop and perform, regardless of gender, ethnicity, age, etc. Priority is given to the skills, competencies, and experience of each candidate (for employment or promotion), without regard to criteria related to race, skin colour, gender, origin, or sexual orientation. In this way, the company capitalizes on its human capital, encouraging its employees to develop their individual skills and qualities, turning them into added value for the organization.

Diversity and variety are essential attributes of a modern and competitive company. Implementing an ethical diversity policy can ensure that all employees are valued and valued fairly, thus creating a healthy and inclusive work environment with a high level of productivity and performance.

Tangible assets of the Company

SIF Banat-Crişana owns the premises for the conduct of operational and administrative activities of the company located in Arad (headquarters). The company also owns real-estate properties in the cities of Bucharest and Cluj-Napoca (following the closing-down of company's branch-office in Cluj-Napoca in 2015). Moreover, following the withdrawal of the contribution in kind to the share capital of the company Azuga Tourism, SIF Banat-Crişana owns a land located in the town of Buşteni. The above-mentioned buildings (except for the headquarters located in Arad, included in the tangible assets) are accounted pursuant to IFRS as investment property at fair value, totalling RON 12,963,376 as of December 31, 2022.

As of December 31, 2022, the net book value (accounting value) of tangible assets in the construction category is of RON 2,659,447. The company carried out the revaluation of tangible assets on December 31, 2019, in view of harmonizing the accounting and the utility values of the tangible assets owned.

The company has no issues concerning the ownership of its tangible assets.

Litigations

As documented in the Legal Department records as of December 31, 2022, the Company was involved in 49 litigations in Court. The Company had locus standi in 41 litigations, passive capacity in 7 litigations, and intervener in one litigation.

In most of the litigations where the Company is the claimant, the object of the litigations is the cancellation/ruling of the nullity for some decisions of the general meetings of shareholders from the companies in the portfolio, or the insolvency procedure for some of companies in the portfolio.

Company's management will continue to make all the efforts to protect the legitimate interests of SIF Banat-Crișana and its shareholders in all such litigations, in accordance with the law.

Outlook for 2023

Romania has continued the post-pandemic economic cycle at the beginning of 2022, amid the elimination of health restrictions and the low level of real financing costs.

It should be noted that although the risks of the current dominant variant (Omicron) of COVID-19 are lower, as it produces mild forms with symptoms specific to common colds and the mortality rate being relatively low, we cannot rule out the possibility of COVID-19 resuming its spread and the appearance of mutations that may continue to put serious pressure on the world's economies.

Economic growth forecasts for Romania, drawn up by the European Commission in February 2022, were of 2.5% for 2023, while inflation is expected reach 9.7% by the end of 2023 and 5.5 by the end of 2024. Given the military tensions in Ukraine, these figures will most likely be adjusted again during the current year.

Concerning the capital market, the Bucharest Stock Exchange expects that at the end of the current year the Central Counterparty will become operational, which will allow transactions with derivative instruments and will make a consistent contribution to the development of the market and stock market liquidity. Preliminary results for 2022, reported by listed companies, are generally in line with investors' expectations.

In the financial markets, the perception of risk intensified after the outbreak of the conflict in Ukraine, noting the severe slumps on the stock markets and the strong appreciation of the USD (to the highest level since May 2020 vs. the single European currency).

The high exposure of banks to government securities will have an impact on the level of the aggregate financial result of the banking sector in the first quarter, in the context of the upward shift of the yield curve after the outbreak of the conflict in Ukraine. The NBR has already signalled the resumption of the program of buying government securities on the secondary market to counter the risks to the evolution of the real economy and financial stability.

It could be expected that from the beginning of the year real wage earnings in Europe and the US would fall due to high inflation (as inflation could be higher than nominal wage growth), which would obviously damage consumption indicators. The new energy shock, on the one hand, will push inflation to an even higher level, and on the other hand, if problems arise in the European energy supply, unemployment is expected to increase, which could undermine even the maintenance of wages and implicitly amplifies the deterioration of consumption indicators.

Thus, the emergence of a situation similar to stagflation in Romania and throughout Europe is a real danger because the economic slowdown will not bring automatic disinflation in addition to currency depreciation (EUR vs. USD and RON vs. EUR/USD).

The outbreak of the war in Ukraine naturally generated a major stock market correction that spread globally. All major stock indices have suffered from volatility since the military offensive began, and some of their previously marked increases has been eroded.

Under these conditions, growth prospects have worsened a lot recently, not only in the short term, but also in the medium/long term. Initial estimates regarding macroeconomic indicators at the European level will have to be readjusted to current realities.

2. THE SHARES ISSUED BY SIF BANAT-CRIȘANA

CHARACTERISTICS OF SIF BANAT-CRIȘANA SHARES

Total number of shares issued (December 31, 2022)	507,510,056
Outstanding shares (December 31, 2022)	507,510,056
Nominal value	RON 0.1000 / share
Type of shares	common, ordinary, registered, dematerialized, indivisible
Trading market	Regulated spot market of Bucharest Stock Exchange (BVB or BSE), Premium category, listed since November 1, 1999
Trading venue (MIC)	XBSE
Symbol on BVB (ticker)	SIF1
ISIN code	ROSIFAACNOR2
International identifier	Bloomberg BBGID: BBG000BMN388 (SIF1:RO)
Reuters	SIF1.BX

Shares issued by SIF Banat-Crișana grant all shareholders equal rights.

Since its establishment, SIF Banat-Crișana has not issued bonds or other debt instruments.

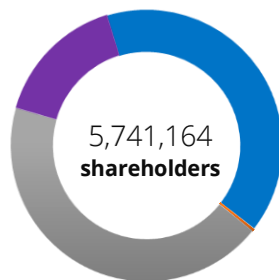
The shares issued by the Company are freely traded on the regulated market of the Bucharest Stock Exchange (BVR or BSE), according to the rules established by the market operator, any person could acquire SIF1 shares.

Romanian legislation provides certain restrictions on the acquisition of shares issued by the Company, as follows:

- The company is authorized as an alternative investment funds manager (AIFM), being affected by the provisions of Regulation no. 3/2016 on the applicable criteria and the procedure for the prudential assessment of acquisitions and increase of shareholdings held in entities regulated by the Financial Supervisory Authority, applicable to potential acquirers and significant shareholders within the alternative investment funds managers.
- According to the Regulation, the acquisition of qualified participations in the company is subject to the approval of the Financial Supervisory Authority. For the purposes of the regulations, qualified participation means a direct or indirect holding of voting rights or capital of the Company, which represents at least 10% of them or which allows the exercise of a significant influence over the management of the Company.
- For the purposes of the Regulation, a potential acquirer is considered to have a significant influence when his holdings, although below the 10% threshold, allow it to exercise significant influence over the management of the Company, such as having a representative in the board of directors. Holdings of less than 10% overlap the approval requirements, from case to case, depending on the ownership structure of the regulated entity and specific involvement of the acquirer in its management.
- The Company's shares are listed on the regulated market on the Bucharest Stock Exchange and are applicable the provisions of Law no. 24/2017 on issuers of financial instruments and market operations in the matter of the obligation to carry out a mandatory public takeover bid, in case of reaching the threshold of 33% of the voting rights.

As of December 31, 2022, SIF Banat-Crișana has 5,741,164 shareholders (2021: 5,744,120), according to the data reported by Depozitarul Central SA Bucharest, the company keeping the register of shareholders for SIF Banat-Crișana.

SHAREHOLDERS STRUCTURE
as per holdings as of December 31, 2022



■ 40.18%
Romanian individuals
(5,738,903 shareholders)

■ 0.34%
non-resident individuals
(2,125 shareholders)

■ 43.67%
Romanian legal entities
(114 shareholders)

■ 15.81%
non-resident legal entities
(22 shareholders)

Dividend distribution policy

SIF Banat-Crișana aims to maintain a balance between the remuneration of shareholders through dividends and the need to finance new investments from the reinvested-obtained profit. The strategy of maintaining this balance aims both to increase the long-term investment attractiveness for SIF Banat-Crișana shares and to maintain the investment potential, ensuring the long-term sustainable profitability of the activity for the benefit of increasing the value created for shareholders.

The method of remunerating SIF Banat-Crișana shareholders is applied for their benefit both through the dividend distribution policy and through the decision to reinvest the profit or to repurchase the securities, for the stated purpose of increasing the value of the shares. The remuneration of SIF Banat-Crișana shareholder can be performed transparently, correctly, and financially and fiscally efficient, in any of the variants decided to be followed: distribution of dividend in cash, reinvestment of profit in the hope of increasing the value of the share by at least the size of the undistributed dividend or buyback programs approved by the GMS.

The General Meeting of Shareholders on April 28, 2022, approved the appropriation of the net profit for the financial year 2021, amounting to RON 387,001,105, on the following destinations: (i) Dividends RON 30,450,603, representing a gross RON 0.0600 per share; (ii) Other reserves RON 356,550,502.

On July 28, 2022, the payment of dividends for 2021 began, in accordance with Resolution no. 4 of the Ordinary General Shareholders' Meeting of April 28, 2022, taking place in accordance with the legal provisions, through Depozitarul Central S.A. and the selected Payment Agent – Banca Transilvania. Detailed information on the payment of dividends is available on the company's website, www.sif1.ro, in the section *Investor Relations for investors* › *SIF1 Share* › *Dividends*.

Dividend distribution from the net profit of the Company for the last four financial years

Financial year for which the distribution was made	2018*	2019*	2020*	2021
Net Profit (RONm)	77.19	159.49	92.12	387
Total number of shares	517,460,724	517,460,724	515,422,363	515,422,363
Gross DPS (RON)	-	-	-	0.06
Gross dividend payable (RONm)				30.45
Net dividend payable (RONm)				29.24
Paid dividends**				65.66%

* 2018, 2019 and 2020 with no dividend distribution as per GMS decisions of April 22, 2019, and April 27, 2020, and April 26, 2021

** percentage of amounts paid as of December 31, 2022, of total net dividend payable

SIF1 SHARES ON BVB

	2019	2020	2021	2022
Price (RON, closing price)				
low	1.9550	1.8450	2.1700	2.1000
high	2.8800	2.9900	2.8300	2.5600
year end	2.7300	2.2000	2.5400	2.4300
Net profit per share (RON)	0.309	0.179	0.754	0.1881
PER	8.9	12.29	3.36	12.92
NAV/S (RON)	5.2959	5.6051	6.7170	6.3817
Dividend (RON/share)	-	-	0.06	tbd
Mk. Cap.* (RONm)	1,412.67	1,133.93	1,309.17	1,233.25

* calculated using the closing price on the last trading session of the year and all the issued shares

Bucharest Stock Exchange (BVB) indices including SIF1 shares:

BET-XT | BET-XT-TR | BET-XT-TRN | BET-FI | BET-BK

BET-XT (BUCHAREST EXCHANGE TRADING EXTENDED INDEX) is a blue-chip index and reflects the evolution of the prices of the 25 most liquid stocks traded in the regulated market, including the SIFs, the maximum weight of a ticker in the index being of 15%. Change of BET-XT in 2022: -10.82%. Weight of SIF1 in BET-XT: 2.51% (2022 year-end).

BET-XT-TR (BUCHAREST EXCHANGE TRADING EXTENDED TOTAL RETURN) is the total return version of BET-XT index, which includes the 25 most traded Romanian companies listed on BVB, tracking the price changes of its constituent companies, and is adjusted to also reflect the dividends paid by them. Change of BET-XT-TR in 2022: -2.55%. Weight of SIF1 in BET-XT-TR: 2.51% (2022 year-end).

BET-XT-TRN (BUCHAREST EXCHANGE TRADING EXTENDED NET TOTAL RETURN) was launched on October 11, 2021, and it is the net total return version of market reference index BET. BET-TRN tracks the price performance of its constituent companies and is adjusted to reflect the reinvestment of the net dividends paid by them. Change of BET-XT-TR in 2022: -3.01%. Weight of SIF1 in BET-XT-TR: 2.51% (2022 year-end).

BET-FI (BUCHAREST EXCHANGE TRADING – INVESTMENT FUNDS) is the first sectorial index of BVB and reflects the overall trend of prices of financial investment funds (SIFs and Fondul Proprietatea) traded on the BVB regulated market. Change of BET-FI in 2022: -3.66%. Weight of SIF1 in BET-FI: 17.34% (2022 year-end).

BET-BK (BUCHAREST EXCHANGE TRADING BENCHMARK INDEX) is a price index weighted by the free-float capitalization of the most liquid companies listed on the regulated market of BVB, which can be used as a benchmark by fund managers, and other institutional investors, the calculation methodology reflecting the legal requirements and the investment limits of funds. Change of BET-BK in 2022: -12.73%. Weight of SIF1 in BET-BK: 2.35% (2022 year-end).

SIF1 shares were traded on Bucharest Stock Exchange (BVB or BSE) in 251 trading sessions during the year 2022.

SIF1 share price slumped -3.19%, from RON 2.5100 (closing price on January 3, 2022, the first trading session of the year), to RON 2.4300 (closing price on December 30, the last trading day of 2022). The highest price recorded in 2022 was of RON 2.5600 recorded during the trading session of March 4, while the lowest was in the trading session of January 24, when the price was of RON 2.1000 per share (closing price), the spread during the period was of 22% (considering the values recorded at the close of trading sessions).

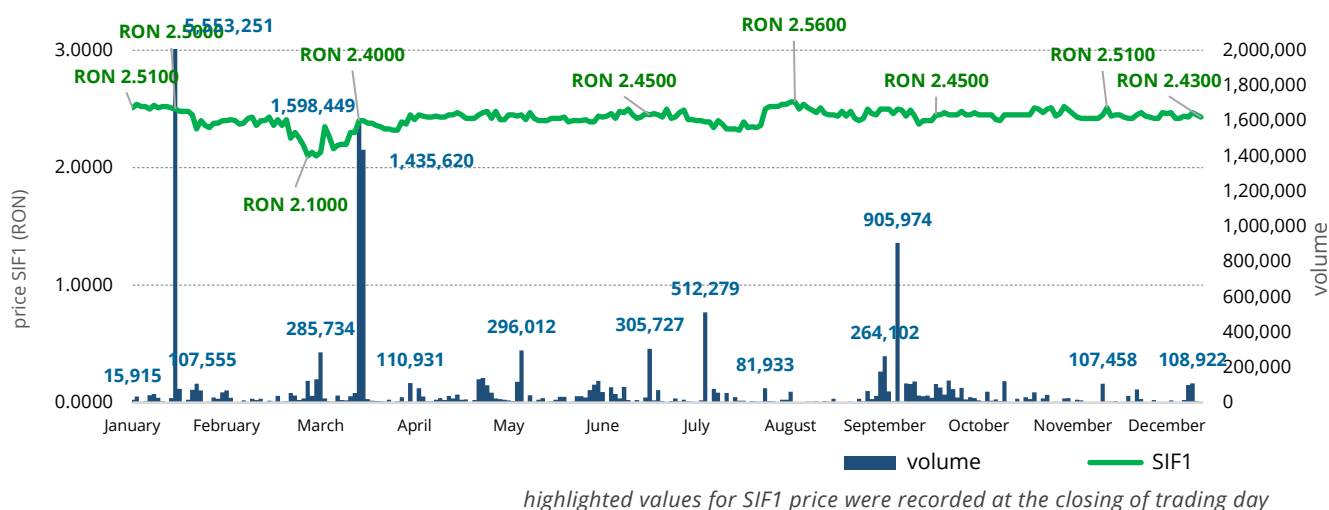
The highest daily volume of SIF1 shares traded on the main regular market (REGS) during 2022 was of 5,553,251 shares, recorded on January 17.

Liquidity for SIF1 title was lower than in the previous year, in 2022 were traded a total of 18,289,517 shares representing 3.604% of the total shares issued, while during 223 of the 251 trading sessions the transferred volume was below 100,000 units. The total value of shares traded in 2022 on the main regular market was of RON 44,630,583.

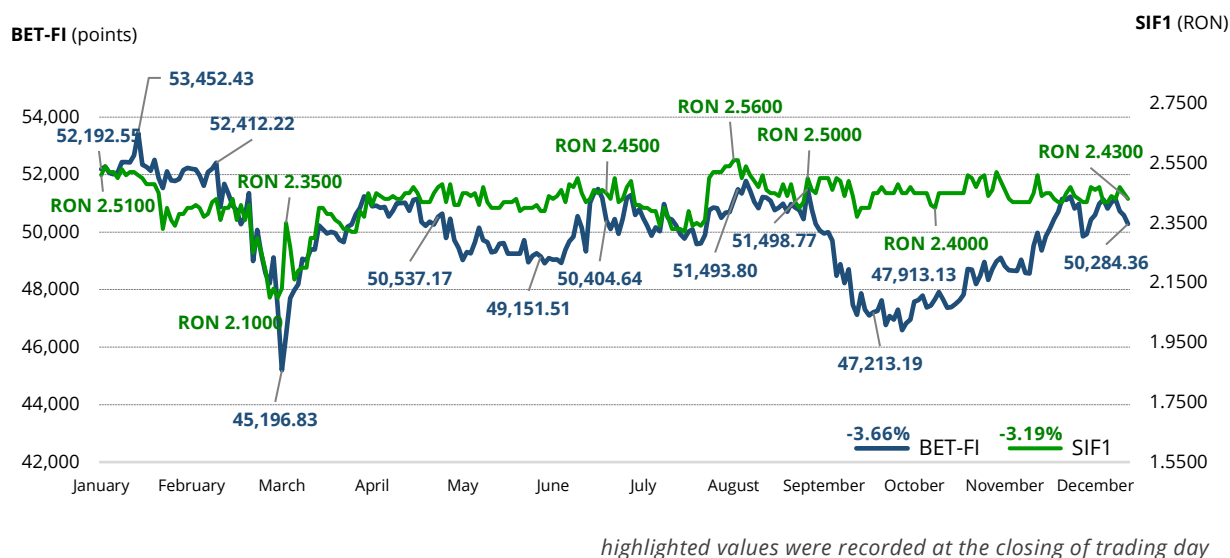
On „DEAL” market 5 transactions were performed, with a total of 28,784,559 shares, worth RON 71.82m.

Market capitalization for SIF1 was of RON 1,233.25m on December 30, 2022, (calculated using the closing price on the last trading day of the year).

SIF1 PRICE AND VOLUME DURING 2022



SIF1 vs. BET-FI PERFORMANCE DURING 2022



3. CORPORATE GOVERNANCE

SIF Banat-Crișana is committed to sustaining and developing the best corporate governance practices, to ensure an efficient decision-making process, thus leading to the long-term viability of the business, achieving company's objectives, and creating sustainable value for all stakeholders (shareholders, management, employees, partners, authorities).

SIF Banat-Crișana has always considered of a great importance the best practices of corporate governance and has assented to the Corporate Governance Code issued by the Bucharest Stock Exchange. To remain competitive in an extremely dynamic environment, SIF Banat-Crișana develops and adapts its corporate governance practices to comply with the new requirements and take advantage of the new opportunities.

As per best corporate governance practices, the management of the company is conducted in a climate of openness, based on the honest dialogue between the executive management and the Board of Directors, and within each of these bodies. Board members, executive directors, and employees of the Company have assumed the duty to be diligent, responsible, and loyal to the Company, adopting decisions in Company's interests and to increase its value, considering the legitimate interests of all interested parties (stakeholders).

The Board of Directors approved the revision of the Corporate Governance Regulation of SIF Banat-Crișana by Decision no 5 of May 16, 2022, the document entering into force starting June 1, 2022.

Given the applicable Corporate Governance Code issued by Bucharest Stock Exchange, SIF Banat-Crișana assessed the status of compliance with the provisions of the Code.

A statement on SIF Banat-Crișana's compliance with the principles and recommendations of the Code as of December 31, 2022, is presented in Annex 3 of this report, the document that will also be published on Company's website, www.sif1.ro.

By Regulation no. 2/2016, the Financial Supervisory Authority (ASF) settled the unitary regulatory framework for the implementation of corporate governance principles to entities authorized, regulated, and supervised by ASF, which is applicable starting January 1, 2017. SIF Banat-Crișana's statement on the application of corporate governance principles during 2022, is presented in Annex 4 to this report.

Administration and management of the Company

Pursuant to the provisions of Company's Articles of Association, SIF Banat-Crișana is administrated (managed) under a unitary system, apt to ensure Company's efficient operation, in accordance with the objectives of good corporate governance and the protection of the shareholders' legitimate interests.

General meeting of shareholders

The General Meeting of Shareholders (GMS) is the supreme governing body of the company.

General meetings are ordinary and extraordinary. The Ordinary General Meeting gathers at least once a year, no later than four months after the close of the financial year. The Extraordinary General Meeting shall be convened whenever necessary. The powers of the general meeting of shareholders are stated in the Articles of Association and comply with the legal provisions in force. Company's Articles of Association are available on company's website, www.sif1.ro, in the *Corporate Governance* section.

General Meeting's decisions are taken by show of hands or by secret vote. The secret vote is compulsory for electing Board members and for the appointment of the financial auditor and to

revoke them and also for decisions on the liability of the Board members. The decisions taken by the general meeting complying with the law and Company's Articles of Association shall be binding upon the shareholders who did not attend the meeting or voted against.

The general meeting of shareholders is chaired by the Chairman of the Board of the Directors and in his absence by the vice-chairman. The meetings are recorded by the secretariat elected by the General Meeting. Minutes of the meeting shall be recorded in a special register.

During 2022, SIF Banat-Crișana's Board of Directors convened once the Ordinary General Meeting and the Extraordinary General Meeting of Shareholders.

Details on the procedure for holding the general meetings of shareholders are presented in the Convening Notice for each meeting, on the Company's website, in the section *Investor Relations › General Shareholders' Meetings*.

Information on the general meetings of shareholders and the adopted resolutions are presented on Company's website, www.sif1.ro, in the section *Investor Relations › General Shareholders' Meetings*.

The Board of Directors

SIF Banat-Crișana is administrated by the Board of Directors (viz. administrators) comprised of five members, elected by the ordinary general meeting of shareholders for a mandate (term of office) of four years, with the possibility of being re-elected.

The Board of Directors has decision-making powers regarding the administration of the Company in the period between the general meetings of shareholders, except for the decisions that the law or company's Articles of Association provide exclusively for the general meeting. The duties of the Board of Directors are detailed in the Corporate Governance Regulation, a document published on the company's website.

The Board elects from among its members a chairman and a vice-chairman. As per the Articles of Association, the chairman of the Board holds the position of CEO (general director) of the Company.

Board members must cumulatively meet the general conditions stipulated by the Articles of Association, Law no. 31/1990 on trading companies, completed with the criteria established by Law no. 74/2015, Law no. 24/2017, and the regulations issued by the Financial Supervisory Authority (ASF).

The members of the Board are authorized in this function by ASF following their election by the general meeting of shareholders.

The Board of Directors may create advisory committees comprised of its members, charged with conducting investigations and making recommendations to the Board.

The composition of the Board of Directors as of December 31, 2022, was the following:

- | | |
|---------------------------|----------------------------|
| ▪ Bogdan-Alexandru Drăgoi | Chairman of the Board |
| ▪ Radu Răzvan Străuț | Vice-Chairman of the Board |
| ▪ Sorin Marica | member of the Board |
| ▪ Marcel Heinz Pfister | member of the Board |
| ▪ Ionel-Marian Ciucioi | member of the Board |

BOARD OF DIRECTORS as of December 31, 2022

	Position	Other information
Bogdan-Alexandru DRĂGOI (1980)	Chairman of the Board of Directors, Executive administrator, Member of the Board since March 2015	<p>Studies Tufts University, Fletcher, Boston, Massachusetts, USA Specialization in International Relations – graduated <i>Magna cum Laudae</i> Specialization in Economics – graduated <i>Magna cum Laudae</i> Member of Golden Key Honor Society</p> <p>Experience SIF Banat-Crișana – Chairman and CEO – <i>July 2015- present</i> BRD - Groupe Société Générale – member of the Board - <i>November 2019 – present</i> Biofarm S.A. – member of the Board – <i>December 2015 - present</i> Vrancart S.A. – member of the Board – <i>December 2015 – present</i> Administrare Imobiliare S.A. – member of the Board – <i>September 2015 – present</i> Presidential Adviser – The Administration of the President of Romania – <i>(May 2012 – December 2014)</i> Minister – Ministry of Public Finance – <i>(February 2012 – May 2012)</i> Secretary of State – Ministry of Public Finance – <i>(January 2009 – February 2012)</i> General Director, Economic Dept. – Bucharest Municipality – <i>(November 2007 – June 2008)</i> Secretary of State – Ministry of Public Finance – <i>(September 2006 – November 2007)</i> Advisor of the Minister – Ministry of European Integration – <i>(April – September 2006)</i> Vice-President/Shareholder- FocusSat SA România – <i>(October 2004 – April 2006)</i> Associate – Inquam Limited UK – <i>(November 2003 – December 2004)</i> Business Analyst – Inquam Limited UK – <i>(January 2002 – November 2003)</i></p>
Radu Răzvan STRĂUȚ (1984)	Vice-Chairman of the Board of Directors, Executive administrator, Member of the Board since April 2017	<p>Studies CFA Institute, Charlottesville, Virginia, SUA – May 2015 CFA Institute Investment – Claritas Investment Certificate – Foundations Program Faculty of Law, University of Bucharest, Romania – October 2013 – June 2014 Master’s Degree – “European Union Law” Academy of European Law (ERA), Trier, Germania – June 2013 Summer Course on EU Regulation and Supervision of Financial Markets Faculté de Droit, University of Geneva and Institut De Haute Etudes Internationales, Geneva Switzerland – February – July 2007 Certificat de droit transnational Faculty of Law, “Babeș-Bolyai” University, Cluj-Napoca, Romania – 2004 – 2008 BA in Law</p> <p>Experience SIF Banat-Crișana – Vice-Chairman of the Board (<i>since April 2017 – present</i>) and Deputy General Director (<i>since May 2018 - present</i>) Administrare Imobiliare S.A. – administrator – 2017 – present SIF1 IMGB – Chairman of the Board – December 2020 - present</p> <p>Individual Lawyer Office “Străuț Radu-Răzvan” – <i>October 2015 – April 2017</i> Attorney-at-law Reff și Asociații SCA – Deloitte Legal – 2008 – 2015 Senior Associate Lawyer in the Banking and Capital Markets Department – <i>September 2010 – October 2015</i> Collaborator attorney-at-law in the Banking and Capital Markets Department – <i>November 2008 – September 2010</i> Deloitte Consultanță SRL – <i>September 2008 – October 2009</i> Junior consultant</p>
Sorin MARICA (1971)	Member of the Board of Directors since April 2017, Independent, non-executive administrator, Member of the Audit Committee, Chairman of Nomination and Remuneration Committee	<p>Studies The Bucharest University of Economic Studies – 2014-2017 PhD Candidate “Financing of national programs for preserving and promoting Romanian customs and traditions” “Lucian Blaga” University – Sibiu – 2013 – 2015 Master in Defence Diplomacy The Faculty of Finance, Banking and Stock Exchanges – Bucharest University of Economic Studies 1992 – 1997 Bachelor’s Degree in Economic Sciences</p> <p>Experience S.C. Dracula Park S.A. – Bucharest – 2002 – <i>present</i> General Director /Chairman of the Board Kogaion 115 Foundation – 2004 – <i>present</i> President, Project Manager Ministry of Transport – Bucharest – 2013 – 2014 Counsellor / Cabinet Director at the Ministry of Transport Ministry of Tourism – 2002 – 2003 Counsellor of the Minister of Tourism National Institute for Research and Development in Tourism (INCD) – 2002 – 2003 Deputy General Director S.C. Active International S.A. Bucharest (Investment Firm) – 2000 – 2002 Chairman / General Director S.C. Active Management International S.A. Bucharest (Investment Firm) – 1999 – 2000 Chairman / General Director S.C. Active International S.A. Bucharest (Investment Firm) – 1997 – 1999 Broker/Trader</p>

BOARD OF DIRECTORS as of December 31, 2022

	Position	Other information	
Marcel PFISTER (1980)	Member of the Board of Directors since April 2017, Independent, non-executive administrator Chairman of the Audit Committee Member of Nomination and Remuneration Committee;	Studies University of Liechtenstein – <i>March 2010 – January 2011</i> Executive MBA in Wealth Management University of Liechtenstein – <i>September 2008 – November 2009</i> Diploma of Advanced Studies (DAS) in Private Banking College of Higher VET in Business Administration, Zurich – <i>October 2004 – October 2007</i> Professional Bachelor's in economics (ODEC)	
		Experience MIND Consulting AG, Liechtenstein – Managing Director – 2019 - present Unitis AG, Switzerland – member of the Board – 2020- present Bank Alpinum AG – <i>July 2016 – February 2019</i> Vice Director Falcon Private Bank Ltd. – <i>October 2010 – June 2016</i> Director Banque Pasche (Liechtenstein) SA – <i>April 2009 – September 2010</i> Vice President Alpe Adria Privatbank AG (former Hypo Alpe Adria Bank (Liechtenstein) AG) – <i>December 2007 – April 2009</i> Vice President Alpe Adria Privatbank AG (former Hypo Alpe Adria Bank (Liechtenstein) AG) – <i>December 2007 – April 2009</i> Junior Relationship Manager Private Banking Zurich Cantonal Bank (ZKB) – <i>November 2005 – April 2007</i> Junior Controller Zurich Cantonal Bank (ZKB) – <i>September 2003 – November 2005</i> Relationship Manager Zurich Cantonal Bank (ZKB) – <i>December 2002 – September 2003</i> Account Manager	
		Studies University of Economic Studies Bucharest 2002 Faculty of International Business and Economics Constantin Brâncoveanu Highschool, Horezu (Vâlcea) 1995	
		Experience Vrancart S.A. - Chairman of the Board of Directors and General Director – <i>November 2013 – present</i> Rompaper SRL Braşov – Member of the Board - <i>January 2017- present</i> Vrancart Recycling SRL – Administrator – <i>August 2020 – present</i> Giant Prodimpex Târgu Mureş – Administrator – <i>October 2015 - 2018</i> SIF Banat-Crişana – <i>September 2015 – April 2017</i> Member of the Board of Directors Administrare Imobiliare S.A. – <i>May 2015 – September 2015</i> Member of the Board of Directors PricewaterhouseCoopers Romania – <i>January 2011 – July 2013</i> Senior Manager, Financial Services Dept. Ernst & Young Romania – <i>October 2004 – December 2010</i> Audit Manager, Financial Services Dept. UTI Group – <i>June 2003 – September 2004</i> Financial analyst DDP Consult – <i>October 2002 – June 2003</i> Financial analyst	
		Member of the Board of Directors, non-executive administrator	
		Member of the Audit Committee	
		Member of Nomination and Remuneration	

The Board of Directors is assisted in their activity by a secretary of the Board, a person with the necessary experience and professional training, who attends the Board meetings and is responsible with aiding the Board and its committees in having an effective activity, his role consisting in supporting the Chairman and the other members of the Board, both as a group and individually, and ensuring the Board complies with the internal regulations, observing the compliance with the current corporate governance regulations, laws and regulations relevant to the company's business. The Secretary is also responsible for providing the effective communication between the Board and its committees, between the executive directors and the Board. In 2022 the position of Secretary of the Board of Directors was held by Mr. Daniel Gavrilă.

The activity of the Board of Directors in 2022

During 2022, the Board of Directors of SIF Banat-Crișana met 23 times, pursuant to the statutory provisions.

The convening of the Board members was in accordance with the Procedure for Board's convening and conducting the meeting of the SIF Banat-Crișana's Board of Directors.

The presence of the members at the meetings convened during 2022 was compliant to the legal requirements.

The meetings of the Board of Directors were chaired by Mr Bogdan-Alexandru Drăgoi, Chairman of the Board of Directors, or by Mr. Radu-Răzvan Străuț, Vice-Chairman of the Board.

Following the meetings, the Board of Directors issued a total of 86 resolutions on the current activity of the company. All decisions were taken by the vote "for" of the majority of those present.

Of the 86 resolutions issued by the Board of Directors during the period under review:

- 27 resolutions had well defined objective, requiring its fulfilment;
- 59 were resolutions for the approval of internal regulations and some procedures, mandatory reports, and activity reports: 15 resolutions for the approval of internal regulations and working procedures; 44 resolutions for the approval of mandatory annual, quarterly, and half-yearly periodic reports submitted to ASF, BVB, MFP, and for the approval of activity reports of the administrators, departments, compartments, offices.

By analysing the status of execution for the 86 resolutions issued by the Board of Directors, it results they were all fully fulfilled.

Advisory Committees within the Board of Directors

The Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its responsibilities in the financial reporting, internal control, and risk management areas, assists the Board of Directors in monitoring the trustworthiness and integrity of financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting standards applied by the Company. The duties of the Audit Committee are detailed in the Company's Internal Regulations.

The Audit Committee consists of at least three non-executive members of the Board of Directors. The Chairman of the committee is an independent non-executive member. At least one member of the audit committee shall have competence in accounting or auditing.

Throughout 2022, the composition of the Audit Committee was the following: Mr. Marcel Pfister – Chairman of the Audit Committee, Mr. Sorin Marica – member and Mr. Ionel Marian CIUCIOI – member.

The members of the Audit Committee have the appropriate experience for the specific duties incumbent as members of this body.

During 2022, the Audit Committee met 15 in sessions. These meetings were held for the monitoring of the financial reporting process, namely the annual financial statements prepared pursuant to the International Financial Reporting Standards (IFRS) approved by ASF Rule no. 39/2015 and the consolidated annual financial statements; monitoring condensed interim accounting quarterly and half-yearly 2022 reporting; monitoring the interim consolidated financial statements for H1 2022, preparing the activity report of the Audit Committee for 2021; analysing and approving the assessment of the internal control system; analysis and approval of the stress test for the year 2021; the internal audit, control and activity program of the Compliance Office, the activity plan of

the Risk Management Office for the year 2022; completion of the object of services provided by the financial auditor Deloitte Audit SRL according to the contract concluded for the period 2022 - 2023; analysis and approval of the audit services contract with Deloitte Audit SRL for carrying out the necessary procedures regarding the reduction of the share capital of SIF Banat-Crișana; selecting the internal auditor for a period of one year; analysis and approval of the annual internal audit program for the new contract; monitoring the activity of the internal auditor.

The report on the activity of the Audit Committee in the year 2021 accompanied by the Assessment of the risk management and internal control system for the year 2021 were filed with the Financial Supervisory Authority on June 30, 2022, complying with the requirements regarding the content and the regulated submission deadline.

Nomination and Remuneration Committee

A Nomination and Remuneration Committee (NRC) functions, with advisory role, within the Board of Directors, to assist the Board in fulfilling its responsibilities for the nomination of candidates for management positions and their remuneration. NRC recommends to the Board of Directors the appointment or dismissal of key personnel and control personnel within the Company, the level of their remuneration and their rights and duties and, at the same time, participate in the development and review of remuneration policies applicable at Company level. NRC duties are detailed within the Company's Internal Regulations and are presented in the Corporate Governance Regulation, available for consultation on Company's website, www.sif1.ro, in *Corporate Governance* section.

The Nomination and Remuneration Committee is comprised of at least at least two members elected from the non-executive members of the Board of Directors, subject to the condition of independence provided for by the Company Law. Membership of the Committee does not prevent members from participating in the work of other Committees of the Board of Directors. The Committee meets regularly, at least twice a year, and exceptionally if the case.

Throughout 2022, the composition of the Committee was the following: Mr. Sorin MARICA – Chairman of the Audit Committee, Mr. Marcel PFISTER – member and Mr. Ionel Marian CIUCIOI – member.

In 2022, the Nomination and Remuneration Committee met eight times, these meetings addressing the following: individual evaluation of the directors of the company prior to the submission for the approval of the Financial Supervisory Authority or at the Authority's notification; the individual evaluation of the persons proposed for key positions (internal auditor, compliance officer); analysis of the remuneration of the directors and of the additional remuneration of the members of the advisory committees within the Board of Directors; analysis and recommendation on share-based payment plans; analysis and approval of the salary rise at Company level; regular assessment of the adequacy of the members of the management structure and of the persons holding key positions; evaluating the performance of the executive management; analysis and recommendation of the granting of the variable component for accomplishing the objectives in 2022.

The report on the activity of the Nomination and Remuneration Committee for the year 2022 is presented as Annex 5 of this report.

The executive management

The effective management of the Company is performed by Executive Directors appointed by the Board of Directors, in accordance with the Company's Articles of Association and applicable regulations, so that everyday management of the Company to be provided, at all times, by at least two persons.

The Executive Directors must meet the conditions set by the regulations issued by the Financial Supervisory Authority applicable to the Company and are endorsed in this position by the Authority.

As per the provisions of Law no. 31/1990 on trading companies, the Board of Directors has delegated part of its powers, within the limits established by law, the Articles of Association, and the decisions of the Board of Directors, less the powers reserved by law and/or the articles of association, to the general meeting of shareholders and the Board of Directors. On April 25, 2021, management was delegated to the Chairman - CEO and Vice-Chairman Deputy General Director, these persons holding the right to legally represent the company in accordance with the provisions of the Articles of Association. On 24.02.2022, the Board of Directors delegated the management of the company also to the Deputy General Director and Director. Prior to this date, these two directors were employees of the company. As of the date of this report, it is being analysed within the ASF the documentation for verifying their fulfilment of the suitability conditions, according to art. II of the ASF Regulation no. 20/2021.

Responsibilities and duties of directors are set by the Board of Directors and are described in the Company's Internal Regulations, document available on Company's website.

The composition of company's executive team as of December 31, 2022, was the following:

- Mr. Bogdan-Alexandru Drăgoi Chairman, CEO
- Mr. Radu Răzvan Străuț Vice-Chairman, Deputy General Director
- Mrs. Teodora Sferdian Deputy General Director
- Mr. Laurențiu Riviș Director

EXECUTIVE DIRECTORS OF SIF BANAT-CRIȘANA as of December 31, 2022

	Position	Other information
Bogdan-Alexandru DRĂGOI	CEO (General Director)	Information presented on page 40
Radu Răzvan STRĂUȚ	Deputy General Director	Information presented on page 40
Teodora SFERDIAN	Deputy General Director	<p>Studies Faculty of Economics - Aurel Vlaicu University Arad (2000 – 2004) Faculty of Electronics and Telecommunications – Polytechnic Institute of Timișoara (1975 – 1980)</p> <p>Experience SIF Banat-Crișana, Arad (1994 – present); Deputy General Director (2014 – present); Member of the Board of Directors at COMALIM SA Arad; SIFI Cluj Retail SA Bucharest, SIF Hoteluri Oradea Rolling Stock Company Arad – electrical engineer (1981 – 1994)</p> <p>Specializations Capital markets / analysis and portfolio management (Bank Akademie & CDG Germany); General management (Austrian Chamber of Commerce & WIFI Vienna); Investment consultant; Implementing IFRS (KPMG); Business Valuation (ANEVAR); Risk Management; Corporate governance standards; Development and HR performance management.</p> <p>Responsibilities Oversees the activities of Corporate Administration (Accounting, Reporting, Investor Relations and Compliance, Human Resources, and IT offices)</p>
Laurențiu RIVIȘ	Director	<p>Studies Faculty of Law, “Vasile Goldiș” Western University of Arad, (1998 – 2002)</p> <p>Experience SIF Banat-Crișana, Arad (January 2005 – present); Director (February 2016 – present) Director Legal Division (September 2013 – February 2016) Legal adviser (January 2005 – September 2013) Vice-Chairman of the Board of Depozitarul Central S.A (April 2019 – present) Legal adviser for companies in Bega Grup Timișoara (2003 – 2004) Member of the Board at Beta Transport Cluj-Napoca (2007 - 2011), Prebet Aiud November 2016 – January 2018, and Petrocart April 2018 - July 2019</p> <p>Specializations Continuous Professional Training course organized by AS Financial Markets SRL - 2017 “Alternative Investment Fund Managers” – course of study - AS Financial Markets – 2015 “International Financial Reporting Standards – IFRS” – course of study - KPMG Romania – 2014 “Legal English. Platinum One to One” – course of study - St. Giles International, London – 2011</p> <p>Responsibilities Coordination of legal activities of the companies and the management of workout portfolio</p>

Participation of administrators and executives in the share capital of SIF Banat-Crișana:

Name	Position	SIF1 shares held as of December 31, 2022	
		No. of shares	% of share capital
Bogdan-Alexandru DRĂGOI	Chairman and CEO	1,687,633	0.3325%
Radu-Răzvan STRĂUȚ	Vice-Chairman - Deputy General Director	1,396,056	0.2751%
Sorin MARICA	Non-executive administrator	48,559	0.0096%
Marcel PFISTER	Non-executive administrator	48,309	0.0095%
Ionel CIUCIOI	Non-executive administrator	48,309	0.0095%
Teodora SFERDIAN	Deputy General Director	90,541	0.0178%
Laurențiu RIVIȘ	Director	55,848	0.0110%

To the knowledge of the Company, for the administrators and executives, there are no identified agreements, arrangements or family connections between the respective person and another person for the reason that the respective person has been appointed in this position.

In the last 5 years, the members of the Board of Directors and the members of the executive management have not been involved in litigations or administrative procedures regarding their activity within SIF Banat-Crişana.

Description of the main elements of the internal control systems and risk management

Risk management

SIF Banat-Crişana applies the Procedure of significant risks management and the Work Procedures on their identification, evaluation, measurement and control, documents periodically reviewed and approved by the Company's Board of Directors.

The Board of Directors approves the appetite and the limits of risk tolerance of SIF Banat-Crişana, as well as the procedure for identifying, assessing, monitoring, managing, and reporting the significant risks to which the Company is or may be exposed.

The Board of Directors, the executive / senior management, as the case may be, shall ensure that the approved significant risk policy and procedures are applied at SIF Banat-Crişana level, and appropriate tools, techniques and mechanisms are used in their application.

The assessment of the efficiency of the risk management system adopted by SIF Banat-Crişana is performed by the board of directors at least every six months based on the risk reports, depending on the policies, procedures and controls performed.

The permanent risk management function has a main role in defining the risk policy, in monitoring and measuring the risks, ensuring the permanent compliance of the risk level with the risk profile of the Company decided by the Board of Directors. The person in charge of the administration shall have access to all relevant information and shall provide the senior management with up-to-date information on which to take prompt remedial action, if necessary.

Mrs. Adina Eleonora Hodăjeu holds the quality of Person responsible for risk management starting with March 9, 2018, no. in ASF Register: PFR13.2FARA / 020053.

The performance of the risk management function is periodically reviewed by the internal and external audit function.

The management structure of SIF Banat-Crişana, through the Board of Directors and the Audit Committee, periodically approves and reviews both the risk strategy and the significant risk management policy.

The significant risk management **strategy** is based on the risk management objectives and follows three parameters: risk appetite, risk profile and risk tolerance.

The strategy of the Board of Directors of the Company is to embrace a **medium-level risk appetite**.

This objective takes into account the fact that, in conditions of economic difficulties, the Company will objectively accept a higher level of risk coming from the existing exposures of the Company's portfolio but will take all the necessary measures to reduce the risk appetite for new (future) exposures.

The objectives of the Risk Management department for the year 2022 had in mind both the identification of risk-generating situations in the activity associated with the management of the SIF Banat-Crişana portfolio and its secondary risks, as well as the assessment of risks with strict compliance with the regulations specific to the field of activity (both local and European directives

and regulations) and the adequacy of work procedures to the new regulations regarding the activity of the AIFM/AIF.

The action plan for ensuring the continuity of the risk management activity for 2022 was approved by the Board of Directors in January 2022.

Risk profile and risk limits

Risk appetite indicates the level of risk that the Company accepts, the risk level having two components: (i) risk level for existing exposures and (ii) risk level for future exposures.

The Board of Directors approved in July keeping the risk appetite to a medium level for the period July 2022 – July 2023.

Risk limits and profile

The risk management policy is based on a system of limits used to monitor and control significant risks, according to the risk profile and the approved investment strategy. At Company level, the risk limits cover the following risks: market risk, liquidity risk, credit and counterparty risk and operational risks and other types of risk, these being assessed through the risk profile.

The risk profile is assessed quarterly in the framework of periodic risk reports and is monitored in relation to the objectives regarding the established risk level. Depending on the evolution of the risk profile in relation to these objectives, as well as the temporal dimension of a certain evolution (for example: the period in which the risk exceeds a certain level), the Company may order measures to correct or control the risk factors. The risk profile includes the influence of the entire risk portfolio.

The annual assessment of the global risk profile and setting the risk limits for the period July 2022 - July 2023 was carried out on the basis of the information contained in the periodical risk reports for the period 2019 - March 2022 and the stress tests carried out in the years 2018 - 2021 and the establishment of the limits of risk takes into account the structure of the asset portfolio on March 31, 2022, and the obligation to comply with prudential holding limits according to AIF legislation.

The Board of Directors approved in June 2022 maintaining the **Company's global risk classification at MEDIUM level** in the period July 2022 - July 2023 (until the next annual assessment), if, following the periodic monitoring, no need to changes is found.

The significant risk management policy, in its fifth revision performed in November 2022, was completed with the definition of sustainability risk identification, evaluation and management processes. Thus, the requirement of Delegated Regulation (EU) 2021/1255 on the integration of risks related to sustainability in the risk policy is met. The global risk profile, annex to the Risk Management Policy, was completed with 2 positions that correspond to sustainability risk: (i) risk related to the investment process, (ii) risk at the organizational level.

Compliance control function

SIF Banat-Crișana established and permanently and operatively maintains the compliance control function, which runs independently of other activities. The Compliance Office reports to the Board of Directors and has the following main responsibilities:

- monitoring and regularly assessing the effectiveness and the means of implementation of the set measures and procedures, as well as measures decided to resolve any situations of non-compliance by the Company;
- advising and assisting the relevant responsible persons for carrying out services and activities to meet the requirements set for the Company under the law and ASF regulations.

The activity of Compliance Office was performed pursuant to the plan of investigation and control for 2022, approved by the Board of Directors of SIF Banat-Crișana, the provisions of ASF Regulation

no. 9/2014, no. 10/2015, of Regulation (EU) 231/2013, of the working procedures and internal regulations.

Lines of action addressed were: control of compliance with regulations in force on the capital market and/or internal procedures, informing the Company and personnel on the legal status of the capital market, endorsement of documents submitted by SIF Banat-Crișana to ASF in order to get authorizations provided by the ASF regulations, endorsing the reports submitted to capital market entities and ASF, endorsement of informative materials and advertisements of the Company, other activities concerning the Company's and its personnel compliance with the capital market legislation in force and the internal regulations.

In the inspection activities carried out during 2022, it was verified the compliance with work procedures and capital market legislation in such activities as:

- trading of securities;
- valuation of assets for the calculation of net asset value;
- observing the legal requirements of transparency and reporting;
- calculation and payment of monthly quota of 0.0078% of the net asset value to ASF;
- prevention of money laundering and terrorism financing through capital market;
- compliance with the international sanctions regime;
- compliance with the legal provisions and internal procedures concerning avoidance and / or managing conflicts of interest, privileged information regime and personal transactions;
- compliance with national and European regulations regarding the protection of individuals concerning the processing of personal data;
- reviews concerning the risk control system;
- assessing and managing the operational risks generated by the IT equipment in use.

It was ascertained following the control that the activities addressed are compliant with the capital market legislation, internal regulations, and procedures.

Following the inspections, proposals, and recommendations for the improvement of activity and working procedures were made.

Resolution of petitions. The shareholders have the right to address SIF Banat-Crișana by means of a petition should they have complaints regarding the company's activities, performed under the legislation in force, or regarding the information provided by the company following their request. The settlement of petitions submitted by shareholders is set by ASF Regulation no. 9/2015, and the procedure to be followed is published company's website. As per the provisions of the regulation, the Company prepared a unique register of petitions in a secure electronic format, to record the submitted petitions, questions addressed and their solution. The responsibility of keeping the register of petitions lies with the compliance officer.

The periodic control carried out by ASF. During February 14 - April 27, 2022, a control unit of the Financial Supervisory Authority carried out the periodic control of SIF Banat-Crișana's activity during May 14, 2019 – February 14, 2022.

Following the periodic control carried out, on 12.07.2022 the Financial Supervisory Authority communicated several sanctions and ordered a plan of measures with a 90-day implementation period. In brief, the measures ordered were related to the mode of organization and internal reporting, the need to update some policies and procedures, the upgrading of the IT system and the organization and operation of the Audit Committee considering the provisions of Law 162/2017 and the ASPAS Order. 123/28.04.2022. The company implemented the measures ordered by the plan of measures and the recommendations made in accordance with the decision issued by the authority.

Internal Audit

The internal audit activity is performed by the internal audit office which is subordinated to the Board of Directors. The activity is reported to the Audit Committee and the Board of Directors.

The internal audit activity of SIF Banat-Crișana is outsourced to the firm New Audit SRL from Arad.

Company's activities are subject to an internal audit that is conducted periodically, in order to provide an independent assessment of the operations carried out, their control and management processes, considering the possible exposure to risk on various business segments (safety of assets, compliance with regulations and contracts, integrity of financial and operational information, etc.) makes recommendations to improve the systems, controls and procedures to provide efficient and effective operations and observes the proposed corrective actions and the attained results.

The internal audit is performed as: evaluation of management and internal control systems - *system audit*; assessment of results in relation to the targeted objectives and assessing their actual impact - *performance audit*; compliance with the legal norms of procedures and operations - *regularity audit*.

The internal audit activity is carried out based on the annual audit plan prepared pursuant to Company's objectives. The audit plan and the necessary resources for this activity are endorsed by the Audit Committee and approved by the Board of Directors, pursuing the examination of all activities and operations carried out by the Company.

The internal audit activity maintains a multi-annual plan that includes, over a period of two years, all the activities and processes that can be audited within the company. Internal audit missions are included in the plan based on the analysis of the risks associated with the auditable activities, to establish the priorities of the audit missions.

The internal audit activity is carried out in accordance with the International Standards for the professional practice of internal audit.

The internal audit activity is an independent and objective activity granting the Company a guarantee of a certain control over the operations and which is performed pursuant to the procedures prepared for the purposes of the work. Each internal audit assignment is performed based on a detailed program, which comprises the applicability, scope, objectives, allocated resources and its period.

The internal audit objectives are to assist the Company in identifying and evaluating the significant risks providing an independent assessment of the risk management, of control and management processes and assisting the Company in maintaining an effective and efficient control system.

The main activities and operations of the Company subject to internal audit in 2022 addressed:

- compliance with the procedure on conflicts of interest, respectively conflicts of interest in which the members of the management of SIF Banat-Crișana and certain categories of employees are involved;
- the conduct of the meetings of the Board of Directors and the degree of fulfilment of the decisions issued;
- management of the portfolio of financial instruments portfolio of the money market and investments in municipal and corporate bonds, substantiating investment / divestment decisions in these instruments and complying with the approved competence limits;
- compliance with the procedure regarding the application in SIF Banat-Crișana of the legal provisions for preventing and combating money laundering and the financing of terrorism;
- compliance with work procedures, internal regulations and legislation specific to the Compliance Office;

- compliance with the working procedures, internal regulations and significant risk management policy of SIF Banat-Crişana;

Non-audit activities carried-out:

- preparation of the yearly program for internal audit for the next period;
- annual reporting on the internal audit activity;
- evaluation report of the internal control system in 2021;
- reporting to ASF on the stage of implementation of the recommendations formulated by the internal auditor;
- other administrative activities.

The internal auditor reports to the Audit Committee and the Board of Directors of SIF Banat-Crişana on the purpose of the audit, the findings, conclusions, recommendations, and proposals made. No significant issues that would require the intervention from the Board of Directors were identified.

Internal Audit appreciates that the activities and operations performed by SIF Banat-Crişana during 2022, which were subject to the audit, are compliant with the policies, programs, and management of the Company and with the legal provisions and internal regulations.

Other matters of corporate governance

Respecting the shareholders' rights

The holding of the General Meeting of Shareholders (GMS) and the matters concerning the rights and obligations of the shareholders are regulated by Companies Law no. 31/1990, by Law no. 24/2017 on issuers of financial instruments and market operations, as well as by other legal regulations in the matter.

The shares issued by SIF Banat-Crişana are common, ordinary, registered, dematerialized, indivisible, granting equal rights to shareholders.

SIF Banat-Crişana shareholders can exercise all the rights conferred by law and by the Articles of Association, Law no. 31/1990, the capital market legislation.

Romanian legislation provides certain restrictions on the acquisition of shares issued by the Company. These are presented in Chapter 2 - *Shares issued by SIF Banat-Crişana*.

In accordance with Art. 272 par. (1) section a) and par. (6) of Law no. 126/2018 on the markets of financial instruments, the voting rights related to holdings in a regulated entity (such as SIF Banat-Crişana) are suspended by law if the acquisition or, as the case may be, increase of a participation was carried out without meeting the criteria provided by ASF regulations on the rules of procedure and the criteria for the prudential assessment of acquisitions in the concerned regulated entity.

SIF Banat-Crişana offers an equitable treatment for all shareholders, including the minority and non-resident shareholders, pursuant to legal provisions and those of Company's Articles of Association.

General meetings of shareholders are convened by the Board of Directors at least 30 days before the set date to be held. The general meetings give the opportunity for Board members and Company's executive directors to present the shareholders the results achieved during the exercise of their mandate under the conferred responsibilities.

SIF Banat-Crişana endeavours to ensure an impartial treatment for all shareholders, providing them with relevant and up-to-date information enabling them to exercise their rights of a fair manner. Shareholders should exercise their rights in good faith and with respect for the rights and interests of the Company and other shareholders.

The right to vote | SIF Banat-Crișana undertakes to facilitate the participation of shareholders at the general meetings of shareholders ("GMS"). SIF Banat-Crișana's shareholders can participate in the GSM directly, by designating a representative by a special/general empowerment or can vote by correspondence.

The Board approves procedures for the orderly and efficient organization of GSM works, pursuant to the incident laws and ASF regulations. At Company's headquarters and posted on its website (www.sif1.ro) are made available for the shareholders the information and materials concerning the General Meeting: the convening notice for the GSM, informative materials, and the documents to be discussed and approved by the meeting, the participation and voting procedures, empowerment forms and correspondence voting forms, the resolutions approved by GSM, and the results of votes for each item on the agenda.

One or several shareholders, representing individually or jointly at least 5% of share capital of the Company, may request by an application addressed to SIF Banat-Crișana, the introduction of additional items on the agenda of the GSM and / or may table draft resolutions for items included or to be included on the agenda of the GSM.

Are entitled to attend and vote at the general meeting of shareholders only the shareholders registered at the reference date in consolidated shareholders' register kept by Depozitarul Central S.A. Bucharest (Central Depository Company).

In 2022, the Board of Directors convened the Ordinary General Meeting of Shareholders ("OGM") and the Extraordinary General Meeting of Shareholders ("EGM") for April 28 (29), 2022.

Information on the general meetings of shareholders and the resolutions adopted are published on company's website, www.sif1.ro, in the section *Investor Relations > General Shareholders' Meetings*.

For the general meetings of shareholders, suspending the voting rights was made as per the legal provisions.

Right to dividend | The dividend policy embraced by SIF Banat-Crișana aims at keeping a balance between the shareholders' remuneration through dividend and the need to finance new investment of the reinvested profits obtained. The strategy of keeping this balance aims to increase the long-term investment attractiveness of SIF Banat-Crișana shares, while maintaining the potential for the future development of the company, ensuring the long-term sustainable profitability of the business for the benefit of increasing the value created for shareholders.

The manner of remunerating SIF Banat-Crișana's shareholders is applied for their benefit both through the dividend distribution policy, and also by the decision to reinvest the profits or to repurchase the shares for the stated purpose of increasing the value of the shares. This increase of shareholder's capital is manifested by at least by the implicit growth in the value of the share due to the favourable effect of profitable reinvestment of the capital. Depending on the economic and financial developments, the risk profile, and the investment expectations of the shareholders, the two ways of remuneration should offer at least the same investment attractiveness. If profit reinvestment opportunities are more attractive to shareholders or in case of repurchasing shares from the market, the return on SIF Banat-Crișana's shareholder capital is likely to be higher than a simple distribution of taxable dividends.

Remunerating the shareholders through dividend distribution or their reinvestment, or by repurchasing shares listed on the market, may bring additional benefits to shareholders, over the medium and long term.

Determining the manner and proportion of the distribution of net profit is subject to the approval of the General Meeting of Shareholders and considers the sustainability of the measure, the economic context, and the current market performance.

The General Meeting of Shareholders on April 28, 2022, approved the appropriation of the net profit for the financial year 2021, amounting to RON 387,001,105, on the following destinations: (i) Dividends RON 30,450,603, representing a gross RON 0.0600 per share; with payment date July 28, 2022 (ii) Other reserves RON 356,550,502.

SIF Banat-Crișana' dividend policy is published on the company's website, www.sif1.ro, in the *Corporate Governance* section.

Right to information | SIF Banat-Crișana recognizes the importance of informing shareholders, making available to them, through continuous and periodic reports, relevant and timely information, thus facilitating the exercise of their rights in a fair manner.

Information on Company's activity considered to affect the price of shares on the stock exchange market was subject to current reports or announcements, communicated within 24 hours to the market, immediately made available to investors on BVB website and on the Company's website, www.sif1.ro.

To ensure equal access to information for the investors, posting on the Company's website of reports and announcements destined to the market participants is made after the information is published by the market operator, Bucharest Stock Exchange (BVB or BSE), on their website.

Each year, the Company sets a financial reporting calendar that is communicated in January to BVB and ASF, and also published on Company's website, www.sif1.ro, and that of the Bucharest Stock Exchange.

Increasing the company's visibility on the Romanian capital market and towards a wider base of international institutional investors was further an objective assumed in the activity plan for 2021, promoting SIF Banat-Crișana in the capital market events (either individually or together with BVB, intermediaries, media outlets), to increase transparency and attract new investors / shareholders.

The organizational structure providing the relationship with shareholders, potential investors, analysts, mass-media, and the interested public is the Investor Relations Compartment. Contact details: 35A Calea Victoriei, Arad 310158, Romania, tel | fax: +40257 304 446, email: investitori@sif1.ro, person of contact Mr. Claudiu Horeanu.

Further details on shareholders' rights are presented in SIF Banat-Crișana's Articles of Association, available on Company's website, in the section *About SIF Banat-Crișana, Corporate Governance* subsection.

Details regarding the procedure for holding the general meetings of shareholders are presented in the Convening Notice for each meeting, on Company's website, in the *Investor Relations* section, *General Shareholders' Meetings* subsection.

Anti-corruption measures

SIF Banat-Crișana complies with the ethical and moral standards, permanently being engaged in implementing the necessary measures to prevent situations of abuse in the company's relations with all categories of collaborators, as well as in portfolio management, fund management and investment process. SIF Banat-Crișana has developed and implemented reference documents dealing with, among other aspects, anti-corruption policies and procedures, namely: *Corporate Governance Code*, *Internal Regulations*, *Internal Regulations* and *Policy on Corporate Social Responsibility*.

These documents focus on the principles on which the company's policy is based in terms of anti-corruption measures, ethics, and business morality, embracing these values being essential, all decisions of the company's management are in accordance with the provisions and recommendations contained in the listed documents.

Internal reporting (whistleblower)

The company permits the internal reporting, by its employees, of the violation of capital market regulations and internal procedures through a specific, independent, and autonomous channel implemented through the e-mail system.

The compliance officer shall have access to the reports submitted for further verification and the preparation of reports to senior management with proposals for remedying the reported situations.

There were no complaints or notifications received through this channel in 2022.

Conflicts of interest

SIF Banat Crișana applies internal rules and procedures aimed at avoiding conflicts of interest, by implementing appropriate measures in relation to the nature, size and complexity of the activities carried out. To avoid potential conflicts of interest, the Board members and executive directors of the company must comply with at least the following requirements without being limited to them:

The members of the Board of Directors must meet the conditions set out in the republished Law no. 31/1990 and the capital market legislation and may not be members of the board of directors / supervisory board or directors / members of the board of directors of another AIFM / investments management company / investment companies or of the depository of assets of SIF Banat-Crișana, must not be members of the board of directors / supervisory board of an SSIF (broker) with which SIF Banat-Crișana has concluded a financial intermediation contract and must not be employed or have any kind of contractual relationship with another investment management company or with an investment company, with the exception of other entities belonging to the same group.

The directors of the company as well as the persons replacing them may not be members of the board of directors / supervisory board or directors / members of the board of directors of another AIFM or of the custodian of SIF Banat-Crișana's assets, must not be members of the board of directors / supervisory board, directors or members of the board of directors of a financial investment services company (SSIF, brokers) with which SIF Banat-Crișana has entered into a contract and must not be employed or have any contractual relationship with another AIFM, with the exception of other entities belonging to the same group. Through the internal policies, rules, and procedures, as well as through the functional organization adopted, SIF Banat-Crișana considers that the relevant persons involved in the various activities that encompass a risk of conflict of interest to carry out these activities with an adequate degree of independence.

The internal policies, rules, and procedures to be complied with in SIF Banat-Crișana aim at ensuring the degree of independence necessary for the prevention and management of conflicts of interest, as follows:

- the procedures provide for measures to prevent and control the exchange of information between relevant persons involved in the portfolio management activities or in other activities involving a risk of conflict of interest if the exchange of information may harm the interests of the Company or its shareholders;
- specific internal procedures regulate the confidentiality of information and the circulation of documents in physical and electronic format; for accessing the documents in the computer system, access levels are established;
- established assignments and responsibilities shall prevent the simultaneous or consecutive involvement of a relevant person in portfolio management, control or risk management activities for the proper management of conflicts of interest;
- from an organizational point of view, the functions regarding the decision, execution and supervision of the activity are separated so as to avoid the execution by the same person of tasks that may result in undetectable errors or activities that expose the company to risk;
- the directors will take decisions in the interest of the Company and will not take part in the

debates or decisions that create a conflict between their personal interests and those of the Company or of some companies controlled by SIF Banat-Crișana;

- each member of the Board will ensure the avoidance of any direct or indirect conflict of interests with SIF Banat-Crișana or the companies under its control;
- each administrator shall inform the Board of Directors upon conflicts of interest, as they arise and shall refrain from debating and voting on the respective matters, in accordance with the relevant legal provisions;
- it is forbidden for the members of the Board, directors or any other person with whom the Company has an employment contract, to disseminate information on the transactions that SIF Banat-Crișana intends to perform with financial instruments in its portfolio;
- in order to identify situations of a possible conflict of interest, in which an administrator or employee of the company may have a material interest on his behalf or of third parties, there is an obligation that employees / directors / administrators communicate to the company the activities and interests outside the company by filling in the form "Declaration of external interests" - which is filled in at the beginning of the relations with SIF Banat-Crișana and is updated periodically or whenever the situation requires it.

If conflicts of interest arise, SIF Banat-Crișana ensures the correct management / administration and in the general interest of the company's shareholders.

Corporate information regime

The members of the Board, executive directors, and employees of SIF Banat-Crișana are bound to keep the confidentiality of the documents and corporate information/data and comply with the Code of Ethics and Business Conduct and with the procedures approved by the Board of Directors concerning corporate information.

The Board of Directors adopted procedures regarding the Company's internal circuit of the documents and the disclosure to third parties of documents and information concerning SIF Banat-Crișana, giving special importance to inside information - as defined by Law no. 24/2017 and European regulations, that may impact the market price of the shares issued by the Company.

The company must inform the public and ASF, thereupon, on privileged information directly concerning it. Postponement of public disclosure of inside information is made under the conditions specified by the applicable law, provided the confidentiality of such information.

In application of the provisions of the national and European regulations, namely ASF Regulation no. 5/2018, EU Regulation 596/2014, Commission Implementing Regulation (EU) 2022/1210, and EU Regulation 347/2016, the company establishes and permanently updates the list of persons having access to inside information regarding the Company. The list of persons with access to inside information regarding SIF Banat-Crișana shall be communicated to the Financial Supervision Authority upon its request.

Transactions of persons having access to privileged information (transactions of insiders)

Internal procedures prohibit the members of the board of directors, the directors of the company, as well as by any person with whom the Company has concluded an employment contract to use "inside information" related to the investment policy of SIF Banat-Crișana, when they perform transactions with financial instruments in their own portfolio ("personal transactions").

The company has established internal rules and procedures for personal transactions. Any personal transaction carried out by a person with access to inside information shall be notified in advance to the Compliance Office of the company to verify its compliance with the requirements regarding the avoidance of conflicts of interest. Transactions performed are notified to the

Compliance Office, to be recorded in the personal transaction log, a register managed by the compliance officer.

Transactions of the management

In accordance with the provisions of the internal rules and procedures and of EU Regulation no. 596/2014 and EU Regulation no. 523/2016, the persons discharging managerial responsibilities or persons closely associated with them notify the company about each transaction carried out on their behalf in connection with the shares or debt securities of SIF Banat-Crişana. This provision applies to any subsequent transactions once the amount of EUR 5,000 has been reached during a calendar year. The threshold of EUR 5,000 is calculated by summing up all transactions since the beginning of the calendar year without offsetting them. For transactions with other securities, the internal rules and procedures concerning personal transactions are applicable.

Notified transactions are recorded in the personal transaction log managed by the Compliance Office.

Treatment applicable to transactions with affiliated entities

The company has the obligation to publish a report in case the Board of Directors approves a significant transaction with affiliated parties. Law no. 24/2017 on issuers of financial instruments and market operations provides for this reporting obligation in the case of significant transactions, viz. a transaction whose individual or cumulative value represents more than 5% of the company's net assets according to the latest published financial statements.

If significant transactions are concluded with affiliates, at the end of each semester, the financial auditor is required to review the company's reported transactions during the semester and prepare a report assessing whether the transaction is fair and justified for the company and non-affiliated shareholders, including minority shareholders.

In 2022 SIF Banat-Crişana did not carry out significant transactions with affiliated parties as defined by Law 24/2017 that had to be reported according to the provisions of this law.

Protection of personal data

Starting with May 25, 2018, Regulation (EU) 2016/679 ("GDPR") on the protection of individuals regarding the processing of personal data and on the free movement of such data is applied by all Member States of the European Union. SIF Banat-Crişana is committed to protecting and respecting the confidentiality of the personal data to which it has access or which it processes in the course of its activity.

To comply with the new legal provisions, SIF Banat-Crişana has updated its policies on the protection of personal data, and these are available in a dedicated section on the website of the company *Protection of Personal Data*, describing mainly what personal data are collected from those with whom the Company interacts, the reason why they are processed and the rights of these persons. The section also hosts the forms by which the shareholders or petitioners can express their agreement regarding the processing of the personal data they submit, an answer that implies the processing of these data can be given by the Company after receiving this consent.

SIF Banat-Crişana ensures the confidentiality of the information brought to its knowledge, within the framework of this obligation, by undertaking to protect and properly use the personal information provided by data subjects or a third party.

SIF Banat-Crişana legally processes the personal data to which it has access (e.g. based on the consent of the individual, a contract, legal obligations, legitimate interests of the Company), in order to ensure access to the Company's website and the transmission by the Company of the answers to the requests of the visitors of the Company's website, in compliance with the provisions of Regulation (EU) no. 2016/679 on the protection of individuals with regard to the processing of

personal data and on the free movement of such data and repealing Directive 95/46 / EC.

Through its website, www.sif1.ro, or through the communications sent to its email addresses, SIF Banat-Crișana may collect personal data either as an entity regulated / authorized / supervised by ASF, either as an issuer of securities listed on the regulated market, or as a contractual partner, or in other particular cases, which may exceptionally arise in the activity of the Company.

SIF Banat-Crișana will periodically update the *Personal data protection policy* according to subsequent legislative changes.

ESG (Environmental, social, and corporate governance)

Awareness and implementation of ESG (environmental, social, governance) criteria in investments and business become essential in the context of the risks caused by climate change. These may affect the stability and economic performance of the Group and portfolio companies, through possible disruptions in the supply chain, increased energy costs or new regulations aimed at reducing greenhouse gas emissions. Therefore, adopting and implementing ESG criteria in investments and businesses can help minimize these risks and improve long-term performance.

Discussions about sustainability and sustainable investments have evolved from a secondary theme of ecology to an important and relevant matter for everyone, not just environmental experts, and activists. Now, both investors and employees are more aware of the ecological impact of companies and are more attentive not only to traditional polluting industries, but also to investment funds holding shareholdings in sectors with a diverse impact on the environment.

Within the EU Action Plan on sustainable financing, the European Commission proposed the creation of a legal framework that will make environmental, social responsibility and governance aspects key decision criteria for the financial system.

Regulation (EU) 2019/2088 on Sustainable Finance Disclosure Regulation (SFDR) entered into force on March 10, 2021, and requires financial market participants to publish information on how they integrate ESG risks and opportunities into their investments decisions. Financial institutions need to adapt to meet the new non-financial reporting requirements by 2023.

SIF Banat-Crișana statement prepared as per the provisions of art. 4 par (1) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019, on information on sustainability in the financial services sector is published on the company's website, www.sif1.ro, *Corporate Governance* section. Also in this section, the *Policy on integrating ESG risks in the investment decision-making process* is available for consultation – the revised version approved by the Board of Directors on October 11, 2022.

The challenge for SIF Banat-Crișana is, in a first stage, to allocate efforts to identify, collect, analyse and report ESG indicators (*the accuracy and comparability of reported non-financial information, collecting relevant data, allocating IT resources, the expertise needed for understanding and implementing the reporting requirements, and the creation and conduct of stakeholder consultation processes, materiality analysis, identification and reporting of material topics and specific indicators.*)

The **Risk Management** chapter presents matters related to the risk management, monitoring, and reporting processes, which also include the ESG risks relevant for the activity of SIF Banat-Crișana.

Environment

SIF Banat-Crișana is committed to responsibly manage the environmental issues, choosing that in carrying out the processes related to the current activity, resources are efficiently managed, ensuring that the environment is protected in all aspects of the current activities.

As a responsible company, it is our responsibility to manage the waste generated both by the activity of our employees and by the daily operations carried out at the head office and the branch

office. Waste materials include paper, plastic, waste electrical and electronic equipment, batteries and accumulators, lighting devices, printer cartridges and household waste. Used batteries and accumulators, printer cartridges and end-of-life electrical and electronic equipment, if not managed properly, can have negative effects on the environment and human health, so we strive to continuously modernize all processes in the company's activity, in particular by reducing consumption of resources and reducing the volume of waste produced and through their selective and efficient collection.

The importance of saving energy was also considered in 2022. Measures were taken to streamline the use of space and increase energy efficiency. Although the head office operates in a building with low energy efficiency due to its age, we have tried to implement efficiency measures where possible. Reducing electricity and methane gas consumption was a priority to minimize environmental impact and control operational costs.

SIF Banat-Crișana takes action to reduce the impact on the environment by implementing resource-saving measures. These include opting for electronic communication instead of paper, and digitizing operations. The use of electronic equipment with low energy consumption and compliance with ergonomics and environmental protection standards is also aimed at.

SIF Banat-Crișana, as an investment fund, through its business operations, can have a substantial indirect impact on the environment, so it is concerned with improving the sustainable performance of the companies in which it invests and in achieving a more sustainable economy. Awareness of this impact and taking appropriate measures are among the important challenges anticipated both at the level of society, the group, and the financial industry, in the context of a responsible approach to investments, contributing to a greener and righteous world.

Social responsibility

Nowadays, people expect companies to be more than simple economic-financial entities, being judged not only by their economic performance, but also by their contribution to the communities in which they operate, wanting to see how they contribute to the sustainable development of the society, through good management of environmental issues, responsible management of employees, having socially responsible business practices. Thus, SIF Banat-Crișana understands to be a responsible social actor, attentive and responsive to the needs of the community in which it operates, aware that it has an important role to play in building a more responsible and healthier society.

Through its actions, SIF Banat-Crișana aims to promote professionalism, excellence, innovation, responsibility, team spirit, diversity, commitment.

In applying social responsibility policies, SIF Banat-Crișana makes every effort to ensure the continuous respect for fundamental human rights, encouraging and continuously developing good practices in this field, aware that adopting a socially responsible attitude can have a positive impact on its financial performance, its employees, and its reputation in the community.

During 2022, SIF Banat-Crișana financially supported projects aiming the development of capital market and the industry of investment fund managers.

SIF Banat-Crișana's corporate social responsibility policy is published on company's website, www.sif1.ro, in the section dedicated to corporate governance.

Financial reporting

Financial statements for 2022 have been prepared pursuant to the International Financial Reporting Standards and ASF Rule no. 39/2015, which applies along with the Accounting Law no. 82/1991 (republished and amended). The financial auditor is Deloitte Audit SRL.

On April 28, 2022, the Company published *The Standalone Financial Statements and The Consolidated Financial Statements for the year ended December 31, 2021*, prepared in accordance with the ASF Rule no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards (IFRS) applicable to entities authorised, regulated and supervised by the Financial Supervisory Authority (ASF), operating in the Financial Instruments and Investments Sector, audited by Deloitte Audit SRL and approved by the Ordinary General Meeting of Shareholders held on April 28, 2022 - together with the annual report of the Board of Directors and Independent Auditor's Report.

On May 16, 2022, the Company published the Quarterly Report as of March 31, 2022, as per the provisions of Law no. 24/2017, Regulation no. 15/2004, ASF Regulation no. 5/2018 and Rule no. 39/2015.

On August 31, 2022, the Company published SIF Banat-Crişana's H1 2022 Report as per the provisions of Law no. 24/2017, Regulation no. 15/2004, ASF Regulation no. 5/2018 and Rule no. 39/2015. The condensed interim standalone financial statements as of June 30, 2022, part of the half-yearly report, were prepared according to Rule no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated, and supervised by the Financial Supervisory Authority.

On September 30, 2022, the Company published SIF Banat-Crişana's H1 2022 consolidated report. The condensed interim consolidated financial statements as of June 30, 2022, part of the half-yearly report, were prepared according to Rule no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorised, regulated, and supervised by the Financial Supervisory Authority.

On November 15, 2022, the Company made available to the public the Q3 2022 report, prepared as per the provisions of Law no. 24/2017, Law no. 243/2019, Regulation no. 10/2015, ASF Regulation no. 7/2020, ASF Regulation no. 5/2018, and Rule no. 39/2015.

4. FINANCIAL ANALYSIS

SIF Banat-Crișana prepared the financial statements as of December 31, 2022, pursuant to International Financial Reporting Standards (IFRS) as adopted by the European Union and to the ASF Rule no. 39/2015 for the approval of Accounting Regulations applicable to entities authorized, regulated, and supervised by the Financial Supervisory Authority (ASF) in the Sector of Financial and Investment Instruments.

The Standalone Financial Statements as of December 31, 2022, including the related notes, are presented in Annex 1 to this report.

The following are comments on the financial position and the results of the Company in the financial year 2022, compared to the preceding four financial years:

4.1 Statement on the standalone financial position

STATEMENT OF ASSETS, LIABILITIES AND EQUITY	2022	2021	2020	2019	2018
Cash and cash equivalents (including bank deposits)	26,615,152	339,358,760	150,710,816	121,716,306	35,274,867
Financial assets at fair value through profit and loss	1,723,810,844	1,680,415,609	1,394,390,304	1,226,791,154	1,105,989,265
Financial assets at fair value through other comprehensive income	1,624,523,020	1,559,352,399	1,314,430,895	1,508,267,047	1,279,345,173
Investments recorded at amortized cost	-	-	-	43,246,691	6,505,683
Investment property, Tangible assets, Other assets	30,314,136	28,259,291	24,239,628	26,657,141	25,828,264
Total assets	3,405,263,152	3,607,386,059	2,883,771,643	2,926,678,339	2,452,943,252
Deferred tax liabilities	136,546,721	179,957,876	146,231,940	169,850,613	129,889,043
Other liabilities (payable dividends, leasing, deferred revenues)	25,863,246	11,301,898	7,635,012	8,624,272	1,633,596
Total liabilities and deferred revenues	162,409,967	191,259,774	153,866,952	178,474,885	131,522,639
Share capital	50,751,006	51,542,236	51,542,236	51,746,072	51,746,072
Treasury shares (including costs related to the repurchase)	-	(21,694,227)	(2,240,526)	(7,430,298)	(224,045)
Retained earnings	832,847,626	1,140,789,898	743,318,231	812,306,354	683,411,583
Other equity elements (other reserves, legal reserves, benefits granted)	1,617,427,194	1,261,063,053	1,170,807,710	1,009,486,883	933,609,102
Reserves from revaluation of financial assets through other items of comprehensive income	741,827,359	984,425,325	766,477,039	882,094,444	652,877,901
Total equity	3,242,853,185	3,416,126,285	2,729,904,691	2,748,203,455	2,321,420,612
Total liabilities and equity	3,405,263,152	3,607,386,059	2,883,771,643	2,926,678,339	2,452,943,252

Cash and cash equivalents include all liquid investments of the Company in term bank deposits, current accounts, and petty cash. The significant decrease compared to 2021 is the effect of directing the existing amounts in short-term monetary investments to the significant investments (RON 357m) made during the year, by increasing the stakes in some minority interests listed on the stock exchange (companies from the financial sector and the energy one, recorded under *Financial assets at fair value through other comprehensive income*).

The category of *Financial assets at fair value through profit or loss* comprises the Company's shareholdings in subsidiaries and associates (except for interests in consolidated subsidiaries), holdings in fund units and investments in bonds (issued by subsidiaries - VNC24). The rise of item *Financial assets at fair value through profit and loss* as compared to 2021 is the a result of the recognition of the loan granted to SIF SPV Two for the financing of acquisitions performed in 2022, as the negative differences in the fair value of the financial assets in this category offset the level of value increases resulted from the fair value differences related to shareholdings not listed or not having an active market (level 3 fair values, as per IFRS 13).

Financial assets at fair value through other comprehensive income comprise shareholdings, in respect of which the Company has chosen - from the initial application of IFRS 9 - the irrevocable option

to reflect fair value changes in other (items of) comprehensive income. This patrimonial position is mainly influenced by: (1) the effect of the evolution of stock market quotations from 2022 on the Company's portfolio of minority interests (mainly the diminishment of listed companies with a financial profile) and (2) the significant net investments made within this category of assets in the year 2022.

Investment property, Tangible assets and Other assets mainly include land and buildings acquired by the Company following the closing down of some branch offices and withdrawal of the contribution in kind of some companies in the portfolio. Company's Investment property at fair value as of December 31, 2022, amounts to RON 12.96m. *Tangible assets* held by the Company are those used while carrying out operational and administrative activities, at the headquarters. The item *Other assets* mainly includes the Company's receivables from third parties. The level of these balance sheet items increased as compared to 2021, being mainly influenced by the increase in receivables.

Deferred tax liabilities represent the tax payable / recoverable in future periods related to temporary taxable differences / deductibles between the carrying amount and the tax value of an asset or liability. The decrease of this item as compared to the previous year is mainly the effect of the adjustment of the deferred income tax related to the reduction in the level of reserves from the fair value measurement of securities measured at fair value through other comprehensive income, as the capital markets in 2022 declined, especially for the minority interests having the utmost weight in the portfolio.

Equity holds the largest stake in the structure of liabilities. The value of this item declined 5.1% vs. the previous year, given that the net profit, inferior vs. 2021, and the amounts reflected in other comprehensive income unfavourably impacted the value of equity, as follows:

- the decrease in the retained earnings is mainly determined by the difference between the current result for 2022 (RON 95.5m) and the part of the previous year's result that was not distributed as dividends (RON 356m), transferred to *Other reserves*, following the decision the General Assembly to capitalize it as own financing sources;

- the item *Differences from changes in the fair value related to financial assets measured through other comprehensive income*, down by 24.6% vs. 2021-year end, reflects the impact of the recognition of unfavourable fair value differences related to financial assets recorded within this category (shares at companies where SIF Banat-Crişana holds minority interests, shares in the two subsidiaries included in the scope of consolidation), being influenced both by the net difference in fair value resulting from marking to market and by the net result from the sale of financial assets at fair value through other comprehensive income, transferred to retained earnings.

4.2 Statement on the standalone profit and loss and other comprehensive income

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME	2022	2021	2020	2019	2018
Income, of which:	174,916,193	135,434,720	94,840,715	121,537,512	114,876,610
Dividend income	166,188,008	130,451,726	85,778,801	115,088,023	110,224,602
Interest income	8,709,566	4,737,208	8,889,199	6,052,181	4,399,872
Other operating revenues	18,619	245,786	172,715	397,308	252,136
Gain/(Loss) on investments, of which:	(47,396,502)	288,290,481	27,816,050	75,953,657	(16,053,869)
Gain/(Loss) on foreign exchange differences	(20,400)	2,274,798	2,156,143	1,961,301	92,468
Gain/(Loss) on investment property	10,042	699,195	2,769,835	(81,351)	86,351
Profit/(Loss) on sale of assets	-	-	-	-	(1,282,416)
Gain / (Loss) on financial assets at fair value through profit and loss	(47,386,144)	285,316,488	22,890,072	74,073,706	(14,950,272)
Expenses, of which:	(24,393,742)	(27,384,877)	(28,472,943)	(22,236,060)	(17,930,623)
Expenses/reversals on adjustments for impairment	566,018	93,593	-	-	-
Commissions expenses	(4,350,043)	(5,109,130)	(8,794,811)	(3,322,619)	(3,248,280)
Other operating expenses	(20,609,717)	(22,369,340)	(19,678,132)	(18,913,441)	(14,682,344)
Profit before tax	103,125,949	396,340,324	94,183,822	175,255,110	80,892,118
Income tax	(7,658,801)	(9,339,219)	(2,061,416)	(15,760,578)	(3,705,890)
Net profit for the period	95,467,148	387,001,105	92,122,406	159,494,532	77,186,227
Other comprehensive income	(240,290,182)	320,541,254	(112,288,232)	276,874,562	(83,198,128)
Total comprehensive income for the period	(144,823,034)	707,542,359	(20,165,826)	436,369,094	(6,011,901)

The course of **Income** with significant weight was as follows:

Dividend income increased in 2022, 27.4% up vs. 2021. The increase is primarily on the back of dividends collected from stakes in banks, given that in the previous year the dividend policy was impacted by their decision to reduce the amounts distributed or to postpone their distribution. Structurally, the majority amount (58%) of the dividends collected was from the dividends distributed by banks, while in 2021 61% of the dividend volume came from the companies where SIF Banat-Crişana was holding the majority stake.

Interest income includes interest on bank deposits and corporate bonds respectively the financing component attached to the contracts for the transfer of financial assets. In 2022, the volume of interest income was significantly higher than in the previous year. Structurally, interest income related to assets at fair value through profit and loss were 82% higher vs. 2021, while interest income related to assets at amortized cost and assets at fair value through other comprehensive income are 87% superior to those for 2021.

Other operating income usually includes Company's proceeds from recovery of trial costs and other incidental income.

Gain/(Loss) on investments in 2022 the result achieved in 2022 was adversely influenced by the unfavourable differences in fair value related to financial assets measured at fair value through profit and loss, as per IFRS 9. These investments include both the shareholdings in subsidiaries excluded from the scope of consolidation, following the ascertainment of the investment entity status, as well as investments in fund units issued by closed-end investment funds. The main elements generating unfavourable differences in fair value were shareholdings in subsidiaries and listed associated entities, given that in 2021 they represented the main source of the investment gain reported by the company.

Commission expenses include fees due to regulatory institutions, the depository, and the Stock Exchange and the intermediaries (brokers). Their level lessened as compared to the values for the 2021, as is the case for *Other operating expenses*, which includes the expenses on personnel and management salaries, the taxes and fees and other expenses incurred in the operation of the Company. Total expenses for 2022 are below those for 2021, reflecting the savings incurred in most expenditure categories.

4.3 Standalone cash flow statement

CASH FLOW STATEMENT	2022	2021	2020	2019	2018
Operating activities					
Net profit for the year	95,467,148	387,001,105	92,122,406	159,494,532	77,186,227
<i>Adjustments for:</i>					
Amortization of tangible and intangible assets	553,220	516,273	508,825	271,833	281,866
Net (Gain) / Loss on disposal of tangible assets	-	5,369	33,012	1,585	4,557
Gain on valuation of investment property	(10,042)	(699,195)	(2,769,835)	81,351	(86,351)
(Net gain)/Net loss on sale of assets	-	-	-	-	1,282,416
(Net gain) / Net loss from financial assets at fair value through profit and loss	47,386,144	(285,316,488)	(22,890,072)	(74,073,706)	14,950,272
Dividend income	(166,188,008)	(130,451,726)	(85,778,801)	(115,088,023)	(110,224,602)
Interest income	(8,709,566)	(4,737,208)	(8,889,199)	(6,052,181)	(4,399,872)
Expense with / (income from) other provisions and adjustments	-	-	-	-	-
Expense with interest related to leasing agreements	37,655	56,967	68,104	7,622	-
(Gain)/Loss on exchange rate differences assets / financial liabilities and other revenues/expenses	(1,344,661)	16,254	(1,089,757)	(1,231,751)	(10,086)
Benefits granted in equity instruments	2,000,537	2,576,937	1,867,063	1,414,000	2,380,000
Income tax	7,658,801	9,339,219	2,061,416	15,760,578	3,705,890
Changes in assets and liabilities related to operating activities					
Changes in other assets	(1,394,848)	(411,564)	47,345	(85,847)	17,207
Changes in other liabilities	4,438,258	3,792,170	3,630,709	1,423,686	(2,083,394)
Income tax paid	-	(30,732,758)	(4,451,293)	(19,121,966)	(25,588,823)
Net cash (used in) / from operating activities, of which:	(20,105,362)	(49,044,645)	(25,530,077)	(37,198,288)	(42,584,693)
Investment activities					
Payments for purchase of financial assets at FVTOCI	(357,337,857)	(67,751,279)	(7,459,123)	(6,586,167)	(247,001,150)
Proceeds from the sale of financial assets at FVTOCI	8,378,030	196,793,416	65,497,597	107,323,972	172,710,266
(Investments) / Proceeds from deposits with term longer than 3 months	79,198,863	(79,198,863)	4,500,000	1,500,000	(1,200,000)
Proceeds from sale of assets at FVTPL	27,193,910	16,484,890	9,899,346	84,852,486	23,466,399
Payments for purchase of assets at FVTPL	(115,657,463)	(12,906,934)	(159,436,657)	(123,637,912)	-
Proceeds/(Payments) for purchase of assets recorded at amortized cost	-	-	43,746,000	(42,995,700)	-
Payments for purchases of tangible assets	(231,500)	(113,688)	(216,528)	(49,697)	(58,870)
Proceeds from sale of assets and investment property	-	926,060	9,636,800	-	-
Dividends collected	159,092,059	125,033,641	83,779,746	110,293,952	106,528,122
Interest collected	5,452,918	3,581,221	9,364,509	5,277,106	6,274,164
Net cash (used in) / from investment activities	(193,911,040)	182,848,463	59,311,690	135,978,041	60,718,931
Financing activities					
Payments related to leasing	(295,131)	(281,064)	(274,603)	(30,137)	-
Dividends paid	(19,199,846)	-	-	(5,495)	-
Repurchase of own shares	-	(24,107,040)	-	(10,770,725)	(224,045)
Net cash (used in) / from financing activities	(19,494,976)	(24,388,104)	(274,603)	(10,806,357)	(224,045)
Increase / (decrease) in net cash and cash equivalents	(233,511,378)	109,415,714	33,507,010	87,973,396	17,910,193
Cash and cash equivalents on January 1st	260,126,530	150,710,816	117,203,806	29,230,410	11,320,217
Cash and cash equivalents on December 31st	26,615,152	260,126,530	150,710,816	117,203,806	29,230,410

In 2022, the investment activity required a net cash requirement of RON 193.9m, given the significant investments in the purchase of listed shares (RON 357.3m). The partial financing of these acquisitions on account of dividends collected (RON 159m) and proceeds from divestments (RON 35.5m) caused a significant reduction of the cash and cash equivalents position as of December 31, 2022, compared to the beginning of the reporting period.

4.4 Implementation of Budget for 2022, summary statement

Implementation of Budget for 2022	Result for 2021	Provisions for 2022	Result for 2022	+/- vs. budget
Total income	135,547,935	145,300,000	174,916,193	20.4%
Net gain/(loss) on investment	288,290,481	(20,000,000)	(47,396,502)	137%
Operating expenses	27,384,877	32,419,000	24,393,742	-24.8%
Profit before tax	396,340,324	92,881,000	103,125,949	11%
Income tax (including tax on gross dividends due)	9,339,219	8,965,000	7,658,801	-14.6%
Net profit for the year	387,001,105	83,916,000	95,467,148	13.8%
Total comprehensive income for the year	707,542,359	-	(144,823,034)	N/A

Total income achieved is 20.4% above the provisions for 2022 and 29.2% higher the achievements of 2021. The dynamics of the main variables are presented in the *Statement of Profit and Loss and Other Comprehensive Income*.

Net gain on investment significantly declined as compared to 2021, unfavourable vs. the budgeted level, in the context in which this component was adversely influenced by the marking to market of assets measured at fair value through profit and loss, the net loss recorded related to listed and unlisted shareholdings related to this category being higher by RON 27.4m than the estimate used in substantiating the budget submitted to the shareholders' approval.

Operating expenses incurred in 2022 are below the budgeted provisions, by 24.8%, and 10.9% lower the previous year's results following the efforts to reduce most categories of operating expenses of the Company.

The gross result in the amount of RON 103.13m surpasses the provisions for 2022, as the main effect of higher-than-estimated dividend income and lower total expenses, which offset the unfavourable impact of net gain on investment.

The net result of the year in the amount of **RON 95.47m** exceeds by 13.8% the level of the provisions for 2022. However, the net result is significantly below the one for the previous year, despite higher income from dividends compared to 2021. The unfavourable evolution of listed shares measured through the profit and loss account in 2022 decisively influenced the company's performance, given that in 2021 the same assets were the source of an all-time high net profit.

5. OTHER SIGNIFICANT INFORMATION

Disclosure document concerning the shares offered to the members of the management structure

On January 25, 2022, SIF Banat-Crișana informed the shareholders, by means of a current report published on Bucharest Stock Exchange that, based on the resolutions adopted by the Extraordinary General Meeting of the Shareholders of the Company of October 11, 2021 (EGM Resolution no. 3/11.10.2021, EGM Resolution no. 4/11.10.2021, SIF Banat-Crișana's Board of Directors approved through Decision of the Board no. 5 of 20.01.2022 the offering free of charge to the members of the management structure (administrators, directors) of 880,000 shares in a share-based payment plan of a "Stock Option Plan" type.

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.

The disclosure document concerning the shares offered or allotted to members of SIF Banat-Crișana management, prepared as per EU Regulation no. 1129/2017 and ASF Regulation no. 5/2018, was published on the website of BVB and on company's website, www.sif1.ro, in *Investor Relations* section.

Publication of preliminary financial results for 2021

On February 28, 2022, SIF Banat-Crișana published the preliminary financial results for the year ended on December 31, 2021, prepared in accordance with IFRS, by communicating to the market (BVB) and posting on Company's website, www.sif1.ro.

Valuation methods

As per the provisions of the ASF Regulation no. 10/2015 (article 19) and the EU Regulation 231/2013 (articles 69-70), on February 28, 2022, SIF Banat-Crișana informed the investors upon maintaining the valuation policies and methods applied to evaluate the financial assets in the company's portfolio presented on Company's website, www.sif1.ro, in the section *Investments > Net Asset > Net asset value calculation methodology*.

The Ordinary and the General Meeting of Shareholders of April 28, 2022

The Board of Directors of SIF Banat-Crișana, gathered in the meeting of March 21, 2022, convened, pursuant to art. 117 of Law no. 31/1990, the ordinary general meeting of shareholders ("OGM") for April 28 (29), 2022, 10:00 a.m. and the extraordinary general meeting of shareholders ("AGEA"), for April 28 (29) 2022, 12:00, at the company headquarters in Arad, 35A Calea Victoriei.

Starting from March 28, 2022, all informative materials related to the topics included on the agenda and the draft resolutions subject to the approval of the general meeting, were made available to the shareholders, being published on the Company's website, at www.sif1.ro, in the *Investor Relations* section.

In the **OGM of April 28, 2022**, the shareholders approved:

- the standalone financial statements for 2021 FY, based on the discussions and the reports presented by the board of directors and the financial auditor, including the remuneration report of SIF Banat-Crișana for 2021, as per the provisions of art. 107, par. (6) of Law no. 24/2017 republished, annex to the annual report of the Board of Directors;
- the appropriation of the net profit of the financial year 2021, amounting to RON 387,001,105, to the following destinations: (i) Dividends RON 30,450,603 lei, representing gross RON 0.0600 per share; approving July 28, 2022 as the dividend payment date and the costs related to the

- dividend payment to be borne by the shareholders from the amount of the net dividend; (ii) Other reserves RON 356,550,502;
- the consolidated financial statements as of December 31, 2021, based on the discussions and the reports presented by the board of directors and the financial auditor;
- the discharge from liability of administrators for the activity carried out in the financial year 2021;
- the income and expenses budget and the activity program for 2022;
- the remuneration due to the members of the board of directors for the financial year 2022, at the level established by the OGM resolutions of April 26, 2016;
- the general limits of all additional remuneration of the members of the board of directors and the general limits of the remuneration of the directors for 2022 FY at the level established by the OGM resolutions no. 7 of April 27, 2020.

In the **EGM of April 28, 2022**, the shareholders approved:

- the reduction of SIF Banat-Crișana's share capital, from RON 51,542,236.3 to RON 50,751,005.6 following the cancellation of 7,912,307 treasury shares acquired by the company, under the buyback programs.
- execution of a buyback program ("Program 6"), in compliance with applicable legal provisions and having the following main features: (i) The purpose of Program 6: The Company will repurchase shares under the Program 6 for the distribution free of charge to members of the Company's management (administrators, executive directors) in order to build their loyalty 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: 990,000 shares at most; (iii) The minimum price per share: RON 0.1; (iv) The maximum price per share: RON 6.3981; (v) Duration of Program 6: a maximum of 18 months after publication of the decision in the Official Gazette of Romania, Part IV; (vi) The shares acquired under the Program 6 will be paid from sources permitted by law.
- the use of the shares acquired under the Buyback Program 6 to be distributed free of charge to the members of the Company's management (directors, directors), within a share-based payment of "Stock Option Plan" type, in compliance with the applicable legislation. The Board of Directors of the company is empowered to take all necessary measures and to fulfil all the formalities required for the approval and implementation of the share-based payment plan of "Stock Option Plan" type.

The Resolutions adopted by the OGM and EGM of April 28, 2022, in full, are available for consultation on Company's website, at www.sif1.ro, in the *Investor Relation* section.

The periodic control carried out by ASF

During February 14 - April 27, 2022, a control unit of the Financial Supervisory Authority carried out the periodic control of SIF Banat-Crișana's activity during May 14, 2019 – February 14, 2022. The control action was materialized in a Control Report that was communicated to the company on May 9, 2022.

The Board of Directors analysed the findings, requests and recommendations presented in the control report and approved the methods of response submitted by company's offices. By letter no. 1288/May 19, 2022, SIF Banat-Crișana submitted its objections, accompanied by comprehensive explanations on the findings in the control report.

After the conciliation meeting of the representatives of the control unit from ASF and SIF Banat-Crișana and the completion of the activities/procedures related to the periodic control carried out, on July 12, 2022, the Financial Supervisory Authority communicated several sanctions and ordered a plan of measures with a 90-day implementation period.

In summary, the measures ordered are related to the mode of organization and internal reporting, the need to update some policies and procedures, the upgrading of the IT system and the organization and operation of the Audit Committee taking into account the provisions of Law 162/2017 and the ASPAS Order. 123/28.04.2022.

At the date of this report, all the measures ordered by the plan of measures have been implemented by the Company, complying with the term demanded by decision 863/11.07.2022 issued by the authority.

Payment of the dividends for 2021

On July 11, 2022, SIF Banat-Crișana informed the shareholders by means of a current report published by BVB on the start of payment of the dividends for 2021, as per the Resolution no. 4 of the Ordinary General Meeting of Shareholders of April 28, 2022.

- **the gross value of the dividend is of RON 0.0600 per share**, and the related dividend tax will be withheld in the quotas provided by law or other specific regulations. Payment commissions are borne by shareholders from the amount of the net dividend.

- payment of dividends starts on **July 28, 2022 ("Payment Date")** through Depozitarul Central S.A. ("Central Depository") and the Payment Agent - Banca Transilvania.

- the shareholders entitled to receive the amount of the above-mentioned dividend are those registered in the consolidated register of shareholders on **July 12, 2022 ("Registration date")**.

Ex-date is July 11, 2022.

- in the case of deceased shareholders, dividends shall be paid at the request of one of the successors, only after Depozitarul Central has transferred the shares on the heirs' name, in accordance with the procedure presented in the current report,

The payment of dividends for 2021 is subject to the general legal limitation period. Thus, the shareholders can request the payment of these dividends only within a period of 3 years calculated from the Payment Date, respectively until July 28, 2025.

The current report details the methods and terms of dividend payment through Participants (Custodian Banks or Brokers), through bank transfer, in cash through the Payment Agent Banca Transilvania, details on dividend tax a.s.o.

Approval acquisition of a qualified participation in SIF Banat-Crișana

On August 3, 2022, the Financial Supervisory Authority communicated to the Company the Decision no. 1040/03.08.2022, approving the project of acquisition and SIF Oltenia SA attaining the quality of significant shareholder of SIF Banat-Crișana SA, by purchasing a qualified direct participation representing at least 10% of the share capital and of the total voting rights of SIF Banat-Crișana SA. The Company informed the investors upon the decision of ASF by means of a current report published on August 4, 2022.

On September 12, 2022, SIF Banat-Crișana received from SIF Oltenia S.A. the Reporting of major holdings according to art. 71 par. (1) from Law no. 24/2017 (R) and ASF Regulation no. 5/2018 (Annex 18), by which they notified the exceeding of the 10% threshold of the total voting rights of SIF Banat-Crișana, reaching a holding of 10.08% compared to the previous holding of 5.55%. SIF Banat-Crișana duly informed the shareholders through the current report published on September 13, 2022.

Publication of the consolidated report for H1 2022

On September 30, 2022, SIF Banat-Crișana published and made available to the public the consolidated report for the H1 2022, prepared in accordance with the provisions of Law no. 24/2017, Law no. 74/2015, Law no. 243 /2019, ASF Regulation no. 5/2018, ASF Regulation

no.10/2015, ASF Regulation no.7/2020 and ASF Rule no.39/2015. The report is also available on the company's website at www.sif1.ro.

Payment of auction price by a SIF Banat-Crişana subsidiary

In continuation of the current report published on May 19, 2022, SIF Banat-Crişana informed the investors on the fact that on October 28, 2022, the company SIF SPV TWO S.A., a subsidiary of SIF Banat-Crişana, paid the auction price for the acquisition by transfer of assets of "Belvedere Cigarette Factory", assets awarded in the auction organized by the judicial administrator CITER Ilfov Branch SPRL within the insolvency procedure of the company INTERAGRO S.A.. The financing of the acquisition was mostly provided by SIF Banat-Crişana, as well as by two of its subsidiaries. The value of the financing directly provided by SIF Banat-Crişana represents less than 5% of company's net assets value, according to the last standalone financial report published.

SIF SPV TWO S.A. is a company established in 2018, having as main activity the renting and subletting of own or leased properties, SIF Banat-Crişana holding a stake of 99.99% of its share capital.

6. EVENTS AFTER THE REPORTING PERIOD

Notifications under art. 71 par. (1) of Law 24/2017

On January 5, 2023, the Company informed the shareholders upon the receiving on January 4, 2023, of Notifications of change in ownership threshold of 5% in SIF Banat-Crișana from the shareholder SIF Muntenia S.A. (5.0734%) and the shareholder Opus – Chartered Issuances S.A. (5,07717%).

The EGM of February 23, 2023

Gathered in the meeting held on January 17, 2023, the Board of Directors convened the Extraordinary General Meeting of Shareholders (EGMA) of SIF Banat-Crișana for February 23 (24) 2023. The EGM, held on February 23, 2023, at the first call, approved the change of the company's name from "Societatea de Investiții Financiare Banat-Crișana S.A." to "**Lion Capital S.A.**", as well as the corresponding amendment of art. 1 paragraph (1) of the company's Articles of Association, which will have the following content: The name of the company is "Lion Capital S.A.". The new name will be used in all documents, invoices, announcements, publications, and other such documents issued by the company only starting from the date of authorization/approval by the Financial Supervisory Authority (A.S.F.) of the new name.

At the same time, the shareholders also approved other amendments and additions to the company's Articles of Association, concerning:

- the introduction of an express clause, according to which "abstentions" will be considered as votes cast, with the consequence of taking them into account when establishing the majority required to approve the decisions of the general meetings of shareholders;
- elimination of the reference to the provisions of Law no. 24/2017 (which regulated the definition of "intermediaries") and the replacement with a general reference to the definition of intermediaries, provided by the applicable legal framework;
- the express regulation of the prerogative of the (executive) directors, to whom management powers have been delegated, to represent the Company in relations with third parties, within the limits of the attributions and powers provided by the internal regulations of the Company and the powers of decision and signature, approved by the Board of Directors administrators, in the absence of the Chairman-CEO and of the Vice-Chairman.

The company has filed with ASF the documentation for authorizing the amendments of the Articles of Association in accordance with Resolution no. 2/23.02.2023 and Resolution no. 3/23.02.2023 adopted by the EGM of February 23, 2023.

By Authorization no. 23/16.03.2023 issued by the Financial Supervisory Authority, the changes occurred in the Company's Articles of Association, including those regarding the change of fund's name, were authorized.

The Public Tender Offer

On January 20, 2023, SIF Banat-Crișana filed with the Financial Supervisory Authority the Public Tender Offer Document for the purchase of 1,870,000 own shares, together with the related documentation. SSIF SWISS CAPITAL S.A. was appointed as an intermediary in the Public Tender Offer. The offer, carried out between February 16 and March 1, 2023, intended the purchase of 1.87 million SIF1 shares, at a price of 2.52 lei/share.

The public offer fulfilled the EGM resolutions no. 3 of October 11, 2021, and no. 5 of April 28, 2022, which approved the running of a buyback program ("Program 4") for 880,000 shares, respectively a buyback program ("Program 6"), for 990,000 shares, for their distribution free of charge to members of the company's management.

The results of the public tender offer were published on March 7, 2023, informing investors that 7,673,570 shares representing 1.5120% of the issuer's share capital (oversubscription more than four times) were submitted within the offer, 1,870,000 shares being repurchased, the total amount paid being of RON 4,712,400. Following the closing of the offer, SIF Banat-Crișana holds 1,870,000 own shares, representing 0.3685% of its share capital.

Fine levied by ASF

The Financial Supervisory Authority communicated to the company, on March 1, 2023, the Decision 199/01.03.2023, by which it fined Bogdan-Alexandru Drăgoi, Chairman – CEO of SIF Banat-Crișana, because the Company had not notified the issuer about exceeding, in March 2020, the threshold of 5% of voting rights together with SIF Muntenia on Bucharest Stock Exchange (BVB). ASF considers that the two funds are presumed to have acted in concert. The fine was paid within the stipulated time.

Disclosure document concerning the shares offered to the members of the management structure

On March 13, SIF Banat-Crișana informed the shareholders that, based on the resolutions adopted by the Extraordinary General Meeting of the Shareholders of the Company of April 28, 2022, as follows:

- EGM Resolution no. 5/28.04.2022 approving the execution of a buyback program for 990,000 shares (Program 6), to be distributed free of charge to members of Company's management (administrators, directors), in order to build their loyalty as well and to reward their activity within the Company; -

EGM Resolution no. 6/28.04.2022, approving: (i) the use of shares purchased under the Buyback Program 6 for their distribution free of charge to members of the company's management (administrators, directors), in a share-based payment plan of a "Stock Option Plan" type; (ii) the empowerment of the Board of Directors of the Company to take all necessary measures and to fulfil all the formalities required for the approval and implementation of the share-based payment plan of a "Stock Option Plan" type.

SIF Banat-Crișana's Board of Directors approved on March 8, 2023, the offering free of charge to the members of the management structure (administrators, directors) of 990,000 shares in a share-based payment plan of a "Stock Option Plan" type.

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.

The disclosure document concerning the shares offered or allotted to members of SIF Banat-Crișana management, prepared as per EU Regulation no. 1129/2017 and ASF Regulation no. 5/2018, is available on company's website, www.sif1.ro, in the *Investor Relations > Continuous Disclosure > 2023*.

Completion of Share-based Payment Plan

On March 14, 2023, SIF Banat-Crișana informed the shareholders that by the Current Report of January 25, 2022, the public was informed upon the approval by the Board of Directors of the "Share-based payment plan" (Stock Option Plan), by which 880,000 SIF1 shares were offered to the members of Company's management, as per the resolutions no. 3 and no. 4 adopted by the Extraordinary General Meeting of Shareholders on October 11, 2021.

At the same time, with the same current report, it was published the "Disclosure document concerning the shares offered or allotted to members of SIF Banat-Crișana management" prepared as per Annex no. 4 to Regulation no. 5/2018.

SIF Banat-Crișana informs the shareholders that upon completing the term of 12 months from the signing of the share-based payment agreements, the members of the management structure exercised their right to receive a number of 880,000 SIF1 shares, representing 0.1734% of the current share capital.

On March 13, 2022, Depozitarul Central (Central Depository) carried out the direct transfer of shares in accordance with the regulations in force. The information provided in art. 19 of Regulation (EU) 596/2014 EU are available on company's website in the Investor Relation section.

As there were no changes in the "Disclosure document concerning the shares offered or allotted" initially published, the said current report represented the "Disclosure document concerning the allotted shares", within the meaning of the provisions of the ASF Regulation no. 5/2018.

Authorization for the change of company name to Lion Capital SA and of Articles of Association

On March 17, 2023, SIF Banat-Crișana received the Authorization no. 23/16.03.2023 issued by the Financial Supervisory Authority authorizing the changes occurred in the Company's Articles of Association, as per Resolutions no. 2 and no. 3 of the Extraordinary General Meeting of SIF Banat-Crișana Shareholders of 23.02.2023, including those regarding the change of company name from SIF Banat-Crișana SA to **Lion Capital SA**.

The company filed with the Trade Register Office attached to the Tribunal of Arad the application for the registration in the Trade Register of the mentions regarding the change of the company's name and the updated constitutive act. The Trade Register Office attached to the Tribunal of Arad released, on March 24, 2023, the Certificate of Recorded Amendments issued on the basis of Decision no. 3610 dated March 23, 2023, as well as the Registration Certificate Series B no. 4692143, by which it was decided the registration in the Trade Register of the amendments regarding the change of the corporate name of the company and the amendments to the Articles of Association.

Given that, as per the provisions of art. 34 of the ASF Regulation no. 7/2020 on the authorization and operation of alternative investment funds, the amendments made to the Company's Articles of Association enter into force after their authorization by ASF and after their registration at the Trade Register, the Company informed the shareholders and investors that, from the date of March 24, 2023, the date of completion of the mention and registration formalities with the Trade Register, the change of the Company's name from "Societatea de Investiții Financiare Banat-Crișana S.A." to "Lion Capital S.A.", as well as the other amendments to the Company's Articles of Association come into force.

Starting from March 24, 2023, the new corporate name - Lion Capital S.A. - will be used in all documents originating from the company, including those used in the general meetings of shareholders convened for April 27 (28), 2023.

7. PROPOSALS OF THE BOARD OF DIRECTORS

Given this report, the Board of Directors submits for approval of the Ordinary General Meeting of Shareholders convened for April 27 (28), 2023:

1. The standalone financial statements as of December 31, 2022, prepared pursuant to International Financial Reporting Standards adopted by the European Union and ASF Rule no. 39/2015, including:

- Standalone statement of profit or loss and other comprehensive income
- Standalone statement of financial position
- Standalone statement of changes in equity
- Standalone statement of cash flows
- Notes to the standalone financial statements

2. The proposal for the allocation of the net profit for the financial year ended December 31, 2022.

Given the current economic climate burdened by the increase in systemic risks to financial stability based on the deterioration of macroeconomic perspectives and the high vulnerabilities within the financial system, in accordance with the prudential recommendations issued by BNR, the company's Board of Directors submits for approval to the General Meeting of Shareholders the proposal to maintain a higher level of capitalization in order to more easily absorb potential shocks from the capital and/or banking markets. The adequacy of the dividend distribution policy as a measure to mitigate the liquidity risk ensures the consolidation of the financial position and the increase in the weight of assets with a high degree of liquidity and compliance with the strategy and the investment policy assumed, at the same time increasing the ability to react to investment opportunities that may occur during 2023.

The Board of Directors proposes to the General Meeting of Shareholders the approval of allocating the net profit for 2022, amounting to RON 95,467,148, to Other reserves as own funding sources.

3. Discharge from liability of the Board of Directors for the activity carried out during the financial year 2022.

This report is accompanied by the following annexes:

ANNEX 1	Standalone Financial Statements as of December 31, 2022, prepared pursuant to International Financial Reporting Standards adopted by the European Union and ASF Rule no. 39/2015
ANNEX 2	Statement of SIF Banat-Crișana assets and liabilities as of December 31, 2022, and the detailed statement of investments (as per Annexes no. 10 and 11 to Regulation no. 7/2020)
ANNEX 3	Compliance with the Code of Corporate Governance issued by BVB
ANNEX 4	Statement on the compliance with the principles of corporate governance as per ASF Regulation no. 2/2016
ANNEX 5	Annual Report of the Nomination and Remuneration Committee
ANNEX 6	SIF Banat-Crișana's Remuneration Report for 2022
ANNEX 7	Amendments to the Articles of Association in 2022

The version prepared in Romanian of the Annual Report of the Board of Directors (which is the official and binding version) was approved by the Board of Directors of SIF Banat-Crișana in the meeting held on March 27, 2023.

Bogdan-Alexandru DRĂGOI

Chairman of the Board of Directors

SIF Banat-Crișana S.A.

Standalone Financial Statements at 31 December 2022

in accordance with FSA Norm 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

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders,
SIF Banat-Crisana S.A.

Report on the Audit of the Separate Financial Statements

Opinion

1. We have audited the separate financial statements of SIF Banat-Crisana S.A. (the "SIF"), with registered office in Calea Victoriei no. 35 A, Arad, Romania, identified by unique tax registration code 2761040, which comprise the separate statement of financial position as at December 31, 2022, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, including a summary of significant accounting policies and notes to the separate financial statements.
2. The separate financial statements as at December 31, 2022 are identified as follows:
 - Total equity: RON 3,242,853,185
 - Net profit for the financial year: RON 95,467,148
3. In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the SIF as at December 31, 2022, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by European Union and applying Financial Supervisory Authority ("FSA") Norm no. 39/28 December 2015, regarding the approval of the accounting regulations in accordance with IFRS, applicable to the entities authorized, regulated and supervised by the FSA - Financial Investments and Instruments Sector, with subsequent amendments (referred to herein as "FSA Norm no. 39/2015").

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (forth named "the Regulation") and Law 162/2017 regarding statutory audit of the annual financial statements ("the Law"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the SIF in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the separate financial statements in Romania including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
<p>Valuation of equity investments</p> <p>We refer to note 16 and note 17 to the separate financial statements, which presents the equity investments of SIF in Romanian companies. As at December 31, 2022, these financial assets valued at fair value represent 83% of the total assets of SIF.</p> <p>Equity investments presented to Level 3 of the fair value hierarchy represent RON 999 million and consist of participations held by the SIF in unlisted Romanian companies.</p> <p>The determination of fair value presented to Level 3 equity investments has been performed on the basis of valuation models using financial information of the valued companies available prior to 31 December 2022 or as of 31 December 2022, which involves significant judgments and a high degree of estimates.</p> <p>These reports were performed by independent valuers appointed by the SIF management. For the equity investments valued using financial information available prior to 31 December 2022, the management of the SIF performed an analysis for the period following the date of the valuation of the participations until 31 December 2022 in order to identify significant changes in the fair values of equity investments as at 31 December 2022.</p> <p>This was a key area of focus in our audit due to the significance of the amounts involved, the complexity involved in valuing these investments, the significance of the judgments and estimates included in the valuation, as well as the reflection of the changes in fair value in the financial statements.</p>	<p>In order to address the key audit matter, our audit focus was to assess relevant controls over the valuation process of equity investments at fair value. Our analysis of the design and implementation of the relevant controls provided a basis for us to establish the planned nature, timing and extent of our detailed audit procedures.</p> <p>For the material listed equity investments, we have assessed the policies and analyses performed by the SIF in respect of frequency of the transactions to identify investments that do not have an active market and we have assessed the accuracy of the shares' closing price on the capital market as of 31 December 2022 or from the last day of trading available at the end of the reporting period.</p> <p>For a sample of equity investments with a fair value presented to Level 3 determined by us, whose fair value was determined by using valuation models that include significant valuation assumptions, we involved our own internal valuation specialists, who assessed the valuation methodology, significant assumptions and unobservable inputs used by the external valuers and their professional competence and independence from the SIF.</p> <p>We have assessed the SIF's Management analyses for the period following the date of the valuation reports until December 31, 2022, in order to identify significant events which may have a significant impact on the fair value of equity investments as at 31 December 2022.</p> <p>We have also assessed the mathematical accuracy of the significant changes in fair value that have been reflected in the financial statements, by comparing year-on-year fair value variation for equity investments.</p> <p>We have also considered whether the financial statements appropriately reflect all the material disclosures in relation to equity investments according to the accounting policies of the SIF and IFRS 13 Fair Value Measurement ("IFRS 13") requirements. In this regard, we assessed the presentation of the material information on fair value hierarchy policy and disclosures regarding significant unobservable and observable inputs in accordance with disclosures of IFRS 13.</p>

Other information

- The administrators are responsible for the preparation and presentation of the other information. The other information comprises the Administrators' report and the Remuneration Report for the financial year 2022 but does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements for the year ended December 31, 2022, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Administrators' report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of FSA Norm no. 39/2015 articles no. 8-13.

With respect to the Remuneration report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, article no. 107.

On the sole basis of the procedures performed within the audit of the separate financial statements, in our opinion:

- a) the information included in the administrators' report and the Remuneration Report, for the financial year for which the separate financial statements have been prepared is consistent, in all material respects, with these separate financial statements;
- b) the administrators' report has been prepared, in all material respects, in accordance with the provisions of FSA Norm no. 39/2015 articles no. 8-13;
- c) the Remuneration report has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, article no. 107.

Moreover, based on our knowledge and understanding concerning the SIF and its environment gained during the audit on the separate financial statements prepared as at December 31, 2022, we are required to report if we have identified a material misstatement of this Administrator's report and the Remuneration report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

7. Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRSs and applying FSA Norm no. 39/2015 and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the separate financial statements, management is responsible for assessing the SIF's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the SIF or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the SIF's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.
11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SIF's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SIF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the SIF to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Requirements for audits of public interest entities

15. We been appointed by the Ordinary General Assembly of Shareholders on October 11, 2021 to audit the separate financial statements of SIF Banat-Crisana for the financial year ended December 31, 2022. The uninterrupted total duration of our commitment is 4 years, covering the financial years ended December 31, 2019 until December 31, 2022.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the SIF that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the audited entity.
- No non-audit services referred to in Article 5 (1) of EU Regulation no. 537/2014 were provided.

The engagement partner on the audit resulting in this independent auditor's report is Irina Dobre.

Report on compliance with the Commission Delegated Regulation (EU) 2018/815 on the "European Single Electronic Format Regulatory Technical Standard" ("ESEF")

16. We have undertaken a reasonable assurance engagement on the compliance with Commission Delegated Regulation (EU) 2019/815 applicable to the separate financial statements included in the annual financial report of SIF Banat-Crisana S.A. ("the SIF") as presented in the digital files which contain the unique code („LEI”) 254900GAQ2XT8DPA7274 ("Digital Files").

(i) Responsibilities of Management and Those Charged with Governance for the Digital Files prepared in compliance with ESEF

SIF Banat-Crisana management is responsible for preparing Digital File that comply with the ESEF.

This responsibility includes:

- the design, implementation and maintenance of internal controls relevant to the application of the ESEF;
- ensuring consistency between the Digital File and the separate financial statements to be submitted in accordance with FSA Norm no. 39 / 2015;

Those charged with governance are responsible for overseeing the preparation of the Digital Files that comply with ESEF.

(ii) Auditor's Responsibilities for the Audit of the Digital Files

Our responsibility is to express a conclusion on whether the separate financial statements included in the annual financial report complies in all material respects with the requirements of ESEF based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing and extend of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of SIF Banat-Crisana S.A. process for preparation of the Digital File in accordance with ESEF, including relevant internal controls;
- reconciling the digital file with the audited separate financial statements of SIF Banat-Crisana S.A. to be submitted in accordance with FSA Norm no. 39 /2015;
- evaluate if the separate financial statements contained in the annual report have been prepared in a valid XHTML format.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the separate financial statements for the year ended 31 December 2022 included in the annual financial report presented in the Digital Files comply in all materials respects with the requirements of ESEF.

In this section, we do not express an audit opinion, review conclusion or any other assurance conclusion on the separate financial statements. Our audit opinion relating to the separate financial statements of the SIF for the year ended 31 December 2021 is set out in the "Report on the audit of the separate financial statements" section above.

Irina Dobre, Audit Partner

For signature, please refer to the original Romanian version.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under AF 3344

On behalf of:

DELOITTE AUDIT SRL

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under FA 25

The Mark Building, 84-98 and 100-102 Calea Griviței, 9th Floor, District 1
Bucharest, Romania
March 31, 2023

**Individual statement of profit and loss and other comprehensive income
for the financial year ending 31 December 2022**

<i>In RON</i>	<i>Note</i>	31 December 2022	31 December 2021
Income			
Dividend income	7	166.188.008	130.451.726
Interest income (related to assets at fair value through other comprehensive income, depreciated cost assets)	8	2.991.738	1.601.660
Interest income (related to assets at fair value through profit and loss)	8	5.717.828	3.135.548
Other operating income		18.619	245.786
Gain/(Loss) on investments			
Gain/(Loss) on investment property	9	10.042	699.195
Gain /(Loss) on exchange rate differences		(20.400)	2.274.798
Gain/(Loss) on financial assets at fair value through the statement of financial performance	10	(47.386.144)	285.316.488
Expenses			
Reversals/(Increase) of impairment adjustments for current assets		566.018	93.593
Fee expenses	11	(4.350.043)	(5.109.130)
Other operational expenses	12	(20.609.717)	(22.369.340)
Profit before tax		103.125.949	396.340.324
Corporate income tax	13	(7.658.801)	(9.339.219)
Net profit for the financial year		95.467.148	387.001.105
Other comprehensive income			
Items that are or can be transferred to profit and loss			
Amounts that can be transferred to profit and loss (debt instruments)		(65.463)	73.975
Items that are or can be transferred to retained earnings			
Change in fair value for financial assets measured through other comprehensive income	17	(283.620.973)	373.791.887
The effect of the related corporate tax		43.396.254	(53.324.608)
Other comprehensive income		(240.290.182)	320.541.254
Total comprehensive income		(144.823.034)	707.542.359
Result per share			
Basics		0,1881	0,7541
Diluted		0,1881	0,7541

The separate financial statements were approved by the Board of Directors on 27 March 2023 and signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, Chief Executive Officer

Dorel Baba
Financial Reporting Manager

**Individual statement of financial position
for the financial year ending 31 December 2022**

<i>In RON</i>	<i>Note</i>	31 December 2022	31 December 2021
Active			
Cash and cash equivalents	14	26.615.152	260.126.530
Bank deposits	15	-	79.232.230
Financial assets measured at fair value through other comprehensive income (bonds)	17	-	5.283.259
Other financial assets	18	12.834.480	10.514.505
Other assets		328.155	225.875
Financial assets measured at fair value through profit and loss	16	1.723.810.844	1.680.415.609
Financial assets measured at fair value through other comprehensive income (shares)	17	1.624.523.020	1.554.069.140
Assets representing the rights of use of the underlying assets under the leasing contract	19	476.645	725.329
Investment property	9	12.963.376	12.953.334
Property, plant and equipment	20	3.711.480	3.840.248
Total assets		<u>3.405.263.152</u>	<u>3.607.386.059</u>
Debt			
Dividends due	23	10.042.310	-
Other financial liabilities	21	15.038.374	10.219.192
Other liabilities and accrued income		251.682	293.418
Lease liabilities		530.880	789.288
Deferred income tax liabilities	22	136.546.721	179.957.876
Total debts		<u>162.409.967</u>	<u>191.259.774</u>
Equity			
Share capital	23	50.751.006	51.542.236
Treasury shares	23	-	(21.363.229)
Losses on the repurchase of own shares		-	(330.998)
Benefits in equity instruments		2.000.537	-
Other reserves	23	1.604.099.887	1.249.578.037
Reserves from the revaluation of property, plant and equipment		1.176.569	1.176.569
Legal reserves	23	10.150.201	10.308.447
Reserves from financial assets measured at fair value through other comprehensive income	17, 23	741.827.359	984.425.325
Retained earnings	23	832.847.626	1.140.789.898
Total equity		<u>3.242.853.185</u>	<u>3.416.126.285</u>
Total liabilities and equity		<u>3.405.263.152</u>	<u>3.607.386.059</u>

The separate financial statements were approved by the Board of Directors on 27 March 2023 and signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, Chief Executive Officer

Dorel Baba
Financial Reporting Manager

Individual statement of changes in equity for the financial year ending 31 December 2022

<i>In RON</i>	Share capital	Treasury shares	Losses on the repurchase of own shares	Legal reserves	Reserves from financial assets measured at fair value through other comprehensive income	Reserves from the revaluation of property, plant and equipment	Benefits in equity instruments	Other reserves	Retained earnings	Total
Balance as at 1 January 2022	51.542.236	(21.363.229)	(330.998)	10.308.447	984.425.325	1.176.569	-	1.249.578.037	1.140.789.898	3.416.126.285
Profit for the financial year	-	-	-	-	-	-	-	-	95.467.148	95.467.148
Reserve from the revaluation of financial assets transferred to profit and loss	-	-	-	-	-	-	-	-	-	-
Reserve from the revaluation of financial assets transferred to retained earnings	-	-	-	-	(2.119.796)	-	-	-	2.119.796	-
Variation in the reserve	-	-	-	(158.246)	(283.698.905)	-	-	-	158.246	(283.698.905)
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-
Related deferred profit tax	-	-	-	-	43.220.735	-	-	-	187.988	43.408.723
Total comprehensive income	-	-	-	(158.246)	(242.597.966)	-	-	-	97.933.178	(144.823.034)
Other reserves - own sources	-	-	-	-	-	-	-	356.550.501	(356.550.501)	-
Dividend payment	-	-	-	-	-	-	-	-	(30.450.603)	(30.450.603)
Dividends prescribed	-	-	-	-	-	-	-	-	-	-
Variation in benefits granted	-	-	-	-	-	-	2.000.537	-	-	2.000.537
Own share repurchase	-	-	-	-	-	-	-	-	-	-
Treasury shares cancellation	(791.230)	21.363.229	330.998	-	-	-	-	(2.028.651)	(18.874.346)	-
Total transactions with shareholders, recognised directly in equity	(791.230)	21.363.229	330.998	-	-	-	2.000.537	354.521.850	(405.875.450)	(28.450.066)
Balance at 31 December 2022	50.751.006	-	-	10.150.201	741.827.359	1.176.569	2.000.537	1.604.099.887	832.847.626	3.242.853.185

The separate financial statements were approved by the Board of Directors on 27 March 2023 and signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, Chief Executive Officer

Dorel Baba
Financial Reporting Manager

Individual statement of changes in equity for the financial year ending 31 December 2022

<i>In RON</i>	Share capital	Treasury shares	Losses on the redemption of treasury shares	Legal reserves	Reserves from financial assets measured at fair value through other comprehensive income	Reserves from the revaluation of property, plant and equipment	Benefits in equity instruments	Other reserves	Retained earnings	Total
Balance as at 1 January 2021	51.542.236	(2.199.867)	(40.659)	10.308.447	766.477.039	1.176.569	1.867.063	1.157.455.631	743.318.231	2.729.904.691
Profit for the financial year	-	-	-	-	-	-	-	-	387.001.105	387.001.105
Reserve from the revaluation of financial assets transferred to profit and loss	-	-	-	-	-	-	-	-	-	-
Reserve from the revaluation of financial assets transferred to retained earnings	-	-	-	-	(117.660.625)	-	-	-	117.660.625	-
Variation in the reserve	-	-	-	-	373.879.953	-	-	-	-	373.879.953
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-
Related deferred profit tax	-	-	-	-	(38.271.042)	-	-	-	(15.067.657)	(53.338.699)
Total comprehensive income	-	-	-	-	217.948.286	-	-	-	489.594.073	707.542.359
Other reserves - own sources	-	-	-	-	-	-	-	92.122.406	(92.122.406)	-
Dividend payment	-	-	-	-	-	-	-	-	-	-
Dividends prescribed	-	-	-	-	-	-	-	-	-	-
Variation in benefits granted	-	4.575.867	77.472	-	-	-	(1.867.063)	-	-	2.786.276
Own shares repurchase	-	(23.739.229)	(367.811)	-	-	-	-	-	-	(24.107.040)
Treasury shares cancellation	-	-	-	-	-	-	-	-	-	-
Total transactions with shareholders, recognised directly in equity	-	(19.163.362)	(290.339)	-	-	-	(1.867.063)	92.122.406	(92.122.406)	(21.320.764)
Balance at 31 December 2021	51.542.236	(21.363.229)	(330.998)	10.308.447	984.425.325	1.176.569	-	1.249.578.037	1.140.789.898	3.416.126.285

The individual financial statements were approved by the Board of Directors on 27 March 2023 and signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, Chief Executive Officer

Dorel Baba
Financial reporting manager

Individual statement of cash flows for the financial year ending 31 December 2022

<i>In RON</i>	<i>Note</i>	31 December 2022	31 December 2021
Operating activities			
Net profit of the period		95.467.148	387.001.105
<i>Adjustments for:</i>			
Depreciation of tangible and intangible assets		553.220	516.273
(Gain)/Loss on disposal of property, plant and equipment		-	5.369
(Gain)/Loss on the valuation of investment property		(10.042)	(699.195)
(Gain)/ Loss on financial assets at fair value through profit and loss		47.386.144	(285.316.488)
Dividend income	7	(166.188.008)	(130.451.726)
Interest income	8	(8.709.566)	(4.737.208)
Interest expenses related to the debt under the leasing contract		37.655	56.967
(Gain)/Loss on exchange rate differences assets/financial liabilities and other income/expense from value adjustments		(1.344.661)	16.254
Benefits granted in equity instruments		2.000.537	2.576.937
Corporate income tax	13	7.658.801	9.339.219
Changes in assets and liabilities related to the operating activity			
Changes in other assets (receivables, etc.)		(1.394.848)	(411.564)
Changes in other financial liabilities		4.438.258	3.792.170
Corporation tax paid		-	(30.732.758)
Net cash used in operating activities		(20.105.363)	(49.044.645)
Investment activities			
Payments for the purchase of financial assets measured at fair value through other comprehensive income (shares, bonds)	17	(357.337.857)	(67.751.279)
Proceeds from the sale of financial assets measured at fair value through other comprehensive income (shares, bonds)	17	8.378.030	196.793.416
(Placements)/Receipts from term deposits for more than 3 months		79.198.863	(79.198.863)
Proceeds from the sale/redemption of assets at fair value through profit and loss (shares, fund units, bonds)	16	27.193.910	16.484.890
Payments for the acquisition of assets at fair value through profit and loss (fund units, bonds, shares, loan)	16	(115.657.463)	(12.906.934)
Proceeds from the sale of property, plant and equipment and investment property			926.060
Payments for purchases of property, plant and equipment		(231.500)	(113.688)
Dividends received		159.092.059	125.033.641
Interest received		5.452.918	3.581.221
Net cash from investment activities		(193.911.040)	182.848.463
Financing activities			
Payments related to leasing contracts		(295.131)	(281.064)
Dividends paid		(19.199.846)	-
Own shares repurchase		-	(24.107.040)
Net cash used in financing activities		(19.494.976)	(24.388.104)
Increase/(decrease) net in cash and cash equivalents		(233.511.378)	109.415.714
Cash and cash equivalents on January 1st		260.126.530	150.710.816
Cash and Cash Equivalents as of December 31st		26.615.152	260.126.530

The separate financial statements were approved by the Board of Directors on 27 March 2023 and signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, Chief Executive Officer

Dorel Baba
Financial Reporting Manager

Notes to individual financial statements

for the financial year ending 31 December 2022

1. Reporting entity

The Financial Investment Company Banat-Crișana SA ("The Company") was established on the basis of Law nr. 133/1996 through the reorganization and transformation of the Banat-Crișana Private Property Fund and is a joint stock company operating under Law 31/1990. The Company is incorporated as a self-managed investment company, authorized by the Financial Supervisory Authority as An Alternative Investment Fund Manager (AIFM) - Authorization no. 78/09.03.2018, classified in accordance with the provisions of Law no. 243/2019 as a closed-end, diversified alternative investment fund for retail investors (FIAIR). The Financial Supervisory Authority has issued Authorization no. 130/01.07.2021 authorizing SIF Banat-Crișana S.A. as an Alternative Investment Fund for Retail Investors (F.I.A.I.R).

The company also prepares consolidated financial statements as the ultimate parent undertaking for the group entities.

SIF Banat-Crișana has its headquarters in Arad, Calea Victoriei, nr. 35 A, Arad county, code 310158, tel: 0257.304.438, Fax: 0257.250.165. The registration number from the Trade Register Office is: J02/1898/1992, and the Unique Tax Registration Code is: RO 2761040.

The company's object of activity is:

- portfolio management;
- risk management;
- other activities carried out within the framework of the collective management of an investment fund, permitted by the legislation in force.

The Company's shares are listed on the Bucharest Stock Exchange, starting with November 1st, 1999 on the Premium category, traded on the regulated market, under the symbol SIF1.

The company's depository bank, starting with 28.11.2019 is BCR, until this date (from 29.01.2014) being BRD Groupe Société Générale.

The registry services company is Depozitarul Central SA Bucharest.

2. Basics of drawing up

(a) Declaration of conformity

The separate financial statements were drawn up in accordance with Rule no. ANRE President's Order no. 39/2015 for the approval of accounting regulations in accordance with the International Financial Reporting Standards adopted by the European Union, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector (Norm).

Readers of these separate financial statements should read these statements together with the Consolidated Financial Statements of the Group for the year ended 31 December 2022 in order to obtain complete information on the financial position, the results of operations and the cash flows of the group as a whole.

The separate financial statements were approved by the Board of Directors at the meeting on 27 March 2023.

Business segments are reported in a manner compatible with internal reporting, analysed by the main decision-maker of the Company (Board of Directors). It is responsible for allocating resources and evaluating the performance of operational segments. Reportable segments whose earnings, earnings, or assets are ten or more percent of all segments are reported separately. The company manages all activities as a single reportable segment of activity.

(b) Presentation of separate financial statements

The company has adopted a liquidity-based presentation in the statement of financial position and an overview of income and expenses according to their nature in the statement of comprehensive income, considering that these methods of presentation provide information that is credible and more relevant than that which would have been presented under other methods permitted by IAS 1 "Presentation of Financial Statements".

Notes to individual financial statements

for the financial year ending 31 December 2022

(c) Basis of preparation

Separate financial statements are prepared on a going concern basis and the fair value convention for financial assets and liabilities at fair value through profit and loss or other comprehensive income.

Other financial assets and liabilities, as well as non-financial assets and liabilities, are presented at amortised cost, revalued value or historical cost.

The methods used to measure fair value are set out in Note 3(e)(iii) and Note 5.

(d) Functional and presentation currency

The Company's management considers that the functional currency, as defined by IAS 21 "Effects of the change in the exchange rate", is the Romanian leu (RON or RON). The separate financial statements are presented in RON, rounded to the nearest leu, the currency that the Company's management has chosen as the presentation currency.

(e) Use of estimates and judgments

The preparation of separate financial statements in accordance with IFRS involves the use by management of estimates, judgments and assumptions that affect the application of accounting policies as well as the reported value of assets, liabilities, income and expenses. The estimates and assumptions associated with these judgments are based on historical experience as well as other factors considered reasonable in the context of these estimates. The results of these estimates form the basis of judgments regarding the carrying amounts of assets and liabilities that cannot be obtained from other sources of information. The results obtained may differ from the values of the estimates.

The estimates and assumptions underlying them are periodically reviewed. Revisions in accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period in which the estimate is revised, and in future periods if the revision affects both the current and future periods.

The judgments made by management in the application of IFRS that have a material effect on the separate financial statements as well as estimates involving a significant risk of a material adjustment during the next year are set out in Note 5.

(f) Changes in accounting policies

The accounting policies adopted are consistent with those used in the previous year.

3. Significant accounting policies

The accounting policies set out below have been consistently applied over all periods presented in these separate financial statements.

(a) Subsidiaries and associates

Subsidiaries are entities under the company's control. The company controls an investee when it is exposed or has rights to variable returns based on its participation in the investee and has the ability to influence those returns through its authority on the investee. At the time of the control measurement, potential or convertible voting rights that are exercisable at that time are also taken into account.

Associates are those companies in which the Company can exercise significant influence, but not control over financial and operational policies.

The list of subsidiaries and the list of associates as of December 31, 2021 and December 31, 2022 are presented in Note 26 to the separate financial statements.

In the separate financial statements, investments in subsidiaries and associates are accounted for as financial assets at fair value through profit and loss in accordance with accounting policy 3e), with the exception of consolidated subsidiaries (SAI Muntenia and Administrare Imobiliare).

Notes to individual financial statements

for the financial year ending 31 December 2022

(b) Transactions in foreign currency

Operations denominated in foreign currency are recorded in RON at the official exchange rate from the date of settlement of transactions. Monetary assets and liabilities recorded in foreign currencies at the time when the statement of financial position is drawn up shall be converted into the functional currency at the rate of that day. Gains or losses on monetary items are represented by the difference between the amortised cost expressed in functional currency at the beginning of the reporting period, adjusted for effective interest and payments in the period, and the amortised cost in foreign currency converted into the functional currency at the closing rate of the period.

Settlement gains or losses are recognised in profit and loss unless the exchange rate differences result from the translation of securities classified as measured at fair value through other comprehensive income that are included in the reserve arising from the change in the fair value of those financial instruments and where the exchange rate differences stem from the translation of securities classified at value fair through profit and loss that are presented as gains or losses on fair value.

The exchange rates of the main foreign currencies were:

Currency	Spot Rate	Spot Rate
	31 December 2022	31 December 2021
EUR	4,9474	4,9481
USD	4,6346	4,3707

(c) Cash and cash equivalents

Cash includes cash availability in the cash register and at banks and sight deposits.

Cash equivalents are highly liquid short-term financial investments that are easily convertible into cash and are subject to an insignificant risk of a change in value.

When preparing the cash flow statement, the following were considered as cash and cash equivalents: actual cash, current accounts with banks and deposits with an initial maturity of less than 90 days.

(d) Financial assets and liabilities

Financial instruments under IFRS 9 include the following:

- Investments in equity instruments (e.g. shares);
- Investments in debt instruments (e.g. securities, bonds, loans);
- Trade receivables and other receivables;
- Cash and cash equivalents;
- Interests in subsidiaries, associates and joint ventures;
- Financial liabilities

(i) Classification

The financial instruments held are presented by the Company in accordance with IFRS 9 "Financial Instruments" as financial assets and financial liabilities.

The Company Presents **financial assets** at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of:

- (a) the entity's business model for the management of financial assets, and
- (b) the characteristics of the contractual cash flows of the financial asset.

Business model

- Is how an entity manages its financial assets to generate cash flows: *collecting, selling assets or both;*
- Its determination is carried out factually, taking into account: *how to evaluate and report their performance Existing Risks and how to manage a they respectively how to compensate the management* (on the basis of the fair value or cash flows associated with those investments);

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Business model for the shares held for which FVTOCI was selected on the transition date or on the date of initial recognition

- efficient management of a diversified portfolio of quality assets, able to ensure a constant flow of income, preservation and medium-long-term growth of capital, in order to increase the value for shareholders and obtain the highest possible returns on the invested capital
- The differentiated approach adopted by the Company for each of its holdings aims to capitalize on an aggregate return, generated from dividend gain and capital gain.

Model of assets held for collection

- Managed to achieve cash flows by collecting principal and interest over the life of the instrument;
- No holding is required until maturity;
- There are categories of sales transactions compatible with this model: those due to the increase in credit risk, limited or insignificant sales in value, or sales at dates close to the maturity of the instruments;
- Interest income, impairment gains or losses and exchange differences are recognised in profit and loss;
- The accounting reflection of these assets (if the SPPI criterion is also met and the fair value by profit or loss option has not been selected) is made at amortised cost (using the effective interest method).

Model of assets held for collection and sale

- Managed both to achieve cash flows from collection and through the (full) sale of assets;
- Sales are of high frequency and value compared to the previous model, without specifying a certain threshold for classification in this model;
- The purpose of these sales may be: to manage current liquidity needs, to mention a certain structure of yields obtained or decisions to optimize the balance sheet of the entity (correlation of the duration of financial assets with that of financial liabilities);
- The accounting reflection of these assets (if the SPPI criterion is also met and the fair value by profit and loss option has not been selected) is done at fair value through other comprehensive income (use of the effective interest method; interest, impairment gains or losses and exchange rate differences — in profit and loss / change in the fair value of these instruments — in other comprehensive income, amounts recognised in other comprehensive income are recycled through profit and loss on derecognition of the asset).

Other business model

- Assets managed for the purpose of achieving cash flows through sale;
- The collection of cash flows associated with these investments is incidental, not the purpose of holding them;
- Assets whose performance is managed and reported on the basis of their fair value;
- Their accounting reflection is done at fair value through profit and loss.

SPPI test

It contains criteria that assess to what extent the cash flow structure of a debt instrument fits into the pattern of a basic lending arrangement (interest reflects the amount of money over time, the credit risk associated with the principal, the hedging of other risks and costs associated with lending, and a profit margin).

There are a number of indicators that indicate where debt instruments held should be measured at fair value through profit and loss:

- Certain non-standard interest rates;

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- the presence of leverage;
- certain hybrid instruments (include an embedded derivative).

There are also indicators which, while requiring a fair value reflection, may, in certain circumstances, be consistent with the VCS criterion and those assets can still be accounted for at amortised cost:

- the existence of an option of early repayment or extension of the term of the asset;
- non-recourse assets guaranteeing repayment of debt
- contractually related instruments.

Financial assets measured at fair value through the statement of financial performance (FVTPL)

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or fair value through other comprehensive income.

Financial assets measured at fair value through other comprehensive income (FVOCI)

A financial asset, of the nature of debt instruments, shall be measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held as part of a business model the objective of which is achieved by collecting the contractual cash flows and selling the financial assets, and

(b) the contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of principal and interest on the principal amount outstanding.

The company may make an irrevocable choice upon initial recognition in the case of certain investments in *equity instruments* that would otherwise be measured at fair value through profit or loss to show subsequent changes in fair value in other comprehensive income (as required by paragraphs 5.7.5 and 5.7.6 of IFRS 9—Financial Instruments).

Financial assets measured at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held as part of a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows, and

(b) the contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of principal and interest on the principal amount outstanding.

Financial liabilities

Financial liabilities are measured at fair value through profit or loss (FVTPL) if:

- meet the requirements of the definition of 'held for trading';
- are designated in the category FVTPL upon initial recognition (if the specific conditions are met).

Other financial liabilities are valued at amortised cost.

(ii) Recognition

Financial assets and liabilities are recognised on the date on which the Company becomes a contractual party to the terms of that instrument. When the Company first recognises a financial asset, it shall classify it in accordance with paragraphs 4.1.1–4.1.5 (at amortised cost, fair value through profit or loss, or at fair value through other comprehensive income) of IFRS 9 and measure it in accordance with paragraphs 5.1.1–5.1.3. (a financial asset or a financial liability is measured at its fair value plus respectively less transaction costs, directly attributable to the acquisition or issue of the asset or liability).

(iii) Measurement

After initial recognition, the entity shall measure financial assets in accordance with paragraphs 4.1.1–4.1.5 of IFRS 9 to:

- a) Amortized cost;
- b) Fair value through other comprehensive income; or
- c) Fair value through profit or loss.

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After initial recognition, the entity shall measure financial liabilities in accordance with paragraphs 4.2.1–4.2.2 of IFRS 9. Thus, the Company will classify all financial liabilities at amortised cost, except for:

- a) financial liabilities measured at fair value through profit or loss;
- b) financial liabilities arising when the transfer of a financial asset does not meet the conditions for derecognition;
- c) financial collateral arrangements, measured at the higher of the amount of the provision for losses (Section 5.5 of IFRS 9) and the amount initially recognised less cumulative income (recognised under IFRS 15);
- d) commitments to provide a loan at an interest rate below market value, measured at the higher of the value of the provision of losses (section 5.5 of IFRS 9) and the amount initially recognised less cumulative income (recognised under IFRS 15);
- e) contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

Valuation at amortised cost

The amortised cost of a financial asset or a financial liability is the amount at which the financial asset or financial liability is measured after initial recognition less repayments of principal, plus or minus the accumulated depreciation using the effective interest method for each difference between the starting amount and the maturity amount, and minus any reduction for any estimated credit losses.

The effective interest rate is the rate that accurately discounts future cash payments and receipts over the expected life of the financial instrument to the level of the gross carrying amount of the financial asset in question the amortised cost of the financial liability. When calculating the effective interest rate, the entity shall estimate cash flows taking into account all the contractual terms of the financial instrument, but shall not take into account future losses from the change in credit risk. The calculation shall include all commissions and points paid or received by the parties to the contract which form an integral part of the effective interest rate, transaction costs and all other premiums and discounts.

Fair value measurement

Fair value is the price that would be received at the sale of an asset or paid for the transfer of a liability in a normal transaction between participants in the main market at the measurement date, or in the absence of the main market, in the most advantageous market to which the Company has access on that date.

The company measures the fair value of a financial instrument using quoted prices in an active market for that instrument. A financial instrument has an active market if quoted prices are readily and regularly available for that instrument. The Company measures instruments quoted on active markets using the closing price.

A financial instrument is considered to be quoted in an active market when quoted prices are readily and regularly available from an exchange, a dealer, a broker, an industry association, a pricing service or a regulatory agency, and these prices reflect transactions that occur in a real and regular manner, carried out under objective market conditions.

In the category of shares listed on an active market are included all those shares admitted to trading on the stock exchange or alternative market and showing frequent trades. The market price used to determine fair value is the closing price of the market on the last trading day before the measurement date.

Fund units are valued on the basis of NAV, calculated by the fund manager using closing quotes for listed financial instruments.

Government bonds are valued on the basis of the market quotation available on Bloomberg for that issue, multiplied by the Par value per unit.

In the absence of a price quotation on an active market, the Company it uses evaluation techniques. The fair value of financial assets not traded in an active market is determined by authorised valuers.

Valuation techniques include techniques based on the use of observable input data, such as the quoted price of the identical item held by another party as an asset, in a market that is not active, and for assets for which observable prices are not available, valuation techniques based on discounted cash flow analysis, and other valuation methods commonly used by market participants. These include the method of comparisons with similar instruments for which there is an observable market price respectively the method of percentage of the net assets of these companies, adjusted with a discount for minority holding

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and a discount for lack of liquidity), making the most of market information, relying as little as possible on specific information Company. The company uses valuation techniques that maximize the use of observable data and minimize the use of unobservable data.

Valuation techniques shall be used consistently.

(iv) Identification and valuation of value impairment

The company shall recognise an adjustment for expected credit losses relating to a financial asset that is measured in accordance with paragraphs 4.1.2 or 4.1.2A of IFRS 9 (debt instruments measured at amortised cost or fair value through other comprehensive income), a claim arising from a lease, a lending arrangement and a financial collateral arrangement.

The Company applies the impairment requirements for recognising the loss allowance for assets measured at fair value through other comprehensive income (debt instruments that meet the criteria of paragraph 4.1.2A of IFRS 9 — assets held for the purpose of collecting cash flows and selling, whose cash flows are exclusively repayments of principal or interest payments). The adjustment thus determined is recognised on behalf of other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.

At each reporting date, the Company assess the adjustment for credit losses relating to an instrument to reflect:

- Expected lending losses for 12 months, if the credit risk has not increased significantly since initial recognition;
- Lifetime expected credit losses, if the credit risk has increased significantly since initial recognition.

The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected, recognised or reversed losses required to affect the adjustment for losses at the reporting date up to the level required by IFRS 9.

The company assesses the expected credit losses of a financial instrument so that it represents:

- An impartial value, resulting from the weighting of several possible outcomes according to the probabilities associated with them;
- The time value of money;
- Reasonable information available at no disproportionate cost or effort at the time of reporting.

The firm may assume that the credit risk for a financial instrument has not increased significantly since initial recognition if the financial instrument is considered to have a low credit risk at the reporting date. A financial instrument is considered to have a low risk if:

- The borrower has a high ability to meet the obligations associated with the contractual cash flows in the near term;
- Unfavourable changes in the economic and business environment can, but not necessarily, reduce the debtor's ability to meet his obligations.

Collateral is not taken into account in the measurement of low credit risk for issuers. At the same time, financial instruments are not considered to be low-risk just because they have a lower risk than the other instruments issued by the borrower or compared to the credit risk prevailing in the geographical region or jurisdiction in which it operates.

The company mainly uses available external credit risk ratings in the measurement of credit risk.

(v) Derecognition

The Company derecognises a financial asset when the rights to receive cash flows from that financial asset expire, or when the Company has transferred the rights to receive the contractual cash flows relating to that financial asset in a transaction in which it has transferred substantially all the risks and benefits of ownership.

Any interest in the transferred financial assets retained by the Company or created for the Company it is recognised separately as an asset or liability.

The Company derecognises a financial liability when contractual obligations have ended or when contractual obligations are cancelled or expire.

Derecognition financial assets and liabilities are accounted for using the weighted average cost method. This method involves calculating the value of each item based on the weighted average of the value of

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similar items in stock at the beginning of the period and the value of similar items purchased during the period.

(vi) Reclassifications

If the Company reclassifies financial assets in accordance with paragraph 4.4.1 of IFRS 9 (as a result of changes in the business model for the management of its financial assets), then all affected financial assets will be reclassified. Financial liabilities may not be reclassified after initial recognition.

The Company applies the reclassification of financial assets prospectively from the date of reclassification. Any previously recognised gains, losses or interest will not be restated.

In the event of a reclassification, the Company it shall do so:

- When reclassifying an asset from amortised cost to fair value through profit or loss, fair value is determined at the reclassification date. The difference between amortised cost and fair value is recognised in profit or loss;
- When reclassifying an asset from the fair value through profit or loss category to that of amortised cost, the fair value at the reclassification date becomes the new gross carrying amount;
- When reclassifying an asset from amortised cost to fair value through other comprehensive income, fair value is determined at the reclassification date. The difference between amortised cost and fair value is recognised in other comprehensive income without adjusting the effective interest rate or expected losses on the loan;
- When reclassifying an asset from the fair value category through other comprehensive income to that of amortised cost, the reclassification is performed at the fair value of the asset at the reclassification date. Amounts previously recognised in other comprehensive income are eliminated in relation to the fair value of the asset without affecting profit and loss. The effective interest rate and expected losses on the loan are not adjusted as a result of the reclassification;
- When reclassifying an asset from the fair value through profit or loss category to that of fair value through other comprehensive income, the asset continues to be measured at its fair value;
- When reclassifying an asset from the fair value category through other comprehensive income to that of fair value through profit or loss, the financial asset continues to be measured at fair value. Amounts previously recognised in other comprehensive income are reclassified from equity to profit and loss as a reclassification adjustment (in accordance with IAS1).

(vii) Gains and losses

Gains or losses arising from a change in the fair value of a financial asset or financial liability that is not part of a hedging relationship are recognised as follows:

- a) Gains or losses arising from financial assets or financial liabilities classified as measured at fair value through profit or loss are recognised in profit or loss;
- b) Gains or losses arising from a financial asset measured at fair value through other comprehensive income are recognised in other comprehensive income.

Gains on shares measured at fair value through other comprehensive income are recognised as follows:

- Changes in fair value (including exchange rate) in other comprehensive income
- Dividend income is recognised in profit or loss

Gains on debt instruments (bonds):

- Changes in fair value (including exchange rate) in other comprehensive income
- Interest income is recognised in profit or loss
- Adjustments for loss of value are recorded in profit or loss

When the asset is derecognised, cumulative losses or gains previously recognised in other comprehensive income:

- are reclassified from equity to profit or loss in the case of debt instruments;
- are transferred within the retained earnings in the case of equity instruments (shares).

At the time of depreciation or derecognition of financial assets accounted for at amortised cost, as well as through the process of their depreciation, the Company recognizes a gain or loss in profit and loss.

For financial assets recognised using settlement date accounting, any change in the fair value of the asset to be received during the period between the trading date and the settlement date is not recognised for

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assets recognised at cost or amortised cost (excluding impairment losses). For assets carried at fair value, however, the change in fair value shall be recognised in profit or loss or equity, as the case may be.

(f) Other financial assets and liabilities

Other financial assets and liabilities are valued at amortised cost using the effective interest method.

(g) Property, plant and equipment

(i) Recognition and evaluation

Property, plant and equipment recognised as assets are initially valued at cost. The cost of an item of property, plant and equipment consists of the purchase price, including non-recoverable taxes, after deducting any price reductions of a commercial nature and any costs directly attributable to bringing the asset to the location and under the condition necessary for it to be used for the purpose desired by management, such as: expenditure on employees arising directly from the construction or purchase of the asset, site development costs, initial delivery and handling costs, installation and assembly costs, professional fees.

Property, plant and equipment are classified by the Company into the following classes of assets of the same nature and with similar uses:

- Land and buildings;
- Technical installations and means of transport;
- Other installations, tools and furniture

(ii) Evaluation after recognition

After recognition as an asset, items of property, plant and equipment of the nature of land and buildings whose fair value can be measured reliably are carried at a revalued amount, which is fair value at the date of the revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Other property, plant and equipment are measured at cost less cumulative depreciation and any impairment losses.

Revaluations are made on a regular basis to ensure that the carrying amount does not differ significantly from what would have been determined by using fair value at the end of the reporting period.

If an item of property, plant and equipment is revalued, then the entire class of property, plant and equipment to which that item belongs is subject to revaluation.

If the carrying amount of an asset is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in equity as a revaluation surplus.

However, the increase will be recognised in profit or loss to the extent that it offsets a decrease in the revaluation of the same asset previously recognised in profit or loss.

If the carrying amount of an asset is reduced as a result of a revaluation, that decrease is recognised in profit or loss.

However, the reduction will be recognised in other comprehensive income to the extent that the revaluation surplus presents a credit balance for that asset. Transfers from revaluation surplus to retained earnings shall not be effected by way of profit or loss.

(iii) Subsequent costs

Subsequent costs related to property, plant and equipment are assessed in the light of the general criterion for the recognition of property, plant and equipment, namely

- Whether future economic benefits associated with the asset are likely to be entered;
- Whether these costs can be measured reliably..

The costs of daily maintenance ("repair and maintenance expenses") related to property, plant and equipment are not capitalized; they are recognised as the costs of the period in which they occur. These costs consist mainly of expenditure on labour and consumables, and may also include the cost of low-value components.

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Expenditure on the maintenance and repair of property, plant and equipment shall be recorded in profit and loss when they occur, and significant improvements to property, plant and equipment which increase their value or lifetime, or which significantly increase their capacity to generate economic benefits, shall be capitalised.

(iv) Amortization

Depreciation is calculated for the cost of the asset or another cost-substituting amount less the residual value. Depreciation is recognised in profit and loss using the straight-line method for the estimated useful life of property, plant and equipment.

The estimated useful life spans for the current period and for the comparative periods are as follows:

Construction	10-50 years
Equipment, technical installations and machinery	3-30 years
Transportation vehicles	4-12 years
Furniture and other property, plant and equipment	3-20 years

Depreciation methods, estimated useful life spans as well as residual values are reviewed by the Company's management at each reporting date.

(v) Sale/disposal of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised (removed from the statement of financial position) upon disposal or when no future economic benefit is expected from its use or disposal.

Property, plant and equipment that is scrapped or sold are removed from the balance sheet together with the corresponding cumulative depreciation. Any profit or loss arising from such an operation shall be included in the current profit or loss account.

(h) Intangible assets

Intangible assets are initially valued at cost. After initial recognition, an intangible asset is accounted for at cost less cumulative depreciation and any cumulative impairment losses (Note 3k).

(i) Depreciation of intangible assets

Depreciation is calculated for the cost of the asset or another amount that substitutes for cost. Depreciation is recognised in the statement of financial performance using the straight-line method for the estimated useful life of intangible assets from the date on which they are available for use, which most accurately reflects the expected pattern of consumption of the economic benefits embodied in the asset.

The estimated useful life spans for the current period and for the comparative periods are as follows:

Software	1-3 years
Other intangible assets	1- 5 years

Depreciation methods and useful life shall be reviewed at the end of each financial year and adjusted accordingly.

(j) Investment property

An investment property is a real estate property (land, building or part of a building) owned by the Company to obtain rental income or to increase the value of capital, or both, rather than to be used for the production or supply of goods or services or for administrative purposes or to be sold in the ordinary course of business.

(i) Initial recognition

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An investment property shall be recognised as an asset if, and only if there is a likelihood that the future economic benefits associated with the investment property will accrue to the Company and the cost of the investment property can be measured reliably.

(ii) Measurement

Recognition measurement

An investment property must initially be valued at cost, including transaction costs. The cost of a purchased investment property includes its purchase price plus any directly attributable expenses (e.g. professional fees for the provision of legal services, transfer of ownership fees and other transaction costs).

Measurement after recognition

The fair value model

After initial recognition, all investment property is measured at fair value unless fair value cannot be determined reliably on a continuing basis.

In exceptional circumstances where, at the time of the first acquisition of an investment property, there is clear evidence that the fair value of the investment property cannot be reliably determined on a continuing basis, the Company measures that investment property using the cost model. All other investment property is measured at fair value. If the Company has previously measured an investment property at fair value, then it will continue to measure that investment property at fair value until the time of disposal.

Gains or losses resulting from changes in the fair value of investment property are recognised in the profit or loss of the period in which they occur.

The fair value of investment property shall reflect market conditions at the end of the reporting period.

(iii) Derecognition

The carrying amount of an investment property is derecognised (removed from the statement of financial position) at the time of disposal or when the investment is permanently withdrawn from use and no future economic benefits are expected to arise from its disposal.

Gains or losses arising from the disposal or disposal of an investment property shall be recognised in profit or loss during the period of termination or disposal.

k) Leasing

On the date of commencement of the contract, the lessee recognises that right of use in the asset a liability within the liability. The valuation of the right-of-use asset is made at cost. This includes the initial measurement of the liability, the net payments (minus incentives received) of the lease made at or before the start of the contract or before that date any costs incurred by the lessee at the beginning of that lease. The measurement of the liability shall be made on the basis of the net present value of future lease payments, using the interest rate applicable under the contract or, failing that, the cost of an equivalent loan to the lessee. Lease payments include: fixed amounts, variable amounts (dependent on indices or rates, depending on the level of these parameters at the beginning of the contract), amounts related to the residual value, the purchase price (in case of exercising the option) respectively penalties due in case of early termination of the contract.

In the subsequent measurement, the carrying amount is the initial cost less any accumulated depreciation, accumulated impairment losses or adjusted for any revaluations of the liability. Depreciation of the asset occurs over the period between the beginning of the contract and the end of the contract/useful life term.

The revaluation of the leasing debt is carried out by increasing the carrying amount by the accumulated interest, reducing it with the leasing payments made respectively adjusted according to any contractual changes.

The amount of interest shall be included in the expenses of the period and shall be determined on the basis of the financing interest rate provided for in the contract, that is to say, the marginal borrowing rate of the lessee concerned, the interest rate that the lessee would have to pay in order to borrow, for a similar period and with a similar guarantee, the funds necessary to obtain an asset of an amount similar to that of the right-of-use asset, in a similar economic environment.

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(l) Impairment of non-financial assets

The carrying amount of the Company's assets which are not of a financial nature, other than assets of the nature of deferred taxes, shall be reviewed at each reporting date in order to identify the existence of impairment indices. If such indications exist, the recoverable amount of those assets shall be estimated.

An impairment loss is recognised when the carrying amount of the asset or its cash-generating unit exceeds the recoverable amount of the cash-generating asset or unit.

A cash-generating unit is the smallest identifiable group that generates cash and is independent of other assets and groups of assets. Impairment losses are recognised in profit and loss.

The recoverable amount of an asset or a cash-generating unit is the maximum between its value in use and its fair value less the costs of selling that asset or units. For the determination of the net use value, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to that asset.

Impairment losses recognised in previous periods shall be assessed at each reporting date to determine whether they have decreased or no longer exist. Impairment loss shall be resumed if there has been a change in the estimates used to determine the recovery value. Impairment loss shall only be resumed if the carrying amount of the asset does not exceed the calculated carrying amount, net depreciation and impairment, if the impairment loss had not been recognised.

(m) Share capital and own shares

Ordinary shares are recognised in the share capital. Incremental costs directly attributable to an issue of ordinary shares are deducted from the capital net of the effects of taxation.

For the purpose of preparing ifrs compliant separate financial statements, the Company also applied the provisions of IAS 29 "Financial reporting in hyperinflationary economies" by adjusting, for current measurement as at December 31, 2003, the share capital.

The company recognizes redemptions of equity shares at the time of the transaction as a decrease in equity. The repurchased equity shares are recorded at the acquisition value, with brokerage fees and other costs directly related to the acquisition being recognised in a separate account also as a decrease in equity. Cancellation of own shares held is carried out on the basis of the approval of shareholders, in compliance with all legal requirements regarding this operation. When derecognised, the Company uses the share capital accounts (for face value) respectively retained earnings (for the difference between the acquisition cost and the nominal value) in return for the cancelled own shares.

(n) Provisions for liabilities and charges

Provisions are recognised in the statement of financial position when an obligation related to a past event arises for the Company and it is likely that in the future it will be necessary to consume economic resources to extinguish that obligation and a reasonable estimate of the amount of the obligation can be made. For the determination of the provision, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and the risks specific to that liability. The amount recognised as a provision constitutes the best estimate of the expenses required to settle the current obligation at the end of the reporting period.

(o) Interest income and expenses

Interest income and charges shall be recognised in the separate statement of profit or loss by the effective interest method. The effective interest rate represents the rate that accurately discounts future cash payments and receipts over the expected life of the financial instrument up to the level of the gross carrying amount of the financial asset in question the amortised cost of the financial liability. Interest income shall also include the financing component of a contract for the disposal of financial assets in the event that it is material and results, implicitly or explicitly, from the terms of the contract.

(p) Dividend income

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Dividends on an equity instrument classified at fair value through other comprehensive income that at fair value through profit or loss are recognised in profit or loss when the entity's entitlement to receive those amounts is determined, unless those amounts represent a substantial return on investment cost, complying with IFRS 9.

The company does not record dividend income from shares received free of charge when they are distributed proportionally to all shareholders.

Dividend income is recorded at the gross amount that includes the dividend tax, which is recognized as a current expense with the income tax. Their accounting recognition is made after the date of registration, which identifies the shareholders on whom the decisions of the general meeting of shareholders are reflected, taking into account the number of shares held by the Company on the date of registration and the gross dividend / share approved by those decisions.

(q) Employee benefits

(i) Short-term benefits

Obligations with short-term benefits granted to employees are not updated and are recognized in the statement of overall result as the related service is provided.

The short-term benefits of employees include salaries, bonuses and social security contributions. The short-term benefits of employees are recognized as an expense when services are provided.

(ii) Defined contribution plans

The company makes payments on behalf of its own employees to the pension system of the Romanian state, health insurance, during the normal activity. Also, the Company retains and transfers to private pension funds, the amounts with which the employees have enrolled in an optional pension plan.

All employees of the Company are members and also have the legal obligation to contribute (through social contributions) to the pension system of the Romanian State (a plan of determined contributions of the State). All related contributions are recognised in profit and loss of the period when they are made. The company has no other additional obligations.

The company is not employed in any independent pension scheme and therefore has no other obligations in this respect. e company is not obliged to provide services subsequent to former or current employees.

(iii) Long-term employee benefits

The net obligation of the Company regarding the benefits related to the long-term services is represented by the value of the future benefits that the employees have earned in exchange for the services provided by them in the current and previous periods. Based on the Collective Labour Agreement in force, people who retire at old age may benefit at the time of retirement from an aid at the level of five average net salaries per Company.

The present value of this obligation is not material, and as such the Company has not recognized these future costs as a provision in these financial statements.

(iv) Payment based on shares and share option plan programs

According to IFRS 2, for share-based payment transactions with a settlement in shares, the entity shall measure the goods or services received and the corresponding increase in equity directly at the fair value of the goods or services received, unless fair value cannot be estimated reliably. If the entity cannot reliably estimate the fair value of the goods or services received, the entity shall measure their value and the corresponding increase in equity indirectly in relation to the fair value of the equity instruments awarded.

To apply these provisions to transactions with employees and other persons providing similar services, the entity shall measure the fair value of the services received by reference to the fair value of the equity instruments granted because it is generally not possible to estimate reliably the fair value of the services received. The fair value of those equity instruments shall be measured at date of grant.

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An award of equity instruments may be conditional on satisfaction specific conditions for entry into rights. For example, an assignment of shares or share options to an employee is generally conditional on the employee remaining in the service of the entity for a specified period of time. It may be necessary to meet performance conditions, such as for the entity to achieve a specified increase in profit or a specified increase in the entity's share price. Conditions for entry into rights other than market conditions shall not be taken into account when estimating the fair value of shares or options per share at the measurement date. Conversely, the conditions for entry into entitlement must be taken into account by adjusting the number of equity instruments included in the measurement of the transaction value, so that ultimately the value recognised for the goods or services received in return for the equity instruments awarded must be based on the number of equity instruments that ultimately come into entitlement. Therefore, on a cumulative basis, no value is recognised for the goods or services received if the equity instruments awarded do not enter into their rights due to the failure to comply with a condition for entry into rights, for example, the partner does not complete the specified service period or a performance condition is not met.

(r) Corporate income tax

Reflected in the statement of financial position

The corporate tax includes the current tax and the deferred tax.

Income tax is recognised in profit or loss or in other comprehensive income if the tax is related to capital items.

The company recognises a deferred income tax liability (asset) for taxable (deductible) temporary fair value differences on investments in shares measured at fair value through other comprehensive income. The amount of this liability(s) is adjusted accordingly each time any taxable (deductible) fair value differences are recognised.

The deferred tax is determined using the balance sheet method for those temporary differences that arise between the tax base for calculating the tax on assets and liabilities and their carrying amount used for reporting in the separate financial statements.

Deferred tax shall not be recognised for the following temporary differences: initial recognition of goodwill, initial recognition of assets and liabilities arising from transactions which are not combinations of enterprises and which do not affect either accounting or tax profit, and differences arising from investments in subsidiaries and associates, provided that they are not resumed in the near future. The deferred tax is calculated on the basis of the tax percentages that are expected to be applicable to the temporary differences upon their resumption, based on the legislation in force on the date of reporting or the legislation issued on the date of reporting and which will enter into force later.

The deferred tax liability is recognised only to the extent that it is likely that taxable profit will be obtained in the future after offsetting against the tax loss of previous years and the income tax to be recovered. The deferred tax asset is reduced to the extent that the corresponding tax benefit is unlikely to be realized.

Calculated deferred tax assets and liabilities are presented at net value in the company's separate financial statements.

Deferred tax assets and liabilities are cleared if there is a legal right to set off current tax assets and liabilities that relate to taxes levied by the same tax authority, from the same taxable entity, or on different tax entities but which intend to clear current tax assets and liabilities on a net basis, or their tax assets and liabilities will be realized simultaneously.

Reflected in the statement of profit or loss

Current income tax also includes tax on income from dividends recognised at gross value.

The additional taxes arising from the distribution of dividends are recognised on the same date as the obligation to pay the dividends.

The current tax is the tax payable on the profit realized in the current period, determined on the basis of the percentages applied at the balance sheet date and all the adjustments related to the previous periods. As of December 31, 2022 and December 31, 2021, the corporate tax was 16%.

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(s) Earnings per share

The company presents the result per share base and diluted for ordinary shares. The result per share is determined by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares for the reporting period. Diluted income per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares with the dilution effects generated by the potential ordinary shares.

(t) Dividends

Dividends are treated as a distribution of profit during the period in which they were declared and approved by the General Meeting of Shareholders.

Dividends not paid for three years and for which the right to claim them has been time-barred shall be recorded in equity to Other reserves – analytically distinct.

(u) Adoption of New or revised standards and interpretations

The following new standards, amendments to existing standards and interpretations issued by the IASB and adopted by the EU have an effect for the current reporting period:

Standards and amendments to existing standards issued by the IASB and adopted by the EU are in force for the current reporting period:

Amendments to IAS 16 "Property, plant and equipment" – Revenue before the intended use adopted by the EU on 28 June 2021 (applicable for annual periods as of or after 1 January 2022),

Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - Onerous contracts — Cost of performance of the contract adopted by the EU on 28 June 2021 (applicable for annual periods from or after 1 January 2022),

Amendments to IFRS 3 "Business combinations" — Definition conceptual adr with amendments to IFRS 3 adopted by the EU on 28 June 2021 (applicable for annual periods as from or after 1 January 2022),

Amendments to various standards due to "IFRS Enhancements (Cycle 2018-2020)" resulting from the annual DRAFT IFRS Improvement (IFRS 1, IFRS 9, IFRS 16 and IAS 41) for principal purposes to eliminate inconsistencies and clarify certain formulations – adopted by the EU on 28 June 2021 (the amendments to IFRS 1, IFRS 9 and IAS 41 are applicable for annual periods from or after 1 January 2022. The amendment to IFRS 16 refers only to an illustrative example, so no effective date is mentioned).

The adoption of these amendments to the existing standards did not lead to significant changes in the financial statements of the Company.

Standards and amendments to existing standards issued by the IASB and adopted by the EU, but which have not yet entered into force

At the time of signing these Financial Statements, the following amendments to the existing standards were issued by the IASB and adopted by the EU, but have not yet entered into force:

IFRS 17 "Insurance Contracts" including amendments to IFRS 17 issued by the IASB on 25 June 2020 — adopted by the EU on 19 November 2021 (applicable for annual periods beginning on or after 1 January 2023),

Amendments to IFRS 17 "Insurance contracts" - Initial application of IFRS 17 and IFRS 9 — Comparative information, adopted by the EU on 8 September 2022 (applicable for annual periods from or after 1 January 2023),

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Amendments to IAS 1 "Presentation of Financial Statements" — Presentation of accounting policies adopted by the EU on 2 March 2022 (applicable for annual periods beginning on or after 1 January 2023),

Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors" — Definition of accounting estimates adopted by the EU on March 2, 2022 (applicable for annual periods beginning on or after January 1, 2023).

Amendments to IAS 12 "Income Tax" — Deferred tax on assets and liabilities arising from a single transaction adopted by the EU on 11 August 2022 (applicable for annual periods beginning on or after 1 January 2023).

New standards and amendments to existing standards issued by the IASB but not yet adopted by the EU

At present, the IFRS standards adopted by the EU do not differ significantly from the regulations adopted by the IASB, with the exception of the following new standards and amendments to existing standards, which have not yet been adopted for application in the EU by the date of publication of these Financial Statements:

Amendments to IAS 1 "Presentation of Financial Statements" — Classification of liabilities into short-term and long-term liabilities (applicable for annual periods beginning on or after 1 January 2023),

Amendments to IAS 1 "Presentation of Financial Statements" — Long-term liabilities with financial indicators (applicable for annual periods beginning on or after 1 January 2024),

Amendments to IFRS 16 "Leases" — Leases in a sale and leaseback transaction (applicable to annual periods beginning on or after 1 January 2024),

IFRS 14 "Deferral accounts related to regulated activities" (applicable for annual periods from or after 1 January 2016) – the European Commission has decided not to issue the approval process of this interim standard and to wait for the final standard,

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"— Sale of or contribution of assets between an investor and its associates or joint ventures and subsequent amendments (the date of entry into force has been postponed indefinitely until the research project on the equity method is completed).

The company anticipates that the adoption of these New standards and amendments to existing standards will not have a material impact on the financial statements of the Company during the initial maintenance period.

(v) Subsequent events

Events occurring after the balance sheet date may provide additional information on the period reported as compared to that known at the balance sheet date. If the annual financial statements have not been approved, they must be adjusted to also reflect additional information, if that information relates to conditions (events, operations, etc.) that existed at the balance sheet date.

Events after the balance sheet date are those events, favourable or unfavourable, that occur between the balance sheet date and the date on which the annual financial statements are approved. Events after the balance sheet date shall include all events occurring up to the date on which the annual financial statements are approved, even if those events occur after the disclosure of financial information to the public.

Two types of subsequent events can be identified:

- those proving the conditions which existed at the balance sheet date. These events after the balance sheet date lead to an adjustment of the annual financial statements; and

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- those giving indications of conditions arising after the balance sheet date. These events after the balance sheet date do not lead to an adjustment of the annual financial statements.

In the case of events after the balance sheet date that lead to the adjustment of the annual financial statements, the Company shall adjust the amounts recognised in its financial statements to reflect events after the balance sheet date. An event after the balance sheet date that leads to an adjustment in the annual financial statements and that requires the Company to adjust the amounts recognised in its annual financial statements or the recognition of items that have not previously been recognised is the resolution after the balance sheet date of a dispute that confirms that the entity has an obligation present at the balance sheet date. The company adjusts any previously recognised provision in connection with this dispute or recognizes a new provision.

In the case of events after the balance sheet date which do not lead to an adjustment of the annual financial statements, the Company shall not adjust the amounts recognised in its financial statements to reflect those events after the balance sheet date.

If the Company receives, after the balance sheet date, information about the conditions that existed at the balance sheet date, the Company shall update the disclosures relating to these conditions in the light of the new information.

(x) Non-financial information on climate and the impact of climate risks on asset impairment

Impairment of non-financial assets

The tangible assets held by the Company, classified as both property, plant and equipment (presented in the specific notes to the financial statements), are depreciated according to the applicable legal provisions and accounting rules. Their periodic revaluation, for the purpose of highlighting them at fair value, carried out in accordance with the applicable valuation standards, shall also take into account the risks associated with the holding or operation of those assets. Assets held by the company and reflected as property, plant and equipment or investment property have not suffered any impairments of value that represent the effect of climate change and the impact of which is recognised in the financial statements prepared by the Company.

Provisions, accounting treatment of electricity purchase contracts

The company did not have and does not have concluded contracts for the purchase of electricity, other than those concluded as a final consumer, related to ensuring the functioning of the operational activity carried out at the Company's headquarters at the Bucharest branch. Consequently, the Company did not recognize provisions for this purpose. In both previous financial years and in the financial year ended 2022, the share of energy costs in the total operating expenses of the Company is low.

(y) Impact of the conflict in Ukraine on financial statements

The company does not have investments or exposures in the area of military conflict in Ukraine. The impact on the Company's financial assets and performance is related to unpredictable developments in financial markets, the exacerbated increase or decrease of certain asset categories, significant changes in fair value in the event of equity interests of issuers experiencing disruption to the raw material supply chain, increases in operating costs or increased energy costs. These aspects were included in the level 1 changes during the year, in the interim reporting, and in these financial statements, on account of the assumptions taken into account in the determination of the Level 3 fair value for unlisted or non-active market interests.

(z) Impact of the current macroeconomic environment on employee benefits, impairment of non-financial assets and expected credit losses (ECL)

Employee benefits

The company did not experience any exceptional variations in employee benefits that would be the effect of the current macroeconomic environment. Any changes in the level of employees' remuneration are the result of periodic negotiations between the Company's management and the employees' representatives, under the conditions of the applicable legal regulations.

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for the financial year ending 31 December 2022

Impairment of non-financial assets

The tangible assets held by the Company, classified as both property, plant and equipment (presented in the specific notes to the financial statements), are depreciated according to the applicable legal provisions and accounting rules. Their periodic remeasurement, for the purpose of highlighting them at fair value, carried out according to the applicable valuation standards, takes into account the macroeconomic context at the time of the measurement and any trends that may affect the explicit forecast period. The assets held by the company and reflected as property, plant and equipment or investment property have not suffered any impairments of value representing the effect of the current macroeconomic environment and the impact of which is recognized in the financial statements drawn up by the Company.

Expected credit losses

The company does not have recognised in its financial statements expected credit losses, given that financial assets such as interest-bearing debt instruments are reflected in financial assets at fair value through profit or loss. The details of these instruments can be found in the financial statements in the notes dealing with the risks to which the Company is exposed and of the notes detailing the economic positions in which these assets are found.

4. Managing significant risks

The risk management activity is found in the organizational structure of the Company and concerns both the general risks and the specific risks, as provided by the applicable national and European legislation and regulations.

The most important financial risks to which the Company is exposed are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate risk and equity instruments' price risk. This note presents information regarding the Company's exposure to each of the above-mentioned risks, the Company's objectives and policies and the risk measurement and management processes.

The company uses a variety of policies and procedures to manage and assess the types of risk to which it is exposed. These policies and procedures are presented in the subchapter dedicated to each type of risk.

4.1 Financial risks

(a) Market risk

Market risk is the current or future risk of losses on balance sheet and off-balance sheet positions due to adverse market price fluctuations (such as e.g. share prices, interest rates, exchange rates). The Company's management establishes the risk limits that can be accepted, limits that are regularly monitored. However, the use of this approach does not lead to the prevention of losses outside the limits set in the event of a significant market fluctuation.

The position risk is associated with the portfolio of financial instruments held by the Company with the intention to benefit from the favorable evolution of the price of the respective financial assets or from any dividends / coupons granted by the issuers. The company is exposed to position risk, both in relation to the general one and to the specific one, due to short-term investments made in bonds, shares and fund units.

The Management has continuously pursued and seeks to minimize the possible adverse effects associated with this financial risk through an active policy of prudential portfolio diversification, as well as by using one or more risk mitigation techniques depending on the evolution of market prices related to the financial instruments held by the Company.

Risk of concentration

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for the financial year ending 31 December 2022

The concentration risk concerns all the assets held by the Company, regardless of the period of their holding, and by reducing this type of risk, it is aimed at avoiding the registration of too large an exposure to a single debtor / issuer at the level of the Company.

Management's policy of diversification of exposures applies to the structure of the portfolio, the structure of the business model, as well as the structure of exposures to financial risks. Thus, this diversification policy involves: diversifying the portfolio by avoiding excessive exposure to a debtor, issuer, country or geographical region; the diversification of the structure of the business plan aims at the level of the Company to avoid excessive exposure towards a certain line of business / sector of activity; the diversification of the structure of financial risks is aimed at avoiding excessive exposure to a certain type of financial risk.

The market risk of equity instruments results predominantly from shares measured at fair value through other comprehensive income and profit and loss. The entities in which the Company holds shares operate in various industries.

The objective of market risk management is to control and manage market risk exposures within acceptable parameters, to the extent that profitability is optimised.

The Company's strategy for managing market risk is driven by its investment objective, and market risk is managed in accordance with its policies and procedures.

The company is exposed to the following categories of market risk:

(i) Stock price risk

Price risk is the risk of loss-making on both balance sheet and off-balance sheet positions due to asset price developments.

The company is exposed to the risk that the fair value of the financial instruments held may fluctuate as a result of changes in market prices, whether it is caused by factors specific to the activity of its issuer or factors affecting all instruments traded on the market.

The Board of Directors monitors the way in which the market risk management is carried out, and the internal procedures provide that, when the price risks are not in accordance with the investment policy and the Company's principles, the portfolio must be relaunched.

A positive change of 10% in the price of financial assets at fair value through profit and loss (subsidiary shares, associates, corporate bonds and fund units) would lead to an increase in the post-tax profit, by RON 154,210,928 (December 31, 2021: RON 161,503,340), a negative change of 10% having an equal net impact and of opposite sign.

A positive change of 10% in the prices of financial assets measured at fair value through other comprehensive income, investments in shares (as at 31 December 2021 and corporate bonds) would lead to an increase in equity, net of income tax, by 139,304,936 RON (31 December 2021: 133.426.086 RON), a negative variation of 10% having an equal net impact and of opposite sign.

The company holds shares in companies operating in different sectors of activity, as follows:

As can be seen from the table below, on December 31, 2022, the company mainly held shares in companies operating in the financial-banking and insurance field, with a share of 46.7% of the total portfolio, down from the share of 49.9% recorded on December 31, 2021.

In RON	31 December 2022	%	31 December 2021	%
Financial intermediation and insurance	1.320.286.502	46,7%	1.409.857.853	49,9%
Manufacturing	706.121.167	24,9%	796.836.286	28,2%
Hotels and restaurants	133.536.179	4,7%	97.642.827	3,5%
Wholesale and retail trade, repair of motor vehicles	39.160.957	1,4%	39.048.278	1,4%
Production and supply of energy, gas, water	-	0,0%	27.214.550	1,0%
Extractive industry	149.134.107	5,3%	17.897.034	0,6%

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for the financial year ending 31 December 2022

Other activities	701.349	0,0%	1.174.734	0,0%
Financial services applicable to the real estate domain	425.284.860	15,0%	390.087.877	13,8%
Construction	3.277.721	0,1%	606.059	0,0%
Transport and storage	38.232.508	1,4%	44.560.504	1,6%
Rental of real estate	14.281.270	0,5%	2.319.072	0,1%
Agriculture, forestry and fisheries	151.925	0,0%	151.713	0,0%
TOTAL	2.830.168.544	100,0%	2.827.396.787	100,0%

As of December 31, 2022, the Company holds fund units worth RON 362,939,797 (December 31, 2021: RON 369,180,263), at active Plus Closed Investment Funds, Star Value, Optim Invest, Certinvest Actiuni and Romania Strategy Fund. The company is exposed to price risk in terms of investments made (listed shares, bonds, bank deposits) with a different degree of risk by these Investment Funds.

(ii) Interest rate risk

Interest rate risk is the risk that the company's income or expenses, or the value of the Company's assets or liabilities, will fluctuate as a result of changing interest rates in the market.

With regard to interest-bearing financial instruments: interest rate risk is composed of the fluctuation risk recorded in the value of a given financial instrument as a result of changes in interest rates and the risk of differences between the maturity of interest-bearing financial assets and that of interest-bearing liabilities. However, interest rate risk can also influence the value of fixed interest-bearing assets (e.g. bonds), so an increase in the market interest rate will lead to a decrease in the value of the future cash flows generated by them and may lead to a reduction in their price, if it increases the preference of investors to place their funds in bank deposits or other instruments whose interest rate has increased, and vice versa - a reduction in the market interest rate can cause the price of shares and bonds to rise and cause an increase in the fair value of future cash flows.

With respect to fixed-rate assets or marketable assets, the Company is exposed to the risk that the fair value of future cash flows on financial instruments will fluctuate as a result of changes in market interest rates.

Thus, the Company will be subject to limited exposure to fair value rate risk or future cash flows due to fluctuations in the prevailing levels of interest rates in the market.

The company does not use derivatives to protect itself from interest rate fluctuations.

The following table illustrates the annual interest rates obtained by the Company for the interest-bearing assets during 2022:

Financial assets	RON		EUR	
	Interval		Interval	
	Min	Max	Min	Max
Bank deposits	0,8%	8,2%	0,06%	0,12%
Financial assets at fair value through profit and loss*	4,3%	10,2%	5,06%	5,06%
Financial assets at fair value through other comprehensive income	-	-	5,75%	5,75%

* Within the financial assets at fair value through profit and loss are included the bonds issued in RON by a subsidiary and the loan in euro granted in 2022 to a subsidiary.

The following table illustrates the annual interest rates obtained by the Company for the interest-bearing assets during 2021:

Financial assets	RON		EUR	
	Interval		Interval	
	Min	Max	Min	Max
Bank deposits	0,00%	2,18%	0,06%	0,12%
Financial assets at fair value through profit and loss*	3,50%	4,30%	6,00%	6,00%
Financial assets at fair value through other comprehensive income	-	-	5,75%	5,75%

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* Within financial assets at fair value through profit and loss are included bonds issued in RON by a subsidiary and bonds issued in euro by a subsidiary (received in January 2021).

The table below contains a summary of the Company's exposure to interest rate risks. The table includes the Assets and Liabilities of the Company at the accounting values, classified according to the most recent date between the date of the change in interest rates and the maturity date.

<i>In RON</i>	2022	2021
Cash and cash equivalents**	6.625.573	106.464.876
Bank deposits	-	79.198.863
Financial assets at fair value through profit and loss - corporate bonds	37.612.296	37.612.296
Financial assets at fair value through profit and loss - loan granted	115.805.211	-
Financial assets at fair value through other comprehensive income — corporate bonds	-	5.273.438
TOTAL	160.043.080	228.549.473

**Short-term investments in bank deposits (maturity less than 3 months) are included in the cash equivalents

The impact on the Net Profit of the Company (on account of interest income) of a change of $\pm 1.00\%$ in the interest rate on floating interest bearing assets and liabilities and expressed in other currencies in conjunction with a change of $\pm 1.00\%$ in the interest rate on variable interest-bearing assets and liabilities and expressed in RON is RON 1,344,362 (31 December 2021): 1,919,816 RON).

In the case of bonds disclosed at fair value (level 1) held, a change of $\pm 5\%$ of their market price determines a net impact in the amount of $\pm 1,579,716$ RON (31 December 2021: $\pm 1,579,716$ RON) in profit and loss, respectively in the amount of 0 RON ($\pm 221,484$ RON as at 31 December 2021) in other elements of the global result.

(iii) Currency risk

Currency risk is the risk of incurring losses or non-realization of the estimated profit as a result of unfavourable fluctuations in the exchange rate. The company invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, so it is exposed to risks that the exchange rate of the national currency in relation to another currency will have adverse effects on the fair value or future cash flows of that portion of the financial assets and liabilities denominated in another currency.

The company performed transactions in the reporting periods both in Romanian currency (Leu) and in foreign currency. The Romanian currency fluctuated compared to foreign currencies, EURO and USD.

The financial instruments used give the possibility to preserve the value of monetary assets held in RON, by making investments and collecting interest according to the maturity date.

The company did not carry out any transactions in exchange rate derivatives during the financial years presented.

The company's financial assets and liabilities in RON and foreign currencies as at 31 December 2022 and 31 December 2021 can be analyzed as follows:

Financial assets exposed to exchange rate risk (in RON)

<i>In RON</i>	2022	2021
Cash and cash equivalents	19.781.888	252.423.162
Bank deposits	-	79.232.230
Financial assets at fair value through profit and loss — (including assets held by investment funds)*	126.798.355	15.217.333
Financial assets at fair value through other comprehensive income**	147.927.260	209.887.194
Total assets	294.507.503	556.759.919
Lease liabilities	(530.880)	(789.288)
Total debts	(530.880)	(789.288)
Net financial assets	293.976.623	555.970.631

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* Within the financial assets at fair value through profit and loss is included the loan in euro (in 2022) and the foreign currency holdings of the closed-end investment funds, proportional to the Company's holding in their net assets.

** In financial assets at fair value through other comprehensive income in EUR are included holdings held outside the country, namely Austria - Erste Bank and impact corporate bonds (only in 2021).

As of December 31, 2022 and December 31, 2021, the Company owns fund units with the Active Plus Closed-End Investment Funds, Star Value, Optim Invest, Certinvest Actiuni and Romania Strategy Fund. The company is exposed to foreign exchange risk in terms of investments made by these Investment Funds (financial instruments listed on foreign markets, available or investments in foreign currency).

As of December 31, 2022, respectively on December 31, 2021, the assets of the closed-end funds represented mainly investments in listed shares on a regulated market in Romania and other Member States of the European Union.

The following table shows the sensitivity of profit or loss as well as equity to possible changes at the end of the reporting period of the foreign exchange rates in correspondence with the reporting currency, keeping all other variables constant:

	31 December 2022		31 December 2021	
	Impact in profit and loss	Impact in other comprehensive income	Impact in profit and loss	Impact in other comprehensive income
Eur appreciation by 5% (2021: 5%)	6.134.073	6.212.945	14.757.401	8.593.365
Depreciation EUR 5% (2021: 5%)	(6.134.073)	(6.212.945)	(14.757.401)	(8.593.365)
Total	-	-	-	-

(b) Credit risk

Credit risk is the risk that a counterparty of a financial instrument will fail to fulfill a financial obligation or commitment in which it has entered into a relationship with the Company, thus resulting in a loss for the Company. The company is exposed to credit risk as a result of investments made in bonds issued by companies or the Romanian State, current accounts and bank deposits and other receivables.

The Company's management closely and constantly monitors the exposure to credit risk so that it does not suffer losses as a result of the concentration of credit in a particular sector or field of activity.

As of 31 December 2022 and 31 December 2021, he does not have collateral as insurance, nor any other improvements in the credit rating.

As of December 31, 2022 and December 31, 2021, the Company did not register outstanding financial assets, except for some balances from various debtors, which were considered impaired.

Below are the financial assets with exposure to credit risk:

31 December 2022	Current accounts	Bank deposits	Loan granted	Bonds (measured at fair value through a profit and loss)	Other financial assets	Total
AAA rating up to A-						
BBB+	19.739.379	1.045.573				20.784.953
BBB	21.282	-				21.282
BBB-	2.123	-				2.123
bb+	208.844	5.580.000				5.788.844
BB	3.491					3.491
Baa2						-
NO			116.912.505	38.313.018	12.834.480	168.060.003
TOTAL	19.975.119	6.625.573	116.912.505	38.313.018	12.834.480	194.660.696

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for the financial year ending 31 December 2022

31 December 2021	Current accounts	Bank deposits	Bonds (measured at fair value through other comprehensive income)	Bonds (measured at fair value through a profit and loss)	Other financial assets	Total
AAA rating up to A-						
BBB+	34.760.929	7.485.591	-	-	-	42.246.521
BBB	21.852	-	-	-	-	21.852
BBB-	19.765.325	178.178.148	-	-	-	197.943.473
bb+	99.102.745	-	-	-	-	99.102.745
B-	-	-	5.283.259	-	-	5.283.259
Baa1	-	-	-	-	-	-
NO	-	-	-	37.907.699	10.514.505	48.422.204
TOTAL	153.650.852	185.663.739	5.283.259	37.907.699	10.514.505	393.020.053

The maximum exposure to the credit risk of the Company is in the amount of RON 194,660,696 as of December 31, 2022 (December 31, 2021: RON 393,020,053) and can be analyzed as follows:

	Credit Rating			31 December 2022	31 December 2021
BRD - Groupe Société Générale	BBB+	BRD - Groupe Société Générale	Fitch	14.394.427	13.670.675
Banca Transilvania	bb+	Banca Transilvania	Fitch	5.788.844	99.102.745
Banca Comerciala Romana	BBB+	Banca Comerciala Romana	Fitch	6.390.525	28.575.512
CEC Bank	BB		Fitch	3.491	98.979.897
Exim Bank	BBB-	Exim Bank Romania	Fitch	2.123	98.963.576
Intesa Sanpaolo Romania*	BBB	Intesa Sanpaolo Italia	Fitch	20.847	21.852
UniCredit Tiriac	BBB	UniCredit Tiriac	Fitch	435	333
TOTAL (Note 15 and 16)				26.600.693	339.314.591

*For banks for which there is no rating we took into account the rating of the parent company

The company's exposure to credit and counterparty risk through corporate bonds held as at 31 December 2022 is shown in the following table:

Issuer	Quantity	Par value	Interest rate	Value at Dec. 31, 2022 -RON-	Maturity	
Vrancart SA*	RO N	368.748	100,00	10,20%	37.612.296	2024
Total					37.612.296	

*variable interest rate (on the most recent coupon)

The Company's exposure to credit and counterparty risk through corporate bonds held as at 31 December 2021 is presented in the following table:

Issuer	Quantity	Par value	Interest rate	Value at Dec. 31, 2021 -RON-	Maturity	
Impact SA**	Eur	210	5.000,00	5,75%	5.273.438	2022
	RO					2024
Vrancart SA*	N	368.748	100,00	4,30%	37.612.296	
Total					42.885.734	

*variable interest rate (on the most recent coupon) / **fixed interest rate

The bonds issued by Impact SA (December 2022) and SIFI BH Retail (January 2021) were collected at maturity. Given the current structure of investments in bank deposits and bonds, management does not estimate a significant impact from a credit risk perspective on the financial position of the Company.

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Cash and cash equivalents and bank deposits are not overdue and are not depreciated.

The company conducted an internal analysis of the expected credit losses, the conclusion of the analysis being that their impact is insignificant. Thus, the Company does not provide information in the notes on expected credit losses required by IFRS 9.

Corporate bonds are not overdue and are not depreciated.

From the category of other financial assets, various debtors in the amount of RON 4,579,813 (31 December 2021: RON 4,830,024) do not represent outstanding or impaired claims.

As of December 31, 2022 and December 31, 2021, the company considers impaired the value of the receivables (within various debtors) in the amount of RON 717,477 (December 31, 2021: RON 1,292,517) representing dividends and penalties due from the portfolio companies and not collected in previous periods.

(c) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties in fulfilling obligations arising from short-term financial liabilities, which are extinguished by payment in cash or by other financial means, or that such obligations are extinguished in a manner unfavorable to the Company.

The company follows the evolution of the liquidity level in order to be able to pay its obligations on the date on which they become due and permanently analyzes the assets and liabilities, depending on the remaining period until the contractual maturities.

The structure of assets and liabilities was analyzed based on the remaining period from the balance sheet date to the contractual maturity date, both on December 31, 2022 and December 31, 2021, as follows:

<i>In RON</i>	Book value	Under 3 months	Between 3 and 12 months	Older than 1 year	No predetermined maturity
31 December 2022					
Financial assets					
Cash and cash equivalents	26.615.152	26.615.152	-	-	-
Bank deposits	-	-	-	-	-
Financial assets at fair value through profit and loss	1.723.810.844	700.722	116.912.505	37.612.296	1.568.585.321
Financial assets measured at fair value through other comprehensive income	1.624.523.020	-	-	-	1.624.523.020
Other financial assets	13.551.957	13.551.957	-	-	-
Total financial assets	3.388.500.973	40.867.831	116.912.505	37.612.296	3.193.108.341
Financial liabilities					
Dividend payment	10.042.310	10.042.310	-	-	-
Other financial liabilities	15.038.374	15.038.374	-	-	-
Lease liabilities	530.880	67.048	206.746	257.087	-
Total financial liabilities	25.611.564	25.147.732	206.746	257.087	-
Excess liquidity	3.362.889.409	15.720.099	116.705.760	37.355.210	3.193.108.341
<i>In RON</i>					
31 December 2021					
Financial assets					
Cash and cash equivalents	260.126.530	260.126.530	-	-	-
Bank deposits	79.232.230	26.405.245	52.826.985	-	-
Financial assets at fair value through profit and loss	1.680.415.609	295.403	-	37.612.296	1.642.507.911

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Financial assets measured at fair value through other comprehensive income	1.559.352.399	-	5.283.259	-	1.554.069.140
Other financial assets	11.807.022	11.807.022	-	-	-
Total financial assets	3.590.933.790	298.634.199	58.110.244	37.612.296	3.196.577.050
Financial liabilities					
Other financial liabilities	10.219.192	10.219.192	-	-	-
Lease liabilities	789.288	63.319	195.013	530.955	-
Total financial liabilities	11.008.480	10.282.511	195.013	530.955	-
Excess liquidity	3.579.925.310	288.351.688	57.915.231	37.081.341	3.196.577.050

The share of readily available liquidity (cash and cash equivalents) is decreasing compared to the previous year, but there is a liquidity surplus on each relevant maturity/chargeable category shown in the table above. The liquidity risk remains mainly influenced by the liquidity of the local capital market, respectively by the ratio between the volume of the main listed holdings of the Company and their average daily liquidity.

4.2 Other risks

By the nature of the object of activity, the Company is exposed to different types of risks associated with the financial instruments and the market in which it invests. The main types of risks to which the Company is exposed are:

- the risk associated with taxation;
- the risk related to the business environment;
- operational risk.

The risk management is aimed at maximizing the Company's profit relative to the level of risk to which it is exposed.

The company uses a variety of policies and procedures to manage and assess the types of risk to which it is exposed. These policies and procedures are presented in the subchapter dedicated to each type of risk.

(a) Taxation risk

Starting with January 1, 2007, following Romania's accession to the European Union, the Company had to comply with the European Union regulations, and therefore prepared for the application of the changes brought by the European legislation. The company has implemented these changes, but the way of their implementation remains open to tax audit for 5 years.

The interpretation of the texts and the practical implementation of the procedures of the new applicable tax regulations could vary and there is a risk that in certain situations the tax authorities will adopt a different position from that of the Company.

From the point of view of the corporate tax for the financial year 2015, there is a risk that the tax authorities will interpret differently the accounting treatments determined by the transition to IFRS as an accounting base.

The company chose to pre-register the dividends distributed and unclaimed for 3 years by the shareholders and to register them in the account of Other reserves (analytically distinct). According to the provisions of the Civil Code, the limitation applies to the right to request forced execution, not to the right of ownership over the amounts. Since the transfer of those amounts, already taxed within the scope of both corporation and dividend tax, back to equity is a transaction with shareholders, not a taxable transaction. Consequently, the Company did not recognise a deferred tax on these amounts. In those circumstances, there is a risk of a different interpretation by the tax authorities of these transactions.

In addition, the Romanian Government has a number of agencies authorized to carry out the audit (control) of companies operating in Romania. These controls are similar to tax audits in other countries, and can cover not only tax issues, but also other legal and regulatory issues that are of interest to these agencies. It is possible that the Company will be subject to tax controls as new tax regulations are issued.

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(b) Risk related to the economic environment

The management of SIF Banat-Crișana cannot forecast all the effects of the international economic developments with an impact on the financial sector in Romania, but considers that in 2022 it adopted the necessary measures for the sustainability and development of the Company in the conditions existing on the financial market, by monitoring the cash flows and the adequacy of the investment policies.

The avoidance of risks, the mitigation of their effects are ensured by the company through an investment policy that complies with the prudential rules imposed by the applicable legal provisions and regulations. SIF Banat-Crișana has adopted risk management policies through which an active management of them is carried out, being applied specific procedures for identifying, assessing, measuring and controlling the risks, which would provide a reasonable assurance regarding the fulfillment of the company's objectives, being pursued a constant balance between risk and expected profit.

The risk management process aims at: (i) identifying and evaluating significant risks with a major impact in achieving the investment objective and developing activities that counteract the identified risk; (ii) adapting risk management policies to financial developments in the capital market, monitoring performance and improving risk management procedures; (iii) reviewing investment decisions in relation to capital and money market developments; (iv) compliance with the legislation in force.

Geopolitical tensions over the past 12 months and growing insecurity over the supply of energy sector products have led to significant increases in oil and gas prices in 2022. The aggressive measures taken by the main central banks (Federal Reserve, European Central Bank, etc.) towards the moderation of inflation and uncertainties regarding the short-term and medium-term impact of these measures in macroeconomic evolution have led to a high volatility among the main capital markets. The lack of visibility in the attitude of central banks to these externalities, the necessary level of successive interest rate increases and their impact on global demand are the main challenges in managing the asset portfolio in 2023 as well.

(c) Operational risk

Operational risk is the risk of recording direct or indirect losses resulting from deficiencies or deficiencies of the Company's procedures, personnel, internal systems or external events that may have an impact on its operations. Operational risks arise from all activities of the Company.

The Company's objective is to manage operational risk to the extent of limiting its financial losses, not damaging its reputation and achieving its investment objective of generating benefits for investors.

The primary responsibility for the implementation and development of control over the operational risk lies with the Board of Directors. This responsibility is supported by the development of general operational risk management standards, which include controls and processes at service providers and service commitments with service providers.

(d) Capital adequacy

Management's capital adequacy policy focuses on maintaining a solid capital base in order to support the company's continued development and the achievement of investment objectives.

The equity of the Company includes the share capital, various types of reserves and retained earnings. The equity amounted to RON 3,242,853,185 as of 31 December 2022 (RON 3,416,126,285 as at 31 December 2021).

5. Accounting estimates and significant judgments

Management discusses the development, selection, presentation and implementation of significant accounting policies and estimates. All these are approved at the meetings of the Board of Directors of the Company.

These presentations supplement the information on the management of financial risk (see note 4).

Key sources of estimation uncertainty

Significant accounting judgments for the application of the Company's accounting policies include:

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Application of the AMENDMENTS to IFRS 10 Investment Entities

In 2018, the Company reviewed the ifrs 10 criteria for classification as an investment entity and concluded that they are met, namely:

- a) obtain funds from one or more investors for the purpose of providing them with investment management services;
- b) undertakes to its investors that the purpose of its business is to invest funds only for gains from the increase in the value of the investment, investment income or both; and
- c) quantifies and measures the performance of almost all of its investments on the basis of fair value (IFRS 10.27).

The company also fulfils the specific characteristics of an investment entity, namely:

- Investment-related services;
- The purpose of the activity; and
- Fair value measurement.

Determination of the fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using the measurement techniques described in accounting policy 3(e)(iii). For financial instruments that are rarely traded and for which there is no price transparency, fair value is less objective and is determined using various levels of estimates of the degree of liquidity, degree of concentration, uncertainty of market factors, price assumptions and other risks affecting that financial instrument.

The company uses the following hierarchy of methods for the calculation of fair value:

- Level 1: The market price quoted in an active market for an identical instrument.
- Level 2: Measurement techniques based on observable elements. This category includes instruments valued using: the quoted market price on the active markets for similar instruments; quoted prices for similar instruments on markets considered to be less active; or other valuation techniques in which items can be directly or indirectly observable from market statistics.
- Level 3: Valuation techniques based largely on unobservable elements. This category includes all instruments for which the evaluation technique includes elements that are not based on observable data and for which unobservable input parameters can have a significant effect on the measurement of the instrument. This category includes instruments that are valued on the basis of quoted prices for similar instruments but for which adjustments based largely on unobservable data or estimates are needed to reflect the difference between the two instruments.

The concentration risk to which the Company is exposed is presented in Note 4.1(a)(i), including the structure of exposures to the main NACE sectors as at 31 December 2022 and 31 December 2021 respectively.

The fair value of financial assets and liabilities that are traded on active markets is based on market quoted prices or prices quoted by intermediaries. For all other financial instruments, the Company determines fair value using valuation techniques. Valuation techniques include present net value and discounted cash flow patterns, comparison with similar instruments

for which there are observable market prices and other valuation techniques. Assumptions and data used in valuation techniques include risk-free interest rates and reference rates, credit spreads and other premiums used to estimate discount rates, bond and capital returns, exchange rates, capital price indices, volatility and forecast correlations. The purpose of valuation techniques is to determine fair value reflecting the price of financial instruments at the reporting date, which would be determined under objective conditions by market participants.

The company uses recognised valuation models to determine the fair value of simple financial instruments that use only observable market data and require very little estimation and analysis from management (e.g. instruments that are measured on the basis of quoted prices for similar instruments and for which no adjustments based on unobservable data or estimates are required to reflect the difference between the two instruments). Observable prices and entry parameters in the model are usually available in the market

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for capital instruments. Their availability reduces the need for estimates and analyses by management and the uncertainty associated with the determination of fair value. The availability of observable market prices and inputs varies by product and market and is subject to changes arising from specific events and general financial market conditions.

For shares that do not have a quoted market price in an active market the company uses valuation models that are usually derived from known valuation models. Some or all of the material inputs into these models may not be observable in the market and are derived from market prices or are estimated on the basis of assumptions. Valuation models that require unobservable inputs require to a greater extent a high degree of analysis and estimation by management to determine fair value. Management's analysis and estimation shall, in particular, intervene in the selection of the appropriate valuation model, the determination of the future cash flows of the financial instrument, the determination of the likelihood of defaults by the counterparty and advance payments and the selection of appropriate discount rates.

For financial instruments for which there is no active market (Tier 2 and Tier 3), fair value was determined by external valuers using valuation techniques that include techniques based on net present value, the discounted cash flow method, the method of comparisons with similar instruments for which there is an observable market price. Measurement techniques have been used consistently and there are no changes in their application.

In 2022, valuation methods for unlisted and listed holdings that do not meet criteria to be considered as an active market within the meaning of IFRS have been maintained.

However, the possibility of subsequent changes in these assumptions on financial markets in general, and on separately measured issuers, may be favourable or unfavourable to fair values in future financial years. The Company's management analyzed the situation between the date of completion of the valuation reports and the date of authorisation for publication of the annual financial statements, concluding that there is no publicly available information of such a nature that it could significantly impact the fair values of holdings presented in these annual financial statements.

An analysis of the financial instruments and investments in property and land and buildings recognised at fair value according to the measurement method is presented in the table below:

31 December 2022

In RON

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss - shares	362.069.218		843.576.306	1.205.645.523
Financial assets at fair value through profit and loss - fund units	362.939.797		-	362.939.797
Financial assets at fair value through profit and loss – loan granted	-		116.912.505	116.912.505
Financial assets at fair value through profit and loss - bonds	38.313.018		-	38.313.018
Financial assets measured at fair value through other comprehensive income – shares	1.468.597.487		155.925.533	1.624.523.020
Financial assets measured at fair value through other comprehensive income - corporate bonds			-	-
Investment property			12.963.376	12.963.376
Land and buildings			3.342.887	3.342.887
	2.231.919.521	-	1.132.720.607	3.364.640.128

31 December 2021

In RON

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss - shares	482.685.633	-	790.642.016	1.273.327.648
Financial assets at fair value through profit and loss - fund units	369.180.263	-	-	369.180.263
Financial assets at fair value through profit and loss - bonds	37.907.699	-	-	37.907.699

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Financial assets measured at fair value through other comprehensive income – shares	1.407.516.618	-	146.552.522	1.554.069.140
Financial assets measured at fair value through other comprehensive income - corporate bonds	5.283.259	-	-	5.283.259
Investment property	-	-	12.953.334	12.953.334
Land and buildings	-	-	3.472.577	3.472.577
	2.302.573.472	-	953.620.450	3.256.193.922

In 2022 and 2021 there were no transfers between fair value levels.

The following table shows the reconciliation from the initial balance to the final balance for financial assets measured at fair value and investment property, level 3 of the fair value hierarchy:

	Financial assets measured at fair value through other comprehensive income - shares	Financial assets measured at fair value through profit and loss - shares	Investment property
2022			
Balance as at 1 January 2022	146.552.522	790.642.015	12.953.334
(Gains) or losses recognised in:			
- profit and loss	-	80.148.840	10.042
- other comprehensive income	11.589.170	-	-
Acquisitions/Entries	-	-	-
Value of holdings ceded	(2.216.160)	(27.214.550)	-
Balance at 31 December 2022	155.925.533	843.576.306	12.963.376
2021			
Balance as at 1 January 2021	125.630.335	762.391.983	13.180.199
(Gains) or losses recognised in:			
- profit and loss	-	28.250.032	699.195
- other comprehensive income	36.146.025	-	-
Acquisitions/Entries	-	-	-
Value of holdings ceded	(15.223.837)	-	(926.060)
Balance at 31 December 2021	146.552.522	790.642.015	12.953.334

Although the Company considers its own estimates of fair value to be appropriate, the use of other methods or assumptions could lead to different fair value values. For fair values recognised as a result of the use of a significant number of unobservable inputs (Level 3), changing one or more variables in order to enable alternative assumptions would have an effect on the comprehensive income and the current result.

At the value resulting from the valuation of investments in shares, a sensitivity analysis was carried out by estimating some risk variations on the main influencing factors. Two evaluation techniques were used, namely:

(1) *Valuation based on updated net cash flow* - thus, both the EBITDA values and the values of the weighted average cost of capital were statistically modified by +/-5% (2021: +/-5%), considered as a risk limit, obtaining values per share and implicitly of the company's equity with a deviation from the standard value. These deviations from the standard amount influence profit and loss, i.e. other comprehensive income (net tax) items.

	Impact in profit and loss	Impact in other comprehensive income
2022		
Change the global elements variable		
EBITDA increase by 5%	5.483.019	2.599.484
EBITDA decrease by 5%	(5.468.663)	(2.599.484)
Wacc increase by 5%	6.751.960	2.499.496
Wacc reduction by 5%	(5.886.971)	(2.249.550)
2021		
Change the global elements variable		

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EBITDA increase by 5%	7.424.275	2.229.550
EBITDA decrease by 5%	(7.422.923)	(2.229.550)
Wacc increase by 5%	(8.744.952)	(2.029.598)
Wacc reduction by 5%	10.170.990	2.269.550

(2) Valuation based on corrected net assets – both the values of assets and the values of obligations (liabilities) have been changed by +/-5% (2021: +/-5%), obtaining values per share and equity of the company, with a deviation from the standard value. These deviations from the standard amount influence profit and loss, i.e. other comprehensive income (net tax) items.

2022		Impact in other
Change the global elements variable	Impact in profit and loss	comprehensive income
5% increase in assets	33.657.333	4.816.461
Decrease of assets by 5%	(33.684.446)	(4.750.799)
Debt increase by 5%	(2.806.894)	(2.304.743)
Debt reduction by 5%	2.779.780	2.306.348
2021		Impact in other
Change the global elements variable	Impact in profit and loss	comprehensive income
5% increase in assets	30.364.033	4.475.898
Decrease of assets by 5%	(30.391.272)	(4.476.348)
Debt increase by 5%	(844.397)	(2.298.323)
Debt reduction by 5%	846.838	2.298.323

At the value resulting from the measurement of the fund units, a sensitivity analysis was carried out. These funds generally invest in highly liquid stocks and bonds. As such, the sensitivity analysis was carried out considering a change of +/-10% in the market prices of equity instruments. These variations influence profit and loss (tax net) with the amount of +/- RON 30,486,943 as of December 31, 2022 (December 31, 2021: +/- RON 31,011,142).

At the value resulting from the valuation of investment property, a sensitivity analysis was performed by estimating risk variations on the main influencing factors. Two evaluation techniques were used, namely:

- valuation based on updated net cash-flow - thus, the values of estimated revenues to be obtained from these investment property have been changed +/-5%. These deviations from the standard amount influence profit and loss (net of tax).

- valuation based on market value - thus, the values of market prices estimated to be obtained from these investment property have been changed +/-5%. These deviations from the standard amount influence profit and loss (net of tax).

2022

Change the global elements variable	Impact in profit and loss
Revenue growth of 5%	105.142
Decrease in revenues by 5%	(104.727)
Market value increase of 5%	453.803
Decrease market value 5%	(453.803)

2021

Change the global elements variable	Impact in profit and loss
Revenue growth of 5%	103.911
Decrease in revenues by 5%	(103.494)
Market value increase of 5%	453.867
Decrease market value 5%	(453.867)

The management considers that a presentation in the manner of the above is useful for establishing the directions of action useful in risk management.

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Classification of financial assets and liabilities

The accounting policies of the Company provide the basis for assets and liabilities to be classified, at the initial time, in different accounting categories. For the classification of assets and liabilities at fair value through profit and loss, the Company determined that one or more of the criteria set out in Note 3(e)(i) were met.

The details of the classification of the Company's financial assets and liabilities are given in note 6.

Determination of the fair value of Investment Property

The fair value of completed investment property is determined using the income method with explicit assumptions about the benefits and liability to property over the life of the asset including an exit or write-off value. As an accepted method within the income approach for valuation, the method of capitalizing income on real estate shares is used. To the projected cash flow series, a market-derived capitalisation rate is applied to determine the current value of the cash flows associated with the property.

Specific income and timing of inflows and exits are determined by events such as the revision of rents, renewal of the lease and related rental periods, re-renting, redevelopment or renovation. The corresponding duration is usually determined by the market behavior. In the case of investment property, revenues estimated to be gross income minus unoccupied premises, unrecoverable expenses, collection losses, rental incentives, maintenance costs, agency costs and commissions, and other operating and management expenses.

For the years ended December 31, 2022 and 2021, the Company has obtained valuation reports on its investment property. The fair value of investment property is based on these measurements.

For all investment property, the current usability is equivalent to the highest and best usability. In case of outsourcing the preparation of evaluation reports, the Company shall review the valuations made by the independent evaluators for financial and reporting purposes.

IFRS 13 defines fair value as the price that would be received if an asset was sold or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. The company now presents fair values according to a "fair value hierarchy" (according to IFRS 13) that classifies inputs used in three-tier measurement techniques. The hierarchy gives the highest priority (Tier 1) to prices listed in active markets for identical assets or liabilities and the lowest priority (Tier 3) to insignificant inflows. The different levels of the fair value hierarchy are explained below:

— Level 1: Listed (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

— Tier 2: Use of a model with inputs (other than tier 1 prices) that are directly or indirectly observable market data, and

— Level 3: Using a model with inputs that are not based on observable data.

The investment property of the Company are classified as Level 3. There were no transfers between hierarchy levels during the year.

Information on measuring fair value using significant unobservable inputs (Level 3) for 2022 is presented in the table below:

Segments	Method of measurement	Estimated value of rent - euro/sqm	% capitalisation rates
Commercial and services - buildings	Revenue method	12-14 euro/sqm	8,5 - 8,8%

Information on measuring fair value using significant unobservable inputs (Level 3) for 2021 is presented in the table below:

Segments	Method of measurement	Estimated value of rent - euro/sqm	% capitalisation rates
Commercial and services - buildings	Revenue method	10 euro/sqm	8,5 - 9%

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6. Financial assets and liabilities

The table below summarizes the accounting values and fair values of the Company's financial assets and liabilities as at December 31, 2022:

<i>In RON</i>	Financial assets valued at:		Financial assets/liabilities valued at amortised cost	Total carrying amount	Fair value
	fair value through profit and loss	fair value through other comprehensive income			
Cash and cash equivalents			26.615.152	26.615.152	26.615.152
Cash in the cashier and other valuables			3.350	3.350	3.350
Current accounts with banks			19.975.119	19.975.119	19.975.119
Bank deposits with an initial maturity of less than 3 months			6.636.683	6.636.683	6.636.683
Bank deposits					
Financial assets at fair value through profit and loss	1.723.810.843		-	1.723.810.843	1.723.810.843
Shares	1.205.645.522			1.205.645.522	1.205.645.522
Fund units	362.939.797			362.939.797	362.939.797
Loans granted	116.912.505			116.912.505	116.912.505
Corporate bonds	38.313.018			38.313.018	38.313.018
Financial assets measured at fair value through other comprehensive income		-		1.624.523.020	1.624.523.020
Shares		1.624.523.020		1.624.523.020	1.624.523.020
Corporate bonds		-		0	0
Other financial assets			12.834.480	12.834.480	12.834.480
Total financial assets					
Dividend payment			(10.042.310)	(10.042.310)	(10.042.310)
Other financial liabilities			(15.038.374)	(15.038.374)	(15.038.374)
Lease liabilities			(530.880)	(530.880)	(530.880)
Total financial liabilities			(25.611.564)	(25.611.564)	(25.611.564)

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The table below summarizes the accounting values and fair values of the Company's financial assets and liabilities as at December 31, 2021:

<i>In RON</i>	Financial assets valued at:		Financial assets/liabilities valued at amortised cost	Total carrying amount	Fair value
	fair value through profit and loss	fair value through other comprehensive income			
Cash and cash equivalents	-	-	260.126.530	260.126.530	260.126.530
Cash in the cashier's office	-	-	2.019	2.019	2.019
Current accounts with banks	-	-	153.650.852	153.650.852	153.650.852
Bank deposits with an initial maturity of less than 3 months	-	-	106.473.659	106.473.659	106.473.659
Bank deposits	-	-	79.232.230	79.232.230	79.232.230
Financial assets at fair value through profit and loss	1.680.415.609	-	-	1.680.415.609	1.680.415.609
Shares	1.273.327.647	-	-	1.273.327.647	1.273.327.647
Fund units	369.180.263	-	-	369.180.263	369.180.263
Corporate bonds	37.907.699	-	-	37.907.699	37.907.699
Financial assets measured at fair value through other comprehensive income	-	1.559.352.399	-	1.559.352.399	1.559.352.399
Shares	-	1.554.069.140	-	1.554.069.140	1.554.069.140
Corporate bonds	-	5.283.259	-	5.283.259	5.283.259
Financial assets measured at amortised cost	-	-	-	-	-
Bonds issued by financial institutions	-	-	-	-	-
Other financial assets	-	-	10.514.505	10.514.505	10.514.505
Total financial assets	1.680.415.609	1.559.352.399	349.873.265	3.510.409.043	3.510.409.043
Other financial liabilities	-	-	(10.219.192)	(10.219.192)	(10.219.192)
Lease liabilities	-	-	(789.288)	(789.288)	(789.288)
Total financial liabilities	-	-	(11.008.480)	(11.008.480)	(11.008.480)

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7. Dividend income

In accordance with IFRS 9 and as a result of the Company choosing the option to measure the holdings through other comprehensive income, the dividends on those holdings are recognised in the income unless they represent a return on the cost of the investment.

The dividend income is recorded at gross value. The dividend tax rates for the financial year ended 31 December 2022 from resident and non-resident companies were 0%, 5% and 27.5% (2021: 0%, 5% and 27.5%). The breakdown of dividend income on the main counterparties is shown in the table below:

<i>In RON</i>	31-Dec-22	31-Dec-21	Measurement
BRD	50.396.401	1.019.801	FVTOCI
Banca Transilvania*	38.214.355	21.951.593	FVTOCI
SAI Muntenia Invest	17.996.400	6.698.660	FVTOCI
SNP Petrom	15.492.985	1.111.840	FVTOCI
SIF Imobiliare	11.959.384	52.286.577	FVTPL
Biofarm	8.690.318	7.966.125	FVTPL
Erste Bank*	7.916.320	8.505.506	FVTOCI
Iamu	4.985.279	3.067.867	FVTPL
Conpet	4.098.765	3.880.988	FVTOCI
Vrancart SA	3.816.173	7.511.836	FVTPL
Azuga SA	989.355	10.009.139	FVTPL
SIF Oltenia	774.050	580.414	FVTOCI
Bursa de Valori Bucuresti	393.883	123.170	FVTOCI
Others	410.943	552.508	FVTOCI
Others	53.396	81.184	FVTPL
Gaz Vest Arad**	-	2.607.914	FVTPL
BT Asset Management***	-	2.000.000	FVTOCI
Evergent Investments (SIF Moldova)***	-	496.605	FVTOCI
Total	166.188.008	130.451.726	
FVTOCI	135.694.103	46.921.084	
FVTPL	30.493.905	83.530.642	

FVTPL = Financial assets at fair value through profit or loss/ FVTOCI = Financial assets at fair value through other comprehensive income

*Partial sale of the package held in 2021/** Full sale of the package held in 2022/***Full sale of the package in 2021

8. Interest income

Interest income (assets at amortised cost, assets at fair value through other comprehensive income)

<i>In RON</i>	31 December 2022	31 December 2021
Interest income on deposits and current accounts	2.704.667	1.303.587
Interest income on assets measured by other comprehensive income (corporate bonds)	287.071	298.074
	2.991.738	1.601.660

Interest income (assets at fair value through profit or loss)

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for the financial year ending 31 December 2022

<i>In RON</i>	31 December 2022	31 December 2021
Interest income on corporate bonds	2.766.775	1.417.727
Interest income related to the contract for the disposal of financial assets*	1.847.445	1.717.821
Interest income related to the loan contract	1.103.608	-
	5.717.828	3.135.548

*The amount represents the financing component extracted from the total value of the contract for the assignment of the participation in Central S.A., according to the contractual clauses agreed between the parties, with a maximum duration of completion of 30 months from the date of its signing (February 2021).

9. Gain/(Loss) from investment property

	31 December 2022	31 December 2021
Balance January 1st	12.953.334	13.180.199
Entries		-
Exits		(926.060)
Changes in fair value — gain/(loss)	10.042	699.195
Balance at 31 December	12.963.376	12.953.334

On December 31, 2022, the valuation at the fair value of investment property was made, resulting in a favorable difference in the amount of RON 10 thousand (December 31, 2021: RON 699 thousand). During 2021, the exits represent the sale of a building owned in Timisoara.

The evaluation was carried out by authorized evaluators by the National Association of Authorized Valuers in Romania (ANEVAR).

10. Net gain/(earnings) on financial assets at fair value through profit and loss

<i>In RON</i>	31 December 2022	31 December 2021
Gain/(Loss) from the valuation of fund units	(6.240.466)	64.601.601
Gain/(Loss) from the valuation of bonds	-	21.232
Gain/(Loss) from the valuation/disposal of shares in subsidiaries and associates	(41.145.678)	220.693.655
Total	(47.386.144)	285.316.488

On 31 December 2022, the valuation of the fund units resulted in a loss in the amount of RON 6.24 million (as at 31 December 2021, a gain from the fair value measurement in the amount of RON 63.7 million was recognized, and 0.9 million RON representing dividends received from the portfolio companies and distributed to the participants by F.I.A. Certinvest Actiuni, according to the fund's prospectus).

The result from the fair value measurement of shares in subsidiaries and associates as at 31 December 2022 is unfavourable, in the amount of RON 41.1 million (gain of RON 37.8 million from the valuation of subsidiaries and loss of RON 78.9 million from the valuation of associates). During 2022, an associated entity (Gaz Vest SA Arad) was sold.

On 31 December 2021, a gain of RON 220.7 million was recorded, respectively RON 59.4 million from the valuation of subsidiaries and RON 161.3 million from the valuation of associates.

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for the financial year ending 31 December 2022

11. Fees and charges

<i>In RON</i>	2022	2021
Fees of the Financial Supervisory Authority	3.006.553	2.961.805
Deposit fees	1.082.862	1.051.054
Commissions due to transactions	6.545	853.025
Registry fees	193.365	183.746
Other commissions	60.718	59.500
Total	4.350.043	5.109.130

12. Other operational expenses

<i>In RON</i>	2022	2021
Expenditure related to other taxes, duties and similar payments	128.199	122.026
Expenditure on salaries and other staff costs	16.865.552	16.133.021
Depreciation charges	304.536	280.654
Expenditure on external benefits	3.025.092	5.541.054
Interest expense and depreciation of assets with the right to use from the leasing contract	286.339	292.586
Total	20.609.717	22.369.340

Expenditure on wages and salaries treated as such

	2022	2021
Expenditure on salaries	16.012.585	15.425.352
-Fixed	9.614.396	8.699.975
-Variables	6.398.190	6.725.377
Expenditure on insurance and social protection	487.471	509.827
Other staff costs	365.496	197.842
Total	16.865.552	16.133.021

	2022	2021
Employees with higher education	24	27
Employees with secondary education	4	3
Employees with general education	4	3
TOTAL	32	33

The average number of employees for the financial year ended 31 December 2022 was 31 (2021: 34). The fee paid to the auditors during 2022 for the audit of the financial statements was in the amount of 364,333 RON (2021: 372,014 RON), of which for separate situations 236,436 RON (2021: 257,176 RON), for consolidated situations 93,405 RON (2021: 107,544 RON), additional expenses 9,846 RON (2021: 7,294 RON) and for non-audit services 24,645 RON (2021: 0 RON).

13. Corporation tax

<i>In RON</i>	2022	2021
Current profit tax		
Current corporate income tax (16%)	-	5.506.294
Tax on dividends (0%, 5%, 27.5%)	7.661.233	3.828.392
Expenses with / (Income from) deferred income tax related to:		
-Financial assets at fair value through other comprehensive income	-	-
- Financial assets at fair value through profit and loss	-	-
-Property, plant and equipment /Investment property	(2.432)	4.533

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for the financial year ending 31 December 2022

Total corporation tax recognised in the profit or loss of the financial year	7.658.801	9.339.219
Reconciling profit before tax with income tax expense in profit and loss:		
<i>In RON</i>	2022	2021
Profit before tax	103.125.949	396.340.324
Tax in accordance with the statutory tax rate of 16% (2021: 16%)	16.500.152	63.414.452
Effect on corporate tax of:		
Tax on dividends (0%, 5%, 27.5%)	7.661.233	3.828.392
Non-deductible expenses and assimilated elements	31.226.657	14.564.606
Non-taxable income	(49.201.403)	(67.464.865)
Items similar to earnings	32.838	19.750.556
Items similar to expenditure	(173.018)	-
Tax loss to be recovered	1.614.775	(1.396.849)
Tax deferred	(2.432)	4.533
Amounts representing sponsorship within legal limits and other deductions	-	(3.744.309)
Tax recognized in retained earnings	-	(19.617.295)
Corporate income tax	7.658.801	9.339.219

Non-deductible expenses on which the income tax effect has been calculated mainly include unfavourable differences in the fair value measurement of holdings where the holding is greater than 10% for an uninterrupted period of more than 1 year.

Non-taxable income mainly includes dividend income due from Romanian legal entities and income from fair value measurement related to holdings where the holding is over 10% for an uninterrupted period longer than 1 year.

Starting with January 1, 2014, the amendments to the Fiscal Code entered into force according to which the non-taxable incomes for the calculation of the profit tax are included in the category of non-taxable income, along with dividend income, and income from the sale / assignment of participation titles and liquidation income, regardless of whether the legal entities in which participation titles are held are Romanian or foreign legal entities, from states with which Romania has concluded conventions for the avoidance of double taxation (including from outside the EU). These incomes are non-taxable if certain conditions are met (if at the date of sale / sale of the shares or on the date of commencement of the liquidation operation, the minimum period of 1 year of uninterrupted holding of a participation of at least 10% is fulfilled).

14. Cash and cash equivalents

<i>In RON</i>	31 December 2022	31 December 2021
Cash in the cashier and other valuables	3.350	2.019
Current accounts with banks	19.975.119	153.650.852
Deposits with banks with an initial maturity of less than 3 months	6.636.683	106.473.659
Total	26.615.152	260.126.530

Current accounts opened with banks and bank deposits are permanently at the disposal of the Company and are not restricted.

Cash and cash equivalents are not overdue and are not depreciated.

15. Bank deposits

<i>In RON</i>	31 December 2022	31 December 2021
Deposits with banks with an initial maturity of more than 3 months	-	79.198.863
Attached interest on deposits	-	33.367
Total	-	79.232.230

Notes to individual financial statements

for the financial year ending 31 December 2022

Bank deposits are not overdue and are not depreciated.

16 Assets measured at fair value through profit and loss

<i>In RON</i>	31 December 2022	31 December 2021
Shares measured at fair value, showing separately:	1.205.645.523	1.273.327.647
-unconsolidated subsidiaries	982.594.026	944.124.545
-associate entities	223.051.497	329.203.103
Fund units measured at fair value	362.939.797	369.180.263
Loan granted	116.912.505	-
Corporate bonds (including attached interest)	38.313.018	37.907.699
Total	1.723.810.844	1.680.415.609

Shares measured at fair value through profit and loss include (unbound) subsidiaries in the amount of 982.594.026 RON (2021: RON 944,124,545) and associates RON 223,051,497 (2021: RON 329,203,103).

The fair value of investments in subsidiaries is shown below:

	31 December 2022	31 December 2021
1 Measured at fair value through the statement of financial performance		
SIF IMOBILIARE PLC NICOSIA	368.402.807	346.555.946
SIF1 IMGB BUCURESTI	244.100.000	241.630.000
NAPOMAR SA CLUJ-NAPOCA	31.331.791	10.709.567
SIF HOTELURI SA ORADEA	84.638.766	67.177.207
AZUGA TURISM SA BUCURESTI	17.610.419	15.076.659
IAMU SA BLAJ	44.307.984	41.055.745
CENTRAL SA CLUJ-NAPOCA	38.903.269	38.903.269
VRANCART SA ADJUD	139.017.720	180.697.079
SIF SPV TWO BUCURESTI	11.821.794	56.094
UNITEH SA TIMISOARA	362.130	375.311
SIFI CJ LOGISTIC	2.097.346	1.887.667
Total	982.594.026	944.124.545
Measured at fair value through other		
2 comprehensive income		
ADMINISTRARE IMOBILIARE BUCURESTI	49.070.053	43.531.931
SAI MUNTENIA INVEST BUCURESTI	88.902.216	88.812.234
Total	137.972.269	132.344.165

Situation of investment funds in which fund units are held:

	31 December 2022	31 December 2021
Active Plus Closed-End Investment Fund	196.066.411	195.234.134
Optim Invest Closed-End Investment Fund	39.149.474	43.346.457
Star Value Closed-End Investment Fund	10.206.959	10.556.251
Alternative Investment Fund Certinvest Actiuni	82.421.152	81.440.361
Alternative Investment Fund Romania Strategy Fund	35.095.800	38.603.060
Total	362.939.797	369.180.263

The movement of financial assets measured at fair value through profit and loss in 2022 is shown in the following table:

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for the financial year ending 31 December 2022

In RON

	Shares	Fund units	Loans granted	Corporate bonds	Total
1 January 2022	1.273.327.647	369.180.263	-	37.907.699	1.680.415.609
Acquisitions	657.463	-	115.000.000	-	115.657.463
Sales	(27.193.910)	-			(27.193.910)
Change in interest receivable	-	-	1.103.608	405.320	1.508.928
Change in fair value (including exchange rate differences)	(41.145.678)	(6.240.466)	808.897	-	(46.577.247)
31 December 2022	1.205.645.522	362.939.797	116.912.505	38.313.018	1.723.810.844

The acquisitions of shares made during 2022 include shares in the company Vrancart SA, acquired by participating in the increase of the share capital with cash contribution and acquisitions on the BVB.

The share sales represent the value of the shareholding held in Gaz Vest SA, sold in full.

The amount of RON 115 million represents the loan granted during 2022 to Sif Spv Two SA, in order to pay the award price for the acquisition by transfer of assets of the "Belvedere Cigarette Factory", within the tender organized within the insolvency procedure of Interagro S.A.

The movement of financial assets measured at fair value through profit and loss in 2021 is shown in the following table:

In RON

	Shares	Fund units	Corporate bonds	Total
1 January 2021	1.039.727.058	305.468.130	49.195.115	1.394.390.304
Acquisitions	12.906.934	-	-	12.906.934
Sales	-	-	(10.712.680)	(10.712.680)
Change in interest receivable	-	-	(596.162)	(596.162)
Change in fair value (including exchange rate differences)	220.693.655	63.712.133	21.425	284.427.214
31 December 2021	1.273.327.647	369.180.263	37.907.699	1.680.415.609

The acquisitions made during 2021 include participation in the share capital increase with cash contribution to Vrancart SA, made in December 2021 and completed in February 2022. In connection with this acquisition, the Company recognised the acquired shares on 31 December 2021 and, as part of the change in fair value, recognised the difference between the market price of the shares and their acquisition value by applying the transaction date accounting principles and the requirements of IAS 10.

Outflows from corporate bonds represent the redemption on maturity of the remaining principal of the bonds issued by SIFI BH Retail S.A.

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for the financial year ending 31 December 2022

Hierarchy analysis of the fair value of financial instruments

At 31 December 2022, financial assets measured at fair value classified by level 3 are presented as follows:

Financial assets	Fair value 31/12/22	Valuation technique	Input data used		Unobservable input data	Weighted average capital cost		Capitalization rate		Sensitivity
						Standard values	Var. vs.standard	Standard values	Var. vs.standard	
Financial investments, d.c.:	999.501.839									
- unlisted majority shareholdings or no active market	266.791.176	income approach - the method of discounted cash flows	Turnover, EBITDA for each majority stake	Variation +/- 5 % from the standard value	Weighted average cost of capital	10,4%-35,1%	Variation +/- 5 % from the standard value			The increase in EBITDA (influenced by the increase in income and/or the decrease in costs) and the decrease in wacc lead to the increase in fair value and vice versa lead to the decrease in fair value
- unlisted majority shareholdings or no active market	675.854.129	approach by net asset corrected	The corrected net asset for each majority stake in the holding group	Variation +/- 5% from the standard value of assets and obligations	unitary rent and capitalization rate for investment property (majorly influences the net assets)			8%-11% when evaluating fixed assets (majority share in total assets)	Variation +/- 5 % from the standard value	The increase in net assets (influenced by the increase in the value of investment property) leads to the increase in fair value and vice versa to the decrease in fair value
- unlisted majority shareholdings - depending on the sale value (ongoing contracts)	38.903.269	Contract for the disposal of the interest in the evaluated entity (not completed at the balance sheet date)								
- minority shareholdings without active market	1.040.278	approach through market comparisons	sale of the shareholding held after the balance sheet date (indication of fair value)							
	3.317.920	approach through market comparisons	similar transactions with shares of the company or comparable companies							

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	13.595.066	approach by net asset corrected	annual and half-yearly historical financial statements		Discount: lack of liquidity, minority package, low profitability					
Total	999.501.839									

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At 31 December 2021, financial assets measured at fair value classified by level 3 are as follows:

Financial assets	Fair value 31/12/21	Valuation technique	Input data used		Unobservable input data	Weighted average capital cost		Capitalization rate		Sensitivity
						Standard values	Var. vs.standard	Standard values	Var. vs.standard	
Financial investments, d.c.:	937.194.538									
- unlisted majority shareholdings or no active market	222.831.412	income approach - the method of discounted cash flows	Turnover, EBITDA for each majority stake	Variation +/- 5 % from the standard value	Weighted average cost of capital	10,4%- 35,1%	Variation +/- 5 % from the standard value			The increase in EBITDA (influenced by the increase in income and/or the decrease in costs) and the decrease in wacc lead to the increase in fair value and vice versa lead to the decrease in fair value
- unlisted majority shareholdings or no active market	634.036.950	approach by net asset corrected	The corrected net asset for each majority stake in the holding group	Variation +/- 5% from the standard value of assets and obligations	unitary rent and capitalization rate for investment property (majorly influences the net assets)			8%-11% when evaluating fixed assets (majority share in total assets)	Variation +/- 5 % from the standard value	The increase in net assets (influenced by the increase in the value of investment property) leads to the increase in fair value and vice versa to the decrease in fair value
- unlisted majority shareholdings - depending on the sale value (ongoing contracts)	66.117.819	Contract for the disposal of the interest in the evaluated entity (not completed at the balance sheet date)								
- minority shareholdings without active market	1.635.333	approach through market comparisons	sale of the shareholding held after the balance sheet date (indication of fair value)							
	3.525.290	approach through market comparisons	similar transactions with shares of the company or comparable companies							

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	9.047.734	approach by net asset corrected	annual and half-yearly historical financial statements		Discount: lack of liquidity, minority package, low profitability					
Total	937.194.538									

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17 Assets measured at fair value through other comprehensive income

The fair value of the shares for which the Company has selected the option to reflect fair value accounting through other items of result as at 31 December 2022 and 31 December 2021 is presented below, structured by the main sectors of economic activity. The Company has chosen, at the date of transition to IFRS 9 and initial recognition of new acquisitions, this mode of presentation as required by IFRS 9 as this option is consistent with the Company's investment strategy and horizon in relation to these investments.

In RON	31 December		31 December	
	2022	%	2021	%
Financial intermediation and insurance	1.320.286.502	81,3%	1.409.857.854	90,7%
Manufacturing industry	24.312.175	1,5%	20.755.341	1,3%
Hotels and restaurants	31.286.994	1,9%	15.388.961	1,0%
Wholesale and retail trade, repair of motor vehicles	257.688	0,0%	145.009	0,0%
Extractive industry	149.134.107	9,2%	17.897.034	1,2%
Other activities	701.349	0,0%	1.174.734	0,1%
Financial services applicable to real estate	56.882.053	3,5%	43.531.931	2,8%
Construction	3.277.721	0,2%	606.059	0,0%
Transport and storage	38.232.508	2,4%	44.560.504	2,9%
Agriculture, forestry and fisheries	151.925	0,0%	151.713	0,0%
TOTAL	1.624.523.020	100,0%	1.554.069.140	100,0%

Dividend income from shares measured at fair value through other comprehensive income is presented separately in Note 7.

The movement of financial assets measured at fair value through other comprehensive income in 2022 is shown in the following table:

In RON	Corporate bonds**	
	Shares*	Corporate bonds**
1 January 2022	1.554.069.140	5.283.259
Purchases	357.288.563	
Sales	(3.213.710)	(5.164.320)
Change in interest receivable		(9.822)
Change in fair value (including exchange rate differences)	(283.620.973)	(109.118)
31 December 2022	1.624.523.020	-

*the option to measure fair value through other comprehensive income was exercised at initial recognition

**SPPI tested and recognised as held for collection and sale

The inflows of shares in 2022, in the total amount of 357.3 million RON, mainly include the acquisition of shares of SIF Muntenia, OMV Petrom, CH Intercontinental SA Bucharest, SIF Oltenia and Impact SA.

The sales of shares in the amount of 3.2 million RON, mainly include exits from the companies Reva, Transgex and Prospectiuni. The net result from transactions in the amount of RON 2.1 million was transferred to the retained earnings.

Bond outflows include the value of Impact bonds received at maturity (December 2022).

The movement of financial assets measured at fair value through other comprehensive income in 2021 is shown in the following table:

In RON	Corporate bonds**	
	Shares*	Corporate bonds**
1 January 2021	1.309.319.391	5.111.504
Purchases	67.751.279	
Sales	(196.793.416)	

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for the financial year ending 31 December 2022

Change in interest receivable	-	962
Change in fair value (including exchange rate differences)	373.791.886	170.793
31 December 2021	1.554.069.140	5.283.259

*the option to measure fair value through other comprehensive income was exercised at initial recognition

**SPPI tested and recognised as held for collection and sale

The inflows of shares in 2021, in the total amount of RON 67.7 million, mainly include the acquisition of Banca Transilvania shares in the amount of RON 61.2 million and BVB in the amount of RON 6.5 million.

The sales of shares in the amount of 196.8 million RON, mainly include the sale of Erste Bank shares (fair value of the package at the date of sale: 71.6 million RON), Banca Transilvania (24 million RON) and exits from evergent companies (68.2 million RON), BT Asset Management (11 million RON), Mobex (3.2 million RON), Iproeb (4.1 million RON), Rompetrol Well Services, Compa (1.3 million RON) and Comat Maramureş (1 million RON). The net result from transactions in the amount of RON 117.66 million was transferred to the retained earnings.

Reserves from the remeasurement of financial assets designated at fair value through other comprehensive income

In RON	2022	2021
On January 1st	984.425.325	766.477.039
Gain/(Loss) on the fair value measurement of financial assets measured at fair value through other comprehensive income	(283.698.905)	373.879.953
(Gain)/Loss transferred to retained earnings on financial assets measured at fair value through other comprehensive income out of the portfolio	(2.119.796)	(117.660.625)
(Gain)/Loss transferred to profit and loss of financial assets measured at fair value through other comprehensive out-of-portfolio income items	-	-
Effect of the related deferred income tax	43.220.735	(38.271.042)
As of December 31st	741.827.359	984.425.325

During 2022, out of a result related to the ceded assets of RON 2,119,796 transferred to the retained earnings, RON 1,530,767 represent differences from the marking on the market accumulated until the date of disposal, and RON 589,030 the value differences between the sale price and the carrying amount on the date of their disposal.

During 2021, out of a result related to the ceded assets of RON 117,660,625 transferred to the retained earnings, RON 107,990,187 represents differences from the marking on the market accumulated until the date of disposal, and RON 9,670,438 the value differences between the sale price and the book value on the date of their disposal.

18. Other financial assets

In RON	31 December 2022	31 December 2021
Various debtors	5.297.290	6.122.541
Other financial assets	8.254.666	5.684.481
Provisions for the depreciation of various debtors	(717.477)	(1.292.517)
Total	12.834.480	10.514.505

The provision for the depreciation of various debtors and for the dividends receivable can be analysed as follows:

In RON	31 December 2022	31 December 2021
On January 1st	1.292.517	1.405.732
Resumption of provision	(575.040)	(113.215)
Provisioning	-	-

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As of December 31st

717.477

1.292.517

On 31 December 2022 and 2021, the provision for dividends received or de-registered as a result of the deregistration of companies in judicial reorganization was resumed.

As of December 31, 2022, other debtors (dividends receivable), amounting to RON 717,477 (2021: RON 1,292,517) were overdue by more than 365 days and were adjusted for depreciation.

Financial assets that are not overdue are not considered impaired and do not have an external credit rating.

19. Assets representing rights of use of the underlying assets under the lease

In accordance with IFRS 16, applicable from 2019 onwards, the lease of a space concluded in 2019 has been recognised as a lease. The contract was concluded for a period of 5 years and the Company used a discount rate of 6%.

Assets representing the rights of use of the underlying assets under the leasing contract

<i>In RON</i>	31 December 2022	31 December 2021
Balance January 1st	725.329	889.240
Impact of changing provisions contract	-	71.708
Amortization	(248.684)	(235.619)
End-of-period balance	476.645	725.329

Lease liabilities recognised in the statement of financial position

<i>In RON</i>	31 December 2022	31 December 2021
Balance January 1st	789.288	934.521
Impact modification of contract provisions	-	65.027
Debts paid	(257.476)	(224.097)
Expenses arising from exchange rate differences	(932)	13.837
Balance the end of the period, of which:	530.880	789.288
- with a maturity of less than 1 year	273.794	258.333
- with a maturity of more than 1 year	257.087	530.955

Expenses related to the leasing contract included in the statement of profit or loss and other comprehensive income

	31 December 2022	31 December 2021
Depreciation charges	248.684	235.619
Interest expense	37.655	56.967
Expenses with exchange rate differences	(932)	7.156
Total	285.407	299.742

20. Property, plant and equipment

<i>In RON</i>	Land and buildings	Technical installations and means of transport	Other installations, machinery and furniture	Total
Cost				
As of 1 January 2022	3.734.817	2.058.775	437.181	6.230.773
Revaluation	-	-	-	-
Purchases	-	152.577	19.217	171.794
Outputs	-	(31.721)	(31.151)	(62.872)
As of 31 December 2022	3.734.817	2.179.631	425.248	6.339.695
Accumulated depreciation and impairment losses				
As of 1 January 2022	262.240	1.741.054	387.232	2.390.525

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for the financial year ending 31 December 2022

Revaluation-related depreciation	-	-	-	-
Depreciation expense	129.691	149.698	21.174	300.562
Outputs		(31.721)	(31.151)	(62.872)
As of 31 December 2022	391.930	1.859.030	377.255	2.628.216
Net book value				
As of 1 January 2022	3.472.577	317.721	49.950	3.840.248
As of 31 December 2022	3.342.887	320.600	47.993	3.711.480

<i>In RON</i>	Land and buildings	Technical installations and means of transport	Other installations, machinery and furniture	Total
Cost				
As of 1 January 2021	3.734.817	1.989.121	434.009	6.157.945
Revaluation	-	-	-	-
Purchases		94.789	18.898	113.687
Disposals		(25.136)	(15.723)	(40.859)
As of 31 December 2021	3.734.817	2.058.775	437.181	6.230.773
Accumulated depreciation and impairment losses				
As of 1 January 2021	132.329	1.633.869	385.159	2.151.357
Revaluation-related depreciation	-	-	-	-
Depreciation expense	129.911	127.595	17.152	274.658
Disposals		(20.412)	(15.079)	(35.490)
As of 31 December 2021	262.240	1.741.054	387.232	2.390.525
Net book value				
As of 1 January 2021	3.602.488	355.252	48.848	4.006.587
As of 31 December 2021	3.472.577	317.721	49.950	3.840.248

The last revaluation of property, plant and equipment of the nature of land and constructions was carried out on December 31, 2019 by an internal evaluator, member of ANEVAR.

21. Other financial liabilities

<i>In RON</i>	31 December 2022	31 December 2021
Debts to employees and related contributions	2.760.306	2.583.734
Duties and taxes	414.346	-
Domestic suppliers and creditors	11.863.722	7.635.458
Total	15.038.374	10.219.192

22. Deferred income tax liabilities

The assets and liabilities deferred tax at 31 December 2022 are generated by the items detailed in the following table:

<i>In RON</i>	Active	Debt	Net
Financial assets at fair value through profit and loss	-	-	-
Financial assets at fair value through other comprehensive income	-	839.844.596	(839.844.596)
Property, plant and equipment and investment property	-	13.572.403	(13.572.403)
Total	-	853.416.999	(853.416.999)
Net temporary differences – 16% rate	-	-	(853.416.999)
Net temporary differences – 10% rate	-	-	-
Deferred income tax liabilities	-	-	(136.546.721)

Notes to individual financial statements

for the financial year ending 31 December 2022

Tax liabilities deferred at 31 December 2021 are generated by the items detailed in the following table:

<i>In RON</i>	Active	Debt	Net
Financial assets at fair value through profit and loss	-	-	-
Financial assets at fair value through other comprehensive income	-	1.111.127.369	(1.111.127.369)
Property, plant and equipment and investment property	-	13.609.350	(13.609.350)
Total	-	1.124.736.719	(1.124.736.719)
Net temporary differences – 16% share	-	-	(1.124.736.719)
Net temporary differences – 10% share	-	-	-
Deferred income tax liabilities	-	-	(179.957.876)

The debts regarding the profit tax deferred in the balance as at 31 December 2022 in the amount of RON 136,546,721 (2021: RON 179,957,876) include:

- the deferred profit tax directly recognized by the decrease of other elements of the global result in the amount of RON 130,389,332 (2021: RON 173,610,067), being generated by the reserves related to financial assets value measured at fair value through other elements of the global result,
- deferred tax related mainly to differences in the inflation of financial assets, impairment adjustments and investment property, in the amount of RON 6,157,389 recognized in the retained earnings.

Table of movements on deferred profit tax liabilities

	01/01/2022	Increases/ decreases in profit and loss	Increases/decreases in other comprehensive income	31/12/2022
Financial assets measured at fair value through other comprehensive income	177.780.380	-	(43.405.244)	134.375.136
Property, plant and equipment and investment property	2.177.496	(2.432)	(3.480)	2.171.585
	179.957.876	(2.432)	(43.408.724)	136.546.721

	01/01/2021	Increases/ decreases in profit and loss	Increases/decreases in other comprehensive income	31/12/2021
Financial assets measured at fair value through other comprehensive income	144.055.492		33.724.888	177.780.380
Property, plant and equipment and investment property	2.176.448	4.533	(3.485)	2.177.496
	146.231.940	4.533	33.721.403	179.957.876

23. Capital and reserves

(a) Share capital

As of December 31, 2022, the share capital of SIF Banat Crişana has the value of 50,751,006 RON, being divided into 507,510,056 shares with a nominal value of 0.1 RON and is resulted from direct subscriptions made to the share capital of SIF, by converting into shares the amounts due as dividends under law no. 55/1995 and by the effect of law 133/1996. As of December 31, 2022, the number of shareholders was 5,741,164 (December 31, 2021: 5,744,120).

Notes to individual financial statements

for the financial year ending 31 December 2022

The shares issued by SIF Banat Crişana are traded on the Bucharest Stock Exchange since November 1999. The records of the shares and shareholders are kept by the company Depozitarul Central S.A. Bucharest.

All shares are ordinary, have been subscribed and are paid in full as at 31 December 2022 and 31 December 2021. All the shares have the same voting right and have a nominal value of 0.1 RON / share. The number of shares authorized to be issued is equal to that of the shares issued.

The EGSM of 27 April 2020 approved:

- the use of a number of 880,000 shares, owned by the Company and redeemed under the EGSM Decision of April 26, 2018, for the distribution free of charge to the members of the Company's management, within the "Stock Option Plan", approved by the EGSM Decision of April 22, 2019. The Board of Directors of the Company approved at the end of May 2020 "*Share-based payment plan*", which was completed in May 2021.
- the carrying out of a buy-back programme of 15,000,000 shares own ("Schedule I") by the Company in order to reduce its share capital and repurchase a maximum of 880,000 shares ("Schedule II"), for free distribution to the members of the Company's management, in order to retain them, as well as to reward them for the activity carried out within the Company, according to the performance criteria established by the Board of Directors. The Board of Directors of the Company approved in August 2020 "*Action-based payment plan*", which was completed in December 2021.

EGSM of 2 November 2020 approved:

- revocation in part of the Decision of the Extraordinary General Meeting of Shareholders dated April 22, 2019, published in the Official Gazette of Romania, Part IV, no. 2154/23.05.2019, respectively of Article 1 of this Decision, which approved the execution of a repurchase program for a maximum of 15,000,000 own shares;
- carrying out a program for the redemption of own shares ("Program 3") by the Company, in order to reduce its share capital. The maximum number of shares that can be repurchased is no more than 15,000,000 shares.

The EGSM of 11 October 2021 approved:

- the development of a program for the redemption of its own shares ("Program 4") by the Company, for distribution free of charge to the members of the Company's management (administrators, directors), in order to keep them loyal, as well as to reward them for the activity carried out within the Company, according to the performance criteria to be established by the Board of Directors. The maximum number of shares that can be redeemed is no more than 880,000 shares. The distribution of the shares will be carried out within the framework of a "Stock Option Plan", in compliance with the legislation in force. The Board of Directors of the Company approved in January 2022 "*Share-based payment plan*", it is ongoing.

The EGSM of 25 November 2021 approved:

- the method of allocating the 8,792,307 own shares repurchased by the Company on the basis of the buy-back programs previously approved by the general meeting of shareholders in order to reduce the share capital and for distribution free of charge to the members of the Company's management, programs carried out by carrying out the public purchase offer approved by the Financial Supervisory Authority by Decision no. 1166/22.09.2021, in the following variant: the allocation of a number of 7,912,307 shares in order to reduce the share capital of the Company and the allocation of a number of 880,000 shares for distribution free of charge to the members of the Company's management.

The EGSM of 28 April 2022 approved:

- reduction of the company's share capital from RON 51,542,236.3 to RON 50,751,005.6 as a result of the cancellation of a number of 7,912,307 own shares acquired by the company, within the repurchase programs of its own shares. The capital decrease was completed in December 2022.
- carrying out a repurchase program of own shares ("Program 6") for distribution free of charge to the members of the Company's management (administrators, directors), in order to retain them, as well as to reward them for the activity carried out within the Company, according to the performance criteria to be established by the Board of Directors. The maximum number of shares that can be redeemed is no more than 990,000 shares. The shares will be distributed under a Stock Option Plan, in compliance with the legislation in force.

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for the financial year ending 31 December 2022

Program	Allocation date	Number of Shares	Share price*	Total program value	Amount recognised in expenses in 2022
Program approved by EGSM from 11.10.2021	January 2022	880.000	2,48	2.182.400	2.000.537
Total					2.000.537

*according to the allocation document

Program	Allocation date	Number of Shares	Share price*	Total program value	Amount recognised in expenses in 2021
Program approved by EGSM from 22.04.2019 and EGSM from 27.04.2020	May 2020	880.000	2,38	2.094.400	960.669
Program approved by EGSM from 27.04.2020	August 2020	880.000	2,11	1.856.800	1.616.268
Total					2.576.937

*according to the allocation document

<i>In RON</i>	31 December 2022	31 December 2021
Share capital	50.751.006	51.542.236
Total	50.751.006	51.542.236

(b) Retained earnings

<i>In RON</i>	31 December 2022	31 December 2021
Retained earnings from the transition to IAS and IFRS	422.323.709	422.323.709
Retained earnings from the application of IFRS 9 (including gains on transactions)	312.836.518	310.528.734
Retained earnings	-	18.874.346
Profit or loss for the financial year	95.467.147	387.001.105
Other amounts recognized in retained earnings (legal reserves, revaluation of property, plant and equipment, etc.)	2.220.252	2.062.005
Total	832.847.626	1.140.789.898

(c) Other reserves

<i>In RON</i>	31 December 2022	31 December 2021
Reserves apportioned from net profit	1.350.359.944	995.838.093
Reserves constituted as a result of the application of Law no. 133/1996*	145.486.088	145.486.088
Reserves from prescribed dividends	88.420.910	88.420.910
Reserves from fx changes and investment subsidies	19.832.946	19.832.946
Total	1.604.099.887	1.249.578.037

The reserve related to the initial portfolio was constituted following the application of Law no. No 133/1996, as the difference between the value of the portfolio contributed and the amount of the subscribed share

Notes to individual financial statements

for the financial year ending 31 December 2022

capital of SIF. Those reserves are thus treated in the same way as a contribution premium and are not used for the sale of non-current securities.

(d) Legal reserves

According to the legal requirements, the Company constitutes legal reserves in the amount of 5% of the profit registered according to the accounting regulations applicable up to the level of 20% of the share capital according to the Articles of Incorporation. The value of the legal reserve as at 31 December 2022 is 10.150.201 RON (December 31, 2021: 10.308.447 RON). The reduction of the legal reserve during 2022 was carried out as a result of the reduction of the share capital.

Legal reserves cannot be distributed to shareholders.

(e) Changes in the fair value of financial assets measured through other comprehensive income

This reserve shall comprise cumulative net changes in the fair values of financial assets measured through other comprehensive income from the date of their classification in this category until the date on which they were derecognised or impaired.

Reserves are recorded at net worth of the related deferred tax. The amount of deferred tax directly recognised by the reduction in equity is set out in Note 22.

The following table shows the reconciliation of the net differences in the change in fair value for financial assets measured through other comprehensive income:

<i>In RON</i>	31 December 2022	31 December 2021
Differences in changes in fair value for financial assets measured through other comprehensive income (bonds)	-	65.463
Changes in fair value for financial assets measured through other comprehensive income (shares)	741.827.359	984.359.861
Total	741.827.359	984.425.325

(f) Dividends

In 2022, the distribution of a gross dividend of RON 0.06 per share for the financial year 2021 was approved. During 2021, a distribution of dividends from the profit of the financial year 2020 was not approved.

24. Result per share

The calculation of the result per share was made on the basis of the profit attributable to ordinary shareholders and the weighted average number of ordinary shares:

<i>In RON</i>	2022	2021
Profit attributable to ordinary shareholders	95.467.148	387.001.105
Weighted average number of ordinary shares*	507.510.056	513.222.844
The result per action base	0,1881	0,7541

*taking into account repurchased treasury shares

The diluted earnings per share is equal to the result per share as the Company did not register any potential ordinary shares.

In 2022 and 2021, there were no changes in accounting policies or new standards adopted that would affect earnings per share and require disclosure in accordance with IAS 8.

25. Commitments and contingent liabilities

Notes to individual financial statements

for the financial year ending 31 December 2022

(a) Litigations

As of December 31, 2022, the Company's records contained 49 litigations pending before the courts of law. The company had locus standi in 41 litigations, passive locus standi in 7 litigations and the capacity of intervener in a litigation.

In most of the disputes in which the Company has the capacity of plaintiff, the object of the disputes is the annulment/ ascertaining the nullity of some decisions of the general meetings of shareholders in the portfolio companies or the insolvency procedure of some portfolio companies.

(b) Transfer price

Romanian tax legislation contains transfer pricing rules between affiliated persons since 2000. The current legislative framework defines the "market value" principle for transactions between affiliated persons, as well as transfer pricing methods. As a result, the tax authorities are expected to initiate thorough transfer pricing checks to ensure that the tax result is not distorted by the effect of prices charged in relations between affiliated persons. The company cannot quantify the outcome of such a check.

(c) Other commitments

This is not the case.

26. Related parties

The parties are considered related if one of the parties has the ability to control the other party or to exercise significant influence over it in making financial or operating decisions.

The company has identified in the course of its activity the following related parties:

Key management staff

31 December 2022

- On December 31, 2022, the Board of Directors of SIF BANAT-CRIȘANA SA consisted of 5 members: Bogdan-Alexandru Drăgoi-Chairman, Răzvan-Radu Străuț-Vice- Chairman, Sorin Marica, Marcel Pfister and Ionel Marian Ciucioi.
- On December 31, 2022, the members of the executive management of SIF BANAT-CRIȘANA SA: Bogdan-Alexandru Drăgoi –CEO, Răzvan-Radu Străuț – Deputy CEO, Teodora Sferdian – Deputy General Director and Laurențiu Riviș – Director.

31 December 2021

- On December 31, 2021, the Board of Directors of SIF BANAT-CRIȘANA SA consisted of 5 members: Bogdan-Alexandru Drăgoi-Chairman, Răzvan-Radu Străuț- Vice-Chairman, Sorin Marica, Marcel Pfister and Ionel Marian Ciucioi.
- On December 31, 2021, the members of the executive management of SIF BANAT-CRIȘANA SA: Bogdan-Alexandru Drăgoi –CEO, Răzvan-Radu Străuț – Deputy CEO, Teodora Sferdian – Deputy General Director and Laurențiu Riviș – Director.

During the financial year, no transactions were made and no advances and loans were granted to the directors and managers of the Company, except for advances for travel in the interest of the service.

During 2022, the gross amounts paid to the members of the Board of Directors and to the Directors (authorized by the ASF) amounted to RON 8,612 thousand (2021: RON 8,169 thousand).

The company did not receive or provide guarantees in favour of any related parties.

Notes to individual financial statements

for the financial year ending 31 December 2022

Subsidiaries

The Company's subsidiaries as of December 31, 2022 and December 31, 2021 are as follows:

Company name	Holding percentage as at 31 December 2022	Holding percentage as at 31 December 2021	
SIF IMOBILIARE PLC NICOSIA	99,9997%	99,9997%	
SAI MUNTENIA INVEST SA BUCURESTI	99,98%	99,98%	
SIF1 IMGB	99,92%	99,92%	
NAPOMAR SA CLUJ-NAPOCA	99,43%	99,43%	
SIF HOTELURI SA ORADEA	99,00%	99,00%	
AZUGA TURISM SA BUCURESTI	98,94%	98,94%	
ADMINISTRARE IMOBILIARE SA BUCURESTI	97,40%	97,40%	
SILVANA SA CEHU SILVANIEI	96,28%	96,28%	F
ARIO SA BISTRITA	93,64%	93,64%	F
IAMU SA BLAJ	76,70%	76,70%	
CENTRAL SA CLUJ	74,53%	74,53%	
VRANCART SA ADJUD	75,50%	75,06%	
SIF SPV TWO BUCURESTI	99,99%	99,99%	
UNITEH TIMISOARA*	36,34%	36,34%	
SIFI CJ LOGISTIC*	5,53%	5,53%	

* are subsidiaries through their control and indirectly through SIF Imobiliare

Associates

The associates of the Company as of December 31, 2022 and December 31, 2021 are as follows:

a. Entities in which the Company holds shares in excess of 20% of the share capital and in which it has significant influence:

Company name	Holding percentage as at 31 December 2022	Holding percentage as at 31 December 2021
GAS VEST SA ARAD	-	25,82%
BIOFARM SA BUCURESTI	36,75%	36,75%

b. Companies in which the Company holds over 20% of the share capital, but which do not qualify as associates, due to the fact that the Company does not exercise significant influence in the companies:

Company name	Holding percentage as at 31 December 2022	Holding percentage as at 31 December 2021
GRAND HOTEL BUCHAREST	29,99%	13,67%
FORESTIERA SA TIRGOVISTE	25,75%	25,75%
AGROMECH GATAIA	-	23,91%
CTCE SA ALBA IULIA	23,24%	23,24%
MOLIDUL SA SUCEAVA	21,63%	21,63%

c. Holdings over 20% of the share capital, but the companies are in insolvency / liquidation / bankruptcy, etc.:

Company name	Holding percentage as at 31 December 2022	Holding percentage as at 31 December 2021	State
COMAR BAIA MARE	34,94%	34,94%	F

Notes to individual financial statements

for the financial year ending 31 December 2022

ELBAC SA BACAU	32,45%	32,45%	F
PETROCART	30,18%	30,18%	RJ
AGROPRODUCT RESITA	30,00%	30,00%	RJ
AGROINDUSTRIALA NADLAC	30,00%	30,00%	F
UZINA ARDEALUL ALBA IULIA	29,51%	29,51%	F
COMMIXT SA OCNA MURES	28,97%	28,97%	F
SUINPROD GALDA DE JOS	-	27,09%	DIZ
MEBIS SA BISTRITA	26,78%	26,78%	INS
EXFOR SA BUCURESTI	24,23%	24,23%	F
MOPAL SA BISTRITA	21,89%	21,89%	DIZ
TRANSILVANIA AIUD	20,19%	20,19%	F

Ins: Insolvency

RJ: judicial reorganization

DIZ: dissolving

F: bankruptcy

A: Deletion

Transactions through the statement of profit and loss

	2022	2021
Income from dividends, showing separately:		
SIF IMOBILIARE PLC	11.959.384	52.286.577
AZUGA TURISM	989.355	10.009.139
SAI MUNTENIA	17.996.400	6.698.660
VRANCART ADJUD	3.816.173	7.511.836
BIOFARM BUCURESTI	8.690.318	7.966.125
IAMU BLAJ	4.985.279	3.067.867
GAZ VEST ARAD	-	2.607.914
Total	48.436.909	90.148.118
Interest income, showing separately:		
VRANCART ADJUD	2.766.775	1.378.945
SIF SPV TWO	1.103.608	-
SIFI BH Retail	-	38.782
	3.870.383	1.417.727
Other expenditure, showing separately:		
ADMINISTRARE IMOBILIARE – rents, operating expenses	333.323	336.853
GAZ VEST – natural gas	(350)	77.815
	332.973	414.668

Transactions through the statement of financial position

	2022	2021
Other debts, showing separately:		
SILVANA CEHU SILVANIEI	-	790.389
SILVANA CEHU SILVANIEI-adjustment	-	(565.284)
VRANCART ADJUD- bonds	37.612.296	37.612.296
VRANCART ADJUD-interest	700.722	295.403
SIF SPV TWO – main loan	115.805.211	-
SIF SPV TWO – interest receivable	1.107.295	-
GAZ VEST – dividends receivable	2.607.914	2.607.914
Total	157.833.437	40.740.718
Other debts, showing separately:		
ADMINISTRARE IMOBILIARE	36	57.617
GAZ VEST	-	34.268

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for the financial year ending 31 December 2022

Total	36	91.885
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During 2022, the following operations were carried out with the subsidiaries:

- Vrancart SA – participation in the increase of the share capital in cash by the amount of 378,149 RON, representing equivalent of 3,437,717 shares and direct acquisitions at BVB in the amount of 279,314 RON, representing 1,689,436 shares.
- Gaz Vest SA Arad – full sale of the stake held in 2022, the value of the transaction being of RON 27.2 million
- Grand Hotel Bucharest – increasing its stake from 13.67% to 29.99% in 2022

During 2021, the following operations were carried out with the subsidiaries:

- Vrancart SA – participation in the increase of the share capital with cash in the amount of 12,906,934 RON, representing equivalent of 129,069,342 shares.

27. Reporting by business segments

Activity Segments Information

Business segments are components that engage in commercial activities, that can generate income or expense, whose operating results are periodically reviewed by the main decision-maker (CODM) and for which discreet financial information is available. CODM is the person or group of persons who allocate resources and evaluate the performance of the entity. CODM has been identified as the Board of Directors of the Company.

Description of the products and services from which each reportable segment derives its revenue

The company is organized on the basis of a main business segment, its main activity being the making of financial investments in order to increase the value of its treasury shares in accordance with the regulations in force and the subsequent management of the investment portfolio and the exercise of all related rights to the instruments invested.

Factors that were used by leadership to identify reportable segments

The company considered that it has only one segment of activity, as it has only one strategic business unit. The financial information of the segment that is reviewed by CODM includes the Company's investment portfolio, mainly financial assets, as well as the Company's dividend income. CODM obtains the Company's financial statements prepared according to IFRS. This financial information overlaps with the analysis of the segment provided internally to CODM. As such, management applied the basic principle of IFRS 8, Business Segments, in determining which of the overlapping sets of financial information should form the basis of some business segments.

Management considered that the IFRS financial statements information is not available frequently enough to conclude that segment reporting should exclude any details other than information about the investment portfolio and dividend income.

Measurement of the operating profit of the segment, i.e. the assets and liabilities attributable to the segment

The CODM reviews the IFRS based financial statements and assesses the performance of the profit-based segment before tax.

28. Subsequent events

- On January 5, 2023, the Company informed the shareholders that on January 4, 2023 it received Notifications to exceed the 5% holding threshold at SIF Banat-Crișana on behalf of the shareholders SIF Muntenia SA (5.0734%) and Opus – Chartered Issuances SA (5.07717%).
- On January 17, 2023, the Convening Notice for EGSM of February 23/24, 2023 was published, having as object the approval of the change of the name of the Company from "Societatea de

Notes to individual financial statements

for the financial year ending 31 December 2022

Investitii Financiare Banat-Crişana S.A." to Lion Capital S.A. and the approval of the corresponding amendment of the Articles of Incorporation of the company. On February 23, 2023, EGSM approved all items on the agenda.

- On January 20, 2023, the Company informed shareholders and investors that, in order to comply with the Resolutions of EGSM no. 3 of 11 October 2021 and no. 5 of April 28, 2022, submitted on January 20, 2023 to the Financial Supervisory Authority the Public Tender Offer Document for the Purchase of 1,870,000 own shares issued by SIF Banat-Crişana, together with the related documentation. SSIF SWISS CAPITAL S.A. was appointed as an intermediary in the Public Offer to Purchase shares issued by SIF Banat-Crişana.
- On February 10, 2023, the Company published the Announcement regarding the Public Offer to Purchase the shares of SIF Banat-Crişana at the price of 2.52 RON / share, for a maximum number of 1,870,000 shares, an offer carried out between 16.02.2023-01.03.2023. On March 2, 2023 (with the settlement date of March 6, 2023) it was confirmed the conclusion of the Public Offer to Purchase the shares of SIF Banat-Crişana, with 1,870,000 shares being repurchased, amounting to 4,712,400 RON.
- On March 1, 2023, ASF communicated Decision no. 199/01.03.2023 sanctioning the CEO with a fine for the Company's lack of notification in 2020 regarding the exceeding of the threshold of 5% of BVB, allegedly in concert with SIF Muntenia. The fine was paid within the stipulated time.
- On March 13, 2023, the Company published the Information Document regarding the offer of 990,000 shares to the members of the management structure within a "Stock Option Plan" in accordance with EGSM decisions n. 5 and no. 6 of 28.04.2022.
- On March 14, 2023, the Company informed the shareholders about the completion of the "Stock Option Plan", through which 880,000 SIF1 shares were offered to the members of the Company's management, in accordance with Resolutions no. 3 and no. 4 adopted by the Extraordinary General Meeting of Shareholders on October 11, 2021. Since there were no changes in the "Disclosure document regarding the offer or allocation of shares" published by the company on January 25, 2022, the current report of March 14, 2023 represented "Information document regarding the allocation of shares", in the sense of the provisions of ASF Regulation no. 5/2018.
- On March 17, 2023, SIF Banat-Crişana received Authorization no. 23/16.03.2023 issued by the Financial Supervision Authority authorizing the changes made to the Company's Articles of Association, in accordance with Resolutions no. 2 and no. 3 of the Extraordinary General Meeting of SIF Banat-Crişana Shareholders of 23.02.2023, including regarding the change of the company's name from SIF Banat-Crişana SA to Lion Capital SA. The company filed with the Trade Register Office at the Arad Court, the application for registration in the Trade Register of the mentions regarding the change of the company's name and the updated constitutive act.

STATEMENT OF **Annex 10**
SIF Banat-Crișana assets and liabilities as per Reg. 7/2020
AIFRI established by a constitutive act
31.12.2022 - restated*

ITEM	VALUE [RON]
1 Intangible assets	59,846
2 Tangible assets	3,711,480
3 Investment property	12,963,376
4 Biological assets	-
5 Assets representing rights to use the underlying assets in a leasing contract	476,645
6 Financial assets	3,229,949,660
6.1 Financial assets measured at amortized cost	1,607,024,387
6.2 Financial assets measured at fair value through profit and loss	1,206,509,967
6.2.1 Shares	860,779,405
6.2.1.1 Admitted to trading on a trading venue	860,779,405
6.2.1.2.1 in Romania	860,779,405
6.2.1.2.1.1 Traded in the last 30 trading days	363,431,368
6.2.1.2.1.2 Not traded in the last 30 trading days	497,348,037
6.2.1.2.2 in a Member State	-
6.2.1.2.3 in a third country	-
6.2.1.2 Not admitted to trading	345,729,662
6.2.1.2.1 in Romania	345,729,662
6.2.1.2.2 in a Member State	-
6.2.1.2.3 in a third country	-
6.2.2 Corporate bonds	37,575,522
6.2.2.1 Admitted to trading on a trading venue	37,575,522
6.2.2.1.1 in Romania	37,575,522
6.2.2.2.1.1 Traded in the last 30 trading days	-
6.2.2.2.1.2 Not traded in the last 30 trading days	37,575,522
6.2.2.1.2 in a Member State	-
6.2.2.1.3 in a third country	-
6.2.2.2 Not admitted to trading	-
6.2.3 Securities of AIF / UCITS	362,939,797
6.2.3.1 Shares	-
6.2.3.2 Fund units	362,939,797
6.2.3.2.1 Admitted to trading on a trading venue	-
6.2.3.2.2 Not admitted to trading	362,939,797
6.2.3.2.2.1 in Romania	327,843,997
6.2.3.2.2.2 in a Member State	-
6.2.3.2.2.3 in a third country	35,095,800
6.3 Financial assets measured at fair value through other comprehensive income	1,622,925,274
6.3.1 Shares	1,409,750,104
6.3.1.1 Admitted to trading on a trading venue	1,262,645,357
6.3.1.2.1 in Romania	1,114,718,097
6.3.1.2.1.1 Traded in the last 30 trading days	1,113,058,504
6.3.1.2.1.2 Not traded in the last 30 trading days	1,659,594
6.3.1.2.2 in a Member State	147,927,260
6.3.1.2.2.1 Traded in the last 30 trading days	147,927,260
6.3.1.2.2.2 Not traded in the last 30 trading days	-
6.3.1.2.3 in a third country	-
6.1.1.2.3.1 Traded in the last 30 trading days	-
6.1.1.2.3.2 Not traded in the last 30 trading days	-
6.3.1.2 Not admitted to trading	147,104,747
6.3.1.2.1 in Romania	147,104,747
6.3.1.2.2 in a Member State	-
6.3.1.2.3 in a third country	-
6.3.2 Corporate bonds	-
6.3.2.1 Admitted to trading on a trading venue	-
6.3.2.1.1 in Romania	-
6.3.2.2.1.1 Traded in the last 30 trading days	-
6.3.2.2.1.2 Not traded in the last 30 trading days	-
6.3.2.1.2 in a Member State	-
6.3.2.1.3 in a third country	-
6.3.2.2 Not admitted to trading	-
6.3.3 Securities of AIF / UCITS	213,175,169
6.3.3.1 Shares	213,175,169
6.3.3.1.1 Admitted to trading on a trading venue	213,175,169
6.3.3.1.1.1 in Romania	213,175,169
6.3.3.1.1.1.1 Traded in the last 30 trading days	213,175,169
6.3.3.1.1.1.2 Not traded in the last 30 trading days	-
6.3.3.1.2 in a Member State	-
6.3.3.1.3 in a third country	-
6.3.3.2 Not admitted to trading	-
6.3.3.2 Fund units	-
7 Cash available (cash and cash equivalent)	19,977,687
8 Bank deposits	6,636,683
9 Other assets:	127,142,092
9.1 Dividends or other receivables	-
9.2 Other assets	127,142,092
9.2.1 Loans granted subsidiaries	116,912,505
10 Accrued expenses	266,071
11 Total assets	3,401,183,539
12 Total liabilities	162,158,285
12.1 Financial liabilities measured at amortized cost	25,611,564
12.2 Deferred income tax liabilities	136,546,721
12.3 Other liabilities	-
13 Provisions for risks and expenses	-
14 Deferred income	251,682
15 Equity, of which:	3,242,853,184
15.1 Share capital	50,751,006
15.2 Items treated as equity	632,757,735
15.3 Other components of equity	743,827,895
15.4 Premium related to capital	-
15.5 Revaluation reserves	1,176,569
15.6 Reserves	3,574,439,692
15.7 Treasury shares	-
15.8 Retained earnings	672,102,698
15.9 Retained earnings first-time adoption of IAS 29 (debtor account)	-2,527,669,558
15.10 Result for the period	95,467,147
16 Net Asset Value	3,238,773,573
17 Number of issued shares	507,510,056
18 Net Asset Value per Share	6.3817
19 Number of companies in the portfolio, of which:	52
19.1 Companies admitted to trading on an EU trading venue	32
19.2 Companies admitted to trading on a stock exchange in a third country	-
19.3 Companies not admitted to trading	60

NOTE

** NAV as of 31.12.2022 was restated as follows: portfolio items (share) valued on the basis of valuation reports - recorded at present values as of 31.12.2022; non-portfolio items - based on the final balance sheet that formed the basis for the preparation of the standalone annual financial statements, audited, subject to the approval of the OGM of April 2023.

ANNEX - according to art.38 par. (4) of Law 243/2019

**Assets in SIF Banat-Crișana portfolio evaluated using valuation methods in accordance with International Valuation Standards
as of 31.12.2022**

No.	Name of the issuer	Tax Identification Code	Symbol	No. of shares held	No./date of valuation report	RON / share	Total value	Valuation method
Companies not admitted to trading where SIF BC stake is > 33% of the share capital								
1	AZUGA TURISM	28330211		786,882	369/24.02.2023	22.3800	17,610,419	income approach, discounted cash flow method
2	NAPOMAR	199176		10,256,241	366/24.02.2023	3.0549	31,331,791	income approach, discounted cash flow method
3	CENTRAL	199230		53,120	372/24.02.2023	769.6009	40,881,200	income approach, discounted cash flow method
4	SAI MUNTENIA INVEST	9415761		119,976	367/24.02.2023	741.0000	88,902,216	income approach, discounted cash flow method
5	SIF SPV TWO	40094500		119,988	375/27.02.2023	98.5248	11,821,794	asset approach, corrected Net Asset method
6	Administrare Imobiliare SA	20919450		16,049,741	371/24.02.2023	2.9787	47,807,364	asset approach, corrected Net Asset method
7	SIF1 IMGB	380430		301,078,647	370/24.02.2023	0.8107	244,084,459	asset approach, corrected Net Asset method
Companies admitted to trading with irrelevant liquidity for the application of the mark to market valuation method (according to Art.114 par. (4) of Reg.9 / 2014)								
8	SIF Imobiliare PLC	HE323682	SIFI	4,499,961	374/27.02.2023	81.8680	368,402,807	asset approach, corrected Net Asset method
9	SIF Hoteluri	56150	CAOR	31,820,906	368/24.02.2023	2.6598	84,637,246	income approach, discounted cash flow method
10	IAMU	1766830	IAMU	7,286,299	365/24.02.2023	6.0810	44,307,984	income approach, discounted cash flow method

Leverage and exposure calculated in accordance with the provisions of Regulation (EU) no. 231/2013

Method for calculating AIFRI exposure	Exposure value (RON)	Leverage (%)
Gross method	3,231,941,090	99.79
Commitment method	3,238,773,573	100

SIF Banat-Crișana

**Certification of Depositary Bank,
Banca Comercială Română**

ITEM	Beginning of the reporting period [31.12.2021]				End of the reporting period [31.12.2022]				Differences (RON)
	% of net asset	% of total assets	Currency	RON	% of net asset	% of total assets	Currency	RON	
I Total assets	105.61	100.00	541,464,654	3,058,716,903	105.01	100.00	167,709,148	3,233,474,391	-198,998,018
1 Securities and money market instruments, of which:	67.14	63.58	209,809,262	2,079,085,085	66.72	63.54	147,927,260	2,013,073,024	-127,894,062
1.1 Securities and money market instruments admitted or traded on a regulated	61.14	57.89	5,205,327	2,079,085,085	62.16	59.19	-	2,013,073,024	-71,217,387
1.1.1 shares	59.90	56.72	-	2,041,914,882	61.00	58.08	-	1,975,497,502	-66,417,380
1.1.2 other securities assimilated to these	-	-	-	-	-	-	-	-	0
1.1.3 corporate bonds	1.24	1.18	5,205,327	37,170,203	1.16	1.10	-	37,575,522	-4,800,007
1.1.4 other debt securities	-	-	-	-	-	-	-	-	0
1.1.5 other securities	-	-	-	-	-	-	-	-	0
1.1.6 money market instruments	-	-	-	-	-	-	-	-	0
1.2 Securities and money market instruments admitted or traded on a regulated market in a member state	6.00	5.68	204,603,935.00	-	4.57	4.35	147,927,260	-	-56,676,675
1.2.1 shares	6.00	5.68	204,603,935	-	4.57	4.35	147,927,260	-	-56,676,675
1.2.2 other securities assimilated to these	-	-	-	-	-	-	-	-	0
1.2.3 corporate bonds	-	-	-	-	-	-	-	-	0
1.2.4 other debt securities	-	-	-	-	-	-	-	-	0
1.2.5 other securities	-	-	-	-	-	-	-	-	0
1.2.6 money market instruments	-	-	-	-	-	-	-	-	0
1.3 Securities and money market instruments admitted on a stock exchange in a third country or negotiated on another regulated market in a third country, that operates on a regular basis and is recognized and open to the public, approved by ASF, of which:	-	-	-	-	-	-	-	-	0
2 Newly issued securities	-	-	-	-	-	-	-	-	0
3 Other securities and money market instruments	13.68	12.95	-	466,207,517	15.22	14.49	-	492,834,410	26,626,893
4 Bank deposits, of which:	5.45	5.16	178,215,175	7,490,714	0.20	0.20	-	6,636,683	-179,069,205
4.1 bank deposits with credit institutions in Romania;	5.45	5.16	178,215,175	7,490,714	0.20	0.20	-	6,636,683	-179,069,205
4.2 bank deposits with credit institutions in a Member State;	-	-	-	-	-	-	-	-	0
4.3 bank deposits with credit institutions in a third country.	-	-	-	-	-	-	-	-	0
5 Derivatives traded on a regulated market	-	-	-	-	-	-	-	-	0
6 Current accounts and cash	4.51	4.27	153,440,217	211,872	0.62	0.59	19,781,888	195,799	-133,674,402
7 Money market instruments other than those traded on a regulated market, as referred to in Art. 82(g) of GEO no. 32/2012 - Repo contracts on securities	-	-	-	-	-	-	-	-	0
8 Equity securities of AIF/UCITS (RO: FIA/OPCVM) of which:	13.25	12.55	-	451,647,775	17.79	16.94	-	576,114,967	124,467,192
8.1 AIF shares	-	-	-	82,467,512	-	-	-	213,175,169	130,707,658
8.2 UCITS fund units	-	-	-	369,180,263	-	-	-	362,939,797	-6,240,466
9 Dividends or other rights receivable	0.83	0.79	-	28,421,782	-	-	-	-	-28,421,782
10 Other assets (amounts in transit, amounts with distributors, with brokers, etc.).	0.75	0.71	-	25,652,159	4.47	4.25	-	144,619,509	118,967,350
10.1 Loans granted to subsidiaries	-	-	-	-	3.61	3.44	-	116,912,505	116,912,505
II Total liabilities	5.61	5.31	-	191,259,774	5.01	4.78	-	162,409,967	-28,849,808
1 Expenses for the payment of fees due to AIFM	-	-	-	-	-	-	-	-	0
2 Expenses for the payment of fees due to depositary bank	-	-	-	-	-	-	-	-	0
3 Expenses for the payment of fees due to intermediaries	-	-	-	-	-	-	-	-	0
4 Expenses on turnover fees and other banking services	-	-	-	-	-	-	-	-	0
5 Interest expenses	-	-	-	-	-	-	-	-	0
6 Issuance expenses	-	-	-	-	-	-	-	-	0
7 Expenses with the payment of commissions/fees due to ASF	-	-	-	-	-	-	-	-	0
8 Financial audit costs	-	-	-	-	-	-	-	-	0
9 Other approved expenses / liabilities	5.61	5.31	-	191,259,774	5.01	4.78	-	162,409,967	-28,849,808
10 Redemptions payable	-	-	-	-	-	-	-	-	0
III Net Asset Value (I-II)	100.00	94.69	541,464,654	2,867,457,129	100.00	95.22	167,709,148	3,071,064,425	-170,148,210

Statement of net asset value per share 31.12.2022 - restated

RON

ITEM	Current period	Corresponding period of the previous year	Differences
Net Asset Value	3,238,773,573	3,363,153,702	-124,380,129
Number of fund units / shares outstanding	507,510,056	507,510,056	0
Net asset value per share	6.3817	6.6268	-0.2451

Table 3

DETAILED STATEMENT OF INVESTMENTS AS OF 31.12.2022 - restated

1. Securities admitted or traded on a regulated market in Romania

1. Shares traded in the last 30 trading days (business days)

No.	Issuer	Symbol	Date of last trading session	No. of shares held	Nominal value	Value of share	Total value	Stake of issuer's share capital	Weight in AIFRI total assets
					RON	RON	RON	%	%
1	BANCA TRANSILVANIA	TLV	30.12.2022	33,803,379	10.00	19,9200	673,363,310	4,7768	19.80
2	BIOFARM	BIO	30.12.2022	362,096,587	0.10	0,6160	223,051,498	36,7471	6.56
3	BRD - GROUPE SOCIETE GENERALE	BRD	30.12.2022	13,615,497	1.00	13,0000	177,001,461	1,9537	5.20
4	OMV/PETROM	SNP	30.12.2022	355,081,206	0.10	0,4200	149,134,107	0,5688	4.38
5	VRANCART	VNC	30.12.2022	908,612,549	0.10	0,1530	139,017,720	75,5047	4.09
6	COMPET	COTE	30.12.2022	562,740	3.30	67,8000	38,153,772	6,5000	1.12
7	GRAND HOTEL BUCHAREST	RCHI	30.12.2022	249,998,583	0.10	0,1250	31,249,823	29,9923	0.92
8	BURSA DE VALORI BUCURESTI	BVB	30.12.2022	410,637	10.00	35,3000	14,495,486	5,1016	0.43
9	ANTIBIOTICE	ATB	30.12.2022	14,167,736	0.10	0,5660	8,018,939	2,1104	0.24
10	IMPACT DEVELOPER & CONTRACTOR	IMP	30.12.2022	21,700,000	0.25	0,3600	7,812,000	0,9173	0.23
11	ARGUS	UARG	30.12.2022	1,790,432	1.50	3,5000	6,266,512	5,0039	0.18
12	COMELF	CMF	30.12.2022	1,211,907	0.58	1,6500	1,999,647	5,3919	0.06
13	SATURNI	SATU	30.12.2022	346,026	2.50	5,5500	1,925,439	17,5385	0.06
14	ARCELOR MITTAL HUNEDOARA	SIDG	30.12.2022	5,921,324	0.10	0,2800	1,657,971	2,9820	0.05
15	SIFI CL LOGISTIC	CACU	19.12.2022	54,486	2.50	25,0000	1,362,150	5,5275	0.04
16	SOMETRA	SOMR	21.12.2022	1,217,602	2.50	0,4400	535,745	2,0786	0.02
17	UCM	UCM	30.12.2022	1,071,837	0.10	0,4960	531,631	0,9750	0.02
18	URBANA	URBA	30.12.2022	13,208	9.20	35,0000	462,280	16,5830	0.01
19	PETROCART	PTRC	30.12.2022	11,852,163	0.50	0,0380	450,382	30,1767	0.01
TOTAL							1,476,489,871		43.41

2. Shares not traded in the last 30 trading days (working) or measured by valuation methods

No.	Issuer	Symbol	Date of last trading session	No. of shares held	Nominal value	Value of share	Total value	Stake of issuer's share capital	Weight in AIFRI total assets
					RON	RON	RON	%	%
1	SIF IMOBILIARE	SIFI	14.08.2020	4,499,961	4.47	76,8426	368,402,807	99,9997	10.83
2	SIF HOTELURI	CADR	30.12.2022	31,820,906	2.50	2,4232	84,637,246	98,9997	2.49
3	IMMJI	IMMJ	29.12.2022	7,286,299	2.50	6,6241	44,307,984	76,6967	1.30
4	ANTECO	ANTE	25.03.2022	7,042,220	0.10	0,1474	1,038,023	17,2936	0.03
5	PRIMA CONSTRUCT	PCIM	14.11.2022	90,685	2.50	5,4935	498,178	15,6969	0.01
6	INDUSTRIA SARMEI CAMPIA TURZII	INSI	02.11.2022	4,604,082	0.10	0,0268	123,389	1,2497	0.00
7	PROFESSIONAL IMO PARTNERS	PPLI	25.10.2022	1	1.00	2,8200	3	-	0.00
8	ICSH	ICSH	26.03.2012	84,500	2.50	0,0000	0	36,3399	0.00
9	SIF UNITEH	UNIT	12.08.2020	158,573	2.50	0	0	1,2891	0.00
10	TALC DOLOMITA	TALD	09.10.2015	167,708	2.50	0,0000	0	7,8944	0.00
TOTAL							499,007,631		14.67

3. Shares not traded in the last 30 trading days (working days) for which the financial statements are not obtained within 90 days from the legal date of submission

Not the case

4. Preference rights / allocation rights

Not the case

5. Bonds admitted to trading issued or guaranteed by authorities of local public administration / corporate bonds

No.	Issuer	Bond symbol	Date of last trading session	No. of bonds held	Date of acquisition	Date of coupon	Date of coupon maturity	Initial value	Daily increase	Cummulative interest	Discount / Premium	Market price	Total value	Weight in total issued bonds	Weight in AIFRI total assets
								RON	RON	RON	RON	RON	RON	%	%
1	VRANCART ADIUD	VNC24	31.10.2019	368,748	17-Mar-17	25-Oct-22	24-Oct-22	36,874,800	10,305	700,722	-	102,00	37,575,522	96,41	1.10
TOTAL													37,575,522		1.10

6. Bonds admitted to trading issued or guaranteed by central government authorities

Not the case

7. Other securities admitted to trading on a regulated market

Not the case

8. Amounts being settled for securities admitted or traded on a regulated market in Romania

Issuer	Type of security	Symbol	Value per unit	No. of traded securities	Total value	Stake of issuer's share capital/total bonds of a issuer	Weight in AIFRI total assets
			RON		RON	%	%
TOTAL					0		-

II. Securities admitted or traded on a regulated market in a Member State

1. Shares traded in the last 30 trading days (business days)

Issuer	ISIN code	Date of last trading session	No. of shares held	Nominal value*	Value of share	NBR currency rate EUR/RON	Total value	Stake in issuer's share capital	Weight in AIFRI total assets
ERSTE GROUP BANK AG	EBS	30.12.2022	1,000,000		29.90	4.9474	147,927,260	0.2327	4.35
TOTAL							147,927,260		4.35

2. Bonds admitted to trading issued or guaranteed by authorities of local public administration , corporate bonds

Not the case

3. Bonds admitted to trading issued or guaranteed by central government authorities

Not the case

4. Other securities admitted to trading on a regulated market of a Member State

Not the case

5. Amounts under settlement for securities admitted or traded on a regulated market in a Member State

Not the case

III. Securities admitted or traded on a regulated market in a third country

1. Shares traded during last 30 trading days (business days)

2. Bonds admitted to trading issued or guaranteed by authorities of local public administration, corporate bonds, traded during last 30 days

3. Othes securities admitted to trading on a regulated market in a third country

4. Amounts under settlement for securities admitted or traded on a regulated market in a third country

Not the case

IV. Money market instruments admitted or traded on a regulated market in Romania

Amounts under settlement for money market instruments admitted or traded on a regulated market in Romania

Not the case

V. Money market instruments admitted or traded on a regulated market in another Member State

Amounts under settlement for money market instruments admitted or traded on a regulated market in another Mem

Not the case

VI. Money market instruments admitted or traded on a regulated market in a third country

Amounts under settlement for money market instruments admitted or traded on a regulated market in a third country

Not the case

VII. Newly issued securities

1. Newly issued shares

2. Newly issued bonds

3. Preference rights (after registration to central dpository, before admitted to trading)

Not the case

VIII. Other securities and money market instruments

VIII.1 Other securities

1. Shares not admitted to trading

Nr. crt.	Issuer	No. of shares held	Nominal value	Value of share	Total value	Stake in issuer's share capital	Weight in AIFRI total assets
			RON	RON	RON	%	%
1	SIF 1 IMGB	301,078,647	2.50	0.6966	244,084,459	99.92	7.18
2	SAI MUNTENIA INVEST	119,976	10.00	655,9167	88,902,216	99.98	2.61
3	ADMINISTRARE IMOBILIARE	16,049,741	2.50	2.6254	47,807,364	97.40	1.41
4	CENTRAL	53,120	10.00	769.6009	40,881,200	74.53	1.20
5	NAPOMAR	10,256,241	2.50	3.2207	31,331,791	99.43	0.92
6	AZUGA TURISM	786,882	17.50	20.5000	17,610,419	98.94	0.52
7	SIF SPV TWO	119,988	1.00	0.0000	11,821,794	23.91	0.35
8	EXIMBANK	414,740	6.00	9.0434	3,701,389	0.31	0.11
9	CCP.RO BUCHAREST	142,500	10.00	8.9490	1,275,233	1.79	0.04
10	DEPOZITARUL CENTRAL	9,878,329	0.10	0.1272	1,256,523	3.91	0.04
11	IFB FINWEST	7,976,121	0.10	0.1136	906,087	8.67	0.03
12	SPUMOTIM	12,398	2.50	44.8802	556,425	3.99	0.02
13	MOBIROM	11,589	2.50	45.9594	532,623	9.03	0.02
14	AMIS MOB	12,607	2.50	35.2467	444,355	8.12	0.01
15	FORESTIERA	42,269	2.50	7.9537	336,195	25.75	0.01
16	BIZOFRUCT	39,424	2.50	8.4904	334,726	4.42	0.01
17	CTCE	8,501	2.50	30.3505	258,010	23.24	0.01
18	COMMETCAR	14,862	2.50	14.1659	210,534	10.00	0.01
19	GRUP BIANCA TRANS	562,400	0.10	0.3313	186,323	5.18	0.01
20	STREIUL	9,344	2.50	16.6637	155,706	17.44	0.00
21	APRO HOREA	8,220	2.50	18.1147	148,903	13.54	0.00
22	AUTODANUBIUS	11,653	2.50	6.0318	70,289	14.04	0.00
23	MODERN	3,302	2.50	6.6166	21,848	2.45	0.00
24	BANCA COMERCIALA ROMANA	1	0.10	0.6000	1	-	0.00
25	TEHNOLOGIE MOBILA STIL	9,000	2.50	0.0000	0	13.02	0.00
26	LEMN-MOL-FA	37,146	2.00	0.0000	0	30.00	0.00
27	MEBIS	346,637	2.50	0.0000	0	5.02	0.00
28	BRAFOR	5,928,744	0.10	0.0000	0	17.99	0.00
29	CONTOR GROUP	2,900,049	0.10	0.0000	0	8.97	0.00
30	ERGOLEMN	9,637	2.50	0.0000	0	11.50	0.00
31	LASPERESIA	20	2.50	0.0000	0	30.00	0.00
32	AVERSA	142,699	2.50	0.0000	0	20.19	0.00
33	PROIECT	2,162	8.00	0.0000	0	28.97	0.00
34	AGROPRODUCT RESITA	72,720	2.50	0.0000	0	3.40	0.00
35	COMBINATUL DE UTILAJ GREU	409,572	4.00	0.0000	0	13.12	0.00
36	TREMULA	66,112	2.50	0.0000	0	10.04	0.00
37	SANEVIT	535,217	0.10	0.0000	0	18.82	0.00
38	AGROINDUSTRIALA INEU	59,755	2.50	0.0000	0	34.94	0.00
39	AGROINDUSTRIALA NADLAC	66,406	2.50	0.0000	0	29.51	0.00
40	TRANSILVANIA AIUD	46,779	2.50	0.0000	0	93.64	0.00
41	COMMIXT	10,543	2.50	0.0000	0	19.70	0.00
42	MINIERA CUART	17,396	2.50	0.0000	0	32.45	0.00
43	SOMES	1,653,350	2.10	0.0000	0	21.89	0.00
44	ROSTRAMO	434,501	2.50	0.0000	0	3.40	0.00
45	SIMATEC	42,886	2.50	0.0000	0	15.35	0.00
46	COMAR	40,601	2.50	0.0000	0	0.93	0.00
47	UZINA ARDEALUL	55,593	2.50	0.0000	0	24.23	0.00
48	ARIO	3,523,021	3.70	0.0000	0	26.78	0.00
49	ARCER	83,213	2.50	0.0000	0	2.69	0.00
50	ELBAC	8,299,560	0.10	0.0000	0	1.50	0.00
51	MOPAL	251,067	80.45	0.0000	0	12.96	0.00
52	CUART	4,516	2.50	0.0000	0	1.95	0.00
53	IFOR	101,803	2.50	0.0000	0	2.14	0.00
54	BANCA INTERNATIONALA A RELIGIILOR	186,849	1.00	0.0000	0	10.00	0.00
55	EXFOR	399,654	2.50	0.0000	0	99.99	0.00
56	FORTPRES - CUG	103,523	2.50	0.0000	0	1.36	0.00
57	SILVANA	1,443,772	2.50	0.0000	0	96.28	0.00
58	TREMULA BRAILA	17,465	2.50	0.0000	0	13.46	0.00
TOTAL					492,834,410		14.49

2. Shares traded under systems other than regulated markets

Not the case

3. Shares not admitted to trading valued at zero value (no updated financial statements submitted to the Trade Register)

Issuer	No. of shares held	Nominal value	Value per unit	Total value	Stake of issuer's share capital/total bonds of a issuer	Weight in AIFRI total assets
IPEGM						
MOLIDUL						
TOTAL				0,00		0,000

4. Bonds not admitted to trading

Not the case

5. Amounts being settled for shares traded on a other systems than regulated market

Not the case

VIII.2. Other money market instruments

1. Commercial papers

Not the case

IX. Current accounts and cash

1. Current accounts and cash, in RON

No.	Bank name	Present value	Weight in total assets of AIFRI
		RON	%
1	Banca TRANSILVANIA	119,406.30	0.00
2	BRD-G.S.G	46,963.52	0.00
3	Intesa SanPaolo	20,847.16	0.00
4	CEC Bank	3,491.24	0.00
5	Eximbank	2,088.38	0.00
6	Unicredit Bank	434.91	0.00
7	SIF Banat-Crisana - casa	2,567.43	0.00
TOTAL		195,799	0.01

2. Current accounts and cash, demoninated in EURO

No.	Bank name	Present value	NBR exchange rate	Present value in RON	Weight in total assets of AIFRI
		currency			%
1	BRD-G.S.G	2,900,000.76	4.9474	14,347,463.76	0.42
2	Banca Comerciala Romana	1,080,108.41	4.9474	5,343,728.35	0.16
3	Banca Transilvania	17,573.29	4.9474	86,942.09	0.00
4	Eximbank	6.99	4.9474	34.58	0.00
TOTAL				19,778,168.78	0.58

3. Current accounts and cash, denominated in USD

No.	Bank name	Present value	NBR exchange rate	Present value in RON	Weight in total assets of AIFRI
		currency			%
1	Banca Comercială Română	264.00	4.6346	1,223.53	0.00
2	Banca TRANSILVANIA	281.69	4.6346	1,305.52	0.00
TOTAL				2,529.05	0.00

4. DCurrent accounts and cash, denominated in GBP

No.	Bank name	Present value	NBR exchange rate	Present value in RON	Weight in total assets of AIFRI
		currency			%
1	Banca TRANSILVANIA	212.97	5.5878	1,190.03	0.00
TOTAL				1,190.03	0.00

XI. Derivatives traded on a regulated market

1. Futures contracts

2. Options

3. Amounts under settlement for derivatives traded on a regulated market

Not the case

XII. Derivatives traded outside regulated markets

Not the case

XIII. Money market instruments, other than those traded on a regulated market

Not the case

XIV. Equity securities of UCITS/AIF

1. Equity securities denominated in RON

No.	Fund name	Date of last trading session	No. of securities held (shares/fund units)	Value of equity security(NAV/unit)	Market price	Total value	Weight in UCITS/AIF's total equity securities	Weight in total assets of AIFRI
				RON	RON	RON	%	%
Shares								
1	SIF MUNTENIA	30-Dec-22	140,663,575		1.2000	168,796,290	17.9270	4.96
2	SIF OLTENIA	30-Dec-22	25,801,674		1.7200	44,378,879	5.1603	1.30
Fund units								
1	Fondul Inchis de Investitii ACTIVE PLUS		15,050.2178	13,027.4800		196,066,411	76.4216	5.76
2	FIA CERTINVEST ACTIUNI		307.6000	267,949.1300		82,421,152	59.3654	2.42
3	FIAIP OPTIM INVEST		3,494.6900	11,202.5600		39,149,474	48.1472	1.15
4	ROMANIA STRATEGY FUND Klasse B		58,000.0000	605.1000		35,095,800	50.8772	1.03
5	FIA STAR VALUE		9,382.0000	1,087.9300		10,206,959	25.3150	0.30
TOTAL						576,114,967		16.94

2. Equity securities denominated in foreign currency

Not the case

3. Amounts under settlement for equity securities denominated in RON

Fund name	Market price	No. of securities traded	Total value	Weight in UCITS/AIF's total equity securities	Weight in total assets of AIFRI
	RON		RON	%	%

4. Amounts under settlement for equity securities denominated in foreign currency

Not the case

XV. Dividend or other receivable rights**1. Dividends receivable**

No.	Issuer	Share symbol	Ex-dividend date	No. of shares held	Gross dividend	Amount receivable	Weight in total assets of AIFRI
					RON	RON	%
1	GAZ VEST		01.07.2021	105,068	2,607,914	0.00	0.00
	TOTAL					-	0.00

2. Shares distributed without consideration in cash

Not the case

3. Shares distributed with consideration in cash

Issuer	Share symbol	Ex-dividend date	No. of shares held	Share value	Total value*	Weight in total assets of AIFRI
				RON	RON	%

* recalculated as per art.120, p.(1) of ASF Regulation no. 9/2014

4. Amounts payable for shares distributed with consideration in cash

Not the case

5. Preference rights (prior to admission to trading and after the trading period)

Issuer of shares	Share symbol	Ex-dividend date	No. of preemptive rights	Theoretical value of preference rights	Total value
OMV PETROM	SNPR02	5-Jul-22	195,865,800	0	0
TOTAL				0	0

Evolution of the net asset value and net asset value per share in the last reporting periods

	31.12.2022	30.11.2022	31.10.2022
Net asset value	3,238,773,573	3,184,678,966	3,035,668,421
Net asset value per share	6.3817	6.2751	5.9815

Explanatory note:

The valuation methods used for the financial instruments for which valuation methods have been chosen in accordance with the valuation standards in force, according to the law are
For the companies: IAMU, NAPOMAR, SAI MUNTENIA INVEST, CENTRAL, SIF HOTELURI, AZUGA TURISM income approach, discounted cash flow method was used;
For the companies: SIF 1 IMG, ADMINISTRARE IMOBILIARE, SIF IMOBILIARE, SIF SPV TWO the asset approach, the corrected Net Asset method was used

Leverage and exposure value as per Regulation (EU) no. 231/2013

Method for calculating AIFRI exposure	Exposure value (RON)	Leverage (%)
Gross method	3,231,941,090	99.79%
Commitment method	3,238,773,573	100.00

SIF Banat-Crișana

Certification of Depositary Bank,
Banca Comercială Română

 COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE ISSUED BY BVB (Bucharest Stock Exchange)

Provisions of the Code	Compliance	Explanations
Section A - Responsibilities		
A.1. All companies should have internal regulation of the Board which includes terms of reference/ responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	YES	
A.2. Provisions for the management of conflict of interest should be included in Board regulation.	YES	
A.3. The Board of Directors should have at least five members.	YES	
A.4. The majority of the members of the Board should be non-executive. Not less than two non-executive members of the Board of Directors should be independent, in the case of Premium Tier Companies. Each member of the Board should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgment.	YES	
A.5. A Board member's other relatively permanent professional commitments and engagements, including executive and nonexecutive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	YES	
A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights.	YES	
A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.	YES	
A.8 The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	YES	
A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	YES	
A.10. The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors.	YES	
A.11 The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.	YES	

 COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE ISSUED BY BVB (Bucharest Stock Exchange)

Provisions of the Code	Compliance	Explanations
Section B - Risk management and internal control system		
B.1. The Board should set up an audit committee, and at least one member should be an independent non-executive. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	YES	
B.2. The audit committee should be chaired by an independent non-executive member.	YES	
B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	YES	
B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.	YES	
B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	YES	
B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.	YES	
B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	YES	
B.8. Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by periodical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	YES	
B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties	YES	
B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the audit committee.	YES	
B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	YES	
B.12. To ensure the fulfilment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	YES	

 COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE ISSUED BY BVB (Bucharest Stock Exchange)

Provisions of the Code	Compliance	Explanations
Section C - Fair rewards and motivation		
<p>C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review.</p>	YES	
<p>Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.</p>		
Section D - Building value through investors' relations		
<p>D.1. The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including: D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures. D.1.2. Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions; D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports); D.1.4. Information related to general meetings of shareholders; D.1.5. Information on corporate events; D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request; D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.</p>	YES	
<p>D.2. A company should have an annual cash distribution or dividend policy. The annual cash distribution or dividend policy principles should be published on the corporate website.</p>	YES	
<p>D.3. A company should have adopted a policy with respect to forecasts, whether they are distributed or not. The forecast policy should be published on the corporate website.</p>	YES	
<p>D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.</p>	YES	
<p>D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.</p>	YES	
<p>D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.</p>	YES	
<p>D.7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.</p>	YES	

 COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE ISSUED BY BVB (Bucharest Stock Exchange)

Provisions of the Code	Compliance	Explanations
D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	YES	
D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.	YES	
D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	YES	

This Statement summarises the main highlights of the Code's provisions, in an edited format. The full text of the Code is available on Bucharest Stock Exchange website: www.bvb.ro
 This Statement is provided as a free translation from Romanian, which is the official and binding version

Statement approved by the Board of Directors of Lion Capital in the meeting held on March 27, 2023.

Bogdan-Alexandru DRĂGOI
 Chairman of the Board of Directors

**SIF BANAT-CRIȘANA'S STATEMENT ON THE APPLICATION
OF THE PRINCIPLES OF CORPORATE GOVERNANCE AS OF 31.12.2022**
pursuant to Regulation no. 2/2016 with subsequent amendments

No.	Rules for the application of the principles of corporate governance	Conformity		If NO - explanations
		YES	NO	
1.	The regulated entity defined in its instruments of incorporation and internal policies the responsibilities of the board on the implementation and compliance with the principles of corporate governance.	YES		
2.	The internal policies and / or regulations lay down the corporate governance structures, functions, competences and responsibilities of the board and executive management/senior management.	YES		
3.	The annual financial statements of the regulated entity are accompanied by the annual report of the remuneration committee and an explanatory note which shall describe the relevant events in connection with the application of the principles of corporate governance, occurring over the financial year.	YES		
4.	The regulated entity has drawn up a communication strategy with the stakeholders, to ensure a proper information.	YES		
5.	The structure of the Board ensures, if the case, a balance between the executive and non-executive members so that no person or small group of persons influences the decision-making process.	YES		
6.	The Board is convened at least every three months to monitor the performance of the regulated entity's business.	YES		
7.	The Board or the executive management/senior management, as the case, regularly reviews the policies on the financial reporting, internal control and risk management system adopted by the regulated entity.	YES		
8.	In fulfilling its duties, the board is assisted by a remuneration committee issuing recommendations.	YES		
9.	The Remuneration Committee submit to the board annual reports on its activity.	YES		
10	In its activity, the Board has the support of other advisory committees issuing recommendations concerning various topics that are the subject of decision-making process	YES		
11	The advisory committees submit to the Board works/reports on the topics entrusted by it.	YES		
12.	The procedures / policies / internal regulations of the regulated entities there are provisions concerning the selection of applications for the persons of the executive management/senior management, appointment of new persons or renewal of the existing mandates.	YES		
13.	The regulated entity shall ensure that the executive management/senior management undergo continuous professional training so that it efficiently performs its tasks.	YES		
14.	Key functions are established so as they match the organisational structure of the regulated entity compliant with the applicable regulations.	YES		
15.	The Board regularly reviews the efficiency of the internal control system of the regulated entity and its update manner to ensure a rigorous management of the risks to which the regulated entity is exposed.	YES		
16.	The audit committee makes recommendations to the Board on the selection, appointment and replacement of the financial auditor, and on the terms and conditions of its remuneration.	YES		

No.	Rules for the application of the principles of corporate governance	Conformity		If NO - explanations
		YES	NO	
17.	At least once a year the Board reviews and ensures that the remuneration policies are consistent and are subject to an efficient risk management.	YES		
18.	The remuneration policy of the regulated entity is set out in the internal regulations on the implementation and compliance with the principles of corporate governance.	YES		
19.	The Board has adopted a procedure for the identification and proper settlement of any conflict of interest.	YES		
20.	The executive management/senior management, as appropriate, informs the Board on potential or consumed conflicts of interest where they could be / is involved in the conditions of their occurrence and do not participate in the decision-making process related to the conflict state if these structures or persons are involved in the respective conflict state.	YES		
21.	At least once a year the Board analyses the efficiency of the risk management system of the regulated entity.	YES		
22.	The regulated entity has drawn up procedures for the identification, assessment, and management of the significant risks to which it is or is likely to be exposed.	YES		
23.	The regulated entity has in place clear action plans for the continuity of its business and for any emergency situations.	YES		
24.	The Board of the subsidiary applies principles and policies of internal governance similar to those of the parent company, unless there are other legal requirements that lead to the establishment of own policies.	-	-	The company does not have subsidiary status within a group. The entities that are part of company's consolidation scope comply with the principles and governance policies regulated by Law no. 31/1990, Law no. 24/2017 and BVB (BSE) Corporate Governance Code, as applicable.

This Statement is provided as a free translation from Romanian, which is the official and binding version, approved by the Board of Directors in the meeting held on March 27, 2023.

Bogdan-Alexandru DRĂGOI
Chairman of the Board of Directors



SIF BANAT-CRIȘANA

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Report on the activity of the Nomination and Remuneration Committee for the year 2022

- prepared as per the provisions of ASF Regulations no. 10/205 and no. 2/2016 -

The Nomination and Remuneration Committee (NRC) is a permanent committee, having advisory function, subordinated to the Board of Directors.

The Committee is comprised of three members elected from non-executive members of the Board, in compliance with the independence requirements provided by the law on trading companies. According to the Company's internal regulations, NRC meets regularly, at least twice a year, and whenever it sees fit.

During the exercise of the mandate, NRC members will not hold positions, qualities and will not carry out transactions that could be considered incompatible with the mission of the committee. NRC membership status does not prevent members from participating in the activity of other committees of the Board of Directors.

NRC assists the Board of Directors in fulfilling its responsibilities for the nomination of the candidates for management and key positions, as well as their remuneration, having mainly the following responsibilities, stipulated in the Company's internal regulations:

- prepares and recommends the guidelines for the selection of the members of the Board of Directors, including the criteria for evaluating their independence;
- evaluates and proposes to the Board of Directors candidates for their appointment, reappointment or dismissal in / as a member of the Board;
- prepares the evaluation of the performance of the members of the Board of Directors, using a self-assessment process and evaluates, at least once a year, the independence and adequacy of the members of the Board of Directors;
- prepares recommendations to the Board of Directors for the appointment or dismissal of the personnel having key and control functions within the Company, as well as for establishing the level of remuneration and their rights and duties;
- formulates proposals, submitting them to the Board of Directors, on the remuneration policy of the members of the executive and non-executive management structure (including bonuses, incentives and stock option plans), ensuring that they are at the correct level, in accordance with corporate governance rules, best practices on the market, that are aligned with the Company's strategy and performance, long-term shareholders' interests, using a balanced combination of incentives to attract, motivate and retain highly qualified and experienced persons in management positions;
- analyses and formulates proposals in the attention of the Board on the total annual variable remuneration package in the Company;
- formulates proposals for the attention of the Board regarding the preparation of the remuneration policy at the Company level and revises the annual remuneration report.

During 2022, the Nomination and Remuneration Committee had the following composition:

- **Sorin MARICA** - Chairman of the Committee

- **Marcel PFISTER** – member

- **Ionel Marian CIUCIOI** - member.

In 2022, the Nomination and Remuneration Committee met 8 times, issuing reports and/or resolutions of NRC addressed to the Board of Directors.

The meetings were mainly dedicated to the following topics: the individual evaluation of the directors of the company prior to submission for approval by the Financial Supervisory Authority or to the notification of the authority; the individual evaluation of the persons proposed for key positions (internal auditor, compliance officer); analysis of directors' remuneration and additional remuneration of members of the advisory committees within the Board; analysing and recommending the share-based payment plan; analysing and approving salary increases; periodic evaluation of the suitability of the members of the management structure and of the persons holding key positions; performance evaluation of executive management; analysing and recommending the granting of the variable component to employees and directors for achieving the objectives in 2022.

The activity of NRC in 2022 addressed the following:

Analysis and recommendation on the initiation of a Share-based Payment Plan

By Resolution no. 3 of October 11, 2021, the extraordinary general meeting of shareholders approved the execution of a share buyback program (Program 4), in accordance with the applicable legislation, for a maximum of 880,000 shares to be distributed free of charge to members Company's management, within a Stock Option Plan, in compliance with the legislation in force.

By Resolution no. 4 of October 11, 2021, the extraordinary general meeting of shareholders approved the use of the shares purchased under Buyback Program 4 to be distributed free of charge to the members of the Company's management (administrators, directors), within a Stock Option Plan (SOP) and the company's Board of Directors was empowered to adopt all the necessary measures and fulfil all the formalities required for the approval and implementation of the SOP.

In the meeting of January 20, 2022, the Nomination and Remuneration Committee analysed and submitted to the Board of Directors the recommendation to initiate the Stock Option Plan approved by Resolutions no. 3 and no. 4 of the EGM of October 11, 2021. At the same time, the CNR analysed and decided on the criteria necessary for the vesting, so that the objectives for the vesting of the beneficiaries comply with the Remuneration Policy approved by the shareholders.

The CNR submitted to the Board of Directors the proposal for the approval of the SOP, the model of the share-based payment agreement and the list of beneficiaries.

According to the SOP, the exercise of the right to receive shares free of charge is done after the 12-month period from the signing of the share-based payment agreement, but not more than 14 months, from the conclusion of the written agreement with the Company for the exercise of the right to option to receive shares issued by SIF Banat-Crișana free of charge.

The CNR proposals were approved by the Board of Directors. The disclosure document on the offer or allocation of shares to the members of the management of SIF Banat-Crișana, prepared in accordance with the provisions of Regulation (EU) 2017/1129 and ASF Regulation no. 5/2018, was published by the company according to the legal provisions, on January 25, 2022.

Analysis of the topics on the agenda of the Board convened for February 24, 2022

The Nomination and Remuneration Committee met on February 23, 2022, analysing and ruling on the following topics: (i) The individual evaluation of Mrs. Teodora Sferdian - Deputy General Manager and Mr. Laurentiu Riviș - Director; (ii) analysis of the delegation of the company's management in accordance with the provisions of art. 143 of Law no. 31/1990 also to these two

directors, who until this date had the status of employees of the company; (iii) analysis of contracts of delegation of powers.

NRC performed the analysis considering the following matters: (i) The provisions of art. II of Regulation no. 20/2021, according to which the *regulated entities have the obligation, within 6 months from the entry into force of this regulation, to file with ASF the documentation provided for in art. 30 par. (1) from the ASF Regulation no. 1/2019, with subsequent amendments, as well as with the amendments and additions brought by this regulation, necessary to verify the fulfilment of individual suitability requirements by ASF of persons who were appointed to the executive management prior to January 1, 2016*; (ii) The fact that Ms. Teodora Sferdian - Deputy General Manager and Mr. Laurentiu Riviș - Director, were authorized by ASF in these management positions prior to January 1, 2016; (iii) The Financial Supervision Authority's opinion in the sense of assimilating the members of the executive management/senior management of the regulated entities to directors, in the sense of Law no. 31/1990 on trading companies; (iv) The provisions of art. 25 of the ASF Regulation no. 1/2019, according to which the regulated entities have to carry out the individual evaluation of the members of the management structure, prior to their submission for approval by the Financial Supervisory Authority.

Based on the powers held, NRC proceeded to evaluate the two directors in accordance with the provisions of ASF Regulation no. 1/2019. In the evaluation process, the criteria established by the regulation were analysed for each person regarding: knowledge, skills and professional experience, reputation, honesty and integrity, governance requirements. The conclusions of the evaluation process were based on the analysis of the information from the documents presented by the evaluated persons (diplomas and certificates, CVs, statements as per R1/2019, etc.) as well as other data and information available to NRC members (internal audit and compliance reports, public information, etc.), from the analysis of information related to reputation, integrity, honesty and independent thinking, as well as from the direct discussions held with the persons concerned and the analysis of the activity carried out by them within the Company.

The results of the evaluation were recorded in the individual evaluation sheets, the results being presented according to the following criteria: a) relevant knowledge, skills, and experience; b) dedicated time for exercising the respective function; c) evaluation of reputation, honesty, and integrity; d) governance criteria.

NRC concluded that Mrs. Teodora Sferdian and Mr. Laurentiu Riviș possess the knowledge, skills and professional experience and respect the requirements of reputation, honesty, integrity and governance provided for by ASF Regulation no. 1/2019, by Law no. 74/2015 and ASF Regulation no. 10/2015, necessary to fulfil the duties specific to the positions of Deputy General Director, respectively Director that they hold and did not identify situations that would generate concerns regarding their suitability for the position.

NRC recommended to the Board of Directors the approval of delegating the management of the company to the two directors, along with the Chairman-CEO and the Vice-Chairman - Deputy General Director, in accordance with the provisions of art. 143 of Law no. 31/1990, within the limits of the powers and competencies granted to the positions held provided for in the Internal Regulations and the Powers of decision and signature, for a mandate until April 25, 2025.

At the same time, NRC analysed and approved the content of the contracts for delegating the powers and ruled on the remuneration of the two directors, ensuring compliance with the Remuneration Policy and the limits established by resolutions of the general meeting of shareholders.

The CNR recommendations were approved by the Board of Directors in the meeting of 24.02.2022.

Analysis of the monthly remuneration and the limits of additional remuneration of the members of the Board for 2022 FY

Given that: (i) according to the Internal Regulations of SIF Banat-Crișana, the Nomination and Remuneration Committee has the authority to formulate proposals to the Board of Directors regarding the remuneration policy for the members of the executive and non-executive management structure; (ii) on the agenda of the OGM convened for April 28 (29), 2022, there is the discussion and approval of the remuneration due to the members of the Board of Directors and the general limits of all additional remuneration of the members of the Board of Directors and the general limits of the directors' remuneration, for 2022 FY, NRC analysed in the meeting of March 28, 2022 the level of monthly remuneration and the limits of additional remuneration of Board members for 2022 FY.

To maintain the proportionality of remuneration granted to Board members (executive and non-executive) with the specific responsibilities of their position, to ensure adequate and responsible remuneration and considering the economic context determined by the COVID-19 pandemic and the conflict in Ukraine, urging caution, NRC deemed it appropriate not to change the remunerations in 2022.

The Nomination and Remuneration Committee submitted to the Board of Directors the recommendation to propose to the ordinary general meeting of shareholders convened for April 28 (29), 2022:

(i) approval of maintaining the remuneration due to the members of the Board of Directors for the 2022 FY at the level established by the OGM Resolution of April 26, 2016, of RON 10,000 net per month;

(ii) approval of the general limits of all additional remuneration of the members of the Board of Directors and of the general limits of the directors' remuneration, for 2022 FY, at the level established by OGM Resolution no. 7 of April 27, 2020, in the amount of 0.42% of the annual average net assets.

The Board of Directors included the NRC recommendation as a proposal to the OGM convened for April 28 (29), 2022, which approved this resolution.

Analysis of the NCCD Decision no. 161/09.03.2022

NRC met in the meeting held on May 4, 2022, to analyse the notification communicated by the Financial Supervisory Authority, by letter no. SI/DG/7431/18.04.2022.

In order to carry out the analysis requested by the authority, NRC analysed the content of Decision no. 161/09.03.2022 issued by the National Council for Combating Discrimination, the point of view and conclusions of Mr. Bogdan-Alexandru Drăgoi regarding the complaint filed by AISIF, and the applicable legal framework, mainly represented by ASF Regulation no. 1/2019 on the assessment and approval of the members of the management structure and the persons holding key positions within the entities regulated by the Financial Supervisory Authority and the joint ESMA & EBA Guide regarding the assessment of the suitability of the members of the management body and the persons holding key positions.

NRC ascertained the following:

- According to the applicable legal framework, are capable of harming the reputation, honesty and integrity of an evaluated person the deeds and sanctions of a certain gravity, committed/ordered in connection with the activity carried out in specific areas: financial banking, prevention and fight money laundering and terrorism financing, capital market manipulation, misuse of confidential information, acts of corruption, acts against patrimony or in the economic/financial

field, acts provided for by tax legislation, corporate, bankruptcy, insolvency or consumer protection legislation;

- The fact under analysis and the sanction ordered by NCCD do not fall into any of the situations considered by the applicable legal framework, and cannot be considered, as a consequence, to be of a severe nature, likely to harm the reputation, honesty and integrity of the assessed person;
- The fact under analysis, by which an offense was brought to another person, in a tense conflictual context (fuelled in the press by the allegedly injured person), at the provocation of the allegedly injured person and in a small group (several people present), must be considered as a minor incident, by reference to the applicable legal provisions. The analysed fact acquired public character and notoriety only as a result of the efforts to promote it in the press by the allegedly injured person, in this case by Mr. Behboud Madadi. Also, the fact under analysis has an isolated character, there being no evidence or indication that facts/events such as those analysed have also occurred in the past;
- Due to the minor and isolated nature of the incident under analysis, it cannot have any effect on a person's reputation, considering that, according to the European guide, a person's reputation could be affected/put into question only in the case of the existence of several minor incidents, which, through their cumulative effects, could be considered to acquire the gravity necessary to damage a person's reputation;
- According to the applicable legal framework, only in the event of the existence of incidents/circumstances that may have a significant and/or real negative impact on the reputation of a member of the management body, the regulated entities have the obligation to carry out a reassessment of the suitability of the members of the management bodies.

Ascertaining that, according to the above, the fact analysed represents a minor and isolated incident, which does not and cannot have a significant and/or real negative impact on the reputation of Mr. Bogdan-Alexandru Drăgoi, NRC considered that it is not necessary to carry out a reassessment of Mr. Bogdan-Alexandru Drăgoi's suitability for the positions held, namely the position of Chairman of the Board of Directors and the position of CEO of SIF Banat-Crișana S.A. It is also assessed that, in the case of Mr. Bogdan Alexandru Drăgoi, the suitability criteria necessary for holding management positions are maintained and meet the criteria of reputation, honesty and integrity necessary for holding the position of Chairman and CEO of SIF Banat-Crișana S.A.

NRC submitted for the approval of the Board of Directors the conclusions of the report prepared on the analysis carried out, presented above, these being approved by the Board.

Prior assessment of the persons proposed for holding key positions

According to the duties as per the internal policies, procedures and regulations of the company, to provide assistance and consultancy regarding the evaluation and remuneration of the members holding key positions, on June 28, 2022, the members of NRC met for the individual evaluation of Mr. Ilie Gavra proposed for the key position of Compliance Officer - Representative of the Compliance Office and the analysis of the proposed remuneration.

NRC proceeded to assess the individual suitability of Mr. Ilie Gavra, in accordance with the provisions of ASF Regulation no. 1/2019 and the Internal Procedure regarding the evaluation of the members of the management structure and the persons holding key positions within the company. In the evaluation process, the provisions of R1/2019 were respected, the criteria established by the regulation being analysed, based on the documents and information provided by the evaluated person (diplomas and certificates, CVs, statements in accordance with R1/2019, etc.) as well as other data and information available to NRC members regarding professional knowledge, skills and experience, reputation, honesty and integrity, governance requirements.

Following the analysis carried out, NRC approved the conclusions of the assessment of Mr. Ilie Gavra's individual suitability, according to which he has the knowledge, skills and professional experience and complies with the requirements of reputation, honesty, integrity and governance provided for by Regulation no. 1/2019, by Law no. 74/2015 and ASF Regulation no. 10/2015, necessary to fulfil the duties specific to the position of Compliance Officer-Representative of the Compliance Office and did not identify situations that would raise concerns about his suitability for the position.

At the same time, NRC analysed how to ensure the proportionality of the remunerations granted to the persons holding key positions, with the responsibilities specific to their position, so as to ensure an adequate and responsible remuneration.

Following the procedures carried out and the resulting conclusions, NRC submitted the following recommendations to the Board of Directors:

- to approve the conclusions of the NRC report on the prior assessment of Mr. Păunel Ilie-Gavra's suitability;
- to approve the appointment of Mr. Ilie Gavra on the key position of compliance officer - representative of the Compliance Office of SIF Banat-Crișana and the due remuneration; by appointing Mr. Ilie Gavra, recommendation no. 1 of the ASF Control Report by which the authority recognized the need to implement a succession plan within the Compliance Office;
- to file with ASF the request for authorization to Mr. Ilie Gavra in the key position of Compliance Officer - Representative of the Compliance Department of SIF Banat-Crișana and of the documentation provided for in art. 30 of the A.S.F. Regulation no. 1/2019.

Following the submitting to ASF of some requests for clarification regarding the evaluation sheet of Mr. Ilie Gavra, NRC gathered in the meeting of August 29, 2022, to analyse the ASF requirements, and proceeded to the revision for clarity and completed part of the wordings presented in the evaluation results of Mr. Păunel Ilie Gavra.

NRC recommended to the Board of Directors the approval of the conclusions of the NRC Report on the prior assessment of the suitability of Mr. Ilie Gavra, prepared following the review of the assessment form according to the requests of ASF, according to which he has the knowledge, skills and professional experience and complies with the requirements of reputation, honesty, integrity and governance provided by ASF Regulation no. 1/2019, with subsequent amendments and additions, by Law no. 74/2015 and ASF Regulation no. 10/2015, necessary to fulfil the specific duties of Compliance Officer-Representative of the Compliance Office (RCC2).

NRC's recommendations were fully approved by the Board of Directors.

In the meeting held on August 12, 2022, the NRC gathered with a view to the prior assessment of the individual suitability of Mrs. Mariana Dumitrescu, representative of the New Audit SRL company, appointed internal auditor of the Company for a new one-year mandate.

NRC analysed the information provided by the assessed person in the statements prepared in accordance with the model provided in Annex no. 1 to ASF Regulation no. 1/2019. NRC ascertained that since the date of the previous assessments (December 2021) there have been no changes regarding the suitability of the person holding the key position of internal auditor representative.

Also, NRC ascertained that Mrs. Mariana Dumitrescu, representative of New Audit SRL, proposed for the key position of internal auditor, possesses the knowledge, skills and professional experience, and complies with the requirements of reputation, honesty, integrity and governance provided by ASF Regulation no. 1/2009 and the company's internal regulations, necessary to fulfil the specific duties of the internal auditor position.

In accordance with the provisions of *ASF Regulation no.1 / 2019 on the evaluation and approval of the members of the management structure and of the persons holding key positions within the entities regulated by the Financial Supervisory Authority ("R1 / 2019")* and the *Internal Procedure on the evaluation of the members of the management structure and of persons holding key positions within the Company (POEV 01-2)*, in the process of continuously monitoring the adequacy of members of the management structure and persons holding key positions in order to ensure a prudent, fair and efficient management of SIF Banat-Crișana, in the meeting of 20.12.2021, NRC proceeded to evaluate the Directors and the persons holding key positions in the company.

According to the provisions of art. 26 par. (3) corroborated with those from art. 23 of R1 / 2019, NRC performed both the individual evaluation of the Directors and the collective evaluation of the executive management structure.

Following the evaluations, NRC ascertained that the members of the executive management have the knowledge, skills and professional experience and comply with the requirements of reputation, honesty, integrity and governance provided by Regulation 1/2019, necessary to perform the specific duties of the positions they hold and did not identify any situation giving rise to concerns on the suitability of a director or executive structure as a whole during 2021.

At the same time, the Nomination and Remuneration Committee evaluated the key functions in the company - the internal audit function, the risk management function, and the compliance function.

Following the evaluations performed, NRC ascertained that the persons holding key positions possess the knowledge, skills and professional experience and respect the requirements of reputation, honesty, integrity and governance provided by the FSA Regulation no. 1/2009 and the internal regulations of the company, necessary to fulfil the specific attributions of the functions they hold and did not identify any situation that would generate concerns regarding the adequacy of the persons in this category.

Analysis and endorsement of the salary rise

In the meeting of August 29, 2022, NRC analysed the report presented by the executive management and endorsed the granting of salary raises for all the executive staff of the Company, including the fixed remuneration of the directors, substantiated on the following:

- Salary indexation complies with the Remuneration Policy approved by the shareholders, the provisions of the labour legislation, the clauses of the collective labour agreement applicable at the company level and the GMS resolutions regarding remuneration limits and the income and expenses budget approved for the year 2022.
- The salary adjustment proposal refers to all the company's executive staff (employees and directors) in order to maintain their real remuneration within the parameters that would provide a countermeasure to the accelerated increases in consumer prices recorded in recent months, leading to the motivation and staff retention.
- Analysing the level of liquidity, the Company has sufficient cash funds to cover the additional amounts generated by the indexation and it will not be necessary to displace (sell) some assets in this regard and it falls within the Budget approved by the OGM of April 28, 2022.

In the same meeting, the CNR analysed the prospect of adjusting the additional remunerations of the members of the advisory committees operating within the Board. The analysis was carried out in consideration of the provisions of art. 153[^]18 of Law no. 31/1990 and the general limits set by the general meeting of shareholders.

Considering the level of responsibilities, the complexity, and the importance of the issues subject to the analysis/decisions of the advisory committees within the Board, NRC judged that the special remunerations granted to the members of the advisory committees must be at a sufficiently high

level to reward the work done, but also to ensure the fulfilment with responsibility and independence of specific duties and competencies.

NRC recommended to the Board of Directors the approval of an indexation of the additional remuneration of the members of the advisory committees in compliance with the limit of the additional remuneration of the members of the board of directors and the general limits of the directors' remuneration approved by OGM Resolution no. 9/28.04.2022.

Endorsing the methodology for assessing the performance of the executive management

In accordance with the Remuneration Policy of SIF Banat-Crișana, the Board of Directors has powers to establish the general criteria for evaluating the performance of the executive management. The results of the assessment of the individual performance of the directors substantiate the decision to grant the variable component of the remunerations.

In the meeting of December 20, 2022, NRC analysed the revised version of the methodology for assessing the performance of the directors, the CNR observed that it contains the necessary updates following the decisions adopted by the Board of Directors.

NRC ascertained that the Methodology contains the principles, evaluation criteria and performance indicators that ensure an objective assessment, combining performance evaluation both by measurable criteria (quantitative components) and by professional skills and abilities and organizational behaviour (qualitative components), complying with the Remuneration policy.

NRC approved the Methodology for assessing the performance of the executive management in the revised version subject to analysis and submitted the approval recommendation to the Board of Directors.

Yearly assessment of the suitability of the members of the management structure and the persons holding key positions

In the meeting of December 20, 2022, NRC proceeded with the annual assessment of the suitability of the members of the management structure and of the persons holding key positions to ensure a prudent, fair, and efficient management of SIF Banat-Crișana.

The assessment was carried out in accordance with the provisions of the ASF Regulation no. 1/2019 on the assessment and approval of the members of the management structure and the persons holding key positions within the entities regulated by the Financial Supervisory Authority ("R1/2019") and the internal procedure regarding assessment of the members of the management structure and the persons holding key positions within the company.

According to the provisions of art. 26 par. (3) combined with those from art. 23 of R1/2019, NRC carried out both the individual assessment of the Directors and the collective assessment of the executive management structure.

NRC considers the executive management structure as adequate and efficient, operational work processes being implemented within the company, with well-defined workflows and reporting lines to the management structure. From the analysis of the reports presented during the year for information or approval by the Board of Directors, NRC ascertained the attention and consistency of the executive management in implementing the recommendations provided by the representatives of the risk management, internal audit, and compliance offices on the compliance with the requirements of governance, compliance, and optimization of activities.

At the same time, NRC notes the effective and prudent management of the company, including the good faith of the executive management in the activities carried out in the interest of the company and the ability of this structure to focus on the aspects of strategic importance and the objectives approved by the shareholders and by the Board of Directors.

From the analysis of the internal audit and compliance reports, NRC finds that the directors of the company respect the principle of independence and compliance with the policy on conflicts of interest.

Following the assessments carried out, the CNR finds that the members of the executive management possess the knowledge, skills and professional experience and comply with the requirements of reputation, honesty, integrity and governance provided by R 1/2019 necessary to fulfil the specific duties of the positions they hold and has not identified states that raise concerns about the suitability on a position of a director or the executive management structure as a whole.

NRC carried out the evaluation of the key functions in the company - the internal audit function, the risk management function and the compliance function - based on the documents requested and made available to NRC by the persons having specific responsibilities, the conclusions of the assessment process being based on the analysis the information from the documents submitted regarding the education, skills and experience held, from the analysis of the information on reputation, integrity, honesty and independent thinking, as well as from the direct discussions held with these persons and the analysis of the reports submitted during the year.

Following the assessments carried out, NRC ascertained that the persons holding key positions possess the knowledge, skills and professional experience and comply with the requirements of reputation, honesty, integrity and governance provided for by ASF Regulation no. 1/2009 and the internal regulations of the company, necessary for the performance of the specific duties of the positions they occupy and did not identify situations that would generate concerns regarding the suitability for the position of the persons in this category.

Assessment of the performance of executive management during 2022

In the meeting held on December 20, 2022, NRC proceeded to assess the performance of the executive management in 2022, in accordance with the Remuneration Policy of SIF Banat-Crișana approved by the shareholders and the Methodology for evaluating the performance of the executive management approved by the Board of Directors.

The assessment of the fulfilment of the performance criteria was performed for each director, based on the quantitative and qualitative indicators established by the approved methodology, the evaluation results being recorded in the individual evaluation sheets.

Evaluation of quantitative criteria:

- *KPI indicators* - were calculated based on the estimate of the achievement of Budget for 2022 presented to the Board of Directors.
- *The assessment of compliance with the regulated / approved investment limits* was performed by analysing the investment limits monitoring performed monthly by the Risk Manager, together with the calculation and reporting of the detailed statement of assets and liabilities, as well as on each transaction expected through the investment verification procedure.
- *The assessment of compliance with the approved global risk profile* was based on the analysis of periodic monitoring and evaluation reports prepared by the Risk Manager and reported to the Board in the periodic risk reports and risk opinions through the pre-investment verification procedure.

The Nomination and Remuneration Committee recommended the Board of Directors to approve the results of the performance evaluation of the executive management for 2022.

Analysis of granting the variable component for the achievement of the objectives in 2022

In the meeting held on December 20, 2022, in accordance with its responsibilities, NRC analysed the reports presented by the executive management and the Risk Opinion on granting the variable

component of the remuneration, presented by the person responsible for the risk management and the compliance with the provisions of the Remuneration Policy of SIF Banat-Crișana.

According to the Remuneration Policy, performance-based remuneration is granted in a way that promotes effective risk management and does not encourage excessive risk-taking.

Variable remuneration is paid or granted only if it is sustainable according to the financial situation of the Company as a whole and is justified by the performance of the operational unit within the company and the person concerned.

The assessment of compliance with the global risk profile approved by the Company's management, from the perspective of the impact of investment decisions on it, was carried out by analysing the investment risk at the level of assets under management.

Following the analysis, NRC ascertained that:

- The objectives set at the level of senior management, through the activity plan and Budget approved by the GMS, and at the level of the personnel responsible for the investment activity through the objectives and financial skills (investments performed, dividends collected from shareholdings, placements, etc.) did not induce a change in the investment risk.
- The liquidity profile of the portfolio of assets has maintained its constant structure throughout 2022, with the dividends collected from the issuers in the portfolio being invested according to the opportunities that occurred. The liquidity buffer was higher than the minimum limit of 7% of total assets throughout the year.
- The progress of SIF1 share price followed the movement of the capital market during the analysed period, the traded volumes being lower compared to the similar period of 2021. Thus, the reputational risk assessment falls into the low risk level.
- The permanent monitoring of risks, activity of the three departments with the role of key function, internal audit, compliance and risk management - materialized both through periodic risk reports, through scenario analysis and through prior verification at the time of investments - leads to the conclusion that the risk management system at the SIF Banat-Crișana level is effective, the measures adopted to monitor and control the exposures to the identified risks are adequate and timely, and the recommendations and issues of concern benefit from the necessary attention.
- The monitoring of the investment limits was performed both monthly, with the calculation and reporting of the Detailed Statement of Assets and Liabilities, as well as at each anticipated transaction through the prior investment verification procedure. By evaluating this objective, it was found that the investment limits were not exceeded (zero incidents).
- The global risk profile was periodically monitored and evaluated by the Risk Manager and reported to the Board of Directors in the periodic risk reports and risk opinions through the pre-investment verification procedure. The Risk Management department did not prepare alerts for exceeding the approved risk limits in 2022, and the evaluation of this objective revealed that the risk limits were not exceeded.
- In March 2022, an operational risk event of the nature of processes was recorded, but corrective measures were immediately taken.
- The analyses carried out periodically in 2022 revealed that the investment objectives were met in compliance with the regulated prudence limits, the risk limits approved by the global risk profile and governance principles.
- The criteria for awarding the variable component according to the remuneration policy are respected both in the case of employees and directors, including in the case of persons holding



key positions. The criteria for assessing the individual performances, correlated with the actual allocation criteria, are consistent with the Remuneration Policy.

- Analysing the liquidity risk based on the up-to-date balance of the bank accounts, it was ascertained that the cash funds are sufficient to cover the amounts proposed as variable remuneration, without the need for an additional allocation of other assets.
- The operation does not violate any legal or ethical norms regarding internal regulations and policies.

In view of the findings made, NRC issued a favourable opinion on the granting of the variable component to employees and directors for the achievement of the objectives in 2022.

Nomination and Remuneration Committee as of December 31, 2022:

Sorin MARICA - Chairman of the Committee _____
Marcel PFISTER - member _____
Ionel Marian CIUCIOI – member _____

SIF BANAT-CRIȘANA

REMUNERATION REPORT FOR 2022

1. INTRODUCTION

SOCIETATEA DE INVESTIȚII FINANCIARE Banat-Crișana S.A. (hereinafter “SIF Banat-Crișana” or “the Company”) has been incorporated 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 fully private capital, with a duration of operation of 99 years.

SIF Banat-Crișana is established as a self-managed investment company and it is authorized by the Financial Supervisory Authority (ASF) as an Alternative Investment Fund Manager (AIFM), in accordance with Law no. 74/2015, by Authorization number 78 / 09.03.2018.

As per the provisions of Law no. 243/2019 on alternative investment funds, SIF Banat-Crișana qualifies as a closed-end, diversified Alternative Investment Fund addressed to Retail Investors (AIFRI), self-managed, authorized by ASF in this capacity since July 2021.

As per the provisions of its Articles of Association, SIF Banat-Crișana is administered under a unitary system, which is able to ensure the efficient operating of the Company and in accordance with the objectives of good corporate governance and the protection of the interests of its shareholders.

SIF Banat-Crișana is administered by a Board of Directors comprised of 5 members, elected by the general meeting of shareholders for a term of office of four years, with the possibility of being re-elected.

The Board of Directors has decision-making powers regarding the management of the Company in the interval between the general meetings of shareholders, with the exception of decisions that the law or the Articles of Association exclusively for the general meeting.

The Executive Management/senior management of SIF Banat-Crișana is ensured by Directors appointed by the Board of Directors, in accordance with the provisions of the Company's constitutive acts and the applicable legal regulations in force, so that the management of the Company's daily activity is ensured, at all times, by at least two people.

The management structure, in the sense of the legislation applicable to this report, consists of the members of the Board of Directors and the Executive Management - Directors. The duties and responsibilities of the Management Structure are expressly mentioned in the Company's Articles of Association, in the Internal Regulations and in the Corporate Governance Regulation of SIF Banat-Crișana.

As per the provisions of art. 107 of *Law 24/2017 on issuers of financial instruments and market operations – republished*, the first remuneration report prepared and published by SIF Banat-Crișana was related to 2021 FY, being submitted to the consultative vote of the General Meeting of Shareholders convened for April 28, 2022.

This remuneration report contains information on the remuneration paid in 2022, according to the remuneration policy approved by the general meeting of shareholders and will be subject to the consultative vote of the General Meeting of Shareholders convened for April 27/28, 2023.

In the “*identified personnel*” category of the report are included the persons established at the SIF Banat-Crișana level, taking into account the definitions retained within the applicable national and European legislation.

All amounts mentioned in this report are expressed in RON (Romanian leu) and represent net amounts, unless otherwise stated.

2. THE REMUNERATION POLICY OF SIF BANAT-CRIȘANA

The remuneration policy of SIF Banat-Crișana was approved by the OGM of January 6, 2021, by Resolution no. 4 (with 97.37% of the votes cast) and completed according to Resolution no. 8 of the OGM of April 26, 2021 (with 99.97% of the votes cast).

The remuneration policy applies to the management of the company and those categories of personnel whose professional activities have a significant impact on the risk profile of SIF Banat-Crișana.

The policy establishes the general principles of remuneration of the company's *identified personnel*, in compliance with the principles set forth by the applicable national and European regulations, with the aim of ensuring that the remuneration of the company's personnel is in line with and promotes solid and efficient risk management and does not encourage the assumption of risks that contradict the risk profile and the articles of association of the company.

The main principles fundamental to the remuneration policy:

- pursuing the compatibility with sound and effective risk management and promoting this type of management, without encouraging taking risks that do not comply with the risk profile, internal rules or articles of association of the company;
- substantiation on the values and beliefs of the organization and compatibility with the business strategy, objectives, values, and interests of SIF Banat-Crișana, as well as with the interests of investors, including measures to avoid conflicts of interest;
- the remuneration of personnel holding control positions is based on the achievement of the objectives related to their functions, regardless of the results of the commercial sectors they control;
- performance-based remuneration is calculated on the basis of an assessment that combines the performance of the individual and the business unit concerned with the overall performance of the Company;
- there is an appropriate balance between the fixed and the variable component of total remuneration and the fixed component represents a sufficiently high percentage of total remuneration allowing the application of a policy as flexible as possible on variable components of remuneration, including the possibility of paying no variable component of remuneration;
- the variable remuneration is paid or granted only if it is sustainable according to the financial situation of the Company as a whole, and is justified by the performance of the business unit within the company and the person concerned;
- Company personnel are prohibited from using personal coverage or insurance strategies relating to remuneration or liability to undermine the effects of the risk alignment provided for in their remuneration schemes;
- variable remuneration is not paid through instruments or methods that facilitate the avoidance of compliance with the requirements of the remuneration policies applicable within SIF Banat-Crișana.

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

The company must comply with the remuneration principles established in the applicable legal regulations considering the extent to which they are appropriate to its size, internal organization and the nature and complexity of its activities. Taking into account these aspects - the size, nature, internal organization, scope and complexity of the activities carried out by the company, applying the principle of proportionality in accordance with the provisions of the ESMA Guide on solid remuneration policies in accordance with DAFIA, through the Remuneration Policy it was established that they can be except for the requirements of the process of payment of variable remuneration in instruments, the requirements regarding retention and deferral, the requirements regarding the ex-post inclusion of risks for variable remuneration, in the context

where the non-application of the aforementioned requirements is compatible with the risk profile, risk appetite and strategy the company and the assets under management.

The Company's remuneration policy ensures a fair and competitive remuneration, respecting and valuing the skills and the performance, with the two components - the fixed component and the variable component - appropriately proportioned.

3. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS (ADMINISTRATORS)

3.1 Administrators' remuneration structure

The remuneration of the administrators is decided annually by the general meeting of the shareholders of SIF Banat-Crișana, in accordance with the provisions of Law no. 31/1990 and the articles of association of the Company.

The additional remuneration of the administrators is set in general limits by resolution of the general meeting of shareholders. The total annual amount of additional remuneration paid to the directors shall not exceed the limits set by the resolution of the general meeting of shareholders.

The additional remuneration is fixed and is based exclusively on factors such as time spent on the performance of duties, participation in meetings of the board of directors, responsibilities undertaken on the board of directors, participation in the activities of special committees at the board level, and the like. factors that do not depend on and do not consider the results and performance of the company.

Remuneration for the purposes of the Remuneration Policy is not considered to be expenses settled by the company and incurred by the directors in the interest and for the purpose of exercising the mandate of administrator.

3.2 Components of administrators' remuneration in 2022

The Board of Directors consists of five members appointed by the Ordinary General Meeting of Shareholders, in accordance with the provisions of Company's Articles of Association.

During 2022, the Board of Directors had the following composition:

Name	Position/Function	Date of first appointment (date of ASF endorsement)	Current term expires	Months on duty 2022
Bogdan-Alexandru Drăgoi	Chairman of BoD	09.04.2015	25.04.2025	12
Radu-Răzvan Străuț	Vice-Chairman of BoD	13.07.2017	25.04.2025	12
Ionel-Marian Ciucioi	Member of BoD Member of Audit Committee Member of NRC	25.10.2018	25.04.2025	12
Sorin Marica	Member of BoD Chairman of Nomination and Remuneration Committee (NRC) Member of Audit Committee	13.07.2017	25.04.2025	12
Marcel Heinz Pfister	Member of BoD Chairman of Audit Committee Member of NRC	13.07.2017	25.04.2025	12

The monthly remuneration due to the members of the Board of Directors for the financial year 2022¹ was approved by the OGM on April 28, 2022, at the level established by the OGM resolution of April 26, 2016, **in the amount of RON 10,000 net** for each administrator, regardless of position.

¹ Resolution no. 8 of OGM of April 28, 2022: <https://www.sif1.ro/wp-content/en/current-reports/2022/2022-04-28-OGM-resolutions.pdf>

The general limits on all additional remuneration of members of the board of directors and the general limits on the remuneration of directors for the financial year 2022 were approved by the OGM on April 28, 2022, and remained at 0.42% of the average annual net assets² established by the OGM resolution no. 7 of April 27, 2020.

Individual remuneration of the members of the Board of Directors in 2022:

Position/Function	Total fixed remuneration 2022* (RON)	Variable remuneration	Proportion of fixed remuneration	Other benefits** (RON)
Chairman of the Board of Directors	120,000	0	100%	1.242
Vice-Chairman of the Board of Directors	120,000	0	100%	1.242
Member of the Board of Directors Member of Audit Committee Member of NRC	182,000	0	100%	1.242
Member of the Board of Directors Chairman of NRC Member of Audit Committee	306,000	0	100%	1.242
Member of the Board of Directors Chairman Audit Committee Member of NRC	306,000	0	100%	0

* Includes additional remuneration for members / chairs of advisory committees operating within the Board of Directors

** Subscription to medical services provided by a private provider

Note: To ensure full independence in discharging their duties, non-executive administrators (Board members) do not receive variable remuneration and do not participate in remuneration schemes in which payment is linked to performance.

Remuneration received from other entities belonging to the SIF Banat-Crișana group:

For executive administrators - Chairman of the Board and Vice-Chairman of the Board, the information is presented in section 4.2.

The Chairman of the Audit Committee and the Chairman of the Nomination and Remuneration Committee did not receive in 2022 any remuneration from other entities of SIF Banat-Crișana Group.

In 2022, Mr. Ionel Ciucioi received a total remuneration of RON 264,000 for the position of Chairman of the Board, and of RON 665,226 for the position of General Manager, in a company from the SIF Banat-Crișana Group.

4. REMUNERATION OF THE (EXECUTIVE) DIRECTORS

4.1 (Executive) Directors' remuneration structure

The remuneration of the directors is approved by the company's Board of Directors. The general limits of the remuneration of the directors to whom a part of its powers has been delegated by the Board of Directors, in accordance with the provisions of Law no. 31/1990, are approved by the general meeting of shareholders.

The Board of Directors will ensure the proportionality of the remuneration granted with the specific responsibilities of the management functions, to ensure an adequate and responsible remuneration, which will ensure the increase of the performances, to increase the value of the company, for the benefit of its shareholders.

Directors' remuneration may consist of a fixed component and a variable component:

² Resolution no. 9 of OGM of April 28, 2022: <https://www.sif1.ro/wp-content/en/current-reports/2022/2022-04-28-OGM-resolutions.pdf>

The fixed component of remuneration is determined considering sound economic principles, considering the nature and complexity of the activities carried out by those persons as well as the competencies and responsibilities accepted by holding those management positions.

The variable remuneration component is based on an assessment that combines the evaluation of individual performance with the overall results of SIF Banat-Crișana. The variable component can be paid in cash and / or instruments. In accordance with the Remuneration Policy, the Board of Directors has the power to establish the general criteria for assessing the performance of the executive management.

The remuneration of the directors must be within the general limits of the remuneration and the budget approved by the ordinary general meeting of the shareholders of SIF Banat-Crișana.

Is not considered remuneration for the purposes of the remuneration policy the expenses settled by the company and incurred by the directors in the interest and for the purpose of exercising their functions within the company.

4.2 Components of directors' remuneration in 2022

During 2022, the executive management was provided by four directors authorized by the Financial Supervisory Authority:

Name	Position	Period of holding the executive position	Months on duty in 2022
Bogdan-Alexandru Drăgoi	Chairman of BoD, CEO Management delegated by BoD as per Law no. 31/1990 and Articles of Association	July 2017 - present	12
Radu-Răzvan Străuț	Vice-Chairman of BoD, Deputy General Director - Management delegated by BoD as per Law no. 31/1990 and Articles of Association	May 2018 - present	12
Teodora Sferdian*	Deputy General Director - Management delegated by BoD as per Law no. 31/1990 and Articles of Association since 24.02.2022	May 2014 - present	12
Laurențiu Riviș*	Director - Management delegated by BoD as per Law no. 31/1990 and Articles of Association since 24.02.2022	Feb. 2016 - present	12

* as of December 31, 2022 the evaluation of the person is under ASF analysis as per Art. II of Reg. ASF no. 20/2021

The remuneration of the executive directors in 2022 complied with the Remuneration Policy, consisted of fixed remuneration and variable remuneration.

The fixed part of the remuneration consisted of the monthly allowance and benefits in kind (financial and non-financial benefits).

Directors have not benefited from discretionary pension plans.

The variable part of the remuneration has been allocated to reward the performance of each member of the executive during 2022, depending on the performance, risk and non-financial objectives set by the Board of Directors.

The variable component has not been subject to malus and claw-back agreements.

The variable component does not include any additional rewards.

Information on the total remuneration granted to each director for the financial year 2022:

For the year 2022, **the CEO** received a fixed remuneration composed of an annual remuneration amounting to RON 825,220 and benefits in kind in the amount of RON 1,242 per year³. The variable remuneration paid in cash for the performance in 2022 was of RON 700,000, in

³ Subscription to medical services provided by a private provider, equivalent to EUR 21 per month. For directors who also hold the position of executive administrator, this amount is granted only one, regardless of the number of positions held in the Company

accordance with the Remuneration Policy and the limits approved by the shareholders. The relative proportion of fixed remuneration was 54%, and of the variable cash remuneration was 46%, out of the total cash remuneration granted during 2022 for this position.

On January 20, 2022, the Board of Directors of SIF Banat-Crișana approved the offering free of charge of 460,000 shares to the CEO under the share-based payment plan (Stock Option Plan) carried out on based on the EGM Resolutions no. 3 and no. 4 of October 11, 2021⁴, as variable remuneration in instruments related to the activity carried out in 2021. The exercise of the right by the beneficiary was done in March 2023, and the transfer of the ownership right over the shares was done on March 13, 2023, the conditions being met cumulatively provided in the Payment Plan approved by the Board of Directors and the provisions of the Fiscal Code.

In 2022, the CEO received a total remuneration in the amount of RON 360,000 from companies in the SIF Banat-Crișana Group, as a member of the board of directors of these entities.

For the year 2022, **the Deputy General Director** (Vice-Chairman of the Board) received a fixed remuneration composed of an annual remuneration amounting to RON 825,220 and benefits in kind amounting to RON 1,242 per year³.

In 2022, the Deputy General Director received a total remuneration in the amount of RON 120,012 from companies in the SIF Banat-Crișana Group, as a member of the board of directors of these entities.

On January 20, 2022, the Board of Directors of SIF Banat-Crișana approved the offering free of charge of 460,000 shares to the Deputy General Director under the share-based payment plan (Stock Option Plan) carried out on based on the EGM Resolutions no. 3 and no. 4 of October 11, 2021⁴, as variable remuneration in instruments related to the activity carried out in 2021. The exercise of the right by the beneficiary was done in March 2023, and the transfer of the ownership right over the shares was done on March 13, 2023, the conditions being met cumulatively provided in the Payment Plan approved by the Board of Directors and the provisions of the Fiscal Code.

For the year 2022, **the Deputy General Director** received a fixed remuneration composed of an annual remuneration amounting to RON 340,082 and benefits in kind amounting to RON 2,202 per year⁵. The variable remuneration granted for the performance in 2022 was RON 220,000 in cash, in accordance with the Remuneration Policy and the limits approved by the shareholders. The relative proportion of fixed remuneration was of 61% and of the variable remuneration was of 39%, out of the total remuneration granted during 2022 for this position.

In 2022, the Deputy General Director received a total remuneration in the amount of RON 30,600 from companies from the SIF Banat-Crișana Group, as a member of the board of directors of these entities.

For the year 2022, **the Director** received a fixed remuneration composed of an annual remuneration amounting to RON 183,605 and benefits in kind amounting to RON 3,862 per year⁵. The variable remuneration granted for the performance in 2022 was RON 210,000 in cash, in accordance with the Remuneration Policy and the limits approved by the shareholders. The relative proportion of fixed remuneration was of 47% and of the variable remuneration was 53%, out of the total remuneration granted during 2022 for this position.

In 2022, the Director did not receive any remuneration from other entities of the SIF Banat-Crișana Group.

4.3 Performance criteria for granting the variable component

The performance of directors is assessed against a series of indicators - quantitative and qualitative - approved by the Board of Directors based on the medium-term strategy and on the

⁴ <https://www.sif1.ro/wp-content/en/current-reports/2021/2021-10-11-EGM-resolutions.pdf> <https://www.sif1.ro/wp-content/en/current-reports/2022/2022-01-25-CR-disclosure-document.pdf>

⁵ *Subscription to medical services provided by a private provider optional pension insurance (Pillar III); equivalent of meal vouchers.*

latest business plan, and incorporates annual financial, risk and non-financial objectives, which may be effectively measured and evaluated.

The evaluation of fulfilling the performance criteria by the directors is carried out by the Nomination and Remuneration Committee, in accordance with the Remuneration Policy. The annual performance evaluation of the directors for 2022 was made in accordance with the *Methodology for evaluating the performance of the executive management* – the revised version approved by the Board of Directors in December 2022.

Each objective has a weight expressed as a percentage, their sum being equal to 100%.

a) Qualitative component – with a weight of 50% in total evaluation 0 includes as objectives for evaluating the performance:

- assessment of the adequacy of knowledge, skills and experience to the needs of the company;
- assessment of professional conduct as a member of the management structure;
- assessment of reputation, honesty and integrity;
- meeting the governance criteria.

In the process of analysing and assessing the results, NRC aims, in the first place, the fulfilment of the conditions and requirements detailed within the internal procedure, approved by the Board of Directors, regarding the Requirements and evaluation criteria.

b) Quantitative component – with a weight of 50% in total evaluation – includes as objectives for evaluating the performance:

- Performance indicators regarding the achievement of the income and expenses budget approved by the GMS, by comparing the indicators actually achieved with the budgeted ones: KPI 1 - Income (includes dividend income, interest income, other operating income); KPI 2 - Expenses (include Other operating expenses (personnel / directors expenses, auxiliary expenses, other expenses); KPI 3 – Profit;
- Complying with the regulated / approved investment limits, provided by Law no. 243/2019 and Rules of the Fund;
- Compliance with the approved overall risk profile adopted by the Board of Directors according to risk appetite and tolerance and provided in the AIFRI documents.

The objectives for the year 2022, their weights and the degree of achievement:

Objectives 2022		Chairman - CEO	Vice-Chairman - Deputy General Director	Deputy General Director	Director
		Weights in total quantitative / qualitative component			
Quantitative Objectives	KPI 1: Income	10%	10%	10%	10%
	KPI 2: Expenses	10%	10%	10%	10%
	KPI 3: Profit	10%	10%	10%	10%
	Complying with the regulated / approved investment limits	35%	35%	35%	35%
	Compliance with the approved overall risk profile	35%	35%	35%	35%
Qualitative Objectives	Assessing the adequacy of knowledge, skills, and experience	25%	25%	25%	25%
	Professional conduct as a member of the management structure	25%	25%	25%	25%
	Assessing reputation, honesty, and integrity	25%	25%	25%	25%
	Meeting governance criteria	25%	25%	25%	25%
Degree of achieving the objectives in 2022 at the date of evaluation:		95%	95%	95%	95%

5. COMPLIANCE WITH THE REMUNERATION LIMITS APPROVED BY GMS

The establishment by the general meeting of shareholders of the general limits of all additional remuneration of members of the board of directors and of the general limits of the remuneration of directors is a requirement of Law 31/1990 on trading companies (at art. 153 ^ 18 par. 2).

The Ordinary General Meeting of Shareholders of April 28, 2022, approved for the financial year 2022 that the general limits of all additional remuneration of members of the board of directors and the general limits of the remuneration of directors be kept at 0.42% of average annual net asset value, established by the OGM Resolution no. 7 of April 27, 2020.

The average annual net asset value for the year 2022 was in the amount of RON 3,193,036,332, so that the maximum limit of remuneration available was in the amount of RON 13,410,753.

In 2022, the total expenses with the additional remunerations of the members of the board of directors and the remunerations of the directors to whom the management is delegated in accordance with Law no. 31/1990 amounted to RON 9,576,421, respectively 0.3% of the average net assets for 2022, representing a use of only 71.4% of the available amount.

6. COMPARATIVE INFORMATION ON THE CHANGE IN REMUNERATION AND THE PERFORMANCE OF THE COMPANY IN THE LAST 5 FINANCIAL YEARS

6.1 Changes in the gross remuneration of directors compared to the change in the average gross remuneration of employees in the last five financial years

Position in the organization chart	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017**
Chairman CEO	10.89%	2.50%	0.00%	10.00%	23.72%
Vice-Chairman, Deputy General Director *	10.89%	2.50%	0.00%	10.00%	N/A
Deputy General Director	10.87%	2.50%	0.00%	10.00%	25.60%
Director	15.14%	2.50%	0.00%	10.00%	24.90%
Changes in the average remuneration of employees	12.70%	4.12%	3.7%	15.39%	18.62%

* That person was not in the executive management in 2017 and was appointed director in 2018. Therefore, comparisons are not applicable.

** As a result of the fiscal changes regarding salaries and other incomes assimilated to salaries starting with January 1, 2018, namely the transfer of social contributions from employers to employees, according to GEO 82/2017, collective bargaining took place between the company's management and employees' representatives. It was agreed to maintain the net value of the existing salaries on 31.12.2017 for all personnel employed with individual employment agreements.

6.2 SIF Banat-Crișana performance in the last five financial years

Indicators	2022	2021	2020	2019	2018
Total income (dividend income, interest income, other revenues) (RON)	174,916,193	135,547,935	94,840,715	121,537,512	114,876,610
Total expenses , of which:	24,393,742	27,498,092	28,472,943	22,236,060	17,930,623
Other operating expenses (RON)	20,609,717	22,388,962	19,678,132	18,913,441	14,682,344
Net profit for the year (RON)	95,467,148	387,001,105	92,122,406	159,494,532	77,186,227
Total comprehensive income for the year (RON)	(144,823,034)	707,542,359	-20,165,826	436,369,094	-6,011,901
Net Asset Value * (RON)	3,238,773,573	3,408,921,783	2,884,036,120	2,724,317,526	2,228,169,271
Evolution of income (yoy change)	29.0%	42.9%	-22.0%	5.8%	35.3%
Evolution of operating expenses (yoy change)	-7.95%	13.8%	4.0%	28.8%	-12.3%
Evolution of net profit (yoy change)	-75.33%	320.1%	-42.2%	106.6%	11.0%
Evolution of net asset value (yoy change)	-4.99%	18.2%	5.9%	22.3%	-14.1%

* calculated according to ASF regulations and certified by the depositary bank

7. FINAL PROVISIONS FOR THE REMUNERATION REPORT

7.1 Compliance with Remuneration Policy / Information on any deviation from the procedure for implementing the Remuneration Policy

In 2022 there were no deviations from the Remuneration Policy regarding the remuneration of the members of the Board of Directors and the Executive Management, all components of remuneration complying with the structure and principles presented in the Remuneration Policy approved by shareholders.

7.2 Availability of the Remuneration Report

This Remuneration Report has been verified by the financial auditor and discussed by the Board of Directors in the meeting held on March 27, 2023.

The report is submitted for the approval of the shareholders in the Ordinary General Meeting of Shareholders of April 27 (28), 2023, in accordance with the provisions of art. 107, paragraph (6) of Law no. 24/2017.

After the general meeting of shareholders, the Remuneration Report is made available to the public, free of charge, on SIF Banat-Crișana website, www.sif1.ro, for a period of 10 years from its publication, in accordance with the provisions of the Law no. 24/2017.

Chairman of the Board of Directors,
Bogdan-Alexandru DRĂGOI

REPORT ON THE REMUNERATION PAID BY SIF BANAT-CRIȘANA IN THE FINANCIAL YEAR 2022

- REPORT PREPARED AS AIFM -

Indicators/ Gross amounts	Amounts related to the activity carried out in the reporting year (n) (RON / currency)	Amounts actually paid during the year subject to reporting (n) (RON / currency) net	Amounts payable during the reporting year (n + 1) or deferred (RON / currency)	No. of beneficiaries
1. Remuneration granted to all IMC / AIFM staff (including outsourced functions) *	8,264,492	8,264,492	2,156,000	39
<i>Fixed remuneration</i>	5,688,692	5,688,692	-	
<i>Variable remuneration excluding performance fees, of which:</i>				
- cash	2,575,800	2,575,800	-	
- other forms (separately indicating each category)**			2,156,000	2
<i>Variable remuneration representing performance fees</i>	-	-	-	
2. Remuneration for identified staff of IMC / AIFM staff (including outsourced functions)	7,206,942	7,206,942	2,156,000	
A. Members of the Board of Directors, of which	1,034,000	1,034,000	-	5
<i>Fixed remuneration</i>	1,034,000	1,034,000	-	
<i>Variable remuneration excluding performance fees, of which:</i>				
- cash	0	0	-	
- other forms (separately indicating each category)	0	0	-	
<i>Variable remuneration representing performance fees</i>	-	-	-	
B. Directors/members of Executive of which:	4,004,127	4,004,127	2,156,000	4
<i>Fixed remuneration</i>	2,174,127	2,174,127	-	
<i>Variable remuneration excluding performance fees, of which:</i>				
- cash	1,830,000	1,830,000	-	
- other forms (separately indicating each category) **			2,156,000	2
<i>Variable remuneration representing performance fees</i>	-	-	-	
C. Functions having control responsibilities (expressly indicating all functions included in this category) ***	319,031	319,031	-	3

ANNEX 6 – SIF BANAT-CRIȘANA REMUNERATION REPORT FOR 2022

Indicators/ Gross amounts	Amounts related to the activity carried out in the reporting year (n) (RON / currency)	Amounts actually paid during the year subject to reporting (n) (RON / currency) net	Amounts payable during the reporting year (n + 1) or deferred (RON / currency)	No. of beneficiaries
<i>Fixed remuneration</i>	251,031	251,031	-	
<i>Variable remuneration excluding performance fees, of which:</i>				
- cash	68,000	68,000	-	
- other forms (separately indicating each category)	0	0	-	
<i>Variable remuneration representing performance fees</i>	-	-	-	
D. Other functions than those indicated in letter A-C above, included in the category of identified staff (expressly indicating all functions included in this category) ****	1,849,784	1,849,784	-	11
<i>Fixed remuneration</i>	1,437,784	1,437,784	-	
<i>Variable remuneration excluding performance fees, of which:</i>				
- cash	412,000	412,000	-	
- other forms (separately indicating each category)	0	0	-	
<i>Variable remuneration representing performance fees</i>	-	-	-	

* Includes administrators, directors authorized by ASF and personnel

** The amount on the transfer date to the beneficiaries (March 13, 2023), related to the 880,000 SIF1 shares granted free of charge under the share-based payment plan (Stock Option Plan) carried out as per EGM Resolutions no. 3 and no. 4 of October 11, 2021, and of the Board of Directors decision of January 20, 2022. The shares were allocated on 25.01.2022, and the right was exercised in March 2023.

*** Includes risk officer, compliance officer and internal auditor (outsourced function).

**** Includes office managers, IT / HR managers, chief accountant and analyst / consultant in the Investment Analysis and Equity Management Offices.



ARTICLES OF ASSOCIATION OF SOCIETATEA DE INVESTIȚII FINANCIARE BANAT-CRIȘANA SA

FREE TRANSLATION

prepared for the convenience of English-speaking readers, as translation of the original document issued in Romanian, which is the official and binding version; for purposes of interpretation the Romanian text shall be authoritative and final

Article 1 Name of the company, legal form, and duration of the company.

(1) The name of the company is "SOCIETATEA DE INVESTIȚII FINANCIARE BANAT-CRIȘANA SA" (*Financial Investment Company Banat-Crișana*).

(2) The legal form of the company is of a joint stock company, established according to the applicable regulations as an Alternative Investment Fund of investment companies type – AIFC (Romanian acronym FIAS), the category of alternative investment fund addressed to retail investors – AIFRI (Romanian acronym FIAIR), with a diversified investment policy, closed-ended, self-managed.

(3) The Company is self-managed and is authorized by the Financial Supervisory Authority as alternative investment fund manager.

(4) The company operates under the provisions of ordinary and special laws, concerning: the alternative investment funds, established as investment companies with legal personality, whose shares are listed on a regulated market, the alternative investment fund managers, the companies admitted to trading on a regulated market, the joint-stock companies, the provisions of these Articles of Association, as well as the rules and operating procedures of the company.

(5) The Company is headquartered in: Arad, 35A Calea Victoriei, Arad County. The company will be able to establish branches, subsidiaries, agencies, representations, places of business, both in the country and abroad, in compliance with the applicable legal requirements.

(6) The duration of company's operation is of 99 years. The shareholders have the right to extend the duration of the company before its expiration, by a resolution of the Extraordinary General Meeting of Shareholders.

Article 2 Object of the company.

(1) The main object of activity: Financial intermediation except for activities of insurance and of pension funds, CAEN code 64, and the main object of company's activity is Other financial intermediation n.c.a., CAEN code 6499. The object of object of company's activity consists in:

- a) portfolio management;
- b) risk management;
- c) other activities carried within the collective management of an investment fund, permitted 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, record of holders of equity securities, distribution of income, issuance and repurchase of equity securities, settlement of contracts, including issuance of certificates, record keeping.
 - (ii) distribution;
 - (iii) activities related to the assets of the AIF: services required for the carrying out the duties of AIFM's management, infrastructure management, real estate management, advice to entities on the structure of capital, industrial strategy and related matters, consultancy and services on mergers and acquisitions of entities, as well as other services related to the management of the AIF and of the companies and other assets in which it has invested.

(2) The Bucharest-Rahmaninov branch of Societatea de Investiții Financiare Banat-Crișana, unincorporated (without legal personality), located in Bucharest, sector 2, 46-48 Serghei Vasilevici Rahmaninov Street, 3rd floor, carry out the same object of activity as the parent company.

Article 3 Share capital and shares.

(1) The share capital of the company amounts to RON 50,751,005.6, and is divided into 507.510.056 shares of RON 0.10 each, appropriated per shareholders as shown in the records entered in the shareholders' registry.

(2) The shares issued by the company are registered, of equal value, issued in dematerialized form and grant equal rights to their holders. The nominal value of a share is RON 0.10. The shares are indivisible, and the company admits a sole representative to exercise the rights attached to a share.



Article 4 The Shareholders.

(1) Shareholders of the Company are the persons who have acquired shares of the company, in compliance with the applicable legal provisions, the proof of this quality being attested by the account statement issued by the authorized entity according to the law.

(2) May become shareholders of the Company the persons that purchase shares on the regulated market or acquire shares of the Company in another manner permitted by law or Company's Articles of Association.

Article 5 Rules on the issue, holding and sale of shares.

(1) New shares may be issued pursuant to the legal regulations for the increase of share capital;

(2) Shares may be ordinary or preference shares, per law;

(3) The record of company's shares and shareholders is kept by the authorized central depository, pursuant to the provision of the law;

(4) The shares held by the shareholders will be registered, issued in dematerialized form and registered by entry in the account;

(5) The shares are freely negotiable;

(6) Trading of shares shall be performed only on the regulated market on which they are listed.

(7) The company may repurchase its own shares, under the conditions and in compliance with the applicable legal provisions. The shares of the Company may not be repurchased at the request of the investors, directly or indirectly, from Company's assets, before the beginning of the liquidation stage of the Company.

Article 6 The General Meeting of Shareholders.

(1) The General Meeting of Shareholders is the supreme deliberation and decision-making body of the company and operates in accordance with the legal provisions in force and of the articles of association.

(2) The general meetings are ordinary and extraordinary.

(3) The Ordinary General Meeting shall be convened at least once a year no later than four months after the end of the financial year.

(4) The extraordinary general meeting shall be convened whenever needed.

(5) Besides debating other issues on the agenda, the Ordinary General Meeting shall:

a) discuss, approve, or amend the financial statements, based on the reports of the Board of Directors (administrators) and the financial auditor, and set the dividend.

b) elect and revoke the administrators (members of the Board of Directors);

c) appoint or dismiss the financial auditor and set the minimum duration of the contract for the financial audit;

d) to determine the remuneration for the current year for the administrators, as well as the general limits of all the additional remunerations of the administrators and of the remunerations of the directors to whom the management of the company has been delegated, according to Law no. 31/1990;

e) to decide upon the activity of the administrators;

f) to determine the income and expenditure budget and, where appropriate, the operational plan for the succeeding financial year;

g) to decide on the pledge, lease or closing of one or several units of the company.

(6) The General Meeting of Shareholders shall empower the Board of Directors to buyback SIF's shares at the prices set by the Board of Directors pursuant to ASF regulations.

(7) The Extraordinary General Meeting convenes for:

a) the increase of the share capital, which will be carried out in compliance with the legal provisions in force;

b) changing the company's object of activity;

c) changing the legal form of the company and / or changing the form of administration, in accordance with the law;

d) moving the company's headquarters;

e) merger with other companies;

f) reduction of the share capital or its replenishment by issuing new shares;

g) early dissolution of the company;

h) conversion of shares from one category to another;

i) consolidation or division (splitting) of the nominal value of the shares;

j) prolongation of the company's duration;

k) any other amendment of the Articles of Association or any other decision for which the approval of the extraordinary meeting is required.

(8) The Extraordinary General Meeting has delegated to the Board of Directors the exercise of its powers to:

(a) increase the share capital;



- (b) change the object of the company, except for the field and the main business of the company, which remain within the exclusive competence of the extraordinary general meeting;
- (c) the establishment, or the dissolution of branches, agencies, representative offices, places of business or other units without legal personality, under the conditions provided by law.
- (9) Convening the general meeting of shareholders shall be done considering the legal provisions in force and the provisions of these Articles of Association;
- (10) The convening notice for the general meeting is published in the Official Gazette of Romania, Part IV, and in one of the widespread newspapers in the locality where the company's headquarters are located or in the nearest locality, at least 30 days before the date for its holding.
- (11) The Ordinary and the Extraordinary General Meeting shall be convened by the Board of Directors, pursuant to the applicable law.
- (12) The shareholders registered as at the reference date have the right to participate in the general meeting of shareholders.
- (13) Shareholders who are to benefit from dividends or other rights and who are affected by the decisions of the general meeting of shareholders will be identified based on the list provided by the register company as at the date set by the general meeting of shareholders.
- (14) Shareholders may participate in the general meeting of shareholders directly or may be represented by other persons, shareholders or not, based on a special or general empowerment (power of attorney), according to law. Shareholders may grant a general empowerment for the participation and voting in the general meeting of shareholders, given by a shareholder, as a client, to an intermediary defined according to art. 2 par. (1) point 20 of Law no. 24/2017, or to a lawyer. Shareholders may also vote by correspondence in accordance with applicable legal regulations. The transmission of empowerments (proxies) or correspondence voting forms must be so made that they are registered with the company at least 48 hours before the meeting, subject to losing the voting rights, in compliance with the regulations, legal provisions and procedures for organizing and conducting the general meetings, approved and published according to the law and the provisions of the present Articles of Association.
- (15) Each share entitles to one vote.
- (16) To validate the discussions of the ordinary general meeting it is required the presence of shareholders representing at least one quarter of total voting rights. The decisions of the ordinary general meeting shall be taken by the majority of the votes cast.
- (17) If the requirements of validity are not met, a second call of the meeting shall take place, this meeting having the authority to discuss the issues on the agenda regardless of the share capital represented by the shareholders present, and decisions are to be taken by the majority.
- (18) To validate the decisions of the extraordinary general meeting it is required for the first call the presence of shareholders holding at least a quarter of the total number of voting rights, and for the subsequent calls, the presence of shareholders representing at least one fifth of the total of voting rights. The decisions are taken by a majority of votes held by shareholders that are present or represented. The decision to change the main activity of the company, to reduce or increase the share capital, to change the legal form, to merge, split or dissolve the company shall be taken by a majority of at least two thirds of the voting rights held by the shareholders that are present or represented.
- (19) The resolutions of the ordinary or extraordinary general meeting may also be adopted based on the votes cast by correspondence and / or by another procedure for consulting the shareholders permitted by law. The procedure for consulting the shareholders will be in accordance with applicable law, the Board of Directors having the responsibility for organizing and the conduct of the voting methods in the general meetings of shareholders, within the limits provided by law.
- (20) Resolutions of the general meeting are taken by open vote. The secret ballot is mandatory for the election or revocation of the Board of Directors, for the appointment or revocation of the financial auditor and for taking the decisions regarding the liability of the members of the management (Board), executive management and control bodies of the Company.
- (21) The members of the Board of Directors may not vote on the basis of the shares they own, either personally or through representatives, for their own discharge of liabilities or on matters concerning their persons or their activity.
- (22) The shareholder having an interest contrary to that of the company in a particular operation, will have to refrain from deliberations on that operation.
- (23) A shareholder failing to meet this provision shall be liable for damages to the company, if without their vote the required majority would not have been met.
- (24) The decisions taken by the general meeting compliant to the law and the company's Articles of Association are also mandatory for the shareholders who did not attend the meeting or voted against.



(25) The general meeting of shareholders shall be presided by the Chairman of the Board of Directors, and in his absence, by the Vice-Chairman.

(26) Upon the request of Societatea de Investiții Financiare Banat-Crișana SA, the central depository that keeps records of company's shareholders shall provide the necessary data and information for the organization and the conduct of the general meeting of shareholders, pursuant to the legal and conventional provisions in force.

(27) The general meeting of shareholders elects from amongst the shareholders one to three secretaries to verify the attendance list and the representation of shareholders, their voting right, the fulfilment of formalities required by law and by the Articles of Association for holding the general meeting, and to draft the minutes of the meeting, which will be recorded in register and will be signed by the chairman of the general meeting and by the secretaries. The Chairman could appoint, of Company's employees, one or several technical secretaries to take part in the implementation of the operations provided for above.

Article 7 The Board of Directors.

(1) The company is administrated by board of directors (administrators) comprised of 5 members, elected by the general meeting for a period of 4 years, with the possibility to be re-elected. In case of vacancy of one or more administrators, the other administrators shall appoint interim administrators until the assembly of the general meeting.

(2) The members of the Board of Directors (administrators) must have a good reputation and enough experience to ensure the sound and prudent management of the company. The administrators have to meet the general requirements provided by Company Law no. 31/1990 supplemented with the special ones provided by the applicable capital market legislation and ASF regulations.

(3) The administrators will be remunerated for their activity, as approved by the general meeting of shareholders.

(4) The administrators must conclude a professional liability insurance, under the terms provided by law;

(5) The Board of Directors elects from among its members a Chairman and a Vice-Chairman. The Chairman of the Board of Directors will also hold the position of General Director (CEO) of the company.

(6) The Board of Directors meets at the company's headquarters or other venue indicated in the convening Notice, once a month or whenever necessary, as convened by the Chairman, or in his absence thereof, by the Vice-Chairman.

(7) The Board of Directors may also be convened at the reasoned request of at least 2 of its members or of the general director. In this case, the agenda is decided by the authors of the request. The Chairman is bound to agree on such request.

(8) The convening notice for the meeting of the Board of Directors will be sent to the administrators (members of the Board) sufficiently before the date of the meeting, the term and the modalities of holding the meeting being established by the working procedures approved by the Board of Directors, in compliance with the legislation in force. The convocation will include the date, the place where the meeting will be held, and the agenda. Decisions that are not provided for on the agenda may be taken only in cases of urgency. The Chairman shall chair the meetings. In the absence of the Chairman, the proceedings shall be chaired by the Vice-Chairman. For the validity of the decisions of the Board of Directors, the presence of at least half of the number of members is required, provided by the Articles of Association.

(9) The members of the Board may also attend the meetings by means of remote communication (e.g. conference-calls, video-conferences, Internet-conference, a.s.o.) about which an indication shall be made in the minutes of the meeting. In exceptional cases, justified by the urgency of the situation and the interest of the Company, the decisions of the Board of Directors, except for those concerning the annual financial statements or the authorized capital, may be taken by the unanimous vote expressed in writing (e-mail and fax included) of the members of the Board, without a meeting of the Board of Directors being necessary.

(10) Decisions of the Board of Directors shall be taken by a majority vote of the members present.

(11) The Board of Directors has the power to decide during the interval between general meetings regarding the management of the company, except for the decisions that the law or the Articles of Association indicate exclusively for the general meeting.

(12) The Board of Directors decides upon:

a) the strategy and the investment and development policy of the company;

b) submits for the approval of the general shareholders meeting, within legal term, the report on the company's activity, its financial position and results, and the draft of company's budget;

c) preparing the annual report, general shareholders' meeting organization and implementing its resolutions;

d) submits for approval to the general meeting of shareholders the adjustment of the income and expenditure budget, depending on the fluctuations in the economy;



- e) the rules of organization and functioning of the company, policies and strategies for fund management;
 - f) setting the accounting policies and financial control system, as well as approving the financial planning;
 - g) setting the policies and procedures on significant risk management; approving risk limits and risk tolerance;
 - h) measures of acquisition, disposal, exchange or warrant of assets classified as non-current assets of the company, whose value exceeds individually or cumulatively, during a financial year, 20% of the total non-current assets, less the receivables, will be concluded by the administrators or executive directors of the company only after their prior approval of the extraordinary general meeting of shareholders in accordance with the law;
 - i) the appointment and removal of executive directors as well as the establishment of their competencies;
 - j) the contracts with the depositary bank, the financial auditor and with the central depository, according to the regulations in force;
 - k) solving any other matters decided by the general meeting of shareholders;
- (13) The duties and powers of the Chairman of the Board shall be established by internal regulations.
- (14) The Board of Directors delegates some of its powers to the executive directors, at the same time setting their remuneration, within the general limits approved by the General Meeting of Shareholders. Company directors shall meet the minimum requirements concerning integrity, qualification and professional experience required by the applicable regulations and legal provisions in force.
- (15) The Chairman – CEO, and in his absence, the Vice-Chairman, represents the company in dealings with third parties.
- (16) The members of the Board of Directors are entitled to recover the costs incurred in exercising their mandate.
- (17) The general meeting of shareholders will annually set the amount of the remuneration to be paid to the administrators, as well as the general limits of all additional remuneration of the administrators and of the remuneration of the (executive) directors.
- (18) The revocation of the Board of Directors will be possible only on duly justified reasons, by the ordinary general meeting of shareholders
- (19) The Board of Directors has the responsibility to ensure the establishment and implementation of corporate governance principles regarding, but not limited to:
- a) the strategic management of the company and fulfilling the set objectives;
 - b) formulation of company's business plan and evaluation of the financial position thereof;
 - c) ensuring that an appropriate framework to verify the information submitted to the regulatory and supervisory entity, upon their request, concerning specific actions undertaken by the company and the verification of the manner the specific law is applied concerning the submitting the reports to regulatory and supervisory entity;
 - d) the adequacy, efficiency and update of risk management system;
 - e) the adequacy, efficiency and update of the internal control-compliance system, so as to ensure its independence from the operational and support organizational structures within the company, which it controls and monitors;
 - f) compliance with the requirements concerning outsourcing / delegating operational activities or functions;
 - g) establishing and reviewing the remuneration policy so as to ensure that all commitments relating to remuneration are correctly and responsibly structured and that the remuneration policy allows and promotes an effective risk management without leading to risk-taking exceeding the company's risk tolerance;
 - h) establishing the communication strategy with stakeholders, complying with the legal requirements;
 - i) establishing relevant criteria for monitoring the results of the executive management and the company as a whole, and to annually evaluate the application of the criteria;
 - j) approval of company's risk appetite and risk tolerance limits, and the procedure for identifying, assessing, monitoring, managing and reporting the significant risks the company is or might be exposed to;
 - k) ensuring the preparation and implementing of clear action plans ensuring business continuity and for emergency situations and their bi-annual evaluation in order to eliminate risks or mitigate them;
 - l) ensuring the development of ethical and professional standards to ensure a professional and responsible behavior in the company in order to prevent the occurrence of conflicts of interest.

Article 8 Financial statements, financial audit, and internal audit.

- (1) The financial year of the company shall begin on the date of January 1, and end on December 31 of each year.
- (2) The annual financial statements, the annual report of the Board of Directors, and the proposal on the distribution of profit shall be made available to shareholders at least 30 days before the date of the general meeting of shareholders.



- (3) The net profit will be distributed according to the approval of the ordinary general meeting of shareholders and the legal provisions in force;
- (4) The company constitutes legal reserves and other reserves, in accordance with the law.
- (5) Dividends shall be distributed to shareholders in proportion to the number of shares held.
- (6) The payment of dividends due to shareholders is made by the company, in accordance with the law.
- (7) If a loss of net assets is found, the general meeting of shareholders will analyse the causes and decide accordingly, as per law.
- (8) The financial statements of the company are audited by a financial auditor in accordance with the applicable legal provisions.
- (9) The financial auditor will be appointed by the general meeting of shareholders, which will set the term of office. The activity of the financial auditor will be carried out in accordance with the legal provisions in force, based on a service contract that will be approved by the Board of Directors;
- (10) The company will organize its internal audit in accordance with the legal provisions in force.

Article 9 Company's personnel.

- (1) The organization of the company, the organizational chart and the salary limits are approved by the Board of Directors.
- (2) The members of the personnel are employed by the General Director.

Article 10 Loans.

The company may temporarily borrow funds, in compliance with the regulations in force.

Article 11 Investments of the company.

- (1) The company may acquire and hold investments only in the assets and under the conditions allowed by the regulations in force.
- (2) The investment policy is established by the company, in compliance with the prudential rules provided by the applicable regulations and legal provisions. The investment policy is established in accordance with the legal provisions applicable to alternative investment funds addressed to retail investors, with a diversified investment policy. The rules of AIF detail the investment policy and include the types of investments allowed according to the legal provisions.

Article 12 Reports.

The company shall publish reports and statements set by the regulations in force and comply with all reporting requirements established by law, regulations of the supervisory authority and of the regulated market on which the shares issued by the company are traded.

Article 13 Transparency.

- (1) The company shall provide all necessary facilities and information to enable shareholders to exercise their legal and statutory rights pursuant to the applicable legal provisions.
- (2) The Company shall provide equal treatment for all the shareholders who hold shares of the same class.

Article 14 Incompatibilities.

- (1) The persons elected in the Board of Directors shall meet the requirements laid down in Law 31/1990 republished and the capital market legislation and shall not be members of the board of directors / supervisory board or managers / members of the executive board of another AIFM/investment management company/investment company or of SIF Banat-Crișana' depositary bank, shall not be members of the board of directors/supervisory board of the SSIF with which SIF Banat-Crișana concluded a financial intermediation contract and shall not be employed or have any kind of contractual relationship with another SAI or investment company, except for other entities belonging to the same group;
- (2) The persons appointed as executive directors (managers) and the persons replacing them in office shall not be members of the board of directors / supervisory board or managers / members of the executive board of other AIFM or of SIF Banat-Crișana's depositary bank, shall not be members of the board of directors / supervisory board, managers or members of the executive board of the investment firm (SSIF) with which SIF Banat-Crișana concluded a financial intermediation contract and shall not be employed or have any kind of contractual relationship with another AIFM, except for other entities belonging to the same group.

Article 15 Company's net asset. Net asset value will be monthly calculated, certified, and published in compliance with the applicable regulations in force. The evaluation of the assets under company's



management for the calculation of the net asset value will be performed in compliance with the legal regulations in force.

Article 16 Depository.

(1). The company will conclude a depository contract with a depository (bank) authorized and supervised by the competent authority, in accordance with applicable law. The activities that the depository will carry out will be provided in the contract concluded between the Company and the depository (bank).

(2) The depository may be replaced, in accordance with the provisions of the contract concluded between the Company and the depository and in accordance with the regulations in force, ensuring the protection of investors in this situation.

Article 17 Dissolution and liquidation of the company.

(1) The dissolution of the company will take place in the cases expressly provided by law. In case of dissolution, the company will be liquidated.

(2) The liquidation will take place on the date of the termination of the company's existence. The Company's shares may not be redeemed at the request of investors, directly or indirectly, from the Company's assets, before the start of the liquidation phase of the Company.

(3) The liquidation complies with the procedure provided by law. After its completion, the liquidators will request the deregistration of the company from the Trade Register.

Article 18 Litigations.

Litigations of the company with natural or legal persons fall within the jurisdiction of the courts in Romania. They may be settled by arbitration.

Article 19 Matters not covered.

(1) Matters not regulated in this Articles of Association, which concern the operation of the company, merger, division, association with other companies, dissolution, and liquidation, are subject to the provisions of company law, as well as special regulations on alternative investment funds and alternative investment fund managers.

(2) Whenever the terms "law", "legal provisions", "legal regulations" are used in this Articles of Association, references shall be made to all regulations issued by the regulatory authority as well as to special or general legal provisions on the organization and operation of the company.

(3) Any subsequent normative acts that remove or restrict the limitations expressly provided for at present for self-managed alternative investment funds or for alternative investment funds managers, the clauses of this Articles of Association will be considered modified by the effect of the law.

Article 20 Amendment of the Articles of Association.

(1) The amendment of the articles of association will be made under the procedure provided by the regulations in force and under the conditions of the Articles of Association.

(2) The Chairman of the Board is empowered take the legal steps for the signing of the amended Articles of Association and request the registration with Arad Trade Register Office.

These Articles of Association have been rewritten today 04.05.2022, in 5 (five) original copies.

Chairman of SIF Banat-Crișana SA
Drăgoi, Bogdan-Alexandru



SIF BANAT-CRIȘANA

CONSOLIDATED REPORT

OF THE BOARD OF DIRECTORS

— FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022 —

prepared pursuant to Law no. 24/2017
and ASF Rule no. 39/2015

*This report is provided as a free translation from Romanian, which is the official and binding version.
In case of inconsistencies between the information provided in Romanian and those
provided in English, Romanian language shall prevail.*

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ANNEX 1	Consolidated financial statements for the financial year ended December 31, 2022, prepared pursuant to Rule no. 39/2015 for the approval of the Accounting Regulations compliant to the International Financial Reporting Standards, applicable to entities authorized, regulated, and supervised by the Financial Supervisory Authority (ASF) – Financial Instruments and Investments Sector – audited

1. GENERAL INFORMATION ON SIF BANAT-CRIȘANA GROUP

1.1 PRESENTATION OF THE GROUP

This report presents the SIF Banat-Crișana's consolidated financial results as of December 31, 2022, prepared in accordance with the International Financial Reporting Standards adopted by the European Union, and ASF Rule no. 39/2015 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, applicable to entities authorized, regulated, and supervised by ASF from the Financial Instruments and Investments Sector.

The Company's consolidated financial statements prepared for the financial year ended December 31, 2022, include the Company and its subsidiaries (hereinafter referred to as "Group"). For the financial year 2021, the Group comprises SIF Banat-Crișana (parent company), SAI Muntenia Invest S.A. and Administrare Imobiliare S.A.

1.2 ENTITIES IN THE SCOPE IN THE CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the Company. The control exists when the Company is exposed or has rights to the variable return based on its participation in the investee entity and could influence those revenues through its authority over the entity in which it invested. When assessing control, potential voting rights that are exercisable or convertible at that time are considered.

The financial statements of subsidiaries are included in the consolidated financial statements from the moment of exercising the control begins and until its termination. Accounting policies of subsidiaries have been changed to align them with those of the Group.

The list of investments in subsidiaries as of December 31, 2022, and December 31, 2021, is as follows:

No.	Company name	Stake held (%)	
		December 31, 2022	December 31, 2021
1	(SIF Imobiliare PLC Nicosia)	99.9997	99.9997
2	(SIF SPV Two Bucharest)	99.99	99.99
3	SAI Muntenia Invest SA Bucharest	99.98	99.98
4	(SIF1 IMGB)	99.92	99.92
5	(Napomar SA Cluj-Napoca)	99.43	99.43
6	(SIF Hoteluri SA Oradea)	99.00	99.00
7	(Azuga Turism SA Bucharest)	98.94	98.94
8	Administrare Imobiliare SA Bucharest	97.40	97.40
9	(Silvana SA Cehu Silvaniei)*	96.28	96.28
10	(Iamu SA Blaj)	76.70	76.70
11	(Vrancart SA Adjud)	75.50	75.06
12	(Central SA Cluj)	74.53	74.53
13	(Uniteh SA Timișoara)**	36.34	36.34
14	(SIFI CJ Logistic)**	5.53	5.53
15	(Ario SA Bistrița)*	93.64	93.64

The subsidiaries shown in brackets in the table above were excluded from the consolidation as the effect of the status of investment entity according to IFRS 10.

* bankruptcy

** Uniteh SA and SIFI CJ Logistic are subsidiaries because of the direct and indirect control through SIF Imobiliare Plc Nicosia

Associated entities

Associated entities are those companies in which the Company can exercise significant influence, but not the control on the financial and operating policies.

The entities in which the Company holds stakes between 20% and 50%, over which exerts significant influence:

No.	Company name	Stake held (%)	
		December 31, 2021	December 31, 2021
1	Gaz Vest SA Arad*	-	25.82
2	Biofarm SA Bucharest	36.75	36.75

*full sale of the stake in 2022

As of December 31, 2022, SIF Banat-Crişana has representatives on the Board of Directors of Biofarm, taking part in their policy development. The Company measures associated entities at fair value through profit and loss.

Transactions excluded on consolidation

Settlements and transactions within the Group, and unrealized profits arising from intragroup transactions, are fully eliminated from the consolidated financial statements.

The accounting policies disclosed hereinafter have been consistently used over all the periods presented in the consolidated financial statements. The accounting policies have been consistently applied by all entities within the Group.

2. PRESENTATION OF THE ENTITIES WITHIN THE GROUP

2.1 INFORMATION OF THE ACTIVITY OF SIF BANAT-CRIȘANA

COMPANY NAME	Societatea de Investiții Financiare Banat-Crișana S.A. (hereinafter referred to as "SIF Banat-Crișana" or "the Company")
COMPANY TYPE	<ul style="list-style-type: none">▪ joint stock company, Romanian legal entity with entire private capital▪ established as a self-managed investment company, authorized by the Financial Supervisory Authority as Alternative Investment Fund Manager (AIFM) - Authorization no. 78 / 09.03.2018, and as closed-ended alternative investment fund, diversified, addressed to retail investors (AIFRI) - Authorization no. 130 / 01.07.2021
SHARE CAPITAL	<ul style="list-style-type: none">▪ RON 50,751,005.60 – subscribed and paid-up capital▪ 507,510,056 shares issued; entirely outstanding as of December 31, 2022▪ RON 0.10 per share nominal value
REGISTRATIONS	<ul style="list-style-type: none">▪ Number in Trade Register J02/1898/1992▪ Tax Identification Code RO 2761040▪ Number in ASF AFIAA Register PJR07.1AFIAA / 020007 / 09.03.2018▪ Number in ASF FIAIR Register PJR09FIAIR / 020004 / 01.07.2021▪ Legal Entity Identifier (LEI) 254900GAQ2XT8DPA7274
MAIN ACTIVITY	Main activity is, as per the classification of economic activities in the national economy (NACE; ro: CAEN): financial intermediation, except for insurance and pension funds (NACE Code 64), and the main object of activity: Other financial intermediation n.c.a. (NACE Code 6499): <ul style="list-style-type: none">▪ portfolio management▪ risk management;▪ other activities carried out within the collective management of an investment fund, allowed by the legislation in force.
TRADING MARKET	The company is listed since November 1, 1999, on the regulated market of Bucharest Stock Exchange (BVB or BSE) – Premium category - ticker SIF1
FINANCIAL AUDITOR	Deloitte Audit S.R.L.
DEPOSITARY BANK	Banca Comercială Română (BCR)
SHARES AND SHAREHOLDERS' REGISTRY	Depozitarul Central S.A. Bucharest
HEADQUARTERS	Arad , 35A Calea Victoriei, 310158, Romania TEL +40257 304 438 FAX +40257 250 165 EMAIL sifbc@sif1.ro WEB www.sif1.ro
BRANCH	SIF Banat-Crișana SA Arad-Bucharest Branch-Rahmaninov 46-48 S. V. Rahmaninov Str., 3rd floor, sector 2, 020199, Bucharest

CONTACT Investor relations: email investitori@sif1.ro **tel** +40257 304 446

KEY FINANCIAL AND OPERATIONAL INFORMATION FOR SIF BANAT-CRIȘANA

FINANCIAL POSITION [RONm]			
	2020	2021	2022
Total assets, of which	2,883.77	3,607.39	3,405.26
Total financial assets	2,859.53	3,579.13	3,374.95
Equity	2,729.90	3,416.13	3,242.85
Total liabilities	153.87	191.26	162.41

FINANCIAL PERFORMANCE (IFRS) [RONm]			
	2020	2021	2022
Income	94.84	135.55	174.92
Gain on investment	27.82	288.29	(47.40)
Expenses	28.47	27.50	24.39
Gross profit	94.18	396.34	103.12
Net profit for the year	92.12	387.00	95.47

FINANCIAL INDICATORS [%]			
	2020	2021	2022
ROE (net profit / equity)	3.37	11.33	2.94
ROA (net profit / total assets)	3.19	10.73	2.80
Gross profit margin (gross profit / total income)	30.47	73.32	27.43

SHARES AND NET ASSET PERFORMANCE			
	2020	2021	2022
Share price (year end, in RON)	2.2000	2.5400	2.4300
Net asset value* / share (RON)	5.6051	6.7170	6.3817
PER**	12.3	3.4	12.9
Dividend / share (RON)	-	0.06	***
Accounting net asset / share (RON)	5.3055	6.7311	6.3897
Nominal value of share (RON)	0.1	0.1	0.1
Number of issued shares	515,422,363	515,422,363	507,510,056
Number of outstanding shares	514,542,363	507,510,056	507,510,056

* calculated acc. to ASF regulations
** calculated using EPS for the average number of shares in the respective year
*** as per GMS decision

OPERATIONAL DATA			
	2020	2021	2022
Number of employees, year end	34	33	32
Number of branch offices	1	1	1

SHAREHOLDING STRUCTURE as of December 31, 2022		
	number of shareholders	stake
Romanian individuals	5,738,903	40.18%
Non-resident individuals	2,125	0.34%
Romanian legal entities	114	43.67%
Non-resident legal entities	22	15.81%
TOTAL	5,741,164	100%

MILESTONES OF SIF BANAT-CRIȘANA'S ACTIVITY IN 2022

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

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

SIF Banat-Crișana's objective is the efficient management of a diversified portfolio comprised of high-quality assets, capable of providing a steady flow of revenues, the preservation and medium-long term capital growth, to increase the value for shareholders and obtain as high yields for the invested capital.

The strategic allocations by asset classes and within each class are based on assessments of the individual attractiveness of investment opportunities, under the conditions of the macroeconomic and market environment at the time.

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 competency levels approved by the company's Board of Directors.

SIF Banat-Crișana has under management a diversified portfolio, consisting of the following main categories of financial instruments: shares, bonds, and fund units. The company applies an exit strategy adapted to the specifics of each investment, defined based on the applied strategy, the investment objectives, the conditions of the exit transaction.

The execution of various exit strategies is adapted and correlated with a series of internal and external factors, such as: general economic outlook, course of financial markets, liquidity of listed equity securities and daily trading volumes, small business regional, access barriers depending on the shareholders' structure, Company's needs for liquidity.

Lines of action for the portfolio management:

- establishment of a diverse portfolio of assets apt to reach the targeted returns at the decided risk level
- improving portfolio quality, as basis for its growth and capacity to constantly generate revenues
- portfolio management and development to adapt to the overall risk profile
- development of specific areas of expertise that form the basis of operations
- improvement of corporate governance practices

SIF Banat-Crișana has under management a diversified portfolio, and the financial instruments in which it invests are mainly shares, fixed income financial instruments and fund units.

In the investment process, SIF Banat-Crișana acknowledges that global sustainability challenges, including climate change, resource scarcity and human rights are of critical importance 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 regarding the criteria applied to determine whether an economic activity qualifies as sustainable and contributes substantially to one or more among the sustainability objectives.

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

Understanding the importance of ESG factors and their long-term impact, SIF Banat-Crișana will consider analysing and deciding on the consideration of the negative effects of investment decisions on the sustainability factors, informing investors on any new concrete steps taken in this regard.

Information on the objectives and investment policy, as well as the description of the types of assets in which SIF Banat-Crișana can invest as an Alternative Investment Fund addressed to Retail Investors (AIFRI; in Romanian: FIAIR) are presented in detail in the fund's operating documents, available for consultation. on the company's website, at www.sif1.ro, in the section *Corporate Governance* › *AIFRI*.

SIF Banat-Crișana net asset value (NAV) as of December 31, 2022, amounted to **RON 3,238,773,573¹**, down **4.99%** as compared to **RON 3,408,921,783** as of December 31, 2021, while net asset value per share (NAV/S) was of **RON 6.3817** on December 31, 2022, vs. RON 6.7170 as of December 31, 2021.

The calculation of NAV and NAV/S is performed by SIF Banat-Crișana on a monthly basis, the values are certified by the depositary bank Banca Comercială Română (BCR). Throughout 2022, the valuation of assets for the calculation of SIF Banat-Crișana NAV was carried out in full compliance with the regulations issued by the Financial Supervisory Authority.

Monthly reports on net asset value were submitted to Bucharest Stock Exchange and the Financial Supervisory Authority – Financial Instruments and Investments Sector, and are permanently available to investors, as they are published on SIF Banat-Crișana website (www.sif1.ro) no later than 15 calendar days from the end of the period for which reporting is done.

Starting with July 1, 2021, the date of authorization of SIF Banat-Crișana as an alternative investment fund addressed to retail investors, the calculation of the net asset value was performed in accordance with the provisions of *Law no. 243/2019 on alternative investment funds and for the amendment and completion of certain normative acts* and of the *ASF Regulation no. 7/2020 on the authorization and operation of alternative investment funds* with subsequent amendments and completions. From this date, the reporting formats of *statement of assets and liabilities*, respectively *the detailed statement of investments*, related to the reporting period comply with the content established in annexes no. 10 and 11 of the ASF Regulation no. 7/2020, with subsequent amendments and completions.

Throughout 2022, the valuations of assets for NAV calculation were performed in accordance with the provisions of the regulations issued by the Financial Supervisory Authority, complying with the provisions of ASF Regulation no. 10/2015 and ASF Regulation 9/2014 (art. 113 – 122), with subsequent amendments and completions.

The valuation methods applied by the Company to evaluate the financial assets in the portfolio are presented on Company's website, www.sif1.ro, in the operating documents as AIFRI, namely Simplified Prospectus, Rules of the Fund in the section *Corporate Governance* › *AIFRI*, and in the section *Investments* › *Net Asset* › *Net asset value calculation methodology*.

The investment limits and restrictions incidental to the operations carried out by SIF Banat-Crișana during 2022 complied with the legal provisions incidental to the quality of Closed, Diversified Alternative Investment Fund addressed to retail investors and no violations of these limits were recorded.

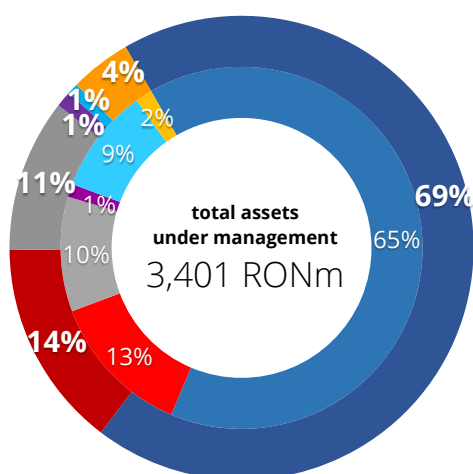
The management has established procedures for the internal risk management to identify, monitor and cover the risks associated with the investments made by the Company. The management regularly reviews the compliance with the prudential limits and investment

¹ Net Asset Value as of 31.12.2022 was recalculated as follows: portfolio items (shares) valued on the basis of valuation reports - recorded at values updated as of 31.12.2022; non-portfolio items - based on the final balance sheet underlying the preparation of the standalone annual financial statements subject to the approval of the OGM of April 2023. Statement of assets and liabilities of SIF Banat-Crișana as of December 31, 2022, and detailed statement of investments (as per annexes 10 and 11 to Regulation No. 7/2020) - recalculated and certified by the depositary of assets, Banca Comercială Română - are attached to this report.

restrictions, so that in the event of unintentional breaches of applicable investment restrictions due to changes in stock market quotations or other circumstances, the management is able to take immediate remedial action.

ASSETS UNDER MANAGEMENT as of December 31, 2022

breakdown on classes (weight on total assets)



- **listed shares**

value **2,336.59 RONm**
(31.12.2021: 2,328.99 RONm)

- **unlisted shares**

value **492.84 RONm**
(31.12.2021: 466.21 RONm)

- **unlisted fund units**

value **362.94 RONm**
(31.12.2021: 369.18 RONm)

- **corporate bonds**

value **37.58 RONm**
(31.12.2021: 42.38 RONm)

- **bank deposits + cash available**

value **26.61 RONm**
(31.12.2021: 339.36 RONm)

- **receivables and other assets**

value **144.62 RONm**
(31.12.2021: 54.07 RONm)

Note: values calculated as of December 31, 2022 (the outer ring), and December 31, 2021 (the inner ring), as per ASF Regulations no. 9/2014, no. 10/2015, and no. 7/2020

Detailed information on SIF Banat-Crişana's activity in 2022, the statement of assets and liabilities and the detailed statement on investments as of December 31, 2022, the management of risks the Company is exposed to, corporate governance matters, are presented in the Annual Report for 2022, that includes the Standalone Financial Statements as of 31.12.2022, prepared as per IFRS, available on the Company's website at www.sif1.ro.

2.2 INFORMATION ON THE ENTITIES INCLUDED IN THE CONSOLIDATION

SAI MUNTENIA INVEST SA Bucharest

SIF Banat-Crișana stake as of 31.12.2022: 99.98%

Societatea de Administrare a Investițiilor (Investment Management Company) Muntenia Invest SA ("SAI Muntenia Invest SA") was established in 1997, as a joint stock company, and entered in SIF Banat-Crișana's portfolio in 2013. SAI Muntenia Invest has no subsidiaries, branches, or places of business.

The company's main activity (as per the Code of Classification of Activities in the National Economy – other financial intermediation n.c.a.) is the management of collective investment undertakings in transferable securities (UCITS, Ro: OPCVM) established in Romania or in another Member State, and the activity of management of alternative investment funds (AIF), in compliance with the provisions of the relevant legislation. The activity of SAI Muntenia Invest is regulated and supervised by ASF.

Starting with December 21, 2017, SAI Muntenia Invest is registered as Alternative Investment Fund Manager (AIFM) and was registered in ASF Register as registered AIFM. Thus, SAI Muntenia Invest may carry out both the activities of management of collective investment undertakings (UCITS) and alternative fund management activities (AIF), regarding portfolio management and risk management.

The activity of SAI Muntenia Invest was carried out during 2022 in compliance with the provisions of Law no. 31/1990 on trading companies, GEO no. 32/2012 and ASF Regulation no. 9/2014 as authorized AIF, and Law no. 74/2015 on the managers of alternative investment funds and ASF Regulation no. 10/2015, as registered AIFM, as well as in accordance with the provisions of its articles of incorporation and own internal regulations.

The current activity of SAI Muntenia Invest SA carried out during 2022 was the management of SIF Muntenia S.A. FDI Plus Invest and FIA Muntenia Trust.

Administration, management of the financial assets portfolio and making financial investments for SIF Muntenia S.A. were made in compliance with the legal provisions in force, the provisions of the management contract concluded between the Company and SIF Muntenia S.A., the articles of association of SIF Muntenia S.A., as well as the provisions of the Management Program approved by the General Meeting of Shareholders of SIF Muntenia S.A. held on April 28, 2022.

The open investment fund FDI Plus Invest operates under the authorization issued by ASF no. A/86/09.04.2014 and it is registered in the ASF Registry under no. CSC06FDIR/120092. FDI Plus Invest has as its objective investing the financial resources in such a way as to provide investors with the protection of invested capital from the eroding effect induced by long-term inflation, and obtaining higher returns than they would obtain should they individually invested the amounts in bank deposits. The management of the Fund was carried out in 2022 in terms of continuity, in compliance with the Fund's documents and the legal regulations in force.

FIA Muntenia Trust belongs to the category of Alternative Investment Funds (AIF) of contractual type with private capital (FIAIPCP) addressed to professional investors, proposing to identify opportunities offering superior risk-adjusted returns, with a view to the long-term increase of the invested capital. FIA Muntenia Trust was authorized as FIAIPCP by ASF authorization no. 147/13.10.2022 and is registered in the ASF Register under no. CSC09FIAIPCP/400001. The objective of the Fund is to mobilize the financial resources attracted from its investors, to invest them, in general, in shares and bonds issued by Romanian companies. The Fund is addressed to professional investors with an above-average risk appetite, agreeing with and adopting the Fund's investment policy.

During 2022, SAI Muntenia Invest did not invest on its behalf or through entities managed in derivative financial instruments (traded on regulated markets, on organized trading systems (OTF) or outside markets (OTC) and not has not used leverage, collateral, or asset reuse techniques, nor has it carried out securities financing transaction (SFT) operations, nor has it used full return swap instruments, as defined by the Regulation (EU) 2015/2365.

Administrare Imobiliare SA Bucharest

SIF Banat-Crișana stake as of 31.12.2022: 97.40%

Administrare Imobiliare SA was established in 2007 under the name “Dacia Meridian Expres”, having a portfolio of assets with which SIF Banat-Crișana withdrew its contribution from various trading companies located in the counties of Arad and Bihor, namely: Aris SA Arad (in 2007), Amet SA Arad (in 2012), and Argus SA Salonta (in 2010).

In 2013, the company changed its corporate name to Administrare Imobiliare SA (“AISA”) and its headquarters was moved to Bucharest and in the same year the company is incorporated into the holding SIF Imobiliare Plc., which holds a stake of 98.9% of AISA share capital.

The main activity of AISA is the business and management consulting activity, providing investment management services to all the companies within SIFI group: investment management, investment opportunities consultancy, management, and administrative consultancy services.

As per its Articles of Incorporation, besides its main activity, AISA could provide other secondary activities, such as: 4110 real estate development (promotion), 6810 purchase and sale of own real estate properties, 6820 - Renting and sub-renting own or rented real estate properties.

In December 2018, as an investment opportunity in the real estate field emerged, a capital increase of AISA was operated, with cash contribution, to capitalize the company and to attract financing sources to capitalize on opportunities appeared on the real estate market. SIF Banat-Crișana is co-opted as shareholder, the cash contribution being of RON 40.12m. Following this transaction, SIF Banat-Crișana becomes a shareholder with a stake of 97.4% in the share capital of AISA while the stake of SIF Imobiliare Plc decreases to 2.6%.

The investment projects intended by AISA at the time of the share capital increase were completed during 2019 and materialized in the purchase of a building and the related land located in Bucharest, 46-48 Serghei Vasilievici Rahmaninov Str., Sector 2, and a land of 30,447 sqm (with 17,646 sqm of constructions) located in Bucharest, 59 Șos. Vergului, Sector 2.

2.3 OUTLOOK ON THE ACTIVITY

Domestic economic environment

Macroeconomic indicators in Romania continued to evolve divergently in the recent period.

The main influences on the domestic economy in 2022 were in line with the European ones, where the post-covid economic effects and the extreme volatilities of gas and electricity prices following the invasion of Ukraine by Russia strongly fuelled the inflationary push.

Economic growth forecasts for the current year and next year are divergent, given the very complex and unpredictable geostrategic context. As a result, the institutions published expectations with significant differences at the level of Romania's GDP growth scenarios for 2023 and 2024.

The IMF estimated +3.1% for 2023, the World Bank +2.6% for 2023 and +4.2% for 2024. The European Commission expects a more moderate economic growth of +2.5% in 2023, and a spurt up to +3.0% for 2024.

The steeply rising inflation rate has prompted central banks to adopt a hawkish monetary policy. As early as the first month of 2022, the National Bank of Romania started a tougher monetary tightening, by increasing the monetary policy interest rates, from 1.75% in December 2021 to 2% in January 2022. From February, to restrain inflation, the Governor of the BNR decided to accelerate the rate of increase in reference rates in several steps, reaching at the end of 2022 a reference interest rate of 6.75%, together with the credit facility of 7.75% and a deposit facility of 5.75%. Currently, the monetary policy interest set by BNR is 7%, the credit facility 8% and the deposit facility 6%.

The rating agencies kept unchanged Romania's rating and outlook. Moody's and Standard & Poor's gave a stable outlook, while Fitch reported a negative outlook. Ratings were maintained at Baa3 by Moody's, and S&P and Fitch rated current conditions at BBB-.

BVB (BSE) capital market

The difficult regional and international context, impacted mainly by the war in Ukraine, rising monetary policy interest rates, double-digit inflation rates, rising energy prices, as well as supply chain disruptions, affected all capital markets.

In this difficult market context, all BSE indices ended 2022 in the red, but with a less steep decline vs. the level shown by the main global indices such as the S&P500 in the US or the STOXX600 in the EU. The BET index, which includes the 20 most liquid companies listed on the BVB, recorded a 10.7% decrease at the end of last year, to a level of 11,663 points, the BET-TR decreased by almost 1.9% and reached 22,686 points. By comparison, the European STOXX600 index slumped last year by 12.9%, while the US S&P500 index fell by 19.4%.

The domestic capital market managed to effectively develop several important operational indicators in 2022 and reached new records on three levels of liquidity after a challenging 2022, recording new highs in terms of total trading value, average daily liquidity, and the number of transactions.

At the end of 2022, most of the stock market valuation indicators failed to maintain to the level of last year's equivalent period.

For the year 2023, the listing of Hidroelectrica and the Central Counterparty commencing its activity are on the agenda of the capital market, which should contribute in the medium and long term to a doubling of market liquidity, based on the statements of the BVB management.

The Central Counterparty project has entered a technical stage of implementation and authorization, and the first derivative products will be available on the capital market in 2023.

In this period of volatility and uncertainty, SIF Banat-Crișana and the companies in the group will continue to closely monitor the progress of the financial markets and the specific industries in which they operate.

SIF Banat-Crișana expects that there will be no difficulties at the group level regarding the fulfilment of obligations with respect to shareholders and obligations towards third parties, the current and estimated cash flows being sufficient to cover the payments committed during the year.

3. SUMMARY OF CONSOLIDATED FINANCIAL DATA FOR THE GROUP AS AT 31.12.2022

The consolidated financial statements as of December 31, 2022, enclosed, were prepared pursuant to ASF Rule no. 39/2015 approving Accounting Regulations applicable to entities authorized, regulated, and supervised by the Financial Supervisory Authority (ASF) in the Sector of Financial and Investment Instruments.

3.1 BASES OF PRESENTATION OF CONSOLIDATED STATEMENTS

The Group has adopted a presentation based on liquidity in the consolidated statement of financial position and a presentation of revenues and expenses by their nature in the consolidated statement of comprehensive income, considering these methods of presentation provide information that is credible and more relevant than that which would have been presented based on other methods permitted by IAS 1 "Presentation of Financial Statements".

The consolidated financial statements are prepared based on convention of fair value for the financial assets and liabilities at fair value through profit and loss and financial assets at fair value through other comprehensive income, tangible assets (property, plant, and equipment) such as land and construction and investment property.

The consolidated financial statements have been prepared using the business continuity principle, which assumes that the parent company, its subsidiaries, and companies in its portfolio will have their assets available and meet their obligations in the course of their business.

The parent company has applied the amendments to IFRS 10 on investment entities, starting with the financial year 2018. The parent company measures all its subsidiaries at fair value through profit and loss, except for subsidiaries that provide investment-related services, which will be consolidated.

3.2 CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME (extract from the accompanying consolidated financial statements)

[in RON]	December 31, 2022	December 31, 2021
Revenues		
Dividend income	148,191,611	123,753,336
Interest income (assets at amortized cost, assets at FVTOCI)	4,878,640	2,116,486
Interest income (assets at FVTPL)	6,034,034	3,135,548
Other operating revenues	32,102,805	56,289,009
Gain/(Loss) on investment		
Gain / Loss) on investment property	352,346	491,691
Gain / Loss) on foreign exchange	88,916	2,327,613
Gain / Loss) on financial assets at FVTPL	(47,405,752)	285,336,097
Expenses		
Reversals / (set-up) of provisions for risks and expenses	(251,801)	(148,186)
Reversals / (set-up) of adjustments for impairment of current assets	376,857	68,490
Interest expenses	(434,623)	(436,051)
Commissions expenses	(4,350,043)	(5,109,130)
Other operating expenses	(35,410,450)	(36,695,964)
Profit before tax	104,172,540	431,128,939
Income tax	(10,630,283)	(15,959,386)
Net profit for the financial year	93,542,257	415,169,553
Profit is attributable to:		
Parent company	93,539,352	415,162,676
Non-controlling interests	2,905	6,877
Total profit for the financial year	93,542,257	415,169,553
Other comprehensive income	(246,365,869)	286,978,168
Total comprehensive income for the period	(152,823,612)	702,147,721

Structurally, the **Total Revenues** of the Group in 2022 are the result of dividends collected related to the shares held by the parent company, and the revenues obtained by subsidiaries from the investment management activity (management fee). The increase compared to the previous year is mainly influenced by the increase in dividend income collected by the parent company, given that the revenues obtained by the subsidiaries from the management activity (included in other operating revenues) were impacted in 2022 by the absence of the performance fee.

The change of **Net gain on investment** compared to the previous year is due to negative differences in value related to assets measured at fair value through profit and loss (shares in unconsolidated subsidiaries, shares in associates, holdings in fund units and corporate bonds). The main elements generating unfavourable differences in fair value were shareholdings in listed subsidiaries and associated entities, given that in 2021 they represented the main source of the gain on investment reported by the parent company.

Expenses include the total operational expenses (remuneration, commissions, etc.) incurred in the investment management activity carried out by the Group. Their structure and details are set out in the specific notes to the consolidated financial statements accompanying this report.

The category **Other comprehensive income** contains both the gain on transaction recognized directly in equity (retained earnings) and the effect of the fair value measurement of the Group's portfolio of financial securities. The change in the fair value of the financial assets is mostly attributable to the parent company. The unfavourable change of this component compared to the previous year is the effect of significant decreases in the fair values of financial assets at fair value through other comprehensive income listed on the Stock Exchange, mainly of issuers with a financial profile.

3.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION (extract from the accompanying consolidated financial statements)

[in RON]

	December 31, 2022	December 31, 2021
Assets		
Cash and cash equivalents	38,538,814	268,254,328
Bank deposits	30,786,239	114,910,692
Financial assets at fair value through other comprehensive income (bonds)	-	5,283,259
Other financial assets		34,583,936
Other assets	16,079,974	308,166
Financial assets held for sale	456,795	45,522,520
Financial assets at fair value through profit and loss	46,792,387	1,680,565,630
Financial assets at fair value through other comprehensive income (shares)	1,742,399,219	1,421,724,975
Investment property	1,486,550,751	30,840,716
Tangible assets	31,210,877	6,820,615
Total assets	3,399,510,296	3,608,814,837
Liabilities		
Payable dividends	10,042,310	-
Other financial liabilities	46,700,851	42,082,799
Other liabilities and deferred income	251,757	293,418
Borrowings	16,311,778	15,878,238
Debts related to leasing	5,250	28,572
Provisions for risks and expenses	2,840,997	2,329,196
Deferred income tax liabilities	137,029,193	180,597,407
Total liabilities	213,182,136	241,209,630
Equity		
Share capital	50,751,006	51,542,236
Treasury shares	-	(21,363,229)
Losses on the repurchase of own shares	-	(330,998)
Benefits granted in equity instruments	2,000,537	-
Other reserves	1,604,099,887	1,249,578,037
Reserves from revaluation of tangible assets (property, plant, and equipment)	1,176,569	1,176,569
Legal reserves	10,410,602	10,568,848
Reserves from revaluation of financial assets at FVTOCI	662,131,924	910,357,994
Retained earnings	855,737,756	1,166,055,407
Total	3,186,308,281	3,367,584,864
Non-controlling interests	19,879	20,343
Total equity	3,186,328,160	3,367,605,207
Total equity and liabilities	3,399,510,296	3,608,814,837

Significant changes in patrimonial items over the previous year are due to structural changes of the assets of the parent company, effect of:

- Recognition of positive value differences for
 - *Financial assets at fair value through profit and loss (FVTPL)* (with an impact on equity under the position *Retained earnings*) and related
 - *Financial assets at fair value through other comprehensive income (FVTOCI)* (with an impact on equity within the *Reserves from the revaluation of financial assets measured at fair value through other comprehensive income*) respectively within liabilities in the category *Deferred income tax liabilities* (which includes debt adjustment as a result of the increase in the taxable component of reserves from the fair value measurement).

- Investing activity in 2022, by significant investments in listed shares investments recorded in the category of *Financial assets at fair value through other comprehensive income* and granting a loan to a subsidiary non included in the scope of consolidation.

3.4 PRESENTATION ON SEGMENTS

In 2022 and 2021, the Group operated on a single segment, namely the financial activity.

Within the financial activity, the activity of three companies was included (2021: 3).

4. DESCRIPTION OF MAIN RISKS FOR THE GROUP

The most significant financial risks the Group is exposed to are the credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate risk and the price risk of equity instruments.

The Group uses a variety of policies and procedures for managing and evaluating the types of risk to which it is exposed, both at the parent company and subsidiary levels. These policies and procedures are detailed in the sub-chapters dedicated to each type of risk under *Note 5* of the attached Consolidated Financial Statements for 2022, attached.

4.1 Financial risks

Market risk

Market risk is the risk that changes in market prices, such as price of shares, interest rates and exchange rates to have impact on Group's revenues or the value of financial instruments held. Market risk of (own) equity instruments represent the risk that the value of such instrument to vary following the changes of prices on the market, either due to factors specific to the issuer's activity or factors affecting all instruments traded on the market.

The market risk of equity instruments results predominantly from the shares available for sale. The entities in which the Group holds shares operate in various industries. The objective of market risk management is to control and manage market risk exposures within acceptable parameters, to the extent of optimizing profitability. The Group's market risk management strategy is driven by its investment objective, and the market risk is managed in accordance with its policies and procedures.

The Group is exposed to the following market risk categories:

Price risk is the risk of losses on balance sheet positions due to asset price changes.

The Group is exposed to the risk that the fair value of the financial instruments held may fluctuate following the changes in market prices, whether due to factors specific to the issuer's activity or factors impacting all instruments traded on the market.

The Board of directors monitors how market risk management is carried out, and internal procedures provide that, when price risks are not in line with the Group's investment policy and principles, the portfolio must be rebalanced.

A positive 10% change in the price of financial assets at fair value through profit or loss (shares in subsidiaries, associates, corporate bonds, and fund units) would lead to a profit increase after tax, by RON 154,224,584 (December 31, 2021: RON 161,515,907), a negative variation of 10% having an equal net impact of the opposite sign.

A positive 10% change in fair value prices of other financial assets at fair value through other comprehensive income, investments in shares and corporate bonds, would lead to an increase in equity, net of profit tax, of RON 125,507,709 (December 31, 2021: RON 120,191,670), a negative variation of 10% having an equal net impact of the opposite sign.

Interest rate risk is the risk that the Group's revenues or expenses, or the value of the Group's assets or liabilities fluctuate following the changes in market interest rates.

Regarding the Group's 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 that of interest-bearing debt. However, interest rate risk can also affect the value of fixed interest-bearing assets (for example, bonds), so an increase in the market interest rate will lead to a decrease in

the value of future cash flows generated by them and may lead to a reduction in their price, if it increases investors' preference to place their funds in bank deposits or other instruments whose interest rates have risen, and vice versa - a reduction in the market interest rate may increase the price of shares and bonds and would increase the fair value of future cash flows.

The Group does not use derivative financial instruments for hedging against interest rate fluctuations.

Impact on the Group's net profit (on the back of income/expenses with/on interest) of a change of $\pm 1.00\%$ in the interest rate on variable-yield assets and liabilities denominated in other currencies corroborated by a change of $\pm 1.00\%$ in the interest rate on assets and liabilities carrying liabilities variable interest rate and denominated in RON is of RON 1,656,082 (December 31, 2021; RON 2,096,670).

For the bonds recorded at fair value (level 1) held, a variation of $\pm 5\%$ of their market price determines a net impact in the amount of \pm RON 1,579,716 (December 31, 2021: \pm RON 1,579,716) in the profit and loss account respectively in the amount of \pm RON 0 (December 31, 2021: \pm RON 221,484) in other comprehensive income.

Currency risk is the risk of loss or not achieving the expected profit due to unfavourable fluctuations in the exchange rate. The Group invests in financial instruments and performs transactions denominated in currencies other than its functional currency and is thus exposed to the risk that the exchange rate of the domestic currency in relation to another currency will have adverse effects on fair value or future cash flows of that portion of the financial assets and liabilities denominated in another currency.

The Group's assets and liabilities denominated in the Romanian currency (Leu or RON) and in foreign currencies as of December 31, 2022, and December 31, 2021, are presented below:

Financial assets exposed to currency risk (in RON)

	2022	2021
Cash and cash equivalents	19,805,929	252,546,206
Bank deposits	3,968,576	83,185,935
Financial assets at fair value through profit and loss	145,226,312	15,217,333
Financial assets at fair value through other comprehensive income	147,927,260	209,887,194
TOTAL	316,928,078	560,836,669
Loans	(1,154,778)	(1,146,579)
Debt related to leasing contracts	(5,250)	(28,572)
Total liabilities	(1,160,028)	(1,175,151)
Net financial assets	315,768,050	559,661,517

Credit risk

Credit risk is the risk that a counterparty of a financial instrument fails to meet an obligation or financial engagement in which it has entered into a relationship with the Group, thus resulting in a loss for the Group.

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

The management of the Group closely and consistently monitors the exposure to credit risk so that it does not suffer losses because of the concentration of credit in a particular sector or business.

Below we present the financial assets with exposure to credit risk:

December 31, 2022	Current bank accounts	Bank accounts	Loans	Corporate bonds (FVTPL)	Other financial assets	Total
BBB+	19,748,766	1,045,573	-	-	-	20,794,339
BBB	3,304,865	9,359,000	-	-	-	12,663,865
BBB-	3,514	12,015,220	-	-	-	12,018,734
BB+	208,844	5,580,000	-	-	-	5,788,844
BB	6,631	9,156,436	-	-	-	9,163,067
BB-	978	-	-	-	-	978
B+	8,405,422	-	-	-	-	8,405,422
Baa1	68,983	-	-	-	-	68,983
NR	90,045	-	135,340,462	38,313,018	16,079,974	189,823,499
TOTAL	31,838,048	37,156,229	135,340,462	38,313,018	16,079,974	258,727,731

Liquidity risk

Liquidity risk is the risk that the Group encounters difficulties in meeting the obligations arising from short-term financial liabilities that fall due by cash or other financial means, or that such obligations are extinguished in an unfavourable manner for the Group.

The Group monitors the evolution of the liquidity level in order to be able to pay its obligations at the date when they become due and continuously analyses the assets and liabilities, depending on the remaining period up to the contractual maturities.

The structure of assets and liabilities was analysed based on the remaining period from the balance sheet date to the contractual maturity date as of December 31, 2022, and is presented in the table below:

In RON

December 31, 2022	Accounting value	under 3 months	between 3 and 12 months	Over 1 year	Without pre-established maturity
Financial assets					
Cash and cash equivalents	38,538,814	38,538,814	-	-	-
Bank deposits	30,786,239	30,786,239	-	-	-
Financial assets measured FVTPL	1,742,399,219	700,722	135,340,462	37,612,296	1,568,745,738
Financial assets measured FVTOCI	1,486,550,751	-	-	-	1,486,550,751
Other financial assets	17,439,803	17,439,803	-	-	-
Total financial assets	3,315,714,826	87,465,578	135,340,462	37,612,296	3,055,296,489
Financial liabilities					
Payable dividends	10,042,310	10,042,310	-	-	-
Loans	16,311,778	-	-	16,311,778	-
Current profit tax liability	5,250	5,250	-	-	-
Other financial liabilities	46,700,851	46,700,851	-	-	-
Total financial liabilities	73,060,189	56,748,411	-	16,311,778	-
Liquidity excess	3,242,654,637	30,717,167	135,340,462	21,300,518	3,055,296,489

Other risks

By the nature of its activity, the Group is exposed to various types of risks associated with the financial instruments and the market it invests. The main types of risks to which the Group is exposed are:

- taxation risk;
- business environment risk;
- operational risk.

Risk management aims to maximize the Group's profit relative to the level of risk to which it is exposed.

The Group uses a variety of policies and procedures to manage and assess the types of risk to which it is exposed. These policies and procedures are presented in the subchapter dedicated to each type of risk.

Taxation risks

Since January 1, 2007, following the accession of Romania to the European Union, the Group has had to comply with the European Union's regulations and, as a result, has prepared itself to apply the changes brought about by European legislation. The group has implemented these changes, but their implementation remains open to fiscal audit for 5 years.

The interpretation of the texts and the practical implementation of the procedures of the new applicable tax regulations may vary and there is a risk that in certain situations the tax authorities will adopt a different position from that of the Group.

From the corporate tax point of view, there is a risk that the tax authorities will interpret the accounting treatment that is determined by the transition to IFRS as a basis for accounting.

In addition, the Romanian Government has various agencies authorized to carry out the audit (control) of companies operating in Romania. These controls are similar to tax audits in other countries and can cover not only tax issues but also other legal and regulatory issues of interest to these agencies. The Group may be subject to tax controls as new tax regulations are issued.

Business environment risks

The management of the Group cannot predict all the effects of the international economic developments impacting on the financial sector in Romania but considers that during 2022 has adopted the necessary measures for the sustainability and development of the Company under the conditions existing on the financial market, by monitoring cash flows and suiting the investment policies.

Avoiding risks and mitigating their effects are ensured by the Group through an investment policy that complies with the prudential rules imposed by the applicable legal provisions and regulations.

The Group has adopted risk management policies that actively manage them, applying specific procedures for identifying, assessing, measuring, and controlling risks, providing reasonable assurance as to the achievement of the Group's objectives, pursuing a constant balance between risk and expected return.

The risk management process aims at: (i) identifying and assessing significant risks having a major impact in achieving the investment objective and developing activities to counteract the identified risk; (ii) adapting risk management policies to the financial developments of the capital market, monitoring performance, and improving risk management procedures; (iii) reviewing investment decisions in relation to the course of the capital and money market; (iv) compliance with applicable law.

Geopolitical tensions over the past 12 months and increased supply insecurity in the energy sector have led to significant increases in oil and natural gas prices in 2022. Aggressive measures adopted by the main central banks (Federal Reserve, European Central Bank, etc.) on the path of taming inflation and uncertainties regarding the short-term and medium-term impact of these measures on the macroeconomic evolution have led to high volatility in the main capital markets. The lack of visibility regarding the attitude of central banks to these externalities, the necessary level of successive increases in interest rates and their impact on global demand represent the main challenges in managing the asset portfolio in 2023 as well.

Operational risk

Operational risk is the risk of incurring direct or indirect losses resulting from shortfalls or deficiencies in the Group's procedures, personnel, internal systems, or external events that may impact on its operations. Operational risks arise from all Group activities.

The Group's objective is to manage operational risk to limit its financial losses, not to damage its reputation and to achieve its investment objective to generate benefits for investors.

The primary responsibility for the implementation and development of control over operational risk lies with the Board of Directors. This responsibility is supported by the development of general operational risk management standards, which include controls and processes at service providers and service commitments with service providers.

Capital adequacy

The management's policy on capital adequacy focuses on maintaining a solid capital base to support the Group's continued development and achieving investment objectives.

The Group's equity includes its share capital, various types of reserves, retained earnings and minority interests. The equity amounted to RON 3,186,328,160 as of December 31, 2022 (3,367,605,207 as of December 31, 2021).

5. THE MARKET OF THE SECURITIES ISSUED BY THE GROUP

CHARACTERISTICS OF SIF BANAT-CRIȘANA SHARES

Total number of shares issued (December 31, 2022)	507,510,056
Outstanding shares (December 31, 2022)	507,510,056
Nominal value	RON 0.1000 / share
Type of shares	common, ordinary, registered, dematerialized, indivisible
Trading market	Regulated spot market of Bucharest Stock Exchange (BVB or BSE), Premium category, listed since November 1, 1999
Trading venue (MIC)	XBSE
Symbol on BVB (ticker)	SIF1
ISIN code	ROSIFAACNOR2
International identifier	Bloomberg BBGID: BBG000BMN388 (SIF1:RO)
Reuters	SIF1.BX

Shares issued by SIF Banat-Crișana grant all shareholders equal rights.

Since its establishment, SIF Banat-Crișana has not issued bonds or other debt instruments.

The shares issued by the Company are freely traded on the regulated market of the Bucharest Stock Exchange (BVR or BSE), according to the rules established by the market operator, any person could acquire SIF1 shares.

Romanian legislation provides certain restrictions on the acquisition of shares issued by the Company, as follows:

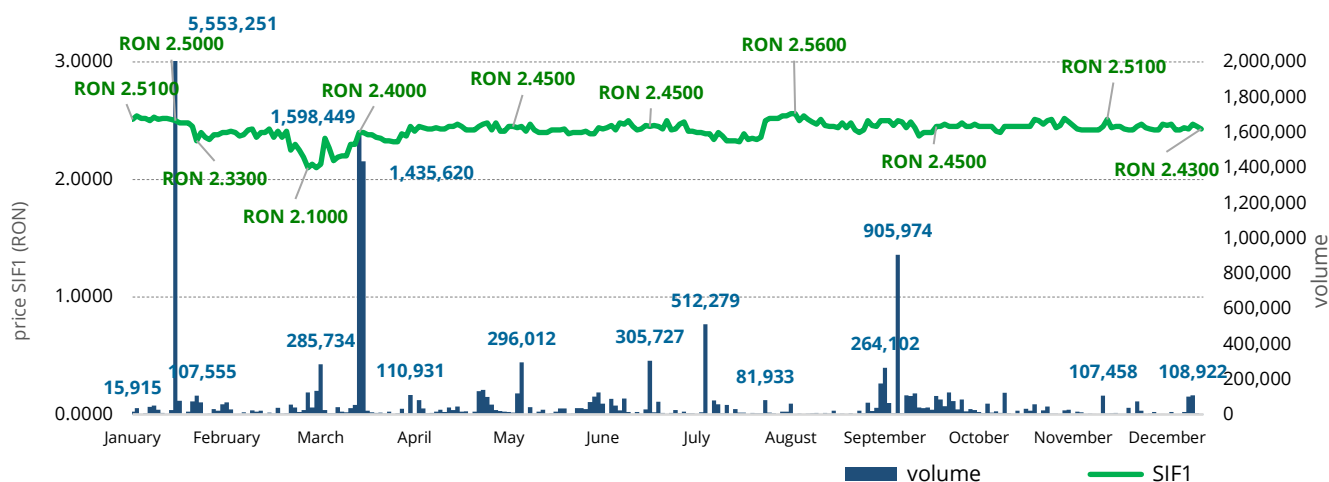
Romanian legislation provides certain restrictions on the acquisition of shares issued by the Company, as follows:

- The company is authorized as an alternative investment funds manager (AIFM), subject to the provisions of Regulation no. 3/2016 on the applicable criteria and the procedure for the prudential assessment of acquisitions and increase of shareholdings held in entities regulated by the Financial Supervisory Authority, applicable to potential acquirers and significant shareholders within the alternative investment funds managers.
- According to the Regulation, the acquisition of qualified participations in the company is subject to the approval of the Financial Supervisory Authority. For the purposes of the regulations, qualified participation means a direct or indirect holding of voting rights or capital of the Company, which represents at least 10% of them or which allows the exercise of a significant influence over the management of the Company.
- For the purposes of the Regulation, a potential acquirer is considered to have a significant influence when his holdings, although below the 10% threshold, allow it to exercise significant influence over the management of the Company, such as having a representative in the board of directors. Holdings of less than 10% overlap the approval requirements, from case to case, depending on the ownership structure of the regulated entity and specific involvement of the acquirer in its management.
- The Company's shares are listed on the regulated market on the Bucharest Stock Exchange and are applicable the provisions of Law no. 24/2017 on issuers of financial instruments and market operations in the matter of the obligation to carry out a mandatory public takeover bid, in case of reaching the threshold of 33% of the voting rights.

As of December 31, 2022, SIF Banat-Crișana has 5,741,164 shareholders (2021: 5,744,120), according to the data reported by Depozitarul Central SA Bucharest, the company that keeps the register of shareholders for SIF Banat-Crișana.

Since its establishment, SIF Banat-Crișana has not issued bonds or other debt securities.

SIF1 PRICE AND VOLUME DURING 2022



highlighted values recorded at the close of trading sessions, on main regular market

Bucharest Stock Exchange (BVB) indices including SIF1 shares:

BET-XT | BET-XT-TR | BET-XT-TRN | BET-FI | BET-BK

BET-XT (BUCHAREST EXCHANGE TRADING EXTENDED INDEX) is a blue-chip index and reflects the evolution of the prices of the 25 most liquid stocks traded in the regulated market, including the SIFs, the maximum weight of a ticker in the index being of 15%. Change of BET-XT in 2022: -10.82%. Weight of SIF1 in BET-XT: 2.51% (2022 year-end).

BET-XT-TR (BUCHAREST EXCHANGE TRADING EXTENDED TOTAL RETURN) is the total return version of BET-XT index, which includes the 25 most traded Romanian companies listed on BVB, tracking the price changes of its constituent companies, and is adjusted to also reflect the dividends paid by them. Change of BET-XT-TR in 2022: -2.55%. Weight of SIF1 in BET-XT-TR: 2.51% (2022 year-end).

BET-XT-TRN (BUCHAREST EXCHANGE TRADING EXTENDED NET TOTAL RETURN) was launched on October 11, 2021, and it is the net total return version of market reference index BET. BET-TRN tracks the price performance of its constituent companies and is adjusted to reflect the reinvestment of the net dividends paid by them. Change of BET-XT-TR in 2022: -3.01%. Weight of SIF1 in BET-XT-TR: 2.51% (2022 year-end).

BET-FI (BUCHAREST EXCHANGE TRADING – INVESTMENT FUNDS) is the first sectorial index of BVB and reflects the overall trend of prices of financial investment funds (SIFs and Fondul Proprietatea) traded on the BVB regulated market. Change of BET-FI in 2022: -3.66%. Weight of SIF1 in BET-FI: 17.34% (2022 year-end).

BET-BK (BUCHAREST EXCHANGE TRADING BENCHMARK INDEX) is a price index weighted by the free-float capitalization of the most liquid companies listed on the regulated market of BVB, which can be used as a benchmark by fund managers, and other institutional investors, the calculation methodology reflecting the legal requirements and the investment limits of funds. Change of BET-BK in 2022: -12.73%. Weight of SIF1 in BET-BK: 2.35% (2022 year-end).

The two subsidiaries included in the consolidation are not listed on an organized capital market or an alternative trading system.

6. CORPORATE GOVERNANCE

SIF Banat-Crișana is committed to upholding and developing the best practices of corporate governance, thus ensuring an efficient decision-making process, leading to the long-term viability of the business, achieving the objectives of the company, and creating sustainable value for all stakeholders (shareholders, management, employees, partners, and authorities).

To maintain its competitiveness in an extremely dynamic climate, SIF Banat-Crișana develops and adapts its corporate governance practices so that it can comply with the new requirements and take advantage of the new opportunities, policies promoted at group level.

SIF Banat-Crișana has adhered to the Corporate Governance Code of the Bucharest Stock Exchange ("the Code"), the degree of compliance with the principles of the Code being presented in the statement accompanying the 2022 Annual Report, a document that will be published on the website of Company, www.sif1.ro.

By Regulation no. 2/2016, with subsequent amendments and completions, the Financial Supervision Authority (ASF) regulated the unitary normative framework for the application of the principles of corporate governance to the entities authorized, regulated, and supervised by ASF. SIF Banat-Crișana Statement on the application of the principles of corporate governance in 2022, accompanies the 2022 Annual Report.

The Board of Directors approved the revision of the Corporate Governance Regulation of SIF Banat-Crișana by Decision no 5 of May 16, 2022, the document entering into force starting June 1, 2022.

Detailed information on the corporate governance of SIF Banat-Crișana in 2022 and the corporate governance statements are presented in the 2022 Annual Report, available on the Company's website, at www.sif1.ro.

SIF Banat-Crișana subsidiaries, in the scope of consolidation, apply principles and policies of internal governance similar to those of the parent company.

Company leadership

Pursuant to its Articles of Association, SIF Banat-Crișana is governed under a unitary system, capable of ensuring an efficient operation of the Company, in accordance with the objectives of good corporate governance and the protection of the shareholder's legitimate interests.

Shareholders' General Meeting

The General Meeting of Shareholders (GMS) is the supreme governing body of the company.

General meetings are ordinary and extraordinary. The Ordinary General Meeting gathers at least once a year, no later than four months after the close of the financial year. The Extraordinary General Meeting shall be convened whenever necessary. The powers of the general meeting of shareholders are stated in the Articles of Association and comply with the legal provisions in force. Company's Articles of Association updated are available on company's website, www.sif1.ro, in the *Corporate Governance* section.

General Meeting's decisions are taken by show of hands or by secret vote. The secret vote is compulsory for electing Board members and for the appointment of the financial auditor and to revoke them, and also for decisions on the liability of the Board members. The decisions taken by the general meeting complying with the law and Company's Articles of Association shall be binding upon the shareholders who did not attend the meeting or voted against.

The general meeting of shareholders is chaired by the Chairman of the Board of the Directors and in his absence by the vice-chairman. The meetings are recorded by the secretariat elected by the General Meeting. Minutes of the meeting shall be recorded in a special register.

During 2022, SIF Banat-Crișana's Board of Directors convened once the Ordinary General Meeting, and also once the Extraordinary General Meeting of Shareholders.

Information on the general meetings of shareholders and the adopted resolutions are presented on Company's website, www.sif1.ro, in the section *Investor Relations › General Shareholders' Meetings*.

The Board of Directors

SIF Banat-Crișana is under the management of a Board of Directors (i.e. administrators) comprised of five members, elected by the ordinary general meeting of shareholders for a mandate (term of office) of four years, with the possibility of being re-elected.

The Board of Directors has decision-making powers regarding the administration of the Company in the period between the general meetings of shareholders, except for the decisions that the law or company's Articles of Association provide exclusively for the general meeting.

Board members must cumulatively meet the general conditions stipulated by Law no. 31/1990 on trading companies, completed with the criteria established by Law no. 74/2015, Law no. 24/2017, and the regulations issued by the Financial Supervisory Authority (ASF).

The members of the Board are authorized in this function by ASF following their election by the general meeting of shareholders.

As of December 31, 2022, the composition of the Board of Directors was the following: Mr. Bogdan Alexandru DRĂGOI – Chairman and CEO, Mr. Radu Răzvan STRĂUȚ - Vice Chairman, Mr. Sorin MARICA - Member, Mr. Marcel Heinz PFISTER – member and Mr. Ionel Marian CIUCIOI - member.

Advisory committees within the Board of Directors

The Audit Committee - assists the Board of Directors in fulfilling its responsibilities in the financial reporting, internal control, and risk management areas, assists the Board of Directors in monitoring the trustworthiness and integrity of financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting standards applied by the Company. The duties of the Audit Committee are detailed in the Company's Internal Regulations.

The Audit Committee consists of at least three non-executive members of the Board of Directors. The Chairman of the committee is an independent non-executive member. At least one member of the audit committee shall have competence in accounting or auditing.

During 2022, the Audit Committee had the following composition: Mr. Marcel PFISTER - Chairman of the Committee, Mr. Sorin MARICA – member, and Mr. Ionel Marian CIUCIOI - member.

The Nomination and Remuneration Committee (NRC) - assists the Board in fulfilling its responsibilities for the nomination of candidates for management positions and their remuneration. NRC duties are detailed within the Company's Internal Regulations and are presented in the Corporate Governance Regulation, available for consultation on Company's website, www.sif1.ro, in *Corporate Governance* section.

The Nomination and Remuneration Committee is comprised of at least at least two members elected from the non-executive members of the Board of Directors, subject to the condition of independence provided for by the Company Law.

Throughout 2022, the composition of the Committee was the following: Mr. Sorin MARICA – Chairman of the Audit Committee, Mr. Marcel PFISTER – member and Mr. Ionel Marian CIUCIOI – member.

The executive management

The effective management of the Company is performed by Executive Directors appointed by the Board of Directors, in accordance with the Company's bylaws and applicable regulations so that everyday management of the Company to be provided, at any given time, by at least two persons. The Executive Directors must meet the conditions set by the regulations issued by the Financial Supervisory Authority applicable to the Company and are endorsed in this position by the Authority.

As per the provisions of Law no. 31/1990 on trading companies, the Board of Directors has delegated part of its powers, within the limits established by law, the Articles of Association, and the decisions of the Board of Directors, less the powers reserved by law and/or the articles of association, to the general meeting of shareholders and the Board of Directors. On April 25, 2021, management was delegated to the Chairman - CEO and the Vice-Chairman Deputy General Director, these persons holding the right to legally represent the company in accordance with the provisions of the Articles of Association. On 24.02.2022, the Board of Directors delegated the management of the company also to the Deputy General Director and Director. Prior to this date, these two directors were employees of the company. As of the date of this report, it is being analysed within the ASF the documentation for verifying their fulfilment of the suitability conditions, according to art. II of the ASF Regulation no. 20/2021.

Responsibilities and duties of directors are set by the Board of Directors and are described in the Company's Internal Regulations, document published on Company's website.

As of December 31, 2022, the composition of the executive team of SIF Banat-Crişana was the following: Bogdan-Alexandru Drăgoi – Chairman - CEO; Radu Răzvan Străuț – Vice-Chairman, Deputy General Director; Teodora Sferdian - Deputy General Director, and Laurențiu Riviș - Director.

Description of the main elements of the internal control systems and risk management

Risk management – SIF Banat-Crişana establishes and permanently and operatively maintains the function of risk management, which is carried out independently of other activities. The Risk Management Office is subordinated to the Board of Directors, and the person responsible for risk management is authorized by ASF in this position and is registered in the ASF register.

The diversity of the activities SIF Banat-Crişana carries out also creates complex risks as well as a multitude of opportunities for its shareholders, but also for the entire financial and capital market in Romania. The Company's management considers risk management to be an integral part of good governance and best management practices.

In view of the specific risk management provisions of the company, introduced by the AIFM legislation, the Company completely reorganized the risk management activity, strengthening this segment through a rigorous procedure and a complex analysis, evaluation, reporting, and management system, at a singular level per company.

The Company implements appropriate and modern risk management systems to properly identify, assess, manage, and monitor all risks relevant to the existing investment strategy and investment portfolio.

The risk management policy is appropriate to the nature, size and complexity of the Company's activities and the assets under the management.

The performance of the risk management function is periodically reviewed by the internal and external audit function.

Compliance control function - SIF Banat-Crișana established and permanently and operatively maintains the compliance control function, which runs independently of other activities. The Compliance Office reports to the Board of Directors and has the following main responsibilities: (i) monitoring and regularly assessing the effectiveness and the means of implementation of the set measures and procedures, as well as measures decided to resolve any situations of non-compliance by the Company; (ii) advising and assisting the relevant responsible persons for carrying out services and activities to meet the requirements set for the Company under the law and ASF regulations.

The person holding the position of compliance officer / representative of the compliance office is authorized in this position by the ASF and is registered in the ASF register.

Resolution of petitions. The shareholders have the right to address SIF Banat-Crișana by means of a petition should they have complaints regarding the company's activities, performed under the legislation in force, or regarding the information provided by the company following their request. The settlement of petitions submitted by shareholders is set by ASF Regulation no. 9/2015, and the procedure to be followed is published company's website. As per the provisions of the regulation, the Company prepared a unique register of petitions in a secure electronic format, to record the submitted petitions, questions addressed and their solution. The register of petitions is managed by the compliance officer.

Internal Audit – SIF Banat-Crișana establishes and permanently and operatively maintains the internal audit function that is carried out independently of other functions and activities, being subordinated to the Board of Directors.

The Company's activities are subject to regular internal audit, in order to provide an independent assessment of its operations, control and management processes, assess the possible exposure to various business segments (asset security, compliance with regulations and contracts, integrity of operational and financial information, etc.), makes recommendations for the improvement of systems, controls and procedures, to ensure the efficiency and effectiveness of operations and monitors the proposed corrective actions and the results achieved.

The internal audit activity is an independent and objective activity that gives the company an assurance regarding the degree of control over the operations and is carried out according to the procedures prepared for the purpose of carrying out the activity. A detailed program shall be drawn up for each internal audit engagement, covering the scope, objectives, resources allocated and the period to be performed.

The internal audit aims to assist the company in identifying and assessing significant risks to provide an independent assessment of risk management, control, and management processes and to assist the company in maintaining an efficient and effective control system.

The internal audit activity of SIF Banat-Crișana is outsourced to the firm New Audit SRL from Arad.

Respecting the shareholders' rights

The shares issued by SIF Banat-Crișana are common, ordinary, registered, dematerialized, indivisible, granting equal rights to shareholders.

SIF Banat-Crișana provides an equitable treatment for all shareholders, including the minority and non-resident shareholders, pursuant to legal provisions and those of Company's Articles of Association.

SIF Banat-Crișana endeavours to ensure an impartial treatment for all shareholders, providing them with relevant and up-to-date information enabling them to exercise their rights of a fair manner. Shareholders should exercise their rights in good faith and with respect for the rights and interests of the Company and other shareholders.

The right to vote | SIF Banat-Crișana endeavours to facilitate the participation of shareholders at the general meetings of shareholders ("GMS"). SIF Banat-Crișana's shareholders can participate in the GSM directly, by designating a representative by a special/general empowerment or can vote by correspondence (through the post or by electronic voting).

The Board approves procedures for the orderly and efficient organization of GMS works, pursuant to the incident laws and ASF regulations. The procedures are made available to the shareholders at the date of convening the meetings, being posted on Company's website.

In accordance with Art. 272 par. (1) section a) and par. (6) of Law no. 126/2018 on the markets of financial instruments, the voting rights related to holdings in a regulated entity (such as SIF Banat-Crișana) are suspended by law if the acquisition or, as the case may be, increase of a participation was carried out without fulfilling the criteria of ASF regulations on the rules of procedure and the criteria for the prudential assessment of acquisitions by the regulated entity concerned.

Right to dividend | The dividend policy embraced by SIF Banat-Crișana aims at keeping a balance between the shareholders' remuneration through dividend and the need to finance new investment of the reinvested profits obtained. The strategy of keeping this balance aims to increase the long-term investment attractiveness of SIF Banat-Crișana shares, while maintaining the potential for the future development of the company, ensuring the long-term sustainable profitability of the business for the benefit of increasing the value created for shareholders.

Determining the manner and proportion of the distribution of net profit is subject to the approval of the General Meeting of Shareholders and considers the sustainability of the measure, the economic context, and the current market performance.

Right to information | SIF Banat-Crișana attaches great importance to investor relations and transparency in communication, convinced that public trust is essential for the proper functioning of the company and the consolidation of its good reputation. The company aims to ensure continuous and regular reporting in an objective and comprehensive manner, by providing complete and accurate information on all important aspects of the business and the results recorded. The Company's website (www.sif1.ro) is a useful platform for communicating with shareholders. In the section dedicated to Investor Relations, information of interest to shareholders is hosted and all the communiqués and reports related to the company's activity are available, published in both Romanian and English.

The organizational structure providing the relationship with shareholders, potential investors, analysts, mass-media, and the interested public is the Investor Relations Compartment. Contact details: 35A Calea Victoriei, Arad 310158, Romania, tel | fax: +40257 304 446, email: investitori@sif1.ro, person of contact Mr. Claudiu Horeanu.

Financial reporting - SIF Banat-Crișana's financial statements for the year 2021 have been prepared in accordance with International Financial Reporting Standards and ASF Rule no. 39/2015, applied together with the Accounting Law no. 82/1991 (republished and amended). The financial auditor is Deloitte Audit S.R.L.

Conflict of interest and trades with related parties

Conflict of interest – SIF Banat Crișana applies internal rules and procedures aimed at avoiding conflicts of interest, by implementing appropriate measures in relation to the nature, size and complexity of the activities carried out. To avoid potential conflicts of interest, the Board members and executive directors of the company must comply with at least the following requirements without being limited to them:

The members of the Board of Directors must meet the conditions set out in the republished Law no. 31/1990 and the capital market legislation and may not be members of the board of directors / supervisory board or directors / members of the board of directors of another AIFM / investments management company / investment companies or of the depository of assets of SIF Banat-Crișana, must not be members of the board of directors / supervisory board of an SSIF (broker) with which SIF Banat-Crișana has concluded a financial intermediation contract and must not be employed or have any kind of contractual relationship with another investment management company or with an investment company, with the exception of other entities belonging to the same group.

The directors of the company as well as the persons replacing them may not be members of the board of directors / supervisory board or directors / members of the board of directors of another AIFM or of the custodian of SIF Banat-Crișana's assets, must not be members of the board of directors / supervisory board, directors or members of the board of directors of a financial investment services company (SSIF, brokers) with which SIF Banat-Crișana has entered into a contract and must not be employed or have any contractual relationship with another AIFM, with the exception of other entities belonging to the same group. Through the internal policies, rules, and procedures, as well as through the functional organization adopted, SIF Banat-Crișana considers that the relevant persons involved in the various activities that encompass a risk of conflict of interest to carry out these activities with an adequate degree of independence.

The internal policies, rules and procedures that must be followed within SIF Banat-Crișana aim to ensure the degree of independence necessary for the prevention and management of conflicts of interest.

Transactions of persons having access to privileged information (transactions of insiders) -

By the internal procedures it is prohibited that the members of the board of directors, the directors of the company, as well as by any person with whom the Company has concluded an employment contract to use "inside information" related to the investment policy of SIF Banat-Crișana, when they perform transactions with financial instruments in their own portfolio ("personal transactions").

The company has established internal rules and procedures for personal transactions. Any personal transaction carried out by a person with access to inside information shall be notified in advance to the Compliance Office of the company to verify its compliance with the requirements regarding the avoidance of conflicts of interest. Transactions performed are notified to the Compliance Office, to be recorded in the personal transaction log, a register managed by the compliance officer.

Corporate information regime - The members of the Board, executive directors, and employees of SIF Banat-Crișana are bound to keep the confidentiality of the documents and corporate information/data and comply with the Code of Ethics and Business Conduct and with the procedures approved by the Board of Directors concerning corporate information.

The Board of Directors adopted procedures regarding the Company's internal circuit of the documents and the disclosure to third parties of documents and information concerning SIF Banat-Crișana, giving special importance to inside information - as defined by Law no. 24/2017 and European regulations, that may impact the market price of the shares issued by the Company.

The company must inform the public and ASF, immediately, in relation to the privileged information that concerns it directly. The postponement of the public disclosure of a privileged information is done only under the conditions specified by the applicable legislation, provided that the confidentiality of the said information is ensured.

In application of the provisions of national and European regulations, respectively ASF Regulation no. 5/2018, Regulation (EU) 596/2014, Commission Implementing Regulation (EU) 2022/1210, and Regulation (EU) 347/2016, the company establishes and permanently updates the list of persons who have access to privileged information regarding the Company. The list of persons with access to privileged information regarding SIF Banat-Crișana is communicated to the Financial Supervision Authority upon its request.

Market Abuse - In 2022, the Company paid special attention to the set of European regulations on Market Abuse. The provisions on the establishment of a closed period of 30 days before the publication of a financial report, during which the transactions with financial instruments of the issuer for persons with access to inside information are prohibited, were observed.

Social responsibility, social matters, diversity

As companies are no longer judged only by their economic performance, but also by their contribution to the communities in which they operate, SIF Banat-Crișana understands to be an involved and responsible actor, attentive and receptive to community needs and sustainable development.

The role of social actor of SIF Banat-Crișana is to promote professionalism, excellence, innovation, responsibility, team spirit, diversity, commitment.

The SIF Banat-Crișana Group does not have a formalized integrated procedure on diversity policy. However, at the group level there is a commitment to maintaining the highest ethical standards, promoting a culture of respect, collaboration, and performance where all employees can perform and develop on equal terms in terms of gender, ethnicity, age, etc. The individual needs and abilities of employees to transform them into added value for the organization at the level of human capital are promoted and encouraged.

Assessment of matters concerning the employees

The essential social objective of the group consists in establishing a positive organizational culture, aiming at providing good working conditions for employees, pay and motivating motivation systems, correct systems and evaluation criteria, efficient information and control systems, full use and efficient of working hours, availability for change, commitment, good communication.

The evolution of the Group's number of employees is presented in the table below:

Company name	Average number of employees			
	2019	2020	2021	2022
SIF Banat-Crișana	34	34	33	32
SAI Muntenia Invest	39	36	31	33
Administrare Imobiliare	9	5	6	5
TOTAL	82	75	70	70

Throughout 2022 there were no conflicting matters in the relations between management and employees, neither in SIF Banat-Crișana nor in the companies in the consolidation.

During 2022, no collective layoffs occurred, neither in the case of SIF Banat-Crișana, nor in the case of the companies in the scope of consolidation.

All companies in the consolidation have organizational and operational regulations approved by the Boards of Directors, describing how they are organized and regulating the operation of their compartments, setting competences for each compartment, their duties, and responsibilities.

Assessment of matters concerning the environment

The SIF Banat-Crișana Group does not have an *Integrated Environmental and Social Governance Policy* or *Procedure*, but covers the relevant aspects in this area in various corporate documents applicable to each company, specific to their work.

The Group is committed to the responsible management of environmental issues, choosing that in the processes related to the current activity to efficiently manage the resources, thus ensuring that the environment is protected in all aspects of the day-to-day administrative activity.

Thus, the companies in the Group are engaged in responsible management of the waste generated both by the activity of employees and by the daily operations carried out at the headquarters of the companies in the group. Among the residual materials are paper, plastic, electrical and electronic equipment waste, batteries and accumulators, lighting devices, printer cartridges and household waste. Used batteries and accumulators, printer cartridges and end-of-life electrical and electronic equipment, if not managed properly, can have negative effects on the environment and human health, so we strive to continuously modernize all processes in the company's activity, in particular by reducing consumption of resources and reducing the volume of waste produced and through their selective and efficient collection.

The importance of saving energy, reducing the consumption of electricity and methane gas was a priority to minimize the impact on the environment and control operational costs.

At the same time, a series of resource-saving measures were implemented. These include opting for electronic communication instead of paper and digitizing operations. The use of electronic equipment with low energy consumption and compliance with ergonomics and environmental protection standards is also aimed at.

Both SIF Banat-Crișana and the companies in the group - SAI Muntenia Invest SA and Administration Imobiliare SA - do not need special environmental permits and do not carry out activities with an impact on the environment.

7. OTHER INFORMATION

Events after the reporting period

- On January 5, 2023, the Company informed the shareholders upon receiving, on January 4, 2023, the Notifications of exceeding the 5% holding threshold in SIF Banat-Crișana from the shareholders of SIF Muntenia SA (5.0734%) and Opus - Chartered Issuances SA (5.07717%).
- On January 17, 2023, the Convening Notice for the General Meeting of Shareholders of February 23 (24), 2023 was published, having as main topics the change of the Company's name from "Societatea de Investiții Financiare Banat-Crișana S.A." to Lion Capital S.A. and the amendment of company's Articles of Association. On February 23, 2023, EGM approved all topics on the agenda.
- On January 20, 2023, the Company informed the shareholders and investors that, in order to implement the EGM Resolutions no. 3 of October 11, 2021, and no. 5 of April 28, 2022, on January 20, 2023, filed with the Financial Supervisory Authority the Public Tender Offer Document for the Purchase of 1,870,000 shares issued by SIF Banat-Crișana, together with the related documentation. SSIF SWISS CAPITAL S.A. was appointed as an intermediary in the Public Tender Offer for the purchase of shares issued by SIF Banat-Crișana.
- On February 10, 2023, the Company published the Announcement concerning the Public Tender Offer for the purchase of shares issued by SIF Banat-Crișana for the price of RON 2.52 / share, for a maximum of 1,870,000 shares, offer held during 16.02.2023- 01.03.2023.
- On March 2, 2023 (with a settlement date of March 6, 2023), the conclusion of the Public Tender Offer for the purchase of shares issued by SIF Banat-Crișana was confirmed, with 1,870,000 shares being repurchased, worth RON 4,712,400.
- On March 1, 2023, ASF communicated the Decision no. 199/01.03.2023 sanctioning the Chairman - CEO with a fine for the Company's lack of notification in 2020 of the exceedance of the threshold of 5% in BVB allegedly in concert with SIF Muntenia. The fine was paid within the stipulated time.
- On March 13, 2023, the Company published the Disclosure Document regarding the offer of 990,000 shares to the members of the management structure within a share-based payment type of "Stock Option Plan" type, in accordance with EGM resolutions no. 5 and no. 6 of 28.04.2022.
- On March 14, 2023, the Company informed the shareholders about the completion of the share-based payment plan ("Stock Option Plan"), through which 880,000 SIF1 shares were offered to the members of Company's management, in accordance with Resolutions no. 3 and no. 4 adopted by the Extraordinary General Meeting of Shareholders on October 11, 2021. As there were no changes in the "Disclosure document concerning the shares offered or allotted" published by the Company on January 25, 2022, the current report of March 14, 2023, represented the "Disclosure document concerning the allotted shares", within the meaning of the provisions of the ASF Regulation no. 5/2018.
- On March 17, 2023, SIF Banat-Crișana received the Authorization no. 23/16.03.2023 issued by the Financial Supervisory Authority authorizing the changes occurred in the Company's Articles of Association, as per Resolutions no. 2 and no. 3 of the Extraordinary General Meeting of SIF Banat-Crișana Shareholders of 23.02.2023, including those regarding the change of company name from SIF Banat-Crișana SA to **Lion Capital SA**. The company filed with the Trade Register Office attached to the Tribunal of Arad the application for the registration in the Trade Register of the mentions regarding the change of the company's name and the updated constitutive act.

This report is accompanied by the following annex:

ANNEX 1 Consolidated financial statements as of December 31, 2022, prepared pursuant to Rule no. 39/2015 for the approval of the Accounting Regulations compliant to the International Financial Reporting Standards, applicable to entities authorized, regulated, and supervised by the ASF – Financial Instruments and Investments Sector – **audited**

The version prepared in Romanian of the consolidated report of the Board of Directors (which is the official and binding version) was approved by the Board of Directors of SIF Banat-Crişana in the meeting held on March 27, 2023.

Bogdan-Alexandru DRĂGOI

Chairman, CEO

SIF BANAT-CRIȘANA SA

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022**

in accordance with FSA Norm 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

SIF BANAT – CRIȘANA SA

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders,
SIF Banat-Crișana S.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the consolidated financial statements of SIF Banat-Crișana S.A. and its subsidiaries (the "Group"), with registered office in Calea Victoriei no. 35 A, Arad, Romania, identified by unique tax registration code 2761040, which comprise the consolidated statement of the financial position as at December 31, 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, including a summary of significant accounting policies and notes to the consolidated financial statements.
2. The consolidated financial statements as at December 31, 2022 are identified as follows:
 - Total Equity: RON 3,186,328,160
 - Net profit for the financial year: RON 93,542,257
3. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and applying Financial Supervisory Authority ("FSA") Norm no. 39/28 December 2015, regarding the approval of the accounting regulations in accordance with IFRS, applicable to the entities authorized, regulated and supervised by the FSA - Financial Investments and Instruments Sector (referred to herein as "FSA Norm no. 39 / 2015").

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (forth named "the Regulation") and Law 162/2017 ("the Law"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
<p>Valuation of equity investments</p> <p>We refer to note 18 and note 19 to the consolidated financial statements, which presents the equity investments of the Group in Romanian companies. As at December 31, 2022, these financial assets valued at fair value represent 79% of the total assets of the Group.</p> <p>Equity investments presented to Level 3 of the fair value hierarchy represent RON 861 million and consist of participations held by the Group in unlisted Romanian companies.</p> <p>The determination of fair value presented to Level 3 equity investments has been performed on the basis of valuation models using financial information of the valued companies available prior to 31 December 2022 or as of 31 December 2022, which involves significant judgments and a high degree of estimates.</p> <p>These reports were performed by independent valuers appointed by the Group management. For the equity investments valued using financial information available prior to 31 December 2022, the management of the Group performed an analysis for the period following the date of the valuation of the participations until 31 December 2022 in order to identify significant changes in the fair values of equity investments as at 31 December 2022.</p> <p>This was a key area of focus in our audit due to the significance of the amounts involved, the complexity involved in valuing these investments, the significance of the judgments and estimates included in the valuation, as well as the reflection of the changes in fair value in the consolidated financial statements.</p>	<p>In order to address the key audit matter, our audit focus was to assess relevant controls over the valuation process of equity investments at fair value. Our analysis of the design and implementation of the relevant controls provided a basis for us to establish the planned nature, timing and extent of our detailed audit procedures.</p> <p>For the material listed equity investments, we have assessed the policies and analyses performed by the Group in respect of frequency of the transactions to identify investments that do not have an active market and we have assessed the accuracy of the shares' closing price on the capital market as of 31 December 2022 or from the last day of trading available at the end of the reporting period.</p> <p>For a sample of equity investments with a fair value presented to Level 3 determined by us, whose fair value was determined by using valuation models that include significant valuation assumptions, we involved our own internal valuation specialists, who assessed the valuation methodology, significant assumptions and unobservable inputs used by the external valuers and their professional competence and independence from the Group.</p> <p>We have assessed the Group's Management analyses for the period following the date of the valuation reports until December 31, 2022, in order to identify significant events which may have a significant impact on the fair value of equity investments as at 31 December 2022.</p> <p>We have also assessed the mathematical accuracy of the significant changes in fair value that have been reflected in the consolidated financial statements, by comparing year-on-year fair value variation for equity investments.</p> <p>We have also considered whether the consolidated financial statements appropriately reflect all the material disclosures in relation to equity investments according to the accounting policies of the Group and IFRS 13 Fair Value Measurement ("IFRS 13") requirements. In this regard, we assessed the presentation of the material information on fair value hierarchy policy and disclosures regarding significant unobservable and observable inputs in accordance with disclosures of IFRS 13.</p>

Other information - Administrators' Consolidated Report

- The administrators are responsible for the preparation and presentation of the other information. The other information comprises the Administrators' Consolidated report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements for the year ended December 31, 2022, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Administrators' report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of FSA Norm no. 39/2015 articles no. 29-30.

On the sole basis of the procedures performed within the audit of the consolidated financial statements, in our opinion:

- a) the information included in the Administrators' consolidated report for the financial year for which the consolidated financial statements have been prepared, is consistent, in all material respects, with these consolidated financial statements;
- b) the administrators' consolidated report has been prepared, in all material respects in accordance with the provisions of FSA Norm no. 39/2015 articles no. 29-30.

Moreover, based on our knowledge and understanding concerning the Group and its environment gained during the audit on the consolidated financial statements prepared as at December 31, 2022, we are required to report if we have identified a material misstatement of this Administrators' consolidated report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and applying FSA Norm no. 39/2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Requirements for audits of public interest entities

15. We have been appointed by the Ordinary General Assembly of Shareholders on October 11, 2021 to audit the consolidated financial statements of SIF Banat-Crisana S.A. for the financial year ended December 31, 2022. The uninterrupted total duration of our commitment is 4 years, covering the financial years ended December 31, 2019 until December 31, 2022.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of SIF Bana-Crisana S.A. that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the audited entity.
- No non-audit services referred to in Article 5 (1) of EU Regulation no. 537/2014 were provided.

The engagement partner on the audit resulting in this independent auditor's report is Irina Dobre.

Report on compliance with the Commission Delegated Regulation (EU) 2018/815 on the "European Single Electronic Format Regulatory Technical Standard" ("ESEF")

16. We have undertaken a reasonable assurance engagement on the compliance with Commission Delegated Regulation (EU) 2019/815 applicable to the consolidated financial statements included in the annual financial report of SIF Banat-Crișana S.A. and its subsidiaries (the "Group"), as presented in the digital files which contain the unique („LEI”) 254900GAQ2XT8DPA7274 "Digital Files").

(i) *Responsibilities of Management and Those Charged with Governance for the Digital Files prepared in compliance with ESEF*

The Group management is responsible for preparing Digital Files that comply with the ESEF.

This responsibility includes:

- the design, implementation and maintenance of internal controls relevant to the application of the ESEF;
- the selection and application of appropriate iXBRL mark-ups;
- ensuring consistency between the Digital Files and the consolidated financial statements to be submitted in accordance with FSA Norm no. 39 / 2015;

Those charged with governance are responsible for overseeing the preparation of the Digital Files that comply with ESEF.

(ii) Auditor's Responsibilities for the Audit of the Digital Files

Our responsibility is to express a conclusion on whether the consolidated financial statements included in the annual financial report complies in all material respects with the requirements of ESEF based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing and extend of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of Group's process for preparation of the Digital Files in accordance with ESEF, including relevant internal controls;
- reconciling the digital files including the marked-up data with the audited consolidated financial statements of Group to be submitted in accordance with FSA Norm no. 39 /2015;
- evaluating if the consolidated financial statements contained in the annual report have been prepared in a valid XHTML format;
- evaluating if the iXBRL mark-ups, including the voluntary mark-ups, comply with the requirements of ESEF.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In our opinion, the consolidated financial statements for the year ended 31 December 2022 included in the annual financial report presented in the Digital Files comply in all materials respects with the requirements of ESEF.

In this section, we do not express an audit opinion, review conclusion or any other assurance conclusion on the consolidated financial statements. Our audit opinion relating to the consolidated financial statements of the Group for the year ended 31 December 2022 is set out in the "Report on the audit of the consolidated financial statements" section above.

Irina Dobre, Audit Partner

*For signature, please refer to the original
Romanian version.*

*Registered in the Electronic Public Register of Financial
Auditors and Audit Firms under AF 3344*

On behalf of:

DELOITTE AUDIT SRL

*Registered in the Electronic Public Register of Financial
Auditors and Audit Firms under FA 25*

The Mark Building, 84-98 and 100-102 Calea Griviței, 9th Floor, District 1
Bucharest, Romania
March 31, 2023

SIF BANAT – CRIȘANA SA
Consolidated statement of profit and loss and other comprehensive income for the
financial year ending 31 December 2022
(all amounts presented are in RON)

<i>In RON</i>	Note	31-Dec-22	31-Dec-21
Income			
Dividend income	8	148.191.611	123.753.336
Interest income (assets at amortised cost, assets at fair value through other comprehensive income)	9	4.878.640	2.116.486
Income from active interest at fair value through profit and loss)	9	6.034.033	3.135.548
Other operating income	10	32.102.805	56.289.009
Gain/(Loss) from investments			
Gain/(Loss) on investment property	11	352.346	491.691
Gain/(Loss) on exchange rate differences		88.916	2.327.613
Gain/(Loss) on financial assets at fair value through profit and loss	12	(47.405.752)	285.336.097
Expense			
Reversals/(constitution) of provisions for risks and expenses		(251.801)	(148.186)
Reversals/(constitutions) of adjustments for depreciation of current assets		376.857	68.490
Interest expense		(434.623)	(436.051)
Fee expense	13	(4.350.043)	(5.109.130)
Other operational Expense	14	(35.410.450)	(36.695.964)
Profit before tax		104.172.540	431.128.939
Corporate income tax	15	(10.630.283)	(15.959.386)
Net profit for the financial year		93.542.257	415.169.553
The profit is attributed to:			
Parent company		93.539.352	415.162.676
Non-controlling interests		2.905	6.877
Total profit for the financial year		93.542.257	415.169.553
Other comprehensive income			
Amounts that are or can be transferred to profit and loss			
Amounts that can be transferred to profit or loss (debt instruments)		(65.463)	73.975
Amounts that are or may be transferred to retained earnings			
Change in the fair value of financial assets at fair value through other comprehensive income	19	(289.696.660)	340.241.271
The effect of the related corporate tax		43.396.254	(53.324.609)
Other comprehensive income		(246.365.869)	286.990.637
Total comprehensive income		(152.823.612)	702.160.190

The consolidated financial statements were approved by the Board of Directors on 27 March 2023 and signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, Chief Executive Officer

Dorel Baba
Financial Reporting Manager

SIF BANAT – CRIȘANA SA
Consolidated statement of financial position for the financial year ending 31
December 2022
(all amounts presented are in RON)

<i>In RON</i>	Note	31-Dec-22	31-Dec-21
Assets			
Cash and cash equivalents	16	38.538.814	268.254.328
Bank deposits	17	30.786.239	114.910.692
Financial assets measured at fair value through other comprehensive income (bonds)	19	-	5.283.259
Other financial assets	20	16.079.974	34.583.936
Other assets		456.795	308.166
Assets held for sale	21	46.792.387	45.522.520
Financial assets measured at fair value through profit and loss	18	1.742.399.219	1.680.565.630
Financial assets measured at fair value through other comprehensive income (shares)	19	1.486.550.751	1.421.724.975
Investment property	11	31.210.877	30.840.716
Property, plant and equipment	22	6.695.240	6.820.615
Total assets		3.399.510.296	3.608.814.837
Liabilities			
Payable dividends		10.042.310	-
Other financial liabilities	23	46.700.851	42.082.799
Other debts and deferred income		251.757	293.418
Loans	25	16.311.778	15.878.238
Lease liabilities		5.250	28.572
Provisions for risks and charges		2.840.997	2.329.196
Deferred income tax liabilities	24	137.029.193	180.597.407
Total debts		213.182.136	241.209.630
Equity			
Share capital	26	50.751.006	51.542.236
Treasury shares	26	-	(21.363.229)
Losses on the repurchase of own shares	26	-	(330.998)
Benefits in equity instruments		2.000.537	-
Other reserves	26	1.604.099.887	1.249.578.037
Reserves from the revaluation of property, plant and equipment		1.176.569	1.176.569
Legal reserves		10.410.602	10.568.848
Reserves from the revaluation of financial assets at fair value through other comprehensive income	19	662.131.924	910.357.994
Retained earnings	26	855.737.756	1.166.055.407
Total		3.186.308.281	3.367.584.864
Non-controlling interests		19.879	20.343
Total equity		3.186.328.160	3.367.605.207
Total liabilities and equity		3.399.510.296	3.608.814.837

The consolidated financial statements were approved by the Board of Directors on 27 March 2023 and signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, Chief Executive Officer

Dorel Baba
Financial Reporting Manager

Consolidated statement of changes in equity for the financial year ending 31 December 2022
(all amounts presented are in RON)

<i>In RON</i>	Share capital	Own shares	Losses on redemption of shares	Legal reserves	Reserves from the revaluation of financial assets at fair value through other comprehensive income	Reserves from revaluation of property, plant and equipment	Benefits in equity instruments	Other reserves	Retained earnings	Total	Non-control ling interests	Total
Balance as at 1 January 2022	51.542.236	(21.363.229)	(330.998)	10.568.848	910.357.994	1.176.569	0	1.249.578.037	1.166.055.407	3.367.584.864	20.343	3.367.605.207
Current year profit									93.539.352	93.539.352	2.905	93.542.257
Changes in the reserve from the revaluation of property, plant and equipment												
Reserve from the revaluation of financial assets transferred to profit and loss					(2.119.796)				2.119.796	0		0
Reserve from the revaluation of financial assets transferred to retained earnings				(158.246)	(289.327.009)				(289.337)	(289.774.592)		(289.774.592)
Variation in the reserve Deferred corporate tax					43.220.735				187.988	43.408.723		43.408.723
Total comprehensive income				(158.246)	(248.226.070)				95.557.799	(152.826.517)	2.905	(152.823.612)
Other reserves - own sources								356.550.501	(356.550.501)			
Payment dividends for 2021									(30.450.603)	(30.450.603)		(30.450.603)
Lapsed Dividends												
Variation of the reserve afferent to the subsidiaries											(3.369)	(3.369)
Variation in Benefits Provided							2.000.537			2.000.537		2.000.537
Repurchase of own shares												
Cancellation of treasury shares	(791.230)	21.363.229	330.998					(2.028.651)	(18.874.346)	0		0
Total transactions with shareholders, recognised directly in equity	(791.230)	21.363.229	330.998				2.000.537	354.521.850	(405.875.450)	(28.450.066)	(3.369)	(28.453.435)
Balance at 31 December 2022	50.751.006	0	0	10.410.602	662.131.924	1.176.569	2.000.537	1.604.099.887	855.737.756	3.186.308.281	19.879	3.186.328.160

The consolidated financial statements were approved by the Board of Directors on 27 March 2023 and signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, Chief Executive Officer

Dorel Baba
Financial Reporting Manager

Consolidated statement of changes in equity for the financial year ending 31 December 2022
(all amounts presented are in RON)

<i>In RON</i>	Share capital	Own shares	Losses on redemption of shares	Legal reserves	Reserves from the revaluation of financial assets at fair value through other comprehensive income	Reserves from revaluation of property, plant and equipment	Benefits in equity instruments	Other reserves	Retained earnings carried forward	Total	Non-controlling interests	Total
Balance as at 1 January 2021	51.542.236	(2.199.867)	(40.659)	10.568.848	725.960.324	1.176.569	1.867.063	1.157.455.631	740.422.170	2.686.752.315	14.807	2.686.767.122
Current year profit									415.162.676	415.162.676	6.877	415.169.553
Changes in the reserve from the revaluation of property, plant and equipment												
Reserve from the revaluation of financial assets transferred to profit and loss												
Reserve from the revaluation of financial assets transferred to retained earnings					(117.660.625)				117.660.625			
Variation in the reserve					340.329.337					340.329.337		340.329.337
Deferred corporate tax					(38.271.042)				(15.067.658)	(53.338.700)		(53.338.700)
Total comprehensive income					184.397.670				517.755.643	702.153.313	6.877	702.160.190
Other reserves - own sources								92.122.406	(92.122.406)			
Lapsed dividends												
Variation of the reserve related to the subsidiaries											(1.341)	(1.341)
Variation in Benefits Provided												
Repurchase of own shares		4.575.867	77.472				(1.867.063)			2.786.276		2.786.276
Cancellation of treasury shares		(23.739.229)	(367.811)							(24.107.040)		(24.107.040)
Total transactions with shareholders, recognised directly in equity		(19.163.362)	(290.339)				(1.867.063)	92.122.406	(92.122.406)	(21.320.764)	(1.341)	(21.322.105)
Balance at 31 December 2021	51.542.236	(21.363.229)	(330.998)	10.568.848	910.357.994	1.176.569	0	1.249.578.037	1.166.055.407	3.367.584.864	20.343	3.367.605.207

The consolidated financial statements were approved by the Board of Directors on 27 March 2023 and signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, Chief Executive Officer

Dorel Baba
Financial Reporting Manager

SIF BANAT – CRIȘANA SA

Consolidated statement of cash flows for the financial year ending 31 December 2022
(all amounts presented are in RON)

<i>In RON</i>	31-Dec-22	31-Dec-21
Cash flows from operating activities		
Net profit of the period	93.542.257	415.169.553
Adjustments for:		
Depreciation of tangible and intangible assets	969.603	741.779
(Gain)/Loss on disposal of property, plant and equipment	-	5.369
(Gain)/Loss from the valuation of investment property	(352.346)	(491.691)
(Income) /Expense on provisions for risks and charges	(125.056)	148.186
(Net gain)/Net loss on financial assets at fair value through profit and loss	47.405.752	(285.336.097)
Dividend income	(148.191.611)	(123.753.336)
Interest income	(10.912.673)	(5.252.033)
Interest expenses	434.623	436.052
Benefits granted in equity instruments	(887.758)	2.576.937
Other adjustments and exchange rate differences	2.000.537	(421.436)
Corporate income tax	10.630.283	15.959.386
Operating profit before changes in assets and liabilities	(5.486.389)	19.782.669
Changes in assets and liabilities related to the operating activity		
Changes in other assets	22.854.346	(25.565.865)
Changes in other debts	3.920.420	3.194.924
Corporation tax paid	(6.776.560)	(32.901.624)
Net Cash Generated from Operating Activities	14.511.817	(35.489.896)
Cash flows from investment activities		
Payments for the purchase of financial assets measured at fair value through other comprehensive income (shares, bonds)	(357.337.857)	(67.751.279)
Proceeds from the sale of financial assets measured at fair value through other comprehensive income (shares, bonds)	8.378.030	196.793.416
(Placements) / Receipts from deposits for a term longer than 3 months	84.267.323	(109.352.759)
Proceeds from the sale/redemption of assets at fair value through profit and loss (fund units, bonds)	27.193.910	16.484.890
Payments for the acquisition of assets at fair value through profit and loss (fund units, shares, bonds)	(133.687.468)	(13.036.934)
Receipts/(Payments) for the acquisition of financial assets valued at amortised cost		-
Payments for purchases of property, plant and equipment and investment property	(2.071.519)	(6.086.646)
Proceeds from the sale of property, plant and equipment and investment property	1.100	930.641
Dividends received	141.095.659	118.335.251
Interest received	7.160.257	4.027.543
Net cash used in investment activities	(225.000.565)	140.344.123
Cash flows from financing activities		
Loan receipts/repayments (including leasing)	(23.321)	(131.168)
Dividends paid to the shareholders of the company	(19.203.445)	(1.340)
Redemption of own shares	-	(24.107.040)
Net cash used in financing activities	(19.226.766)	(24.239.548)
Increase/(decrease) net in cash and cash equivalents	(229.715.514)	80.614.679
Cash and cash equivalents at the beginning of the financial year	268.254.328	187.639.649
Cash and cash equivalents at the end of the financial year	38.538.814	268.254.328

Cash and cash equivalents comprises of:

31 December 2022	31 December 2021
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SIF BANAT – CRIȘANA SA

Consolidated statement of cash flows for the financial year ending 31 December 2022 (all amounts presented are in RON)

Cash in the cashier's office	7.343	6.753
Current accounts with banks (including interest receivable)	28.881.950	161.771.661
Bank deposits with an initial maturity of less than 3 months (including interest receivable)	9.647.178	106.473.878
Other amounts and cash advances	2.343	2.036
Cash and cash equivalents	38.538.814	268.254.328

The consolidated financial statements were approved by the Board of Directors on 27 March 2023 and signed on its behalf by:

Bogdan-Alexandru Drăgoi
Chairman, Chief Executive Officer

Dorel Baba
Financial Reporting Manager

**Notes to the consolidated financial statements for the financial year ending 31
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(all amounts presented are in RON)

Consolidated accounting policies

1 Reporting entity

The Financial Investment Company Banat-Crișana SA ("The Company") was established on the basis of Law nr. 133/1996 through the reorganization and transformation of the Banat-Crișana Private Property Fund and is a joint stock company operating under Law 31/1990. Societatea is incorporated as a self-managed investment company, authorized by the Financial Supervisory Authority as An Alternative Investment Fund Manager (AIFM) - Authorization no. 78/09.03.2018, classified in accordance with the provisions of Law no. 243/2019 as a closed-end, diversified alternative investment fund for retail investors (FIAIR). The Financial Supervisory Authority has issued Authorization no. 130/01.07.2021 authorizing SIF Banat-Crișana S.A. as an Alternative Investment Fund for Retail Investors (F.I.A.I.R).

SIF Banat-Crișana has its headquarters in Arad, Calea Victoriei, nr. 35 A, Arad county, code 310158, tel: 0257.304.438, Fax: 0257.250.165. The registration number from the Trade Register Office is: J02/1898/1992, and the Unique Tax Registration Code is: 2761040

The company's object of activity is:

- portfolio management;
- risk management;
- other activities carried out within the framework of the collective management of an investment fund, permitted by the legislation in force.

The company's shares are listed on the Bucuresti Stock Exchange, starting with November 1st, 1999 and the Premium category is traded on the regulated market, with the indication SIF1.

The company's depository bank, starting with 28.11.2019 is BCR, until this date (from 29.01.2014) being BRD Groupe Société Générale.

The registry services company is Depozitarul Central SA Bucuresti.

The consolidated financial statements drawn up for the year 2022 include the Company, its subsidiaries and associates ("Group"). Subsidiaries and associations are listed in Note 3. The undertaking prepares consolidated financial statements as the ultimate parent undertaking for the group entities.

The activity carried out by the Group in 2022 and 2021 is found on a single segment of activity, namely financial.

In accordance with IFRS 10, as of financial year 2018, the Company measures all its subsidiaries at fair value through profit and loss, except for subsidiaries that provide investment-related services, which will continue to be consolidated.

2 The basics of drawing up

a) Declaration of conformity

The consolidated financial statements were drawn up in accordance with Rule no. 39/2015 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the EU, applicable to the entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector ("Norm").

In accordance with Regulation No 1606/2002 of the European Parliament and of the Council of the European Union of 19 July 2002, and with Law nr. no. 24/2017 on issuers of financial instruments and market operations, financial investment companies have the obligation to prepare and submit to the Financial Supervisory Authority (FSA) consolidated annual financial statements, in accordance with IFRS, within 4 months from the end of the financial year.

The accounting records of the Company and its subsidiaries are kept in RON.

Since not all subsidiaries apply international financial reporting standards as an accounting basis, accounts prepared in accordance with the Romanian Accounting Regulations (RAR) are restated to reflect differences between RAR-compliant and IFRS-compliant accounts. Accordingly, the accounts according to the RAR shall be adjusted, to the extent necessary, in order to harmonise these

**Notes to the consolidated financial statements for the financial year ending 31
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(all amounts presented are in RON)

financial statements, in all material respects, with the IFRS requirements adopted by the European Union by Regulation 1606/2002 of the European Parliament and of the Council of the European Union of July 2002 and with those of ASF Rule No. 39/2015.

b) Presentation of consolidated financial statements

Group adopted a liquidity-based presentation in the consolidated statement of financial position and a presentation of income and expenses according to their nature in the consolidated statement of comprehensive income, considering that these methods of presentation provide information that is credible and more relevant than that which would have been presented under other methods permitted by IAS 1 "Presentation of financial statements".

c) Basis of valuation

Situations Consolidated financial assets are drawn up on the basis of the fair value convention for financial assets and liabilities, at fair value through profit and loss and financial assets at fair value through other comprehensive income, respectively for investment property.

Other financial assets and liabilities, as well as non-financial assets and liabilities, are presented at amortised cost, revalued value or at cost.

Methods used to measure fair value are disclosed in Note 4.

d) Going concern

Situations consolidated financials have been drawn up using the business continuity principle, which implies that the parent company and the companies in its portfolio will be able to dispose of assets and meet their obligations in the course of their operational activity.

e) Functional and presentation currency

The consolidated financial statements are presented in RON, rounded to the nearest leu, the currency that the Group's management has chosen as the presentation currency.

f) Use of estimates and judgments

Preparation consolidated financial statements in accordance with 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, implies the use by the Group's management of estimates, judgments and assumptions that affect the application of accounting policies as well as the reported value of assets, liabilities, incomes and expenses. The estimates and assumptions associated with these judgments are based on historical experience as well as other factors considered reasonable in the context of these estimates. The results of these estimates form the basis of judgments regarding the carrying amounts of assets and liabilities that cannot be obtained from other sources of information. The results obtained may differ from the values of the estimates.

The estimates and assumptions underlying them are periodically reviewed. Revisions in accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period in which the estimate is revised, and in future periods if the revision affects both the current and future periods.

The judgments made by the Group's management in the application of IFRS that have a significant effect on the consolidated financial statements as well as the estimates involving a significant risk of a material adjustment during the next year are set out in Note 6.

g) Changes in accounting policies

Notes to the consolidated financial statements for the financial year ending 31 December 2022
(all amounts presented are in RON)

The accounting policies adopted are consistently applied over all periods presented in these consolidated financial statements.

Starting with the financial year 2018, the Company measures all its subsidiaries at fair value through profit and loss, with the exception of subsidiaries that provide investment-related services, which will continue to be consolidated.

3 Basis of consolidation

a) Subsidiaries and associates

Subsidiaries are entities under the control of the Company. Control exists when the Company is exposed to, or has rights to, the variable return on the basis of its participation in the investee and has the ability to influence those returns through its authority over the investee. At the time of the control assessment, potential or convertible voting rights that are exercisable at that time are also taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the moment when control begins until the moment when the control ceases. The accounting policies of the subsidiaries have been modified in order to align them with those of the Group.

The list of investments in subsidiaries as at 31 December 2022 and 31 December 2021 is as follows:

No.	Company name	Percentage held (%)	
		31 December 2022	31 December 2021
1	(SIF Imobiliare PLC Nicosia)	99,9997	99,9997
2	(SIF SPV Two Bucuresti)	99,99	99,99
3	SAI Muntenia Invest SA Bucuresti	99,98	99,98
4	(SIF1 IMGB)	99,92	99,92
5	(Napomar SA Cluj Napoca)	99,43	99,43
6	(SIF Hoteluri SA Oradea)	99,00	99,00
7	(Azuga Turism SA Bucuresti)	98,94	98,94
8	Administrare Imobiliare SA Bucuresti	97,40	97,40
9	(Silvana SA Cehu Silvaniei)*	96,28	96,28
10	(Iamu SA Blaj)	76,70	76,70
11	(Vrancart SA Adjud)	75,50	75,06
12	(Central SA Cluj)	74,53	74,53
13	(Uniteh SA Timisoara)**	36,34	36,34
14	(SIFI CJ Logistic)**	5,53	5,53
15	(Ario SA Bistrița)*	93,64	93,64

Note: subsidiaries presented in brackets in the table above are reflected at fair value through profit or loss in consolidated statements

Bankruptcy/ Uniteh SA and SIFI CJ Logistic are subsidiaries through their control and indirectly through SIF Imobiliare Nicosia Plc.*

b) Associates

Associates are those companies in which the Company can exercise significant influence, but not control over financial and operational policies.

The company in which SIF Banat-Crișana holds between 20-50%, over which it exerts significant influence as at December 31, 2022 is Biofarm SA (as of December 31, 2021 and Gaz Vest SA).

SIF BANAT – CRIȘANA SA

Notes to the consolidated financial statements for the financial year ending 31 December 2022

(all amounts presented are in RON)

No.	Company name	Percentage held (%)	
		31 December 2022	31 December 2021
1	Gaz Vest SA Arad	-	25,82
2	Biofarm SA Bucuresti	36,75	36,75

On December 31, 2022, SIF Banat-Crișana has representatives in the Board of Directors of Biofarm SA and participates in the elaboration of their policies.

Companies in which SIF Banat-Crișana holds between 20-50%, over which it does not exercise significant influence:

- Companies in liquidation, insolvency, bankruptcy, etc.

No.	Company name	Percentage held (%)		
		31 December 2022	31 December 2021	State
1	Comar SA Baia Mare	34,94	34,94	Bankruptcy
2	Elbac SA Bacău	32,45	32,45	Bankruptcy
3	Petrocart	30,18	30,18	Insolvency
4	Agroproduct SA Resita	30,00	30,00	Reorganization
5	Agroindustrială Nădlac	30,00	30,00	Bankruptcy
6	Uzina Ardealul Alba Iulia	29,51	29,51	Bankruptcy
7	Commixt SA Ocna Mureș	28,97	28,97	Bankruptcy
8	Sunprod Galda de Jos	-	27,09	Dissolution
9	Mebis SA Bistrița	26,78	26,78	Insolvency
10	Exfor SA Bucuresti	24,23	24,23	Bankruptcy
11	Mopal SA Bistrița	21,89	21,89	Reorganization
12	Transilvania Aiud	20,19	20,19	Bankruptcy

In accordance with IFRS (IAS 28, paragraph 9), the Company may lose significant influence over the investees when it loses the power to participate in financial policy decisions and the operating power of the entity, such as when the associate comes under the control of the government, the judiciary, an administrator or a regulatory body.

- Undertakings over which they do not exercise significant influence

No.	Company name	Percentage held (%)	
		31 December 2022	31 December 2021
1	Grand Hotel Bucuresti	29,99	13,67
2	Forestiera SA Tîrgoviște	25,75	25,75
3	Agromec Gataia	-	23,91
4	CTCE SA Alba Iulia	23,24	23,24
5	Molidul SA Suceava	21,63	21,63

Since the criteria in paragraph 6 are not met, IAS 28 ("Significant Influence Criteria") can be concluded that SIF Banat-Crișana does not have significant influence in the associates in the table above.

c) Transactions removed on consolidation

Intra-Group settlements and transactions, as well as unrealised profits resulting from intra-Group transactions, are totally eliminated from the consolidated financial statements.

The accounting policies set out below have been consistently applied over all the periods presented in these consolidated financial statements. Accounting policies have been consistently applied by all Group entities.

Notes to the consolidated financial statements for the financial year ending 31 December 2022
(all amounts presented are in RON)

4 Significant accounting policies

a) Transactions in foreign currency

Operations denominated in foreign currency are recorded in RON at the official exchange rate from the date of settlement of transactions. Monetary assets and liabilities recorded in foreign currency at the time when the consolidated statement of financial position is drawn up shall be converted into the functional currency at that day's rate. Gains or losses on monetary items are represented by the difference between the amortised cost expressed in the functional currency at the beginning of the reporting period, adjusted for effective interest and payments in the period, and the amortised cost in the foreign currency converted into the functional currency at the closing rate of the period.

Non-monetary assets and liabilities denominated in a foreign currency and measured at fair value are translated into functional currency at the rate on the date on which the fair value was determined.

Settlement gains or losses are recognised in profit and loss unless the exchange rate differences stem from the translation of securities classified as measured at fair value through other comprehensive income that are included in the reserve arising from the change in the fair value of those financial instruments and where the exchange rate differences stem from the translation of securities classified at value fair through profit and loss that are presented as gains or losses on fair value.

The exchange rates of the main foreign currencies were:

Currency	Spot Rate 31 December 2022	Spot Rate 31 December 2021
EUR	4,9474	4,9481
USD	4,6346	4,3707

b) Cash and cash equivalents

Cash includes cash availability in the cash register and at banks and sight deposits.

Cash equivalents are highly liquid short-term financial investments that are easily convertible into cash and are subject to an insignificant risk of a change in value.

When compiling the consolidated statement of cash flows, the following were considered as cash and cash equivalents: actual cash, current accounts with banks and deposits with an initial maturity of less than 90 days.

c) Financial instruments in accordance with IFRS 9 include the following:

- Investments in equity instruments (e.g. shares);
- Investments in debt instruments (e.g. securities, bonds, loans);
- Trade receivables and other receivables;
- Cash and cash equivalents;
- Financial derivatives;
- Participations in subsidiaries, associates and joint ventures;
- Financial liabilities.

(i) Classification

The financial instruments held are presented by the Company in accordance with IFRS 9 "Financial Instruments" as financial assets and financial liabilities.

Group Presents **financial assets** at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of:

- (a) the entity's business model for the management of financial assets, and

**Notes to the consolidated financial statements for the financial year ending 31
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(all amounts presented are in RON)

(b) the characteristics of the contractual cash flows of the financial asset.

Business model

- Is how an entity manages its financial assets to generate cash flows: *collecting, selling assets or both*;
- Its determination is carried out factually, taking into account: *how to evaluate and report performance* TheirRisks Existing *and how to manage* a they respectively *how to compensate the management* (on the basis of the fair value or cash flows associated with those investments);

Business model for the shares held for which FVTOCI was selected on the transition date or on the date of initial recognition

- efficient management of a diversified portfolio of quality assets, able to ensure a constant flow of income, preservation and medium-long-term growth of capital, in order to increase the value for shareholders and obtain the highest possible returns on the invested capital
- The differentiated approach adopted by the Company for each of its holdings aims to capitalize on an aggregate return, generated from dividend gain and capital gain.

Model of assets held for collection

- Managed to achieve cash flows by collecting principal and interest over the life of the instrument;
- No holding is required until maturity;
- There are categories of sales transactions compatible with this model: those due to the increase in credit risk, limited or insignificant sales in value, or sales at dates close to the maturity of the instruments;
- Interest income, impairment gains or losses and exchange differences are recognised in profit and loss;
- The accounting reflection of these assets (if the SPPI criterion is also met and the fair value by profit or loss option has not been selected) is made at amortised cost (using the effective interest method).

Model of assets held for collection and sale

- Managed both to achieve cash flows from collection and through the (full) sale of assets;
- Sales are of high frequency and value compared to the previous model, without specifying a certain threshold for classification in this model;
- The purpose of these sales may be: to manage current liquidity needs, to mention a certain structure of yields obtained or decisions to optimize the balance sheet of the entity (correlation of the duration of financial assets with that of financial liabilities);
- The accounting reflection of these assets (if the SPPI criterion is also met and the fair value by profit or loss option has not been selected) is done at fair value through other comprehensive income (use of the effective interest method; interest, impairment gains or losses and exchange rate differences — in profit and loss/ change in the fair value of these instruments — in other comprehensive income, amounts recognised in other comprehensive income are recycled through profit and loss on derecognition of the asset).

Other business model

- Assets managed for the purpose of achieving cash flows through sale;
- The collection of cash flows associated with these investments is incidental, not the purpose of holding them;

Notes to the consolidated financial statements for the financial year ending 31 December 2022
(all amounts presented are in RON)

- Assets whose performance is managed and reported on the basis of their fair value;
- Their accounting reflection is done at fair value through profit and loss.

SPPI test

It contains criteria that assess to what extent the cash flow structure of a debt instrument fits into the pattern of a basic lending arrangement (interest reflects the amount of money over time, the credit risk associated with the principal, the hedging of other risks and costs associated with lending, and a profit margin).

There are a number of indicators that indicate where debt instruments held should be measured at fair value through profit and loss:

- Certain non-standard interest rates;
- the presence of leverage;
- certain hybrid instruments (include an embedded derivative).

There are also indicators which, while requiring a fair value reflection, may, in certain circumstances, be consistent with the VCS criterion and those assets can still be accounted for at amortised cost:

- the existence of an option of early repayment or extension of the term of the asset;
- non-recourse assets guaranteeing repayment of debt
- contractually related instruments.

Financial assets measured at fair value through profit and loss (FVTPL)

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or fair value through other comprehensive income.

Financial assets measured at fair value through other comprehensive income (FVOCI)

A financial asset, of the nature of debt instruments, shall be measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held as part of a business model the objective of which is achieved by collecting the contractual cash flows and selling the financial assets, and

(b) the contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of principal and interest on the principal amount outstanding.

The Group may make an irrevocable choice upon initial recognition in the case of certain investments in *equity instruments* that would otherwise be measured at fair value through profit or loss to show subsequent changes in fair value in other comprehensive income (as required by paragraphs 5.7.5 and 5.7.6 of IFRS 9—Financial Instruments).

Financial assets measured at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held as part of a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows, and

(b) the contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of principal and interest on the principal amount outstanding.

Financial liabilities

Financial liabilities are measured at fair value through profit or loss (FVTPL) if:

- meet the requirements of the definition of 'held for trading';
- are designated in the category FVTPL upon initial recognition (if the specific conditions are met).

Other financial liabilities are valued at amortised cost.

(ii) Recognition

**Notes to the consolidated financial statements for the financial year ending 31
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(all amounts presented are in RON)

Financial assets and liabilities are recognised at the date on which the Group becomes a contractual party to the terms of that instrument. When the Group first recognises a financial asset, it shall classify it in accordance with paragraphs 4.1.1–4.1.5 (at amortised cost, fair value through profit or loss, or fair value through other comprehensive income) in IFRS 9 and measure it in accordance with paragraphs 5.1.1–5.1.3. (a financial asset or a financial liability is measured at its fair value plus respectively less transaction costs, directly attributable to the acquisition or issue of the asset or liability).

(iii) Measurement

After initial recognition, the entity shall measure financial assets in accordance with paragraphs 4.1.1–4.1.5 of IFRS 9 to:

- a) Amortized cost;
- b) Fair value through other comprehensive income; or
- c) Fair value through profit or loss.

After initial recognition, the entity shall measure financial liabilities in accordance with paragraphs 4.2.1–4.2.2 of IFRS 9. Thus, the Group will classify all financial liabilities at amortised cost, except for:

- a) financial liabilities measured at fair value through profit or loss;
- b) financial liabilities arising when the transfer of a financial asset does not meet the conditions for derecognition;
- c) financial collateral arrangements, measured at the higher of the amount of the provision for losses (Section 5.5 of IFRS 9) and the amount initially recognised less cumulative income (recognised under IFRS 15);
- d) commitments to provide a loan at an interest rate below market value, measured at the higher of the value of the provision of losses (section 5.5 of IFRS 9) and the amount initially recognised less cumulative income (recognised under IFRS 15);
- e) contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

Valuation at amortised cost

The amortised cost of a financial asset or a financial liability is the amount at which the financial asset or financial liability is measured after initial recognition less repayments of principal, plus or minus the accumulated depreciation using the effective interest method for each difference between the starting amount and the maturity amount, and minus any reduction for any estimated credit losses.

The effective interest rate is the rate that accurately discounts future cash payments and receipts over the expected life of the financial instrument to the level of the gross carrying amount of the financial asset in question the amortised cost of the financial liability. When calculating the effective interest rate, the entity shall estimate cash flows taking into account all the contractual terms of the financial instrument, but shall not take into account future losses from the change in credit risk. The calculation shall include all commissions and points paid or received by the parties to the contract which form an integral part of the effective interest rate, transaction costs and all other premiums and discounts.

Fair value measurement

Fair value is the price that would be received when selling an asset or paid for the transfer of a liability in a normal transaction between participants in the main market at the measurement date, or in the absence of the main market, in the most advantageous market to which the Group has access at that time.

The group measures the fair value of a financial instrument using quoted prices in an active market for that instrument. A financial instrument has an active market if quoted prices are readily and regularly available for that instrument. Group measures instruments quoted on active markets using the closing price.

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A financial instrument is considered to be quoted in an active market when quoted prices are readily and regularly available from an exchange, a dealer, a broker, an industry association, a pricing service or a regulatory agency, and these prices reflect transactions that occur in a real and regular manner, carried out under objective market conditions.

In the category of shares listed on an active market are included all those shares admitted to trading on the stock exchange or alternative market and showing frequent trades. The market price used to determine fair value is the closing price of the market on the last trading day before the measurement date.

Fund units are valued on the basis of NAV, calculated by the fund manager using closing quotes for listed financial instruments.

Government bonds are valued on the basis of the market quotation available on Bloomberg for that issue, multiplied by the denomination per unit.

In the absence of a price quote in an active market, the Group it uses evaluation techniques. The fair value of financial assets not traded in an active market is determined by authorised valuers.

Valuation techniques include techniques based on the use of observable input data, such as the quoted price of the identical item held by another party as an asset, in a market that is not active, and for assets for which observable prices are not available, valuation techniques based on discounted cash flow analysis, and other valuation methods commonly used by market participants. These include the method of comparisons with similar instruments for which there is an observable market price respectively the method of percentage of the net assets of these companies, adjusted with a discount for minority holding and a discount for lack of liquidity), making the most of market information, relying as little as possible on specific information Company. The group uses evaluation techniques that maximise the use of observable data and minimise the use of unobservable data.

Valuation techniques shall be used consistently.

(iv) Identification and measurement of impairment

The Group shall recognise an adjustment for expected credit losses on a financial asset that is measured in accordance with paragraphs 4.1.2 or 4.1.2A of IFRS 9 (debt instruments measured at amortised cost or fair value through other comprehensive income), a claim arising from a lease, a loan commitment and a financial collateral arrangement.

Group applies the impairment requirements for recognising the loss allowance for assets measured at fair value through other comprehensive income (debt instruments that meet the criteria of paragraph 4.1.2A of IFRS 9 — assets held for the purpose of collecting cash flows and selling, whose cash flows are exclusively repayments of principal or interest payments). The adjustment thus determined is recognised on behalf of other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.

At each reporting date, the Group assess the adjustment for credit losses relating to an instrument to reflect:

- Expected lending losses for 12 months, if the credit risk has not increased significantly since initial recognition;
- Lifetime expected credit losses, if the credit risk has increased significantly since initial recognition.

Group recognises in profit or loss, as an impairment gain or loss, the amount of expected, recognised or reversed losses required to affect the adjustment for losses at the reporting date up to the level required by IFRS 9.

The Group shall assess the expected credit losses of a financial instrument in such a way that it represents:

- An impartial value, resulting from the weighting of several possible outcomes according to the probabilities associated with them;
- The time value of money;
- Reasonable information available at no disproportionate cost or effort at the time of reporting.

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The group may assume that the credit risk for a financial instrument has not increased significantly since initial recognition if the financial instrument is considered to have a low credit risk at the reporting date. A financial instrument is considered to have a low risk if:

- The borrower has a high ability to meet the obligations associated with the contractual cash flows in the near term;
- Unfavourable changes in the economic and business environment can, but not necessarily, reduce the debtor's ability to meet his obligations.

Collateral is not taken into account in the assessment of low credit risk for issuers. At the same time, financial instruments are not considered to be low-risk just because they have a lower risk than the other instruments issued by the borrower or compared to the credit risk prevailing in the geographical region or jurisdiction in which it operates.

The group uses mainly external credit risk ratings in the assessment of credit risk in the assessment of credit risk.

(v) Derecognition

Group derecognises a financial asset when the rights to receive cash flows from that financial asset expire, or when the Group has transferred the rights to receive the contractual cash flows relating to that financial asset in a transaction in which it has transferred substantially all the risks and benefits of ownership.

Any interest in the transferred financial assets retained by the Company or created for the Company it is recognised separately as an asset or liability.

Group derecognises a financial liability when contractual obligations have ended or when contractual obligations are cancelled or expire.

Derecognition financial assets and liabilities are accounted for using the weighted average cost method. This method involves calculating the value of each item based on the weighted average of the value of similar items in stock at the beginning of the period and the value of similar items purchased during the period.

(vi) Reclassifications

If the Group reclassifies financial assets in accordance with paragraph 4.4.1 of IFRS 9 (as a result of changes in the business model for the management of its financial assets), then all affected financial assets will be reclassified. Financial liabilities may not be reclassified after initial recognition.

Group apply the reclassification of financial assets prospectively from the date of reclassification. Any previously recognised gains, losses or interest will not be restated.

In the event of a reclassification, the Group it shall do so:

- When reclassifying an asset from amortised cost to fair value through profit or loss, fair value is determined at the reclassification date. The difference between amortised cost and fair value is recognised in profit or loss;
- When reclassifying an asset from the fair value through profit or loss category to that of amortised cost, the fair value at the reclassification date becomes the new gross carrying amount;
- When reclassifying an asset from amortised cost to fair value through other comprehensive income, fair value is determined at the reclassification date. The difference between amortised cost and fair value is recognised in other comprehensive income without adjusting the effective interest rate or expected losses on the loan;
- When reclassifying an asset from the fair value category through other comprehensive income to that of amortised cost, the reclassification is performed at the fair value of the asset at the reclassification date. Amounts previously recognised in other comprehensive income are eliminated in relation to the fair value of the asset without affecting profit and loss. The effective interest rate and expected losses on the loan are not adjusted as a result of the reclassification;

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- When reclassifying an asset from the fair value through profit or loss category to that of fair value through other comprehensive income, the asset continues to be measured at its fair value;
- When reclassifying an asset from the fair value category through other comprehensive income to that of fair value through profit or loss, the financial asset continues to be measured at fair value. Amounts previously recognised in other comprehensive income are reclassified from equity to profit and loss as a reclassification adjustment (in accordance with IAS1).

(vii) Gains and losses

Gains or losses arising from a change in the fair value of a financial asset or financial liability that is not part of a hedging relationship are recognised as follows:

- a) Gains or losses arising from financial assets or financial liabilities classified as measured at fair value through profit or loss are recognised in profit or loss;
- b) Gains or losses arising from a financial asset measured at fair value through other comprehensive income are recognised in other comprehensive income.

Gains on shares measured at fair value through other comprehensive income are recognised as follows:

- Changes in fair value (including exchange rate) in other comprehensive income
- Dividend income is recognised in profit or loss

Gains on debt instruments (bonds):

- Changes in fair value (including exchange rate) in other comprehensive income
- Interest income is recognised in profit or loss
- Loss adjustments are recognised in profit or loss

When the asset is derecognised, cumulative losses or gains previously recognised in other comprehensive income:

- are reclassified from equity to profit or loss in the case of debt instruments;
- are transferred within the retained earnings in the case of equity instruments (shares).

At the time of depreciation or derecognition of financial assets accounted for at amortised cost, as well as through the process of their depreciation, the Group recognises a gain or loss in profit and loss.

For financial assets recognised using settlement date accounting, any change in the fair value of the asset to be received during the period between the trading date and the settlement date is not recognised for assets recognised at cost or amortised cost (excluding impairment losses). For assets carried at fair value, however, the change in fair value shall be recognised in profit or loss or equity, as the case may be.

e) Other financial assets and liabilities

Other financial assets and liabilities are valued at amortised cost using the effective interest method.

f) Property, plant and equipment

(i) Recognition and evaluation

Property, plant and equipment recognised as assets are initially valued at cost. The cost of an item of property, plant and equipment consists of the purchase price, including non-recoverable taxes, after deducting any price reductions of a commercial nature and any costs directly attributable to bringing the asset to the location and under the condition necessary for it to be used for the purpose desired by management, such as: Expense on employees arising directly from the construction or purchase of the asset, site development costs, initial delivery and handling costs, installation and assembly costs, professional fees.

Property, plant and equipment shall be classified by the Group in the following classes of assets of the same nature and with similar uses:

- Land and buildings;

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- Technical installations and means of transport;
- Other installations, tools and furniture

(ii) Evaluation after recognition

After recognition as an asset, items of property, plant and equipment of the nature of land and buildings whose fair value can be measured reliably are carried at a revalued amount, which is fair value at the date of the revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Other property, plant and equipment are measured at cost less cumulative depreciation and any impairment losses.

Revaluations are made on a regular basis to ensure that the carrying amount does not differ significantly from what would have been determined by using fair value at the end of the reporting period.

If an item of property, plant and equipment is revalued, then the entire class of property, plant and equipment to which that item belongs is subject to revaluation.

If the carrying amount of an asset is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in equity as a revaluation surplus.

However, the increase will be recognised in profit or loss to the extent that it offsets a decrease in the revaluation of the same asset previously recognised in profit or loss.

If the carrying amount of an asset is reduced as a result of a revaluation, that decrease is recognised in profit or loss.

However, the reduction will be recognised in other comprehensive income to the extent that the revaluation surplus presents a credit balance for that asset. Transfers from revaluation surplus to retained earnings shall not be effected by way of profit or loss.

(iii) Subsequent costs

Subsequent costs related to property, plant and equipment are assessed in the light of the general criterion for the recognition of property, plant and equipment, namely

- Whether future economic benefits associated with the asset are likely to be entered;
- Whether these costs can be measured reliably.

The costs of daily maintenance ("repair and maintenance expenses") related to property, plant and equipment are not capitalized; they are recognised as the costs of the period in which they occur. These costs consist mainly of Expense on labour and consumables, and may also include the cost of low-value components.

Expense on the maintenance and repair of property, plant and equipment shall be recorded in profit and loss when they occur, and significant improvements to property, plant and equipment which increase their value or lifetime, or which significantly increase their capacity to generate economic benefits, shall be capitalised.

(iv) Amortization

Depreciation is calculated for the cost of the asset or another cost-substituting amount less the residual value. Depreciation is recognised in profit and loss using the straight-line method for the estimated useful life of property, plant and equipment.

The estimated useful life spans for the current period and for the comparative periods are as follows:

Construction	10-50 years
Equipment, technical installations and machinery	3-30 years
Means of transport	4-12 years
Furniture and other property, plant and equipment	3-20 years

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Depreciation methods, estimated useful life spans as well as residual values are reviewed by the Company's management at each reporting date.

(v) Sale/disposal of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised (removed from the statement of financial position) upon disposal or when no future economic benefit is expected from its use or disposal.

Property, plant and equipment that is scrapped or sold are removed from the balance sheet together with the corresponding cumulative depreciation. Any profit or loss arising from such an operation shall be included in the current profit or loss account.

g) Intangible assets

Intangible assets are initially valued at cost. After initial recognition, an intangible asset is accounted for at cost less accumulated depreciation and any accumulated impairment losses.

(i) Depreciation of intangible assets

Depreciation is calculated for the cost of the asset or another amount that substitutes for cost. Depreciation is recognised in the statement of financial performance using the straight-line method for the estimated useful life of intangible assets from the date on which they are available for use, which most accurately reflects the expected pattern of consumption of the economic benefits embodied in the asset.

The estimated useful life spans for the current period and for the comparative periods are as follows:

Software	1-3 years
Other intangible assets	1- 5 years

Depreciation methods and useful life shall be reviewed at the end of each financial year and adjusted accordingly.

h) Investment property

An investment property is a real estate (land, building or part of a building) owned by the Group to obtain rental income or to increase the value of capital, or both, rather than to be used for the production or supply of goods or services or for administrative purposes or to be sold in the normal course of business.

(i) Acknowledgment

An investment property shall be recognised as an asset if, and only if there is a likelihood that the future economic benefits associated with the investment property will accrue to the Group and the cost of the investment property can be measured reliably.

(ii) Measurement

Recognition Measurement

An investment property must initially be valued at cost, including transaction costs. The cost of a purchased investment property includes its purchase price plus any directly attributable expenses (e.g. professional fees for the provision of legal services, transfer of ownership fees and other transaction costs).

Measurement after recognition

The fair value model

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After initial recognition, all investment property is measured at fair value unless fair value cannot be determined reliably on a continuing basis.

In exceptional circumstances where, at the time of the first acquisition of an investment property, there is clear evidence that the fair value of the investment property cannot be reliably determined on a continuing basis, the Group measures that investment property using the cost model. All other investment property is measured at fair value. If the Group has previously measured an investment property at fair value, then it will continue to measure that investment property at fair value until the moment of disposal.

Gains or losses resulting from changes in the fair value of investment property are recognised in the profit or loss of the period in which they occur.

The fair value of investment property shall reflect market conditions at the end of the reporting period.

(iii) Derecognition

The carrying amount of an investment property is derecognised (removed from the statement of financial position) at the time of disposal or when the investment is permanently withdrawn from use and no future economic benefits are expected to arise from its disposal.

Gains or losses arising from the disposal or disposal of an investment property shall be recognised in profit or loss during the period of termination or disposal.

i) Leasing

On the date of commencement of the contract, the lessee recognises that right of use in the asset a liability within the liability. The valuation of the right-of-use asset is made at cost. This includes the initial measurement of the liability, the net payments (minus incentives received) of the lease made at or before the start of the contract or before that date any costs incurred by the lessee at the beginning of that lease. The measurement of the liability shall be made on the basis of the net present value of future lease payments, using the interest rate applicable under the contract or, failing that, the cost of an equivalent loan to the lessee. Lease payments include: fixed amounts, variable amounts (dependent on indices or rates, depending on the level of these parameters at the beginning of the contract), amounts related to the residual value, the purchase price (in case of exercising the option) respectively penalties due in case of early termination of the contract.

In the subsequent measurement, the carrying amount is the initial cost less any accumulated depreciation, accumulated impairment losses or adjusted for any revaluations of the liability. Depreciation of the asset occurs over the period between the beginning of the contract and the end of the contract/useful life term.

The revaluation of the leasing debt is carried out by increasing the carrying amount by the accumulated interest, reducing it with the leasing payments made respectively adjusted according to any contractual changes.

The amount of interest shall be included in the expenses of the period and shall be determined on the basis of the financing interest rate provided for in the contract, that is to say, the marginal borrowing rate of the lessee concerned, the interest rate that the lessee would have to pay in order to borrow, for a similar period and with a similar guarantee, the funds necessary to obtain an asset of an amount similar to that of the right-of-use asset, in a similar economic environment.

j) Impairment of non-financial assets

The carrying amount of the Group's non-financial assets, other than deferred tax assets, shall be reviewed at each reporting date for impairment indices. If such indications exist, the recoverable amount of those assets shall be estimated.

An impairment loss is recognised when the carrying amount of the asset or its cash-generating unit exceeds the recoverable amount of the cash-generating asset or unit. A cash-generating unit is the smallest identifiable group that generates cash and is independent of other assets and groups of assets. Impairment losses are recognised in profit and loss.

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The recoverable amount of an asset or a cash-generating unit is the maximum between its value in use and its fair value less the costs of selling that asset or units. For the determination of the net use value, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and risks specific to that asset.

Impairment losses recognised in previous periods shall be assessed at each reporting date to determine whether they have decreased or no longer exist. Impairment loss shall be resumed if there has been a change in the estimates used to determine the recovery value. Impairment loss shall only be resumed if the carrying amount of the asset does not exceed the calculated carrying amount, net depreciation and impairment, if the impairment loss had not been recognised.

Non-financial assets other than goodwill that have been affected by impairment shall be revised for the possible resumption of impairment at each reporting date.

k) Share capital and own shares

Ordinary shares are recognised in the share capital. Incremental costs directly attributable to an issue of ordinary shares are deducted from the capital net of the effects of taxation.

For the purpose of drawing up IFRS compliant consolidated financial statements, the Group also applied the requirements of IAS 29 "Financial reporting in hyperinflationary economies" by adjusting, for current measurement as at 31 December 2003, the share capital.

The Group recognizes redemptions of equity shares at the time of the transaction as a decrease in equity. The repurchased equity shares are recorded at the acquisition value, with brokerage fees and other costs directly related to the acquisition being recognised in a separate account also as a decrease in equity. Cancellation of own shares held is carried out on the basis of the approval of shareholders, in compliance with all legal requirements regarding this operation. When derecognised, the Group uses the share capital accounts (for nominal value) respectively retained earnings (for the difference between the acquisition cost and the nominal value) in return for the cancelled own shares.

l) Provisions for liabilities and charges

Provisions are recognised in the consolidated statement of financial position when an obligation related to a past event arises for the Group and it is likely that in the future it will be necessary to consume economic resources to extinguish this obligation and a reasonable estimate of the amount of the obligation can be made. For the determination of the provision, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and the risks specific to that liability. The amount recognised as a provision constitutes the best estimate of the expenses required to settle the current obligation at the end of the reporting period.

m) Interest income and expenses

Interest income and expenses shall be recognised in the consolidated statement of profit or loss by the effective interest method. The effective interest rate represents the rate that accurately discounts future cash payments and receipts over the expected life of the financial instrument up to the level of the gross carrying amount of the financial asset in question the amortised cost of the financial liability.

n) Dividend income

Dividends on an equity instrument classified at fair value through other comprehensive income that at fair value through profit or loss are recognised in profit or loss when the entity's entitlement to receive those amounts is determined, unless those amounts represent a substantial return on investment cost, complying with IFRS 9.

The group shall not record any dividend income relating to shares received free of charge when they are distributed proportionally to all shareholders.

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Dividend income is recorded at the gross amount that includes the dividend tax, which is recognized as a current expense with the income tax. Their accounting recognition is made after the date of registration, which identifies the shareholders on whom the decisions of the general meeting of shareholders are reflected, taking into account the number of shares held by the Group on the date of registration and the gross dividend / share approved by those decisions.

o) Rental income

Rental income is generated by investment property rented by the Group in the form of operating leases and is recognized in linear profit or loss throughout the contract period.

p) Employee benefits

(i) Short-term benefits

Obligations with short-term benefits granted to employees are not updated and are recognized in the comprehensive income as the related service is provided.

The short-term benefits of employees include salaries, bonuses and social security contributions. The short-term benefits of employees are recognized as an expense when services are provided.

(ii) Defined contribution plans

The group makes payments on behalf of its own employees to the pension system of the Romanian state, and the health insurances, during the normal activity. Also, the Group retains and transfers to private pension funds, the amounts with which the employees have enrolled in an optional pension plan.

All employees of the Group are members and also have the legal obligation to contribute (through social contributions) to the pension system of the Romanian State (a plan of determined contributions of the State). All related contributions are recognised in profit and loss of the period when they are made. The Group shall have no additional obligations.

The Group is not engaged in any independent pension scheme and therefore has no other obligations in this respect. e Group is not obliged to provide subsequent services to former or current employees.

(iii) Long-term employee benefits

The Group's net liability with regard to the benefits of long-term services is represented by the amount of future benefits that employees have earned in exchange for the services provided by them in the current and prior periods. Within the group, depending on the regulations of the Collective Labour Agreement in force, people who retire at old age may benefit at the time of retirement from an aid at the level of five average net salaries per Group.

The Group's net liability in respect of the long-term benefits determined on the basis of the Collective Bargaining Agreement is estimated using the projected credit factor method and is recognised in profit and loss on the accrual accounting principle. The surplus or deficit arising from changes in the discount rate and other actuarial assumptions shall be recognised as income or expense for the remaining working hours of the employees participating in the plan.

(iv) Payment based on shares and share option plan programs

According to IFRS 2, for share-based payment transactions with a settlement in shares, the entity shall measure the goods or services received and the corresponding increase in equity directly at the fair value of the goods or services received, unless fair value cannot be estimated reliably. If the entity cannot reliably estimate the fair value of the goods or services received, the entity shall measure their

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value and the corresponding increase in equity indirectly in relation to the fair value of the equity instruments awarded.

To apply these provisions to transactions with employees and other persons providing similar services, the entity shall measure the fair value of the services received by reference to the fair value of the equity instruments granted because it is generally not possible to estimate reliably the fair value of the services received. The fair value of those equity instruments shall be measured at date of grant.

An award of equity instruments may be conditional on satisfaction specific conditions for entry into rights. For example, an assignment of shares or share options to an employee is generally conditional on the employee remaining in the service of the entity for a specified period of time. It may be necessary to meet performance conditions, such as for the entity to achieve a specified increase in profit or a specified increase in the entity's share price. Conditions for entry into rights other than market conditions shall not be taken into account when estimating the fair value of shares or options per share at the measurement date. Conversely, the conditions for entry into entitlement must be taken into account by adjusting the number of equity instruments included in the measurement of the transaction value, so that ultimately the value recognised for the goods or services received in return for the equity instruments awarded must be based on the number of equity instruments that ultimately come into entitlement. Therefore, on a cumulative basis, no value is recognised for the goods or services received if the equity instruments awarded do not enter into their rights due to the failure to comply with a condition for entry into rights, for example, the partner does not complete the specified service period or a performance condition is not met.

q) Corporate income tax

Reflected in the statement of financial position

Tax on profit includes the current tax and the deferred tax.

Income tax is recognised in profit or loss or in other comprehensive income if the tax is related to capital items.

The Group recognises a deferred income tax liability (asset) for taxable (deductible) temporary fair value differences in investment in shares measured at fair value through other comprehensive income. The amount of this liability(s) is adjusted accordingly each time any taxable (deductible) fair value differences are recognised.

The deferred tax is determined using the balance sheet method for those temporary differences that arise between the tax base for calculating the tax on assets and liabilities and their carrying amount used for reporting in the individual financial statements.

Deferred tax shall not be recognised for the following temporary differences: initial recognition of goodwill, initial recognition of assets and liabilities arising from transactions which are not combinations of enterprises and which do not affect either accounting or tax profit, and differences arising from investments in subsidiaries and associates, provided that they are not resumed in the near future. The deferred tax is calculated on the basis of the tax percentages that are expected to be applicable to the temporary differences upon their resumption, based on the legislation in force on the date of reporting or the legislation issued on the date of reporting and which will enter into force later.

The deferred tax liability is recognised only to the extent that it is likely that taxable profit will be obtained in the future after offsetting against the tax loss of previous years and the income tax to be recovered. The deferred tax asset is reduced to the extent that the corresponding tax benefit is unlikely to be realized.

The calculated deferred tax assets and liabilities are shown at net worth in the Group's financial statements.

Deferred tax assets and liabilities are cleared if there is a legal right to set off current tax assets and liabilities that relate to taxes levied by the same tax authority, from the same taxable entity, or on different tax entities but which intend to clear current tax assets and liabilities on a net basis, or their tax assets and liabilities will be realized simultaneously.

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Reflected in the statement of profit or loss

The current income tax also includes the tax on the income from dividends recognised at gross value respectively the income tax (in the case of a subsidiary).

The additional taxes arising from the distribution of dividends are recognised on the same date as the obligation to pay the dividends.

The current tax is the tax payable on the profit realized in the current period, determined on the basis of the percentages applied at the balance sheet date and all the adjustments related to the previous periods.

As of December 31, 2022 and December 31, 2021, the corporate tax was 16% and the income tax was 1%.

r) Earnings per share

The parent company shall disclose basic and diluted earnings per share in the separate financial statements.

s) Dividends

Dividends are treated as a distribution of profit during the period in which they were declared and approved by the General Meeting of Shareholders. The profit available for distribution is the profit of the year recorded in the individual financial statements drawn up in accordance with the International Financial Reporting Standards adopted by the European Union.

Dividends not paid for three years and for which the right to claim has been time-barred shall be recorded in equity with Other reserves.

t) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it can derive revenue and incur expenses (including revenue and expenses related to transactions with other components of the same entity) whose operating results are regularly reviewed by the entity's chief operating decision maker to decide on the resources to be allocated to the segment and assesses performance to it and for which financial information is available.

From the point of view of management, the real estate activity of some of the subsidiaries is pursued as financial activity and has been included in the financial activity segment.

u) Adoption of new or revised Standards and Interpretations

The following new standards, amendments to existing standards and interpretations issued by the IASB and adopted by the EU have an effect for the current reporting period:

Standards and amendments to existing standards issued by the IASB and adopted by the EU are in force for the current reporting period:

Amendments to IAS 16 "Property, plant and equipment" – Revenue before the intended use adopted by the EU on 28 June 2021 (applicable for annual periods as of or after 1 January 2022),

Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - Onerous contracts — Cost of performance of the contract adopted by the EU on 28 June 2021 (applicable for annual periods from or after 1 January 2022),

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Amendments to IFRS 3 "Business combinations" — Definition conceptual and with amendments to IFRS 3 adopted by the EU on 28 June 2021 (applicable for annual periods as from or after 1 January 2022),

Amendments to various standards due to "IFRS Enhancements (Cycle 2018-2020)" resulting from the annual DRAFT IFRS Improvement (IFRS 1, IFRS 9, IFRS 16 and IAS 41) for principal purposes to eliminate inconsistencies and clarify certain formulations – adopted by the EU on 28 June 2021 (the amendments to IFRS 1, IFRS 9 and IAS 41 are applicable for annual periods from or after 1 January 2022. The amendment to IFRS 16 refers only to an illustrative example, so no effective date is mentioned).

The adoption of these amendments to the existing standards did not lead to material changes in the Group's financial statements.

Standards and amendments to existing standards issued by the IASB and adopted by the EU, but which have not yet entered into force

At the time of signing these Financial Statements, the following amendments to the existing standards were issued by the IASB and adopted by the EU, but have not yet entered into force:

IFRS 17 "Insurance Contracts" including amendments to IFRS 17 issued by the IASB on 25 June 2020 — adopted by the EU on 19 November 2021 (applicable for annual periods beginning on or after 1 January 2023),

Amendments to IFRS 17 "Insurance contracts" – Initial application of IFRS 17 and IFRS 9 — Comparative information, adopted by the EU on 8 September 2022 (applicable for annual periods from or after 1 January 2023),

Amendments to IAS 1 "Presentation of Financial Statements" — Presentation of accounting policies adopted by the EU on 2 March 2022 (applicable for annual periods beginning on or after 1 January 2023),

Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors" — Definition of accounting estimates adopted by the EU on March 2, 2022 (applicable for annual periods beginning on or after January 1, 2023).

Amendments to IAS 12 "Income Tax" — Deferred tax on assets and liabilities arising from a single transaction adopted by the EU on 11 August 2022 (applicable for annual periods beginning on or after 1 January 2023).

New standards and amendments to existing standards issued by the IASB but not yet adopted by the EU

At present, the IFRS standards adopted by the EU do not differ significantly from the regulations adopted by the IASB, with the exception of the following new standards and amendments to existing standards, which have not yet been adopted for application in the EU by the date of publication of these Financial Statements:

Amendments to IAS 1 "Presentation of Financial Statements" — Classification of liabilities into short-term and long-term liabilities (applicable for annual periods beginning on or after 1 January 2023),

Amendments to IAS 1 "Presentation of Financial Statements" — Long-term liabilities with financial indicators (applicable for annual periods beginning on or after 1 January 2024),

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Amendments to IFRS 16 "Leases" — Leases in a sale and leaseback transaction (applicable to annual periods beginning on or after 1 January 2024),

IFRS 14 "Deferral accounts related to regulated activities" (applicable for annual periods from or after 1 January 2016) – the European Commission has decided not to issue the approval process of this interim standard and to wait for the final standard,

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"— Sale of or contribution of assets between an investor and its associates or joint ventures and subsequent amendments (the date of entry into force has been postponed indefinitely until the research project on the equity method is completed).

The Group expects that the adoption of these new standards and changes to existing standards will not have a material impact on the financial statements during the initial maintenance period.

v) Subsequent events

Subsequent events may provide additional information on the period reported as compared to that known at the balance sheet date. If the annual consolidated financial statements have not been approved, they must be adjusted to also reflect additional information if that information relates to conditions (events, operations, etc.) that existed at the balance sheet date.

Events after the balance sheet date are those events, favourable or unfavourable, that occur between the balance sheet date and the date on which the annual financial statements are approved. Events after the balance sheet date shall include all events occurring up to the date on which the annual consolidated financial statements are approved, even if those events occur after the disclosure of financial information to the public.

Two types of events after the balance sheet date can be identified:

- those proving the conditions which existed at the balance sheet date. These events after the balance sheet date lead to an adjustment of the annual financial statements; and
- those giving indications of conditions arising after the balance sheet date. These events after the balance sheet date do not lead to an adjustment of the annual financial statements.

For events after the balance sheet date that lead to the adjustment of the annual financial statements, the Group adjusts the amounts recognised in its financial statements to reflect events after the balance sheet date. An event after the balance sheet date that leads to an adjustment in the annual financial statements and that requires the Group to adjust the amounts recognised in its annual financial statements or the recognition of items that have not previously been recognised is the resolution after the balance sheet date of a dispute that confirms that the entity has an obligation present at the balance sheet date. The Group shall adjust any previously recognised provision in connection with this dispute or recognise a new provision.

In the case of events after the balance sheet date which do not lead to an adjustment of the annual financial statements, the Group shall not adjust the amounts recognised in its financial statements to reflect those events after the balance sheet date.

If the Group receives, after the balance sheet date, information on the conditions that existed at the balance sheet date, the Group shall update the disclosures relating to those conditions in the light of the new information.

(x) Non-financial information on climate and the impact of climate risks on asset impairment

Impairment of non-financial assets

The tangible assets held by the Group, classified as both property, plant and equipment (presented in the specific notes to the financial statements), are depreciated in accordance with the applicable legal

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provisions and accounting rules. Their periodic revaluation, for the purpose of highlighting them at fair value, carried out in accordance with the applicable valuation standards, shall also take into account the risks associated with the holding or operation of those assets. Assets held by the group and reflected as property, plant and equipment or investment property have not suffered any impairment of value that is the effect of climate change and the impact of which is recognised in the financial statements drawn up by the Group.

Provisions, accounting treatment of electricity purchase contracts

The Group did not have and does not have concluded contracts for the purchase of electricity, other than those concluded as a final consumer, related to ensuring the operation of the operational activity carried out at the headquarters of the respective parent company at the headquarters of the Bucuresti branch and at that of the two subsidiaries included in the consolidation. As a result, the Group has not recognised provisions for this purpose. In both previous financial years and the financial year ended 2022, the share of energy costs in the Group's total operating costs is low.

(y) Impact of the conflict in Ukraine on financial statements

The Group has no investments or exposures in the military conflict zone in Ukraine. The impact on the Group's financial assets and performance is linked to unpredictable financial market developments, the exacerbated increase or decrease of certain asset categories, significant changes in fair value in the event of equity interests of issuers experiencing disruption to the raw material supply chain, increases in operating costs or increased energy costs. These aspects were included in the level 1 changes during the year, in the interim reporting, and in these financial statements, on account of the assumptions taken into account in the determination of the Level 3 fair value for unlisted or non-active market interests.

(z) Impact of the current macroeconomic environment on employee benefits, impairment of non-financial assets and expected credit losses (ECL)

Employee benefits

The group did not see any exceptional variations in employee benefits that would be the effect of the current macroeconomic environment. Any changes in the level of employees' remuneration are the result of regular negotiations between the Group's management and the employees' representatives, under the conditions of the applicable legal regulations.

Impairment of non-financial assets

The tangible assets held by the Group, classified as both property, plant and equipment (presented in the specific notes to the financial statements), are depreciated in accordance with the applicable legal provisions and accounting rules. Their periodic reassessment, for the purpose of highlighting them at fair value, carried out according to the applicable valuation standards, takes into account the macroeconomic context at the time of the measurement and any trends that may affect the explicit forecast period. The assets held by the company and reflected as property, plant and equipment or investment property have not suffered any impairments of value representing the effect of the current macroeconomic environment and the impact of which is recognized in the financial statements drawn up by the Company.

Expected credit losses

The company does not have recognised in its financial statements expected credit losses, given that financial assets such as interest-bearing debt instruments are reflected in financial assets at fair value

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through profit or loss. The details of these instruments can be found in the financial statements in the notes dealing with the risks to which the Company is exposed and of the notes detailing the economic positions in which these assets are found.

5 Managing significant risks

The risk management activity is found in the organizational structure of the Group and concerns both general and specific risks, as provided by the applicable national and European legislation and regulations.

The most important financial risks to which the Group is exposed are credit risk, liquidity risk and market risk. Market risk includes currency risk, interest rate risk and equity instruments' price risk. This note presents information on the Group's exposure to each of the above-mentioned risks, the Group's objectives and policies, and the risk assessment and management processes.

The group uses a variety of policies and procedures to administer and assess the types of risk to which it is exposed. These policies and procedures are presented in the subchapter dedicated to each type of risk.

5.1 Financial risks

(a) Market risk

Market risk is the current or future risk of losses on balance sheet and off-balance sheet positions due to adverse market price fluctuations (such as e.g. share prices, interest rates, exchange rates). The Group's management establishes the risk limits that can be accepted, limits that are regularly monitored. However, the use of this approach does not lead to the prevention of losses outside the limits set in the event of a significant market fluctuation.

The position risk is associated with the portfolio of financial instruments held by the Group with the intention of benefiting from the favorable evolution of the price of the respective financial assets or from any dividends/ coupons granted by the issuers. The group is exposed to position risk, both in relation to the general and the specific one, due to short-term investments made in bonds, shares and fund units.

The management has continuously pursued and seeks to minimize the possible adverse effects associated with this financial risk through an active policy of prudential portfolio diversification, as well as by using one or more risk mitigation techniques depending on the evolution of market prices related to the financial instruments held by the Group.

Risk of concentration

The concentration risk concerns all the assets held by the Group, regardless of the period of their holding, and by reducing this type of risk, it is aimed at avoiding the registration of too large an exposure to a single debtor / issuer at group level.

Management's policy of diversification of exposures applies to the structure of the portfolio, the structure of the business model, as well as the structure of exposures to financial risks. Thus, this diversification policy involves: diversifying the portfolio by avoiding excessive exposure to a debtor, issuer, country or geographical region; the diversification of the structure of the business plan aims at the Group level to avoid excessive exposure to a certain line of business / sector of activity; the diversification of the structure of financial risks is aimed at avoiding excessive exposure to a certain type of financial risk.

The market risk of equity instruments results predominantly from shares measured at fair value through other comprehensive income and profit and loss. The entities in which the Group holds shares operate in various industries.

The objective of market risk management is to control and manage market risk exposures within acceptable parameters, to the extent that profitability is optimised.

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The Group's strategy for managing market risk is driven by its investment objective and market risk is managed in accordance with its policies and procedures.

The Group shall be exposed to the following categories of market risk:

(i) Stock price risk

Price risk is the risk of loss-making on both balance sheet and off-balance sheet positions due to asset price developments.

The group is at risk that the fair value of held financial instruments may fluctuate as a result of changes in market prices, whether it is caused by factors specific to its issuer's activity or factors affecting all instruments traded in the market.

The Board of Directors shall monitor how the management of market risk is carried out and the internal procedures shall provide that, when the price risks are not in line with investment policy and the Group's principles, portfolio restructuring must be carried out.

A positive change of 10% in the price of financial assets at fair value through profit and loss (subsidiary shares, associates, corporate bonds and fund units) would lead to an increase in post-tax profit, by RON 154,224,584 (December 31, 2021: RON 161,515,907), a negative change of 10% having an equal net impact and of opposite sign.

A positive change of 10% in the prices of financial assets measured at fair value through other comprehensive income, investments in shares and corporate bonds would lead to an increase in equity, net of income tax, by RON 125,507,709 (December 31, 2021: 120,191,670 RON), a negative variation of 10% having an equal net impact and of opposite sign.

As can be seen from the table below, as of December 31, 2022, the Group held mainly shares in companies operating in the financial-banking and insurance field, with a share of 45.7% of the total portfolio, down from that recorded on December 31, 2021.

In RON	31 December		31 December	
	2022	%	2021	%
Financial intermediation and insurance	1.231.384.286	45,7%	1.321.045.619	49,0%
Manufacturing industry	706.130.898	26,2%	796.836.286	29,6%
Hotels and restaurants	133.536.179	5,0%	97.642.827	3,6%
Wholesale and retail trade, repair of motor vehicles	39.160.957	1,5%	39.048.278	1,4%
Production and supply of energy, gas, water	0	0,0%	27.214.550	1,0%
Extractive industry	149.134.107	5,5%	17.897.034	0,7%
Other activities	701.349	0,0%	1.174.734	0,0%
Financial services applicable to real estate	376.214.889	14,0%	346.555.946	12,9%
Construction	3.277.721	0,1%	606.059	0,0%
Transport and storage	38.232.508	1,4%	44.560.504	1,7%
Rental of real estate	14.282.752	0,5%	2.319.072	0,1%
Agriculture, forestry and fisheries	151.925	0,0%	151.713	0,0%
TOTAL	2.692.207.570	100,0%	2.695.052.625	100,0%

As of December 31, 2022 and December 31, 2021, the Group holds fund units worth RON 363,088,921 (December 31, 2021: RON 369,329,872), at the Closed-End Investment Funds Active Plus, Star Value, Optim Invest, Certinvest Actiuni, Romania Strategy Bottom and Open-End Investment Fund Plus Invest – Muntenia (from 2021 onwards).

The Group is exposed to price risk in terms of the investments made (listed shares, bonds, bank deposits) with a different degree of risk by these Investment Funds.

(ii) Interest rate risk

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Interest rate risk is the risk that the Group's income or expenses, or the value of the Group's assets or liabilities, will fluctuate as a result of changes in market interest rates.

With regard to interest-bearing financial instruments: interest rate risk is composed of the fluctuation risk recorded in the value of a particular financial instrument as a result of changes in interest rates and the risk of differences between the maturity of the financial assets bearing the interest rate and that of the interest-bearing liabilities. However, interest rate risk can also influence the value of fixed interest-bearing assets (e.g. bonds), so an increase in the market interest rate will lead to a decrease in the value of the future cash flows generated by them and may lead to a reduction in their price, if it increases the preference of investors to place their funds in bank deposits or other instruments whose interest rate has increased, and vice versa - a reduction in the market interest rate can cause the price of shares and bonds to rise and cause an increase in the fair value of future cash flows.

With regard to fixed-interest bearing assets or marketable assets, the Group is exposed to the risk that the fair value of future cash flows on financial instruments may fluctuate as a result of changes in market interest rates.

Thus, the Group will be subject to limited exposure to the risk of the fair value ratio or future cash flows due to fluctuations in the prevailing levels of market interest rates.

The group does not use derivatives to protect itself from interest rate fluctuations.

The following table illustrates the annual interest rates obtained by the Group for the interest-bearing assets during 2022:

Financial assets	RON Interval		EUR Interval	
	Min	Max	Min	Max
Bank deposits	0,0%	9,50%	0,06%	1,40%
Financial assets at fair value through profit and loss*	4,3%	10,2%	3,10%	5,11%
Financial assets at fair value through other comprehensive income	-	-	5,75%	5,75%
Affiliated parties loans	2%	3,5%	1%	1%

* Within the financial assets at fair value through profit and loss are included the bonds issued in RON by a subsidiary and the loan in euro granted in 2022 to a subsidiary.

The following table illustrates the annual interest rates obtained by the Group for the interest-bearing assets during 2021:

Financial assets	RON Interval		EUR Interval	
	Min	Max	Min	Max
Bank deposits	0,00%	2,25%	0,06%	0,12%
Financial assets at fair value through profit and loss	3,50%	4,30%	6,00 %	6,00%
Financial assets at fair value through other comprehensive income*	-	-	5,75%	5,75%
Affiliated parties loans	2%	3,5%	1%	1%

*In financial assets at fair value through other comprehensive income are included corporate bonds.

The table below contains a summary of the Group's exposure to interest rate risks. The table includes the Group's assets and liabilities at its book values, broken down by the most recent date between the date of the change in interest rates and the maturity date.

<i>In RON</i>	2022	2021
Cash and cash equivalents*	9.625.793	106.465.095
Bank deposits	30.530.436	114.784.395
Financial assets at fair value through profit and loss - corporate bonds	37.612.296	37.612.296
Financial assets at fair value through profit and loss - loan granted	133.915.653	

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Financial assets at fair value through other comprehensive income — corporate bonds	-	5.273.438
Loans from related parties	(14.531.581)	(14.531.699)
TOTAL	197.152.598	249.603.525

*Short-term investments in bank deposits (maturity of less than 3 months) are included in cash equivalents

The impact on the Group's net profit (on account of income/expenses from/with interest) of a change in the $\pm 1.00\%$ of the interest rate on assets and liabilities bearing variable interest and expressed in other currencies in conjunction with a change of $\pm 1.00\%$ in the interest rate on variable interest bearing assets and liabilities and expressed in RON is RON 1,656,082 (December 31, 2021: 2,096,670 RON).

In the case of bonds disclosed at fair value (level 1) held, a variation of $\pm 5\%$ of their market price determines a net impact in the amount of $\pm 1,579,616$ RON (31 December 2021: $\pm 1,579,616$ RON) in profit and loss respectively in the amount of 0 RON (31 December 2021: $\pm 221,484$ RON) in other elements of the global result.

(iii Currency risk)

Currency risk is the risk of incurring losses or non-realization of the estimated profit as a result of unfavourable fluctuations in the exchange rate. The Group invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, so it is exposed to risks that the exchange rate of the national currency in relation to another currency will have adverse effects on the fair value or future cash flows of that portion of the financial assets and liabilities denominated in another currency.

The Group performed transactions in the reporting periods in both Romanian currency (Leu) and foreign currency. The Romanian currency fluctuated compared to foreign currencies, EURO and USD. The financial instruments used give the possibility to preserve the value of monetary assets held in RON, by making investments and collecting interest according to the maturity date.

The Group did not carry out any transactions in exchange rate derivatives during the financial years presented.

The Group's financial assets and liabilities in RON and foreign currencies as at 31 December 2022 and 31 December 2021 can be analyzed as follows:

Financial assets and liabilities exposed to exchange rate risk (in RON)

In RON	2022	2021
Cash and cash equivalents	19.805.929	252.546.206
Bank deposits	3.968.576	83.185.935
Financial assets at fair value through profit and loss — (including assets held by investment funds)*	145.226.312	15.217.333
Financial assets at fair value through other comprehensive income**	147.927.260	209.887.194
TOTAL	316.928.078	560.836.669
Loans	(1.154.778)	(1.146.579)
Lease liabilities	(5.250)	(28.572)
Total debts	(1.160.028)	(1.175.151)
Net financial assets	315.768.050	559.661.517

* Within the financial assets at fair value through profit and loss is included the loan in euro (in 2022) and the foreign currency holdings of the closed-end investment funds, proportional to the Company's holding in their net assets.

** In financial assets at fair value through other comprehensive income in EUR are included holdings held outside the country, namely Austria - Erste Bank and impact corporate bonds (only in 2021).

As of December 31, 2022, the Group holds fund units at The Closed-End Investment Funds Active Plus, Star Value, Optim Invest, Certinvest Actiuni, Romania Strategy Fund and FDI Plus Invest Muntenia. The

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Group is exposed to foreign exchange risk in terms of investments made by these Investment Funds (financial instruments listed on foreign markets, available or foreign currency investments).

On 31 December 2022 and 31 December 2021, respectively, the assets of the closed-end funds represented mainly investments in listed shares on a regulated market in Romania or in another Member State.

The following table shows the sensitivity of profit or loss as well as equity to possible changes at the end of the reporting period of the foreign exchange rates in correspondence with the reporting currency, keeping all other variables constant:

	31 December 2022		31 December 2021	
	Impact in profit and loss	Impact in other comprehensive income	Impact in profit and loss	Impact in other comprehensive income
Appreciation EUR 5% (2021: 5%)	7.049.313	6.212.945	14.912.418	8.593.365
Depreciation EUR 5% (2021: 5%)	(7.049.313)	(6.212.945)	(14.912.418)	(8.593.365)
Total	-	-	-	-

(b) Credit risk

Credit risk is the risk that a counterparty of a financial instrument will fail to meet a financial obligation or commitment in which it has entered into a relationship with the Group, thus resulting in a loss for the Group. The group is exposed to credit risk as a result of investments made in bonds issued by companies or the Romanian State, current accounts and bank deposits and other receivables.

The Group's management shall closely and constantly monitor the exposure to credit risk so that it does not suffer losses as a result of the credit concentration in a given sector or area of activity.

As of December 31, 2022 and December 31, 2021, it does not hold collateral as insurance, nor any other improvements in the credit rating.

As of 31 December 2022 and 31 December 2021, the Group did not register any outstanding financial assets, except for some balances from various receivables and debtors, which were considered impaired.

Below are the financial assets with exposure to credit risk:

31 December 2022	Current accounts	Bank deposits	Loan granted (FVTPL)	Bonds issued by companies (FVTPL)	Other financial assets	Total
AAA rating up to A-						
BBB+	19.748.766	1.045.573				20.794.339
BBB	3.304.865	9.359.000				12.663.865
BBB-	3.514	12.015.220				12.018.734
bb+	208.844	5.580.000				5.788.844
BB	6.631	9.156.436				9.163.067
BB-	978					978
B+	8.405.422	-				8.405.422
Baa1	68.983					68.983
NO	90.045		135.340.462	38.313.018	16.079.974	189.823.499
TOTAL	31.838.048	37.156.229	135.340.462	38.313.018	16.079.974	258.727.731

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31 December 2021	Current accounts	Bank deposits	Bonds issued by companies (FVTOCI)	Bonds issued by companies (FVTPL)	Other financial assets	Total
AAA rating up to A-						
BBB+	36.321.781	18.485.591	-	-	-	54.807.372
BBB	23.184	5.000.000	-	-	-	5.023.184
BBB-	19.775.675	187.630.899	-	-	-	207.406.574
bb+	99.102.745	-	-	-	-	99.102.745
BB-	6.495.556	-	-	-	-	6.495.556
B-	-	-	5.283.259	-	-	5.283.259
Baa2	42.180	-	-	-	-	42.180
Baa3	1.181	-	-	-	-	1.181
NO	1.108	10.133.000	-	37.907.699	34.583.936	82.625.742
TOTAL	161.763.409	221.249.490	5.283.259	37.907.699	34.583.936	460.787.793

The Group's maximum exposure to credit risk is in the amount of RON 258,727,731 as of 31 December 2022 (31 December 2021: RON 460,787,793) and can be analyzed as follows:

Exposure from current accounts and deposits made with banks

	Credit Rating			31 December 2022	31 December 2021
BRD - Groupe Société Générale	BBB+	BRD - Groupe Société Générale	Fitch	14.403.814	13.684.206
Banca Transilvania	bb+	Banca Transilvania	Fitch	5.788.844	99.102.745
Banca Comerciala Romana	BBB+	Banca Comerciala Romana	Fitch	6.390.525	28.575.512
CEC Bank	BB		Fitch	9.163.067	102.938.404
Exim Bank	BBB-	Exim Bank Romania	Fitch	6.232.956	98.968.551
Intesa Sanpaolo Romania*	BBB	Intesa Sanpaolo Italia	Fitch	9.380.149	5.023.184
Procredit	BBB-	Procredit	Fitch	5.785.778	5.499.619
Raiffeisen Bank Romania	Baa1	Raiffeisen Bank Romania	Moody's	68.983	42.180
Credit Europe Bank	B+	Credit Europe Bank	Fitch	8.405.422	6.495.556
UniCredit Tiriac	BBB	UniCredit Tiriac	Fitch	3.283.716	12.547.654
Libra Bank	BB-	Libra Bank	Moody's	978	1.181
Techventures Bank	NO			89.851	10.133.620
Other banks	NO			194	488
TOTAL				68.994.277	383.012.899

*For banks for which there is no rating we have considered the rating of the Parent Group.

The Group's exposure to credit and counterparty risk through corporate bonds held as at 31 December 2022 is shown in the following table:

Issuing	Quantity	Par value	Interest rate	Value as at 31 December 2022 -RON	Maturity
Vrancart SA*	RO				2024
	N	368.748	100,00	10,20%	37.612.296
Total				37.612.296	

*variable interest rate (on the most recent coupon)

The Group's exposure to credit and counterparty risk through corporate bonds held as at 31 December 2021 is shown in the following table:

Issuing	Quantity	Par value	Interest rate	Value as at 31 December 2021 -RON-	Maturity
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Impact SA**	Eur	210	5.000,00	5,75%	5.273.438	2022
	RO					2024
Vrancart SA*	N	368.748	100,00	4,30%	37.612.296	
Total					42.885.734	

*variable interest rate (on the most recent coupon)

**fixed interest rate

The bonds issued by Impact (December 2022) and SIFI BH Retail (January 2021) were collected at maturity. Given the current structure of investments in bank deposits and bonds, management does not estimate a significant impact from a credit risk perspective on the financial position of the Group.

Cash and cash equivalents and bank deposits are not overdue and are not depreciated.

The Group carried out an internal analysis of expected credit losses, concluding that their impact is insignificant. Thus, the Group does not provide information in the notes on expected credit losses required by IFRS 9.

Corporate bonds are not overdue and are not depreciated.

(c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties in fulfilling its obligations arising from short-term financial liabilities, which are extinguished by payment in cash or by other financial means, or that such obligations are extinguished in a manner unfavourable to the Group.

The Group follows the evolution of the liquidity level in order to be able to pay its obligations on the date on which they become due and permanently analyzes the assets and liabilities, depending on the remaining period until the contractual maturities.

The structure of assets and liabilities was analyzed based on the remaining period from the balance sheet date to the contractual maturity date, both on December 31, 2022 and December 31, 2021, as follows:

<i>In RON</i>	Book value	Under 3 months	Between 3 and 12 months	Older than 1 year	No predetermined maturity
31 December 2022					
Financial assets					
Cash and cash equivalents	38.538.814	38.538.814	-	-	-
Bank deposits	30.786.239	30.786.239	-	-	-
Financial assets at fair value through profit and loss	1.742.388.354	700.722	135.340.462	37.612.296	1.568.745.738
Financial assets measured at fair value through other comprehensive income	1.486.550.751				1.486.550.751
Other financial assets	17.439.803	17.439.803	-	-	-
Total financial assets	3.315.714.826	87.465.578	135.340.462	37.612.296	3.055.296.489
Financial liabilities					
Dividend payment	10.042.310	10.042.310	-	-	-
Loans	16.311.778	-	-	16.311.778	-
Lease liabilities	5.250	5.250	-	-	-
Other financial liabilities	46.700.851	46.700.851	-	-	-
Total financial liabilities	73.060.189	56.748.411	-	16.311.778	-
Excess liquidity	3.242.654.637	30.717.167	135.340.462	21.300.518	3.055.296.489

<i>In RON</i>	Book value	Under 3 months	Between 3 and 12 months	Older than 1 year	No predetermined maturity
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31 December 2021					
Financial assets					
Cash and cash equivalents	268.254.328	268.254.328	-	-	-
Bank deposits	114.910.692	62.083.707	52.826.985	-	-
Financial assets at fair value through profit and loss	1.680.565.630	295.403	-	37.612.296	1.642.657.932
Financial assets measured at fair value through other comprehensive income	1.427.008.234		5.283.259		1.421.724.975
Other financial assets	36.398.174	36.398.174	-	-	-
Total financial assets	3.527.137.058	367.031.611	58.110.244	37.612.296	3.064.382.907
Financial liabilities					
Loans	15.878.238	-	14.731.659	1.146.579	-
Lease liabilities	28.572	5.721	17.599	5.252	-
Other financial liabilities	42.082.800	42.082.800	-	-	-
Total financial liabilities	57.989.610	42.088.521	14.749.258	1.151.831	-
Excess liquidity	3.469.147.448	324.943.090	43.360.986	36.460.465	3.064.382.907

The share of immediately available liquidity (cash and cash equivalents) is increasing compared to the previous year, both overall and for each relevant category of maturity/chargeability, shown in the table above. The liquidity risk remains mainly influenced by the liquidity of the local capital market, i.e. by the ratio between the volume of the Group's main listed holdings and their average daily liquidity.

5.2 Other risks

By the nature of its object of activity, the Group is exposed to different types of risks associated with the financial instruments and the market in which it invests. The main types of risks to which the Group is exposed are:

- the risk associated with taxation;
- the risk related to the business environment;
- operational risk.

Risk management is aimed at maximizing the Group's profit relative to the level of risk to which it is exposed.

The group uses a variety of policies and procedures to administer and assess the types of risk to which it is exposed. These policies and procedures are presented in the subchapter dedicated to each type of risk.

(a) Tax risk

Since January 1, 2007, following Romania's accession to the European Union, the Group has had to comply with the European Union regulations, and has therefore prepared for the application of the changes brought about by the European legislation. The group has implemented these changes, but how to implement them remains open to tax audit for 5 years.

The interpretation of the texts and the practical implementation of the procedures of the new applicable tax regulations could vary and there is a risk that in certain situations the tax authorities will adopt a different position from that of the Group.

From the point of view of the corporate tax for the financial year 2015, there is a risk that the tax authorities will interpret differently the accounting treatments determined by the transition to IFRS as an accounting base.

The group chose to pre-register the dividends distributed and unclaimed for 3 years by the shareholders and to register them in the account of Other reserves-analytically distinct. According to the provisions of the Civil Code, the limitation applies to the right to request forced execution, not to the right of ownership over the amounts. Since the transfer of those amounts, already taxed within the

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scope of both corporation and dividend tax, back to equity is a transaction with shareholders, not a taxable transaction. Consequently, the Group did not recognise a deferred tax on these amounts. In those circumstances, there is a risk of a different interpretation by the tax authorities of these transactions.

In addition, the Romanian Government has a number of agencies authorized to carry out the audit (control) of companies operating in Romania. These controls are similar to tax audits in other countries, and can cover not only tax issues, but also other legal and regulatory issues that are of interest to these agencies. It is possible that the Group will be subject to fiscal controls as new tax regulations are issued.

(b) Risk related to the economic environment

The management of SIF Banat-Crișana cannot forecast all the effects of international economic developments with an impact on the financial sector in Romania, but considers that in 2022 it adopted the necessary measures for the sustainability and development of the Group in the conditions existing on the financial market, by monitoring cash flows and the adequacy of investment policies.

The avoidance of risks, the mitigation of their effects are ensured by the Group through an investment policy that complies with the prudential rules imposed by the applicable legal provisions and regulations.

SIF Banat-Crișana has adopted risk management policies through which an active management of them is carried out, being applied specific procedures for identifying, assessing, measuring and controlling risks, which would provide a reasonable assurance regarding the achievement of the Group's objectives, a constant balance between risk and expected profit being pursued.

The risk management process aims at: (i) identifying and evaluating significant risks with a major impact in achieving the investment objective and developing activities that counteract the identified risk; (ii) adapting risk management policies to financial developments in the capital market, monitoring performance and improving risk management procedures; (iii) reviewing investment decisions in relation to capital and money market developments; (iv) compliance with the legislation in force.

Geopolitical tensions over the past 12 months and growing insecurity over the supply of energy sector products have led to significant increases in oil and gas prices in 2022. The aggressive measures taken by the main central banks (Federal Reserve, European Central Bank, etc.) towards the moderation of inflation and uncertainties regarding the short-term and medium-term impact of these measures in macroeconomic evolution have led to a high volatility among the main capital markets. The lack of visibility in the attitude of central banks to these externalities, the necessary level of successive interest rate increases and their impact on global demand are the main challenges in managing the asset portfolio in 2023 as well.

(c) Operational risk

Operational risk is the risk of direct or indirect losses arising from deficiencies or deficiencies in the Group's procedures, staff, internal systems or from external events that may have an impact on its operations. Operational risks arise from all activities of the Group.

The Group's objective is to manage operational risk to the extent of limiting its financial losses, not damaging its reputation and achieving its investment objective of generating benefits for investors.

The primary responsibility for the implementation and development of control over the operational risk lies with the Board of Directors. This responsibility is supported by the development of general operational risk management standards, which include controls and processes at service providers and service commitments with service providers.

(d) Capital adequacy

Management's capital adequacy policy focuses on maintaining a sound capital base in order to support the Group's continued development and the achievement of investment objectives.

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The Group's equity capital includes its share capital, various types of reserves and retained earnings. The equity amounted to RON 3,186,328,160 as of December 31, 2022 (RON 3,367,605,207 as at 31 December 2021).

6 Accounting estimates and significant judgments

Management discusses the development, selection, presentation and implementation of significant accounting policies and estimates. All these are approved at the meetings of the Board of Directors of the Company. These presentations complete the information on the management of financial risk (see note 5).

Key sources of estimation uncertainty

Significant accounting judgments for the implementation of the Group's accounting policies include:

Application of the AMENDMENTS to IFRS 10 Investment Entities

The criteria of IFRS 10 for classification as an investment entity are met, namely:

- a) obtain funds from one or more investors for the purpose of providing them with investment management services;
- b) undertakes to its investors that the purpose of its business is to invest funds only for gains from the increase in the value of the investment, investment income or both; and
- c) quantifies and measures the performance of almost all of its investments on the basis of fair value (IFRS 10.27).

Thus, the Group shall apply the requirements of IFRS 10 – Investment Entities as of financial year 2018.

In addition, the parent company has other characteristics specific to an investment entity, namely:

(a) Investment-related services

Sthe ocietatea is incorporated as a self-managed investment company, authorized by the Financial Supervisory Authority as an Alternative Investment Fund Manager (AIFM) and as an Alternative Investment Fund for Retail Investors (F.I.A.I.R). Parent Company it directly provides services related to investment management for its investors, having as the main object of activity exclusively the activities specific to investment companies of the closed-end type.

Parent Company holds significant investments in two subsidiaries, SAI Muntenia Invest SA and AISA, which provides investment-related services or activities. Thus, after the company becomes an investment entity, SIF Banat – Crișana consolidates SAI Muntenia and AISA, in accordance with IFRS 10 starting with January 2018.

(b) Purpose of the activity

According to the articles of incorporation, the purpose of the Company-mother is to carry out lucrative (financial) activities specific to its object of activity and to obtain profit in order to distribute it to shareholders and / or to finance financial investments, allowed by the object of statutory activity and by the legal provisions in force.

The Objective of the Parent Company is the efficient management of a diversified portfolio of quality assets, able to ensure a constant flow of income, the preservation and medium-long-term growth of capital, in order to increase the value for shareholders and obtain the highest possible returns on the capital invested., under the conditions of ensuring a reasonable level of risk dispersion, in order to offer its shareholders the possibility of obtaining attractive performances, while increasing the invested capital.

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The investment strategy of the Company-mother aims to maximize portfolio performance in order to increase the value of assets under management and investment income. The investment strategy and the annual investment program of the Company-mother approved by the General Meeting of Shareholders are public information, being presented in the official website of the Company-mother, being able to be consulted by third parties, potential investors, in order to support the investment decision in the Company.

At the same time, the Parent Company frequently monitors the structure and evolution of the investment portfolio and publishes the statement of assets and liabilities on a monthly basis and publishes together with the quarterly / half-yearly / annual asset statements.

(c) Exit strategies

SIF Banat – Crișana manages a complex portfolio composed of the following main categories of financial instruments: shares, bonds and fund units. Parent Company intends to keep most of its investments (financial and non-financial) for a limited period of time and for this purpose has defined and implemented an exit strategy for them.

Parent Company applies an exit strategy adapted to the specifics of each investment, defined on the basis of the following elements: the strategy applied, the investment objectives and the conditions (triggers) of the exit transaction. The differentiated approach approached by the Company for each of its holdings aims at capitalizing on an aggregate yield (generated from dividend gain and capital gain).

(d) Fair value measurement

As of 1 January 2018 the Company-mother assessed almost all of the investments in its portfolio at fair value.

Society-mother own property classified as 'Investment Property' that is measured using the fair value model in accordance with IAS 40. The evaluation is carried out by authorized evaluators by the National Association of Authorized Valuers in Romania (ANEVAR).

(e) Effects of the company's classification as an investment entity

From the moment the Company-mother became an investment entity, the Company accounted for the change in its status as a "fixed disposal" or a "loss of control" over its subsidiaries as presented in the consolidated financial statements in accordance with IFRS. The fair value of the investment at the date of the change in status shall be used as consideration received when the requirements of IFRS 10 apply. Thus, the gain or loss in the event of a "specified disposal" should be recognised as a gain or loss in profit and loss.

Parent Company measures all its subsidiaries at fair value through profit and loss, with the exception of subsidiaries SAI Muntenia Invest SA and AISA, which will continue to be consolidated. Thus, the Company will draw up two sets of financial statements: *individual financial statements* and *consolidated in accordance with the requirements of IFRS 10 and IAS 27*.

The method of presenting the investments in the financial statements of the Company-mother, as an investment entity, will consider both the requirements of IFRS 10 and IFRS 9 regarding the classification and measurement of financial instruments held by the Company, as follows:

i) Investments in subsidiaries excluded from the consolidation shall be measured at fair value through profit and loss in accordance with IFRS 9;

ii) Investments in subsidiaries (SAI Muntenia and AISA) included in the consolidation perimeter will be measured in accordance with the requirements of IFRS 9 and measured at fair value through other comprehensive income.

iii) Investments in associates are measured at fair value through profit and loss in accordance with IFRS 9;

iv) Investments in equity instruments (other than those in subsidiaries and associates) - at fair value through other comprehensive income;

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v) *Investments in debt instruments (bonds)* will be classified and measured in accordance with IFRS 9, after analyzing the business model and performing the SPPI test:

- Government and corporate bonds – at fair value through other comprehensive income as a result of business model documentation "*Hold to collect & sell*" and the passing of the SPPI test;
- Corporate bonds issued by subsidiaries and associates – at fair value through profit and loss, which are treated in a consistent manner with the method of measuring subsidiaries and associates, following the provisions of IFRS 10 paragraph 31 and the Company's business model, in line with the exit strategy related to those investments; and
- Corporate bonds other than those issued by subsidiaries and associates - at amortised cost consistent with those detailed in Section B.1, point iv) "*Investing in debt instruments (bonds)*".

vi) *Investments in fund units* will be classified at fair value through profit and loss, which are ineligible for the irrevocable choice to present them in other changes in comprehensive income. Under IFRS 9, even though investments in such instruments may be assimilated to equity investments for accounting purposes, they do not meet the definition of equity as set out in IAS 32.

(f) Submission of information

For each subsidiary that has not been consolidated in the financial statements, the Company-mother must submit information on: the name of the subsidiary, the place of business and the percentage of holding in the share capital.

Where the Company-mother or one of its subsidiaries has provided financial support or other support to a sheet that has not been consolidated in the financial statements (e.g. acquisitions of assets, financial instruments issued by that subsidiary), it must disclose the type and amount of support provided, i.e. the reasons why it provided this support to the subsidiary.

The information presented above was presented in note 3.

Provisions for impairment of amounts receivable

Valuation for impairment of receivables is carried out on an individual basis and is based on management's best estimate of the present value of the cash flows expected to be received. In order to estimate these flows, management makes certain estimates of the financial situation of the counterparty. Each impaired asset is analysed individually. The accuracy of provisions depends on the estimation of future cash flows for specific counterparties.

Determination of the fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using the measurement techniques described in accounting policy 4(d)(iii). For financial instruments that are rarely traded and for which there is no price transparency, fair value is less objective and is determined using various levels of estimates of the degree of liquidity, degree of concentration, uncertainty of market factors, price assumptions and other risks affecting that financial instrument.

The group uses the following hierarchy of methods for the calculation of fair value:

- Level 1: The market price quoted in an active market for an identical instrument.
- Level 2: Measurement techniques based on observable elements. This category includes instruments valued using: the quoted market price on the active markets for similar instruments; quoted prices for similar instruments on markets considered to be less active; or other valuation techniques in which items can be directly or indirectly observable from market statistics.
- Level 3: Valuation techniques based largely on unobservable elements. This category includes all instruments for which the evaluation technique includes elements which are not based on observable data and for which unobservable input parameters may have a significant effect on the evaluation of the instrument. This category includes instruments that are valued on the basis of quoted prices for similar instruments but for which adjustments based largely on

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unobservable data or estimates are needed to reflect the difference between the two instruments.

The concentration risk to which the Group is exposed is presented in Note 5.1(a)(i), containing the structure of exposures to the main NACE sectors as at 31 December 2022 and 31 December 2021 respectively.

The fair value of financial assets and liabilities that are traded on active markets is based on prices quoted in the market or prices quoted by intermediaries. For all other financial instruments, the Group determines fair value using valuation techniques. Valuation techniques include present net value and discounted cash flow patterns, comparison with similar instruments for which observable market prices exist, and other valuation techniques. Assumptions and data used in valuation techniques include risk-free interest rates and reference rates, credit spreads and other premiums used to estimate discount rates, bond and capital yields, exchange rates, capital price indices, volatility and forecast correlations. The purpose of valuation techniques is to determine fair value reflecting the price of financial instruments at the reporting date, which would be determined under objective conditions by market participants.

The Group uses recognised valuation models to determine the fair value of simple financial instruments that use only observable market data and require very little estimation and analysis from management (e.g. instruments that are measured on the basis of quoted prices for similar instruments and for which no adjustments based on unobservable data or estimates are required to reflect the difference between the two instruments). Observable prices and input parameters in the model are usually available in the market for equity instruments. Their availability reduces the need for estimates and analysis by management and the uncertainty associated with the determination of fair value. The availability of observable market prices and inputs varies according to products and markets and is subject to changes arising from specific events and general financial market conditions.

For shares that do not have a quoted market price in an active market the Group uses valuation models that are usually derived from known valuation models. Some or all of the material inputs into these models may not be observable in the market and are derived from market prices or are estimated on the basis of assumptions. Valuation models that require unobservable inputs require to a greater extent a high degree of analysis and estimation by management to determine fair value. Management's analysis and estimation shall, in particular, intervene in the selection of the appropriate valuation model, the determination of the future cash flows of the financial instrument, the determination of the likelihood of defaults by the counterparty and advance payments, and the selection of appropriate discount rates.

For financial instruments for which there is no active market (Level 3), fair value has been determined by external valuers, using the strategy established by the management of the issuing company and valuation techniques that include techniques based on net present value, the discounted cash flow method, the method of comparisons with similar instruments for which there is an observable market price. Evaluation techniques have been used consistently, with no changes in their application.

In 2022, the valuation methods for unlisted and listed interests that do not meet the criteria to be considered an active market within the meaning of IFRS were maintained.

However, the possibility of subsequent changes in these assumptions on financial markets in general, and on individually measured issuers, may be favourable or unfavourable to fair values in future financial years.

The Group's management analysed the situation between the date of completion of the valuation reports and the date of authorisation for publication of the annual financial statements, concluding that there is no publicly available information of such a nature that it could significantly impact the fair values of holdings presented in these annual financial statements.

An analysis of financial instruments, investment property, assets held for sale and land and buildings recognised at fair value according to the measurement method is presented in the table below:

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31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss - shares	362.069.218	-	843.587.601	1.205.656.818
Financial assets at fair value through profit and loss - fund units	363.088.921	-	-	363.088.921
Financial assets at fair value through profit and loss - loans granted			135.340.462	135.340.462
Financial assets at fair value through profit and loss - corporate bonds	38.313.018	-	-	38.313.018
Financial assets at fair value through other comprehensive income - shares	1.468.597.487	-	17.953.265	1.486.550.752
Financial assets at fair value through other comprehensive income - corporate bonds	-	-	-	-
Investment property	-	-	31.210.877	31.210.877
Assets held for sale	-	-	46.792.387	46.792.387
Land and buildings	-	-	3.472.577	3.472.577
TOTAL	2.232.068.644	-	1.078.357.169	3.310.425.813

31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss - shares	482.686.045	-	790.642.016	1.273.328.060
Financial assets at fair value through profit and loss - fund units	369.329.872	-	-	369.329.872
Financial assets at fair value through profit and loss - corporate bonds	37.907.699	-	-	37.907.699
Financial assets at fair value through other comprehensive income - shares	1.407.516.618	-	14.208.358	1.421.724.976
Financial assets at fair value through other comprehensive income - corporate bonds	5.283.259	-	-	5.283.259
Investment property	-	-	30.840.715	30.840.715
Assets held for sale	-	-	45.522.520	45.522.520
Land and buildings	-	-	3.472.577	3.472.577
TOTAL	2.302.723.493	-	884.686.186	3.187.409.679

In the years 2022 and 2021 there were no transfers between fair value levels.

The following table shows the reconciliation from the initial balance to the final balance for financial assets measured at fair value, investment property and assets held for sale, level 3 of the fair values hierarchy:

	Financial assets measured at fair value through other comprehensive income - shares	Financial assets measured at fair value through profit and loss - shares	Investment property	Assets held for sale
2022				
Balance as at 1 January 2022	14.208.358	790.642.015	30.840.715	45.522.520
(Gains) / losses recognized in:				
- profit and loss account	-	80.130.130	352.346	-
- other comprehensive income	5.961.067	-	-	-
Acquisitions/Entries	-	30.005	17.816	1.269.867
Value of the investments ceded	(2.216.160)	(27.214.550)		
Balance at 31 December 2022	17.953.265	843.587.600	31.210.876	46.792.387

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2021	Financial assets measured at fair value through other comprehensive income - shares	Financial assets measured at fair value through profit and loss - shares	Investment property	Assets held for sale
Balance as at 1 January 2021	26.836.786	762.391.983	28.498.134	43.727.212
(Gains) / losses recognized in:				
- profit and loss	-	28.250.032	491.691	(604.131)
- other comprehensive income	2.595.409	-	-	-
Acquisitions/Entries	-	-	2.776.950	2.399.439
Value of the investments ceded	(15.223.837)	-	(926.060)	
Balance at 31 December 2021	14.208.358	790.642.015	30.840.715	45.522.520

Although the Group considers its own estimates of fair value to be appropriate, the use of other methods or assumptions could lead to different fair value values. For fair values recognised by the use of a significant number of unobservable inputs (Level 3), changing one or more assumptions in order to enable alternative assumptions would have an effect on the comprehensive income and current result.

At the value resulting from the valuation of investments in shares, a sensitivity analysis was carried out by estimating some risk variations on the main influencing factors. Two evaluation techniques were used, namely:

(1) *Valuation based on updated net cash flow* - thus, both the EBITDA values and the values of the weighted average cost of capital were statistically modified by +/-5% (2021: +/-5%), considered as a risk limit, obtaining values per share and implicitly of the company's equity with a deviation from the standard value. These deviations from the standard amount influence profit and loss, i.e. other comprehensive income (net tax) items.

2022	Impact in profit and loss	Impact in other comprehensive income
Change the global elements variable		
EBITDA increase by 5%	5.483.019	-
EBITDA decrease by 5%	(5.468.663)	-
Wacc increase by 5%	6.751.960	-
Wacc reduction by 5%	(5.886.971)	-

2021	Impact in profit and loss	Impact in other comprehensive income
Change the global elements variable		
EBITDA increase by 5%	7.424.275	-
EBITDA decrease by 5%	(7.422.923)	-
Wacc increase by 5%	(8.744.952)	-
Wacc reduction by 5%	10.170.990	-

(2) *Valuation based on corrected net assets* – both the values of assets and the values of obligations (liabilities) have been changed by +/-5% (2021: +/-5%), obtaining values per share and equity of the company, with a deviation from the standard value. These deviations from the standard amount influence profit and loss, i.e. other comprehensive income (net tax) items.

2022	Impact in profit and loss	Impact in other comprehensive income
Change the global elements variable		
5% increase in assets	33.658.023	-
Decrease of assets by 5%	(33.685.137)	-

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Debt increase by 5%	(2.807.109)	-
Debt reduction by 5%	2.779.995	-
2021		Impact in other
Change the global elements variable	Impact in profit and loss	comprehensive income
5% increase in assets	30.364.033	-
Decrease of assets by 5%	(30.391.272)	-
Debt increase by 5%	(844.397)	-
Debt reduction by 5%	846.838	-

At the value resulting from the assessment of the fund units, a sensitivity analysis was carried out. These funds generally invest in highly liquid stocks and bonds. As such, the sensitivity analysis was carried out considering a change of +/-10% in the market prices of equity instruments. These changes influence profit and loss (tax net) with the amount of +/- RON 30,499,469 as of December 31, 2022 (December 31, 2021: +/- RON 31,023,709).

At the value resulting from the valuation of investment property, a sensitivity analysis was performed by estimating risk variations on the main influencing factors. Two evaluation techniques were used, namely:

- valuation based on updated net cash-flow - thus, the values of estimated revenues to be obtained from these investment property have been changed +/-5%. These deviations from the standard amount influence profit and loss (net of tax).

- valuation based on market value - thus, the values of market prices estimated to be obtained from these investment property have been changed +/-5%. These deviations from the standard amount influence profit and loss (net of tax).

2022

Change the global elements variable	Impact in profit and loss
Revenue growth of 5%	1.070.899
Decrease in revenues by 5%	(1.071.458)
Market value increase of 5%	1.387.165
Decrease market value 5%	(1.387.165)

2021

Change the global elements variable	Impact in profit and loss
Revenue growth of 5%	1.058.198
Decrease in revenues by 5%	(1.058.750)
Market value increase of 5%	1.370.713
Decrease market value 5%	(1.370.713)

The management considers that a presentation in the manner of the above is useful for establishing the directions of action useful in risk management.

Classification of financial assets and liabilities

The Accounting Policies of the Group provide the basis for assets and liabilities to be classified, at the initial time, in different accounting categories. For the classification of assets and liabilities at fair value through the profit account, and loss, the Group determined that one or more of the criteria set out in the note 4(d)(i).

Details of the classification of the Group's financial assets and liabilities are given in note 7.

Determination of the fair value of Investment Property

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The fair value of completed investment property is determined using the income method with explicit assumptions about the benefits and liabilities of ownership over the life of the asset including an exit or closing value. As an accepted method within the income approach for valuation, the method of capitalizing income on real estate shares. To this projected cash flow series, a market-derived capitalization rate is applied to determine the current amount of cash revenue associated with the real estate.

Specific income and the specific timing of entries and exits are determined by events such as rent review, renewal of the lease and related rental periods, re-renting, redevelopment or renovation. The corresponding duration is usually determined by the market behavior. In the case of investment property, revenues estimated to be gross income minus unoccupied premises, irrecoverable expenses, collection losses, rental incentives, maintenance costs, agency costs and commissions, and other operating and management expenses.

For the years ended 31 December 2022 and 2021, the Group has obtained valuation reports on its investment property. The fair value of the investment property is based on these assessments. The Group's investment property is classified as Tier 3 of the fair value hierarchy defined in IFRS 13.

For all investment property, the current usability is equivalent to the highest and best usability. The group shall review the valuations carried out by independent valuers for financial and reporting purposes.

The Group's investment property are classified as Tier 3. There were no transfers between hierarchy levels during the year.

Information on measuring fair value using significant unobservable inputs (Level 3) for 2022 and 2021 is presented in the tables below:

31 December 2022

Segments	Method of Measurement	of	Estimated value of rent – euro/sqm	Capitalisation rates %
Commercial and services – buildings	Revenue method		12-14 euro/sqm	8,5 – 8,8%

31 December 2021

Segments	Method of assessment	of	Estimated value of rent – euro/sqm	Capitalisation rates %
Commercial and services – buildings	Revenue method		12-14 euro/sqm	8% – 9%

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7 Financial assets and liabilities

The table below summarizes the carrying amounts and fair values of the Group's financial assets and liabilities as at 31 December 2022:

<i>In RON</i>	Assets at fair value through profit and loss	Assets at fair value through other comprehensive income	Financial assets/liabilities valued at amortised cost	Total carrying amount	Fair value
Cash and cash equivalents			38.538.814	38.538.814	38.538.814
Cash in cash register and other values			9.686	9.686	9.686
Current accounts with banks			28.881.950	28.881.950	28.881.950
Bank deposits with an initial maturity of less than 3 months			9.647.178	9.647.178	9.647.178
Bank deposits			30.786.239	30.786.239	30.786.239
Financial assets at fair value through profit and loss	1.742.399.219		-	1.742.399.219	1.742.399.219
Shares	1.205.656.817			1.205.656.817	1.205.656.817
Fund units	363.088.921			363.088.921	363.088.921
Loans granted	135.340.462			135.340.462	135.340.462
Corporate bonds	38.313.018			38.313.018	38.313.018
Financial assets measured at fair value through other comprehensive income		1.486.550.751	-	1.486.550.751	1.486.550.751
Shares		1.486.550.751		1.486.550.751	1.486.550.751
Corporate bonds					
Other financial assets			16.079.974	16.079.974	16.079.974
Total financial assets	1.742.399.219	1.486.550.751	85.405.027	3.314.354.997	3.314.354.997
Dividend payment			10.042.310	10.042.310	10.042.310
Loans			16.311.778	16.311.778	16.311.778
Lease liabilities			5.250	5.250	5.250
Other financial liabilities			46.700.851	46.700.851	46.700.851
Total financial liabilities			73.060.189	73.060.189	73.060.189

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The table below summarizes the carrying amounts and fair values of the Group's financial assets and liabilities as at December 31, 2021:

<i>In RON</i>	Assets at fair value through profit and loss	Assets at fair value through other comprehensive income	Financial assets/liabilities valued at amortised cost	Total carrying amount	Fair value
Cash and cash equivalents	-	-	268.254.328	268.254.328	268.254.328
Cash in cash register and other values	-	-	8.789	8.789	8.789
Current accounts with banks	-	-	161.771.661	161.771.661	161.771.661
Bank deposits with an initial maturity of less than 3 months	-	-	106.473.878	106.473.878	106.473.878
Bank deposits	-	-	114.910.692	114.910.692	114.910.692
Financial assets at fair value through profit and loss	1.680.565.630	-	-	1.680.565.630	1.680.565.630
Shares	1.273.328.059	-	-	1.273.328.059	1.273.328.059
Fund units	369.329.872	-	-	369.329.872	369.329.872
Corporate bonds	37.907.699	-	-	37.907.699	37.907.699
Financial assets measured at fair value through other comprehensive income	-	1.427.008.234	-	1.427.008.234	1.427.008.234
Shares	-	1.421.724.975	-	1.421.724.975	1.421.724.975
Corporate bonds	-	5.283.259	-	5.283.259	5.283.259
Other financial assets	-	-	34.583.936	34.583.936	34.583.936
Total financial assets	1.680.565.630	1.427.008.234	417.748.956	3.410.412.128	3.410.412.128
Loans	-	-	15.878.238	15.878.238	15.878.238
Lease liabilities	-	-	28.572	28.572	28.572
Other financial liabilities	-	-	42.082.799	42.082.799	42.082.799
Total financial liabilities	-	-	57.989.609	57.989.609	57.989.609

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8. Income from dividends

In accordance with IFRS 9, and as a result of the Group's choosing the option to measure the interest through other comprehensive income, dividends on those holdings are recognised in income unless they substantially represent a return on the cost of the investment.

The dividend income is recorded at gross value. The dividend tax rates for the financial year ended 31 December 2022 from resident and non-resident companies were 0%, 5% and 27.5% (2021: 0%, 5% and 27.5%). The breakdown of dividend income on the main counterparties is shown in the table below:

<i>In RON</i>	31 December 2022	31 December 2021	Measurement
BRD	50.396.401	1.019.801	FVTOCI
Banca Transilvania*	38.214.355	21.951.593	FVTOCI
SNP Petrom	15.492.985	1.111.840	FVTOCI
SIF Imobiliare	11.959.387	52.286.577	FVTPL
Biofarm	8.690.318	7.966.125	FVTPL
Erste Bank*	7.916.320	8.505.506	FVTOCI
Iamu	4.985.279	3.067.867	FVTPL
Conpet	4.098.765	3.880.988	FVTOCI
Vrancart SA	3.816.173	7.511.836	FVTPL
Azuga SA	989.355	10.009.139	FVTPL
SIF Oltenia	774.050	580.414	FVTOCI
Bursa de Valori Bucuresti	393.883	123.170	FVTOCI
Others	410.943	552.778	FVTOCI
Others	53.396	81.184	FVTPL
Gaz Vest Arad**		2.607.914	FVTPL
BT Asset Management***	-	2.000.000	FVTOCI
Evergent Investments (SIF Moldova)***	-	496.605	FVTOCI
Total	148.191.611	123.753.336	
FVTOCI	117.697.703	40.222.695	
FVTPL	30.493.908	83.530.642	

*Partial sale of shares in 2021/** Full sale of shares in 2022/***Full sale of shares in 2021

9. Interest income

Interest income (assets at amortised cost, assets at fair value through other comprehensive income)

<i>In RON</i>	31 December 2022	31 December 2021
Interest income on deposits and bank current accounts	4.591.569	1.818.412
Interest income related to assets valued through other elements of the global result (government bonds and corporate bonds)	287.071	298.074
	4.878.640	2.116.486

Interest income (assets at fair value through profit or loss)

<i>In RON</i>	31 December 2022	31 December 2021
Interest income on bonds	2.766.775	1.417.727

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Interest income related to the share sale contract*	1.847.445	1.717.821
Interest income related to the loan contract	1.419.815	-
	6.034.034	3.135.548

*The amount represents the financing component extracted from the total value of the contract for the disposal of the participation in Central S.A., according to the contractual clauses agreed between the parties, with a maximum duration of completion of 30 months from the date of its signing (February 2021).

10. Other operating income

<i>In RON</i>	31 December 2022	31 December 2021
Income from the administration activity (SAI Muntenia and Administrare Imobiliare)	32.050.257	55.684.700
Rental income	32.818	32.806
Other operating income	19.729	571.503
	32.102.805	56.289.009

The decrease in the volume of these revenues is mainly the effect of the fact that in 2021, a performance fee for the management of SIF Muntenia was registered by SAI Muntenia, commission that in 2022 has not been achieved.

The revenue reflection was made in accordance with the provisions of IFRS 15 relating to contract identification, performance obligations, price determination and price allocation under performance obligations, and recognition of revenues when those obligations are met.

11. Gain/(Loss) from investment property

	31 December 2022	31 December 2021
Balance January 1st	30.840.716	28.498.134
Entries, of which:	17.815	2.776.951
-Purchases	17.815	2.776.951
- In the process of being executed		-
Transferred to property, plant and equipment and inventory items		-
Transferred from PP&E in progress		-
Transfer to assets held for sale	-	-
Exits	-	(926.060)
Effect of the change in fair value	352.346	491.691
End-of-period balance	31.210.877	30.840.716

The change in fair value at 31 December 2022 at group level is a favourable one.

At 31 December 2021, the change in fair value was favourable, being influenced by a decrease in the fair value of subsidiaries' investment property, which reduced the positive differences recognised at the level of the parent.

The evaluation on 31 December 2022 and 2021 was carried out by authorized evaluators by the National Association of Authorized Valuers of Romania (ANEVAR).

During 2022 and 2021, the incomes from investment property (rents and re-invoiced utilities) amount to RON 782.4 thousand (2021: RON 707.9 thousand), and the related expenses (utilities, insurances, local taxes) in the amount of 279,8 thousand RON (2021: 214.8 thousand RON).

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12. Net gain/(earnings) on financial assets at fair value through profit and loss

<i>In RON</i>	31 December 2022	31 December 2021
Gain/(Loss) from the valuation/disposal of fund units	(6.240.951)	64.621.210
Gain/(Loss) from the valuation of bonds (Vrancart)	-	21.232
Gain/(Loss) from the valuation of shares in subsidiaries and associates	(41.164.800)	220.693.655
Total	(47.405.752)	285.336.097

On December 31, 2022, the valuation of the fund units resulted in a loss in the amount of RON 6.24 million (as of December 31, 2021, a gain from the fair value valuation in the amount of RON 63.7 million and RON 0.9 million was recognized representing dividends received from the portfolio companies and distributed to the participants by F.I.A. Certinvest Actiuni, according to the fund's prospectus).

The result from the fair value measurement of shares in subsidiaries and associates as at 31 December 2022 is unfavourable, in the amount of RON 41.1 million (gain of RON 37.8 million from the valuation of subsidiaries and loss of RON 78.9 million from the valuation of associates). During 2022, an associated entity (Gaz Vest SA Arad) was sold.

On 31 December 2021, a gain of RON 220.7 million was recorded, respectively RON 59.4 million from the valuation of subsidiaries and RON 161.3 million from the valuation of associates.

13. Commission expenses

<i>In RON</i>	2022	2021
Fees of the Financial Supervisory Authority	3.006.553	2.961.805
Deposit fees	1.082.862	1.051.054
Fees due for transactions	6.545	853.025
Registry fees	193.365	183.746
Other commissions	60.718	59.500
Total	4.350.043	5.109.130

14. Other operational expenses

<i>In RON</i>	2022	2021
Expense related to other taxes, duties and similar payments	720.614	827.413
Expense on salaries and other staff costs	27.452.327	25.953.924
Depreciation expenses	969.602	741.777
Expense on external benefits	6.267.906	8.568.719
Value adjustments related the assets held for sale	-	604.131
Total	35.410.450	36.695.964

Expense on salaries and other Expense on staff are detailed as follows:

	2022	2021
Expense on salaries	24.172.200	22.287.143
Stock option plan expenses	2.000.537	2.576.937
Expense on insurance and social protection	739.766	744.520
Other staff costs	539.824	345.324
Total	27.452.327	25.953.924

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The fee paid to the auditors during 2022 for the audit of the financial statements was in the amount of 398.528 RON (2021: RON 424,421), of which for the audit of individual financial statements (parent company and subsidiaries) RON 295.276 (2021: RON 309,583), for the consolidated financial statements RON 93.406 (2021: RON 107,544), additional expenses RON 9.846 (2021: RON 7,294) and for non-audit services RON 24.645 (2021: RON 0).

15. Corporate income tax

	2022	2021
Current corporate income tax (16%)	2.958.080	12.104.597
Income tax (1%)	40.600	42.437
Tax on dividends (0%, 5%)	7.661.233	3.828.392
Financial assets at fair value through other comprehensive income		-
Financial assets at fair value through profit and loss		-
Property, plant and equipment/Investment property	52.259	7.670
Provisions for risks and charges and adjustments to receivables&inventory	(81.888)	(23.710)
Total corporation tax recognised in the profit or loss of the financial year	10.630.283	15.959.386

Reconciling profit before tax with income tax expense in profit and loss:

	2022	2021
Profit before tax	104.172.540	431.128.939
Tax in accordance with the statutory tax rate	16.692.660	70.253.546
Effect on corporate tax of:		
Tax on dividends (0%, 5%)	7.661.233	3.828.392
Non-deductible expenses and assimilated elements	31.799.549	14.887.942
Non-taxable income	(46.653.113)	(67.742.118)
Items similar to income	32.838	19.750.556
Items similar to expenses	(267.290)	-
Tax loss to be recovered	1.869.630	(1.396.849)
Deffered tax	(29.629)	(16.040)
Amounts representing sponsorship within legal limits and other deductions	(648.612)	(3.988.747)
Tax recognized in retained earnings	173.018	(19.617.295)
Corporate income tax	10.630.283	15.959.386

Starting with January 1, 2014, the amendments to the Fiscal Code enter into force, according to which they are included in the category of non-taxable income when calculating the profit tax, along with income from dividends, and income from the sale / assignment of participation titles and income from liquidation, regardless of whether the legal entities in which participation titles are held are Romanian or foreign legal entities, from states with which Romania has concluded conventions for the avoidance of double taxation (including from outside the EU). These incomes are non-taxable if certain conditions are met (if at the date of sale / sale of the shares or on the date of commencement of the liquidation operation, the minimum period of 1 year of uninterrupted holding of a participation of at least 10% is fulfilled).

16. Cash and cash equivalents

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In RON	31 December 2022	31 December 2021
Cash in the cashier and other valuables	9.686	8.789
Current accounts with banks (including interest to be collected)	28.881.950	161.771.661
Deposits with banks with an initial maturity of less than 3 months	9.647.178	106.473.878
Total cash and cash equivalents	38.538.814	268.254.328

There are no current accounts opened with banks and bank deposits pledged in favor of banks.

17. Bank deposits

In RON	31 December 2022	31 December 2021
Deposits with banks with an initial maturity of more than 3 months	30.530.436	114.784.395
Interest to be received for deposits	255.804	126.297
Total	30.786.239	114.910.692

18. Financial assets at fair value through profit and loss

In RON	31 December 2022	31 December 2021
Shares measured at fair value	1.205.656.817	1.273.328.059
Fund units measured at fair value	363.088.921	369.329.872
Loan granted to a subsidiary (including attached interest)	135.340.462	-
Corporate bonds (including attached interest)	38.313.018	37.907.699
Total	1.742.399.219	1.680.565.630

Shares measured at fair value through profit and loss include (unbound) subsidiaries in the amount of 982.605.320 RON (2021: RON 944,124,545) and associates RON 223,051,497 (2021: RON 329,203,103).

The fair value of investments in subsidiaries is shown below:

	31 December 2022	31 December 2021
Measured at fair value through profit and loss		
SIF IMOBILIARE PLC NICOSIA	368.402.889	346.555.946
SIF1 IMGB BUCURESTI	244.109.730	241.630.000
NAPOMAR SA CLUJ-NAPOCA	31.331.791	10.709.567
SIF HOTELS SA ORADEA	84.638.766	67.177.207
AZUGA TURISM SA BUCURESTI	17.610.419	15.076.659
IAMU SA BLAJ	44.307.984	41.055.745
CENTRAL SA CLUJ	38.903.269	38.903.269
VRANCART SA ADJUD	139.017.720	180.697.079
SIF SPV TWO	11.822.976	56.094
UNITEH	362.130	375.311
SIFI CJ LOGISTIC	2.097.346	1.887.667
Total	982.605.020	944.124.545

Situation of investment funds in which fund units are held:

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	31 December 2022	31 December 2021
Active Plus Closed Investment Fund	196.066.411	195.234.134
Optim Invest Closed Investment Fund	39.149.474	43.346.457
Star Value Closed-End Investment Fund	10.206.959	10.556.251
Alternative Investment Fund Certinvest Actiuni	82.421.152	81.440.361
Alternative Investment Fund Romania Strategy Fund	35.095.800	38.603.060
Open-End Investment Fund Plus Invest - Muntenia	149.124	149.609
Total	363.088.921	369.329.872

The movement of financial assets measured at fair value through profit and loss in 2022 is shown below:
In RON

	Shares	Fund units	Loans granted	Corporate Bonds	Total
1 January 2022	1.273.328.059	369.329.872	-	37.907.699	1.680.565.630
Acquisitions	687.468	-	133.000.000	-	133.687.468
Sales	(27.193.910)	-			(27.193.910)
Change in interest receivable	-	-	1.421.122	405.320	1.826.442
Change in fair value (including the exchange rate difference)	(41.164.800)	(6.240.951)	919.339	-	(46.486.412)
31 December 2022	1.205.656.817	363.088.921	135.340.462	38.313.019	1.742.399.219

The acquisitions of shares made during 2022 include shares in the company Vrancart SA, acquired by participating in the increase of the share capital with cash contribution and acquisitions on the BVB. The share sales represent the value of the shareholding held in Gaz Vest SA, sold in full. The amount of RON 133 million represents the loan granted during 2022 to Sif Spv Two SA, in order to pay the award price for the acquisition by transfer of assets of the "Belvedere Cigarette Factory", within the auction organized within the insolvency procedure of Interagro S.A.

The movement of financial assets measured at fair value through profit and loss in 2021 is shown below:

	Shares	Fund units	Corporate Bonds	Total
1 January 2021	1.039.727.470	305.468.130	49.195.115	1.394.390.716
Acquisitions	12.906.934	130.000	-	13.036.934
Sales	-	-	(10.712.680)	(10.712.680)
Afferent interest	-	-	(596.162)	(596.162)
Change in fair value (including the exchange rate difference)	220.693.655	63.731.742	21.425	284.446.823
31 December 2021	1.273.328.059	369.329.872	37.907.699	1.680.565.630

The acquisitions made during 2021 include participation in the share capital increase with cash contribution to Vrancart SA, made in December 2021 and completed in February 2022. In connection with this acquisition, the Company recognised the acquired shares on 31 December 2021 and, as part of the change in fair value, recognised the difference between the market price of the shares and their acquisition value by applying the transaction date accounting principles and the requirements of IAS 10.

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The outflows from corporate bonds represent the maturity repurchase of the remaining principal from the bonds issued by SIFI BH Retail S.A.

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Hierarchy analysis of the fair value of financial instruments 31 December 2022

Financial assets	Fair value as at 31 December 2022	Valuation technique	Input data used		Unobservable input data	Weighted average cost of capital		Capitalization rate		The relationship between unobservable inputs and fair value - sensitivity
						Standard values	Variations from standard values	Standard values	Variations from standard values	
Financial investments, d.c.:	861.540.565									
- unlisted majority shareholdings or no active market	177.888.960	income approach - the method of discounted cash flows	Turnover, EBITDA for each majority stake	Variation +/- 5 % from the standard value	Weighted average cost of capital	10,4%-35,1%	Variation +/- 5 % from the standard value			The increase in EBITDA (influenced by the increase in income and/or the decrease in costs and the decrease in wacc leads to the increase in fair value and vice versa leads to the decrease of the fair value
- unlisted majority shareholdings or no active market	626.795.072	approach by net asset corrected	The corrected net asset for each majority stake in the holding group	Variation +/- 5% from the standard value of assets and obligations	the unitary rent and the capitalization rate for investment property, valued values that majorly influence the net asset			8%-11% for the valuation of fixed assets (they have a majority share in the total asset)	Variation +/- 5 % from the standard value	The increase in net assets (influenced by the increase in the value of investment property) leads to the increase in fair value and vice versa to the decrease in fair value
- majority unlisted holdings and investments in associates valued on the basis of the sale value (ongoing contracts)	38.903.269	Contract for the disposal of the interest in the evaluated entity - transactions not completed at the balance sheet date								
- minority shareholdings without active market	1.040.278	approach through market comparisons	the sale of the share package held after the balance sheet date as a relevant indication of fair value							

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	3.317.920	approach through market comparisons	similar transactions with shares of the company or comparable companies							
	13.595.066	approach by net asset corrected	annual and half-yearly historical financial statements		discounts for illiquidity, minority package and low profitability					
Total	861.540.565									

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31 December 2021

Financial assets	Fair value at 31 December 2021	Valuation technique	Input data used		Unobservable input data	Weighted average cost of capital		Capitalization rate		The relationship between unobservable inputs and fair value - sensitivity
						Standard values	Variations from standard values	Standard values	Variations from standard values	
Financial investments, d.c.:	804.850.373									
- unlisted majority shareholdings or no active market	134.019.178	income approach - the method of discounted cash flows	Turnover, EBITDA for each majority stake	Variation +/- 5 % from the standard value	Weighted average cost of capital	9,1%-13,4%	Variation +/- 5 % from the standard value			The increase in EBITDA (influenced by the increase in income and/or the decrease in costs and the decrease in wacc leads to the increase in fair value and vice versa leads to the decrease of the fair value)
- unlisted majority shareholdings or no active market	590.505.019	approach by net asset corrected	The corrected net asset for each majority stake in the holding group	Variation +/- 5% from the standard value of assets and obligations	the unitary rent and the capitalization rate for investment property, valued values that majorly influence the net asset			8%-11% for the valuation of fixed assets (they have a majority share in the total asset)	Variation +/- 5 % from the standard value	The increase in net assets (influenced by the increase in the value of investment property) leads to the increase in fair value and vice versa to the decrease in fair value
- majority unlisted holdings and investments in associates valued on the basis of the sale value (ongoing contracts)	66.117.819	Contract for the disposal of the interest in the evaluated entity - transactions not completed at the balance sheet date								
- minority shareholdings without active market	1.635.333	approach through market comparisons	the sale of the share package held after the balance sheet date as a relevant indication of fair value							

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	3.525.290	approach through market comparisons	similar transactions with shares of the company or comparable companies							
	9.047.734	approach by net asset corrected	annual and half-yearly historical financial statements		discounts for illiquidity, minority package and low profitability					
Total	804.850.373									

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19. Financial assets at fair value through other comprehensive income

The fair value of the shares for which the Group has selected the option to reflect fair value accounting through other items of the result as at 31 December 2022 and 31 December 2021 is presented below, structured by main sectors of economic activity. The Group chose, at the date of transition to IFRS 9 and initial recognition of new acquisitions, this presentation required by IFRS 9 as this option is consistent with the Group's investment strategy and horizon in relation to those investments.

<i>In RON</i>	31 December 2022	%	31 December 2021	%
Financial intermediation and insurance	1.231.384.286	82,8%	1.321.045.619	92,9%
Manufacturing industry	24.312.175	1,6%	20.755.341	1,5%
Hotels and restaurants	31.286.994	2,1%	15.388.961	1,1%
Wholesale and retail trade, repair of motor vehicles	257.688	0,0%	145.009	0,0%
Extractive industry	149.134.107	10,0%	17.897.034	1,3%
Other activities	701.349	0,0%	1.174.734	0,1%
Financial services applicable to the real estate domain	7.812.000	0,5%		
Construction	3.277.721	0,2%	606.059	0,0%
Transport and storage	38.232.508	2,6%	44.560.504	3,1%
Agriculture, forestry and fisheries	151.925	0,0%	151.713	0,0%
TOTAL	1.486.550.752	100,0%	1.421.724.976	100,0%

Dividend income on shares measured at fair value through other comprehensive income is presented separately in Note 8.

The movement of financial assets measured at fair value through other comprehensive income in 2022 is shown in the following table:

<i>In RON</i>	Shares*	Corporate bonds**
1 January 2022	1.421.724.976	5.283.259
Purchases	357.288.563	
Sales	(3.213.710)	(5.164.320)
Change in interest receivable	-	(9.822)
Change in fair value (including exchange rate differences)	(289.249.077)	(109.118)
31 December 2022	1.486.550.751	-

*the option to measure fair value through other comprehensive income was exercised at initial recognition or on the date of transition to IFRS 9

**SPPI tested and recognised as held for collection and sale

The acquisitions of shares in 2022, in the total amount of 357.3 million RON, mainly include the acquisition of shares of SIF Muntenia, OMV Petrom, CH Intercontinental SA Bucuresti, SIF Oltenia and Impact SA.

The sales of shares in the amount of RON 3.2 million, mainly include exits from the companies Reva, Transgex and Prospectiuni. The net result from transactions in the amount of RON 2.1 million was transferred to the retained earnings.

Bond outflows include the value of Impact bonds received at maturity (December 2022).

The movement of financial assets measured at fair value through other comprehensive income in 2021 is shown in the following table:

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In RON

	Shares*	Corporate bonds**
1 January 2021	1.210.525.841	5.111.504
Purchases	67.751.279	-
Sales	(196.793.416)	-
Change in interest receivable	-	962
Change in fair value (including exchange rate differences)	340.241.271	170.793
31 December 2021	1.421.724.976	5.283.259

*the option to measure fair value through other comprehensive income was exercised at initial recognition

**SPPI tested and recognised as held for collection and sale

The acquisitions of shares in 2021, in the total amount of RON 67.7 million, mainly include the acquisition of Banca Transilvania shares in the amount of RON 61.2 million and BVB in the amount of RON 6.5 million.

The sales of shares in the amount of 196.8 million RON, mainly include the sale of Erste Bank shares (fair value of the package at the date of sale: 71.6 million RON), Banca Transilvania (24 million RON) and exits from Evergent (68.2 million RON), BT Asset Management (11 million RON), Mobex (3.2 million RON), Iproeb (4.1 million RON), Rompetrol Well Services, Compa (1.3 million RON) and Comat Maramureș (1 million RON). The net result from transactions in the amount of RON 117.66 million was transferred to the retained earnings.

Changes in the fair value of financial assets measured through other comprehensive income

In RON

	2022	2021
On January 1st	910.357.994	725.960.324
Gain/(Loss) on the fair value measurement of financial assets measured at fair value through other comprehensive income	(289.327.009)	340.329.337
Gain/(Loss) transferred to retained earnings on financial assets measured at fair value through other comprehensive income	(2.119.796)	(117.660.625)
(Gain)/Loss transferred to profit and loss of financial assets measured at fair value through other comprehensive portfolio income		-
Transfer of the reserve related to subsidiaries in retained earnings as a result of the application of IFRS 10		-
Effect of the related deferred income tax	43.220.735	(38.271.042)
As of December 31st	662.131.924	910.357.994

20. Other financial assets

In RON

	31 December 2022	31 December 2021
Commercial receivables - net	2.546.511	26.804.404
VAT to be recovered	1.086.970	1.277.877
Advances to suppliers	131.237	413.881
Other receivables - net	12.315.255	6.087.775
Total	16.079.974	34.583.936

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21. Assets held for sale

<i>In RON</i>	31 December 2022	31 December 2021
Balance beginning of the period	45.522.520	43.727.212
Additions, of which:	1.269.867	2.399.439
Acquisitions/facilities	1.269.867	2.399.439
In progress		
Exits		
Effect of changing fair value	-	(604.131)
End of period balance	46.792.387	45.522.520

As of December 31, 2022 and 2021, a subsidiary of the Group owns land available for sale.

22. Property, plant and equipment

<i>In RON</i>	Land and buildings	Technical installations and machines	Other installations, machinery and furniture	Total
<i>Cost</i>				
As of 1 January 2022	3.734.817	3.279.130	3.323.214	10.337.161
Revaluation	-	-	-	-
Acquisitions/Entries	-	370.948	450.688	821.636
Outflows	-	(38.096)	(33.270)	(71.366)
As of 31 December 2022	3.734.817	3.611.982	3.740.632	11.087.432
<i>Accumulated depreciation and impairment losses</i>				
As of 1 January 2022	262.240	2.541.768	712.538	3.516.546
Depreciation related to revaluation				
Depreciation expense	129.691	383.617	433.385	946.693
Outflows		(37.778)	(33.270)	(71.048)
As of 31 December 2022	391.930	2.887.607	1.112.654	4.392.191
<i>Net book value</i>				
As of 1 January 2022	3.472.577	737.363	2.610.676	6.820.616
As of 31 December 2022	3.342.887	724.376	2.627.979	6.695.241
<i>In RON</i>	Land and buildings	Technical installations and machines	Other installations, machinery and furniture	Total
<i>Cost</i>				
As of 1 January 2021	3.734.817	3.192.198	2.019.997	8.947.012
Revaluation	-	-	-	-
Acquisitions/Entries	-	196.613	1.324.778	1.521.391
Outflows	-	(109.681)	(21.561)	(131.242)
As of 31 December 2021	3.734.817	3.279.130	3.323.214	10.337.161
<i>Accumulated depreciation and impairment losses</i>				
As of 1 January 2021	132.329	2.313.142	469.010	2.914.482
Depreciation related to revaluation	-	-	-	-
Depreciation expense	129.911	329.796	263.650	723.356
Outflows	-	(101.171)	(20.121)	(121.292)
As of 31 December 2021	262.240	2.541.768	712.538	3.516.546

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<i>Net book value</i>				
As of 1 January 2021	3.602.488	879.055	1.550.987	6.032.530
As of 31 December 2021	3.472.577	737.363	2.610.676	6.820.616

The last reassessment of property, plant and equipment of the nature of land and buildings was carried out on 31 December 2019 by the internal valuer.

23. Other financial liabilities

<i>In RON</i>		31 December	31 December
		2022	2021
Commercial debts		1.200.954	2.266.120
Amounts owed to employees and related contributions		3.433.640	3.240.245
Fees and taxes		414.346	-
Other debts - short-term		41.651.911	36.576.434
Total		46.700.851	42.082.799

24. Deferred income tax liabilities

The assets and liabilities deferred tax at 31 December 2022 are generated by the items detailed in the following table:

	Active	Debt	Net
Financial assets at fair value through profit and loss	-	-	-
Financial assets at fair value through other comprehensive income	-	839.844.596	(839.844.596)
Property, plant and equipment and investment property	-	19.444.030	(19.444.030)
Assets value adjustments	-	(15.179)	15.179
Provisions for liabilities and charges	-	(2.840.997)	2.840.997
Total		856.432.450	(856.432.450)
Tax on loss carried forward			
Net temporary differences - 16% rate			(137.029.193)
Temporary net differences - 10% rate			
Deferred income tax liabilities			(137.029.193)

Assets and deferred tax liabilities at 31 December 2021 are generated by the items detailed in the following table:

	Active	Debt	Net
Financial assets at fair value through profit and loss	-	-	-
Financial assets at fair value through other comprehensive income	-	1.111.127.369	(1.111.127.369)
Property, plant and equipment and investment property	-	19.950.309	(19.950.309)
Assets value adjustments	-	(14.694)	14.694
Provisions for liabilities and charges	-	(2.329.196)	2.329.196
Total		1.128.733.788	(1.128.733.788)
Tax on loss carried forward			
Net temporary differences - share 16%			(180.597.407)
Temporary net differences - share 10%			
Deferred income tax liabilities			(180.597.407)

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The movements during the years related to the deferred tax debt are shown below:

	<u>Value</u>
Tax liability deferred January 1, 2021	146.892.044
Tax with impact in profit and loss	(16.039)
Impact of asset valuation reserves measured by other comprehensive income	33.721.402
Tax debt deferred December 31, 2021	180.597.407
Tax with impact in profit and loss	(159.491)
Impact of asset valuation reserves measured by other comprehensive income	(43.408.724)
Tax debt deferred December 31, 2022	137.029.193

Table of movements on deferred profit tax liabilities:

	<u>01/01/2022</u>	<u>Increases/ decreases in profit and loss</u>	<u>Increases/ decreases in other comprehensive income</u>	<u>31/12/2022</u>
Financial assets at fair value through other comprehensive income	177.780.380		(43.405.244)	134.375.136
Property, plant and equipment and investment property	3.192.049	(77.525)	(3.480)	3.111.045
Provisions	(378.159)	(81.888)		(460.048)
Other assets	3.137	(78)		3.060
	180.597.407	(159.491)	(43.408.724)	137.029.193
	<u>01/01/2021</u>	<u>Increases/ decreases in profit and loss</u>	<u>Increases/ decreases in other comprehensive income</u>	<u>31/12/2021</u>
Financial assets at fair value through other comprehensive income	144.055.491		33.724.889	177.780.380
Property, plant and equipment and investment property	3.191.003	4.533	(3.487)	3.192.049
Provisions	(354.450)	(23.710)		(378.159)
Other assets	-	3.137		3.137
	146.892.044	(16.039)	33.721.402	180.597.407

25. Loans

	<u>31 December 2022</u>	<u>31 December 2021</u>
Long-term		
Loans	16.311.778	15.878.238
Total Term Loans	16.311.778	15.878.238
Short-term		

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Finance lease liabilities	-
Short-term loans	-
Total Short Term Loans	
Total loans	15.878.238

The fair value of the loans is equal to their carrying amount.

The breakdown of Group's loans into foreign currencies is presented as follows:

Currency	<u>31 December 2022</u>	<u>31 December 2021</u>
EUR (RON equivalent)	1.154.778	1.146.579
RON	15.157.000	14.731.659
Total	16.311.778	15.878.238

26. Capital and reserves

(a) Share capital

As of December 31, 2022, the share capital of SIF Banat Crișana has the value of RON 50,751,006, being divided into 507,510,056 shares with a nominal value of 0.1 RON and is resulted from direct subscriptions made to the share capital of SIF, by converting into shares the amounts due as dividends under law no. 55/1995 and by the effect of law 133/1996. As of December 31, 2022, the number of shareholders was 5,741,164 (December 31, 2021: 5,744,120).

The shares issued by SIF Banat Crișana are traded on the Bucharest Stock Exchange since November 1999. The records of the shares and shareholders are kept by the company Depozitarul Central S.A. Bucuresti.

All shares are ordinary, have been subscribed and are paid in full as at 31 December 2022 and 31 December 2021. All the shares have the same voting right and have a nominal value of 0.1 RON / share. The number of shares authorized to be issued is equal to that of the shares issued.

The EGSM of 27 April 2020 approved:

- the use of a number of 880,000 shares, owned by the Company and redeemed under the EGSM Decision of April 26, 2018, for the distribution free of charge to the members of the Company's management, within the "Stock Option Plan", approved by the EGSM Decision of April 22, 2019. The Board of Directors of the Company approved at the end of May 2020 "*Share-based payment plan*", which was completed in May 2021.
- the carrying out of a buy-back programme of 15,000,000 shares own ("Schedule I") by the Company in order to reduce its share capital and repurchase a maximum of 880,000 shares ("Schedule II"), for free distribution to the members of the Company's management, in order to retain them, as well as to reward them for the activity carried out within the Company, according to the performance criteria established by the Board of Directors. The Board of Directors of the Company approved in August 2020 "*Share-based payment plan*", which was completed in December 2021.

EGSM of 2 November 2020 approved:

- revocation in part of the Decision of the Extraordinary General Meeting of Shareholders dated April 22, 2019, published in the Official Gazette of Romania, Part IV, no. 2154/23.05.2019, respectively of Article 1 of this Decision, which approved the development of a repurchase program for a maximum of 15,000,000 own shares;
- carrying out a program for the redemption of own shares ("Program 3") by the Company, in order to reduce its share capital. The maximum number of shares that can be redeemed is no more than 15,000,000 shares.

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The EGSM of 11 October 2021 approved:

- the execution of a buyback program ("Program 4") by the Company, for distribution free of charge to the members of the Company's management (administrators, directors), in order to keep them loyal, as well as to reward them for the activity carried out within the Company, according to the performance criteria to be established by the Board of Directors. The maximum number of shares that can be repurchased is no more than 880,000 shares. The distribution of the shares will be carried out within the framework of a "Stock Option Plan", in compliance with the legislation in force. The Board of Directors of the Company approved in January 2022 "Share-based payment plan", it is ongoing.

The EGSM of 25 November 2021 approved:

- the method of allocating the 8,792,307 own shares repurchased by the Company on the basis of the buy-back programs previously approved by the general meeting of shareholders in order to reduce the share capital and for distribution free of charge to the members of the Company's management, programs carried out by carrying out the public purchase offer approved by the Financial Supervisory Authority by Decision no. 1166/22.09.2021, in the following variant: the allocation of a number of 7,912,307 shares in order to reduce the share capital of the Company and the allocation of a number of 880,000 shares for distribution free of charge to the members of the Company's management.

The EGSM of 28 April 2022 approved:

- reduction of the company's share capital from RON 51,542,236.3 to RON 50,751,005.6 as a result of the cancellation of a number of 7,912,307 own shares acquired by the company, within the repurchase programs of its own shares. The capital cut was completed in December 2022.

- carrying out a repurchase program of own shares ("Program 6") for distribution free of charge to the members of the Company's management (administrators, directors), in order to retain them, as well as to reward them for the activity carried out within the Company, according to the performance criteria to be established by the Board of Directors. The maximum number of shares that can be redeemed is no more than 990,000 shares. The shares will be distributed under a Stock Option Plan, in compliance with the legislation in force.

Program	Allocation date	Number of shares	Share price*	Total program value	Amount recognised in expenses in 2022
Program approved by EGSM from 11.10.2021	January 2022	880.000	2,48	2.182.400	2.000.537
Total					2.000.537

*according to the allocation document

Program	Allocation date	Number of shares	Share price*	Total program value	Amount recognised in expenses in 2021
Program approved by EGSM from 22.04.2019 and EGSM from 27.04.2020	May 2020	880.000	2,38	2.094.400	960.669
Program approved by EGSM from 27.04.2020	August 2020	880.000	2,11	1.856.800	1.616.268
Total					2.576.937

*according to the allocation document

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<i>In RON</i>	31 December 2022	31 December 2021
Share capital	50.751.006	51.542.236
Total	50.751.006	51.542.236

(b) Retained earnings

<i>In RON</i>	31 December 2022	31 December 2021
Retained earnings from the transition to IAS and IFRS	422.323.709	422.323.709
Retained earnings from the application of IFRS 9 (including gains on transactions)	312.836.518	310.528.734
Unshared profit	-	18.874.346
Profit or loss for the financial year	93.539.352	415.162.676
Other amounts recognized in retained earnings (legal reserves, revaluation of property, plant and equipment, etc.)	27.038.177	(834.057)
Total	855.737.756	1.166.055.407

(c) Other reserves

<i>In RON</i>	31 December 2022	31 December 2021
Reserves apportioned from net profit	1.350.359.944	995.838.093
Reserves constituted as a result of the application of Law no. 133/1996	145.486.088	145.486.088
Reserves from prescribed dividends	88.420.910	88.420.910
Reserves from course differences and investment facilities	19.832.946	19.832.946
Total	1.604.099.887	1.249.578.037

The reserve related to the initial portfolio was constituted following the application of Law no. No 133/1996, as the difference between the value of the portfolio contributed and the amount of the subscribed share capital of SIF. Those reserves are thus treated in the same way as a contribution premium and are not used for the sale of non-current securities.

(d) Legal reserves

According to the legal requirements, the Company constitutes legal reserves in the amount of 5% of the profit registered according to the accounting regulations applicable up to the level of 20% of the share capital according to the Articles of Incorporation. The value of the legal reserve as at 31 December 2022 is 10.410.602 RON (December 31, 2021: 10,568,848 RON).

Legal reserves cannot be distributed to shareholders.

(e) Changes in the fair value of financial assets measured through other comprehensive income

This reserve shall comprise cumulative net changes in the fair values of financial assets measured through other comprehensive income from the date of their classification in this category until the date on which they were derecognised or impaired.

Reserves are recorded at net worth of the related deferred tax. The amount of deferred tax recognised directly by the reduction in equity is set out in Note 24.

The following table shows the reconciliation of the net differences in the change in fair value for financial assets measured through other comprehensive income:

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<i>In RON</i>	31 December 2022	31 December 2021
Differences in changes in fair value for financial assets measured through other comprehensive income (bonds)	-	65.463
Changes in fair value for financial assets measured through other comprehensive income (shares)	662.131.924	910.292.531
Total	662.131.924	910.357.994

(f) Dividends

In 2022, the distribution of a gross dividend of RON 0.06 per share for the financial year 2021 was approved. During 2021, the distribution of dividends from the profit of the financial year 2020 was not approved.

27. Segment reporting

In 2022 and 2021, the Group carried out its activity on a single segment, namely the financial activity. The activity of 3 companies was included in the financial activity (2021: 3).

28. Commitments and contingent liabilities**a) Litigations**

The group is the subject of a number of court actions resulting from the normal course of its work. The management considers that these litigations will not have a significant effect on the economic results and the consolidated financial position.

b) Transfer price

Romanian tax legislation contains transfer pricing rules between affiliated persons since 2000. The current legislative framework defines the principle of "market value" for transactions between affiliated persons, as well as the methods of transfer pricing. As a result, it is expected that the tax authorities will initiate thorough transfer pricing checks to ensure that the tax result and/or customs value of the imported goods are not distorted by the effect of the prices charged in the relations between the affiliated persons. The group cannot quantify the outcome of such a check.

c) Other commitments

As of December 31, 2022 and December 31, 2021, the Group does not have loans obtained from banks for which banks have requested collateral guarantees represented by mortgages of fixed assets (land, buildings) and securities on receivables, stocks and cash.

29. Transactions with related parties

The parties are considered related if one of the parties has the ability to control the other party or to exercise significant influence over it in making financial or operating decisions.

The Group has identified in the course of its business the following related parties:

Key management staff

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31 December 2022

- On December 31, 2022, the Board of Directors of SIF BANAT-CRIȘANA SA consisted of 5 members: Bogdan-Alexandru Drăgoi-President, Răzvan-Radu Străuț-Vice-President, Sorin Marica, Marcel Pfister and Ionel Marian Ciucioi.
- On December 31, 2022, the members of the executive management of SIF BANAT-CRIȘANA SA: Bogdan-Alexandru Drăgoi – Chief Executive Officer, Răzvan-Radu Străuț – Deputy Chief Executive Officer, Teodora Sferdian – Deputy General Manager and Laurențiu Riviș – Director.

31 December 2021

- On December 31, 2021, the Board of Directors of SIF BANAT-CRIȘANA SA consisted of 5 members: Bogdan-Alexandru Drăgoi-President, Răzvan-Radu Străuț-Vice-President, Sorin Marica, Marcel Pfister and Ionel Marian Ciucioi.
- On December 31, 2021, the members of the executive management of SIF BANAT-CRIȘANA SA: Bogdan-Alexandru Drăgoi – General Manager, Răzvan-Radu Străuț – Deputy Chief Executive Officer, Teodora Sferdian – Deputy General Manager and Laurențiu Riviș – Director.

During the financial year, no transactions were made and no advances and loans were granted to the directors and managers of the Company, except for advances for travel in the interest of the service.

During 2022, the gross amounts paid to the members of the Board of Directors and to the Directors of the parent company and subsidiaries amounted to RON 12,929 thousand (2021: RON 12,201 thousand). During 2022, the amount of RON 2,000 thousand (2021: RON 2,577 thousand) related to the program was included on expenses share based payment approved by the OGSM of October 2021, which is currently being finalised on 31 December 2022.

The Group did not receive or provide any guarantees in favour of any related parties.

The following transactions were carried out with related parties:

(a) Dividend income

	2022	2021
SIF Imobiliare PLC	11.959.387	52.286.577
Azuga Turism	989.355	10.009.139
Vrancart	3.816.173	7.511.836
Biofarm	8.690.318	7.966.125
IAMU Blaj	4.985.279	3.067.867
Gaz Vest	-	2.607.914
Total	30.440.512	83.449.458

(b) Interest income

	2022	2021
VRANCART ADJUD - bonds	2.766.775	1.378.945
SIF SPV TWO	1.419.814	-
SIFI BH Retail - bonds	-	38.782
Total	4.186.588	1.417.727

(c) Purchases of products and services

	2022	2021
Gaz Vest - natural gas supply	-	77.815

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(d) Balances at the end of the year resulting from sales / purchases of products / services

	31 December 2022	31 December 2021
Debts to related parties	-	(34.268)
Loans	(16.311.778)	(15.878.238)
Total	(16.311.778)	(15.912.506)

(e) Balance of fixed receivables

	2022	2021
Silvana Cehu Silvaniei- dividends and interest	-	790.389
Silvana Cehu Silvaniei -impairment adjustments receivables	-	(565.284)
VRANCART ADJUD - bonds	37.612.296	37.612.296
VRANCART ADJUD - interest to be collected	700.722	295.403
SIF SPV TWO –loan	133.915.653	-
SIF SPV TWO – interest receivable	1.424.809	-
Gaz Vest – dividend to be collected	2.607.914	2.607.914
Total	176.261.394	40.740.718

During 2022, the following operations were carried out with the subsidiaries not included in the consolidation:

- Vrancart SA – participation in the increase of the share capital in cash by the amount of RON 378,149, representing cval. 3,437,717 shares and direct acquisitions at BVB in the amount of RON 279,314, representing 1,689,436 shares.
- Gaz Vest SA Arad – full sale of the stake held in 2022, the value of the transaction being of RON 27.2 million
- Grand Hotel Bucuresti – increasing its stake from 13.67% to 29.99% in 2022
- SIF1 IMGB SA – acquisition of 12,002 shares by Administrare Imobiliare S.A.

During 2021, the following operations were carried out with the subsidiaries not included in the consolidation:

- Vrancart SA – participation in the increase of the share capital with cash in the amount of 12,906,934 RON, representing cval. 129,069,342 shares.

30. Subsequent events

- On January 5, 2023, the Company informed the shareholders that on January 4, 2023 it received Notifications of exceeding the 5% holding threshold at SIF Banat-Crișana on behalf of the shareholders of SIF Muntenia SA (5.0734%) and Opus – Chartered Issuances SA (5.07717%).
- On January 17, 2023, the Convocation for EGSM dated February 23/24, 2023 was published, having as object the approval of the change of the name of the Company from "Societatea de Investitii Financiare Banat-Crișana S.A." to Lion Capital S.A. and the approval of the corresponding amendment of the Articles of Association of the company. On February 23, 2023, EGSM approved all items on the agenda.
- On January 20, 2023, the Company informed shareholders and investors that, in order to comply with the Resolutions of EGSM no. 3 of 11 October 2021 and no. 5 of April 28, 2022, submitted on January 20, 2023 to the Financial Supervisory Authority the Public Bid Document

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for the Purchase of 1,870,000 own shares issued by SIF Banat-Crișana, together with the related documentation. SSIF SWISS CAPITAL S.A. was appointed as an intermediary in the Public Offer to Purchase shares issued by SIF Banat-Crișana.

- On February 10, 2023, the Company published the Announcement regarding the Public Offer to Purchase the shares of SIF Banat-Crișana at the price of 2.52 RON / share, for a maximum number of 1,870,000 shares, an offer carried out between 16.02.2023-01.03.2023. On March 2, 2023 (with the settlement date of March 6, 2023) it was confirmed the conclusion of the Public Offer to Purchase the shares of SIF Banat-Crișana, with 1,870,000 shares being repurchased, amounting to 4,712,400 RON.
- On March 1, 2023, ASF communicated Decision no. 199/01.03.2023 sanctioning the CEO with a fine for the Company's lack of notification in 2020 regarding the exceeding of the threshold of 5% of BVB, allegedly concerted with SIF Muntenia. The fine was paid within the stipulated time.
- On March 13, 2023, the Company published the Information Document regarding the offer of 990,000 shares to the members of the management structure within a "Stock Option Plan" in accordance with EGSM Resolutions no. 5 and no. 6 of 28.04.2022.
- On March 14, 2023, the Company informed the shareholders about the completion of the "Stock Option Plan", through which 880,000 SIF1 shares were offered to the members of the Company's management, in accordance with Resolutions no. 3 and no. 4 adopted by the Extraordinary General Meeting of Shareholders on October 11, 2021. Since there were no changes in the " Disclosure document regarding the offer or allocation of shares" published by the company on January 25, 2022, the current report of March 14, 2023 represented "Information document regarding the allocation of shares", in the sense of the provisions of ASF Regulation no. 5/2018.
- On March 17, 2023, SIF Banat-Crișana received Authorization no. 23/16.03.2023 issued by the Financial Supervision Authority authorizing the changes made to the Company's Articles of Association, in accordance with Resolutions no. 2 and no. 3 of the Extraordinary General Meeting of SIF Banat-Crișana Shareholders of 23.02.2023, including regarding the change of the company's name from SIF Banat-Crișana SA to Lion Capital SA. The company filed with the Trade Register Office attached to the Tribunal of Arad, the application for registration in the Trade Register of the mentions regarding the change of the company's name and the updated constitutive act.