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Independent Auditors' Report

(free translation[1])

To the Shareholders of BT Leasing Transilvania IFN S.A.

Str. Constantin Brancusi nr. 74-76, etaj 1, Cluj Napoca, jud. Cluj
Unique Registration Code: RO 7424119

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

1. We have audited:

   - the accompanying consolidated financial statements of BT Leasing Transilvania IFN S.A. ("the Company") and of its subsidiaries („the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;
   - the accompanying separate financial statements of BT Leasing Transilvania IFN S.A. ("the Company"), which comprise the separate statement of financial position as at 31 December 2021, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

2. The consolidated and separate financial statements as at and for the year ended 31 December 2021 are identified as follows:

• Consolidated Total equity:	Lei 323,822,878
• Consolidated Net profit for the year:	Lei 65,108,426
• Separate Total equity:	Lei 309,057,375
• Separate Net profit for the year:	Lei 63,289,456

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[1] TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version and refers to the Romanian official and binding version of the consolidated and separate financial statements.

Fiscal registration code
RO12997279
Trade Registry
no.J40/4439/2000
Share Capital 2,000 RON

3. In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated financial position of the Group and unconsolidated financial position of the Company as at 31 December 2021, respectively, and of their consolidated and unconsolidated financial performance and consolidated and unconsolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

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 of the Council ("the Regulation") and Law no. 162/2017 ("the Law"). Our responsibilities under those standards and regulations are further described in the *Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Company and the Group in accordance with *International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code")* together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Romania, including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment of the receivables from finance lease contracts

As at 31 December 2021, the consolidated and separate financial statements include receivables from finance lease contracts net of future interest of RON 1,375,155,491, related allowance for expected credit losses ("ECL") of RON 104,330,217 and, for the year then ended, impairment charge recognized in the separate and consolidated statement of profit or loss of RON 15,616,807 (31 December 2020: receivables from finance lease contracts net of future interest: RON 1,204,234,229, related expected credit losses: RON 103,323,719 and, for the year then ended, impairment charge recognized in the separate and consolidated statement of profit or loss: RON -32,770,203).

See Notes 3.k *Leasing Contracts*, 3.l *Financial assets and liabilities (impairment)*, 4 *Financial Risk management*, 5 *Accounting estimates and significant judgements*, 18 *Finance Lease Receivables* to the consolidated and separate financial statements for accounting policies and financial disclosures.

The key audit matter	How the matter was addressed in our audit
Impairment allowances represent management's best estimate of the expected credit losses within finance lease portfolio (collectively, "leases", "exposures") at the reporting date. As described in the notes to the consolidated and separate financial statements, the expected credit losses have been determined based on the requirements of IFRS 9 *Financial Instruments* ("IFRS 9" or "the standard"). For the purpose of determining the impairment allowances, the Company uses the simplified	Our audit procedures, performed, where relevant, with the assistance from our own financial risk management and valuation specialists, included, among others: ➲ Inspecting the Group's and the Company's ECL impairment methods and models and assessing their compliance with the relevant requirements of the financial reporting standards. As part of the above, we identified the relevant methods, assumptions and sources of data, and assessed

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approach permitted by the standard, which allows entities to recognize lifetime expected credit losses ("ECLs") on lease receivables without the need to identify significant increases in credit risk.

Within the approach, ECLs for the performing exposures, as well as non-performing exposures with amounts not exceeding certain pre-determined thresholds individually, are determined determined based on statistical models using the Group's and the Company's historical data and also macroeconomic forecasts.

Key assumptions and judgements in the estimation of the collectively assessed ECLs include the following:

- definition of default;
- the probability of default (PD), haircuts applied to the fair value of the financed assets (HC) and exposure at default (EAD).

Impairment allowances for non-performing exposures in excess of certain quantitative thresholds, are determined on an individual basis by means of a discounted cash flows analysis. The process relies on a number of complex assumptions, in particular those in respect of the recovery scenarios, the expected proceeds from the sale of the related collateral and estimated period for collateral disposal.

In the wake of the COVID-19 pandemic and the downward macroeconomic effects of the increase in energy and other commodity prices and resulting inflationary pressures and disruptions in the global supply chains, measurement of ECLs was associated with additional complexities and an increased estimation uncertainty. In addition, application of post-model adjustments was required from management in arriving at the year-end estimate of impairment losses.

Considering the above factors, we determined expected credit losses on lease receivables to be associated with a significant risk of material misstatement in the consolidated and separate financial statements. Therefore, the area required our increased attention in the audit and as such was determined to be a key audit matter.

whether such methods, assumptions, data and their application are appropriate in the context of IFRS 9 requirements.

- Testing the design, implementation and operating effectiveness of the selected controls in the Group's and the Company's process of accounting for finance leases, including those over:
  - accuracy of data input (mainly for the amount of investment in finance leases, values of financed assets and interest rates data),
  - approval of finance lease contracts.
- For a sample of exposures, testing the system computation of days past due to our own computation, using supporting documents such as repayment schedules and payment information, among other things.
- Assessing whether the definition of default and the staging criteria of the standard were consistently applied and are appropriate. As part of this procedure, for a sample of exposures, we critically assessed, by reference to the underlying leasing files and through inquiries of responsible leasing officers and credit risk management personnel, the existence of any triggers for classification of exposures to stage 3 (non-performing).
- On a sample basis, challenging the realizable values of the financed assets used in the computation of impairment allowances, primarily by reference to valuation reports by experts engaged by the management, whose competence, experience and objectivity, as well as scope of work and any related limitations, we independently assessed;
- For ECLs determined on a collective basis:
  - Challenging the macroeconomic forecasts used in the ECL model in terms of their relevance and source accuracy, by comparing them to publicly available data and by means of inquiries of the management board members. As part of the procedure, we challenged the consideration of the economic uncertainty relating to COVID-19 and the increase in energy and other commodity prices and resulting inflationary pressures and disruptions in the global supply chains;
  - Testing the relevance and reliability of the data used in the process of calculating the PD, EAD and HC parameters, on a sample basis, by reference to the supporting documentation, such as leasing files, debt service status, repayment schedules,

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

7. Management is responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

8. In preparing the consolidated and separate financial statements, management is responsible for assessing the Company's and 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 Company and Group or to cease operations, or has no realistic alternative but to do so.

9. Those charged with governance are responsible for overseeing the Company's and Group’s financial reporting process.

Auditors’ Responsibility for the Audit of the Consolidated and Separate Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ 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 and separate financial statements.

11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and 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 Company's and 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 auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 and separate 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 - Report on Compliance with the ESEF Regulation

In accordance with Law no. 162/2017 on statutory audits of annual financial statements and consolidated financial statements and amendment of certain regulations, we are required to express an opinion on compliance of the consolidated and separate financial statements, with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "RTS on ESEF"). In this section we do not express an audit opinion, review conclusion of any other assurance conclusion on the consolidated and separate financial statements.

Responsibilities of Management

Management is responsible for the preparation of the consolidated and separate financial statements in a digital format that complies with the RTS on ESEF. This responsibility includes:

- the preparation of the consolidated and separate financial statements in the applicable xHTML format;
- the selection and application of appropriate iXBRL tags, in the preparation of the consolidated financial statements, using judgment where necessary;
- ensuring consistency between the tagged data and the consolidated financial statements of the Group presented in human-readable format;
- ensuring consistency between digitised information in human-readable format and the signed separate and consolidated financial statements; and
- the design, implementation and maintenance of internal controls relevant to the application of the RTS on ESEF.

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Auditors' Responsibilities

Our responsibility is to express an opinion on whether the consolidated and separate financial statements comply, in all material respects, with the RTS on 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 the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in the RTS on ESEF, whether due to fraud or error. Our procedures included, among other things:

- With respect to the consolidated financial statements:
  - obtaining an understanding of the tagging process;
  - tracing the tagged data to the consolidated financial statements of the Group presented in human-readable digital format and to the signed and audited consolidated and separate financial statements, stamped by us for identification purposes;
  - evaluating the completeness of the Group's tagging of the consolidated and separate financial statements;
  - evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
  - evaluating the use of anchoring in relation to the extension elements;
- With respect to the consolidated and separate financial statements:
- evaluating the appropriateness of the digital format of the consolidated and separate financial statements; and
- assessing consistency between the digitised information in the machine- and human-readable formats and the signed and audited consolidated and separate financial statements, stamped by us for identification purposes.

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

Opinion

- In our opinion, the consolidated and separate financial statements of the Group as at and for the year ended 31 December 2021 have been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

Report on Other Legal and Regulatory Requirements - EU Regulation (EU) No 537/2014

15. We were appointed by the General Shareholders' Meeting on 30 April 2020 the consolidated and separate financial statements of BT Leasing Transilvania IFN S.A. for the year ended 31 December 2021. Our total uninterrupted period of engagement is 2 years, covering the periods ending 31 December 2020 and 31 December 2021.

16. We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company and of the Group, which we issued on 26 April 2022. We also remained independent of the audited entity in conducting the audit.

- we have not provided to the Company of to the Group the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014.

The engagement partner on the audit resulting in this independent auditors' report is RUBELI IRINA.

Refer to the original signed Romanian version

For and on behalf of KPMG Audit S.R.L.:

RUBELI IRINA	**KPMG Audit SRL**
registered in the electronic public register of financial auditors and audit firms under no AF4092	registered in the electronic public register of financial auditors and audit firms under no FA9

Bucharest, 29 April 2022

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