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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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:

		Stake held (%)	
No.	**Company name**	**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-Crișana 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	▪ 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	▪ 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	▪ 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): ▪ 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 regionality, 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 3,238,773,573**[1], 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.

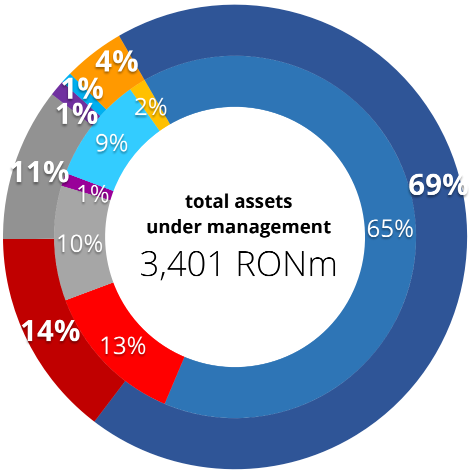
The management has established procedures for the internal risk management to identify, monitor and cover the risks associated with the investments made by the Company. The management regularly reviews the compliance with the prudential limits and investment

[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-Crișana'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 fond 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 ±1.00% in the interest rate on variable-yield assets and liabilities denominated in other currencies corroborated by a change of ±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 +/- 5% of their market price determines a net impact in the amount of +/- RON 1,579,716 (December 31, 2021: +/- RON 1,579,716) in the profit and loss account respectively in the amount of +/- RON 0 (December 31, 2021: +/- 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

	Accounting value	under 3 months	between 3 and 12 months	Over 1 year	Without pre-established maturity
December 31, 2022					
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 labilities	**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:

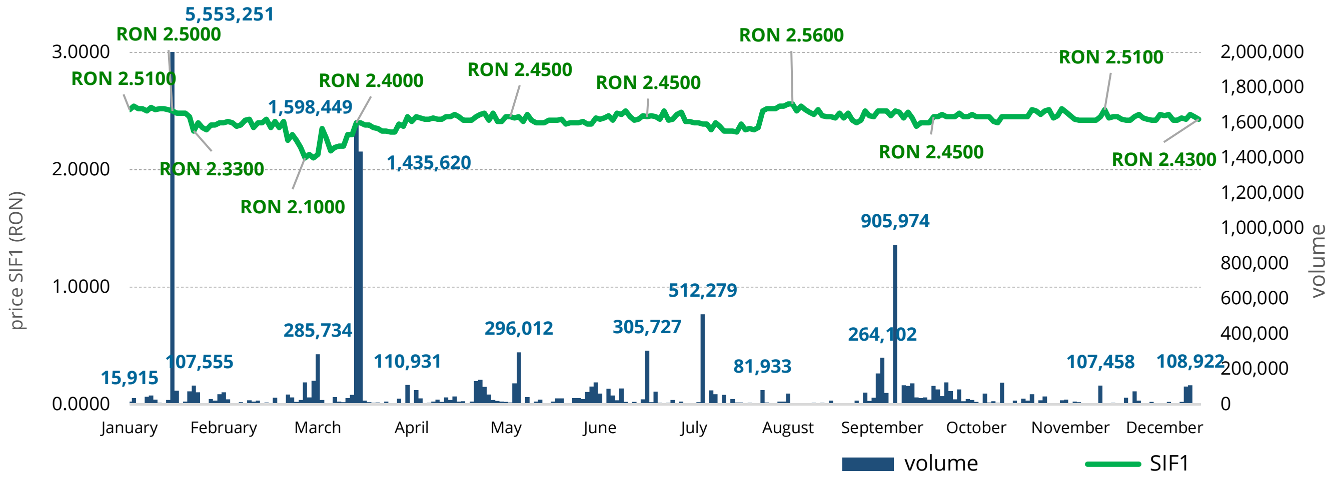
Romanian legislation provides certain restrictions on the acquisition of shares issued by the Company, as follows:

- 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-Crișana was the following: Bogdan-Alexandru Drăgoi – Chairman - CEO; Radu Răzvan Străuţ – 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-Crișana 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-Crișana 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 depositary 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 "Societeatea 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-Crișana 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

Summary **PAGE**

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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
Valuation of equity investments 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. 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. 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. 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. 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.	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. 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. 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. 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. 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. 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.

Other information - Administrators' Consolidated Report

6. 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.

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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.

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- 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

In RON	**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	Dorel Baba
Chairman, Chief Executive Officer	Financial Reporting Manager

In RON	**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 deffered 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

SIF BANAT – CRIŞANA SA

Consolidated statement of changes in equity for the financial year ending 31 December 2022
(all amounts presented are in RON)

In RON	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-controlling 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)

In RON	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 – CRIŞANA SA

Consolidated statement of cash flows for the financial year ending 31 December 2022
(all amounts presented are in RON)

In RON	**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**

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	Dorel Baba
Chairman, Chief Executive Officer	Financial Reporting Manager

Consolidated accounting policies

1 Reporting entity

The Financial Investment Company Banat–Crişana SA ("The Company") was established on the basis of Law nr. 133/1996 through the reorganization and transformation of the Banat-Crişana 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–Crişana 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 depositary 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 accoun
ting 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

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

The accounting policies adopted are consistently applied over all periods presented in these consolidated financial statements.
ÎStarting 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:

		Percentage held (%)	
No.	**Company name**	**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 Bistriţa)*	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).

		Percentage held (%)	
No.	**Company name**	**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-Crişana holds between 20-50%, over which it does not exercise significant influence:

- Companies in liquidation, insolvency, bankruptcy, etc.

		Percentage held (%)		
No.	**Company name**	**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	Agroindustriala Nădlac	30,00	30,00	Bankruptcy
6	Uzina Ardealul Alba Iulia	29,51	29,51	Bankruptcy
7	Commixt SA Ocna Mureş	28,97	28,97	Bankruptcy
8	Sunprod Galda de Jos	-	27,09	Dissolution
9	Mebis SA Bistriţa	26,78	26,78	Insolvency
10	Exfor SA Bucuresti	24,23	24,23	Bankruptcy
11	Mopal SA Bistriţa	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

		Percentage held (%)	
No.	**Company name**	**31 December 2022**	**31 December 2021**
1	Grand Hotel Bucuresti	29,99	13,67
2	Forestiera SA Tîrgovişte	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-Crişana 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.

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

(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* Their*Risks* 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;

- 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

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.

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 cthe market otation 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.

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;

- 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;

- 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

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

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.

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.

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

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.

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), Amendments to IFRS 3 "Business combinations" — Definition cconceptual 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 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), 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 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 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.

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 2022**	**%**	**31 December 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

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:

	RON Interval		**EUR Interval**	
Financial assets	**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:

	RON Interval		**EUR Interval**	
Financial assets	**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.

In RON	**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	

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 ± 1.00% of the interest rate on assets and liabilities bearing variable interest and expressed in other currencies in conjunction with a change of ± 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 +/-5% of their market price determines a net impact in the amount of +/-1,579,616 RON (31 December 2021: +/-1,579,616 RON) in profit and loss respectively in the amount of 0 RON (31 December 2021: +/-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

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**

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*	RON	368.748	100,00	10,20%	37.612.296	2024
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

Impact SA**	Eur	210	5.000,00	5,75%	5.273.438	2022
Vrancart SA*	RON	368.748	100,00	4,30%	37.612.296	2024
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:

In RON	**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**

In RON	**Book value**	**Under 3 months**	**Between 3 and 12 months**	**Older than 1 year**	**No predetermined maturity**

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

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-Crişana 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-Crişana 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.

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.

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 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;

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

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, ithe 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:

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:

2022	**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 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**

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 Change the global elements variable	Impact in profit and loss	Impact in other comprehensive income
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 Change the global elements variable	Impact in profit and loss	Impact in other comprehensive income
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 Change the global elements variable	Impact in profit and loss	Impact in other comprehensive income
5% increase in assets	33.658.023	-
Decrease of assets by 5%	(33.685.137)	-

Debt increase by 5%	(2.807.109)	-
Debt reduction by 5%	2.779.995	-

2021 **Change the global elements variable**	**Impact in profit and loss**	**Impact in other 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

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**	**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**	**Estimated value of rent – euro/sqm**	**Capitalisation rates %**
Commercial and services – buildings	Revenue method	12-14 euro/sqm	8% – 9%

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:

In RON	**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**

The table below summarizes the carrying amounts and fair values of the Group's financial assets and liabilities as at December 31, 2021:

In RON	**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**

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:

In RON	**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)

In RON	**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)

In RON	**31 December 2022**	**31 December 2021**
Interest income on bonds	2.766.775	1.417.727

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

In RON	**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).

12. Net gain/(earnings) on financial assets at fair value through profit and loss

In RON	**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

In RON	**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

In RON	**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**

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

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:

	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:

In RON	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.

The outflows from corporate bonds represent the maturity repurchase of the remaining principal from the bonds issued by SIFI BH Retail S.A.

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
Financial investments, d.c.:	**861.540.565**					**Standard values**	**Variations from standard values**	**Standard values**	**Variations from standard values**	
- 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							

	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**										

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
Financial investments, d.c.:	**804.850.373**					**Standard values**	**Variations from standard values**	**Standard values**	**Variations from standard values**	
- 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							

	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**										

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.

In *RON*	**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:

In RON	**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:

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**

21. Assets held for sale

In RON	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

In RON	Land and buildings	Technical installations and machines	Other installations, machinery and furniture	Total
Cost				
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**
Accumulated depreciation and impairment losses				
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**
Net book value				
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**

In RON	Land and buildings	Technical installations and machines	Other installations, machinery and furniture	Total
Cost				
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**
Accumulated depreciation and impairment losses				
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**

Net book value				
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

In RON	**31 December 2022**	**31 December 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)**

The movements during the years related to the deferred tax debt are shown below:

	Value
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:

	01/01/2022	Increases/ decreases in profit and loss	Increases/ decreases in other comprehensive income	31/12/2022
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**

	01/01/2021	Increases/ decreases in profit and loss	Increases/ decreases in other comprehensive income	31/12/2021
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

	31 December 2022	31 December 2021
Long-term		
Loans	16.311.778	15.878.238
Total Term Loans	**16.311.778**	**15.878.238**
Short-term		

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	**31 December 2022**	**31 December 2021**
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 Crişana 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 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. 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.

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

In RON	**31 December 2022**	**31 December 2021**
Share capital	50.751.006	51.542.236
Total	**50.751.006**	**51.542.236**

(b) Retained earnings

In RON	**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

In RON	**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:

In RON	**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

31 December 2022

- On December 31, 2022, the Board of Directors of SIF BANAT-CRIŞANA 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-CRIŞANA 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-CRIŞANA 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-CRIŞANA 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

(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

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.